



Thinking
Strategically
about Recovery
Budgeting

A Case Study on Public-Private Partnerships

BY AMY DAVIS

At first glance, the City of Sandy Springs, Georgia — just north of Atlanta — might look similar to other growing cities of 99,000 residents. More than 300 miles of roadway are being improved and maintained, permits are being issued, residents are voicing their views at City Council meetings, and 115 police officers and 97 firefighters are answering calls. But this formerly unincorporated area of Fulton County is also home to residents who wanted change. They had grown weary of having most of their tax dollars spent on services in other parts of the county and wanted to see their money spent on services at a local level. A dedicated group of volunteers fought for 30 years to get legislative approval to hold a ballot referendum for incorporation. The referendum was held in June 2005 and passed by 94 percent. Just as quickly as the city was born, a five-member governor's commission was set up to guide every aspect of the start up, which would begin on December 1, 2005.

A major task before the governor's commission was deciding how city services would be provided. The commission's decision to explore a public-private partnership for all services was innovative — Sandy Springs was the first city to outsource all municipal services, except public-safety services, to one private-sector entity. The mayor and city council members believe in this unique public-private model and wanted something non-traditional from the beginning. The police and fire departments were excluded from the contract because the liability insurance would not allow the private company to provide these services.

In recent years, public entities have expanded the scope of services performed by outsourced providers, as the benefits of outsourcing have become apparent. Sandy Springs' decision to outsource nearly all city services is an extension of this trend, and since 2005, several other public entities have followed suit and privately outsourced services to this extent. The cities of Johns Creek, Georgia; Central, Louisiana; Bonita Springs, Florida, and Centennial, Colorado, have successfully followed this model.

CONTRACTING SERVICES

The commission chose a global engineering firm that had demonstrated experience and exceptional performance with local and international government management. The contract included an administrative side to handle duties such as finance, accounting, purchasing, customer service, human resources, communications, and information technology; and a hands-on side to provide public services such as public works, transportation, parks and recreation, and planning and zoning. Most of the public works tasks are done by Georgia-based firms that work as subcontractors for the main vendor.

The contract included an administrative side to handle duties such as finance, accounting, purchasing, customer service, human resources, communications, and information technology; and a hands-on side to provide public services such as public works, transportation, parks and recreation, and planning and zoning.

The vendor, which submitted two RFPs for the project, has been providing services to Sandy Springs since the city's inception. The initial fixed-fee contract for a specific scope of services, which was awarded in September 2005, was for one year. The contract is renewed annually for up to five years and can be adjusted with a change order. Now, after five years, the city has begun the RFP process to ensure that it is using taxpayer money wisely.

LEARNING ALONG THE WAY

As might be expected, there were many obstacles to be faced in starting a new city in 100 days. In most cases, those obstacles have been overcome. City operations started immediately on December 1, 2005, and while the vendor had been selected in September, the partners could not enter into a contract until after the city was officially incorporated and the City Council was seated on December 1. The company invested its own funds to secure office space, recruit and train staff, lease equipment, and put all of the necessary systems, processes, and tools in place — all on, essentially, a handshake. All general government staff remain employees of the vendor, with the exception of the city manager, assistant city manager, court clerk, city clerk, finance director, grants administrator, and public safety employees.



From the first days, Sandy Springs project staff, who consisted mostly of department heads, reported to a transition office that lacked optimal technology — in the first days of operation, staff brought computers, pens, paper, and cell phones from home. These problems were quickly remedied by going to the local office supply store and ordering what was needed. Then, as more staff came onboard, items that were requisitioned came at a continuous clip. In addition, initial call volume from residents to a designated call center, provided by the contractor, was higher than anticipated, and accommodations had to be made. In the first year, the Citizen Response Center answered 69,000 calls. Residents were elated to “hear a voice on the other end,” and they called back again and again just to see if someone would answer. (To date, the center has received more than 435,600 calls.)

New project staff began work at a city with no written ordinances in place. Often borrowing models from other municipalities, staff drafted ordinances, standard operating procedures, and departmental guidelines. They learned the expectations of residents and the elected officials, and

thought of proactive and innovative solutions to challenges. For instance, when faced with an initial backlog of building permits in the Community Development Department, project staff brought in additional people to help the new department deplete the backlog in record time.

ENHANCING REVENUE

One of the most important lessons the project leadership staff learned is that revenue streams for the new city should be identified and established as soon as possible, and that adopted ordinances should be tailored to specific municipal needs. Some of the revenue streams Sandy Springs identified were:

- **Tax Anticipation Note.** Because the city didn’t get its first revenue check until April 2006, the vendor helped finance a tax anticipation note for \$10 million. This short-term note was issued to finance current operations, to be repaid from anticipated tax receipts. These notes are issued at a discount, have maturities of a year or less, and mature either at a specific future date or when property and other taxes are collected. Tax anticipation notes hold first claim on tax receipts when collected.
- **Alcoholic Beverage Licenses.** The city inherited 191 alcoholic beverage licenses (restaurant or off-premise and new or transfer) from Fulton County. The city issued temporary licenses for 90 days so establishments could continue operating. Most of the licenses were redocumented within that time, and the city gave the remaining establishments a second 90-day period. All but one of the 191 licensees were redocumented and recertified. This process ensured that the city’s records were current and accurate.
- **Business Licenses.** The City of Sandy Springs took over all operations of business licensing from Fulton County immediately, and new business license fees for 2006 had to be paid by March 31.
- **Tax Collection.** The finance department devised a collections system for items such as the hotel/motel tax, alcohol excise tax, and auto rental tax. The department created a forms and communications system, accounting system, and deposit system, and it maintained the records. These functions provided the city with an accurate accounting of all capital.

THE PRIORITIES

Creating the New City of Sandy Springs (Oliver Porter, AuthorHouse, 2006), says: “The Committee for Sandy Springs mounted a strong campaign to get out the vote and inform voters on the merits of the city. The campaign began with a final poll to determine the top service issues that concerned the voters. By a large margin, the number one issue was zoning. Number two was traffic, by a narrow margin over public safety.” Today, the city’s elected officials remain true to the voters who elected them by using that poll as the basis of their four priority areas: public safety, transportation, recreation, and parks and code enforcement.

Enhancing Public Safety. The Chattahoochee River 911 Authority, or ChatComm, started in September 2009 as a joint venture with a neighboring city and a new contractor. Not only does this model give residents a more rapid and more reliable response from police, fire, and EMS, it is the largest — and perhaps the only — outsourcing of a 911 center in the United States. The company hired to provide the services must maintain strict standards: answer 90 percent of 911 calls within 10 seconds, and process 90 percent of those calls for dispatch within 60 seconds. So far, the center has done an outstanding job: In a typical week, it answers 465 emergency calls for Sandy Springs, of which 94 percent are dispatched within the response time goal, and 468 non-emergency calls, of which 98 percent are answered within the response time goal.

Keeping Traffic Moving. Continuing traffic improvements on Roswell Road — a major arterial road that runs north and south through the heart of Sandy Springs from the city’s southern border at the Atlanta City limits to its northern border at the Chattahoochee River — is a top priority. The Public Works Department continues to improve traffic flow on Roswell Road, and better-timed signals have resulted in a significant savings of time and fuel. According to a recent study the city commissioned, the traveling public saved \$1.4 million in time and fuel on the nine-mile stretch of Roswell Road from West Wieuca Road to Dunwoody Place. The completion of Sandy Springs’ Traffic Management Center, a facility linked with fiber optic

As might be expected, there were many obstacles to be faced in starting a new city in 100 days. In most cases, those obstacles have been overcome.

Learn More about Sandy Springs

Creating the New City of Sandy Springs, The 21st Century Paradigm: Private Industry, by Oliver W. Porter (Bloomington, Indiana: AuthorHouse, 2009).

Public/Private Partnership for Local Governments, by Oliver W. Porter (Bloomington, Indiana: AuthorHouse, 2008).

“The Incorporation of Sandy Springs, An Assessment of Fiscal Impacts,” from the Carl Vinson Institute of Government at the University of Georgia, Athens, September 2003 (available at <http://www.cviog.uga.edu/services/assistance/sandysprings/report.pdf>).

More information on Sandy Springs is available at the city’s Web site at www.sandyspringsga.org, or call 770-730-5600.

cable and equipped with real-time video from overhead cameras, played a role in this improvement. Staff was able to see what type of conditions existed on the streets and adjust changes along the whole corridor, as compared to seeing the timing from intersection to intersection via visual inspection.

Time Out. As recreation programs grow, municipalities across the nation are moving toward online registration. Sandy Springs is no exception. For example, the gymnastics program enrollment alone has increased by more than 40 percent, and more than 900 participants are using the newly equipped gymnastics facility this year. The online registration program freed staff to work with the children participating in the recreational programs, provide quality instruction, open more classes, and have more competitive teams on site.

Code Compliance. Community development’s Code Enforcement Division made a major commitment to upgrade processes and develop new and innovative approaches to existing programs. Code Enforcement also developed new programs to address customer needs and city issues. The ultimate goal is code compliance to prevent and abate violations on private and commercial property. The

division also pioneered the integration of technology into field operations, allowing staff more time to apply their expertise and spend less time in the office. With staff handling thousands of inspections, enforcement actions, and investigations each year, using laptops in the field offers real-time, critical information. Case updates, including permits, licenses, property ownership information, prior code enforcement cases, and photographs, can be seen in vehicles. Inspectors are also able to search city, state, and federal codes, thus providing a superior level of customer service.

Looking to the Future. Sandy Springs is working on a project to improve operational and safety issues on one of the busiest bridges in the city. The city will also widen a major thoroughfare that connects to one of the busiest transportation arteries in the southeast. Finally, the city will address another major concern: water. The residents of Sandy Springs pay the City of Atlanta for every gallon consumed. The mayor and council have passed two conservation ordinances that dealt with creating incentives for the building community to use conservation practices, and also rain and freeze sensor shut offs on irrigation systems.

New project staff began work at a city with no written ordinances in place. Often borrowing models from other municipalities, staff drafted ordinances, standard operating procedures, and departmental guidelines.

SUMMARY

A recent online survey indicated that more than 80 percent of the respondents have a high level of satisfaction with the public-private model. The results of the city's 2009 elections back this up: At the end of the first four years, the mayor and four original council members were reelected with overwhelming support or without opposition. (The other two council members chose not to run for second terms.) Residents of Sandy Springs have realized their dream of creating

their own city, and they continue to witness changes and improvements as the city lays the groundwork for many great years ahead, according to the mayor. Sandy Springs, which didn't even exist five years ago, was recently named the ninth most affluent city in the United States, and it has an incredible public safety program, public works team, and beautiful parks. The city has much to be proud of and will continue to build on its achievements. ■

AMY DAVIS, CPA, is director of finance for the City of Sandy Springs, Georgia.

