

Alternative Public Service Delivery Systems

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Steve Harding

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The Newest City in the State of California

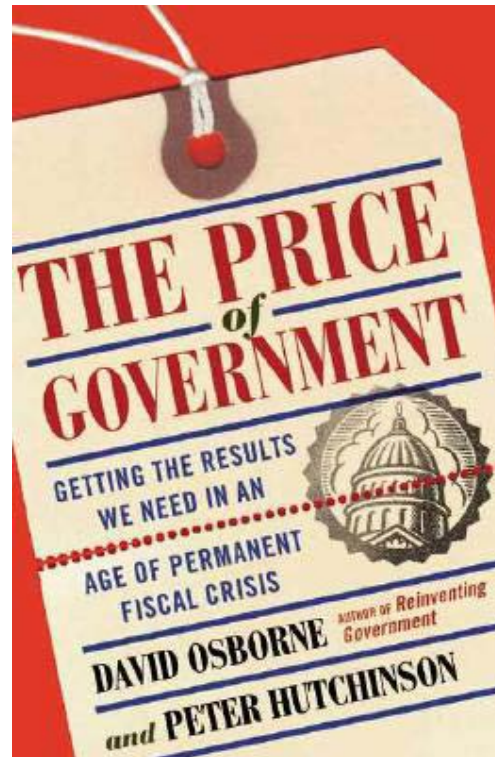
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- Why am I here?
 - To Discuss The Pros and Cons of the Privatization of Public Services
- What will I accomplish?
 - Use the City of Jurupa Valley as a Case Study
- What can you glean from listening to me?
 - Should You Use the Private Sector for Public Services?

Alternative Public Service Delivery Systems



David Osborne

Peter Hutchinson

- *Set the price of government:*
 - *Establish up front how much citizens are willing to spend. Get agreement on a revenue forecast and any tax or fee changes.*
 - *Set the priorities of government: Define the outcomes or results that matter most to citizens, along with indicators to measure progress.*
 - *Set the price of each priority: Divide the price or revenue among the priority outcomes on the basis of their relative value to citizens.*

The Price of Government

- *Develop a purchasing plan for each priority: Create "results teams" to act as purchasing agents for the citizens. Ask each one to decide which strategies have the most impact on their desired outcome.*

The Price of Government

- *Solicit offers to deliver the desired results: Have the results teams issue "requests for results" to all comers including their own government's agencies or department, other governmental jurisdictions, unions, non-profits and businesses. Invite them to propose how they would deliver the result and at what price. Then choose those proposals that will provide the best results for the money.*

The Price of Government

- *Negotiate performance agreements with the chosen providers: These should spell out the expected outputs and outcomes, how they will be measured, the consequences for performance, and the flexibilities granted to help the provider maximize performance.*

Alternative Public Service Delivery Systems

“...shifting some or all aspects of service delivery from government to private-sector providers. It is a strategy to lower the costs of government and achieve higher performance and better outcomes for tax dollars spent.”

Leonard Gilroy & Adrian Moore
Ten Principles of Privatization

An aerial, black and white photograph of a city grid. The streets form a dense, regular pattern of squares and rectangles. The word "Lakewood" is written across the center of the grid in a large, elegant, white cursive script. The perspective is from a high angle, looking down on the city.

Lakewood

CITY OF THE FUTURE

*Like a precocious child, the brand new city of Lakewood
has startled its elders by trying something new in the field of government
— and making it work.*

Public/Public Partnership

- *The Lakewood Plan*
 - *Contracting with the County*
 - *Primarily for Public Safety, Building, and Street Maintenance Services*
 - *Less Expensive Start Up Costs (Avoidance of Capital Expenditures)*
 - *Avoid Labor & Personnel Issues*
 - *No Long-Term Pension and/or Retiree Health Care Expenses*
 - *Yet Still Retain the Notion of Home-Rule*

Other Public Service Delivery Providers

- *Intergovernmental*
 - *City to City*
 - *City of Brea I.T. and Police*
 - *County to City (All Counties in California)*
 - *City of Commerce, City of Monterey Park and the County of Los Angeles*
 - *Even State to City -- Mobile Home Inspections*
- *Not-for-Profits*
 - *Central Park Conservancy*

Private Sector Service Delivery

- *Public-Private Partnerships*
 - *Not Really Privatization*
 - *No Transference of Ownership of a Public Owned Facility*
 - *Mostly About Professional, Support & Maintenance Services*
 - *About Cost-Savings for the City*
 - *Avoid Labor & Personnel Issues*
 - *No Long-Term Pension and/or Retiree Health Care Expenses*
 - *About Providing Good Public Service While Maintaining Profitability for the Provider*

So Why Enter Into A Public/Private Partnership?

- *Survivalist Orientation*
 - *Fiscal Stress*
- *Market Orientation*
 - *Fiscal Stress May Be Present*
 - *Favor Use of Market Forces*
- *Expansionist Orientation*
 - *Aspiration to Move to a Higher Plane Among Cities*
- *Maintenance Orientation*
 - *Take Only Action Necessary to Maintain Current Status*

Jeffrey D. Greene
Cities and Privatization

Issues in Entering Into and Maintaining a Public Private Partnership

- *Bidding*
 - *Best Practices*
 - *Best Qualified*
 - *Best Price*
- *Contract Preparation & Negotiation*
 - *Make it as Air Tight As Possible*
 - *Reporting Systems Need to Be Included*
 - *Agreement on Standards of Performance Measurement*

Issues in Entering Into and Maintaining a Public Private Partnership

- *Contract Management*
 - *Compliance*
 - *Billings*
 - *Rate Increases*
- *Contractors Next to City Employees*
 - *They Do Talk About Compensation*
 - *Where Are Their Loyalties?*
 - *Who Do They Report To?*

Issues in Entering Into and Maintaining a Public Private Partnership

- *Keeping the Legislative Body Informed Regarding Performance and Cost-Effectiveness*
- *Keeping the Public Informed Regarding Performance and Cost-Effectiveness*

Survivalist/Market Mode

- *City of Jurupa Valley*
 - *Newest City in California*
 - *Effective Incorporation Date July 1, 2011*
 - *Date Shafted by the State of California June 29, 2011*
 - *City Lost 47 % of It's First Year Revenues Due to an Act of the State 2 Days Before the Date of Incorporation*

The Jurupa Valley Case Study

- *Competitive Bid Before Incorporation:*
 - *City Management*
 - *City Clerk*
 - *Finance & Risk Management*
 - *Planning*
 - *Building*
 - *Code Enforcement*
 - *Engineering*
 - *Street Maintenance*

The Jurupa Valley Case Study

- *Original Private Sector Team Comprised of Three Principal Firms and One Sub-Consultants*
- *Current Team Comprised of Four Principal Firms, One Independent Contractor and One Sub-Consultant*
- *IT Services Provided By Another City*
- *Public Safety Provided by the County*

- *Checks and Balances Between the Firms Is and Was an Imperative*

The Jurupa Valley Case Study

Original Service Plan

- *Mostly Billed on a Part-Time Basis*
 - *60% to 80%*
- *No Employees all Contractors*
 - *No Pension or Health Care Liability*
- *City Manager Approves All Invoices Except His Own*
- *First-Year Transition Service Costs (Public Safety, Code Enforcement, Street Maintenance Provided by the County) Deferred For Three Years*

Proposed Permanent Organizational Plan

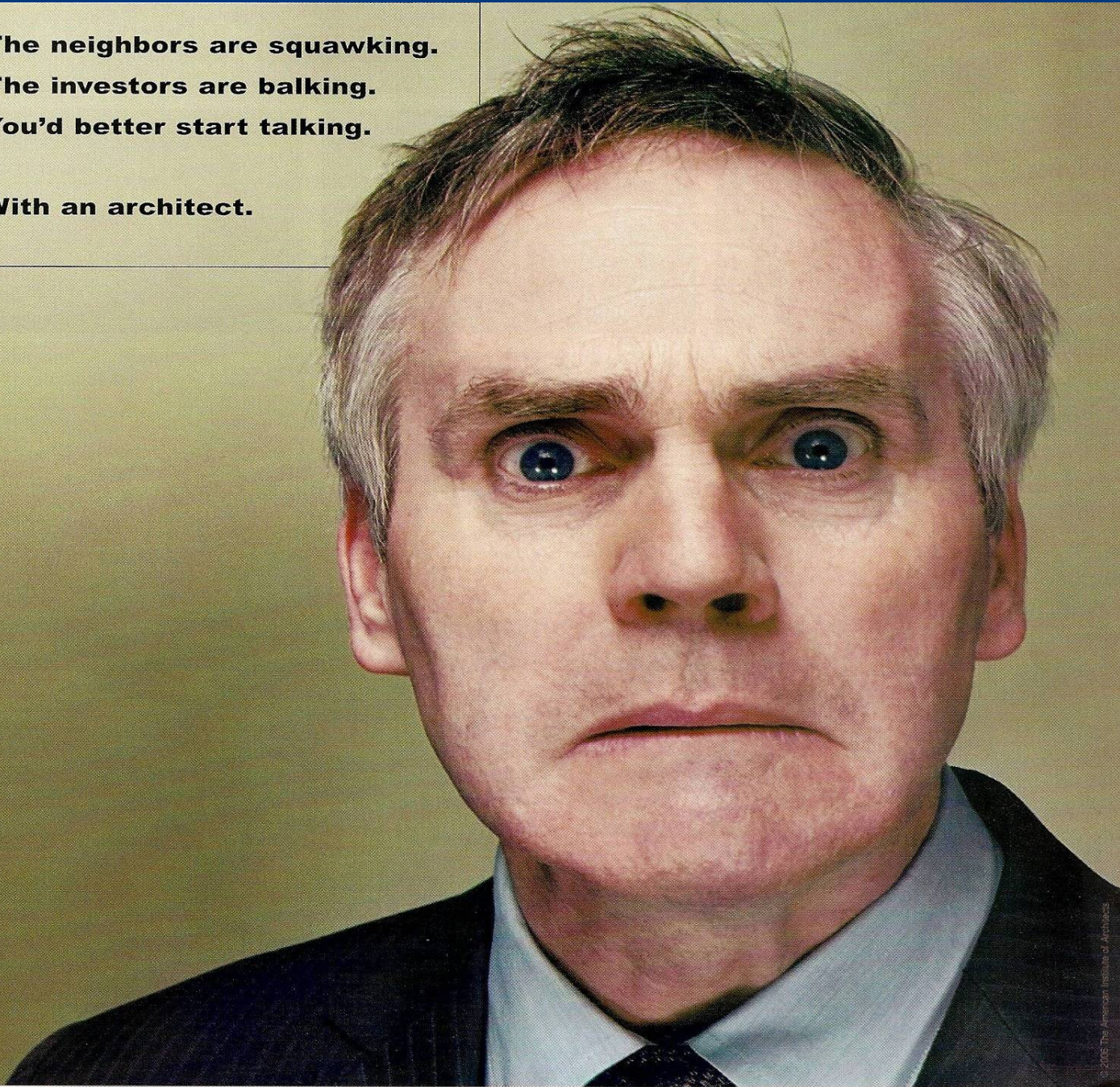
- *A Combination of In-House and Private Sector Providers*
- *In-House*
 - *City Manager*
 - *City Clerk*
 - *Director of Administrative Services*
 - *Director of Development Services*
 - *Confidential Administrative and Financial Staff*
 - *Support Staff*
 - *Maintenance Superintendent*
 - *Code Enforcement Personnel*

Proposed Permanent Organizational Plan

- *Contract Staff*
 - *Planning Manager*
 - *Planning Staff*
 - *Building Official*
 - *Building Inspectors*
 - *Plan Checkers*
 - *City Engineer*
 - *Engineering Staff*
 - *Accountants*
 - *Economic Developer*
 - *Maintenance Crews*

**The neighbors are squawking.
The investors are balking.
You'd better start talking.**

With an architect.



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