

Services can be Provided Cost - Effectively

The Burnside Consortium was incorporated as a nonprofit corporation on September 12, 1978. Incorporation of the Portland, Oregon organization occurred only after two years of study and discussion by neighborhood residents, business interests, city officials and existing service agencies. City government felt a need to have a professionally managed umbrella organization for the Burnside neighborhood. At the same time, existing service providers were adamant that the Consortium not become a "super agency" that would engulf them.

The Burnside neighborhood is located at the north end of Portland's central business district. It encompasses about ninety square blocks and is a mixed use neighborhood with warehousing, commercial businesses, professional offices, Portland's Chinatown, and the Old Town Historic District with a mix of specialty shops and restaurants. Burnside is also Portland's Skid Row with honky-tonk bars, "grocery stores" specializing in the sale of fortified wines, missions, and flop houses. Most of the area's 2,000 residents live in residential hotels and missions, but a substantial number reside under bridge approaches and in doorways.

The Consortium has focused its efforts on the provision of low-income housing and alcoholism rehabilitation. Programs have been financed through a combination of government grants and contracts, corporate donations, foundation grants, and individual gifts. The 1982-83 operating budget totals over \$2 million, and including capital expenditures and special projects, the total budget approaches \$3 million.

Ongoing programs of the Consortium include the operation of a medically supervised alcoholism detoxification facility and sobering station. In addition, the Consortium operates six residential hotels with a total of 310 units, supplies maintenance and repair services for 617 housing units, and runs a winter emergency shelter program that has 248 spaces. The Consortium has also mounted several special projects, including the renovation of three residential hotels and the packaging of low-interest small business loans.

Currently, there is considerable interest in contracting out public services to nonprofit organizations, particularly those which are neighborhood based. Local governments perceive this as a way to deliver services cost effectively and through organizations closer to constituents. Nonprofit organizations view this

as a new source of funding in an era of shrinking federal grants.

If such contracting is to be done on a fairly large scale (for example, Burnside Consortium has about \$1.6 million in local government contracts), then nonprofit organizations are going to have to become sophisticated program managers. Probably only a few such organizations exist today and few others have the potential to evolve into such entities. As a result, most local governments considering such contracting generally think in terms of single-purpose and non-technical services. Park maintenance, street cleaning, and trash removal are services most frequently mentioned.



There is potential to provide services more creatively, more cost effectively, and with greatly increased quality if all levels of government -- federal, state, and local -- are willing to invest relatively modest sums in organizational capacity building. For instance, the Burnside Consortium was able to deliver totally renovated housing at a cost of \$6,300 per unit as compared to over \$40,000 per unit for Section 8 housing in the same community. The Consortium has proven its ability to deliver housing services and a full range of alcoholism services at a fraction of the cost of traditional approaches. This has been accomplished with only minimal subsidies. Other local jurisdictions would do well to seek out and encourage similar organizations and negotiate true public/private partnerships with them.

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