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No Sale on City-County Purchasing Agreement

How easy could it be? The City buys uniforms, vehicles, computers, utilities and a multitude of other goods and services to carry out its governmental functions, as does the County. With the City's finances in trouble, they need to cut where they can to achieve efficiencies. One oft-proposed action is to have the County take over the City's purchasing function to achieve greater economies and save the City money.

In a deal recently worked out by the Mayor and County Chief Executive, the City would pay the County an annual fee of \$165,000 to cover the salaries of two purchasing employees and to carry out the purchasing services. According to estimates, the City could eventually achieve savings in the range of \$5 million a year.

In fact, the Act 47 recovery plan required it, stating, "no later than July 1, 2005, the City shall turn over its purchasing operation to the County which shall provide all purchasing services for the City". It is highly unlikely that the County will be handling purchasing by July of 2006. Indeed, so much for the Act 47 coordinator's enforcement of agreed upon plans.

The apparent no-brainer has turned into a no-go. City Council just voted to table the proposal indefinitely. Council does not like the agreement because of concerns they would be losing oversight and spending controls. This is the same City Council that in the past approved budgets that were far out of line with financially better-managed cities and that eventually led to distressed status. In any event, the purchasing plan has stalled. Meanwhile, County Council also objected because they felt slighted as a result of not being a party to the negotiations.

Given the history of the City's going to extraordinary lengths to protect City government jobs, it would not be at all surprising if the purchasing deal is ultimately thwarted to save the six purchasing department jobs. More business as usual. Instead of outsourcing the purchasing function to achieve desperately needed savings, Council has chosen to hold up the agreement by raising concerns about bid thresholds (the City requires competitive bids for purchases of \$10,000 or more, the County for \$30,000 or more), avoiding purchasing goods produced with "sweatshop" labor, and oversight concerns. Nitpicking, dilatory tactics in other words.

There are lessons to be learned from this bump in the City's road to recovery, which appears to be getting longer and more winding. First, merging City-County departments and operations is very problematic. Witness the glacial pace at which the unified 911 system has come together. Combining Pittsburgh and Allegheny County governments to form "Greater Pittsburgh" or "Metro Pittsburgh" would be unimaginably difficult. And that does not address the question of whether it is even desirable in the first place. The purchasing plan episode should give pause to the proponents of City-County government merger.

Second, it should serve as a lesson to the financial overseers to avoid beating around the bush with the City, who, after all, asked for distressed status under Act 47. Presumably, the Act 47 coordinator and the oversight board have the responsibility of ensuring the City gets its financial house in order. But that's not the way it seems to be working. Witness the latest incidents: City Council holds up the purchasing merger; City Council gets the final say on whether a portion of garbage collection is bid out; City Council tells the oversight board they will hold up approval of the 2006 budget due to a requirement that some employees pay a portion of their health care costs. The situation as envisioned when the state decided to jump in and help the City has become topsy-turvy and is not even close to the "tough love" model many people envisioned. This dilly-dallying by the overseers simply delays the meaningful progress the City needs to be making. Who or what are they afraid of?

Clearly, the oversight authorities need to spell it out for Council. Being in distressed status means you have to do things you might not like to do. Moreover, there cannot be three financial overseers. Council forfeited their claim to that role when they asked to be declared distressed.

Finally, since it is the season of giving, we ask those who are pushing for a City-County government merger to please give us a break on the merger talk. At least until they can come with some good research and arguments to support a merger and get away from empty rhetoric.

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