

Policy in Practice



Privatizing an Entire City

Measured by the size of its workforce, the city of Weston, Florida, has tripled the size of its bureaucracy in the past decade. Still, nobody complained. Actually, it's doubtful whether many residents even noticed. The city of 65,000 had three employees in 2007. These days it has nine.

How can a city of 65,000 have only nine public employees? Easy. Rather than having public agencies provide public services, Weston hires out the job to private contractors. The city is basically set up to answer the question: What if there were no public bureaucracy?

If Weston is anything to judge by, the answer to that question is that there will be a big private bureaucracy. Weston may employ only nine people, but running the city also requires nearly 300 full-time "dedicated staff." These all work in city facilities and act like city employees, but they work for private contractors. The big advantage of this setup is that city managers do not have to worry about labor issues. There are no salary disputes with unions, and layoffs are the contractors' problem, not the city's.

From the day-to-day perspective of the citizen, though, there's not much difference. Weston still has a pretty big bureaucracy (roughly a full-time staffer for every 215 residents), and the funds to pay for that bureaucracy still come out of the taxpayer's pocket. The difference is that the money goes to a middleman—the contractor—to purchase a service, rather than going directly toward hiring a public employee to provide that service.

Only a handful of cities have privatized their bureaucracies to the same extent as Weston. Sandy Springs, Georgia, a suburb of Atlanta, is one of them. Sandy Springs is a municipality with 94,000 residents and seven employees at city hall. Actually, that's not quite true. It

doesn't have a city hall; the government of Sandy Springs operates out of an office complex in an industrial park. Sandy Springs has contracted out—effectively privatized—just about every public service, program, and facility possible, and that includes its center of operations.

You name the program or service—business licensing, building permits, trash collection—and it's handled not by a public bureaucracy but by a private company hired to do the job. The municipal court's administrative staff all work for a private company, and the judge is a private-practice attorney who temps as a judge for a hundred bucks an hour.

Like Weston, Sandy Springs's decision to privatize big chunks of the public sector means it escapes some big traditional costs associated with old-fashioned bureaucracies. The city has no pension obligations, for example, and it doesn't have to bother with building or maintaining facilities to house its nonexistent bureaucrats. While other municipalities are struggling financially, Sandy Springs seems just fine.

While effectively turning over the running of a city to a set of corporations seems to have worked in Weston and Sandy Springs, it is not without controversy. For example, Sandy Springs is a relatively affluent and white area within Fulton County, which tends to be poorer and has a high minority population. When Sandy Springs incorporated in 2005, some saw the town as basically seceding from Fulton County to ensure that local tax revenues were not spent in more needy areas of the county. There are losers to the privatization as well as winners; the incorporation of Sandy Springs has cost Fulton County revenues, which means that traditional public agencies that serve needier areas do so with fewer resources.