

Organizational Meeting Education Task Force

Mayor Willie W. Herenton



March 17, 2005

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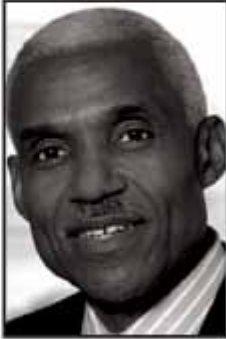


Funding our schools

Memphis Mayor Willie Herenton has pledged to revive a comprehensive school reform plan created last year by a task force he appointed. Herenton was critical in a New Year's Day speech of a new plan to reform school funding put together by Shelby County Mayor A C Wharton. Herenton's "single-source" funding plan is the more complex of the two. Here are the key points of both plans:

The Wharton Plan would:

- create a "needs assessment" committee to determine the capital funding needs of the



Memphis and Shelby County school districts, with an emphasis on accountability.

- eliminate the average daily attendance (ADA) funding formula for capital needs, a major factor behind the county's growing debt. For every \$1 the County Commission raises for county school construction, it must give \$3 to city schools.

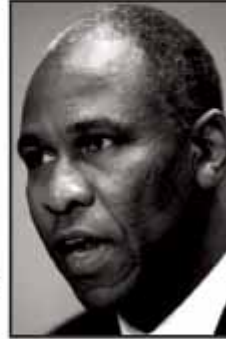
- provide funding for the county school system's proposed high school in Arlington.

- transfer several county schools in areas annexed or soon to be annexed by Memphis to the city system as credit for the high school's construction costs.

- develop a city-county attendance zone agreement.

The Herenton Plan would:

- shift the operational costs of both school systems to the county, phasing out the portion of the Memphis



property tax rate for education, 86 cents. Meanwhile the portion of the county property tax rate for education would rise by at least 81 cents.

- establish a new funding formula for operations based on enrollment, not attendance, and provide more operating dollars for both systems.

- create separate taxing districts for capital funding, eliminating the ADA formula. Memphis residents would pay the capital costs for city schools, and people living outside Memphis would finance county schools.

- establish a pre-K program for all "at-risk" 4-year-old children, about 9,000 in all.

- grant the county school system special school district status as well as establish permanent operating boundaries between the city and county school systems.

By Frank Bertelt

Suburban viewpoints



"This is the same song (Herenton) sang a year ago . . . My feeling is, let's give (Mayor Wharton's) plan a fair look. I think we should work with the county mayor and the county commission to see if we can fix some of these old problems."

– **Bartlett Mayor Keith McDonald**



(The Wharton approach) is "entering into a dialog that is productive. Certainly, when someone brings to you something that offers a solution that has not been apparent before and says: 'What do you think about this,' that truly opens the way for good dialog and discussion and consideration. . . . I'm trying to recall if at any time (over the last year) we had communication (with Herenton) that encouraged a discussion rather than a reactive mode."

– **Germantown Mayor Sharon Goldsworthy**



"It was kind of perturbing to me. We have seven municipalities in Shelby County, and all of us are unique. . . . We try to work together. It appears to me that he's thrown down the gauntlet and said: 'It's going to be my way or no way.' "

– **Millington Mayor George Harvell**



"I have a tremendous amount of respect for Mayor Herenton. But he has a way of putting things in a way that kind of antagonizes people. . . . When he starts talking like that, I just turn (him) off. . . . I don't want to get irritated by the whole thing."

– **Lakeland Mayor Scott Carmichael**

Shelby County Unified School System Proposal

*A new beginning in reform, academic
excellence and financial accountability for
the public education of all children in
Shelby County.*



March 2005

Overview

- Governance Model
- Five Districts and Citizen Advisory Boards
- Board of Education: Nine Members
- Specialized Areas: Education and Administration
- Financial Impacts
- Benefits

Proposed Unified School System Highlights

- **Five School Districts**

- Approximately 41 schools each with 32,000 students.
- District Superintendent with Deputy Superintendents for elementary, middle and high schools.
- Citizen Advisory Boards.

- **Nine Member Board of Education**

- Develop and direct strategic policies aimed at increasing student achievement.
- Provide policy directives.

Proposed Unified School System Highlights

- **Centralized School System**
 - Headed by Shelby County Chancellor of Education
 - Associate Chancellor for Education Policy and Administration (Chief Education Officer)
 - Chief Administrative Officer
 - Provides a professional centralized focus on student improvement.
- **District Advisory Boards**
 - Elementary, middle and high school PTAs.
 - Direct relationship with District Superintendent's staff.

**PROPOSED
Shelby County School System
Board of Education**

**General Counsel &
Office of
Legal Services**
Labor Relations, Auditor
General, Ethics, & Conflicts

Chancellor

Deputy Chancellor
Education, Policy, &
Administration
Curriculum & Instruction,
Research, Testing
Evaluation, Instructional
Support, Special Programs,
Technology, Careers &
Education, Exceptional
Children's Programs,
Optional Schools

**Chief
Administrative
Officer**
School Safety &
Planning,
Human Resources,
Communications,
Strategic
Partnerships,
Intergovernmental
Relations,
Athletics

Deputy Chancellor
Finance & Administration
School Facilities,
Comptroller Fiscal Affairs,
Information Technology,
Purchasing, Compensation &
Benefits, Nutrition Services,
Transportation

**District 1
Superintendent**

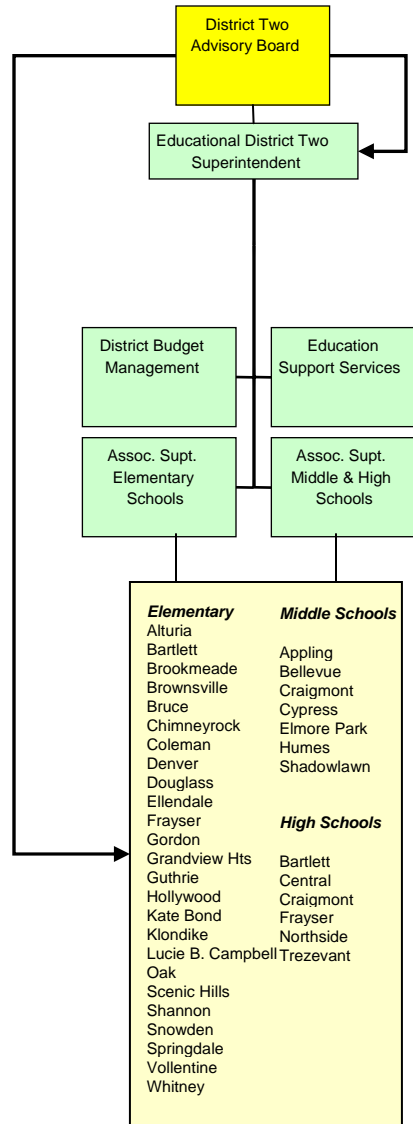
**District 2
Superintendent**

**District 3
Superintendent**

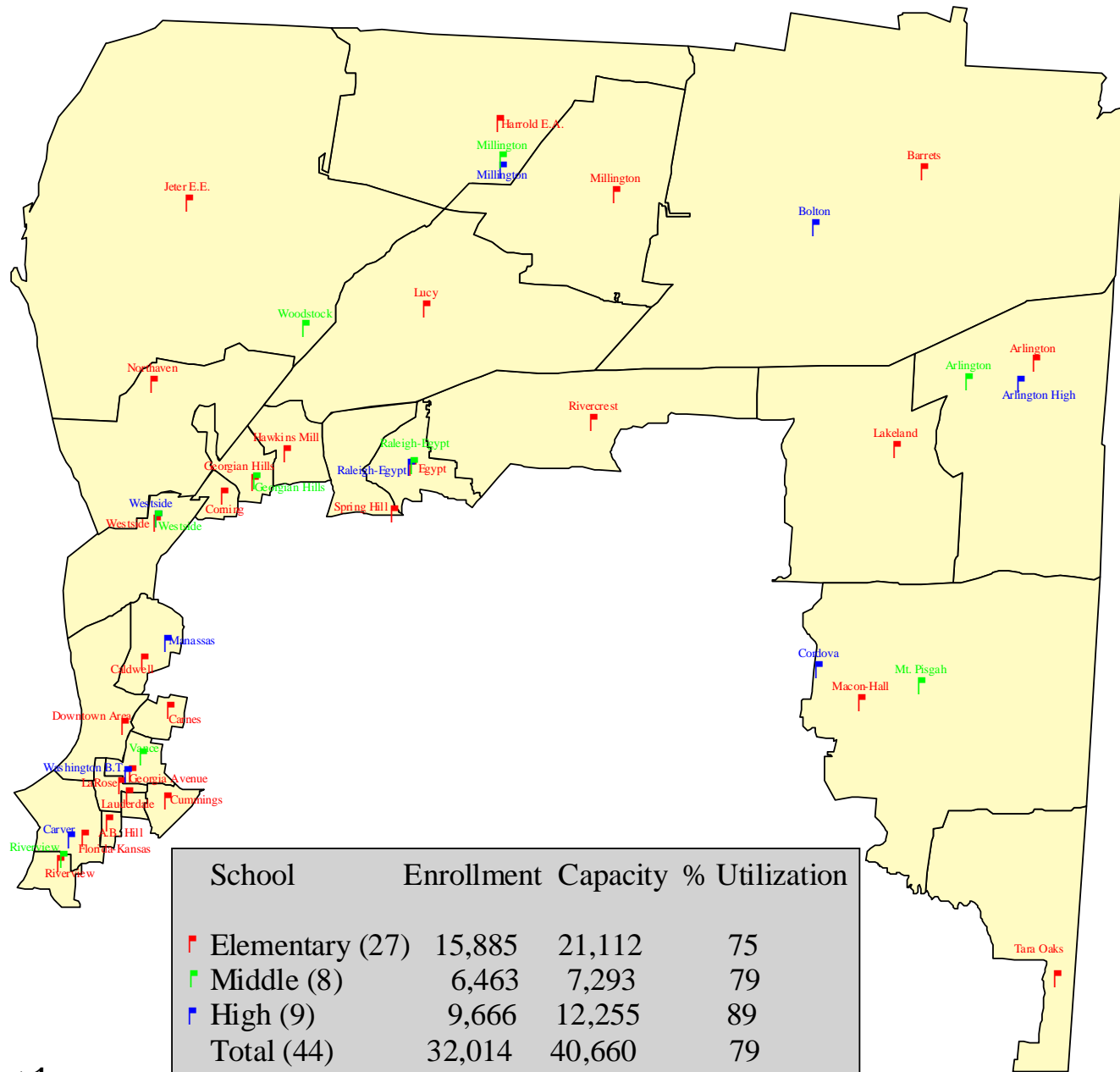
**District 4
Superintendent**

**District 5
Superintendent**

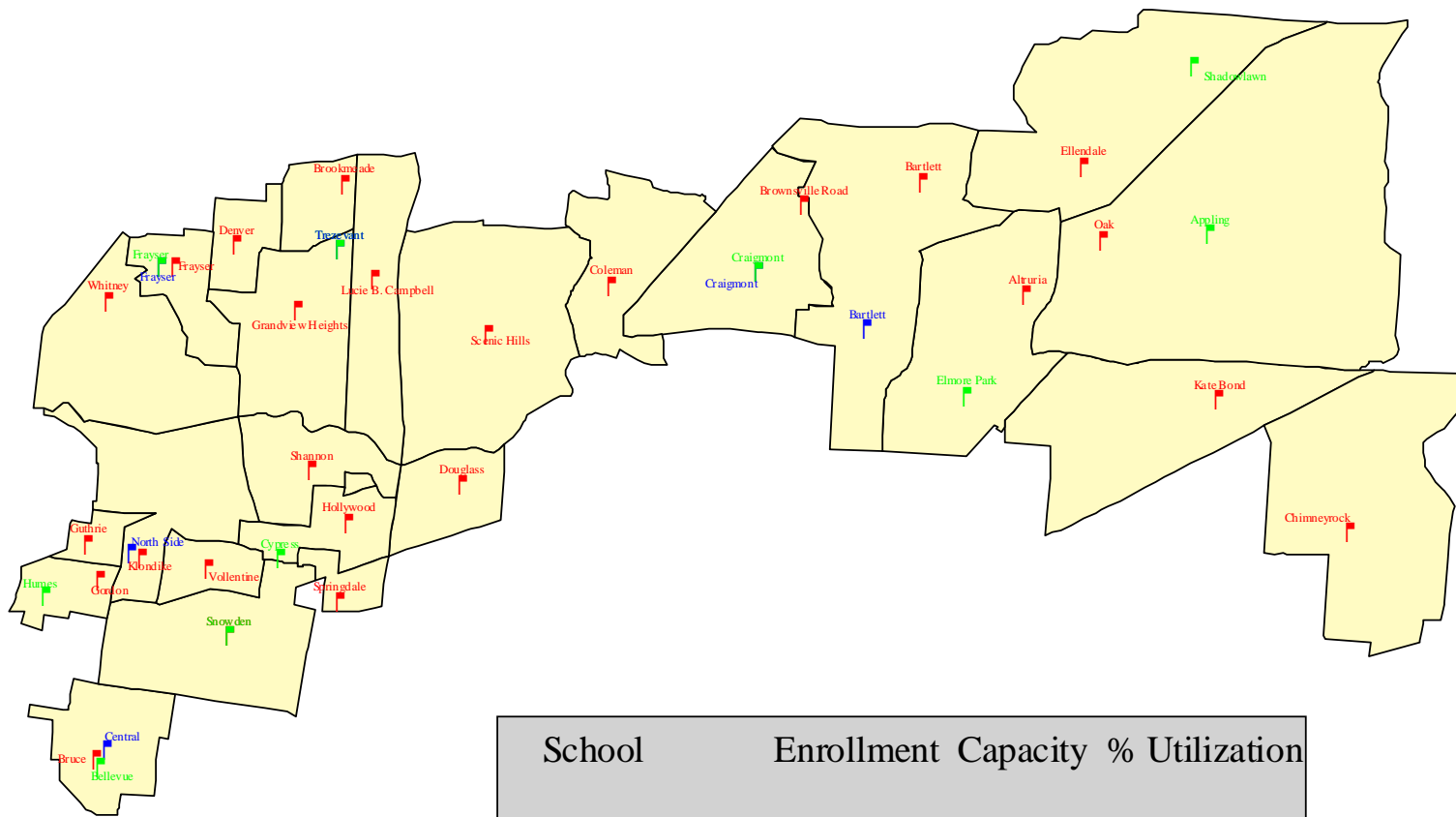
EDUCATIONAL DISTRICT STRUCTURE



Note: This structure is replicated for all five districts

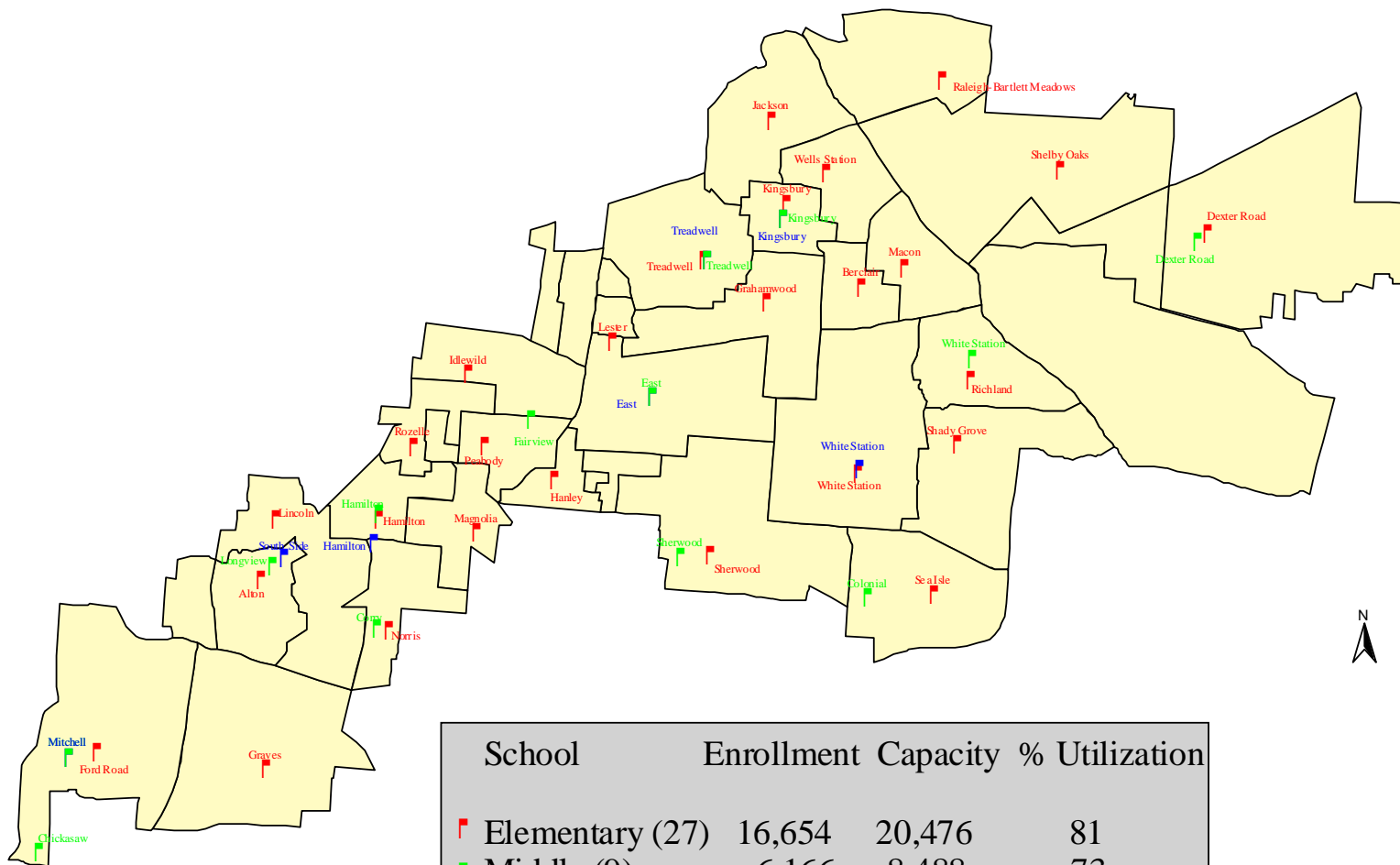


District 1
Shelby County Unified School System

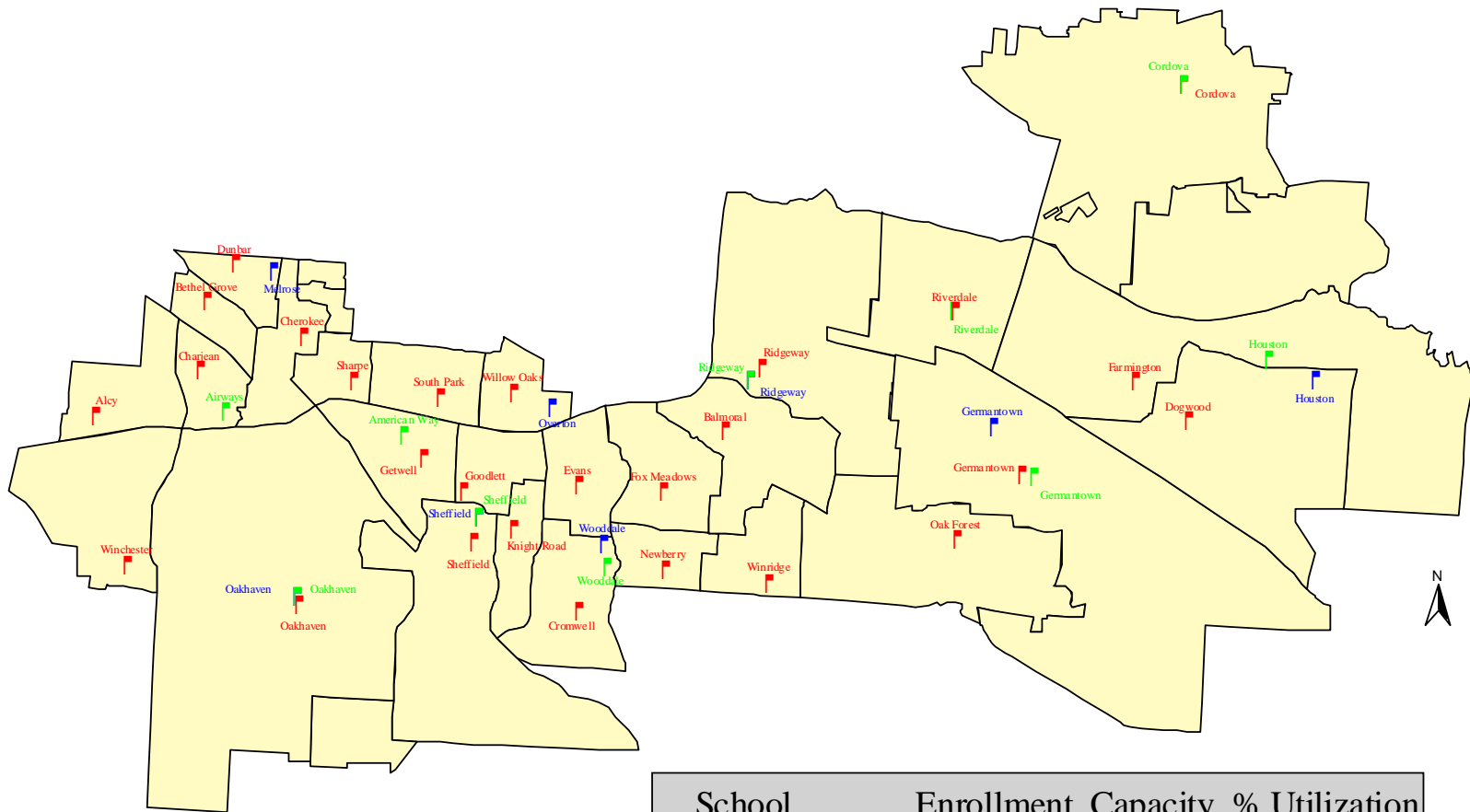


School	Enrollment	Capacity	% Utilization
█ Elementary (25)	15,865	20,513	77
█ Middle (7)	5,622	6,503	86
█ High (6)	8,324	9,220	90
Total (38)	29,811	36,236	82

District 2
Shelby County Unified School System

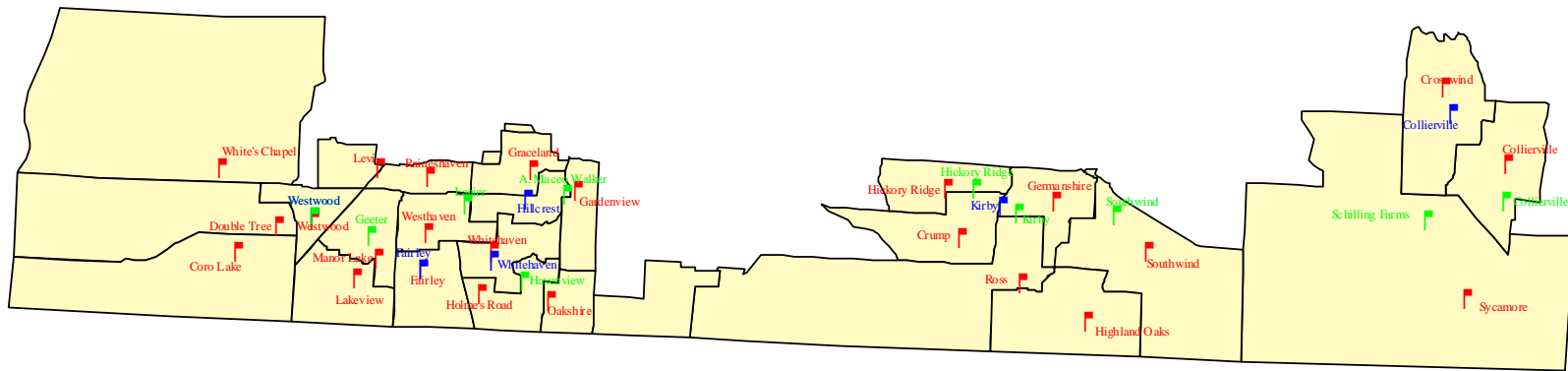


District 3
Shelby County Unified School System



School	Enrollment	Capacity	% Utilization
Elementary (27)	16,132	19,613	82
Middle (7)	6,427	7,259	89
High (8)	11,679	12,080	97
Total (42)	34,238	38,952	88

District 4
Shelby County Unified School System



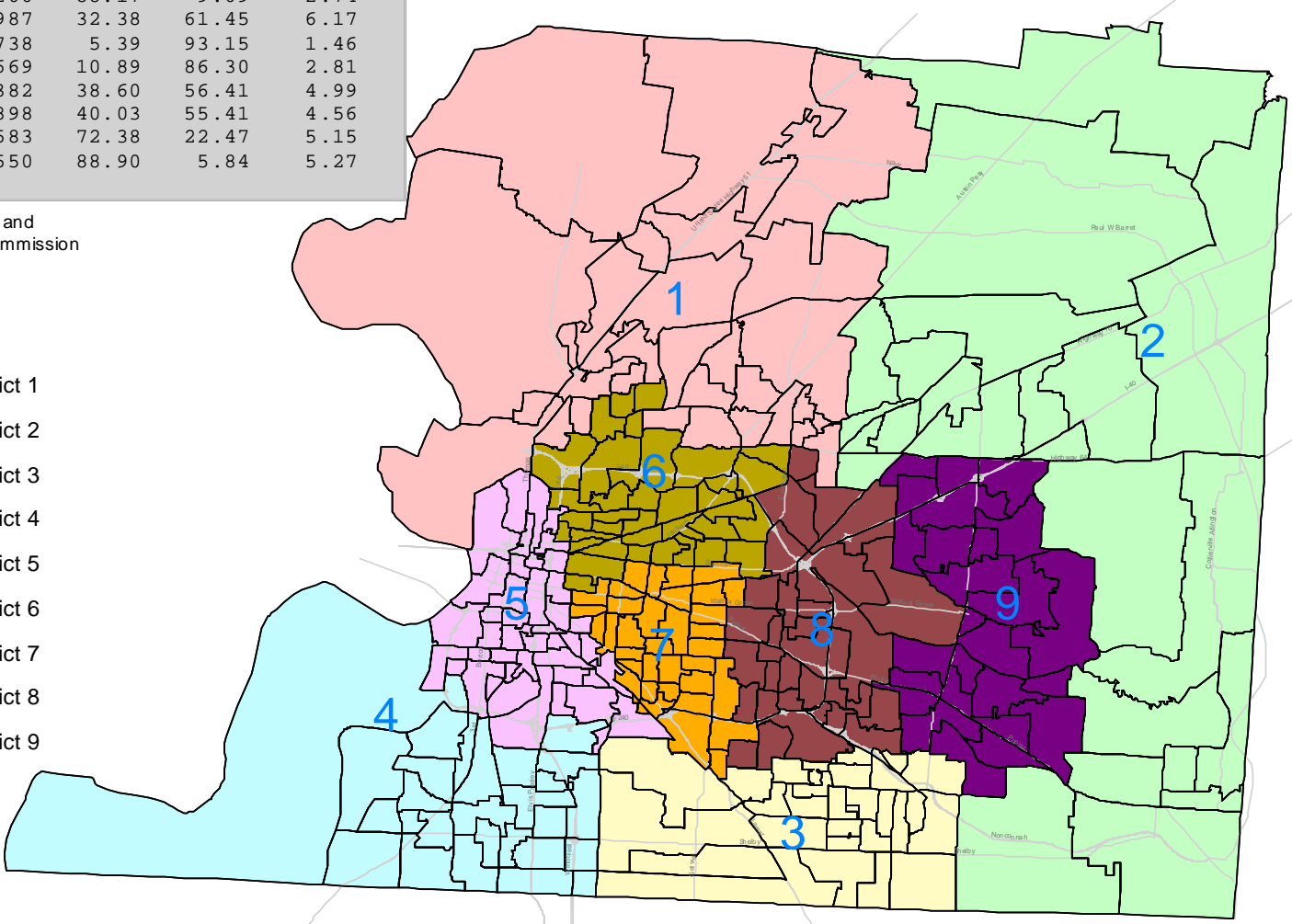
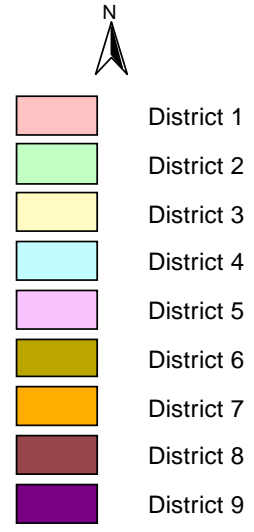
School	Enrollment	Capacity	% Utilization
█ Elementary (25)	16,318	20,150	81
█ Middle (9)	8,201	9,238	89
█ High (6)	8,026	8,615	93
Total (40)	32,545	38,003	86

District 5
Shelby County Unified School System

Proposed Nine Member Board of Education Shelby County School System

District	Total	White%	Black%	Other%
1	98,465	48.52	47.81	3.66
2	100,200	88.17	9.09	2.74
3	101,987	32.38	61.45	6.17
4	98,738	5.39	93.15	1.46
5	98,669	10.89	86.30	2.81
6	100,382	38.60	56.41	4.99
7	98,898	40.03	55.41	4.56
8	100,583	72.38	22.47	5.15
9	99,550	88.90	5.84	5.27

Source: Census 2000 SF1 and
Shelby County Election Commission



Memphis & Shelby County Division of Planning and Development, March 01, 2005

Proposed Shelby County Unified School System Board of Education

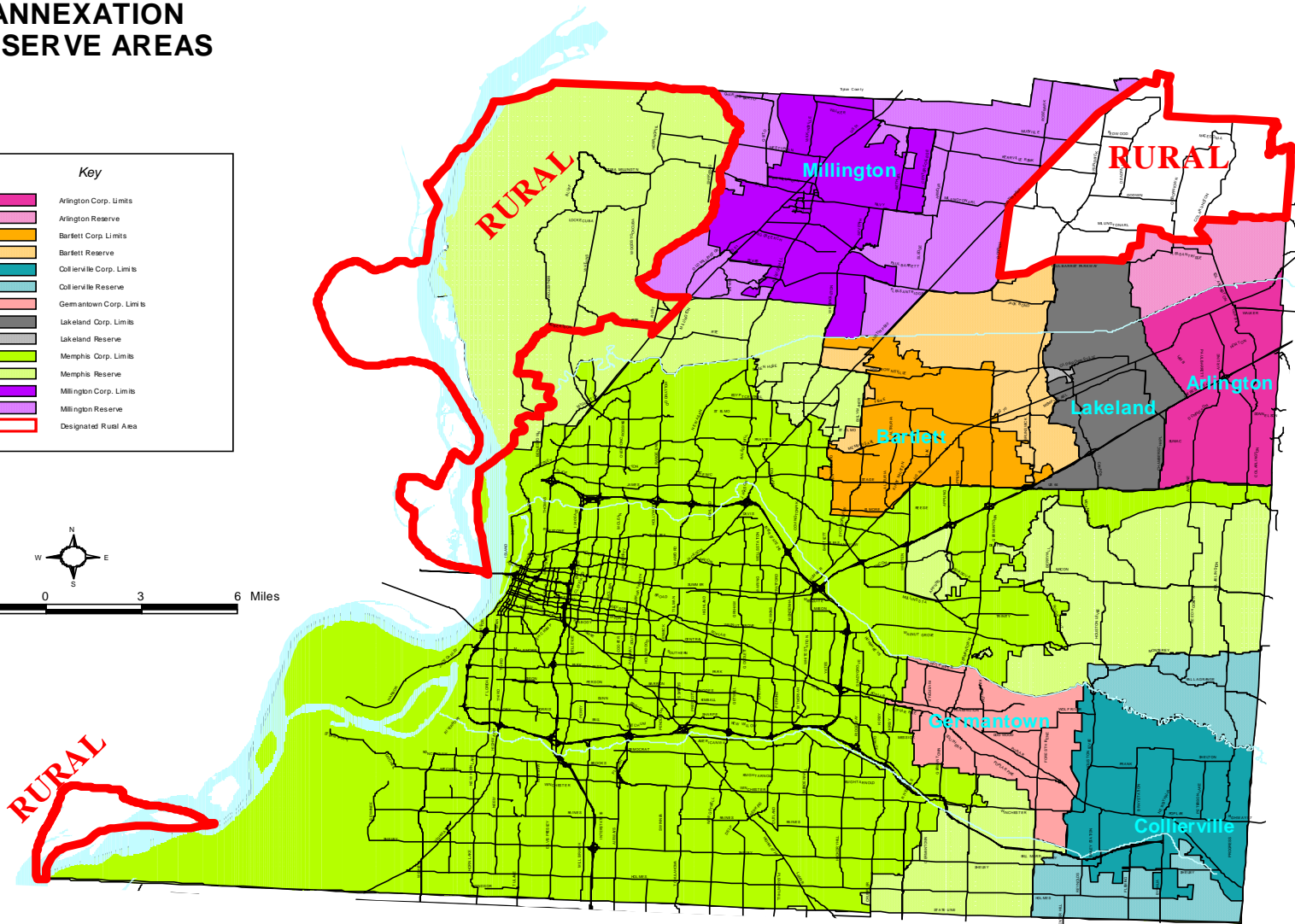
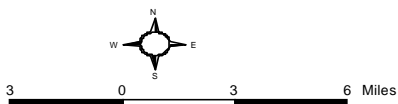
- Nine Members elected from single member districts.
- Develop strategic policies relating to improved academic performance.
- Review performance of schools, districts, and system for student academic improvement.
- Focus on major issues and development of policy.

Proposed Shelby County Unified School System Board of Education

- Review the effectiveness of highest level staff positions.
- Meet with Advisory Boards of each District on a periodic basis.

ANNEXATION RESERVE AREAS

Key	
	Arlington Corp. Limits
	Arlington Reserve
	Bartlett Corp. Limits
	Bartlett Reserve
	Collierville Corp. Limits
	Collierville Reserve
	Germantown Corp. Limits
	Lakeland Corp. Limits
	Lakeland Reserve
	Memphis Corp. Limits
	Memphis Reserve
	Millington Corp. Limits
	Millington Reserve
	Designated Rural Area



Cartographic Services Provided by:
 Memphis and Shelby County Division of Planning and Development
 Sources:
 Memphis and Shelby County Division of Planning and Development
 Shelby County Municipal Governments

December 22, 1999, Updated with new Memphis Annexation of Countrywood/Eads, Hillshire, and Southeast Area, January 2003, Getwell West, November 2004
 Rural Area amended in 2003 by consent Decree
 Updated annexations of Millington, January 2004, and Bartlett and Lakeland, December 2004

Map Printed on February 11, 2005

Impact of City of Memphis Annexation Policy

- In December 1998, all the municipalities in Shelby County and Shelby County Government prepared and adopted the Shelby County Growth Plan.
- Each city developed its own growth plan based on how each individual city expected to grow over a 20 year period.
- The seven cities developed and formally agreed upon future areas which could be reserved for annexation by each city.

Impact of City of Memphis Annexation Policy

- Except for the extreme northeast portion of the County (above Arlington and Lakeland) all remaining unincorporated land was assigned to a municipality.
- Annexations by smaller suburban cities have no impact on the school systems.
- Annexations by the City of Memphis result in the movement of students from the County system to the City system.

MCS/SCS Memphis/Full Annexation

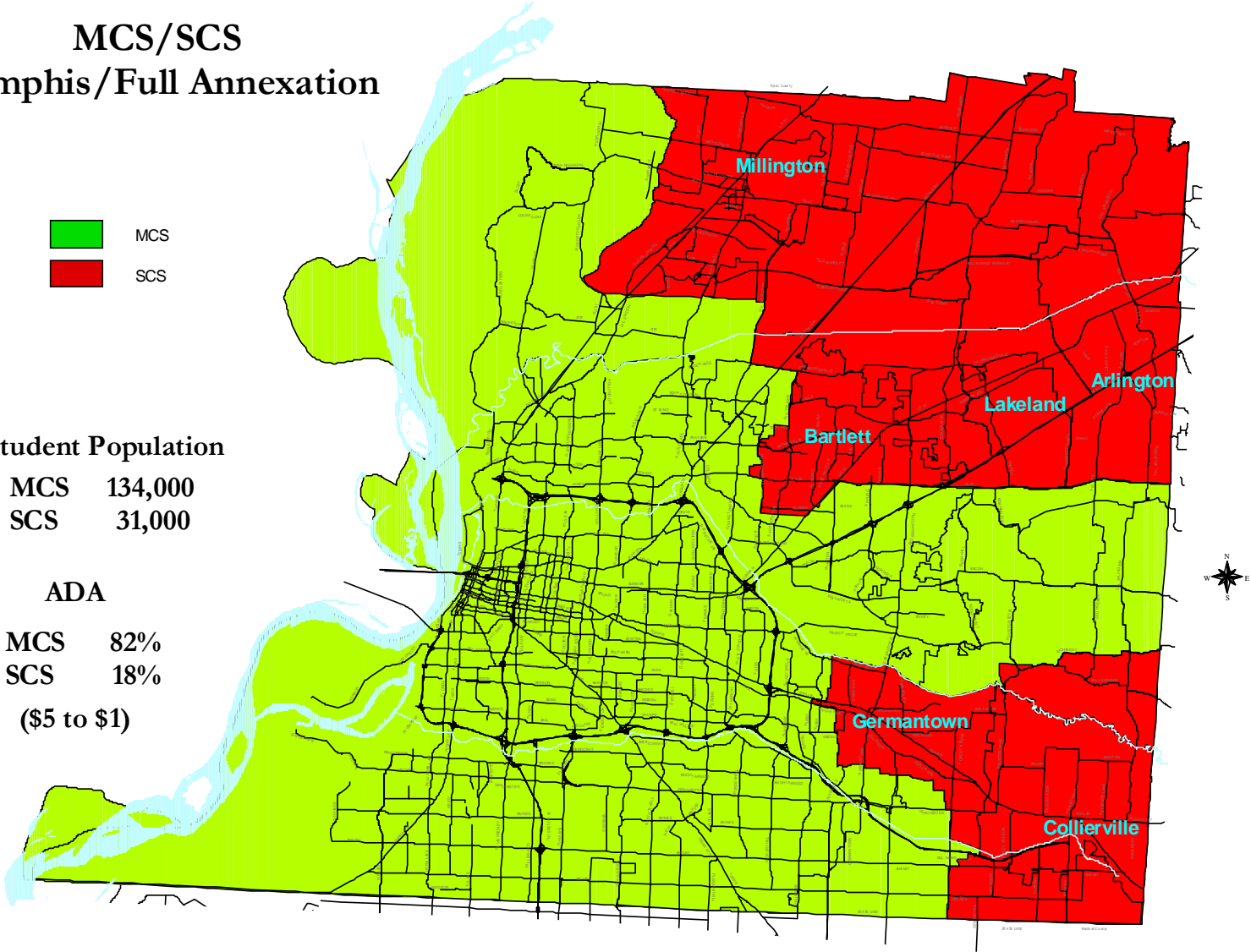


Student Population

MCS 134,000
SCS 31,000

ADA

MCS 82%
SCS 18%
(\$5 to \$1)



MCS/SCS Current Boundaries

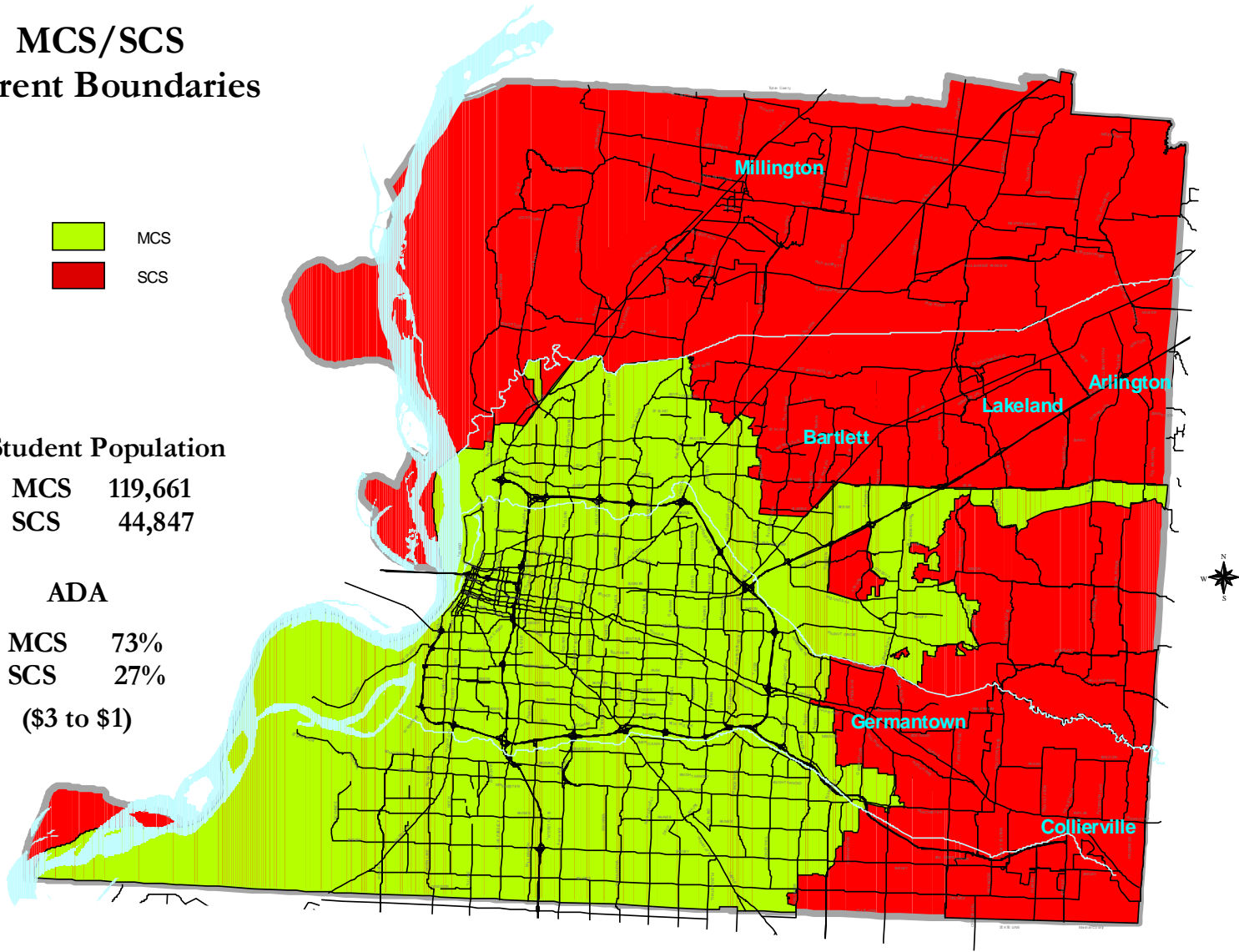


Student Population

MCS 119,661
SCS 44,847

ADA

MCS 73%
SCS 27%
(\$3 to \$1)



10 Year Student Enrollment Trends

- The County system has declined 1.23% over 10 years from 45,383 students in 1996 to 44,847 students in the current year
- Conversely, the City system has increased its enrollment almost 10% from 108,894 in 1996 to 119,661 in 2005
- Twenty-five year projection shows Shelby County Schools declining approximately 27% and Memphis City School gaining approximately 21%.

Enrollment Trends 1996-2005

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Projected 2020
Shelby County	45,383	46,230	47,213	48,770	44,189	44,882	44,610	45,436	47,042	44,847	33,000
Memphis City	108,946	109,883	110,537	111,139	115,878	115,878	117,207	116,868	115,846	119,661	132,000

Ten Year Change 1996-2005	
Shelby County	-1.23%
Memphis City	9.95%
25 Year Projection	
SCS	-27.3%
MCS	+21.2%

NOTE:

Projected 2020 population is based on current growth patterns which are held constant for illustrative purposes.

Financial Impacts

- System Costs
 - Operating
 - ADA Formula Impact over 20 Years
- Taxpayer Costs
- Savings to Memphians

Operating Expenditure Data for School Systems in Tennessee¹

Year	Shelby County	Memphis	Davidson	Hamilton ²	Knox	Madison
1995	158,865,418	495,667,744	355,637,489	195,106,200	215,110,319	67,445,561
1996	173,878,939	533,590,711	366,609,196	200,880,910	230,074,771	67,529,280
1997	187,765,675	559,213,291	391,318,570	216,844,682	241,820,043	72,845,430
1998	201,445,860	578,334,032	419,825,069	210,641,757	270,292,677	72,845,430
1999	218,118,768	622,998,782	435,207,986	228,196,611	273,322,466	79,091,015
2000	224,174,479	701,554,905	440,606,110	245,213,227	290,396,790	80,307,038
2001	240,492,416	735,191,107	450,325,489	255,866,048	287,009,592	84,628,200
2002	250,940,272	789,181,202	487,104,065	263,836,513	307,625,059	88,872,210
2003	267,313,267	838,516,093	515,681,503	270,614,355	317,078,309	89,124,469
2004	303,774,394	965,216,528	617,018,825	313,771,137	354,615,469	101,278,817

	Shelby	Memphis	Davidson	Hamilton	Knox	Madison
Operating Expense Increase 1995-2004	91.21%	94.73%	73.50%	60.82%	64.85%	50.16%
Cost per Student Increase 1995-2004	78%	81%	72%	76%	63%	49%

Notes:

¹All urban school districts in Tennessee are consolidated except for Shelby County.

²Chattanooga and Hamilton County merged in 1997. Per student averages are based on State of Tennessee Report Card.

Source: Tennessee Department of Education, Tennessee State Comptroller's Office.

**Memphis Annexation Schedule
ADA Formula Impact Over 20 Years**

	Curent School System	2010 Boundaries	2015 Boundaries	2020	Full Annexation
MCS	119,661	126,000	129,000	132,000	134,000
SCS	44,847	39,000	35,000	33,000	31,000
ADA Formula					
MCS	73%	76%	78%	80%	82%
SCS	27%	24%	22%	20%	18%
ADA Ratio	\$3 to \$1	\$3 to \$1	\$3 to \$1	\$4 to \$1	\$5 to \$1

NOTE:

Student total includes Optional School students.

Total student population held constant for illustrative purposes.

**Shelby County Taxpayers
Comparative Summary**

<u>City/County</u>	<u>Current Combined Tax Rate</u>	<u>% Difference vs. Memphis</u>
*Memphis	\$7.27	
Shelby County	\$4.09	-44
Arlington	\$5.09	-30
Bartlett	\$5.47	-25
Collierville	\$5.54	-24
Germantown	\$5.79	-20
Lakeland	\$4.09	-44
Millington	\$5.32	-27

***Memphis taxpayers pay substantially more
than all other taxpayers in Shelby County.**

Taxpayer Equity

	Existing System		New System	
	City	County	City	County
G. Fund	\$1.67	\$1.31	\$1.53	\$1.31
Debt Service	\$0.69	\$0.70	\$0.69	\$0.70
Schools	\$0.86	\$2.03	\$0.00	\$2.65
CIP	\$0.01	\$0.00	\$0.01	\$0.00
Total	\$3.23	\$4.04	\$2.23	\$4.66
Combined City Rate	\$7.27		\$6.89	

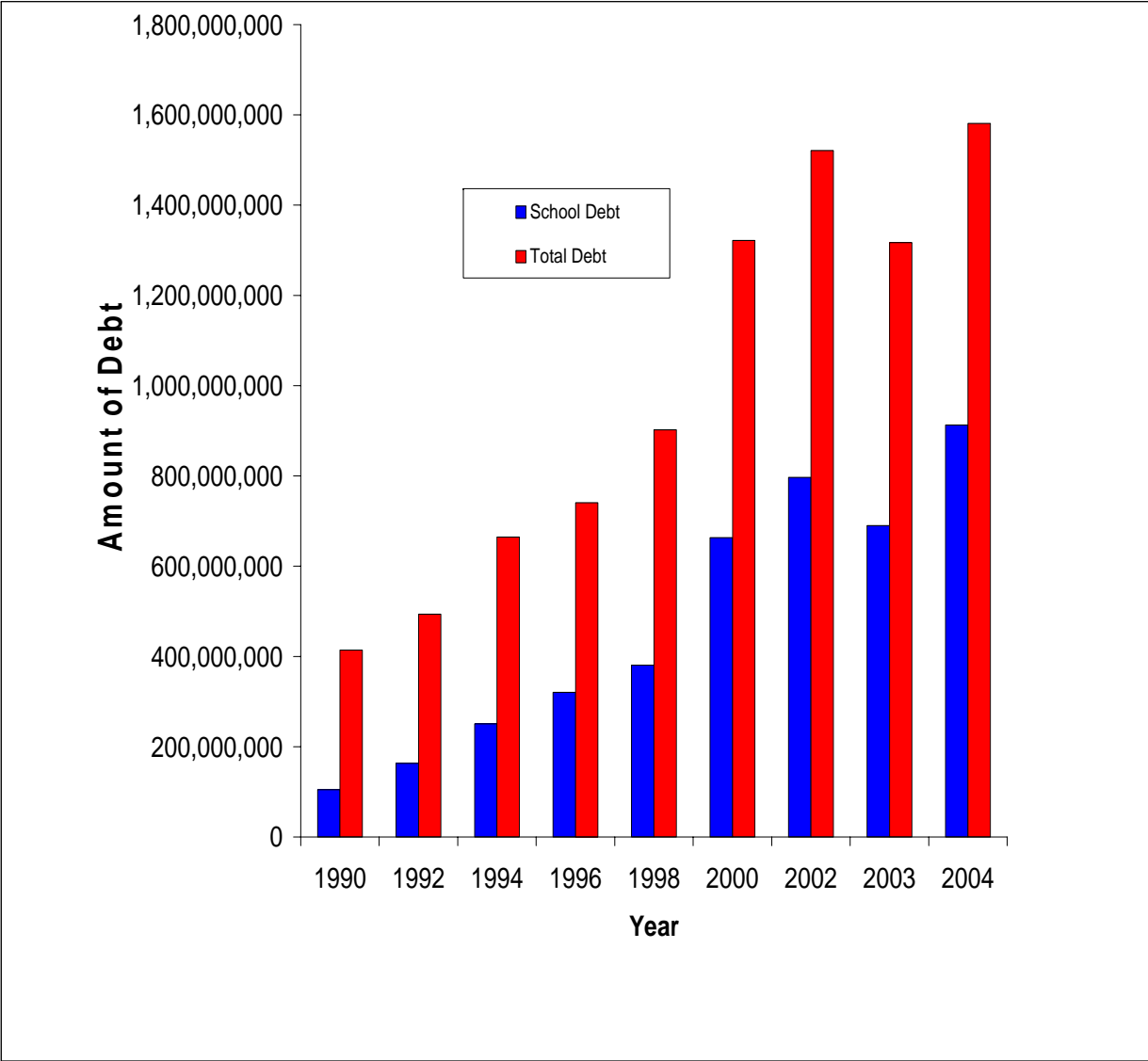
Memphians save \$.38.

Notes:

¹ Shelby County residents who live outside the Memphis City Limits pay an additional .05 for a rural school bond assessment.

² If the school system unifies Shelby County residents will continue to pay the \$.05 assessment until the debt is retired.

Schools & Shelby County Debt



<u>Year</u>	<u>School Debt</u>	<u>% Increase</u>
1990	104,845,316	
1992	163,133,832	55.59%
1994	250,376,076	53.48%
1996	320,483,309	28.00%
1998	380,772,904	18.81%
2000	663,434,809	74.23%
2002	796,658,087	20.08%
2003	689,737,629	-13.42%
2004	913,093,850	32.38%
Period % Increase		870.90%

<u>Year</u>	<u>Total Debt</u>	<u>% Increase</u>
1990	413,906,086	
1992	493,654,562	19.27%
1994	664,595,175	34.63%
1996	740,358,967	11.40%
1998	902,396,669	21.89%
2000	1,321,500,000	46.44%
2002	1,521,172,362	15.11%
2003	1,317,097,361	-13.42%
2004	1,580,998,223	20.04%
Period % Increase		381.97%

Operating Expenditure Projected Cost Estimates For Years 2003-2007 (In Millions)

	Memphis City	Shelby County	Total
Actual 2003	\$ 838.5	\$ 267.3	\$ 1,105.8
Add: Leveling Up Impact			58.8
Personnel Cost Savings (See Exhibit A)			(2.2)
Actual 2003 If Consolidated			\$1,162.4
Projected 2004	897.7	288.6	1,186.3
Projected 2005	961.1	311.6	1,272.7
Projected 2006	1,028.9	336.5	1,365.4
Projected 2007	1,101.6	363.3	1,464.9
Projected 2008	1,179.4	392.2	1,571.6
Projected Totals	<u>\$5,168.7</u>	<u>\$1,692.2</u>	<u>\$ 6,860.9</u>

Assumptions:

- (1) Eleven year historical annual average expenditure increase of 7.06% for Memphis City Schools.
- (2) Eleven year historical annual average expenditure increase of 7.97% for Shelby County Schools.
- (3) Shelby County Schools teacher and pupil leveling up.

Other positions in the new structure will be absorbed from the existing two structures and potential cost enhancement opportunities should be realized going forward.

Exhibit A
(In Millions)

Increase in Salary Expense:

Chancellor	\$	225
CAO		175
Deputy Chancellor-E,P & A		150
Deputy Chancellor-F & A		150
5 Superintendents @ \$100k		500
9 Board Members @ \$5k		45
Total	\$	1,245

Decrease in Salary Expense:

2 Superintendents	\$	280
5 Associate Superintendents (4)		500
16 Board Members (4)		80
Finance & Administration		1,400
Administration		1,200
Total	\$	3,460

Net Annual Salary Decrease \$ (2,215)

Benefits of Proposed Unified School System

- New Governance Focus on:
 - Quality Education, Curriculum & Instruction
 - Financial Administration & Business Operations
 - Integrity & Accountability
- Maximize the Best Qualities of Both Systems
- Reduction in Duplication of Services

Benefits of Proposed Unified School System

- **Operational and Capital Stability: Allowing Focus on Education as Opposed to Jurisdictional Boundaries and Related Funding Disputes.**
- **Better Countywide Coordination and Use of all School Facilities and Services.**
- **Equity and Fairness in Costs to All Taxpayers.**

Major Issues Vital to the Success of a Total Community

Presented by:

Mayor Willie W. Herenton



February 9, 2005

Major Issues Vital to the Success of a Total Community

- Migration and Income
- Property Taxes
- Retail Sales
- Shelby County Debt
- Education and Schools
- Metro/Functional Government
- Action Plan

Migration & Income

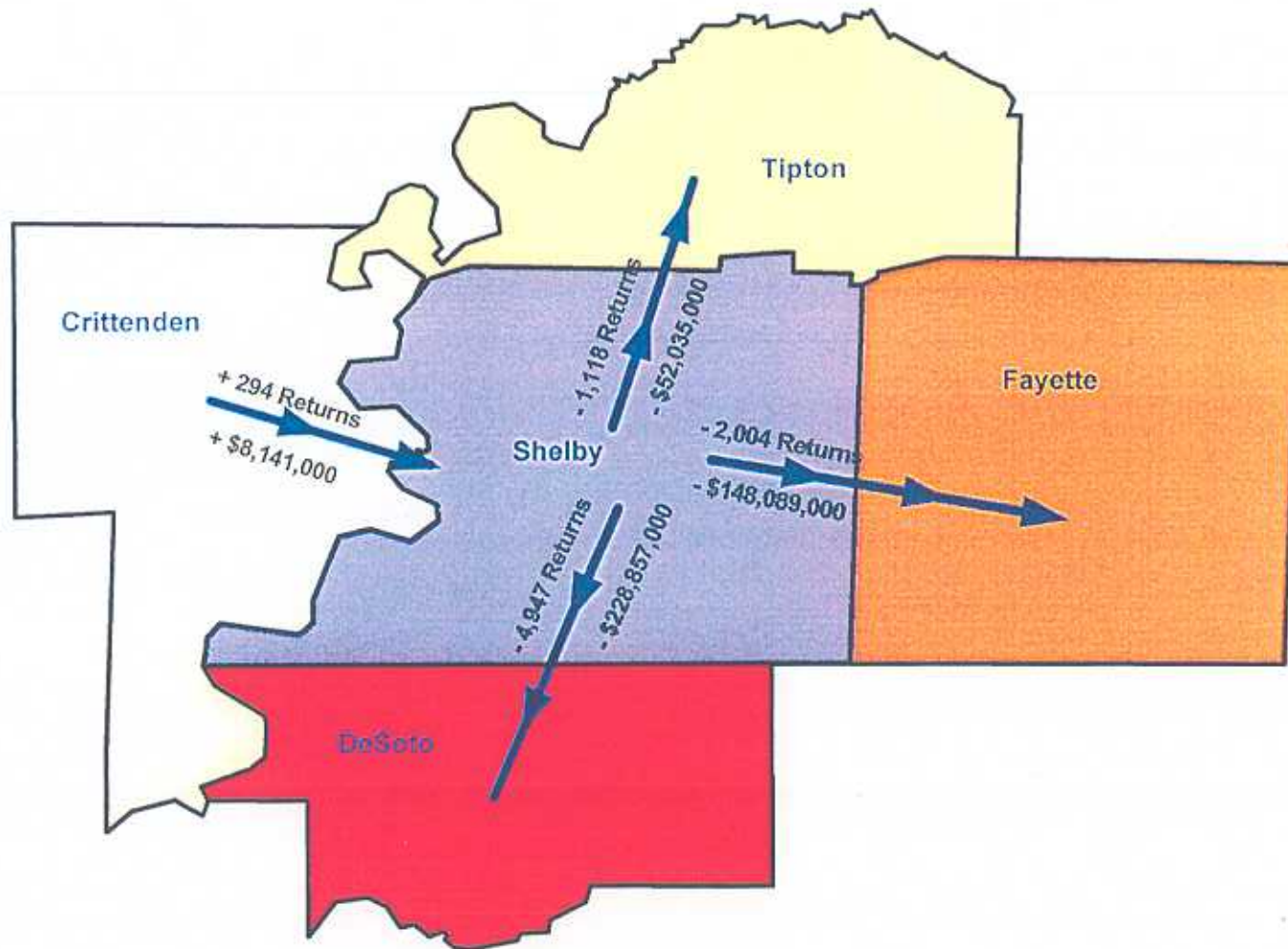
1995-2000

Metro Area	Net Migration	Net Income Change
Atlanta	229,559	\$3.6 billion
Charlotte	89,868	\$2.1 billion
Dallas	156,416	\$1.9 billion
Nashville	37,707	\$851,286,000
Indianapolis	22,220	\$97,160,000
Birmingham	7,036	\$66,977,000
Memphis	5,771	(\$89,711,000)
Louisville	1,664	(\$271,129,000)

MIGRATION TO OTHER REGIONS

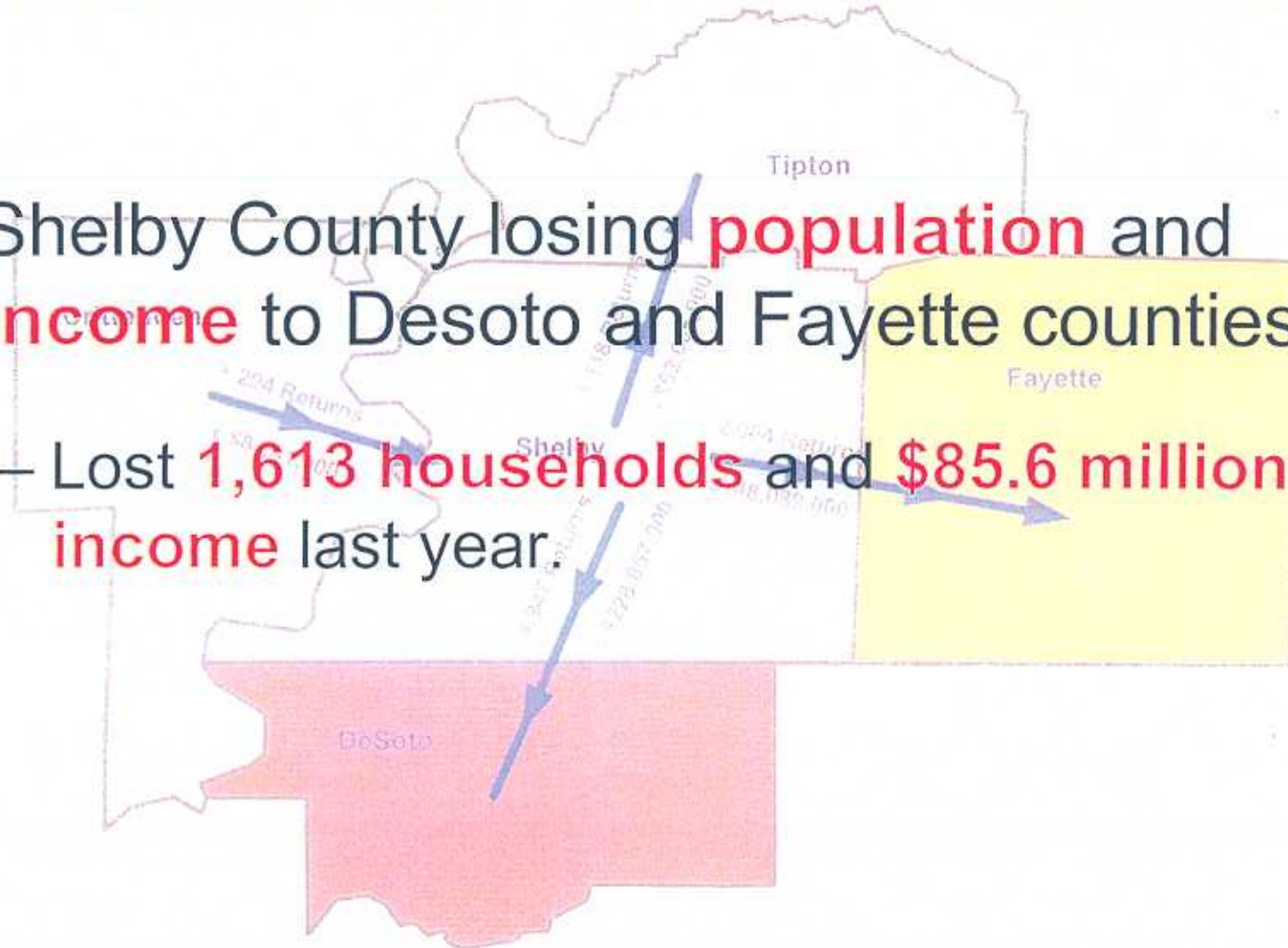
- Small increases in population in past 5 years (Memphis, 5,771; Nashville, 37,707)
- **Lost \$89.7 million of net income; Nashville increased \$851.2 million.**
- Income loss reduces retail sales; increases dependence upon property taxes.
- Memphis' property tax rate about 53% higher than Nashville's.

MIGRATION WITHIN REGION



MIGRATION WITHIN REGION

- Shelby County losing **population** and **income** to DeSoto and Fayette counties.
 - Lost **1,613 households** and **\$85.6 million in income** last year.



Property Tax Rates: Tennessee Cities

CITY	1998	2000	2003	% CHANGE 1998-2003	STATE RANK
Memphis	5.59	6.91	7.27	30.05	1
Germantown	4.29	5.01	5.79	34.97	3
Knoxville	5.62	6.36	5.66	0.71	4
Collierville	4.29	5.01	5.54	29.14	6
Bartlett	4.11	4.83	5.47	33.09	7
Nashville	4.24	4.24	4.58	8.02	28

PROPERTY TAX RATES

- Four **cities in Shelby County are on the list of top 10** cities in Tennessee with the highest property tax rates.
- The County tax rate is the primary reason the city and county's combined tax rates are so high.

Retail Sales Trends (\$ Millions)

County	1998	1999	2000	2001	%Change
Shelby	\$10,599	\$11,291	\$11,531	\$11,537	8.8%
Desoto	\$1,129	\$1,251	\$1,356	\$1,529	35.4%
Crittenden	\$488	\$525	\$693	\$633	29.7%
Tipton	\$255	\$272	\$272	\$267	4.7%
Fayette	\$89	\$99	\$103	\$104	16.8%
Total	\$12,562	\$13,439	\$13,955	\$14,072	12.0%

RETAIL SALES

- The migration of households and income to Desoto and Fayette Counties is an indicator of **retail sales migration to these areas.**
- The decline of major malls and relocation of retailers are evidence of this decline.
- Retail sales taxes are a primary source of education funding.
- Retail sales in **Desoto and Crittenden County increased by more than \$500 million** from 1998 to 2001 **(If this occurred in Shelby County it would amount to \$11.2 million in additional revenue).**

Shelby County Debt

	<u>School Debt</u>	<u>Total Debt</u>
1990	\$104,845,316	\$ 413,906,086
1992	\$163,133,832	\$ 493,654,562
1994	\$250,376,076	\$ 664,595,175
1996	\$320,483,309	\$ 740,358,967
1998	\$380,772,904	\$ 902,396,669
2000	\$662,434,809	\$1,321,500,000
2002	\$796,658,087	\$1,521,172,362
2003	\$850,187,314	\$1,594,417,362

Shelby County Debt

- Since 1990, **Shelby County debt** has risen at the alarming rate of more than **400%**.
- More importantly, the rate of growth in the **schools component of debt has increased more than 800%** during the same time period, largely due to the ADA funding formula.

The seal of the State of Tennessee is faintly visible in the background. It is a circular emblem with the words "THE GREAT SEAL OF THE STATE OF TENNESSEE" around the perimeter and the year "1796" at the bottom. In the center, there is a figure holding a staff and a bow, with a plow and sheaves of wheat below.

Forming a Metropolitan Government

The Hows and Whys of Local Government
Consolidation in Tennessee

Tennessee Advisory Commission on Intergovernmental Relations
Staff Information Report
September 2003

The Hows and Whys of Local Government Consolidation in Tennessee

Introduction

Since November 3, 1953, when Tennesseans amended their state constitution to allow for local government consolidation, the option of metropolitan government has existed. Yet, in nearly half a century, just a handful of counties have attempted to merge – and only three succeeded.

In 1998, the Tennessee General Assembly made local government consolidation a little bit easier by allowing a citizen-driven petition to launch the consolidation process. That's why the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) has published this booklet – to educate Tennessee residents and local government officials about consolidation and metropolitan government and to explain the state's consolidation laws and their amendments.

Tennessee Public Chapter 1101 of 1998 did a whole lot more than make consolidation more attainable. This groundbreaking legislation requires unprecedented local government teamwork. The law outlines a strategy for cities and counties to cooperatively plan for their futures. If ever the time was ripe for communities to consider whether consolidation is right for them, it's now.





Steps Toward Consolidation

The process of local government consolidation in Tennessee can be broken down into five broad steps.

Step 1. The Exploratory Committee (optional)

As an initial step toward possible adoption of metropolitan government, many communities choose first to establish an exploratory committee.

Though an exploratory committee isn't required by law, there are good reasons to use this approach. The committee can:

- help determine whether there's sufficient support to proceed to the next step – formation of a charter commission.
- serve an educational function by holding public meetings to obtain citizen input and determine possible benefits of consolidated government.
- recommend procedures for the formation of a charter commission, since the law gives three options.

Step 2. Creation of the Charter Commission

Unlike the exploratory committee, creation of a charter commission is **required** by state law. There are three ways a charter commission can be established:

1. by adoption of a resolution by the county and the county's principal city (the principal city is determined by population). Both governing bodies must adopt a similar resolution by a majority vote of the quorum. The resolution should state that "a metropolitan government charter commission is established to propose the consolidation of all or substantially all of the government and corporate functions of the county and its principal city and the creation of a metropolitan government for the administration of the consolidated functions." Other cities may also be included, or they may choose not to participate (see Page 12). The resolutions must state whether the members of the charter commission will be chosen by the county and city mayors and confirmed by their respective governing bodies, or whether the charter commission will be elected by a countywide at-large election. If the community goes the election route, the 10 candidates receiving the most votes are elected.
2. by a private act, passed by both houses of the Tennessee General Assembly. The Legislature introduces the private act upon the recommendation of all local governments involved. The private

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act then must be approved by a two-thirds vote of the county and the principal city governing bodies *or* by a countywide referendum. The advantage of the private act is it allows for the charter commission to be structured differently from what general statutes call for – thus allowing for representation on the charter commission that reflects local desires. For example, when cities other than the principal city want more representation, a private act can allow for that. When Sullivan County and the cities of Kingsport, Bristol, and Bluff City established a charter commission in 1987, they used this method.

3. by a voter petition. This is the recent change in state law that allows for a citizen-driven initiative. A petition must be signed by qualified voters in the county equal to 10 percent of the number of votes cast in the last gubernatorial election. The petition must be certified by the county election commission. Upon certification, the petition becomes the consolidation resolution and is delivered to the county governing body and the governing body of the principal city for adoption. Those two governing bodies must decide within 60 days how to select the charter commission members. If a decision isn't made, then the charter commission members will be elected in a countywide election. If the decision is made to appoint the members, the county mayor must appoint 10 members and the mayor of the principal city must appoint 5 members. (The appointments must happen within 30 days of the consolidation resolution's adoption by the last of the two governments to act).

One last thought on selection of the charter commission: The statutes direct that those appointed should broadly represent all areas of the county and principal city. Every effort should be made to include representatives from various political, social and economic groups. Those appointing charter commission members should take the need for diversity seriously. Of course, if the membership is elected, then such diversity can't be

Selecting Members of the Charter Commission

The metropolitan government charter commission may be created by the adoption of a consolidation resolution by the governing body of the county and by the adoption of a substantially similar resolution by the governing body of the principal city in the county.

An important part of the resolution concerns the method to be used for selecting persons who will serve on the charter commission. Tennessee Code Annotated §7-2-101 (1) (B) stipulates that the resolution shall either :

- Authorize the county mayor to appoint ten (10) commissioners, subject to confirmation of the county governing body, and authorize the mayor of the principal city to appoint (5) commissioners, subject to confirmation by the city governing body; or
- Provide that an election be held to select members of the charter commission.

If the resolution calls for the charter commission members to be elected, Tennessee Code Annotated §7-2-102 stipulates the following:

- no less than forty-six (46) days nor more than sixty (60) days after the adoption of the resolution, it shall be the duty of the county election commission to hold a special election to elect members of the charter commission;
- the cost for the election is paid out of county funds; and
- the ten (10) candidates receiving the most votes shall become members of the charter commission.

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assured. Those citizens who previously served on the exploratory committee can't be excluded from consideration for the charter commission.

Step 3. The Work of the Charter Commission

The members of the charter commission must hold an organizational meeting at the county courthouse at 10 a.m. on the fifth day following their election or appointment. The commission must elect at least a chairperson and secretary, and more officers if desired. The staff can include an attorney or others the commission may need and can pay. State law requires the county legislative body to appropriate at least \$25,000, but not more than \$50,000 for the commission's work.

There aren't any rules regarding the commission's internal organization. The members may organize as they see fit and may use committees to subdivide and specialize the workload.

The charter commission must finish its work within nine months of its initial meeting (or within the limit of any extension approved by the governing bodies of the county and principal city) [T.C.A. Section 7-2-105].

Charter Particulars

The charge of a charter commission certainly isn't an easy one. To help out, state law **requires** public officials to provide all information and assistance needed and requested by the commission. Here are some provisions that the proposed charter must contain:

1. The metropolitan government must have a general services district and an urban services district. The general services district is the total area of the county. The original urban services district is the area of the municipalities involved. These two districts are separate taxing districts [T.C.A. Section 7-2-108 (a) (5)].
2. The metropolitan government must be vested with all powers that both cities and counties have under general law. There are a few exceptions [T.C.A. Section 7-2-108 (a) (1)].
3. The metropolitan government must have a metropolitan council that sets the budget for both districts and the property tax rate for the general services district [T.C.A. Section 7-2-108 (a) (11)].
4. The metropolitan government must have a three-member urban council. Its sole function is to levy a property tax for the urban services district. This tax must finance the budget for the urban services set by the metropolitan council [T.C.A. Section 7-2-108 (a) (15)].

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5. The Attorney General has opined that the metropolitan charter can't abolish certain county constitutional officers. However, the officers' duties may be altered from the general law provisions, but each must retain some duties [T.C.A. Section 7-2-108 (a) (16)]. Op Tenn. Atty. Gen. 80-394 (August 5, 1980) and 81-74 (February 7, 1981).
6. The metropolitan government must provide for the consolidation of all school systems and establish a metropolitan board of education [T.C.A. Section 7-2-108 (a) (18)]. The charter commission must determine how the school system would be governed and staffed, subject to limitations found in general law [T.C.A. Title 49].

There's more! The commission must be sure to address at least the following issues in the charter it proposes:

- determine what to call the new government;
- create a new legislative body and determine its powers and organizational and operational procedures;
- establish legislative districts and determine and set the qualifications for its members;
- establish the position of a top executive or administrative officer, set requirements of the position, determine how the person would be selected and establish the position's powers;
- outline the fiscal, budgetary and financial administrative procedures;
- determine the public works responsibilities to be assumed and their operations;
- establish an education system and how it would be governed and staffed;
- outline the new government's judicial system and its staffing;
- determine the scale of other governmental concerns, such as utilities, fire protection, public and safety planning;
- adopt transitional tax levy procedures, budgetary matters, legal documents and personnel procedures; and



A charter commission with their available funds, may cause the copying of the charter and the charter summary, and may print and make available other information material for general distribution.

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- set out the procedures for public consideration and action on the proposed charter. Much of the procedure is already established by state statute.

Step 4. Adoption or Rejection

Now the charter commission takes its vote. If it endorses consolidated government, then it must prepare and file the proposed charter with the county clerk and with the city clerk of each incorporated municipality. It must also file a copy with the county election commission. The proposed charter is a public record and must be available for anyone to see. Every newspaper in the county must be furnished a copy or have one made available [T.C.A. Section 7-2-105].

Then, the county election commission sets a date for a special referendum election on the question of consolidation. The election must be held not less than 80 nor more than 100 days after the proposed charter is filed. Remember, consolidation occurs only if the voters in the principal city and the voters in the county residing outside of the principal city approve.

The election returns, along with a copy of the approved or rejected charter, must be certified by the county election commission to the secretary of state. Then, the secretary of state issues a proclamation showing the election results and whether any appendix to the charter was approved or rejected (see "Smaller Cities" below). A copy of this proclamation goes to the county clerk, who attaches it to a copy of the new or rejected charter and files both. If the charter is approved, the county's certified copy of the charter and proclamation is delivered to the officer of the metropolitan government that the charter directs [T.C.A. Section 7-2-106(e)]. If the consolidation proposal fails, three years must pass before another charter commission can be proposed.

STEP 5. Off and Running

If the voters approve consolidation, then the new metropolitan government subsumes all rights, obligations, duties and privileges of the county and the city or cities consolidating [T.C.A. Section 7-3-101].

The status of the county when it comes to the manufacture, receipt, sale, storage, transportation, distribution and possession of alcoholic beverages doesn't change with the establishment of metropolitan government. In other words, previous local option elections in the county will continue in force unless the metropolitan government decides to put the question before voters under the new government [T.C.A. Section 7-3-303].

The establishment of metropolitan government doesn't change zoning regulations effective in the city or county until they are changed by the metro council [T.C.A. Section 7-3-304].

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General sessions courts and juvenile courts are required to continue. However, the new charter may combine any city court with the general sessions court [T.C.A. Section 7-3-311].

A new metropolitan council must be elected and an executive or chief administrative officer selected. The charter may call for election of officers before the charter goes into full effect, or the charter may designate county or city officers to take on certain functions during the transition.

The charter may be very detailed or may provide great flexibility to the new metropolitan county. If it grants flexibility, it's particularly important that ordinances be ready for quick adoption that ensure all bases are covered

Smaller Cities

A municipality that's not a principal city doesn't have to participate in the consolidation process and may retain its charter, even if the principal city and the county vote to consolidate [T.C.A. Section 7-2-107].

There are two ways a smaller city may be involved:

1. by an appendix to the proposed charter after a charter commission has been created. Any smaller city within the county may decide, by action of its legislative body, to appoint a representative to consult with the charter commission and to aid it in the drafting of an appendix to the charter, or
2. by inclusion in the private act that creates the charter commission.

If a smaller city sends a representative to the charter commission and an appendix is approved both by the voters inside the smaller city and outside the city in the county (including those inside the principal city), then the smaller city becomes part of the urban services district of the metropolitan government. If consolidation of the county and the principal city is approved, but the appendix for the smaller city is disapproved, then the smaller city retains its charter and becomes a part of the general services district of the metropolitan government.

A separate appendix must be drafted and attached to the charter and voted on separately for each smaller incorporated municipality that sends a representative to the charter commission [T.C.A. Section 7-2-107].

Conclusion

Consolidated local governments have proven to be a wise choice for a growing number of communities across the country. While Tennessee's constitutional and statutory road toward consolidation may, at first blush, appear daunting and unwieldy, the process is designed to ensure maximum citizen participation and consideration before such a big step is taken. The General Assembly ensured further public interest with its 1998 vote to allow a citizen-driven petition to launch this process. Today, interested and enthusiastic citizens may bring consolidation to the table and – no matter the outcome – that's government at its best.

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Appendix 10

Sample Petition and Resolution to Create a Metropolitan Charter Commission

PETITION and RESOLUTION

TO CREATE A METROPOLITAN GOVERNMENT CHARTER COMMISSION FOR THE TOWN (CITY) OF _____ AND _____ COUNTY

WHEREAS, the citizens of _____ County and the Town (City) of _____ deserve the most efficient, economical, and responsible local government possible, and

WHEREAS, the general law of Tennessee provides for the consolidation of a county government with the county's largest municipality when approved by the voters of the municipality and the voters of the county residing outside the municipality, and

WHEREAS, the general law of Tennessee provides for the formation of a metropolitan government charter commission to prepare a charter for a new consolidated government known in the general law as a metropolitan form of government, and

WHEREAS, the citizens of the Town (City) of _____ and _____ County deserve the opportunity to review a metropolitan government charter and vote on the same, and

WHEREAS, the Tennessee Code Annotated, Section 7-2-101(4), mandates that a metropolitan government charter commission be formed, a metropolitan government charter written and a referendum on creating the new metropolitan government occur upon the receipt of a petition by the county election commission, signed by qualified voters of the county, equal to at least ten percent (10%) of the number of votes cast in the county for governor in the last gubernatorial election, and

WHEREAS, the general law of Tennessee provides that a sufficient petition to form a metropolitan government charter commission shall serve as a consolidation resolution of the town and county;

NOW, THEREFORE, BE IT RESOLVED, by the qualified voters of the Town (City) of _____ and _____ County, Tennessee, that a metropolitan government charter commission be established to propose to the people the consolidation of all, or substantially all, of the government and corporate functions of _____ County and the Town (City) of _____ and the creation of a metropolitan government for the administration of the consolidated functions.

This PETITION and RESOLUTION is approved by the following qualified voters of _____ County, Tennessee:

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PETITION and RESOLUTION

**TO CREATE A METROPOLITAN GOVERNMENT CHARTER COMMISSION FOR THE TOWN
(CITY) OF _____ AND _____ COUNTY**

Name:

Address:

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