

It took four referendums and nearly 50 years of debate, but last January, the city of Louisville and Jefferson County in Kentucky became one of the largest regions in the country to dissolve two overlapping, cumbersome governments and go lean and mean with a single mayor and council. Now, as Louisville takes the measure of its radical act at the one-year point, other regions that have dismissed such merging as politically impossible have a point of light—and envy.

Overnight, Louisville, the hub of jobs and economic development for a 23-county region in north central Kentucky and southern Indiana, grew from 60 to 386 square miles with a population that more than doubled to 694,000. Metro Louisville is now the 16th-largest city in the nation, a giant leap from 67th in 2000.

When voters approved the merger in November 2000, it was an unprecedented victory of public will over the political establishment: both the 12-member Board of Alderman (Louisville's city council) and the three Fiscal Court Commissioners (the county's legislative and executive body) had campaigned against the merger.

But if upgrades in size and rank were the only results from such a maddeningly complex and politically charged ordeal, it is likely the effort would have failed. Nonpartisan, good-government promoters like the region's foundation community, its news media, its largest university and dozens of civic groups led the effort to inform voters and shape the new government. While the new structure falls short of a single, region-wide government—83 suburban municipalities and 21 fire districts were untouched—nongovernmental groups were impressed by honest calculations of new efficiencies, higher levels of service and an enhanced quality of life for all residents.

For Pittsburgh and surrounding Allegheny County residents, who saw the city's credit rating fall to junk-bond levels, and watched in horror as a teeth-gnashing \$50 million city budget hole this year was filled by raising downtown parking taxes to 50 percent, there are many lessons in the Louisville experience. One of the most valuable may be in the power of

# LOUISVILLE'S

# BIG HIT



An inside-out merger of Kentucky's largest city with its county has bucked a decades-long trend toward increasingly fragmented government. The reward: a slot at the front of the national metro pack as a municipal consolidation leader.

nongovernmentals to help clear away decades of politician recalcitrance over government merging and consolidation.

With the restructuring approved, the Community Foundation of Louisville, the second-largest philanthropic organization in the state, led several regional funders and the national Annie E. Casey Foundation in a plan to help shape the new government. The foundations group, which dispenses scores of millions of dollars in grantmaking in the region each year, funded and coordinated a two-year study, the Greater Louisville Project, to assist a regional task force and public officials in framing the most effective new structure possible. “If we just paint the trucks a different color, what will we have accomplished with this merger?” Dennis Riggs, president and CEO of the Community Foundation of Louisville said in announcing the project and a \$500,000 donation from the foundations group to support its work.

In January, a year after the startup of what’s become known as the Louisville Metro Government, Mayor Jerry Abramson, in his State of the City speech, ticked through a list of efficiencies and cost-savings achieved under the new structure, enough to close an \$18 million budget gap without having to raise taxes. (See chart, page 27.) “In fact, I would submit to you that in several areas throughout our new city we have been able to enhance existing services,” Abramson said in his speech. He also pointed to dysfunction from fractured government in several cities in comparison to Louisville’s improved public image. “We haven’t seen our city’s credit rating dip, like cash-strapped Pittsburgh,” he told the newly formed, 26-member council. After showing off Louisville’s new financials to Wall Street, Abramson said, “... both Standard & Poor’s and Fitch have upgraded our city’s bond ratings... the very best compared to the largest cities in America.”

It was the Greater Louisville Project, run by a bare-bones staff of three part-timers, that plunged into the enormous task of getting solid, best-practices information and research findings into the hands of decision-makers and then to help build public support for a merged government.

Riggs’ concern about a rote merger is echoed by Joan Riehm, one of four deputy mayors in the new metro government. “My favorite mantra is that our city suffers not from sins of commission, but from sins of omission,” says Riehm, who served under Abramson for most of his 13 years as city mayor under the previous system. The Louisville Project presented a compelling vision of the strengths and weaknesses of the community, she says, which was an important message publicly delivered at a critical moment.

While an official public coordination process around government consolidation has yet to take hold in the Pittsburgh region, the airwaves, newspapers, boardrooms and dinner tables are buzzing over the issue. Some of the talk is spurred by the city’s fiscal crisis and the recent loss of two major department stores in the city’s retail core. Some of it is disgust by the city’s movers and shakers about why the region, with so many assets, doesn’t end up on more short lists for company expansions and the like. “There is a better sense than ever before that our archaic government structure in southwestern Pennsylvania is holding us back,” says Brian Kelley, director of The Heinz Endowments’ Economic Opportunity Program. “This is true both for growing jobs and for retaining the skilled young people who would do well in them. We’re losing out to places that got over this hump a long time ago, and it’s a shame.”

During the past three years, the Endowments has been a government restructuring leader in southwestern Pennsylvania, donating nearly \$1 million to develop a research base and fund programs that educate public officials on streamlining government, consolidating and sharing services. In fact, the foundation borrowed from Louisville’s playbook in partnering with the William Penn Foundation to commission an unflinching study by the Brookings Institution of what fragmented government and no-holds-barred land development is costing Pennsylvania. (See “Border Crossing,” page 13.)

But for any community determined to ratchet up public expectations, there is instruction from Louisville about being prepared to deliver through a window of limited opportunity.

# A TALE OF

# TWO CITIES



Randy McCaffery



John Wee

	LOUISVILLE BEFORE MERGER	REGIONAL CITY OF LOUISVILLE	CITY OF PITTSBURGH
<b>Population</b>	256,231 (2,000 census)	700,000 (2003 estimate)	334,563 (2,000 census)
<b>Land area</b>	60 sq. miles	386 sq. miles	55.6 sq. miles
<b>City rank by size</b>	67th	16th	53rd (2000 census)

“The promise that metro government would make a difference had to be fulfilled,” says Greater Louisville Project Director Carolyn Gatz. After voter approval of the merger, the Project went through a six-month planning process and then bolted out of the gate with the Brookings report, which offered a list of five essential tasks of government in a competitive cities environment. (See chart, next page.)

There were two other initiatives that followed: a series of “best-practices” forums for government, civic and business leaders; and governance workshops led by faculty from the Center for Public Service at the University of Virginia. The best-practices forums — “lessons from the best-run cities in America” — were tied to the five touchstones from the

Brookings report. Sessions included speakers from Richmond, San Jose and Dayton, who emphasized rethinking the traditional relationship between government and neighborhoods, with cross-functional teams and a focus on citizen training and customer satisfaction.

They also coordinated governance workshops around such topics as “reinventing government,” timed to run in the six months before the new metro council and mayor were elected. Gatz, the Louisville Project director, says that each workshop had a different invited audience, depending on the topic.

“In a sense, we became the think tank for the community and its leaders about what [they] wanted to have happen,” says Gatz. “People in metro government refer to the mayor’s

campaign platform and the Brookings study as their bibles. In a merger of this size, there is considerable evolution... [but] we can see that the agenda in the Brookings report and the tactical and strategic practices from the forums are very much alive in the metro government....”

Community Foundation President Riggs says the studies show there is still much work to do. “With due respect to the [metro] council, in this first year they are learning how to *be* a council.” Combining police forces, technologies and unions is an astronomical task, he says. “The mayor is trying to reach economies, not be twice as big, but twice as good. The city and county need to be... something more than the 16th-largest

city in the United States. It’s one thing to go out and see a dirty lot that needs to be cut and cleaned, but it’s another to use a hand-held computer, put the information in the system and have it done immediately.”

Still, some of the responsibility for making Louisville’s new government more streamlined and focused is falling back on the foundation community’s shoulders. One of the more significant cost-saving measures from the merger has been to take local government out of community grantmaking. The average \$10 million distributed by the city and county to nonprofit organizations each year was cut to \$4 million in the merged government budget. “I don’t feel like we’re expected to make up all this money, because we can’t,” says Jim Davis, executive director of the Louisville-based Gheens Foundation, the third-largest in the state. “This puts it back in the laps of the agencies to increase their development efforts.”

But in general, the foundations are pleased with the results of the merger. For this year, the Louisville Project has moved into its next phase with an additional \$150,000 in foundations funding. One of its new charges, says Gatz, is to issue a public report card on a regular basis assessing the performance of the new government. “Brookings says we had these assets and these liabilities... How are we doing on the liabilities and building on the assets?” Some Louisville Project board members, she says, view the report card as the community holding itself and its leaders accountable for promises that have been made.

Often, the most compelling metaphors that describe the virtues of consolidated government emerge from the details of workaday functions, as in having everyone talking on the same channel. One immediate public safety-enhancing change was to patch former city and county police department radios together so that the new metro police could communicate as one force. The ultimate best practice, Riehm says, is to have all emergency services connected, and a long-term plan is in the works. Consolidating government isn’t always about pinching pennies, though. Complete conversion will cost at least \$50 million. Still, it’s one of the most popular new ideas cited in public opinion polls, establishing value added to the symbolic measure of slapping the new silver-blue metro government insignia on pre-merger city and county police cars.

## FIVE STRATEGIES

**“Beyond Merger: A Competitive Vision for the Regional City of Louisville,” a Brookings Institution action plan for the newly consolidated Louisville government, lists five touchstones for an ambitious new “competitive cities” agenda:**

**1. FIX THE BASICS.** Fundamentals drive businesses’ and families’ location decisions. The new city must vastly improve its K–12 school system, and get more graduates into post-high school education.

**2. BUILD ON ASSETS.** Quality-of-life and human-capital strengths are essential for the new city’s success in a knowledge-based economy. The places where these are nurtured—downtown and university campuses—must be world-class environments.

**3. CREATE QUALITY NEIGHBORHOODS.** For every district, the new city must provide good services and a range of housing, transportation and recreational choices.

**4. INVEST IN WORKING FAMILIES.** The new city should strive to lift all working families out of poverty and onto the path of self-sufficiency and wealth-building.

**5. INFLUENCE METROPOLITAN GROWTH.** The new city must protect its centrality and social health by ending decentralization and coordinating strict land-use, infrastructure and housing development policies for the longterm health of the region.



## THE \$19.5 MILLION MUNICIPAL WEDDING PRESENT

# \$19.5

**When Louisville merged with Jefferson County, Mayor Jerry Abramson, above, and the single legislative body were confronted with an \$18 million budget gap. Here's how restructuring helped them close the gap without raising taxes:**

To improve citizen access, Louisville created Metrocall—a round-the-clock government service center that connects callers to one of 10 operators who enter the concern or complaint into a computer system that goes directly to the affected department. Each call is tracked for follow-up.

It's just the type of function that Mayor Abramson believes will radically change cynical attitudes about government. "If you think of our new government as a new business—a startup company—consider the challenge," Abramson said in his State of the City speech. "We've stayed busy 24/7, continuing to provide seamless services to hundreds of thousands of customers—our residents—while at the same time working to improve services, investing in infrastructure, rightsizing and restructuring our organization and revamping our product line."

While the business analogies may be laid on a bit thick, foundation leaders and others involved in the Louisville Project agree that a business-oriented philosophy layered into the new metro government structure has the potential to dramatically improve service delivery and quality. But the effort is just beginning. Project Director Gatz points to the five-year learning curve after the merger of the city and county school systems in 1975. And the timeline around the city-county merger? "We've just done the first lap," she says. *h*

Savings	Action
<b>\$700,000</b>	Thinning out executive branch employees by eliminating overlapping functions between the two governments.
<b>\$100,000</b>	Switching from 89 octane to 87 octane gas in police cars.
<b>\$2,000,000</b>	Moving departments from expensive leased spaces to government-owned properties.
<b>\$700,000</b>	Privatizing security guard, corrections commissary, youth detention, food service and custodial workers.
<b>\$10,000,000</b>	Cutting 660 positions (about 10 percent of the total workforce).  Laying off 140 employees but placing them into a talent pool from which future hires could be made for six months.  Capping cost-of-living and salary increases for nonunion employees (33 percent of the workforce).  Recalibrating future union-contract bargaining to begin with no wage increase in the first year of any agreement; standardizing the work week for all employees to 40 hours.
<b>\$6,000,000</b>	Scaling back on grantmaking—from an average of \$10 million each year given to worthy nonprofits—to \$4 million.
<b>\$19,500,000</b>	<b>Total Savings</b>