

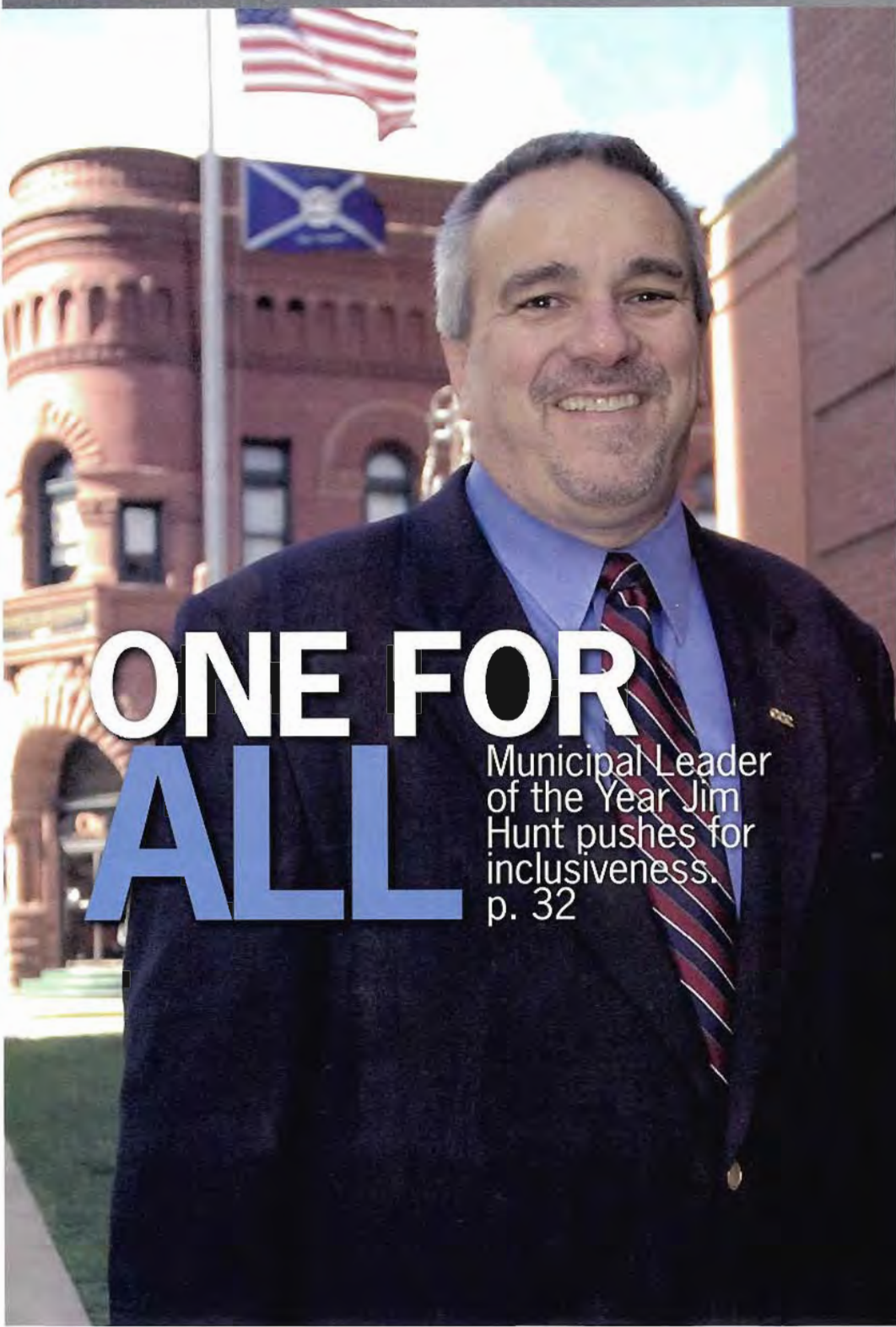
INSIDE FRONT COVER: CITY TESTS THEORY THAT OUTSOURCING PAYS OFF

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CITY & COUNTY



ONE FOR ALL

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The **big** experiment

Sandy Springs, Ga., tested the theory that outsourcing most services would pay off. **Did it?**

By Lynn Peisner

Sandy Springs, Ga., by the numbers

\$70 million
annual revenue

89,770
population

56,175
total calls to call center

3,200
work order requests
completed by public
works department

1,200
tons of asphalt used to
patch potholes

400
bulbs replaced in
traffic signals

300
signs replaced and
installed

250
catch basins cleaned

2
week average permit
turnaround time

0
backlogged permits



After one year, our partnership with Sandy Springs is sitting quite well.

CH2M HILL OMI congratulates Sandy Springs, Georgia on its first birthday as a city! We're proud of Sandy Springs, and CH2M HILL OMI's unprecedented partnership as its single source for a wide range of municipal services such as public works, transportation, parks and recreation, and planning and zoning. Our collaboration is setting a benchmark for municipal efficiency. More cities like Sandy Springs are calling on CH2M HILL OMI for more than just water and wastewater services. And rest assured, your city can, too. Congratulations, Sandy Springs, on being one year old! We look forward to helping you make it an even better place to live and work.



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We made our name as an award-winning operator of water and wastewater systems for communities across America. Now, through landmark partnerships with the cities we serve, CH2M HILL OMI is making local government more efficient, cost-effective and responsive to citizens. We deliver a full range of municipal services, including administration, public works and community development. Our goal is to exceed your expectations and give your citizens the innovative service they deserve. Let CH2M HILL OMI put a new polish on your city.



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On June 22, 2005, leaders of Atlanta's Sandy Springs community had a seemingly insurmountable task before them. Sandy Springs would be incorporated within the year, marking the end of a 30-year struggle between residents and Fulton County, but it had fewer than six months to implement the kind of government residents had been demanding. By December, volunteers with very little political experience would create one of the first "contract cities" in the United States, hiring one company to operate and manage all city services except fire, police and 911. The five-year contract costs the city an average of \$27 million per year for the first two years, and by many accounts has delivered on promises of more responsive government.

Sandy Springs leaders say they have created a new model for 21st century municipal government, and at least one dozen other communities in the Atlanta metro area have been inspired to follow their footsteps and hire private contractors to run their cities. "I think everybody across the country, from the federal level down to state and local, are seeing that resources are becoming harder and harder to come by, and you have to start doing things differently," says Sandy Springs City Manager John McDonough. "You can't just keep raising people's taxes. That was not a model Sandy Springs wanted. They wanted fiscal restraint and accountability, and that's what this model has provided."

How it all began

The push for cityhood began in 1975 when the Committee for Sandy Springs was formed as a defensive measure against Atlanta, which was trying to annex the area. Eventually, the committee's efforts toward independence became more directed at Fulton County.

With 2005 census estimates at 915,623, Fulton is the most populous county in Georgia. Long and thin, the county includes Atlanta in the middle, many lower-income communities to the south and higher-income areas to the north, including Sandy Springs, with a population just shy of 90,000 and a median household income of \$77,800. For decades, an adversarial relationship with Fulton County brewed in Sandy Springs, where residents were extremely vocal about their dissatisfaction with the county's handling of planning and zoning, traffic, and public safety issues.

Residents were particularly outraged about what they believed was an unfair distribution of tax dollars, where Sandy Springs residents paid more for fewer services. "We felt we were being exploited," says Eva Galambos, Sandy Springs mayor and former chair of the Committee for Sandy Springs. "Sandy Springs was a cash cow [for Fulton County]."

With most of the money and leadership focused on Atlanta and the south end of the county, Sandy Springs residents say they were ignored. "The litany of issues this community [had with Fulton County] can go on and on," says Sandy Springs City Councilman and former state Senator Rusty Paul. "When we took over traffic controls from the county, we found deficiencies in 70 percent of our traffic lights. When we got the list of alcohol licenses, over 80 percent of them had some significant deficiency — lack of fingerprints, lack of criminal background checks. We had brothels operating here because police were not enforcing the law."

Every year since 1989, state legislators representing the largely Republican area of Sandy Springs introduced a bill in the General Assembly to hold a referendum that would allow residents to vote on incorporation. Fearing



Mayor Eva Galambos and City Manager John McDonough have led Sandy Springs through its first year as a city. The mayor worked for the city's incorporation since 1975. McDonough is responsible for overseeing and managing the city's contract with CH2M HILL OMI.



Since December 2005, the Sandy Springs call center has fielded 56,175 calls from residents reporting repairs or asking questions. Once work orders are logged, the city averages a two-week turn around on completing repairs.

by a developer, Weston incorporated when its population reached 40,000 and used private companies and contracts with local governments for many of its services. Given the Sandy Springs timetable, Porter figured a similar arrangement would work in Georgia, and signing private contracts would be faster than constructing a government from scratch. Porter asked one of the task forces to compare costs of contracting versus new-government startup. He estimates Sandy Springs saved \$20 million by going with private contracts.

The Governor's Commission issued two requests for proposals (RFPs) on June 29, 2005, on behalf of the future city. One, known as the "Administrative" RFP, included community service, financial, motor vehicle and staffing service needs. The other, known as the "Technical" RFP, included public works, transportation, streets, inspections, permitting and code enforcement. Although 41 companies showed up to a pre-bid conference, four companies bid on one contract, and four on the other.

For the bidders, taking up with Sandy Springs was a risky proposal. The mayor and city council had not been elected, and the Governor's Commission, which had issued the RFPs, did not have authority to sign any contracts, spend any city funds or acquire debt. Sandy Springs was asking its bidders to start up a government without payment or a formal commitment. "Believe me, this wasn't even like, 'We'll do this on a handshake or a wink or a nod,'" Porter says. "We absolutely made it clear there was no guarantee that they would ever be paid."

The Englewood, Colo.-based engineering firm CH2M HILL OMI bid on both RFPs and won the technical RFP. During contract negotiations, the company pointed out potential savings if it was awarded both contracts. "We cut literally \$2.3 million out of what would have been the contract cost of doing two separate contracts," Porter says. "That was a very important savings, and it made me

the loss of a significant revenue stream, the Democratic opposition continuously blocked the efforts. But when Republicans gained control of both the House and Senate of the General Assembly in 2004 — the first time in more than 100 years — the Assembly and Gov. Sonny Perdue approved a bill authorizing a referendum.

The vote was held on June 21, 2005, an off year for elections, yet more than one-third of Sandy Springs' registered voters cast their ballots. In addition to the lure of sovereignty from what many considered a negligent landlord, voters were reassured that their taxes would not go up. Ninety-four percent of the voters moved in favor of incorporation. The mayor and city council members were elected Nov. 8.

What to do about a government?

Although the Committee for Sandy Springs had appointed a charter commission to draft a plan for the proposed city that would accompany each pass at a bill in the Assembly, Sandy Springs was not exactly ready to launch a government. "I've likened it to the old joke about the dog catching the train," says Oliver Porter, a retired AT&T executive, former Sandy Springs Interim City Manager and chairman of the Governor's Commission on Sandy Springs. "People weren't willing to spend a tremendous amount of time on something that might not happen for years. Then, suddenly it appeared we had caught the train, and now we had no plan for how to implement."

Porter called for volunteers to form 14 citizen task forces, tackling areas such as administration, public works and transportation, and parks and recreation, and charged them with determining how each department should be structured and operated. From recommending budgets to zoning processes, the interim leaders put about 150 local volunteers at the helm of government-making.

Privatization was already part of the strategy. An earlier visit to Weston, Fla., a planned community west of Fort Lauderdale, had piqued Porter's interest. Conceived

Sandy Springs has increased code enforcement activities to ensure businesses operate as they should and adhere to sign, accessibility and safety ordinances.



realize how important it was to have very broad contracts rather than small individual contracts."

The contract for all services began Dec. 1, 2005, and will be up for renewal annually to ensure the company continues to uphold its level of customer service. Performance guidelines are being built into the contract and will be ready by the end of this year. When the contract launched, the city's expectations of the company were "very subjective," Galambos says. "In our first contract, we just said, 'You will be responsible for our traffic lights,'" she says. "We didn't even know how many we had. In the future, it will be more quantitative."

Sandy Springs still pays general fund taxes to Fulton County for items such as libraries and health and human

What happens to the rest of the world?

Atlanta communities that shared Sandy Springs' desire for more service-oriented government have followed the lead. A referendum held July 18, 2006, ratified the charters of two other cities in North Fulton County: Johns Creek and Milton. Both cities have contracts with CH2M HILL OMI, and nearby Milton is constructing an agreement to share some services and savings with Sandy Springs.

At the north end of neighboring DeKalb County, the community of Dunwoody is pushing for secession. Dunwoody's bill for incorporation is expected to be introduced to the Georgia General Assembly in 2007, following the completion of a viability study.

The question remains how counties will manage once they are cut off from millions of dollars of revenue. The opposition to forming Sandy Springs had long held that South Fulton County and Atlanta would be ill-equipped to provide even basic services if Sandy Springs became its own city. Some Democratic leaders also feared taxes would have to double for residents in the county's unincorporated areas to make up for the loss. "Is Fulton going to function differently now [without Sandy Springs' revenue]? I don't know," Paul says. "Fulton County could have headed this off many years ago if anybody in the county had ever come out here and said, 'Look, we understand you're upset. What do we need to do to help rectify



All city services in Sandy Springs — with the exception of fire, police and 911 — were contracted to a single company in December 2005. Since Sandy Springs started its police department in July 2006, calls are 40 percent higher than the city council expected based on Fulton County records. In the first year of operations, the public works department has completed 3,200 work order requests, including repairing sidewalks.

services. But Sandy Springs' 20-plus lines of income include taxes previously funneled to the county, such as the special service district property taxes, estimated last year at \$23 million, and the local option sales tax, community development revenues, business license taxes, hotel/motel taxes and alcohol taxes. The city also picked up new lines of revenue, such as the franchise fees attached to residents' power or phone bills. Total revenue for the city this year was more than \$70 million.

According to the city council, residents could not be happier with the service they have seen in the year since the city launched. A 24-7 call center handles 6,000 calls per month, and City Manager John McDonough says reaching a live person whenever residents call is one of the biggest changes of the new government.

Since the city started its police department in July 2006, calls are 40 percent higher than the council anticipated based on records it received from Fulton County. But Paul says that is not because crime has risen. "Now that people know the police will actually show up when you call them, they're actually calling them," he says. "People used to think the police wouldn't show up in time, so they wouldn't even bother calling."



this problem?" I believe people in Sandy Springs would have accepted higher taxes in return for just getting better quality of services — getting more police officers, faster response from the fire department, getting potholes fixed. The people of Sandy Springs are not inherently rebellious. They were just highly taxed and drastically under served."

Other communities can identify. "I really believe that government is bloated at every level — federal, state, local — and that people need to start looking for alternative ways of getting out of that situation," Porter says. "I'm getting a lot of interest from across the country, and I hope we've started a small revolution here."

AGC

Lynn Peisner is an Atlanta-based freelance writer.