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The Mayor's Waterloo

Stopped in His Tracks

BY ALEX DE MARBAN, JULY 26, 1996, NEWS

The mayor's privatization blitzkrieg is officially in retreat. The revolution has been disabled by a confused but unflagging counter-offensive led by Daryl Slusher last Thursday, and major privatization initiatives proceeding through the bureaucracy will be immediately suspended.

So what's a mayor in his final year to do now? Bruce Todd's dreams to hustle numerous city services to the private sector, each worth a sizable lottery, were shooting through the system faster than Travis County prisoners. As part of his affordability strategy, the city manager had been mobilizing a citywide garage sale on numerous fronts -- largely on services the mayor proposed for privatization a month ago -- and the councilmembers were kept out of the loop. How the mayor and City Manager Jesus Garza ended up on the same page is uncertain -- Todd won't answer questions. Maybe hiszonner is just portraying Garza's initiatives as his. Or perhaps Garza is doing the mayor's bidding behind the scenes. Either way, Todd's colleagues are suspicious:

"In the past... we've had one councilmember set policy by setting staff in one direction," said Eric Mitchell from the dais. He didn't name any names, but the message of behind-the-scenes machinations was clear.

Which is a primary reason the council, save for Todd and Ronney Reynolds, supported the call for stalling privatization. A winning resolution, passed by Jackie Goodman, was a compromise of two others: a stricter one presented by Slusher and a weaker one from Todd that would have allowed matters to continue unaltered. According to Goodman, her resolution allows city staff to plan for privatization but does not allow any official action without council approval. Previously, city staff could issue a Request for Proposal (RFP) -- which solicits bids from suitors interested in managing a city service -- at their pleasure. The council would come last in the process, when it was time to approve the recommended bid. But longtime city observers know that by the time companies submit bids for council approval, the question is not a matter of whether to sell, but to whom. "When an RFP returns, perception becomes reality and companies assume you're in pursuit of privatization," says Goodman.

Slusher and his colleagues would rather see the policy reversed, with the council notified at the beginning of the process. To date, that hasn't been happening. The council has known for some time

that the city's federally-funded health care clinics, the convention center, and the landfill portion of Solid Waste Services are all candidates for "outsourcing." But that's only the tip of the iceberg, and knowledge about other goings-on has been almost impossible to come by. Take last Thursday's meeting as an example, when obtaining information from staff seemed as difficult as getting wild animals to speak proper English.

At one juncture in the hour-long battle, Garza commented that he had recently put to rest an outsourcing initiative in the Health and Human Services Department (HHS). The decision had come, he said, after realizing the council wasn't keen on being kept out of the privatization loop. Still, he didn't mention the initiative by name, and the council doesn't know what it is. The day after the meeting, HHS director Sue Milam said the mystery section is a "key" service, but she won't disclose it either. She maintains that silence is necessary to keep employee morale aloft; she'd rather the employees hear it from her first.

Then there's the Hornsby Bend Biosolids Management Facility, where Dillo Dirt is manufactured. The initiative to privatize Hornsby Bend, discovered five weeks ago, initiated the current debate over the bureaucracy's outsourcing efforts. In a June 19 memo from Water and Wastewater Utility (WWU) Director director Randy Goss to the council -- four days after Todd announced his privatization dreams -- the council learned that Goss was close to issuing an RFP to manage Hornsby Bend.

According to Garza at last week's meeting, the impetus for the Hornsby Bend initiative came from "individuals" who said they could operate the plant more efficiently than the city. Goss says he believed the WWU could learn crucial operating techniques from private companies. He suggested a "managed competition," where the WWU could compete with private companies to see who could offer the best service at the lowest cost, and says he has faith that the WWU would win.

That may be the case, but Slusher's concern was more with the nature of the private companies that jump-started the Hornsby Bend initiative. "Here is a perfect example of where you have private companies coming in and talking to the city, and you have private companies initiating the privatization, not the city council."

When Slusher asked the companies' names, WWU director Randy Goss responded that there had been several. Nonetheless, he said, he couldn't release the names at that moment.

Slusher asked why not, and Goss got confused: "I'm not understanding your question."

"It's pretty clear," responded Slusher.

Then Goss took a different path. Suddenly, he was able to release the names of several international companies who had discussed managing Hornsby Bend. But he added that although all of those companies had made some kind of general offer at one time or another, none were specific.

The cause for the confusion was uncertain, but perhaps Goodman's resolution will help to prevent it in the future. Garza is expected to present a systematic process soon, illuminating at what point in the planning process councilmembers will be informed of privatization initiatives. All of this doesn't sit well with Todd, who complains that the result will be greater tax increases, since outsourcing figures heavily into Garza's "affordability" strategy. Still, it's important to note that the vote wasn't necessarily against privatization, and may do nothing other than slow it down. "There's a cheaper way to do things, but that's not the issue," says Gus Garcia. Like everyone but Todd and Reynolds, he believes that since privatization involves matters as serious as the preservation of city services, the potential for less public oversight, and the loss of employee benefits, that it should be scrutinized carefully. Garza will simply have to spend additional time presenting a case before privatization initiatives can move forward. And the mayor will just have to wait.

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This week in council: Jackie Goodman's 6pm public hearing on maintaining energy conservation at the city. Also, a Goodman resolution calling for a plan on reducing greenhouse-effect emissions. n

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