

Tennessee Advisory Commission on Intergovernmental Regulations May 25, 2016
by James R. "Dick" Farrar

May 25, 2016

Chairman Norris, Ms. Lynnis Roehrich-Patrick, members of the TACIR Commission and staff. We sincerely appreciate the opportunity to appear before you today. Our purpose in coming to you is to request your consideration to undertake a study for the State of Tennessee to determine if Metro Governments across the state would generate **substantial benefits and cost savings for local municipalities and county governments as well as for the State's budget and the State's functional relationship with these local governments.**

The Report of the 1986 Commission on the Future of the South entitled Halfway Home and a Long Way to Go listed ten regional objectives that must be accomplished by 1992. One of those ten objectives was to Improve the Structure and Performance of State and Local Governments by 1992.

Allow me to cite some points the study made regarding this objective in the attached excerpts:

This is 2016, thirty (30) years have passed since the ten objectives were formulated by the Policies Commission and twenty-four (24) years since the Commission stated "they must be accomplished by 1992". We still have a **LONG WAY TO GO.**

Our motivation to request this meeting with TACIR was stimulated by watching our local public officials try to make decisions and govern our community over the past thirty years using the dysfunctional structure described in the 1986 report by the Commission. Fayetteville and Lincoln County are fortunate to be situated adjacent to the growing and dynamic metropolitan area of Huntsville, Alabama. Over the past thirty years our community has simply watched, frozen in time, while Huntsville and the other surrounding municipalities such as Madison, Decatur, Athens and Scottsboro, Alabama have virtually exploded, even during a time of national and international economic slow-downs. We have only served as a bedroom community to Huntsville's growth while again watching most of the commuter dollars get spent in Alabama since we have few amenities available to service their needs. Please accept this presentation as the results of an exhaustive

yet fruitless effort by the private sector to bring about change that is desperately needed to launch the smaller communities in the region into a mind-set that is better equipped to compete now and in the future. The following review is the documented history of this effort designed to highlight the fact that we are not here on some quick impulse whim or a few disgruntled citizens but here, somewhat in desperation, for help to knock down an impenetrable road block in the path to break from an outdated and crippling tradition.

I had the opportunity to read a copy of the policies study shortly after publication in 1986. In 1987, I was honored to be elected president of our local Chamber of Commerce. Along with our Board of Directors we began to consider developing a long-range Plan for Growth. We realized we needed professional guidance so we called upon Tom Ballard who, at the time was vice-president of The University of Tennessee Institute for Public Service.

With Tom's assistance, and with the assistance of MTAS and CTAS, we pulled together 200 private and public citizens to study every facet of Fayetteville-Lincoln County from transportation to health facilities to recreation to government structure to housing, etc. The study was entitled ACTION 2020 – a basic road map to take us from 1988 – 2020.

That study opened my eyes to the **duplication of services** we had in a county of 30,000 citizens.

With our Chamber being a city/county consolidated organization, we began to make a list of other departments and organizations that might benefit from being merged or consolidated. We wondered why we needed:

1. A sheriff's department and a police department?
2. Four utility companies all with their own backhoes, air compressors, trucks, computers, meter readers, etc. Could we not have a central utility with a common pool of equipment? A common computer and staff?
3. A courthouse and a city hall?
4. 24 county commissioners and 6 aldermen?
5. A county executive and a city mayor?
6. A city administrator (or city manager)
- *7. A county school system and a city school system?

8. A city finance director and a county finance director? Why not one fiscal officer?
9. Multiple county fire stations staffed by volunteers and a city fire department?
10. A city garage and a county garage for repairs to school buses, trucks, cars, and equipment?
11. A county road department and a city street department each with their own yard, equipment, and personnel? Could these not be combined?
12. A city tax collecting office and a county tax collecting office?
13. A county trustee, a tax assessor, and a register, all having to do with property? Could one \$35,000-\$40,000 computer combine the three offices and reduce the staff considerably?
14. A city zoning office and a county zoning office:

Additionally, since 1988, we have experienced certain success with community consolidation such as, but not limit to, Fayetteville-Lincoln County Industrial Development Board. F-LC Airport Authority, Animal Shelter, Library, Solid Waste, Emergency Management, Clean, to name a few. Our hurdle is schools and government.

* Before fast forwarding to the mid-90', let me briefly relate to you the following: in 1970 the University of Tennessee Institute for Public Service sent a team into Fayetteville-Lincoln County to study the school systems. Their recommendation – consolidate the two systems. This is 2016 and we still have two systems.

The question then became **How Do You Form a Metro Government?** I called Leah Eldridge in the early 90's to ascertain if there were any printed guidelines for such and received this public document.

Discussing Metro Government with municipal and county government leaders got the “Go Metro” proponents nowhere. Why? In our neck-of-the-woods we call it “turf protection”. Why would a county mayor making \$80-85,000.00 per year say “we need to study Metro”? Ask the same question of a city administrator making \$125,000.00/year? A county finance director making the same? Or a city school

superintendent making \$191,000.00/yr including benefits? **The point is “local government” is not going to lead the parade to form a Metro Government.**

The two referendums we’ve had on Metro in Fayetteville-Lincoln County (2002-2008) were lead and paid for by the private sector up to the point of the Metro Charter commission’s being appointed. (The State of Tennessee mandates the cost of the Charter Commission’s study be funded by the county – up to \$50,000.00 for such items as legal fees, travel, consultants, printing, typing, personnel, etc.) As I recall neither Charter that was drafted cost more than \$5-6,000.00.

However, the cost of getting the issue on the ballot was entirely borne by the private sector. Circulating the petition cards, getting the necessary petition signatures, the campaign expense – all borne by the private sector with no expense being borne by the public sector.

In both cases our city school board members and our city government officials ran a **“Vote No on Metro”** campaign citing **Metro will increase property taxes**. The mindset of the voter then became clouded and the “pros” of Metro faded to “cons”.

In January of this year Bill Carter, Jr., (who would have been here today if it was not for health issues), and I began meeting in January of this year to determine if indeed we wanted to make an effort to get Metro back on the ballot for November 8, this year. After three or four meetings, we felt the election outcome would yield the same results as 2002 and 2008, a sound defeat by both our city and county voters. **We agreed our dilemma was – there was no formal template for voters to follow, no dollars and cents study.** Would indeed a Metro Government streamline all the various services such as administrative personnel and law enforcement and fire departments, city mayor/alderman and county mayor/commissioners, etc. and thereby yield substantial savings, operate more efficiently, offer better services and save the taxpayer? We must have someone credible step forward that give us the hard facts or figures on what these sayings and/or benefits are. **Our question then, where do we go from here?**

We were familiar with TACIR and their work, so I called Ms. Roehrich-Patrick to set up a meeting with her to request some direction for finding the answer to our dilemma. She obliged and gave us a meeting date of February 24th. We were aware that TACIR researched for our legislators such items as **government**

modernization, annexation, and consolidation, growth policy, municipal boundaries, state and local tax issues, etc. During the course of that meeting Dr. Clifford Lippard gave us a lead which we later sought and that was to contact MTSU's Business and Economic Research Department, BERD as it is referred to. It wasn't that we felt TACIR was refusing to take the lead on a Metro Study; it was their reluctance to commit without authorization from TACIR's Commission.

On April 20, 2016, Bob Bevill and I met with Dr. Murat Arik, director of MTSU's BERD department. That meeting was held at his office at MTSU, and was very productive.

A proposal dated May 4, 2016 for conducting a study (assessment) on a Potential Metro Government in Lincoln County, Tennessee was drafted by Dr. Arik. **The cost is \$24,000.00 if the project is funded by a government entity.**

Next on our agenda was to meet with the University of Tennessee Institute for Public Service which we did in Fayetteville, TN on May 17, 2016. Chuck Shoopman and Steve Thompson, assistant vice-presidents of UTIPS, along with Dr. Arik and Reuben Kyle, consultant for TACIR, Bob Bevill and I met for two hours for what we all termed a very productive meeting.

The consensus from our discussion was:

1. It is difficult for our legislators to get involved in a city-county consolidation (Metro) initiative. **They realize their re-election opportunities depend to a great degree on the local elected officials' influence at the polls. Couple with the fact that with local elected officials desire to protect their turf, Metro is not likely to be driven by state legislators or local government. Thus, the case should be made at the state level.**
2. The State of Tennessee would do well to develop a template for Metro for all counties across Tennessee.
3. If a majority of the city-counties across Tennessee were consolidated would it generate a savings for the State of Tennessee?
4. TACIR is an appropriate and leading agency to examine how the structure of state and local government impacts the effective and efficient delivery of public service.

5. Tennessee Comptroller Justin Wilson champions changes in accounting structures and processes to make government financial decisions more transparent. Would Metro Government benefit from “standardization” of accounting practices?

Other thoughts:

1. There are a minimum of 15 counties in Tennessee with a population of less than 15, 000. Would Metro Government benefit these counties? The State of Tennessee? Could the State offer incentives to these counties (and other counties) to “Go Metro”?
2. There are 142 school systems in Tennessee. Can this number be reduced?
3. TACIR’s Forming a Metropolitan Government (how to) needs to be sent to every city-county mayor in the State of Tennessee.

In closing, the days of the horse-and-bugging rides are past and the jet and communication-age is zooming by us. Reduced federal funding is real and state funding to local governments is tightening. City and County budgets are stressed like never before. **Unless and until our state government officials decide to render some “tough love” and/or give the private sector some serious help, the protected turf and archaic structure of local government, especially county government, which was designed under Andrew Jacksons’ administration 180 + years ago, in not going to change.**

Yes, we are all in this together. Commissioner Norris, members of the Commission, members of TACIR staff. THANK YOU FOR LISTENING.

Respectfully submitted

Dick Farrar

Allow me to cite some points the study made regarding the objective : IMPROVE the STRUCTURE and PERFORMANCE of STATE and LOCAL GOVERNMENTS by 1992.

To compete on an international scale, the South cannot resist the hard truth that constant change is here to stay. While change demands different and stronger government structures and more planning and spending, southern tradition tugs in the opposite direction.

We have gotten halfway home using government structures left over from horse-and-buggy days. But without jet-age technology, we cannot move forward, upgrade the work force, compensate for reduced federal funding, solve our social problems, or lift schools and colleges to national levels.

Southern government structures will not be ready for the 21st century until they become more interdependent, flexible, and innovative. Only then can they cope with federal budget cuts, retain the labor force, and protect the best of the South's heritage.

In 1986, these government structures are still too fragmented and too narrowly focused on immediate crisis to reach out for solutions which cut across lines of authority, span terms of office, or incorporate the insights, for example, of the business community.

Recognition of interdependence is forced upon us here. Education has ceased to be a problem of just educators. Jobs are no longer the goal of just the Chamber of Commerce. The farm crisis has not been assigned in some airtight compartment to extension agents and state agricultural departments.

We are all in this together.

- **Implement a Cabinet-level Strategic Planning Process in Every State by 1992**

Too often our southern states operate on a two to four year view, and state governments limit themselves to the quick fix between elections. Meantime, state problems, needs, and costs stretch far into the future. At the very least, a four to six year view is needed in policy and planning.

Each governor should create a cabinet level position for overseeing the planning mandate – not necessarily to create the plan, but to coordinate agreement among leaders on programs, problems, and the state’s mission. It is important that existing state offices be encouraged to interact, not merely to create a new layer of bureaucracy.

Policy must also be broadened, bringing together many elements of state government. An even broader view will occur when the electorate itself is consulted, when states plan wisely by opening the process to participation by individuals and businesses. Citizens who do not share a vision of the future may oppose and resist change because of their private and limited perspectives.

- **Consolidate the Executive Branch and Expand the Governor’s Authority; and Increase Legislative Expertise**

Executive branches of state government in the South need fewer elective officials and fewer independent boards and commissions, with less scattering of effort and money. Governors should have the opportunity to serve two consecutive terms and should also have the power to reorganize their administration.

Legislators, too, cannot look ahead with depth perception unless greater staff capacity helps them relate national and international issues to their states and districts. Because problems take no vacations, interim subcommittees and legislative staff should keep functioning between sessions, just as legislators should continue to study and learn. **Four-year terms should be considered for members of both houses of the state legislatures.**

- **Sort Out roles of Federal, State, and Local Government**

Under the twin pressures of growth at the top and poverty at the bottom, the South cannot underestimate the worth of some federal infrastructure and social service programs. Its leaders must defend those programs which need to be preserved, such as Medicaid. Other functions shared by all levels of government must be sorted out using criteria of efficiency and ability. Such sorting can be done through existing regional and national organizations such as the National Governors’ Association and the Southern Governors’ Association.

- **Cross Local Government Lines, Too**

For years Southerners have vowed that a government less focused in Washington and closer to home would be more efficient. With federal money disappearing, the opportunity to act upon our own words is upon us.

But the South cannot respond to this challenge with its 19th century pattern of local government developed when the county seat was located within one day's horseback ride. Today we hurry across all boundaries at high horsepower, and our problems will not stay localized.

States should consider consolidating some local governments. In other cases, joint efforts can solve persistent joint problems, and local governments need to explore and try other interdependent new approaches.

Southerners who work together can find a way, not an excuse. **To encourage larger units of cooperation, states should offer incentives and encourage regional planning.**

Fayetteville – Lincoln County Metro Vote Results

2002

City

For

378

Against

684

County

For

2,397

Against

5,072

2008

City

For

476

Against

975

County

For

1,004

Against

4,747

----- Original Message -----

From: Shoopman, Chuck

To: Dick Farrar ; Bob Bevill ; jneale@fpunet.com

Cc: Thompson, Steve

Sent: Wednesday, May 18, 2016 5:06 PM

Subject: Follow-up on May 17 meeting

Dick, Bob, Jim:

Thank you very much for your kind hospitality and thoughtful conversation yesterday about the impacts of government structure on the effectiveness and efficiency of government operations and the experiences of metro government in Tennessee and beyond. I really enjoyed our discussion and exploring possible paths toward improvements.

I haven't quite been able to negotiate my "expert" filing system well-enough to locate the specific report that Dr. Josh Ray developed for us in 2012 that summarized the national status of consolidation efforts. However, I did find two other documents that might shed a little light, albeit dated light. The first is an article written by Lawrence Martin and Jeannie Schiff and published in [State and Local Review](#) in 2011 that attempts to empirically demonstrate cost savings from local government consolidation. While they couldn't empirically document tremendous savings, the article does a fine job of describing the types of arguments made for and against local consolidation and why it's so difficult to **PROVE** benefits. The second document is far less useful, but nevertheless is offered as a summary of the status of local government structural changes during the period 1991-2007. It's author is a bit wacky, but he pulled together information from reliable sources. I'm a little embarrassed to share my school-work, but ran across it looking for the paper I described to you guys yesterday. My paper offers some analysis of state legislative actions around the country that might be useful for you to look at. It reminds me that Tennessee isn't extremely different on some subjects – like the latitude state legislatures give to local officials in structuring local governments.

Dick, you asked for a few bullet points from our conversation yesterday that might be illustrative. Here are some that I recall:

- TACIR is an appropriate and leading organization to examine how the structure of state and local government impacts the effective and efficient delivery of public services;
- Tennessee Comptroller Justin Wilson actively promotes effective and efficient operation of government organizations and has championed changes in accounting structures and processes to make government financial decisions more transparent and more easily understandable to the general public;
- Facts do matter, but they aren't always the most compelling elements that impact political decision making, particularly surrounding government structures;
- A significant majority of efforts to consolidate local governments fail at the ballot box;
- Many consolidations of services occur when one governmental entity decides, for whatever reason, to stop providing a particular service that another entity is required to provide;
- Regional economies and markets are not necessarily defined by government boundaries like city limits, county lines or state lines. However, those government lines and regulations can shape regional economies.

Again, thanks for inviting Steve Thompson and me to join you guys, Dr. Murat Arik and Dr. Reuben Kyle for an interesting and thoughtful discussion. Best wishes...

p.s. I'll send the other paper when I find it!!!

Charles E. Shoopman, Jr.
Assistant Vice President
1610 University Ave.
Knoxville, TN 37921-6741
(865) 974-6621 (o)
(615) 476-8800 (c)

 **THE UNIVERSITY OF TENNESSEE**
INSTITUTE FOR PUBLIC SERVICE

"The University of Tennessee's statewide source of outreach to government, business and communities"

----- Original Message -----

From: Murat Arik

To: Dick Farrar

Cc: bevillr@aol.com

Sent: Wednesday, May 18, 2016 12:18 PM

Subject: RE: Sorry

Dear Dick,

Thank you for hosting a great meeting yesterday. My sincere thank also goes to Bob for preparing those baskets. Here are my key takeaways from the yesterday's meeting:

1. It is hard for legislators to get involved (sponsor) in a county-level initiative. The case should be made at the state level.
2. A comprehensive assessment of consolidation efforts at the national level may be a good first step.
3. A comprehensive assessment may be necessary but not sufficient to make the consolidation efforts successful: you need to successfully convince your citizens that a consolidation is good for them.
4. Instead of county-city government consolidation, you may also go with the functional consolidations (schools, utilities, police, etc.)

If you would like to push for county-city government consolidation efforts, you may pursue the following action items:

- 1- Commission a comprehensive study on it
- 2- To get funding through TACIR or Comptroller's Office, you may need to emphasize that the study will create a template for counties across Tennessee.
- 3- A county-city consolidation may help local governments to adopt a unified accounting standards.
- 4- A county-city consolidation may help local governments to develop a successful consensus-based vision for the local community.
- 5- Once the underlying study is completed, you need to have a local champion for the consolidation efforts. This leadership role is critically important. This champion should use every occasion to talk about the benefits of consolidation (meetings, social media, chamber, etc.) provided that study identifies some tangible benefits.
- 6- In line with the item 5, you may need to develop a consistent tag line for your case to convince the local community: economic welfare and prosperity of the community and future generations should be the focus.

I hope this helps.

Good luck!

Murat

Murat Arik, PhD, PDBP
Director, Business and Economic Research Center (BERC) &
Assistant Professor of Management
Jones College of Business
Middle Tennessee State University, Box 102
Murfreesboro, TN 37132
615 898 5424 (Office)
615 898 5045 (Fax)



----- Original Message -----

From: Reuben Kyle

To: Lynnisse Roehrich-Patrick ; Cliff Lippard

Cc: Murat Arik ; dickfarrar@gmail.com

Sent: Wednesday, May 18, 2016 4:56 PM

Subject: Meeting in Fayetteville

On Tuesday I attended the meeting in Fayetteville as requested. The meeting was chaired by Dick Farrar and included several local business and community people plus Dr. Murat Arik, Director of the BERCC, UT Assistant VP for Public Service, Steven Thompson and one of his colleagues. The original intent of the meeting was to discuss a possible study of consolidation of schools in Lincoln County but, in fact, the discussion was pretty wide ranging.

- The possibility and challenges of government restructuring at the state, county, and city levels
- The experience in Tennessee and other states with metropolitan governments
- Consolidation of public services without metro governments
- The difficulties of initiating studies of consolidation by existing government bodies.
- Potential supporters of a study that would include Lincoln County but other areas as well.

The discussion was lively and Steve Thompson's experience with Tennessee counties and cities was particularly valuable. I'm sure that Dick will be able to articulate his own ideas more effectively at next week's Commission meeting.

Reuben



JENNINGS A. JONES COLLEGE OF BUSINESS

An Assessment of County-City Government Consolidation Efforts:
Insights on a Potential Metro Government in Lincoln County, TN

A Proposal for

James R. (Dick) Farrar
P.O. Box 505
Fayetteville, TN 37334
Phone: 931 433-3041
Email: dickfarrar@gmail.com

Submitted by

Murat Arik, PhD, PDBP
Director and Assistant Professor

Steven Livingston, PhD
BERC Fellow and Professor of Political Science

Adam Rennhoff, PhD
Associate professor of Economics

Business and Economic Research Center (BERC)
Jennings A. Jones College of Business
Middle Tennessee State University
615-898-5424
murat.arik@mtsu.edu

May 4, 2016

An Assessment of County-City Government Consolidation Efforts: Insights on a Potential Metro Government¹ in Lincoln County, TN

What does county-city government consolidation mean? What are some successful examples of such consolidations in the United States? What impact might such a consolidation have on citizens? Is county-city consolidation a cost-efficient approach to governance? What lessons we can draw from past experiences that may be applicable to a potential metro government initiative in Tennessee?

The Business and Economic Research Center (BERC) proposes to address these questions through a comprehensive examination of metro government initiatives across the United States. The BERC proposal consists of several tasks, each of which will be addressed using a rigorous methodology.

Major Tasks

Task 1. Understanding and Analyzing Local Government Consolidation Efforts: A literature Review. This task deals with major studies conducted over the years to analyze local government consolidation efforts. Its focus will be interdisciplinary including political, economic, financial, public policy, and strategic management aspects of consolidation of local government entities.

Task 2. Identifying and Analyzing Local Government Consolidation Efforts across the United States. This critical task involves several components:

- Identifying metro governments that have gone through the consolidation process, focusing on efforts both in the U.S. and other countries with similar local government structure.
- Analyzing economic and fiscal dynamics before and after consolidation initiatives to identify whether consolidation efforts have increased efficiency in resource use and allocation.
- Analyzing economic and fiscal dynamics by comparing the performance of consolidated metro governments with carefully selected unconsolidated peer counties.

Task 3. Economic and Fiscal Assessment of Municipalities in Lincoln County. This task focuses on major efficiency measures at the county level and in each of the municipalities in Lincoln County from a 10-year historical perspective. These measures will help us construct baseline historical trends in efficiency of resource use and allocation.

Task 4. What-If Scenario: Application of Study Findings to the Potential Lincoln County Metro Government Initiative. Building on findings from tasks 1–3, this task carefully analyzes potential changes in economic and fiscal dynamics in the county if a consolidation effort were approved and initiated. This segment of the study will be very comprehensive, involving every single local government service.

¹ Throughout this proposal, “metro government,” “local government consolidation,” and “county-city government consolidation” are used interchangeably.

Task 5: Conclusion: Lessons Learned and Implications. This task summarizes the study findings step by step and assesses the implications of a consolidation effort on (1) the municipalities themselves, (2) government services, and (3) citizens' welfare.

Methodology

This project requires extensive data analysis. BEREC will use industry-standard regional analysis methods to address issues raised in tasks 1–4.

Pricing and Timeline

A project of this magnitude requires extensive resources and time commitment. Consistent with the public outreach mission of Jones College of Business and MTSU, BEREC will conduct this study with a partnership fixed-cost price of \$24,000 if the project is funded by a government entity (reducing overhead cost). This fee represents the total project cost including student labor, report design, up to four presentations, and other operating expenses.

Project start time: Execution of the contract by both sides.

Project completion date: nine months after the project start date.

Deliverables

BEREC will design and prepare a comprehensive report that may be used by major stakeholders. BEREC will consult extensively with the contracting parties in preparing the final product. In addition, BEREC will prepare and give up to four presentations in Tennessee regarding the study findings.

Research Team Members (bio for each member is available upon request):

Dr. Murat Arik
Director and Assistant Professor of Management
Business and Economic Research Center

Dr. Steven Livingston
BEREC Fellow and Professor of Political Science

Dr. Adam Rennhoff
BEREC Affiliated Faculty Member and Associate Professor of Economics