



Privatization: a term that strikes fear into the hearts of some landscape managers, but inspires dreams of new business among others. These green industry 'privateers' have learned along the way.

by Ron Hall
and Terry McIver

■ Cities and schools, because of increasing demands on tax dollars, are asking their managers "to do more with less."

This, and other mostly economic reasons, are increasingly causing cities to enter into partnerships with private contractors to provide services that the cities themselves had previously offered.

Usually these services are revenue producers: waste hauling, marina and airport operations, and golf courses.

This is called privatization.

We spoke with four landscape contractors and one golf course superintendent to learn how they obtain contracts, complete work on time, and survive the bidding wars that seem more intense in the municipal arena.

(We'd like to know your successes in municipal contracting—or just what you've learned from the experience, good and bad—for coverage in a future issue. Write or call us in care of: LANDSCAPE MANAGEMENT, 7500 Old Oak Blvd., Cleveland, OH 44130.)

Going private?

Privatization need not mean civil service layoffs, Memphis finds out

■ George Meeks's shoes are polished to a high luster. The suit is dark and nicely cut, the white shirt crisp. The silk tie is red. Meeks both looks and speaks the language of the successful grounds manager, emphasis on *manager*.

He's grounds director for Memphis (Tenn.) City Schools. He's also a walking, talking advertisement for privatization: the competitive contracting of so-called support services to the private sector.

Meeks is one of 12 managers that the international service company ServiceMaster, Management Services Division, assembled to oversee maintenance, custodial and grounds for all 160 schools in the Memphis public system.

The privatization of services in Memphis is not isolated. Schools from New York to New Orleans to the Pacific Northwest have made similar decisions with private companies—more than 300, say some reports.

Squeezed between rising costs and taxpayers' howls, school boards see hiring private contractors as a way to get professional service. And also to save taxpayer money. Curiously, most schools experience significant savings both because of competitive bidding and superior efficiencies, say proponents of contracting. Indeed, services as varied as transportation to preparing noonday meals are now being

contracted to private companies.

Turning off alarms—This is the third year of the \$17.5 million, five-year agreement between Memphis schools and ServiceMaster. Although the school board's June 1993 decision, by a 7-2 vote,



George Meeks says private management can energize a school system's grounds department.

to hire ServiceMaster initially alarmed school union employees, the controversy subsided when ServiceMaster indicated that instead of layoffs, the schools' own employees would get training and professional supervision instead.

This is exactly what's happened.



ServiceMaster is improving the grounds at 40 Memphis public schools each year until all 160 have grass.

School grounds employees, in fact, have been involved in on-going training ever since, grins Meeks.

"What we found out was that the people just didn't have the training. They didn't have the resources to call on," he explains. "These were things that we could bring to the table very quickly."

Meeks saw Memphis schools ground maintenance as more than a money-and-resources problem. Morale suffered, too—both employee and student morale. The campuses of many schools were defined by weeds and bare earth. They made inviting

targets for discarded wrappers and soda cans.

Sprucing up—The retrained and redirected grounds crews quickly began following a systematic schedule of mowing, pruning, trimming and mulching. Meeks describes these as "high-visual impact

landscape improvements" that almost immediately demonstrate the value of landscaping.

Grass is cut once every two weeks. Hedges are trimmed. The grass is fertilized to a schedule by school employees who are certified applicators. Litter is picked up.

Also, the school system's grounds department regrassed (bermudagrass) the grounds of 40 schools last year, and plans on completing all 160 within four years.

"We should be setting the tone for the education process," says Meeks, who sees his biggest challenge as convincing

grounds employees that they too are vitally important to the schools' success.

"Sometimes the grounds employees feel like they're the lowest employees in a system," says Meeks. "That's because the grounds department of a school is typically run by somebody in maintenance. Maybe somebody with a background in plumbing or carpentry, and all they want to do is get the property mowed."

Specialized training, precise and detailed schedules and programs to reward conscientious efforts are changing that in the Memphis schools, he believes.

"I want everybody in grounds to know that if they do their job good enough, then my job is to make sure they're recognized," says Meeks.

Just two years into the program, improvements to the Memphis city school grounds are catching the eye of professional educators and the public alike. The Memphis daily newspaper has written several articles recognizing the more attractive grounds.

Said city school principal Dr. Rebecca Giannini in one of the articles: "The lawn is beautiful...There is a correlation between the way the school looks and how the kids function in school."

Meeks, a graduate of Mississippi State University and a former grounds manager at Prairie View A&M University in Texas, sees his experience with ServiceMaster as another step in his goal of someday helping beautify America's historical African-American colleges.

"There is a tremendous potential in the landscape business, but we have to tackle these types of projects with a business manager mentality," he adds.

—Ron Hall

Bidding 'wars', busy fields make private contracting a risk

■ City service directors shop for the best price—just as many homeowners—and assume quality despite the low price.

Kevin O'Connor, general manager of Sequoia Lawn Care, Wyckoff, N.J., has done projects for municipalities since 1982. Bidding, he says, can sometimes resemble a "war," with at least three companies vying for contracts. And the lowest bid always wins.

"I'll make an area look like the Taj Mahal, and a competitor can come in with a lower bid—and, of course it's public knowledge on what the bid was from the previous year," says O'Connor. "There are some

products they do not have to use because everything's looking good from the previous year, and therefore, those products aren't part of the first year overhead."

Sequoia services a dozen municipal contracts and four or five area schools. Most have been acquired through word-of-mouth, but some have required bids.

"It get's kind of crazy, but most of the municipalities that I deal with are pretty loyal, and I'm loyal to them as far as fair price and excellent work.

"I had a municipality here since 1985, and last year was the first year they had the work bid."

Liability concerns—O'Connor thinks the fear of liability is one reason why city governments seek out a private contractor to apply control products.

"I have a lot of municipalities where the superintendent does have a pesticide license," explains O'Connor, "but he does not want that liability. He'd rather sub it out because (the liability) is not directly on him."

Persons on a notification list must be informed of applications 48 hours in advance.

Timing of control product applications and other work can be tricky when the

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patient is a much-used municipal athletic field.

"These fields are so much overplayed," says O'Connor. "You have soccer from dawn to dusk; we need 24 hours (after the application) before anyone can go on to that field."

Consequently, says O'Connor, applications at 4 a.m. or 6 p.m. are not uncommon.

"Everyone has to get the lawn cut. Crews are so stretched sometimes there's just enough time in a 7:30-to-3 p.m. day. There's no overtime. Manpower is minimal, two, three men for a field."

Stay in touch—O'Connor keeps the Sequoia name in front of prospective muni/school board decision makers via letters or telephone calls.

A free, trial application is not out of question, either. "Let them see what you can do," advises O'Connor.

"Superintendents and public works administrators talk to one another, so there's some opportunity for referral there."

—Terry McIver

On the golf front: 'Leasing' not an easy decision

■ In 1990, after three years of study, the Fort Worth (Texas) City Council voted to lease (privatize) two of its five golf courses to management companies.

Those courses were the Rockwood (27 holes) and the Z Boaz (18 holes). Contracts were eight-year primary terms with two two-year options.

In 1993, City Council asked its Parks and Community Services Department Golf Division (PACSD) to review the feasibility of leasing one or all three of the remaining golf courses: Pecan Valley (36 holes), Meadowbrook (18 holes) and Sycamore Creek (9 holes with double tees.)

At that time, PACSD sent requests for information to 15 different management companies. Comparing the information received, the city decided not to lease any remaining golf courses.

This decision was based on the current performance of the PACSD operations and that leasing the three remaining courses would eliminate the competitive model and the alternative resources necessary to operate the course and protect the infrastructure in the event of a default.

PACSD provides a range of services at its three remaining city-owned-and-operated courses including the sale of golf merchandise, individual and group lessons, organizational services for tournaments, and support for golf associations.

The driving policy at PACSD is service. But costs and efficiency are obviously important, too. All, in fact, must be weighed when comparing self-operation with leasing (privatization).

But there are other issues that aren't so easily factored into arguments either for or against privatization.

For instance, 17 of 55 (about 30 percent) of the city golf course employees were let go because of the leasing of the two municipal courses.

Also, will the private management firm be able to operate the municipal course profitably without raising fees beyond what

entry-level players can afford? Beginning golfers typically start on city courses.

Privatization of golf courses can be more profitable for a municipality than a city's operation if the municipality maintains a policy of recommending fee adjustments on an operational need basis only. However, if adjustments are made in line with a capital improvement program or a predetermined incremental percentage, the profitability differential is eliminated and additional capital improvements and revenues can be realized under city operations.

But privatization is not the cure-all for service delivery. All service delivery decisions must be made on a case-by-case basis.

What works in one city may not work in

another. However, the lessons learned by other cities can be studied to shorten the process of determining a successful approach to service delivery.



—George Kruzick, CGCS, is a golf course superintendent with the Fort Worth Parks and Community Services Department. He spoke at the most recent GCSAA Conference.

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TO LEASE OR NOT TO LEASE?...

Five years of managing "lease" contracts for golf course services allows the Fort Worth Parks and Community Services Department to make the following points:

IN FAVOR OF LEASING:

- 1) Guaranteed income.** The leasing agreement stipulates a specific minimum and/or a percentage of the gross, whichever is higher.
- 2) Profit motive.** A contractor must make a profit to remain in business, and should be alert to new methods, ideas and trends.
- 3) Public relations.** If the course is managed well, the city reaps good public relations.
- 4) Personnel.** The private contractor has more staffing flexibility.
- 5) Purchasing ability.** A contractor can often get supplies and materials faster, and sometimes at a better price if it's a large operation.
- 6) Specialized training.** A contractor can often supply employees that specialize in food and beverage concessions, or golf shop merchandising.

IN FAVOR OF SELF-OPERATION:

- 1) Control.** The city has total control of the type, level and quality of service, prices and products.
- 2) Revenues.** The city receives all profits.
- 3) Personnel.** The city uses existing staff. (In the case of the Fort Worth PACSD this would be over 250 years combined years experience in golf.)
- 4) Commercialism** is avoided in a self-operated course.
- 5) Private profit** at the expense of the public is avoided.

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Buying power can mean significant breaks on prices

■ John Fik is grounds and landscape manager for Hobart and William Smith Colleges, and at 10 other accounts of Marriott Corporation's Educational Services Division.

The division services the physical plant, landscaping, housekeeping, and other duties for schools (K-12) and more than 60 U.S. colleges and universities. Its substantial growth has been tied to two factors: excellent customer service and the fact that "colleges and universities want to get back to the business of teaching," according to Fik.

Marriott has a solid legal network to handle issues related to running a physical plant. University presidents, for example, are relieved of union negotiations and other management responsibilities.

The district manager and salesperson survey prospective accounts and make suggestions on how Marriott can improve

bottom line profitability and customer service. It's emphasis on customer service, says Fik, that makes the difference.

"When prospective accounts meet with us, they may not have a budget drawn out, so we cost out the entire program."

The goal is the best possible "curb appeal," which is what Fik believes is one reason students and families choose one college over another.

The savings Marriott is able to pass along varies with the client. It can be tied to energy savings, labor and equipment modifications.

Pricing for materials is competitive due to the Marriott's nationwide buying power.

No threat—The perceived threat that a service like Marriott's causes people to lose their jobs is usually unfounded, says Fik. "We're not there to cut the payroll."

Fik sees one common fault with uni-



Fik: It's in the details.

versity grounds everywhere he goes: no attention to details in the "priority areas,"

especially the tour routes taken by prospective students and their families.

Maybe all that's needed is a consultation, and Fik is happy to help out, but the advice, he says, "is only as good as the manager implementing the plan."

Fik has been certified by the Professional Grounds Management Society one of only about 35 such certifications in the U.S. at this time.

—Terry McIver

Paperwork, suppliers a challenge to municipal contracting rookies

■ At a time when many California landscape contractors are being pressured by recession, Gali Landscaping & Maintenance boosted its business by 400 to 500 percent, and stayed profitable while doing it, thanks to more municipal contracting work.

The company, which broke even on its first two municipal jobs back in 1991, has made at least some profit ever since.

Manager Micky Levy says Gali faced a number of challenges, including mountains of paperwork, disappearing suppliers and the need to reduce the high cost of manual weed control in site preparation.

Gali, established 10 years ago, swiftly built a client base of about 500 small accounts. Then the recession hit California and the economy started to slow down.

"People started to limit service requests, cancel accounts or became past due on bills," says Levy.

To turn the situation around, company founder Tom Rotholz looked into the possibility of landscaping business parks and industrial facilities. He learned of municipal jobs that were up for bid through a private source, and began bidding on those jobs.

New lessons—After losing many initial bids, the company landed its first municipal account when it bid \$67,000,

prompting a city official to claim that the job couldn't be done for that amount.

"We said, 'We know what we're doing. That's our bid and we're sticking with it,'" says Levy. "It turned out we were \$15,000 below [anyone else]."

Fortunately, the project had a separate maintenance component. Gali's bid ended



Levy: Company earned trust of other players in munny arena.

up being high enough here to cover the loss on construction.

The second municipal job was also a break-even proposition. Succeeding projects have all been profitable.

Know your suppliers—Levy makes certain suppliers are legitimate. In one instance, a supplier gave "an unbelievably good" price on a large quantity of trees. "We went to pick them up and found that the company had gone out of business," says Levy. "As if that wasn't bad enough, we were quoted liquidation pricing, and the next nearest bid was \$40,000 higher."

Now, Levy is careful to call with specific confirmations before turning in the final bid, and she's extra careful if the price sounds too good to be true.

Levy says agreements with suppliers tend to become much more clear when prices and details are confirmed in writing.

As supplier relationships were ironed out and the municipal workload increased, Gali soon found the need for a different approach with other basic details it had been taking for granted in the residential business.

Faced with the need to control weeds cost-effectively with minimal labor, the company began to use Roundup herbicide for site preparation in place of hand weeding.

"Less than one day spent applying herbicide can save a week of work for one or more people," says Levy, who says the herbicide is a more effective, less expensive method of weed control. **LM**