

First Annual North Carolina County Privatization Survey

DR. MICHAEL SANERA AND KEVIN MUNGER
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INTRODUCTION

County governments all over North Carolina are saving money by privatizing services. In an effort to assist in the exchange of information about these activities, the John Locke Foundation conducted a survey of all 100 counties asking county managers to tell us about governmental activities that they currently supply privately. We also asked them if they had problems in the past with a privatized activity that had caused them to return the activity to government provision.

Appendix A of this report contains the results of that survey. Appendix B contains the survey instrument. We asked managers to report their privatization activities in one of four categories: competitive sourcing, public/private partnerships (PPP), contracting out, and asset sales (see the descriptions below). We encouraged managers to respond by providing them with a hard-copy survey form and an online survey. We followed up with a reminder letter and phone call.

We received responses from 44 out of 100 N.C. counties, which we list in Appendix A. With a few exceptions, we list the information in Appendix A as we received it from the county. We have also listed county contact names and phone numbers for those who might want more detailed information about a county's privatization activities.

We have supplied a copy of this report to all 100 county managers and county commissioners in the state. We hope this report will stimulate more discussion of privatization among the counties and that counties that did not participate in this year's survey or did not have privatization activities to report will participate in the survey next year.

WHAT IS PRIVATIZATION?

Privatization is an umbrella term used to describe several techniques that increase competition in the public sector. One of the primary differences between the public and private sectors is competition. Private-sector entrepreneurs must constantly find a way to cut costs and lower prices or risk a competitive disadvantage. On the other

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For more information

See the following chapters from the John Locke Foundation’s *City and County Issue Guide 2011*:

- **Competitive Sourcing**
johnlocke.org/site-docs/research/2011issueguide/06competitivesourcing.html
- **Fresh Water and Wastewater Services**
johnlocke.org/site-docs/research/2011issueguide/08freshwater.html
- **Parks and Recreation**
johnlocke.org/site-docs/research/2011issueguide/09parksandrecreation.html
- **Public Transit**
johnlocke.org/site-docs/research/2011issueguide/11publictransit.html
- **Stadiums, Water Parks, Restaurants, etc.**
johnlocke.org/site-docs/research/2011issueguide/12stadiums.html
- **Convention Centers**
johnlocke.org/site-docs/research/2011issueguide/13conventioncenters.html

hand, the public sector can be characterized as a monopoly provider. Government departments and agencies are often the only service provider, but when it has competition from the private sector, the government has unfair access to taxpayer funds. Often governments increase their budgets, not by satisfying customers, but by satisfying special-interest groups who lobby for budget increases. Taxpayers and citizens alike benefit from the consideration of privatization techniques because increased competition often lowers costs and improves the quality of services

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Explaining the Different Types of Privatization

<i>Type</i>	<i>Explanation</i>
Competitive Sourcing	Uses a bidding process for service contracts, which allows private-sector service providers to compete with public-sector agencies. If, for example, the county wanted to have open competition for the provision of landfill operations, the existing county workers would submit a bid in competition with private companies. The lowest bid, public or private, would receive the contract to provide the service.
Public/Private Partnership	A joint venture between a government department and a private firm to provide some service or perform some function. PPPs are commonly used in building government offices, water-treatment plants, and other capital projects.
Contracting Out	The public sector contracts with a private or nonprofit firm to deliver a service that previously had been provided by government personnel. Taxpayers can benefit because the contracts are open to competitive bidding. The government maintains control through the terms of the contract. Common examples are food service in schools and county jails, parks management, and wastewater treatment.
Asset Sales	A way for governments to increase revenues and cut maintenance costs by shedding nonessential property or commercial-type enterprises. In addition, some governments have sold buildings, then leased back needed space. The budget crisis in California has prompted the state to consider selling the L.A. Coliseum, San Quentin Prison, and a number of state fairgrounds. Asset sales are also called divestiture.

Appendix A. Results of the Survey

The table below and across the next few pages lists the response from county managers to our survey of their counties' privatization activities. They are listed according to the four categories for privatization — competitive sourcing, public/private partnerships (PPPs), contracting out, and asset sales — as well as any deprivatization activities.

Forty-four counties responded to our survey. The following 56 counties did not:

Ashe	Chatham	Duplin	Guilford	Lenoir	Perquimans	Rutherford	Wake
Avery	Cherokee	Durham	Henderson	Mecklenburg	Person	Sampson	Washington
Beaufort	Clay	Edgecombe	Hertford	Mitchell	Randolph	Stokes	Watauga
Bertie	Cleveland	Franklin	Hoke	Nash	Richmond	Swain	Wayne
Brunswick	Columbus	Gates	Hyde	New Hanover	Robeson	Tyrell	Wilkes
Buncombe	Cumberland	Graham	Jackson	Pamlico	Rockingham	Union	Wilson
Burke	Davie	Granville	Lee	Pasquotank	Rowan	Vance	Yancey

Below are the results of the survey. It is listed by each responding county and includes the county's privatization actions, additional information the county wished to add, and county contact information.

<i>County</i>	<i>Action</i>	<i>Additional Information</i>	<i>County Contact</i>
Alamance	Contracting Out Recycling Vehicle maintenance 2007: Courthouse security 2010: Employee health clinic		Craig Honeycutt 336.228.1312
Alexander	Competitive Sourcing 2010: Employee health clinic Public/Private Partnerships 1990s: Economic development with chamber Contracting Out 1999: Landfill services 2004: Jail medical	Alexander County started operating a license tag agency last year, after the operator retired. They submitted an application to the state to perform this service, and it will be a better way to collect taxes on vehicles in the future.	Rick French 828.632.9332
Alleghany	Contracting Out Garbage service contracts		Don Adams 336.372.4179

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<i>County</i>	<i>Action</i>	<i>Additional Information</i>	<i>County Contact</i>
Anson	<p>Contracting Out Minor maintenance/repairs Courthouse restoration Courthouse security</p> <p>Asset Sales Hobbess Upchurch</p>		Lawrence Gate-wood 704.994.2676
Bladen	<p>Contracting Out 2004: Jail medical EMS/Director SW Center 1980s: Doctor/Therapist 2001: Security/Health 2002: EMS billing 1980s: Fire departments and mutual aid</p> <p>Competitive Sourcing 1980s: Fire departments and mutual aid</p> <p>Asset Sales 2011: Bladen County Hospital/Cape Fear Valley Health System 2010: Fitness center</p>		Gregory J. Martin 910.862.6701
Cabarrus	<p>Contracting Out Jail maintenance</p> <p>Competitive Sourcing Lawncare</p>		John Day 704.920.2895
Caldwell	<p>Contracting Out Landfill operation</p>		Stan Kiser 828.757.1300
Camden	<p>Contracting Out Solid waste services</p>		Randall Woodruff 252.338.1919
Carteret	<p>Contracting Out 1990: Manage solid waste convenience site and hauling of waste</p>		Russell Overman 252.728.8450
Caswell	<p>Contracting Out 2008: Waste systems operation</p>	<p>Caswell County's departments are operated on such a small scale that privatizing does not make sense. They are, however, looking at increasing court system security and have done research that suggests that a private security firm would be more cost effective.</p>	Kevin Howard 336.694.4193

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<i>County</i>	<i>Action</i>	<i>Additional Information</i>	<i>County Contact</i>
Catawba	<p>Contracting Out Board of Commissioners Emergency services facilities Finance personnel Public health Sheriff's department Social services</p> <p>Competitive Sourcing Sheriff's department Social services tax Technology Utilities</p>		Jennifer Mace 828.465.8207
Chowan	<p>Contracting Out 2010: Lawn maintenance 2010: Child support enforcement</p> <p>Asset Sales 2009: Albemarle Learning Center 2010: Gilden Rescue Building</p>		Paul Parker 252.482.8431
Craven	<p>Contracting Out 1991: Solid waste convenient center hauling, janitorial services, tax billing, water billing 1992: Solid waste recycling 1995: Jail food service 2001: Senior meals program 2006: Jail medical services 2010: HVAC maintenance, child support enforcement</p> <p>Competitive Sourcing 2006: jail medical services</p>		Harold Blizzard 252.636.6600
Currituck	<p>Contracting Out 1990s: Cleaning, janitorial, landscaping, and fire services 1990s: Solid waste collection and disposal 1990s: Lifeguard services 1990s: Animal shelter operations</p> <p>Competitive Sourcing 1990s: Animal shelter operations</p> <p>Public/Private Partnerships 2011: Exploring PPP for wastewater treatment and disposal</p>		Dan Scanlon 252.232.2075

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County	Action	Additional Information	County Contact
Dare	<p>Contracting Out 1996: Animal control and animal shelter operations</p> <p>Public/Private Partnerships 1997: Children and Youth Partnership (Smart Start, etc.) 2006: Community Care Clinic (indigent and uninsured healthcare) 2007: Hatteras Island Meals (elderly home delivered meals in unserved area) 2008: Dare County Arts Council (old courthouse reuse)</p>		David Clawson 252.475.5731
Davidson	<p>Contracting Out Lawn care, janitorial, and jail food/health/laundry</p> <p>Asset Sales Sale of building 2004: Sale of health certificate</p>		Robert C. Hyatt 336.242.2200
Forsyth	<p>Contracting Out 1972: Solid waste disposal for unincorporated areas 2007: Ambulance billing and collection 1993: Inmate medical services 1992: Convalescent/BLS ambulance services</p> <p>Competitive Sourcing 1992: Convalescent/BLS ambulance services</p> <p>Deprivatization Custodial services in various county buildings (including the courthouse) was contracted until around 2000-01. Constant complaints from judges/public about cleanliness resulted in hiring county employees to take over cleaning of county facilities.</p>		Ronda D. Tatum 336.703.2891
Gaston <i>(partial)</i>	<p>Contracting Out <i>(partial)</i> 1977: Laundry services, EMS services—squads, alternative sentencing, jail meals, public safety, radio maintenance Before 1984: Library security 1988: Lawn maintenance and jail health care Prior to 2003: NAPA – fleet maintenance At least since 1983: Mental health outside transportation At least 10 years: EMS — monthly billing Prior to 2003: Museum services — Schiele Museum 2005: Tax collection — lockbox service, commercial appraisals, grants administration — CDBG scattered site</p>		Bryant Morehead 704.866.3038

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County	Action	Additional Information	County Contact
<p>Gaston <i>(continued)</i></p>	<p>Contracting Out <i>(continued)</i> 2007: Network Security Monitoring 2008: Human Relations 2010: Parking services at courthouse, landfill—energy conversion, debt collection, GEMS/tax revenue collection, printer maintenance, drug testing</p> <p>Public/Private Partnerships 2010: Trail building at parks — MOU with nonprofits</p>		<p>Bryant Morehead 704.866.3038</p>
<p>Greene</p>	<p>Contracting Out Water tank maintenance, janitorial services, IT/HVAC services, vehicle maintenance</p> <p>Competitive Sourcing Vehicle maintenance</p>		<p>Don L. Davenport 252.747.3446</p>
<p>Halifax</p>	<p>Contracting Out 1998: Waste collection and disposal</p> <p>Deprivatization We had contracted out grounds maintenance services for about seven years before stopping the service in 2009. With rising costs and revenues decreasing to counties, we had no choice but to cut costs. Our in-house maintenance staff now do grounds maintenance at our county buildings. Also, the County is in the beginning stages of building its own transfer station. We have been contracting with Waste Industries (formerly Waste Management) for about 13 years and again, due to rising costs and no other company to dispose of our waste, the County is planning to have a transfer station running by June 2013. We are not sure at this point if we will continue to contract out collection, but are likely to send out an RFP for collection.</p>	<p>The past few years have been difficult for counties. Revenues have been declining and costs have been increasing. They have had to cut some of their service contracts or change vendors for various services. The alternative would have been to reduce staff, which would only aggravate the already high unemployment rate and need for services.</p>	<p>Dia Denton 252.583.1131</p>
<p>Harnett <i>(partial)</i></p>	<p>Contracting Out Jail food/medical services, yardwork/lawn care/snow removal, volunteer fire department, custodial work</p> <p>Competitive Sourcing Custodial work</p>	<p>Contracts out beds at the jail — gets paid to house inmates from other counties.</p>	<p>Scott Sauer 920.893.7555</p>

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County	Action	Additional Information	County Contact
Harnett <i>(continued)</i>	<p>Public/Private Partnerships 1992: Harnett Forward Together Committee; volunteer businessmen working with county on industrial/corporate construction</p> <p>Asset Sales Goydeals</p>		Scott Sauer 920.893.7555
Haywood	<p>Contracting Out 2007: EMS billing services > 10 years; engineering/architecture services > 10 years; construction projects that exceed capabilities of Maintenance Dept.</p> <p>Competitive Sourcing 2009: Custodial and cleaning supplies/equipment</p> <p>Public/Private Partnerships 2008: Wellness clinic with contracted physician and assistant 2006: Detention center; physician contract with county nurse</p> <p>Asset Sales 2011: Fisk Building 2011: Will place Health Dept. Annex II on market and completion of former Wal-Mart @ paragon parking</p>	Planning to sell the old county hospital next year.	Marty Stamey 828.452.6625
Iredell	<p>Contracting Out Inmate health services Inmate food services 2006: EMS billing 1986: Lock box service for tax collections</p> <p>Competitive Sourcing 1986: Lock box service for tax collections 2001: Janitorial services</p> <p>Deprivatization Solid waste: utilized a private contractor to haul waste from county-operated transfer stations to landfill. Discontinued because of maintenance issues, not willing to haul late loads, and not as flexible as employees under the county's control.</p>		Mr. Tracy Jackson 704.878.5037

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<i>County</i>	<i>Action</i>	<i>Additional Information</i>	<i>County Contact</i>
Johnston	<p>Contracting Out EMS units Landfill services/heavy machinery Water irrigation maintenance</p> <p>Public/Private Partnerships Johnston County Workforce Development Center, with pharmaceuticals company</p> <p>Asset Sales Various goods by auction and egov</p> <p>Deprivatization Used to contract out more EMS services, now there's a mixture of public and private EMS units</p>		Rick Hester 919.989.5100
Jones	<p>Contracting Out 2006: EMS billing 2009: Water meter reading 2009: Curbside pick-up solid waste services 2011: Tax bill printing</p> <p>Competitive Sourcing 2011: Tax bill printing</p>		Franky Howard 252.448.7571
Lincoln	<p>Contracting Out Solid waste</p>		George A. Wood 704.736.8471
Macon	<p>Contracting Out Solid waste</p>		Jack Horton 828.349.2025
Madison	<p>Deprivatization County contracted out Child Support Enforcement Program in 1997 and took the program back around 1999. The company providing the service went out of business and sold their interest to another company. County took back mowing contract to save money in 2009. Currently being completed by existing Maintenance Dept. staff. County chose to bring the program back in-house.</p>		Steve Garrison 828.649.2854
Martin	<p>Contracting Out 2002: Computer support/data processing</p>		Cindy Ange 252.789.4330

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<i>County</i>	<i>Action</i>	<i>Additional Information</i>	<i>County Contact</i>
McDowell	<p>Asset Sales Govdeals for small things</p> <p>Deprivatization Child support services</p>		Charles R. Abernathy 828.652.7121
Montgomery	<p>Contracting Out 1989: Landfill operation 1992: Convenient center site security</p>		Lance L. Metzler 910.576.4221
Moore	<p>Contracting Out Landfill, transport, construction, water/sewer</p> <p>Competitive Sourcing Water/sewer</p>		T. McSwain 910.947.6363
Northampton	<p>Contracting Out 1993: Curbside solid waste collection 1993: Curbside recycling services</p>		Wayne Jenkins 252.534.2501
Onslow	<p>Contracting Out 1998: Tourism development operations 1994: Material recycling</p> <p>Competitive Sourcing 2008: County vehicle maintenance 2011: Jail food service 2011: Jail laundry service</p> <p>Public/Private Partnerships 2010: Public safety memorial construction</p>		Jeff Hudson 910.347.4717
Orange	<p>Asset Sales 2009-present: Various land parcels throughout county (this is ongoing; we advertise on our website and seek to sell all property which does not have value to the public).</p> <p>Contracting Out 1988: Urban curbside recycling 1994: Household hazardous waste 2001: Food waste recycling</p> <p>Deprivatization 1994-04: Rural curbside recycling dropped for cost, poor performance 1987-95: Dropoff site recycling dropped for poor performance/unreliability</p>		Paul Laughton 919.245.2152

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County	Action	Additional Information	County Contact
Pender	<p>Contracting Out 2000: MSW convenience sites management and MSW hauling 2000: Water utility system maintenance 2005: Tax payment processing</p>		Rick Benton 910.259.1200
Pitt	<p>Contracting Out 2010: Convenience center sites (rural trash collection) 2006: GovDeals.com (sale of surplus items)</p> <p>Public/Private Partnerships 2011: Installation of solar panels at jail 2003: Construction/renovation of housing</p>		Scott Elliot 252.902.2950
Polk	<p>Contracting Out 2003: Mental health 2010: Adult day care</p> <p>Public/Private Partnerships 2003: Mental health 2010: Adult day care</p> <p>Asset Sales 2009: Manufacturing facility</p> <p>Deprivatization Cleaning of buildings cheaper and higher quality in-house</p>		Ryan Whitson 828.894.3301
Scotland	<p>Contracting Out 2001: Medical home health services 2001: Manpower at recycling sites 2007: Medical care in county jail</p> <p>Public/Private Partnerships Medical oversight for health department</p>		Kevin Patterson 910.277.2410
Stanly (partial)	<p>Contracting Out Many years: Lawn maintenance/landscaping Many years: Janitorial services 2008: Jail inmate food service 2011: Criminal Justice Partnership—substance abuse services</p> <p>Competitive Sourcing (partial) 2011: Criminal Justice Partnership—substance abuse services 2008: In-home aide care—senior services</p>		Andy Lucas 704.986.3600

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County	Action	Additional Information	County Contact
Stanly <i>(continued)</i>	<p>Competitive Sourcing <i>(continued)</i> Many years: Lawn maintenance/landscaping Many years: Solid waste services, numerous other services</p> <p>Asset Sales Vehicles, other equipment; auctions done via Gov Deals on a bi-annual basis</p> <p>Contracting Out Ambulance services</p>		Andy Lucas 704.986.3600
Surry			Dennis Thompson 336.401.8201
Transylvania		They looked at contracting out janitorial services but the bid came back higher than in-house costs. They continue to look at DRC/AS, a vehicle maintenance joint agreement with the City of Brevard, and will be considering operation of their landfill.	Arthur C. Wilson Jr. 828.884.3194
Warren	<p>Contracting Out 1980s: Solid waste hauling 2009: In-home aid services 2011: Housekeeping for buildings/facilities</p> <p>Public/Private Partnerships Ephraim Place subdivision (CDBG housing project) developed in conjunction with local nonprofit agency</p> <p>Contracting Out 2010: Janitorial services</p>		Linda T. Worth 252.257.3115
Yadkin			Aaron Chul 336.679.4200

Appendix B. Survey Sent to County Managers

Date

Dear county manager,

County elected and administrative leaders are currently working with residents to investigate innovative solutions to the fiscal crisis. One cost-saving approach is to privatize certain public services. For example, Haywood County is currently looking into the possibility of contracting out its landfill operations.

In an effort to share privatization success stories, as well as problems, we are asking you and other county managers to help us gather information about privatization activities at the county level.

We respectfully request that you assist in this effort by completing and returning the short, two-page survey included with this letter. Or you can fill out the survey online at <https://www.surveymonkey.com/s/PrivatizationSurvey>. The pass word is “assets.”

We have included a *self-addressed stamped envelope* for your convenience.

I have also enclosed definitions of different types of privatization and some examples for your review. The most common types of privatization include, contracting out, competitive sourcing, public private partnerships and asset sales.

Of course, we will provide you with a copy of the final report and we hope it will be useful to you in your efforts to solve the pressing fiscal problems faced by county government.

We sincerely appreciate your participation in this important research project. If you have any questions or concerns about the survey, please contact me by phone at 919-828-3876 or by email at msanera@johnlocke.org.

Sincerely,

Michael Sanera
Director of Research and Local Government Studies

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Privatization Survey

John Locke Foundation

This survey is for _____ County

Name of person filling out Survey _____ Phone _____

(In case there are follow-up questions)

Does your county currently engage in any of the following types of privatization?

(Please refer to the attached definitions and examples.)

1. Contracting Out ____ Yes ____ No

If yes, please list the activity and the year you began contracting out this activity

Activity	Date

2. Competitive Sourcing ____ Yes ____ No

If yes, please list each activity and the year you began competitive sourcing this activity

Activity	Date

3. Public Private Partnerships ____ Yes ____ No

If yes, please list each activity and the year you began the PPP for activity

Activity	Date

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4. Asset Sales ____ **Yes** ____ **No:**

If yes, please list major assets sold during the last 5 years and the year when you sold it.

Activity	Year of Sale

5. If you have engaged in privatization of government services in the past and stopped the practice, please list the services, the years, and the reason why this activity was shifted back to the government sector.

Services	Years	Reason

Please provide any additional information, comments and/or suggestions here:
 (Information entered here will be kept *strictly confidential*.)

____ Please check here if you would like a copy of the final report.

Thank you very much for your assistance with this survey.