Mayor Bloomberg Looks at Public-Private Partnerships (PPP) Minus the Outsourcing

Posted At : February 28, 2011 3:17 PM | Posted By : Chris Dixon
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In a **surprising announcement** (hat tip to ***GovMangement*** daily), Mayor Michael Bloomberg (New York City) has announced that he will look to "investment banks" to manage certain city infrastructure and services, but he will not "sell" the infrastructure for budgetary quick-fixes and he will not look to shed union workers.

This is a major about-face from what we've been hearing over the last few years. Moreover, any remark by Bloomberg can become conventional wisdom almost instantaneously. His remarks come on the heels of Rahm Emanuel's election in Chicago, where he was highly critical of the wildly unpopular parking meter privatization. (Bloomberg has already **sworn** he will never relinquish the city's power to set meter rates.) Gov. Mitch Daniels (R-IN) has taken some indirect heat for his 75-year lease of the Northern Indiana Toll Road. The road operator has seen tolls decline during the economic downturn and has had to raise rates. Meanwhile, Indiana **has already pocketed the money**.

GovWin's Take:

- Given the early results from Chicago and Indiana, it's unlikely that investment banks are eager to jump at self-defeating PPPs any more than they are to make more subprime home loans. So, to that extent, Bloomberg is simply adapting to the marketplace.
- The public won't let politicians off the hook for converting what is perceived as a public burden into a private one. Handing off the "ownership" of a monopoly is not much of a "partnership" anyway.
- It will be interesting to see if Bloomberg can procure the best of what the ibanks have to offer in terms of management while keeping the public interest safe in Gracie Mansion. At this point, it sounds like he wants to outsource the middle management, who are charged with thinking creatively about service delivery and motivating the front-line, rather than go to war against the rank-and-file union workers who, by his estimation, are doing about as well as non-union workers.