Indian River to look at outsourcing more government services

By Henry A. Stephens

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INDIAN RIVER COUNTY — Bob Komarinetz, director of the county-owned Sandridge Golf Course, can remember a few years ago when the county ran the food and beverage service.

They did a good job, he said, and the customers were happy. But the payroll outweighed anything the snack bar collected.

“We had three full-time employees with benefits,” Komarinetz said. “All of a sudden, it was impossible to continue to run it. For what we were doing on the revenue side, it was just not cost effective.”

The snack bar cost the county $15,000 more than it took in during the 2006-07 budget year, records show. The County Commission agreed to outsource the snack bar, however, and the next year it rebounded with $45,000 in profits.

The recession since then has eroded that peak, Komarinetz said, but stressed he’s still in the black with $22,000 in profits from the 2009-10 budget year.

The Sandridge snack bar was the last service County Administrator Joe Baird outsourced. That followed outsourcing the golf course maintenance in 1996 and the parole and custodial services in 2003.

But with a loss of $26 million in countywide revenues in the past four years, Baird said, he’s exploring more ways to outsource county services and save money.

Contrary to his critics, Baird said, he doesn’t have any “privatization goals” or long-range plans to outsource every possible service.

“We have an obligation to look at the net cost-effectiveness and efficiency of delivering our services,” he said. “Is it cheaper to continue as we’ve got it or could the private sector do it cheaper?”

A big part of the point of outsourcing is that the county, at least, wouldn’t have to pay the employees’ wages and benefits, said Paul Teresi, president of the Indian River County Taxpayers’ Association.
"It saves the taxpayers in their tax bills," Teresi said. "It saves on salaries, benefits, health insurance and such, and it helps small companies create jobs."

Kevin Wagner, an assistant professor of political science at Florida Atlantic University, wasn't sure about that. He said local governments tend to outsource some jobs, not because of actual economics, but because of political ideology dating back to former Gov. Jeb Bush.

"It's the basic belief that private industry would be more competent and efficient than the public sector," he said.

He said he didn't have any studies to show how often that is the case, but said he has seen outsourcing be both less expensive and more expensive than government.

Most recently, the County Commission in June agreed to look at outsourcing its solid-waste operations. The county Purchasing Division is scheduled to open the bids Oct. 15.

The county's 7-year contract with Waste Management Inc. of Florida was to expire June 30. And the company sought an increase in its fee of $10.35 per ton of garbage added to the landfill in Oslo.

But county Solid Waste Director Himanshu Mehta said the county couldn't agree to the increase the company demanded. Mehta declined to state what Waste Management was seeking as an increase. He said he didn't want to taint the bids. But commissioners agreed Aug. 17 to pay Waste Management at $14.36 a ton until the new contract is approved.

Commissioners in June asked Mehta to advertise for bids, not only for the current landfill operation Waste Management provides, but also for solid-waste services the county provides. They include recycling, running the trash-transfer stations in Roseland, Fellsmere, Winter Beach, Gifford and Oslo, and hauling garbage from those stations to the landfill.

"We are just looking to see if we can get cheaper prices for the service already provided," Mehta said. "The residents shouldn’t see any changes in service."

The county looked into outsourcing the transfer stations in 2008 and found county staff was already doing the job at less than the bids.

"But it's two years later and times have changed," commission Chairman Peter O'Bryan said.

Bidders are to be judged on their willingness to hire on any of the county's 34 solid-waste employees. Without seeing any bids, O'Bryan said, he would rather have the county provide the services because county employees could be asked to help in tasks unrelated to their main jobs during a hurricane or other emergency.
Indian River County government had the following savings after switching from the county to the private sector for the following services:

Sandridge Golf Course grounds maintenance: Down from $966,150 in expenses to $826,150, a 14.5 percent savings, in the 1996-97 budget year

County custodial services: Down from $143,170 to $127,097, an 11.2 percent savings, in the 2003-04 budget year

County probation: Down from $109,130 to $82,917, a 24 percent savings, in the 2003-04 budget year

Sandridge snack bar: From a $15,000 expense under the county to a $45,000 income under private sector, in the 2007-08 budget year

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