

**TEACHER INSTRUCTIONS/KEY**

**Time**

20-25 minutes

**Instructions**

1. Print Page 2 and hand out to students.
2. Instruct students to read the article and answer the Questions for Review. (Take 8-10 minutes.)
3. Have students discuss in pairs/groups, then together as a class. (Key is below.)
4. Play the short film “Sandy Springs, Georgia: The City That Outsourced Everything” (7:52):

<https://www.youtube.com/watch?v=f8qFvo2qJOU>

Get students’ thoughts on this film; ask them what they learned *that wasn’t in the article* they read.

5. **FINAL QUESTION: Ask students to brainstorm this question in pairs/groups (give them about five minutes), and then discuss their answers as a class:**

Sandy Springs did NOT outsource police and fire department services, probably only because Georgia’s state constitution forbids it. How could this be done effectively and more inexpensively by outsourcing, and what challenges would the city have to overcome by outsourcing these?

*AWV, but certainly there’s no reason to believe that it couldn’t. The city would have to walk a fine line, as some might think that “only the government can do police jobs right” and resist the idea.*

**Key**

1. In the first paragraph, what happened to these five “contract cities”’ services’ (a) costs and (b) efficiency?  
*The costs were greatly reduced, and the efficiency shot up.*
2. About what percent did the company that Sandy Springs hired charge to perform services, compared to their previous government in Fulton County? (Does that number sound familiar?)  
*The company charged roughly 50 percent that Fulton County’s government charged. That number should sound familiar, because we have seen in studying bureaucrats that they make approximately twice the salary/benefits of the average U.S. employee.*
3. What did mayor Eva Galambos say about that company’s track record of performing these duties?  
*It has an excellent track record of providing quality services. Residents of Sandy Springs were previously unhappy with Fulton County’s costs and lack of responsiveness.*
4. How does the number of government employees in Sandy Springs compare to Roswell’s number? How about Sandy Springs’s budget? What do you deduce from this?  
*Sandy Springs has only 196 government employees, compared to Roswell’s 1,400, or seven times fewer. AWV on the second question, but it should be clear that governments typically drastically overemploy government bureaucrats to do work that could be done effectively by many fewer individuals.*

# Local Government Privatization 101

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March 16, 2010

## Privatizing City Hall: Sandy Springs and the New Georgia Contract Cities

What may surprise many local policymakers is the extent to which other communities have embraced privatization, extending the boundaries far beyond what's seen in most jurisdictions. For example, over the last four years, five new cities serving over 200,000 residents have incorporated in metropolitan Atlanta, Georgia as "contract cities." These...cities opted to contract out virtually all of their non-safety related government services to private firms, dramatically reducing costs and improving services along the way.

Sandy Springs, Georgia was the first. Fed up with high taxes, poor service delivery, and a perceived lack of local land use control, 94 percent of Sandy Springs' nearly 90,000 people voted to incorporate as an independent city in 2005. What makes Sandy Springs interesting is that instead of creating a new municipal bureaucracy, the city opted to contract out for nearly all government services (except for police and fire services, which are required to be provided directly by the public sector under Georgia's state constitution).

Originally created with just four government employees, the city's successful launch was facilitated by a \$32 million contract with CH2M-Hill OMI, an international firm that oversees and manages day-to-day municipal operations. The contract value was just above half what the city traditionally was charged through taxes by Fulton County. The city maintains ownership of assets and maintains budget control by setting priorities and service levels. Meanwhile the contractor is responsible for staffing and all operations and services. According to Sandy Springs Mayor Eva Galambos, the city's relationship with the contractor "has been exemplary. We are thrilled with the way the contractors are performing. The speed with which public works problems are addressed is remarkable. All the public works, all the community development, all the administrative stuff, the finance department, everything is done by CH2M-Hill," Galambos said. "The only services the city pays to its own employees are for public safety and the court to handle ordinance violations."

Sandy Springs recently...rolled out its own police and fire departments. Counting [these], the city of 90,000 has only 196 total employees. Nearby Roswell, a city of 85,000, has over 1,400 employees. Furthermore, Sandy Springs' budget is over \$30 million less, and by most accounts provides a higher level of service.

The "Sandy Springs model" seems to be gaining steam. The city's incorporation was perceived as such a success that four new cities—Johns Creek, Milton, Chattahoochee Hills and Dunwoody—have been formed in Georgia since 2006, employing operating models very similar to Sandy Springs....

Sandy Springs and other contract cities demonstrate something very powerful from a public administration standpoint: there's hardly anything that local governments do that can't be privatized, so there's no reason policymakers shouldn't think big on privatization.

### Questions for Review:

1. In the first paragraph, what happened to these five "contract cities'" services' (a) costs and (b) efficiency?
2. About what percent did the company that Sandy Springs hired charge to perform services, compared to their previous government in Fulton County? (Does that number sound familiar?)
3. What did mayor Eva Galambos say about that company's track record of performing these duties?
4. How does the number of government employees in Sandy Springs compare to Roswell's number? How about Sandy Springs's budget? What do you deduce from this?