



Washington State Senate

Olympia Address:
204 Irv Newhouse Building
(360) 786-7634
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Senator Joseph Zarelli
18th Legislative District

Mail Address:
PO Box 40418
Olympia, WA 98504-0418
e-mail: Zarelli.Joseph@leg.wa.gov

June 3, 2011

The Honorable Christine Gregoire
Governor, State of Washington
Legislative Building, Room 200
Olympia, WA 98504

Dear Governor Gregoire,

As one of the prime sponsors of ESSB 5942, regarding the lease and modernization of the state's warehousing and distribution system, I am writing to urge you to sign the legislation as delivered to you.

ESSB 5942 passed both the Senate and House with strong bipartisan support. We were able to garner this support from across both aisles and in both chambers because Members believe there is potential for an agreement that benefits the state financially and helps modernize our current liquor distribution system. There was strong support for a non-binding *Request For Proposal* process, done quickly, to help us understand if there is a mutually beneficial agreement between a private entity and the state.

I have no doubt that some will urge you to veto the bill in whole or in part. I hope that you will reject these requests. This bill, and all its elements, were heavily debated in both the House and Senate. In fact, the emergency clause that was removed on the Senate floor was put back on the bill in the House and we agreed to include it in the final legislation. While I believe this clause can sometimes be misused by the Legislature, in this case I believe that this RFP process should commence immediately and according to the timeline in the legislation.

Thanks for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "J. Zarelli".

Senator Joseph Zarelli
18th Legislative District

JZ/tmb

Committees: Economic Development, Trade & Innovation, Ranking Member • Rules • Ways & Means, Ranking Member

5974



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Washington Retail Association

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June 2, 2011

The Honorable Chris Gregoire
Governor, State of Washington
PO Box 40002
Olympia, WA 98504 – 0002

Dear Governor Gregoire:

On behalf of the Washington Retail Association, I am writing to urge you to veto Senate Bill 5942, Warehousing and Distribution of Spirits. This legislation could result in the citizens of Washington being burdened with a private monopoly in the warehousing, wholesaling and distribution of liquor for the next several decades.

Our organization is on record as supporting the full privatization of liquor sales at both the wholesale and retail levels. We believe that true competition is the only way to provide Washington citizens additional choices, greater convenience and enhanced service. We also believe that an appropriate tax and license fee structure can be created so that full privatization can generate significant new resources to help state and local government fund critical public services in this difficult economic climate. Such a proposal is likely to appear before voters in the form of an initiative this fall.

In contrast, SB 5942 poses significant risks and provides very limited rewards to the state. You said it best when you correctly concluded that early versions of the legislation would not provide an appropriate return to the taxpayer. While the final bill requires OFM to determine whether outsourcing this work to a single private contractor would have "positive economic benefit," it does not proscribe how that analysis is to be conducted or a minimum economic threshold that must be met. If OFM's analysis shows that the RFP process might yield a positive economic impact of a few thousand dollars under certain scenarios, would the agency be forced to move forward? The state could be open to litigation if the analysis showed a potentially positive return, but OFM determined it was not sufficient to move forward.

HAND DELIVERED

JUN 02 2011

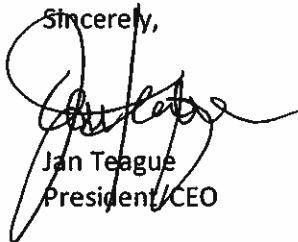
OFFICE OF THE GOVERNOR

There are also several provisions in the legislation that would limit potential returns to taxpayers. First, the eligibility criteria have been so narrowly defined that only a handful, if that many, of private companies could submit bids. This virtually guarantees that the state will not receive the maximum value for this asset. Similarly, inclusion of the emergency clause in the legislation also would serve to reduce the potential return to taxpayers. Potential bidders may not participate or may not bid as much if they believe that voters could approve a different approach in the fall.

For these reasons, we urge you to veto SB 5942 in its entirety. Failing that, we urge you to veto the emergency clause provision. This would allow voters to give full consideration to the privatization initiative that is likely to be on the November ballot. If voters approve that measure, there is no need to move forward with the RFP required under SB 5942. If they reject the initiative, the state will have had the benefit of more time to thoughtfully plan and execute the RFP process – without changing the fiscal year in which any resulting payments would be received.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "Jan Teague", is written over the typed name and title. The signature is fluid and cursive, with a large initial "J" and "T".

Jan Teague
President/CEO



ASSOCIATION

800.225.7166
360.357.9232 fax
510 Plum Street S.E., Suite 200
Olympia, WA 98501-1587
www.WRAhome.com

May 31, 2011

TO: The Honorable Governor Chris Gregoire

RE: SB 5942 – Request for veto of section 10; emergency clause

Governor Gregoire;

The Washington Restaurant Association, on behalf of the 13,000 businesses statewide and the 191,000 individuals we proudly employ, respectfully request your veto of sec. 10 of SB 5942, the emergency clause.

Restaurant licensees make up the largest customer base for the Liquor Control Board, with nearly 30 percent of all sales. As the largest customer, we have grave concerns about a rushed process to find the best contract for the state – and for the businesses that depend on the state for their supply of these products. We respectfully request a veto of the emergency clause contained in SB 5942.

Washington's restaurants are the largest private employer in the state, and believe implementation of SB 5942 should be thoughtful, considerate and deliberative, rather than a rushed process. It is in the best interest of the state, as well as the businesses that employ thousands of people, to remove the emergency clause.

Sincerely,

Anthony Anton
President & CEO
Washington Restaurant Association



574 ✓
HOLLY CHISA
HPC ADVOCACY

P.O. Box 1414, Olympia, WA 98507
Phone/Cell: (360) 791-6647 • Fax (360) 878-8901
E-mail: hollychisa@comcast.net

June 3, 2011

The Honorable Christine Gregoire
Governor
Washington State Legislature
PO Box 40002
Olympia, WA 98504-0002



HAND DELIVERED
JUN 03 2011
OFFICE OF THE GOVERNOR

Dear Governor Gregoire,

The NW Grocery Association strongly opposes SB 5942, allowing for private bidding on the state's liquor distribution system. We believe this puts the state in jeopardy of long-term debt for a short-term budget fix, and respectfully request a veto of this legislation.

On the surface SB 5942 looks appealing – a simple RFP bid to run the warehouse for liquor distribution. However, this proposal closes the doors on a number of companies that specifically specialize in distribution, but are not allowed to bid. Union grocers are some of the best at distribution and shipping, and to specifically exclude our industry puts us at a continued disadvantage to the state. Because of tied-house laws, which manage how beer, wine, and spirits are handled in Washington state, retailers, manufacturers, and distributors are tightly restricted on what operations they are allowed to handle. A retailer with a beer and wine license is expressly excluded from distributing products. As a result, no retailer would be allowed to bid on this RFP unless they eliminated all of their beer and wine licenses for their stores.

This proposal does nothing to improve the liquor system itself in Washington; it simply changes the trucks that deliver the product. True reform looks at all aspects of the system, including the retail operations, to improve the system as a whole. Taking a sliver of the pie out, but leaving antiquated liquor stores, poor selection, and bad customer service does not even pretend to be reform. True reforms means looking at the system as a whole, moving the system to entirely private hands, and getting the state back to enforcement, where it should focus.

During the legislative session our association attempted to lessen the negative impact of the bill by ensuring longer, thoughtful timelines, and a legislative review of the final bid. While the review was included in the legislation, an emergency clause was added to the legislation to expedite the timelines. Our association is concerned that a speedy timeline is NOT the way to effectively handle a bid on a multi-million dollar asset owned by the state. At least the emergency clause should be vetoed, to allow for a thoughtful bidding process.

The NW Grocery Association supports real reforms to the liquor system as a whole, not a temporary loan that locks the state into a long-term, risky financial obligation.

Respectfully,

Joe Gilliam
President

5142

STATE REPRESENTATIVE
12th DISTRICT
CARY CONDOTTA

State of
Washington
House of
Representatives

LABOR & WORKFORCE
DEVELOPMENT
RANKING MEMBER
BUSINESS & FINANCIAL
SERVICES
STATE GOVERNMENT
& TRIBAL AFFAIRS



Friday, May 27, 2011

Governor Chris Gregoire
200 Legislative building
PO Box 40002
Olympia, WA 98504-0002

Re: SH-5942

Governor,

First, let me thank you for helping us on Workers compensation. It was an honor working with you directly and getting to know you on a one on one basis. I really enjoyed the process, as crazy as that sounds.

I do have a major concern with Senate Bill 5942 and the strong arm tactics used to add an emergency clause. It is obvious this is an attempt to preempt the Costco Initiative this fall. Please consider vetoing the emergency clause to make this a legitimate bill. I am not supporting the Initiative one way or the other but think it would be a scandal (at best) to try and sign a contract before a vote of the people. Should this happen, I assure you it would not be a good story for anyone involved.

Thank you for a great session and your consideration on this matter.

Cary

RECEIVED
JUN 02 2011

Fax

To: Governor Gregoire

From: Jan Gee

Fax: 13607534110

Pages: 3

Re:

Date: Jun 01, 2011

Urgent

For Review

**Please
Comment**

Please Reply

**For
Information**

● **Comments:**

Requesting the Governor's veto on SB 5942/Liquor Distribution



Dedicated to promoting and protecting the independent, community-focused grocery industry

June 2, 2011

The Honorable Chris Gregoire
Governor, Washington State
PO Box 40002
2nd Floor LEG Building
Olympia, WA 98504

Dear Governor Gregoire:

On behalf of the Washington Food Industry Association (WFIA), I am respectfully urging you to VETO SB 5942, the bill setting up an RFP process for contracting out our state's liquor distribution system. WFIA represents the state's independent grocery industry, from manufacturers and distributors to retailers -- including Red Apple stores, IGAs, Metropolitan Markets, Harbor Wholesale, Unified Grocers and Thriftway stores.

WFIA has long advocated for a discussion on how to privatize our state's liquor system -- both distribution and retail. However, we believe that the discussion should include all stakeholders, consist of a workgroup that studies multiple alternatives and then select options which we think best serve the state and its business. This bill was introduced late into session, it had minimal public input and it was jammed through by lobbyists representing an out of state company that wanted the rights to a monopoly! How can anyone believe that this HUGE public policy had the proper public vetting? Further, the emergency clause is intended to stop any further public vetting and to issue a long term contract under a monopoly arrangement without further consideration by the legislature.

The bill creates a process whereby our state's monopoly system is merely contracted out to a single monopoly vendor that has the potential to create more problems rather than solutions in our estimation. First, it does not take into account what is best for the consumer. Second, it does not thoroughly examine the most efficient and effective privatization mechanisms that would ensure public safety while also providing benefit for the state. SB 5942 also would increase management costs for the state -- money that could be better spent on efficient regulation and consumer safety.

WFIA is also very concerned about the timing of SB 5942 and whether having this RFP process going out at the same time we have initiatives regarding privatization gather signatures for a public vote would keep potential responders from providing bids -- thus further limiting the competitive process. In addition, should the RFP process continue and a privatization initiative pass, WFIA is very concerned with the expense and cost of reconciling how liquor would be distributed in this new world and whether

the state's independent retailers would have the ability to set up systems that would allow us to compete against large, national chains. We already have very significant concerns with how various initiatives privatize the system and the impact on independent retailers and distributors. SB 5942 would only exacerbate these problems.

Therefore, we urge you to VETO SB 5942 in its entirety and instead urge focus on whether the whole system should be privatized and the best mechanisms for doing so. At the very least, we urge you to veto the emergency clause in the bill. This bill is not an emergency and speeding up the timelines will only keep potential responders out as they wait to see what is happening with initiatives on the ballot. Privatization needs to be done with good, thorough legislative input and needs to look at the whole system...not just one piece.

Sincerely,



Jan Gee
President & CEO

514



HAND DELIVERED

JUN 06 2011

OFFICE OF THE GOVERNOR

Olympia Office:
412 Legislative Building
PO Box 40435
Olympia, WA 98504-0435
Phone: (360) 786-7668
cell: (360) 490-0351
e-mail: timothy.sheldon@leg.wa.gov

Washington State Senate

Senator Tim Sheldon
35th Legislative District

Residence:
Pulach
PO Box 474
Hoodspart, WA 98548
Phone: (360) 877-5768

June 6, 2011



Washington State Senate

Senator Tim Sheldon
35th Legislative District

The Honorable Chris Gregoire
Governor, State of Washington
PO Box 40002
Olympia, WA 98504 - 0002

Olympia Office:
412 Legislative Building
PO Box 40435
Olympia, WA 98504-0435
Phone: (360) 786-7668
timothy.sheldon@leg.wa.gov
Toll-free Hotline: 1-800-562-6000

Residence:
Pulach
PO Box 474
Hoodspart, WA 98548
Residence: (360) 877-5768
cell: (360) 490-0351

Dear Governor Gregoire:

I am writing to respectfully request that you veto SB 5942, which would require the Office of Financial Management to develop and issue a Request for Proposals (RFP) to replace the state's existing system for liquor warehousing and distribution with a private monopoly. I do not believe that this legislation is in the best interest of Washington's citizens and taxpayers.

Based on Maine's experience with a similar process, this legislation clearly places a significant burden on the state, creates significant risks to the state, and provides very little opportunity for a positive return to the taxpayers of Washington. You correctly noted that an earlier version of this proposal did not "pencil out" for the state. Since you made that statement, the legislation was redrafted to create a RFP process in hopes of attracting competitive bids for this business. However, the bill's terms of eligibility for the RFP are so narrowly defined as to preclude true competition and any related potential economic benefits to the state. It is more likely to result in even fewer dollars being generated for state and local governments than the version you concluded was not in the state's best interest.

Should you decide not to veto SB 5942 in its entirety, I urge you to veto the emergency clause. As I argued on the Senate floor, there is no pending emergency that warrants rushing this important policy question. Through hard work and difficult debate, the legislature has teamed with you to create a balanced budget within existing resources. Any monies from the implementation of SB 5942 will be received within the same fiscal year, regardless of whether the emergency clause is included in the law.

More importantly, it has been widely reported that a coalition of interests are proposing an initiative to privatize the entire wholesale and retail system for liquor sales in the state. This approach could generate significant new resources to support critical state and local government services, as well as other benefits for our citizens. The voters deserve an opportunity to fully consider and decide on this approach without any confusion or constraints that would be created by SB 5942.

Invoking the emergency clause could result in the state entering into contracts that would make it more difficult to implement the will of the voters in the event they pass the privatization initiative. Given the litigious nature of the contracting process in Maine, we should take every reasonable step to avoid opening ourselves to similar challenges. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Tim Sheldon". The signature is written in a cursive style with a prominent initial "T".

Senator Tim Sheldon

State of
Washington
House of
Representatives

0617



June 7, 2011

Dear Governor Gregoire,

We are writing to ask you to sign SB 5942 in its entirety. As you know, taking this step to change our liquor system is not something that we take lightly or have done without thoughtful consideration and much debate. Many of us would rather keep the liquor system as it is. And the voters agreed with us as shown in the last election cycle and the defeat of the two liquor privatization initiatives. However, it appears the debate about how we sell liquor in our state continues and there is a real threat that the whole system could leave the public domain and go totally private without much consideration of our workers or the revenue brought to the state for education, the safety net, protection of the environment and all the needs we must address through our state budget.

Consequently, when we were approached about a process that would take a step toward a controlled public-private partnership of the state distribution center that includes worker protections and revenue generation for the state budget, we chose to act. Before you is SB 5942 which is the result of our thoughtful consideration.

All the sections in the bill are deliberate. We ask that you sign the entire bill and move rapidly forward with the request for proposals as called for in the legislation and that it would take immediate effect if signed as passed.

Thank you very much.

Sincerely,

Representative Timm Ormsby

Representative Jamie Pedersen

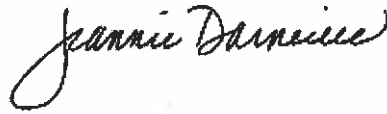
Representative John McCoy

Representative Chris Reykdal

Representative Laurie Jinkins



Representative Jeannie Darnielle



Representative Mary Helen Roberts




Representative Phyllis Gutierrez Kenney



Representative Connie Ladenburg



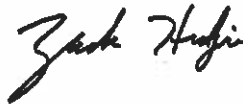
Representative Joe Fitzgibbons



Representative Ruth Kagi



Representative Zack Hudgins



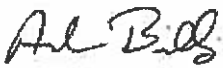
Representative Jim Moeller



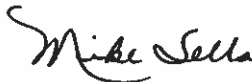
Representative Eric Pettigrew



Representative Andy Billig



Representative Mike Sells



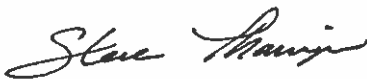
Representative Sam Hunt



Representative Hans Dunshee



Representative Steve Tharinger



Representative Derek Stanford



Representative Tami Green



Representative Dave Uptegrove



STATE REPRESENTATIVE
2ND LEGISLATIVE DISTRICT
JT WILCOX

State of
Washington
House of
Representatives



5942
GENERAL GOVERNMENT
APPROPRIATIONS & OVERSIGHT
WAYS & MEANS
EDUCATION
AGRICULTURE &
NATURAL RESOURCES
ASSISTANT RANKING MEMBER

Governor Christine Gregoire
Office of the Governor
PO Box 40002
Olympia, Washington 98504-0002

June 7, 2011

HAND DELIVERED

JUN 08 2011

OFFICE OF THE GOVERNOR

Dear Governor Gregoire,

I respectfully request that you line-item veto Section 10 of Engrossed Substitute Senate Bill 5942, AN ACT Relating to the warehousing and distribution of liquor, including the lease and modernization of the state's liquor warehousing and distribution facilities; amending RCW 66.08.050 and 66.08.070; adding a new chapter to Title 66 RCW; and declaring an emergency.

An emergency clause in this bill is unnecessary and premature. There is no emergency from a fiscal standpoint. Although the original House budget assumed revenue of approximately \$300 million, the final budget, as passed, did not assume any revenue whatsoever. The bill contains important timelines. These timelines give OFM adequate time necessary to develop a thoughtful and reasonable request for proposals from the public. If this proposal is indeed viable, we should take the time to do it right. As elected officials, it is our responsibility to be stewards of the people's assets. At issue is a major asset. We risk a below market price for this asset if we have a rushed transaction. Again, I urge you to allow adequate time to bring the best possible result for everyone involved.

I appreciate your time on this matter. I urge you to consider the proposed arguments against Section 10 of Engrossed Substitute Senate Bill 5492 and that you will use your authority to veto this unnecessary and inappropriate Section in its entirety.

Kind regards,

A handwritten signature in black ink that reads "JT Wilcox".

Representative JT Wilcox

LEGISLATIVE OFFICE: PO BOX 40600, OLYMPIA, WA 98504-0600 • 360-786-7912
E-MAIL: JT.Wilcox@leg.wa.gov
TOLL-FREE LEGISLATIVE HOTLINE: 1-800-562-6000 • TDD: 1-800-635-9993

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5942

JOINT COUNCIL OF TEAMSTERS NO. 28

Affiliated with the International Brotherhood of Teamsters



14675 Interurban Ave S, Suite 301
Tukwilo, Washington 98168
(206) 441-7470 • Fax (206) 441-3157

John A. Williams, President

RECEIVED

JUN 06 2011

Office of the Governor

June 1, 2011

The Honorable Governor Christine Gregoire
Office of the Governor
PO Box 40002
Olympia, WA 98504-0002

Re: Approval of ESHB 5942, Concerning the Wholesale Distribution and Warehousing of Spirits

Dear Governor Gregoire:

Thank you for making time to meet last week to discuss ESSB 5942, a bill authorizing a Request for Proposal (RFP) to privately manage the wholesale distribution and warehousing of spirits.

I am pleased to report that ESSB 5942 passed with bipartisan support in both the State House and the State Senate. Now ESSB 5942 awaits your final approval and signature before becoming law.

The Teamsters support ESSB 5942's RFP process because it could immediately generate millions in much needed revenue for the state budget while creating more family wage jobs throughout the State.

You and the legislature were forced to cut almost \$1 billion from the State's budget, in part by putting more children into already crowded classrooms and by denying new admissions to the State's Basic Health Plan. ESHB 5942 contains an "emergency clause," a section necessary to bring revenue into the budget as soon as possible. There is no reason to delay implementation of the RFP process and the emergency clause is critical to generating this revenue as quickly as possible.

Again, on behalf of 50,000 Teamster families in Washington State, I urge your quick and whole-hearted approval of ESSB 5942 in its entirety.

Sincerely,

JOINT COUNCIL OF TEAMSTERS NO. 28

JOHN A. WILLIAMS, PRESIDENT

JAW:dm

Mackey, Betty (GOV)

From: Ryan, Kym (GOV)
Sent: Thursday, June 09, 2011 8:05 AM
To: Justin, Jim (GOV)
Cc: Mackey, Betty (GOV)
Subject: FW: 5942 Emergency Clause

-----Original Message-----

From: Jim Richards [<mailto:jim@thewaypointconsultants.com>]
Sent: Thursday, June 09, 2011 7:18 AM
To: Manning, Jay (GOV); Brown, Marty (OFM)
Cc: Majken Ryherd
Subject: 5942 Emergency Clause

Hi, Marty and Jay. Only six more days until the 15th!

It sounds as though the Governor's Office and OFM are concerned about the emergency clause in 5942 and how it might create a hasty RFP process. I don't understand that logic. Just because OFM can start quickly with the emergency clause doesn't mean you have to. Re COSTCO's position: The question you're probably already considering is: Do we want a radical change in the system without any legislative debate or executive branch input and oversight through the initiative process? That is the crux of the EC/no EC debate. From the Teamsters' perspective, the answer is "no."

Thanks, and please give either of us a cal if you'd like to discuss further.

Jim & Majken
Waypoint Group
(For Teamsters JC 28)
(253) 227-5321
(206) 214-5887