

San Diego Union-Tribune Op-Ed:

SHOULD THE MAYOR OF SAN DIEGO, WITH FINAL APPROVAL FROM THE CITY COUNCIL, HAVE THE POWER TO PRIVATIZE MUNICIPAL SERVICES?

No: We may not be able to fix the problems we create

By Norma Damashek, VP advocacy and public policy for League of Women Voters San Diego, a nonprofit organization unaligned with any political party or candidate

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Proposition C on the November ballot is a bad choice for the citizens of San Diego. Prop C rewrites our City Charter to give the current and all future Mayors the radical power to privatize any City service and dismantle the time-tested Civil Service merit system that has protected San Diego taxpayers for over 65 years.

From the perspective of the League of Women Voters -- a nonprofit organization unaligned with any political party or candidate -- Prop C's assault on the City's Civil Service system is a backward step to the days of the spoils system when political rewards, fraud, incompetence, and corruption ran rampant in City government.

Here are some hidden aspects of Prop C that won't be revealed in glossy endorsement brochures and promotional TV ads:

Not one City problem will be fixed by Prop C. It won't make a dent in reducing our crushing pension and infrastructure deficits. To the contrary: privatizing City services could add heavy financial burdens to the City budget, a fact not revealed in the City's superficial fiscal analysis. Where are the facts and figures to show the true costs of Prop C?

Why scapegoat the City's Civil Service system? Contract abuses, mismanagement, and monumental cost overruns (the \$20M Kroll report, for one) sprang from non-Civil Service, upper-echelon government officials, faulty political directives, and management negligence. Is a ballot measure that could greatly increase the number and magnitude of outsourced City contracts a rational response to government ineptitude and mismanagement?

Prop C creates a closed-loop system. Here's how it will work: First, the Mayor's office determines which City department to target for outsourcing. Second, the Mayor's staff determines the scope, requirements, and terms of the proposed contract and solicits bids from private contractors. Third, a City department manager, answerable to the Mayor, prepares the City department's bid for the same contract. Fourth, a Mayor-appointed review board recommends the winning bidder. Finally, if the Mayor accepts the recommendations of his appointees, they are forwarded to the City Council for approval. This hermetically sealed system could re-create the days of political machines and patronage, a natural breeding ground for graft and corruption. Other cities prohibit campaign contributors from bidding on public contracts but no similar safeguards have been included in Prop C.

Where are the prohibitions against outsourcing public safety? A judge's recent ruling confirmed that Prop C permits the City to privatize police, fire and lifeguard services. It's not

just police and firefighters who are at risk. Prop C gives the Mayor and Council the power to contract with private security companies for code enforcement officers, park rangers, police and fire dispatchers, police investigative aides, and forensic lab technicians. Under Prop C, your 911 emergency call could be answered by someone in...Bangalore?

Claims that Prop C is "managed competition" are false. Targeted City employees will ostensibly be given an opportunity to bid against private companies for their jobs. But this is how Prop C will really work: First, the Mayor's management team will determine the City's bid. Then, if the City department loses the bid to a private contractor, it will also lose staff, funding, and equipment. There would be no second chance for a dismantled City department to bid on subsequent contracts. Should a private contractor win and then run out of money, demand additional payments because it (intentionally?) underbid, or default on the quality of service it provides to the public, the City is stranded with no internal backup, no capacity to pick up the pieces. It's happened in other cities that went down this road.

Where are independent, verifiable studies showing that outsourcing/privatization actually saves money? The only irrefutable finding is that outsourcing converts taxpayers' money into private profits. A legitimate analysis of Prop C was never performed. Furthermore, the "activity-based costing" method commonly used in cities like Indianapolis that claim cost-savings from privatization has been challenged as subjective, imprecise, and unverifiable.

Prop C supporters recently brought the ex-mayor of Indianapolis to San Diego to share "success" stories about contracting out City services. Here's a sampling of stories they neglected to tell:

- Privatization in Indianapolis is hardly an unmitigated success. The water department was contracted out in a \$1.5B, 20-year agreement to a French company. Complaints over inadequate maintenance, unresponsive service, and tainted water culminated in a federal grand jury investigation into falsified water-quality data. Despite years of "managed competition," Indianapolis reports it cannot fund safety services due to budget shortfalls. To bridge the gap, the current Mayor of Indianapolis proposes increased fees, charges for fire department response to accidents, property-tax increases, and a tax on economic development.
- Atlanta contracted out its water system to another French company, which neglected basic repairs, violated federal drinking water standards, billed the City for work not done and, according to City audits, failed to deliver even half the savings it promised. The contract was terminated after 4 years and the FBI launched an investigation of political bribery and corruption.
- The City of Stockton awarded a \$600M water privatization contract to OMI-Thames, a British water company and subsidiary of the powerful German conglomerate RWE Aktiengesellschaft. A Superior Court voided the contract due to CEQA violations, leaving people wondering who would run the water utility now that City workers were laid off after the European conglomerate took over operation of the department.

Prop C does not represent reform; it is the antithesis of reform. During the 19th century, many municipal services in major U.S. cities were privatized, leading to an era of deteriorated public services and elevated costs accompanied by notorious corruption and political scandal. The Civil Service System was created as a much-needed reform to ensure that government employees were well-qualified and worked primarily for the public good. It was a watershed event in U.S. history and remains an irreplaceable feature of "the American way."