

# The Detroit News

THE FINAL WORD

## A public-private solution for Detroit

By Oliver Porter

The plight of Detroit is a nationally recognized crisis. The necessity for the state of Michigan to step in and appoint an emergency manager for Detroit and several other cities only confirms the level of the financial crisis these municipalities have created.

While many may insist on a “bailout” by the state or federal governments, that, even if forthcoming, is only a temporary fix. The long-term salvation for Detroit and other troubled cities is through a conversion of the cities’ services to a public/private partnership (PPP) and the sale, or privatization, of assets to private industry.

What is a public/private partnership? Basically, it is the contracting of public services and functions to one or more private providers. I can speak to that model from the vantage point of having successfully introduced a number of such partnerships.

Seven years ago, I accepted the responsibility of starting the government of the first new city in Georgia in 50 years. As the unpaid interim city manager, I assumed the challenge of implementing the city of Sandy Springs, a suburb of Atlanta with about 90,000 residents. At the moment of its incorporation, Sandy Springs was a full service city — with only two employees. All services and functions were provided under a master contract with a company, supported by a number of sub-contractors. Sandy Springs has been an amazing success. That statement is based on the two factors that should measure a city: efficiency and responsiveness. On both scores, Sandy Springs excels.

In the seven intervening years, the city has (1) not raised taxes — not even a single tenth of a mill; (2) mounted a major capital improvement program for roads, sidewalks, parks and storm sewers, which were all funded from the operating budget; (3) in spite of the recent recession built a reserve fund of

\$35 million; and (4) maybe most impressive, the city has zero long-term liabilities. There are no long-term loans, no bonds, and most importantly, no unfunded liabilities for pensions and other benefits. It is the last category that is dragging down and even bankrupting many cities across the nation, including Detroit.

The second measure, responsiveness, has been equally positive. Services have improved in every category. Surveys of resident satisfaction have placed Sandy Springs high in the approval levels nationally. Incumbents on the City Council have been re-elected with a minimum vote of 84 percent, which reflects great satisfaction with the city’s operations.

The success of Sandy Springs has given rise to five additional cities, which I also advised. All have adopted the PPP model with similarly positive results. None of these cities are destined to be ruined by overspending and unfunded liabilities.

Detroit, once the most prosperous city per capita in the nation, has tough choices ahead. Traditional methods are not going to solve its massive problems. The PPP model brings innovation, flexibility, cost sharing, improved employee morale and performance, and technology to local governments. These elements are clearly missing in the traditional cities across our nation.

The PPP model can reduce operating costs. Privatization of assets will reduce debt.

Detroit and other Michigan cities are desperately in need of both cures.

*Oliver Porter is a senior government fellow at Georgia Tech. He will discuss public/private partnerships at noon on June 5 in Lansing at an Issues & Ideas Forum sponsored by the Mackinac Center for Public Policy. For more information visit [www.mackinac.org/18634](http://www.mackinac.org/18634).*