INTERNATIONAL MUNICIPAL LAWYERS ASSOCIATION

Work Session: **COUNTIES AND SPECIAL MUNICIPAL DISTRICTS WORKSHOP**

Title: **UNIQUE ASPECTS OF CITY-COUNTY RELATIONSHIPS: MERGERS**

by

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Greetings from...



America's Newest Top 20 City

History of Merger in Louisville-Jefferson County

1947 – First recorded call to consolidate City and County governments

1956 – First merger vote
- Annexation Plan of County by City
- Louisville adds 46 square miles, 68,000 people, 31 incorporated cities
- Offers sewer service in exchange
- Needed majorities in city and county to pass
- Passed in city, lost 3 to 1 in county

1969 – Consolidation plan proposed to state legislature
- Didn't allow suburban cities to vote
- Their opposition killed the plan

1980 – Call for study of local government reform
- Passed Kentucky Senate, died in Kentucky House
- Jefferson County legislators couldn't agree

1982 – Consolidation plan created by Charter Commission
- Merged Louisville and Jefferson County governments
- Mayor and 19-member council
- Merge police, EMS, all other services
- Suburban cities not affected
- Defeated in referendum by 1,404 votes out of 182,078 ballots cast (Single majority vote)

1983 – Second Consolidation plan created by Charter Commission
- Merger Louisville and Jefferson County governments
- Mayor and 27-member council
- Voter approval required to raise taxes
- Defeated in referendum by 5,600 votes out of 180,000 ballots cast (Single majority vote)

1983-1985 – Louisville attempts to annex unincorporated Jefferson County

1986 – Louisville-Jefferson County Compact
- Approved by City and County officials and state legislature
- 12-year agreement providing tax-sharing, freezing annexation

1996- Jefferson County Governance Task Force recommendations
- Reform county government with strong executive, 12-member county council
- Renegotiate the Compact
- County government reform not done; Compact renewed in 1998

1998 – Task Force of 56 local elected officials in Louisville-Jefferson County formed to study merger; proposals released 2000
- Merge Louisville and Jefferson County governments
- Metro Mayor, 26-member Metro Council
- Suburban cities and volunteer fire districts
- Merger of all metro services left up to new government
- No change in taxes, no increase or decrease in services
- Approved in referendum 54% to 46% (single majority)

Louisville-Jefferson County
Government Reform Prior to Merger

Combined City and County Departments and Services

- Air Pollution Control
- Crime Commission
- Disaster and Emergency Services
- Human Relations Commission
- Libraries
- Parks and Recreation
- Planning and Zoning
- Health Department
- Purchasing
- Tax Collection
- Waterfront Development Corporation

Merger of Louisville and Jefferson County Public School Systems: 1975
(Court order, result of lawsuit)

Countywide Special Districts

- Metropolitan Sewer District *(taxing authority)*
- Louisville Water Company *(fee supported)**
- Transit Authority of River City *(taxing authority)*
- Regional Airport Authority *(fee supported)*

**Former City of Louisville owned all Water Company stock, which is now owned by Louisville Metro.*

Louisville-Jefferson County Compact
Affected: City of Louisville, Jefferson County, 94 incorporated cities
Negotiated: By Louisville and Jefferson County, November-December, 1985
Ratified: Louisville Board of Aldermen, Jefferson County Court, December, 1985
Ratified: Kentucky General Assembly, early 1986
Covered:

- Sharing of occupational taxes
- Annexation
- Policy and fiscal control of City-County agencies

Terms: 12 years
Renewed: 1998 for a 10-year period

Louisville-Jefferson County Compact Provisions

• All new occupational taxes (1.5% in City and 1.5% in County) pooled and then divided between the two governments, following a formula based on a history of tax generation (about 58% to the city, 42% to the county.)
•The annexation law was changed to require any annexation to be put before the voters and subject to defeat by a vote of 50% plus one. Only 'donut holes' totally surrounded by a municipality could be annexed. In effect, the Compact froze annexation throughout the city and county.
• Eight joint city-county agencies were reassigned to either the city or the county for full funding and policy direction.

<u>City of Louisville:</u>
- Human Relations Commission
- Department of Disaster and Emergency Services
- Zoo
- Museum of History and Science

<u>Jefferson County:</u>
- Air Pollution Control District
- Board of Health
- Crime Commission
- Planning Commission

Result:
- A joint city/county office for economic development (OED) was created to focus on retention and expansion of existing companies in the area.
- In 1998, the city and county signed a contract with Greater Louisville Inc., the Metro Chamber of Commerce, to perform OED's functions, and OED was disbanded.

Why Pursue Merger?

Arguments FOR:

Unity

- Unites the community under one public leader, one agenda for the community, the state legislature, Congress

Efficiency

- Like Noah's Ark, we had two of everything; eliminate duplication, operate more efficiently
- "Can't face 21st century challenges with a 19th century government structure"

Representation

- County Commissioners represented 200,000 citizens each
- Some parts of County in 200 years never been represented on the County council

Visibility

- Merger increases City of Louisville Census ranking from 67th to 16th largest U.S. city

Arguments AGAINST:

Taxes

- Taxes will go up, services will go down

Big government

- Bigger isn't always better
- Urban core residents will be forgotten
- Suburban cities will be absorbed

Minority representation

- African-Americans are 30% of the City of Louisville, hold 25% of Council seats; they are 19% of Jefferson County
- A new Louisville-Jefferson County Metro will dilute their influence

Labor

- Collective bargaining agreements negotiated with the City and County governments will be changed

It's a Plot

- 'It's another plot from the white boys in the tall towers who run this town'

The 2000 Merger Plan

- Create a consolidated local government with the greater powers of a City of the First Class and County containing a City of the First Class
- Merge the offices of Louisville Mayor and Jefferson County Judge-Executive
- Create a 26-member Metro Council in place of the Louisville Board of Aldermen and Jefferson County Fiscal Court
- Leave intact 83 suburban cities, 21 suburban fire districts
    - Prohibits incorporation of new suburban cities; prohibits annexation for 12 years, after which annexation proposals must be approved by the new Metro Council
- No taxes raised or lowered; no services increased or decreased in City of Louisville, incorporated suburban cities, unincorporated county
- Status quo for other County elected officials (Sheriff, County Attorney, Clerk, etc.)
- No mandated merger of services in new consolidated government; decisions left up to new government's leaders.
- All current collective bargaining agreements in effect in the new consolidated government
- All City and County ordinances become effective in new consolidated government until repealed, modified, or amended according to this formula:
    - If City ordinance conflicts with County ordinance, County ordinance prevails countywide
    - If City ordinance addresses a matter not covered by County ordinance, City ordinance prevails countywide
    - If County ordinance addresses a matter not covered by City ordinance, County ordinance prevails countywide
    - All City and County ordinances in effect on date of merger expire within five years unless amended or re-enacted by Metro Council.
- New Metro Council districts drawn to guarantee African-American representation in at least five seats
- District map drawn by Urban Geographer at the University of Louisville to respect minority representation, neighborhood boundaries, districts of approximately 26,000 residents each
- District map cannot be substantially changed by elected officials before merger vote

The final vote, November 7, 2000: 54% YES 46% NO

Louisville, KY
Before and After Merger

	Before	After
Area (sq. miles)	60	386
Population	256,231	693,784
Rank in U.S. City Size	67	16
Median household income	$28,843	$39,457

City-County Government Structure
Before and After Merger

	Before	After
Executive	Louisville Mayor Jefferson County Judge-Executive	Louisville Metro Mayor
Legislative	Louisville Board of Aldermen Jefferson County Fiscal Court	Louisville Metro Council
Incorporated Suburban Cities	94	83*
Volunteer Fire Tax Districts	21	20*
Special Services Tax Districts	4	4
Public School Districts	2	2
Elected County Officers (Clerk, Sheriff, etc)	7	7

**Some suburban cities and fire districts decided to merge operations*

Service Improvements Since Merger

Public Safety

- Committed more than $33 million ($18 million in local funds) toward the creation of the MetroSafe Emergency Communications System, a single network to link police, fire, EMS and other first responders throughout Louisville Metro.
- Combined the two police departments under a new management structure that placed more officers on the street.
- Consolidated former City and County EMS systems to create the Louisville Metro Emergency Medical Service.
- Will for the first time hire a doctor with emergency medical experience to head EMS.

Economic Development

- Louisville Metro government launched the Corridors of Opportunity in Louisville (COOL) program to identify commercial and retail areas along major transportation corridors for potential redevelopment. Initial successes include the redevelopment of an abandoned suburban mall, and new businesses in previously vacant commercial strips on three major roadways.
- Extended tax relief on property and equipment, formerly available only in the old City of Louisville, to all of Louisville Metro to encourage the location and expansion of manufacturing businesses.
- Will open this Spring a one-stop shop for development, combining offices for planning, design, inspection, permitting and licensing previously scattered across several locations.

Planning

- Gave citizens a stronger voice in planning and development through “Innovations in Planning”, a 15-point program of changes to simplify and improve the quality of planning decisions. Improves citizen access to hearings and review meetings, and requires developers to meet with adjoining property owners and neighborhood groups before filing plans.
- Created the Neighborhood Planning College to educate citizens about the planning process.

Beautification

- Expanded the former City of Louisville Brightside program throughout all areas of Louisville Metro to beautify neighborhoods and fight litter. Twelve new landscaped “BrightSites” are located in incorporated suburban cities.

Housing

- Began developing a comprehensive communitywide housing plan to create housing at all price points throughout all areas of Louisville Metro.
- Merged the City of Louisville and Jefferson County Public Housing Authorities to work throughout Louisville Metro.

Suburban Cities

- Mayor's Liaison to Suburban Cities is visiting with Mayors of all 83 incorporated cities to assess their needs and concerns.
- Suburban cities invited to join with Louisville Metro on bids ranging from office supplies and salt to asphalt and bulk fuel. Cities who have joined are saving money.
- Services once available only in the former City of Louisville that now are available countywide include cutting vacant lots and removing junked cars.
- Mayor has appointed the President of the County Fire Chief's Association, representing 20 suburban fire districts, to a seat at the table with Louisville Fire and Rescue, which had served the former City of Louisville and now operates in the 'urban services district.' All new fire-related ordinances now are developed jointly, and the two leaders attend weekly meetings of the Metro Public Protection Cabinet.
- Metro Government Fleet Services department is discussing with the suburban city of Jeffersontown ways to share software and other fleet operations functions.

Sewers

- Project D.R.I. (Drainage Response Initiative) Largest drainage initiative in the community's history: $66 million for 350 neighborhood drainage projects. More than one-third of identified capital projects have been completed.
- By the end of 2004, sanitary sewer service will be complete for almost all of the urbanized area of Louisville Metro. In comparison, the community had more than 40,000 septic tanks and more than 300 private package sewage treatment plants in 1986. All have been removed.
- The Metropolitan Sewer District has reached agreement with the suburban city of Prospect to operate their wastewater treatment system, and plan to discuss similar agreements with the large suburban cities of Shively and St. Matthews. In addition, MSD has submitted bids to provide wastewater treatment services to Ft. Knox, KY, and Jeffersonville, IN across the river from Louisville.

Mosquito Control

- When Metro Government began, the Louisville-Jefferson County Health Department had lead responsibility for mosquito control, with about a dozen employees to cover the entire 386 square miles of Louisville Metro.

- The Metro Government, concerned about a recurrence of West Nile virus and seeking efficiencies, identified field employees from six Metro departments plus the Louisville Water Company and Metropolitan Sewer District who could be trained in mosquito control techniques. Now, while performing their regular duties, there are 200 employees who place larvacide in drainage channels and distribute brochures about mosquito control. In the year 2003, there were no cases of West Nile virus in Louisville Metro.

MetroCall

- Information service via phone and e-mail that connects callers to one of 10 operators 24/7.
- Concern/complaint entered into computer system, sent directly to affected department.
- Each call tracked for followup; monthly reports generated for the Mayor and Cabinet Secretaries to track responsiveness, problems.

- Service operated from 8 a.m. to 5 p.m. in the former City of Louisville when Metro Government began. Service was extended countywide in the first month.
- Service was extended to 24/7 through a partnership with the Metropolitan Sewer District, whose night-time staff was trained to take MetroCalls.
- Calls received: about 4,300 weekly.

Mayor's Community Conversations

- Mayor and about 45 representatives of Metro departments and agencies, plus some state agencies, are available the third Monday of every month in four rotating sections of the Metro area, to talk with citizens on a first-come, first-served basis.
- Citizens are mailed a Community Conversation schedule at the beginning of the year, and media notices are given before each event. More than 2,000 citizens attended 10 Community Conversations in 2003.

Mayor's Neighborhood Summit

- For the first time in the community's history, representatives of all neighborhoods, incorporated cities and unincorporated areas were invited to an all-day workshop to learn about Metro Government, to network with other neighborhood leaders, and to exchange tips on successful neighborhood organizing. Some 200 citizens were expected – an overflow crowd of 500 attended, and a number of new neighborhood organizations are being formed as a result.

Finance

- Achieved a AA+ credit rating from Fitch Ratings, the Wall Street agency's second highest city ranking after San Diego's AAA.
- Standard and Poor's has given Louisville Metro a AA rating, upgraded from the AA- rating of the former City of Louisville and equal to the rating of the former Jefferson County.

New Internal Operating Systems

- Human Resources Inherited two payroll systems run on two different computer systems, paid weekly and bi-weekly.
- January 9, 2004, ran first biweekly payroll run using PeopleSoft platform for payroll and human resources management.
- Established new Oracle-based financial system
- Developing workforce compensation and work rule strategy, to be integrated into overall financial and management planning and practices.
- Implementing new asset-liability management policies and procedures
- Finalize and execute an asset-liability management strategy and develop written policies
- Create a comprehensive capital plan and debt capacity model
- Explore debt restructuring
- Establish a Fund Balance Reserve policy

SAVINGS SINCE MERGER

Restructured Executive Branch from two governments to one, eliminated overlapping functions.
Savings: $700,000/year

Switched from 89 octane to 87 octane gas in Metro police cars.
Savings: $100,000/year

Moving Metro departments from leased space into buildings the government owns.
Savings: $2 million/year (est.)

Outsourcedfunctions performed by security guards, Corrections commissary, youth detention food service, and custodial services
Savings: $700,000/year

Fleet Operations Reform
Affects 4,700 pieces of rolling stock; includes about 2,800 police and passenger vehicles
Former governments bought and sold 300-400 vehicles a year at a cost of $7-8 million/year
We found savings by asking questions like:

- How many vehicles do we need and what kind?
- How are the vehicles maintained?
- Who has take-home cars and who needs them?
- What's the most appropriately-sized car for the job to be done?
- Are fueling stations and maintenance garages located and staffed for convenient access?

Solutions:

- Buy no new vehicles in FY 2003
- Keep vehicles longer before they are replaced
- Sell excess vehicles
- Convert take-home to pool vehicles
- Downsize models were possible
- Partner with other agencies on vehicle maintenance

Courier Service
A previous contract for courier service was costly, with Metro Parks alone spending $2,500/month.
A new contract, focusing on consolidated deliveries to departments, reduces costs.
Savings: $100,000/year; $1,500/month for Metro Parks alone.

Coming in 2004:
Reverse Auction
On-line Bidding for Surplus Product

Louisville/Jefferson County Metro Government

