

NEIGHBORHOOD BASED SERVICE DELIVERY: AN OPTION FOR TODAY

by Stephen Glaude

The National Association of Neighborhoods is a nationwide membership association made up of 2,000 community groups in over 30 states. Our members are people who work in housing, health care, crime prevention, and family preservation. They work with environmental and energy concerns and education. But most important, our people are the recipients and the providers of most of the programs of the 1970s that we are now in the process of rethinking and rescinding. When we talk about improving local services, the constituency we represent is the most underutilized resource when it comes to reducing the cost of and fostering community control of local, essential services.

I do not think there is any argument now that the for-profit private sector can provide services cheaper than government. There have been enough studies. There has been enough debate. But NAN would like to go beyond that and facilitate neighborhood-based services, or "privatization with a purpose," as we call it. It is not just a matter of looking at how to provide the services more cheaply, but how to deliver those services in a way that actually empowers people. What we seek to promote through privatization is the development of indigenous businesses, groups, and service providers in low-income communities. As we find city revenues shrinking, we must find more creative ways to provide services. Government officials should understand that as they do this, there are some things that the private nonprofit sector can do better, differently, and cheaper than the for-profit private sector can.

Partnership Needed. This is not to say that official should tap into one sector in lieu of the other. Rather, they should use all sectors to make a great partnership. City government must realize that they are going to need both parts of the private sector working in the same area to maximize the human, financial, and technical resources needed to provide services at a time when city budgets will continue to shrink.

Our project is called the Neighborhood Base Service Delivery Project. Rather than simply promoting "standard" privatization, we promote the idea of local people or groups becoming involved in the provision of their own services. Our project attempts to take people who have been the chief complainers, demanding an improvement in services, and actually make them the providers of those improved services. The U.S. Department of Housing and Urban Development acknowledged this as a way of helping municipal governments stretch their local block grant dollars to meet increasing needs.

Stephen Glaude is Executive Director of the National Association of Neighborhoods.

He spoke on June 2, 1987, as part of a Heritage Foundation conference on "State and Local Initiatives in Privatization."

ISSN 0272-1155. Copyright 1987 by The Heritage Foundation.

Back in 1981, when President Reagan's policies began to unfold, we informally polled city managers around the country and we asked them: "Do you think your city's budget will continue to shrink over time?" All of them said yes. We then asked them if they thought that nonprofit community groups could provide some of their services more cost-effectively, would they consider contracting with them? Almost all of them said no. So we asked them why, and their response was twofold. One, they did not think groups had the technical skills to provide those services adequately; and two, they did not think the groups had the management capacity to handle the dollars involved in contracts.

Training Community Groups. We then designed a project which would attack those two weaknesses. The aim was to train the community groups in the technical areas they needed to provide the services and to improve the management capacity so they could handle contracts. We understood that for a city to contract with a community group involves a considerable political risk and liability. Our project is designed, therefore, to provide a form of insurance to a local government that groups will have the technical and management skills.

I would like to mention some projects from the last couple of years as examples of what can be done.

Instant Entrepreneur. In Memphis, I happened to be in County Hall when a fellow walked in complaining about the food distribution service. He said that the food was being delivered late, that it was spoiled by the time it got there, and that there were not enough distribution sites. So I pulled him aside and I said, "Would you like a contract to start a business to provide that service?" Of course, his initial reaction was one of shock. He had never thought of doing that himself. But we sat down with him for a couple of hours and explained how it would work, and he started the business. In the first year of the contract, he purchased a truck and he hired about 15 kids, on a part-time basis--kids who were unemployed who were probably troublemakers in their community. He increased the number of distribution sites and he also cut the cost of the contract. In the next couple of years, he purchased more vehicles, and hired more kids.

This is an example of what the nonprofit sector can do to use privatization to have an impact within the communities themselves. When he would go down to the train tracks to pick up the food he realized that not only was food coming in on the trains, but so were many TVs and refrigerators. He did a little bit of analysis and he realized that he could make more money, purchase more equipment and employ more people, if he started delivering TVs and refrigerators as well as surplus food. This is also an example of how public service delivery contracts can open the door for community-based businesses to contract with large private corporations.

A Community Takes Charge. Another of my favorite stories is from Toledo. We had a group there that wanted to maintain the park in their community. The city government had been looking at the park for a potential demonstration project. So they went to the community group and offered them a contract to maintain the park.

We gave technical training to the group. We identified the work crew and trained them. Retired executives helped the group to set up their books and their management system. That is a good example, by the way, of how a not-for-profit can get things from the private sector that a for-profit business starting out might not have so much access to.

In the first year of the contract, they did a wonderful job. The group liked the idea that it was having an impact, improving the appearance of the park. But the city had said to them at the beginning of the year: "We'll give you a contract for one year. After that, you're on your own." So, knowing that they would not get money the second year, they went door-to-door in their community and said, "You see the difference in the park. You see that there's less grass out there, and it's maintained more regularly. We're not going to get the money from city government to do this again next year and we want to know if you will consider putting up three dollars a month between the months of June and October so we can pay the kids to maintain the park."

The community overwhelmingly said yes, and what was originally a government service was to be switched over to the private sector, paid for by a user fee. But it was not at the initiation of government that that happened; it was at the initiation of that community group. Now, the community group could have encouraged all those residents to go down to City Hall and encircle it and say, "Find the money to pay for this service!" But instead, they went directly to the community and organized the service themselves.

The government was so moved by the fact that the community was willing to take over the service themselves that they came up with three more years of money for the contract. To date they have received \$91,000 in contracts and the city is pleased with the arrangement.

Take another example in Omaha. We had a group that managed the construction of a shopping mall, using federal and local money, public and private. We looked at all the services the mall would need that would be publicly-provided services--the landscaping and maintenance of the mall--and suggested to the city that they employ community groups to do the work. Initially the government was reluctant. But when they realized it would cost less, they proceeded.

Bigger Things. So we started off with a \$25,000 contract to do the landscaping and maintenance around the mall. The group did such a good job that they won a maintenance contract for all the vacant lots in the North Omaha area. The state then came in to observe what they were doing and gave the group a \$100,000 contract to maintain the portion of highway that goes through their community. That is an example of how a community group can build up its service contracts in only a short time if it proves itself with a small contract. When you work with community groups, you have to start small and build into bigger things.

Let me give you some examples of how these contracts can grow. In Louisville, we have a group that has undertaken trash collection, housing rehabilitation, weatherization, park maintenance, sidewalk repair and maintenance, tree plantings, and tree trimmings. We interviewed the local government officials

and said: "How did you ever feel that you could do this much with a community-based organization?" Their response was, "If you look at the history, the first contract we gave them was for tree planting." And we said, "Well, why tree planting?" And they said, "If they fouled that up, the worst we'd have is a few crooked trees. Initially we kept away from such essential services as trash collection, or something that might be related to health care--until they had proved themselves."

Tapping a Vast Resource. These examples show why I believe that the nonprofit community sector represents a vast, underutilized human resource. And community groups can do things that neither the for-profits nor government can do. For instance, that group in Louisville with the trash collection contract had a big problem because the community wanted twice a week collection. The city said the contract is only for weekly collection. So the community group decided that they would pick up the trash on Wednesday, and then on Saturday they would set up a schedule to have their driver voluntarily drive the truck down the alleys and whoever wanted collection twice a week could come out and dump their trash. Alternatively, they could organize on a block by block basis, take some teenagers and give them what would amount to movie money to go out and dump the cans on that one block.

It was a potential "win-win" for everyone. Government could reduce the cost of the contract by paying for weekly collection. The community could become involved in providing their own service. And they could get twice a week collection for the cost to government of once a week collection.

Privatization has helped illustrate that if we start small and work hard, there are some things that community groups bring to the table that government and the for-profit sector cannot. For-profits have certain advantages, too. I think they all should be mixed together so the services that are dear to low-income communities do not become sacrificial lambs in the local budget debate, while at the same time stimulate local employment and business development opportunities. We can educate communities and let them know that they have a more important role than simply complaining about the need for improving services or the importance of local services. If we do that, and give them a piece of the pie, we can build partnerships in the community for self-help and job generation, based on privatization that will help secure those services while strengthening the economic and social foundations of neighborhoods.

