

GA. ELEC. LIFE SAFETY & SYS. ASS'N v. CITY OF SANDY SPRINGS: CAN CITIES
CONSTITUTIONALLY IMPOSE FINES ON ALARM COMPANIES FOR FALSE
ALARMS?

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In *Georgia Electronic Life Safety & System Ass'n v. City of Sandy Springs*, the United States Court of Appeals for the Eleventh Circuit addressed the constitutionality of a city ordinance that imposes a fine on alarm companies for false alarms.¹ Affirming the lower court's ruling, the Eleventh Circuit deemed the city ordinance constitutional because "[i]mposing a fine on . . . alarm companies is rationally related to the City's strong interests in reducing the number of false alarms that heavily burden its police and fire departments and waste public resources."²

In Sandy Springs, Georgia, approximately eighty percent of the premises are protected by alarm systems, totaling between ten and eleven thousand alarms installed.³ These alarms are installed in a variety of locations, such as private residences, churches, schools, and commercial establishments.⁴ A triggered alarm transmits a signal to a "communications center" that resembles a 911 dispatch center and is run by the alarm companies.⁵ When the communications center receives an alarm signal, an operator reaches out to the property owner to "verify whether the breach was caused by the owner or an authorized user, or if it was caused by an unauthorized intrusion."⁶ If contact cannot be made with either the property owner or a secondary contact, the alarm company will dispatch a city emergency service to the property.⁷

At first glance, this system seems relatively simple. However, in 2016 alone, there were 974 false fire alarms and 9,292 false police calls, which wasted roughly \$775,939 in City resources.⁸ In 2017, Sandy Springs implemented Ordinance No. 2017-07-15 (the "Ordinance") to diminish this

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¹ *Ga. Elec. Life Safety & Sys. Ass'n v. City of Sandy Springs*, 965 F.3d 1270, 1271 (11th Cir. 2020).

² *Id.* at 1272.

³ *Id.*

⁴ *Id.*

⁵ *Id.*

⁶ *Id.* "Alarm companies have no way to tell if an alarm activation was the result of criminal activity or another emergency, or if it resulted instead from user or technical error." *Ga. Elec.*, 965 F.3d at 1273.

⁷ *Id.*

⁸ *Id.* The false police calls alone equated to approximately 4,424 manhours. *Id.*

waste of resources by “requir[ing] registration [and] assessment of fees for excessive false alarms, [and] provid[ing] procedures for repeat offenders.”⁹

The Ordinance was passed in July 2017 and included “an escalating series of fines for successive false alarm calls,” ranging from \$25 for the first violation and \$500 for four or more violations.¹⁰ In addition to the fine system, the Ordinance mandated that “the City’s public safety departments [would] not respond to an activated alarm at a property for one year after its fourth false alarm within a two-year period.”¹¹ These fines are not imposed on the relevant property owner but instead on the alarm companies.¹² An appeals process was also created by the Ordinance in order for alarm companies to contest a fine.¹³

The Ordinance’s purpose was to “encourage alarm owners and alarm companies to properly use and maintain the operational effectiveness of alarm systems in order to improve the reliability of alarm systems and reduce or eliminate false alarms.”¹⁴ However, the Plaintiffs allege that the true purpose of the Ordinance was to “generate revenue for the City, and that the Ordinance has no reasonable relationship to any legitimate governmental interest.”¹⁵ The Plaintiffs claimed that the Ordinance violated the United States and Georgia Constitutions pursuant to 42 U.S.C. § 1983.¹⁶ Specifically, the Plaintiffs alleged that their substantive due process rights were violated under the Fourteenth Amendment because the Ordinance is “arbitrary and irrational.”¹⁷ The district court dismissed the Plaintiffs’ substantive due process claims because the Ordinance was “rationally related to a legitimate interest of the City”¹⁸ In affirming the district court’s decision, the Eleventh Circuit assessed the rational basis of the Ordinance.¹⁹

⁹ *Id.* (quoting Fulton County, Ga., Ordinance No. 2017-07-15 § 18-34(b) (July 2017)) (second alteration in original).

¹⁰ *Id.* To enforce this system, Sandy Springs designated a private entity as alarm administrator, which supervises the “false alarm reduction efforts” and determines which calls are considered false alarms. *Ga. Elec.*, 965 F.3d at 1273–74.

¹¹ *Id.* at 1273.

¹² *Id.*

¹³ *Id.* at 1274.

¹⁴ *Id.* at 1273 (quoting Ordinance No. 2017-07-15 § 18-34(a)).

¹⁵ *Id.* at 1271.

¹⁶ *Ga. Elec.*, 965 F.3d at 1274. This section of the United States Code prohibits any person, “under color of any statute, ordinance, regulation, custom, or usage,” from subjecting any citizen of the United States to a “deprivation of any rights, privileges, or immunities secured by the Constitution and laws” 42 U.S.C. § 1983. The court analyzed both the federal and state substantive due process claims together because state law indicated that state claims involving rational basis scrutiny “be reviewed just like those arising under the United States Constitution” *Ga. Elec.*, 965 F.3d at 1274.

¹⁷ *Ga. Elec.*, 965 F.3d at 1274. *See also* U.S. CONST. amend. XIV.

¹⁸ *Ga. Elec.*, 965 F.3d at 1272.

¹⁹ *Id.* at 1275.

First, the Eleventh Circuit established that “[w]hen a law does not infringe on a fundamental right or discriminate on account of a suspect classification, but instead is a general economic regulation,” it is reviewed only for a rational basis.²⁰ The rational basis test is “‘highly deferential to government action,’ and the regulation can only be invalidated if it is ‘so unrelated to the achievement of any combination of legitimate purposes that we can only conclude that the [City’s] actions were irrational.’”²¹ In a rational basis review, the Eleventh Circuit considers whether the government has the authority to regulate the relevant area, whether the “proposed regulation has a ‘legitimate governmental purpose,’” whether the legislature has a “‘conceivable basis’” to believe that the regulation will accomplish the goal, and whether the regulation “‘bears a rational relation to the ultimate objective.’”²² The court reviewed the Ordinance under this rational basis test because the Ordinance regulated general economic matters.²³

The Plaintiffs argued that the Ordinance does not pass the rational basis test for three reasons.²⁴ First, the Plaintiffs asserted that the City has no legitimate basis to impose a fine when a requested dispatch is immediately canceled and no dispatch is sent.²⁵ Next, the Plaintiffs argued that the City does not have a legitimate interest in imposing a fine for a false alarm where emergency response services have already been suspended as called for by the Ordinance.²⁶ In both of these scenarios, the Plaintiffs argued that no costs would be incurred by the City.²⁷

The Eleventh Circuit quickly dismissed the Plaintiffs’ first two arguments. In its analysis, the court explained that it does not “micromanage the means adopted by a municipality when it regulates economic behavior for a legitimate governmental interest.”²⁸ Further, the court noted that the City is “‘not required to convince the courts of the correctness of their legislative judgments.’”²⁹ The court justified its rejection of these arguments by noting that “‘if a false alarm costs the City *nothing* in one situation, it costs the City *plenty* in another,” and imposing fines for false alarms incentivizes alarm companies to train customers to avoid false alarms.³⁰

²⁰ *Id.* (citing *Gary v. City of Warner Robins*, 311 F.3d 1334, 1337 (11th Cir. 2002)).

²¹ *Id.* (quoting *Jones v. Governor of Fla.*, 950 F.3d 795, 809 (11th Cir. 2020)).

²² *Id.* (quoting *Cash Inn of Dade, Inc. v. Metro. Dade Cnty.*, 938 F.2d 1239, 1241 (11th Cir. 1991)).

²³ *Id.* at 1275.

²⁴ *Ga. Elec.*, 965 F.3d at 1276.

²⁵ *Id.*

²⁶ *Id.*

²⁷ *Id.*

²⁸ *Id.*

²⁹ *Id.* (quoting *Kentner v. City of Sanibel*, 750 F.3d 1274, 1281 (11th Cir. 2014)).

³⁰ *Id.* (emphasis added).

Finally, the Plaintiffs argued that imposing fines on the alarm companies instead of property owners “is not rationally related to any legitimate interest that the City . . . may have.”³¹ In support of this contention, the Plaintiffs asserted that, based on substantive due process requirements, alarm companies cannot be held vicariously liable for customer misconduct.³² The Eleventh Circuit dismissed this argument by noting that alarm companies can certainly influence the behavior of their customers by increasing customer training on the alarm systems, passing along fees to the customers, and severing relationships with repeat offenders.³³ The court held that the ends of reducing false alarms and saving public dollars reasonably justified the means of the system in place such that the Ordinance was rational.³⁴

The Eleventh Circuit compared this issue to a more common issue illustrated in *Idris v. City of Chicago*.³⁵ In *Idris*, the plaintiffs challenged a city ordinance that “fined the owner of a car for running a red light even if the owner was not driving at the time of the violation,” arguing that the fine violated substance due process.³⁶ The court dismissed this argument by holding that “the car owner was quite able to influence the behavior of the offending party—the driver—by insisting on reimbursement or by refusing to let the party use the owner’s car again.”³⁷ The Eleventh Circuit opined that this argument is equivalent to the one at hand, namely that alarm companies have the ability to influence the behavior of their customers through numerous methods, such as passing along the fees to violating customers or by simply severing their relationship.³⁸

The court ultimately held that “[t]he Ordinance easily passes rational basis scrutiny because the means it has adopted—fining alarm companies for false alarms—are rationally related to the legitimate governmental interests in conserving public resources, eliminating waste, and decreasing the burden on emergency services provided by the police and fire departments.”³⁹ In deeming the Ordinance constitutional, the Eleventh Circuit demonstrated that it will not interfere in a municipality’s regulation of economic behavior when that municipality can establish that the regulation is rationally related to the governmental interest.

³¹ *Id.*

³² *Id.*

³³ *Id.*

³⁴ *Id.* at 1276–77.

³⁵ *Ga. Elec.*, 965 F.3d at 1277 (citing *Idris v. City of Chi.*, 552 F.3d 564 (7th Cir. 2009)).

³⁶ *Id.* (citing *Idris*, 552 F.3d at 565–66).

³⁷ *Id.* (citing *Idris*, 552 F.3d at 566).

³⁸ *Id.* at 1277.

³⁹ *Id.* at 1275.