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The Politics behind Metropolitan Fragmentation

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THE POLITICS BEHIND METROPOLITAN FRAGMENTATION

By

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A Research Paper
Submitted in Partial Fulfillment of the Requirements for the
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A Research Paper Submitted in Partial

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INTRODUCTION

Today, the large quantity of local governments found in a geographic region is becoming quite an overwhelming problem for metropolitan areas. This phenomenon is known as metropolitan fragmentation. Metropolitan fragmentation consists of several incorporated communities, overlapping city and county functions, special districts, and extension of cross-state boundaries in a Metropolitan Statistical Area without concern for state lines (Dolan, 1990, p. 29). This complex system is a continuous issue involving unincorporated suburban areas and the central city.

Metropolitan governance, the governing of metropolitan regions with cooperation among the numerous jurisdictions in a metropolitan area, is trapped by competing values (Phares, 2009, p. 12). It is creating serious problems for metropolitan areas, including disparities between fiscal resources and existing needs, spillovers or negative externalities, lost economies of scale, and reduced citizen voice in government (Phares, 2009, p. 127). These problems encourage outward sprawl by increasing the proportion of growth that occurs at the unincorporated urban fringe (Carruthers, 2003, p. 475). The central-city no longer holds interest to middle and upper class families. They are attracted to areas where they have the freedom to not worry about increasing taxes, nor regulation that does not permit spatially expansive development patterns (Carruthers, 2003, p. 477). The urban core is now a hub for poor public services and impoverished families.

This analysis has several objectives. First, it seeks to identify and define the policy problem of fragmented government. Second, the paper includes a background discussion about the current problems metropolitan fragmentation causes and how it reinforces urban sprawl. Third, to examine the policies that have been suggested by policy-makers to address metropolitan issues. And last, to recommend a policy alternative to diminish metropolitan

fragmentation. In order to sustain their local economies, public administrators must identify alternate solutions to hinder the economic downturn they currently face.

There are several different policy methods that public officials can choose from when attempting to solve metropolitan fragmentation. The most common policy methods large cities use to reduce sprawl and inequities in the distribution of its benefits and costs are policies aimed at making the city more attractive to investors (Leland & Thurmaier, 2005, p. 481). They do this by imposing limits on suburban growth or constraining growth (Beckman 1966, p. 97). Sometimes public officials will allocate the costs more accurately to people who are not residents, who take advantage of public services without paying (Beckman, 1966, p. 97). Others aim to redistribute the benefits of growth more equitability. Another group of policies seek to enhance the efficiency of places that presently are less efficient in market terms.

Four policy alternatives cities should consider are annexation, establishing special districts, consolidation, or do nothing. The first alternative is to have the central city implement annexation policies. Annexation consists of expanding new territory to keep sprawl down by incorporating towns around the city into the city. The second alternative is to set up special districts; special districts will provide certain services for both the city and county to access. The third alternative is to consolidate city and county governments into one system. If those three alternatives do not seem effective enough, then city officials could simply do nothing, and hope that conditions of metropolitan fragmentation will solve itself.

The central question guiding this research is "What are the politics of metropolitan fragmentation? The question will hopefully permit a gateway of solutions to solve metropolitan fragmentation. It also will give a better understanding on why many large metro areas insist on keeping government fragmented. This research explores what metropolitan fragmentation is and

how it affects the central city. Through research I will examine the different types of government structures that exist and determine whether a new policy should be mandated to help solve the issues government fragmentation creates.

Background of Government Fragmentation

Citizens in suburban areas generally do not want to be annexed into urban territory due to the threat that their community will change (Kuethe, 2012, p. 16). They fear that they will have to pay additional taxes, or that their neighborhoods housing value will decline. Although suburban areas do not want to be incorporated into the city, the urban community finds annexation necessary. There are several political concerns that surround this issue. While public service costs continue to rise in the city, the majority of its wealthy contributors' flee to suburban communities to escape the wrath of high taxes found in the city (Bockstael, 2007, p. 20672).

The spread of urban developments in unincorporated territory is becoming very appealing to wealthy residents of the city. New development creates an avenue where residents can build new and bigger homes. This takes place when cities and counties create separate organizations and infrastructures to provide the same services (Grassmueck & Shields, 2009, p. 641). In metropolitan areas there are several jurisdictions, municipalities, neighborhoods, townships, cities, and counties, providing residents with different options to live. These options allow city residents to move to a place that provides better public services, while remaining close to the central city.

Eventually the central city has to compete with the local municipalities surrounding its borders. This competition is based on the goal of obtaining industry and residents, also known as government fragmentation (Dolan, 1990, p. 29). Due to government fragmentation, urban sprawl emerges and helps push citizens away from the city. City officials are forced to figure out ways

to provide several services with a decreased tax base for funding, making it difficult to keep residents satisfied (Carruthers, 2003, p. 497).

Fragmentation involves actors from state, county, and municipal government. Each actor has their own expectations of how local government should operate. These expectations sometimes become an issue for metropolitan areas, since each level of government has some control over the metropolitan area. Each metropolitan area is not governed the same, meaning not every metropolitan can use one solution to solve all of their problems.

Statement of the Problem

Fragmented government and its relationship to urban sprawl has become a complex public policy problem (Oliver, 1999, p. 200). While people migrate outwards, the city is decaying. Wealthy citizens who once inhabited the urban area no longer are there to act as a tax base to support public services (Grassmueck, 2009, p. 643). Crime rates are rising, poverty is becoming a bigger issue, and schools are failing. The source of these problems is that with people moving outside the city, it is making it hard to collect payment from all the beneficiaries (Grassmueck & Shields, 2009, p. 643). Those who left the city still utilize the amenities the city has to offer. They may not live in the city but they still work there, so they drive to work utilizing the highways and roads the city pays for, exploiting public services paid by city residents (Persky, Sendzik, & Wiewel, 1999, p. 96).

These newly formed areas are creating interjurisdictional competition. This rivalry is causing the city to compete with new municipalities for businesses, citizens, and tax dollars (Grassmueck & Shields, p. 645). Metropolitan fragmentation also creates cross state and county boundary problems. Fragmentation in the metropolitan creates problems politically, economically, and socially. Politically, local municipalities have disagreements on what services

should be offered to certain areas of their region. Economically the city can hardly afford to take care of its citizens due to the lack of funding for public services. Socially, there is a socioeconomic divide reoccurring, those who are poor are left in the city, and those who are wealthy live in the suburbs.

Metropolitan fragmentation is a growing political issue for urban areas. Fragmentation in metropolitan regions promotes urban sprawl by increasing the proportion of growth outside of incorporated areas. It plays a role in shaping the spatial distribution of population growth in cities (Carruthers, 2003, p. 495). The more people flee into the suburbs outside of the city; more bodies of government are formed. Concentrated populations are rising in regions with prominent growth in new industries and wealthy middle and upper class residents (Carruthers, 2003, p. 496). Increasing populations create the need for public services for that locality, causing new local governments to rise.

Example of Fragmentation

Since fragmentation is a growing metropolitan issue, some cities undergoing its wrath are taking steps to resolve the problems fragmentation creates. These problems are persistent across several cities, Memphis is a great example. Memphis is one of the largest cities in the state of Tennessee. It is found in a large metropolitan area where several localities exist around its borders.

Memphis may share similar problems other large cities have, but Memphis is different from all the other large cities. Memphis has a similar city found in the same state that contained the exact same problems contributed by metropolitan fragmentation, that city is Nashville, TN. The two cities do differ in the sense that Nashville has a consolidated form of government, and Memphis does not.

Memphis is a distinctive case example of metropolitan fragmentation. The city surrounded by seven other cities in its Metropolitan Statistical Area. These municipalities are: Bartlett, TN; Germantown, TN; Collierville, TN; Millington, TN; West Memphis, AK; Southaven, MS; and Olive Branch, MS. Six out of the seven cities listed are ran by a Mayor-Alderman form of government, where the Mayor has a major influence on decision making for their municipality (City of Memphis). Whereas Memphis is ran by a Mayor-Council form of government, where the Mayor is weak in authority, the council members contain power over decisions being made for the city. The Mayor has the authority to veto an action of the City Council, but a simple majority can override any veto (City of Memphis).

Every year there is an argument about what city/town should provide what services to whom and who should pay (Menifield & Raymond, 2011, p. 416). One issue Memphis is trying to address is a cross state and county boundary problem. FedEx is one of the largest employers for the City of Memphis and its metropolitan region. Residents from Arkansas and Mississippi drive back and forth to the City of Memphis to work. The City of Memphis is considering methods to get tax dollars back into the city, one method is to come up with a policy that will allow the city to tax those residents who live out of the state, but work in Memphis every day (Beimfohr, 2012). Other cities such as Chesapeake, VA and Grand Rapids, MI They are currently proposing to set up a license plate reader at the state lines surrounding Memphis; this will allow the city examine who drives in and out of its jurisdiction (Gonzales, 2012). Those who are from out of state, who drive to and from Memphis every day, will be taxed (Beimfohr, 2012). This has not yet been passed, but it has been up for debate, other cities such as Chesapeake, VA and Grand Rapids, MI have already enacted license plate readers, and so far it is effective (Gonzales, 2012). This method is just one idea on how the city can be reimbursed for the public

services these out of state residents use.

Over the past 15 years, Memphis citizens have been relocating to the outskirts of
Memphis to avoid paying high taxes, and to avoid the poor schools and housing values the city
has to offer (Menifield & Raymond, 2011, p. 407). Memphis has lost over 3,000 inhabitants,
between the years of 2000 and 2010, figure 1 below illustrates this phenomena. Meanwhile in
figure 2, the population of the suburban areas outside Memphis is growing rapidly   (U.S.
Census).

Figure 1: Memphis Population Difference

Memphis Population Difference

	2000	2010
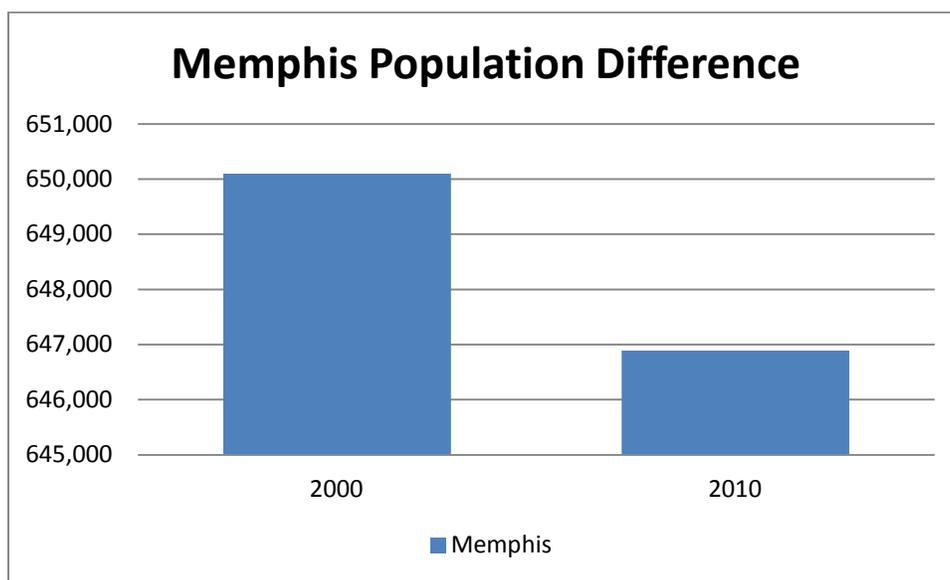
■ Memphis

Source: U.S. Bureau of the Census

Figure 2: Memphis MSA Population Growth
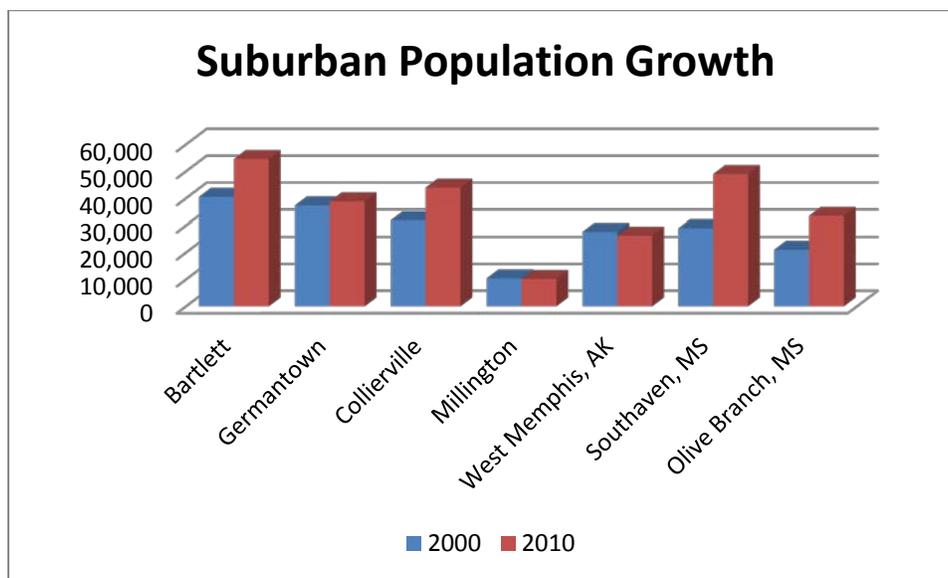
Source: U.S. Bureau of the Census

Some citizens move further out into Shelby County into unincorporated areas so they can escape land use regulation and so on (Menifield & Raymond, 2011, p. 407).

Like other major cities across the United States, the deterioration of inner city neighborhoods in Memphis is contributing to residents fleeing to suburban areas, causing the city to suffer from blight (Menifield & Raymond, 2011, p. 416). This problem is both a cause and a result of urban sprawl. The city is left suffering with population decline, poverty, and the loss of businesses (Beimfohr, 2012). Businesses follow the people migrating out to the suburbs, leaving those in the city without transportation jobless (Menifield & Raymond, 2011, p. 420).

To solve the problems Memphis faces, they utilize aggressive annexation policies. They incorporate land around their boundaries constantly. This tactic is used to try to bring some of those affluent tax payers back into the city. Memphis has had four annexations in the past ten

years (Menifield & Raymond, 2011, p. 411). Memphis always annexes areas that have large tracts of residential areas first (Menifield & Raymond, 2011, p. 411). It has been proven that this tactic does not always work in this era. People tend to move further away from the city even after annexation occurs (Menifield & Raymond, 2011, p 411-412). In Memphis, residents from the unincorporated areas of the county that get incorporated into the city, generally relocate further into the county to escape taxes and other problems found in the city (Menifield & Raymond, 2011, p. 417).

With population increasing in the metropolitan area, new local municipalities are forming. These newly formed governments are giving rise to a fragmented system of government throughout the metropolitan area. When understanding the politics surrounding metropolitan fragmentation, one must understand who plays a major role in the policy issue. Also it is important to understand what economic, social, and political problems metropolitan fragmentation is creating (Carruthers, 2003, p. 477).

This becomes an issue for the city because the city loses tax dollars and population, causing public services to diminish. The urban core now has to compete with the new surrounding neighborhoods for tax dollars. For those who believe in government fragmentation, they believe fragmentation contends competition between government units and ensure that public services are provided efficiently at levels that reflect voter preferences (Grassmueck & Shields, 2009 p. 643). Advocates also argue that increased competition among local government units will result in tax competition lowering taxes (Grassmueck & Shields, 2009, p. 644). Fragmentation does promote growth in unincorporated areas, but it generally leads to more fragmentation (Carruthers, 2003, p. 478).

CHAPTER 2

PROBLEM DEFINED

There are a series of problems that have been identified in the literature on metropolitan fragmentation. The first problem is urban sprawl; the literature states that sprawl creates all urban problems that cities endure today. The second problem is the urban decline and inner-city issues that take place when sprawl occurs. Urban decline and inner-city issues consist of high crime rates, poverty rates, and poor infrastructure.

Urban Sprawl

Through fragmented government, urban sprawl emerges. Central city government officials disfavor urban sprawl, but for those migrating to the suburbs see sprawl as a positive result. In order to understand why urban sprawl is an issue, people need to understand why citizens are leaving the city. Affluent citizens generally leave a city when there are better opportunities that exist elsewhere. For instance, several people want to have their children attend better schools, they want lower tax rates, and they also want to have better housing (Menifield & Raymond, 2011, p. 408). Cities no longer provide such amenities as they did in the past, so people who can afford to leave do so. City residents prefer to have different lifestyle choices that the city no longer provides (Carruthers, 2002, p. 477).

Rising incomes and falling commuting costs allow people to pursue their preferences by building large houses far from urban centers. Making this type of lifestyle seem easier to attain, encourages more people to move out into suburban unincorporated areas of the county. People today favor single-living housing, automobile ownership, smaller buildings as their work places, and small local governments; suburban and exurban areas are creating those areas that facilitate those demands (Carruthers, 2002, p. 477).

Urban Decline and Inner-City Issues

Major U.S. cities similar to St. Louis, Memphis, and Chicago are witnessing an era of low-growth. Government fragmentation is encouraging urban sprawl by increasing the proportion of growth rate in areas of new development. Fragmentation has allowed the city to deteriorate through pulling vital resources out of the city, into the suburbs, leaving the city to crumble (Phares, 2009, p. 41). Large cities have now become a haven for higher crime rates, underfunded school systems, poor infrastructure, a great dispersion of jobs, and a higher concentration of people living in poverty (Downs, 1994, p. 79).

To understand what government fragmentation is doing to cities figures 3-4, provides a graphic illustration as to the difference between fragmented government and consolidated government. Figures 3-4 provide comparisons in unemployment rates and poverty rates between the City of Memphis and the City of Nashville. The figures show that Memphis, which uses aggressive annexation, has a higher percentage in poverty and unemployment. Whereas Nashville, a city-county consolidated government, has a lower rate in unemployment and poverty.

Figure 3: Memphis & Nashville Unemployment Rates

Unemployment Rate

Legend: Memphis TN-MS-AR MSA; Nashville-Davidson-Murfreesboro-Franklin,TN MSA
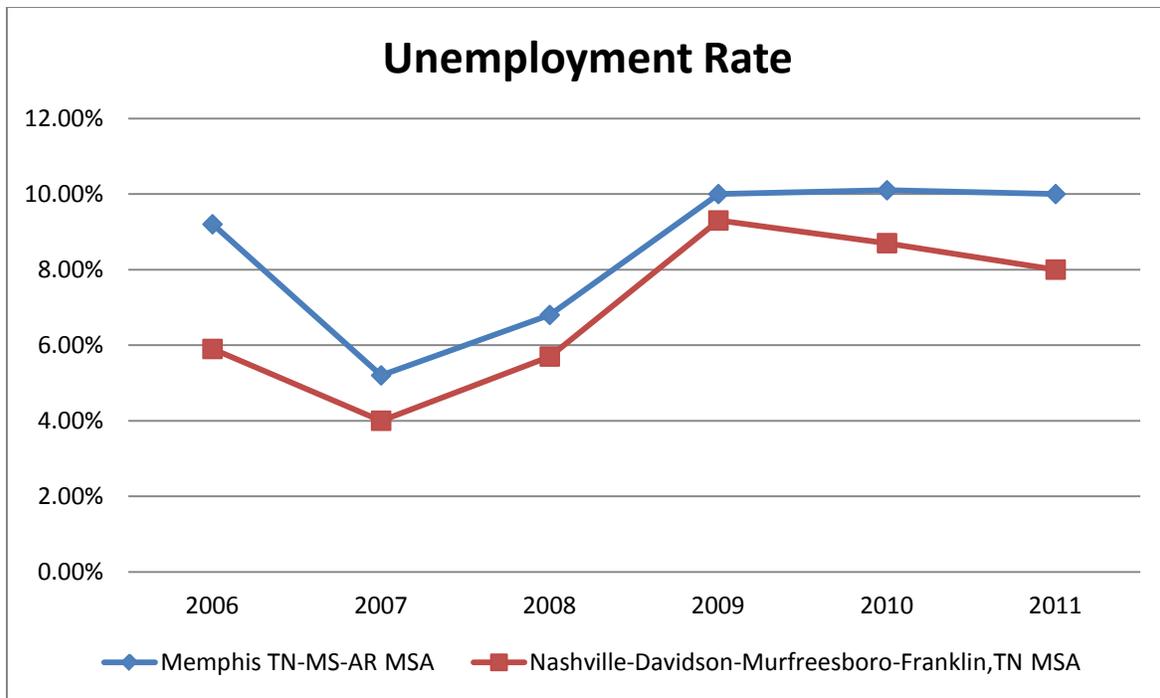
Source: U.S. Bureau of the Census

Figure 4: Memphis & Nashville Poverty Rates

Total Poverty Rate

Legend: Memphis TN-MS-AR MSA; Nashville-Davidson-Murfreesboro-Franklin,TN MSA
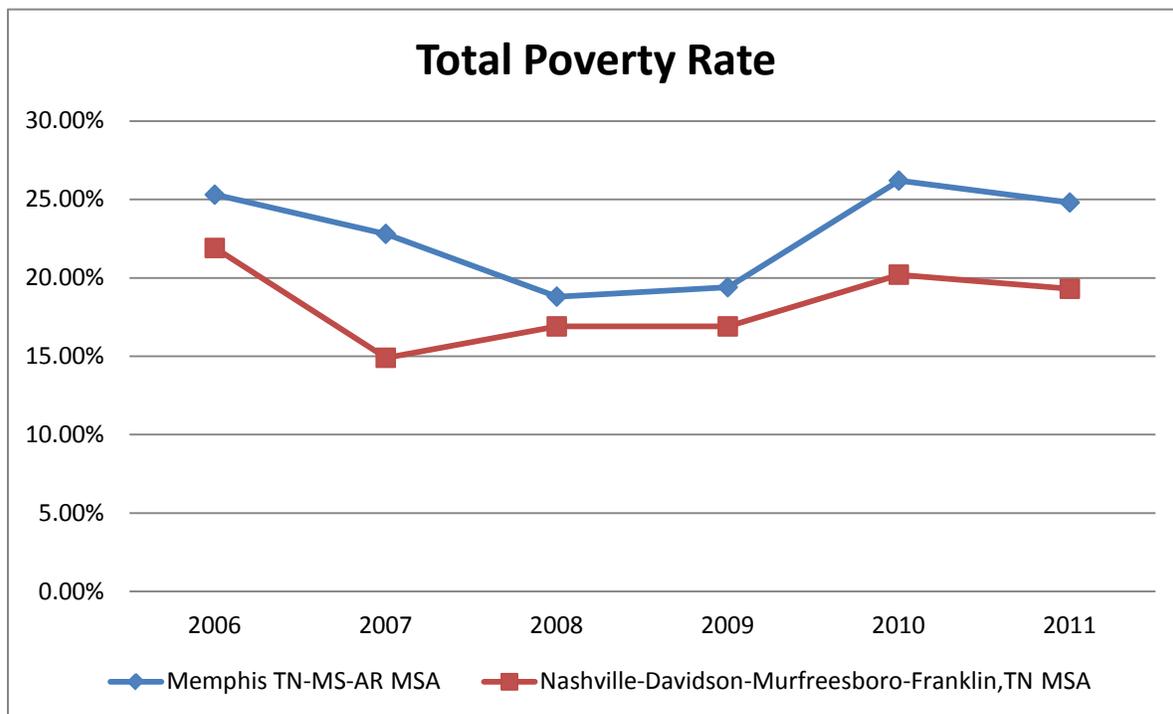
Source: U.S. Bureau of the Census

Public Service Costs

Property taxes contribute to community stability, through the balance of their cost to residents and the benefits which they provide for residents. Excessive taxes are causing citizens to become troubled, they can hardly afford to pay high taxes. Even though residents are paying high tax rates, they receive unresponsive government services that reduce household utility and business profits, restricting economic growth (Grassmueck & Shields, 2009, p. 644).

Cities with high spending and low revenue are steadily losing population. Cities with low spending and high revenue are the cities gaining population. The higher state and local taxes become, the more businesses and households will migrate elsewhere, driving away the sources of revenue for the state and local governments (Downs, 1994, p. 77). If urban governments raise and spend less money, these cities can be restored to economic health and rapid growth (Downs, 1994, p. 77).

CHAPTER 3

PROBLEM RESOLUTION

In determining which policy alternatives are best to solve metropolitan fragmentation, each policy method is examined based on their costs and benefits to a city. Cities can either use short term policies which allow a city to collect tax dollars quickly, or they can use a long term policy that will fix majority of the problems their metro area has over a longer period of time.

Short Term Policies

In addressing ways to try to bring more tax dollars back into the city, some cities have taken the initiative to try to tax those who live outside their city limits by implementing taxes such as occupation taxes, crash taxes, license plate reading taxes, and wheel taxes. Occupation taxes are privilege taxes that are imposed on businesses operating in the City and employees who work in the city. The purpose why cities use this type of tax is so they can generate funds for replacing or repairing any of the facilities and infrastructure in the city. There are several cities that use occupation taxes such as Denver, CO, Bellingham, WA, and Duluth, GA (City of Denver, 2009).

In Chicago, IL, Memphis, TN, and Gallatin, TN, there is a tax called a "wheel tax", anyone who works or parks in the city, has to buy a vehicle sticker every year. The stickers are placed on the windshield of the car, and the money from the sticker directly funds the repair and maintenance of the city's streets and roadways (City of Chicago, 2012). In addition to "wheel tax" some cities are interested in license plate readers, which allow city officials to monitor how many cars come in and out of their city throughout the week. If automobiles enter into the city more than twice a week, those individuals will be taxed. Grand Rapids, MI has already enacted

this tax, and the City of Memphis is considering this new tax (Beimfohr, 2012).

Crash taxes are a new tax that the City of Sacramento, CA is using to recover fire costs. They passed a new fire cost recovery ordinance, known as a "crash tax", making out of town drivers who are at fault in car accidents within city limits to recover expenses related to Fire Department responses (Darnell, 2011). Drivers can be billed from $435 to $2,200 for scene stabilization (Darnell, 2011). Occupation taxes, crash taxes, wheel taxes, and license plate reader taxes are all good ways to obtain immediate action to recover costs.

Long Term Policies

There is a new form of government that social scientists are calling new regionalism. It seeks to reduce inequalities that have arisen from suburbanization and to foster a collective future for residents in both the city and suburbs (Menifield & Raymond, 2011, p. 405). The idea that new regionalism holds is that it would contain growth and reduce economic disparities. It would fully combine city and suburban resources (Menifield & Raymond, 2011, p. 405). New regionalism can be carried out by either annexation or through consolidation. There are no examples of new regionalism in the United States; right now they only exist in Canada and Western Europe (Phares, 2009, p. 224).

Regional economic growth is a main concern for some policy-makers. As a result, state and local governments have established numerous strategies to foster job and income growth such as infrastructure investments, workforce training, relocation grants, and tax incentives (Grassmueck & Shields, 2009, p. 641). Economists and regional scientists have examined theoretical empirical studies in search for a better government organizational form; one particular organizational form they are interested in is called new regionalism (Grassmueck & Shields, 2009, p. 642).

New regionalism is a form of metropolitan governance; it focuses on regional economic development (Phares, 2009, p. 13). Metropolitan governance forms in the metropolis in order to control and regulate behavior and to provide services within the governed territory (Phares, 2009, p. 12). There is no empirical evidence that proves new regionalism is an effective policy, but researchers are interested in its capabilities. According to Phares (2009), new regionalism has the ability to affect the rules that govern the operation of local government, including the creation of local governments' tax and expenditure rules (p. 16). Canada has a similar approach to new regionalism where there is a multifunctional metropolitan-level institution covering a Canadian metropolitan area such as Montreal, Vancouver, and Quebec City (Phares, 2009, p. 224). Their regional districts are governed by a board of directors who are all elected members of municipal councils (Phares, 2009, p. 226). The regional district provides regional services such as public transit, water and sewage services, garbage disposal, and regional parks (Phares, 2009, p. 227). New regionalism consists of limited progress toward regional planning increase by flexibility in structuring of service production and service provision (Phares, 2009, p. 227).

Within new regionalism, formal government organizations, nonprofits, the private sector, and the community must all be included in the informal regional arrangements. It requires that voluntary cooperation should be apparent in inter-local contracts, examples would include areas in first responder communications and training, sharing personnel for code enforcement, joint purchasing of supplies, and soliciting bids for street improvements (Phares, 2009, p. 4). Metropolitan areas require an institutionalized capacity to consider regional needs and impacts well beyond the current fiscal year. Economic development planning and transportation are frequently cited as principal regional needs (Phares, 2009, p. 4).

Annexation

  Annexation is the most favored and effective tool cities have for dealing with urbanization and growth over history (Carr & Feiock, 2001, p. 459). It is generally used for jurisdictional expansion. Throughout history it has always been essential to the economic and political development of cities (Carr & Feiock, 2001, p. 459). "Municipal annexation involves adding territory and population from an unincorporated local unit to an area incorporated as a municipal government" (Carr & Feiock, 2001, p. 460). This transfer permits new services to the parcels annexed, or it can emit higher levels of already existing services. Responsibility of providing these services transfers from the county to a municipal government (Carr & Feiock, 2001, p. 460). The only way for annexation to occur is through state regulations on the ability of local governments to change their borders (Carr & Feiock, 2001, p. 460).

  Extending municipal boundaries may benefit city residents by producing economies of scale which improve the efficiency of services delivered, and by increasing the base of taxable property to support municipal services (Carr & Feiock, 2001, p. 460). Through annexation a city can also acquire additional land, businesses, and residential areas, all which could increase future tax revenues for the city (Menifield & Raymond, 2011, p. 417). Annexation may provide residents in fringe areas benefit from the extension of most services and infrastructure (Carr & Feiock, 2001, p. 460). According to Menifield & Raymond (2011), annexation overall has a positive effect on its metropolitan areas' racial and economic integration, education levels, economic growth, financial health, and political participation (p. 417).It also prevents the fragmentation of county land into smaller municipalities, thereby improving government efficiency and reducing civil service costs (Menifield & Raymond, 2011, p. 417).

  Although annexation has been utilized by most cities across the United States, it does not

always work. Sometimes annexation may cause tension by creating outside resistance from those to be annexed and from a city's current residents. Annexation might allow residents in fringe areas benefit from the extension of most services and infrastructure. But sometimes those residents may prefer lower tax and service levels, so instead of being made worse off by having to share in the costs of redistributive services that primarily benefit inner-city residents, they do not want to be annexed into the city.

Some residents view annexation as a tool that benefits cities at the expense of other local governments (Menifield & Raymond, 2011, p. 417). Opposition by residents in outlying areas and by county officials are more likely to occur where governments have made significant commitments to providing municipal-level services to the unincorporated areas of the county (Carr, 2001, p. 461). Finally, one of the biggest failures of annexation is that it has the potential to inhibit expansion of its tax base by driving residents out of the city who fear higher taxes (Menifield & Raymond, 2011, p. 417).

Some cities utilize aggressive annexation policies such as Memphis. With aggressive annexation policies in Memphis, the city hardly witnesses any improvement on the problems it tries to fix. Due to the lack of revenue, the reoccurring problems Memphis encounters are becoming quite overwhelming. According to Menifield and Raymond (2011), Memphis's total tax revenue has remained stagnant, but its expenditures have continued to rise (p. 428). Annexation of unincorporated territories and a rise in unemployment, total crime, and poverty have increased over the past forty years as well (Carr & Feiock, 2001, p. 465). Overall, annexation can have several unintended consequences that may only be realized after the process has been completed (Menifield & Raymond, 2011, p. 418).

Consolidation

Consolidation is another policy alternative. When a city consolidates, it is the unification or merger of the governments of one or more cities with the government of the surrounding territory (Menifield & Raymond, 2011, p. 415). **"**Consolidation advocates believe that public goods and services have substantial economies of scale and scope; thus, they are provided most efficiently over larger populations" (Grassmueck & Shields, 2009, p. 643).

Some policy makers believe that consolidation will reduce transaction costs and economies of scale and scope in providing public goods and services. Combining small local government units into a larger single government will reduce bureaucratic overlap, as well as inconsistent and confusing laws which result in increased government efficiency. Consolidation would reduce public policy fragmentation, creating a unified front in regional efforts to attract new firms and households (Grassmueck & Shields, 2009, p. 643).

Proponents of a consolidated system of government have market-like mechanisms in determining the efficient allocation of public resources (Grassmueck & Shields, p. 644). One argument is that the spillover of benefits from the provision of public goods and services encourages free riding by residents of neighboring governments. Consequently, government units are inclined to produce and provide public goods and services at sub-optimal levels. Consolidated government units are theorized to alleviate the problem of benefit spillovers from the local provision of public goods and services by including a larger amount of potential recipients of public goods and services benefit to compensate for their provision (Grassmueck & Shields, 2009, p. 644).

Some have considered city-county consolidation as a "cure" for fragmentation (Menifield & Raymond, 2011, p. 415). Benefits from consolidation include: reduced civil service costs,
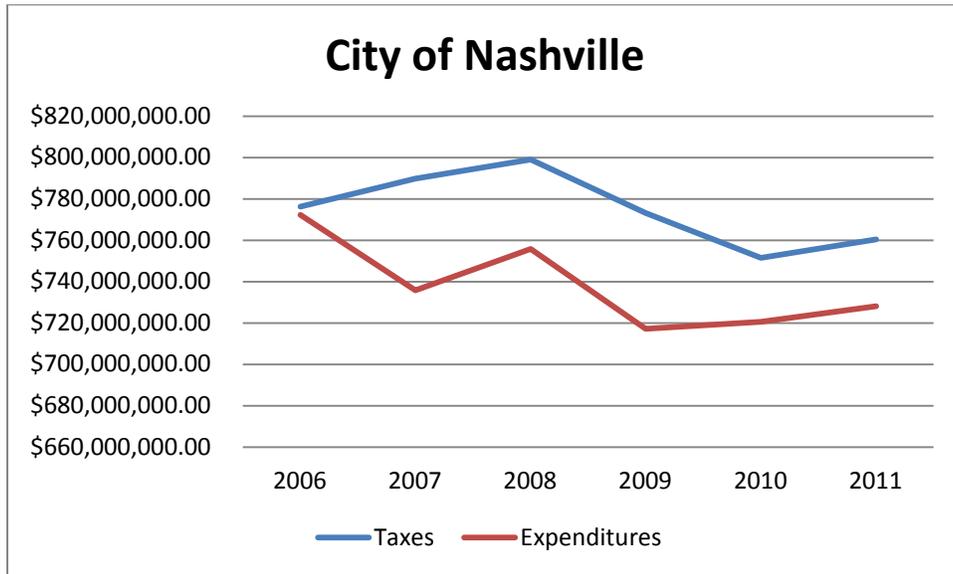
clearer governmental hierarchy and accountability, increased regional economic development coordination, expanded access to capital, and improved property values in the city (Carr & Feiock, 2001).

The City of Nashville and Davidson County consolidated in 1962. The Nashville mayor and a rival Davidson County Judge led a proposal for a major structural change (city-county consolidation). Voters outside of Nashville rejected the proposal; they did not want to pay the high taxes that existed in the city (Grant, 1964, 73). The city council members then decided to enforce an aggressive annexation, incorporating forty-three miles of residential land, gaining 82,000 residents (Grant, 1964, p. 77). Citizens were ready to consolidate their city and county governments after city council members of Nashville initiated their first large annexation. As a result of the annexation, those incorporated into the city were forced to pay higher taxes with no change in the quality of services they received. The consolidation effort was voted on again, and it finally was passed. Citizens realized they wanted fair treatment when being taxed. Once consolidation passed the high tax rate declined, and everyone in the region paid the same amount in taxes (Grant, 1964, p. 78).

Since consolidation, public services have improved. The larger tax base is keeping down costs and maintaining the public services offered by Nashville. Police and fire protection are better, streets and roads are maintained well, and residents are satisfied with the services they recieve (Menifield, 2011, p. 438). Figure 5 shows the rise in revenue and the decline in expenditures. In addition to an increase in revenue, population has also increased. Those who disapprove of consolidation believe that consolidation efforts force citizens to relocate elsewhere than staying in their city/county. Figure 6 illustrates how many people reside in a city-county

consolidated area and an aggressive annexing area.

Figure 5: Nashville Fiscal Capability, 2006-2011

City of Nashville

	2006	2007	2008	2009	2010	2011

(chart with y-axis from $660,000,000.00 to $820,000,000.00)

— Taxes   — Expenditures

Source: Nashville-Davidson 2006-2011 Comprehensive Annual Financial Report

Figure 6: Memphis & Nashville's Total Population

Total Population

(chart with y-axis from 540,000 to 700,000; x-axis years 2007, 2008, 2009, 2010, 2011)

—◆—Memphis, TN   —■—Nashville-Davidson Metropolitan Government, TN
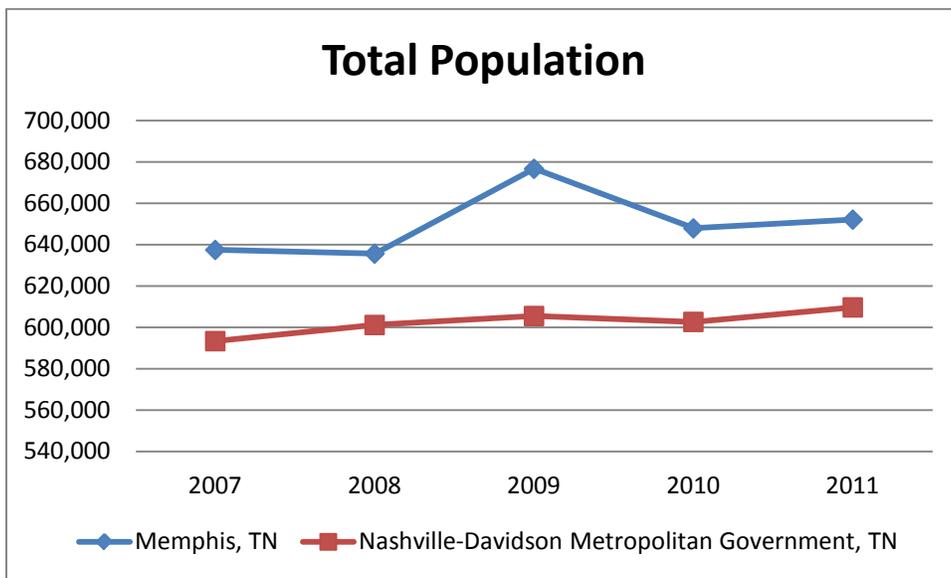
Source: U.S. Bureau of the Census

Even though consolidation does have benefits, it also has its downfalls. Several residents, especially those who live in the county, dislike consolidation; cities hardly see consolidation policies reach their referendum due to its unpopularity with voters. Concerned residents worry about sharing costs for services. Sometimes residents also worry that their quality of services will diminish just like the services in the city. There have only been twenty-seven city-county consolidation proposals approved by voters nationwide (Marando, 1972, p. 514).

Special Districts

Over the past fifty years, special districts have been the only form of government known to increasingly grow. As a political subdivision of a state, they are established to provide a single public service. These services include fire, police, recreation, water, sewer, and urban infrastructure (i.e., sidewalks, streets, storm water management, irrigation, etc.) (Billings & Carroll, 2012, p. 279). Special districts have a continuous influence on the proportion of growth that occurs in unincorporated areas, especially in suburban counties. They are to provide services on a regional basis to overcome service delivery problems. The establishment of special districts has accelerated local government fragmentation, (Dolan, 1990, p. 31). Special districts are implemented with the intent to care for the service needs of those outside municipal boundaries (Carruthers, 2004, p. 496).

Special districts have a sustained and consistent influence on part of growth that occurs in unincorporated areas, especially those in suburban counties. Increasingly, more governments employ special districts every year, while municipal and township governments have remained constant in number. The Special District approach has been favored to deal with metropolitan problems. They are independent entities that have taxing authority, debt authorization, and

expenditures to serve their residents. During their creation, the state sets up their parameters, financing, scope of services, and governance (Jepson, 2008, p. 150).

Special district services are financed through property taxes, intergovernmental grants, user charges, special assessments, and bond issues. They are governed by an elected board along with employees who manage their daily operations (Billings & Carroll, 2012, p. 278). Since special district boundaries are devised to service unmet demands, voters who may benefit from its provided services are more likely to approve its creation and additional tax imposition, than county or municipal voters who do not benefit.

"This so-called solution has perpetuated the growth of fragmentation because more units of local government are created to deal with the inadequacies and the failings of already-existing units" (Dolan, 1990, p.31). These districts are now poorly suited to cope with the complex conditions of modern life. Those seeking reform are concerned that metropolitan areas are a single entity in a socioeconomic sense and therefore should be a single unit governmentally. Governments in metropolitan areas are too fragmented and unstable in its policy making to manage its money and implement its programs coherently. The popularity of special districts has contributed to rising government fragmentation. Their sole purpose is to supply special services to areas that have no services. They indirectly hinder urban sprawl, but directly maintain fragmented government (Billings & Carroll, 2012, p. 274).

CHAPTER 4

DISCUSSION

Fragmentation in the metropolitan creates problems politically, economically, and socially. Citizens and public leaders such as mayors, council members, and alderman all are concerned with who gets what in a fragmented area. Citizens and public leaders are the political actors that influence what policies get chosen to fix the problems their community endures. This section includes the political, economical, and social concerns that metropolitan residents have with metropolitan fragmentation.

Political Concerns

Public officials are concerned about fragmentation. They believe that it creates too much competition; it reduces local government revenues way beyond efficient levels (Grassmueck & Shields, 2009, p. 644). The politics of fragmentation often entails factors such as tax rates, services, and land usage. Political fragmentation affects development patterns by dividing land use authority among numerous individual jurisdictions. It promotes growth in unincorporated territory, which, in turn, leads to additional fragmentation (Carruthers, 2002, p. 478).

Municipal fragmentation exerts a significant outward push, an outward push that city officials dislike. Fragmentation grows more powerful with distance from the urban core (Carruthers, 2002, p. 491). Local municipalities are making it easier for people to pursue lifestyle choices, especially when people can avoid paying the full costs of their goals (Carruthers, 2002, p. 477).

Large cities like Memphis have considered alternate policies be set into place to solve problems caused by fragmentation and sprawl, but it has been difficult to get residents and public
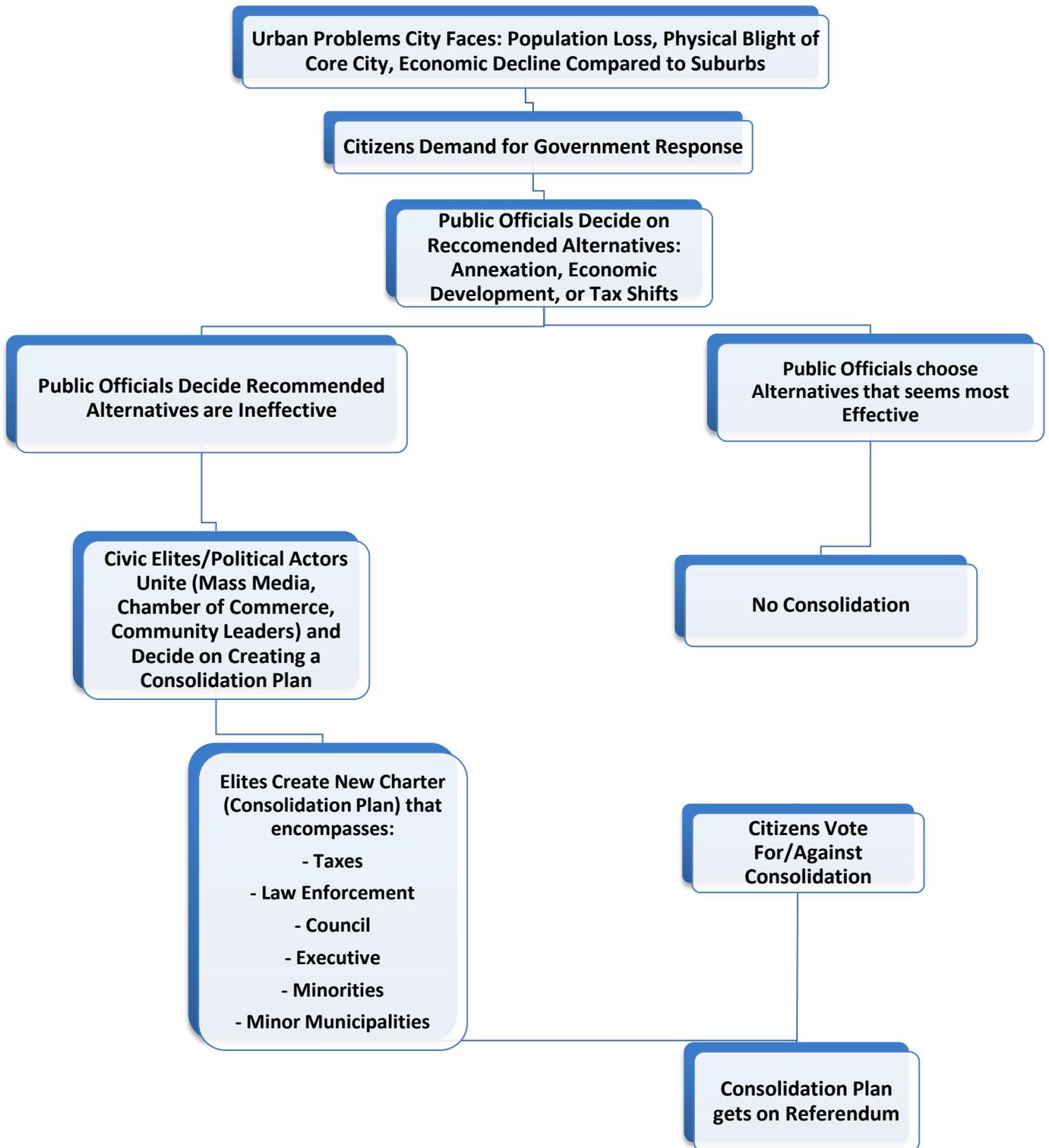
officials to agree on which policy method to use. In Memphis's case, annexation has always been utilized to solve fragmentation and sprawl, but conditions are continuing to worsen. One major issue in Memphis other than sprawl and fragmentation is the shape their school district is in. Memphis city schools are ranked the lowest in the area and the city is trying to fix the discrepancies' their schools face (McMillin, 2012). Since residents and government officials have not been able to agree on consolidation or to set up a special district for Shelby County to take over, they have given up their charter, forcing Shelby County to take over their school district.

Now the suburban towns that exist in Shelby County are in court. They are trying to set up their own special school district in Shelby County to keep city children out of their schools. Several Shelby County residents fear that merging city and county schools together under one district will allow special school districts and smaller towns to merge with the Shelby County School District in the future, forcing the Shelby County School Board to restructure their governing board (McMillin, 2012).

Identical to the reform processes that have taken place in the City of Memphis and the City of Nashville, other cities with the same problems vote on whether to implement new policies to reform their government. Reforming government depends on the vote of public officials and residents in a metropolitan region. Many people are unsure of the after effects of city-county consolidation, so they vote to push other policy efforts instead of consolidating government. People are not fond of consolidation since there are not a lot of existing facts regarding consolidation efforts. So the political process of trying to get consolidation passed becomes difficult. Figure 7 shows the process of how such policies are voted on once it gets on the referendum.

Figure 7

Referendum Process of Consolidation

Urban Problems City Faces: Population Loss, Physical Blight of Core City, Economic Decline Compared to Suburbs

Citizens Demand for Government Response

Public Officials Decide on Reccomended Alternatives: Annexation, Economic Development, or Tax Shifts

Public Officials Decide Recommended Alternatives are Ineffective

Public Officials choose Alternatives that seems most Effective

Civic Elites/Political Actors Unite (Mass Media, Chamber of Commerce, Community Leaders) and Decide on Creating a Consolidation Plan

No Consolidation

Elites Create New Charter (Consolidation Plan) that encompasses:

- Taxes

- Law Enforcement

- Council

- Executive

- Minorities

- Minor Municipalities

Citizens Vote For/Against Consolidation

Consolidation Plan gets on Referendum

As adapted to Leland & Thumaier, 2000, p. 21

Economic Concerns

Having several local governments in a metropolitan area creates uneven distribution of fiscal resources among the many local governments in a metropolitan area. The disparities in levels of service among central cities and suburban jurisdictions are economically inefficient. Public services are unable to encompass all areas that need that particular service, and also there is too much spillover of costs and benefits of the services provided (Beckman, 1966, p.96). For example, with more people moving out into the county, more children attend county schools. The numbers of children continue to rise every year causing county schools to become overcrowded. The schools gain profit from the increase of tax dollars, but they do not have enough money to keep up with the amount of children who now attend their schools.

Once these new areas form their own local government they need to find ways to maintain a stable government by pursing economic development strategies. Governments are providers of public goods and in order to supply such goods they have to use tax revenues to supply such services to both households and firms (Grassmueck & Shields, 2009, p. 642). Local governments provide businesses with an educated workforce, transportation infrastructure, police and fire services, etc., other public services include roads, libraries, parks, education system, etc. (Grassmueck & Shields, 2009, p. 642).

Social Concerns

There are arguments that fragmented government creates a socio-economic divide among the residents who reside in the metropolitan area. Most of the residents found in the central city come from a poor economic background and are mostly minorities. Those residents found in the suburban and unincorporated areas are generally Caucasian and are from middle to upper-class

backgrounds. According to Menifield & Raymond (2011), these economic differences, a divide

emerges; with those who can afford public services, end up receive better public services (p.

413). While those who cannot afford public services, end up receiving poor services. In figure 8,

Memphis and its surrounding cities serve as a great example of the racial disparities that exist in

metropolitan areas.

Figure 8: Memphis MSA Racial Disparities
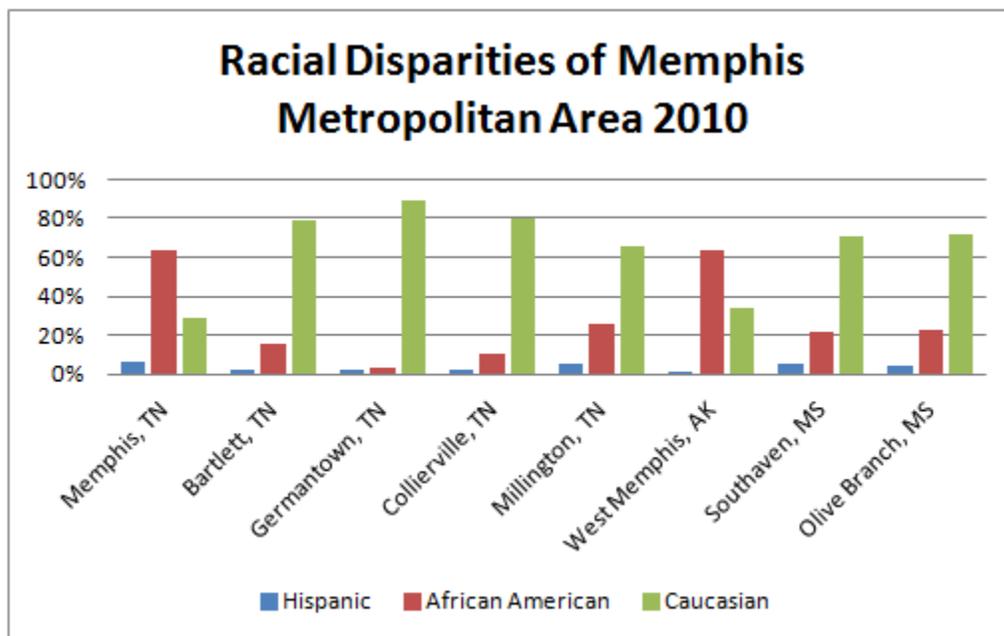
Source: U.S. Bureau of the Census www.census.gov

CHAPTER 5

CONCLUSION

In conclusion, after reviewing the different policy approaches cities often use, creating a new policy to solve metropolitan fragmentation would be ineffective since there is a good policy method already in place. Through establishing city-county consolidation policies, large metropolitan areas should work on building metropolitan governance rather than city and county governance. Focusing on the region as a whole, between the local government level and the state (city and county) addresses the fact that there is a gap at the metropolitan regional level not found in the U. S. federal system (Phares, 2009, p. 12). Geographically individual municipalities, counties, and special districts cover only a fragment of the region; no one is responsible for the whole, but someone should be. The region should be responsible for the transportation infrastructure, environmental issues, cross local jurisdictional boundaries, and making regional action on air quality (Phares, 2009, p. 5).

Cities can take a short term approach if they are seeking to obtain tax dollars from out of town residents. Occupation taxes, crash taxes, license plate reader taxes, and wheel taxes are all good methods to tax individuals who utilize city services. Also, every large city may suffer from the same urban problems such as sprawl, urban blight, and economic downturn, but each city is different; they have different residents who may look at their problems differently compared to the views of other residents in other cities. The findings in this paper may not be suited for all large metropolitan cities, since every city is different.

Through city-county consolidation, there is a clearer governmental hierarchy and accountability, increased regional economic development coordination, expanded access to capital, and improved property values in the city (Carr & Feiock, 1999, p. 483). City-county

consolidation is proficient in reducing the deteriorating tax base which will increase a city's long-term economic stability and its overall viability (Menifield & Raymond, 2011, p. 404). Once enacted, it would contain growth, reduce economic disparities and racial segregation, and ultimately combine city and suburban resources (Menifield & Raymond, 2011, p. 405). City-county consolidation is efficient and effective in meeting long term goals. It combines all of the resources offered by each individual municipality, lowering the public service cost, living costs, and civil service costs.

City-county consolidation is the best long term policy for metropolitan cities to choose to solve metropolitan issues, rather than choosing annexation or special district policies. City-county consolidation allows a city to become more cost effective by building revenue overtime and by lowering expenditure rates overtime. Whereas annexation and special districts reinforces the problems metropolitan areas are trying to resolve.

There is evidence that through annexation cities can acquire more land and sometimes more residents. Annexation policies also contain the ability to improve government efficiency by extending a city's boundaries, bringing in more tax dollars, reducing civil service costs, and preventing fragmentation of county land into smaller municipalities (Menifield & Raymond, 2011, p. 417). But, annexation in large metropolitan areas like Memphis usually ends up driving citizens further out into the unincorporated county increasing the chance for more governments to emerge. Annexation is merely a tool that does not fix the urban problems the city has, but making problems worse. If a city in a metropolitan area decides to set up special districts, they are not going to solve their problems. Once a city creates a special district they can provide areas with better public services, but they will still be reinforcing fragmentation since special districts have their own governing board of the service it provides to an area (Dolan, 1990, p. 31). It is in

the best interest of citizens and central-city to enforce consolidation efforts.

City-county consolidation efforts have failed to pass referendum in several cities, but today, consolidation is appearing more than it did in the past. Consolidation offers a city greater control over the revenue it needs to provide services to its citizens. The few cities that have consolidated with its county are seeing a steady improvement, Nashville is a prime example. While expenditures remain stable, revenue is steadily increasing overtime. In the City of Nashville and their city-county consolidation efforts have proven that city-county consolidation is an effective policy. Large metropolitan areas that witness the same problems and have similar demographics as Memphis and Nashville should consider consolidation to reduce fragmentation and sprawl. Overall, metropolitan fragmentation is a growing problem for cities in the United States, such as cities like Memphis, St. Louis, Miami, and so on. The increasing number of people leaving the city, rising economic disparities, and the lack of public services is creating the need for a new policy to set into effect. City-county consolidation is strongly recommended to solve problems caused by metropolitan fragmentation.

A single over-arching government can combine resources to provide citizens with cheaper civil services and a more effective government (Menifield & Raymond, 2011, p. 415). Consolidation will lead to improved public services through greater availability of economies of scale, greater coordination of services, reduction in the inequalities of financial burdens, and the legal capability to create area wide solutions to regional problems (Calabrese, Cassidy, & Epple, 2002, p. 29). Reducing fragmentation and sprawl are crucial to help reduce expenditures and increase revenue.

Government needs to adopt a reform policy, if they do not the problems will continue to get worse. The local governments that exist in the metropolitan area need to come together and

figure out a way to fix these reoccurring problems. Public officials need to find a policy that will reduce fragmented government and urban sprawl. Metropolitan governance does not require a unique governmental structure, but it can be achieved through voluntary cooperation among the major players in the metropolitan area (Phares, 2009, p. 13).

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