

Local Governance and the Board of Freeholders

A Presentation to St Louis Chapter
The Financial Executives Networking Group

By

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Local Government Fragmentation

- Start Century Ago- 1919
- 45 Years since City separated from County
- City had 773,000 people - 6th largest in Country
 - New York, Chicago, Philadelphia, Detroit, Cleveland
- County had 101,000 population (15%)
- Metro area- 9th largest. (1.6 mil)
- New suburbs began to emerge- U City, Ferguson, Maplewood, WG



Suburban Growth Exploded from 1930 to 1955

- National Trend- Middle class families leaving central city for suburbs
- New home ownership prospects
- Auto and new roads and some rail lines make commute possible
- National policies fostered suburban growth

Mid 20th Century Suburbanization

City Population Reached highest point in 1950- 857,000

But, County had grown to 406,000

Remember--City boundaries were permanently fixed in 1876

Population spread to the County with rapid growth after WWII

Municipal Growth Accompanied Suburbanization 1930s to 1950s

- Easy to create new municipalities
- Residents valued local government close and responsive
- City could not expand its boundaries by annexation
- Until mid 1950s County services to unincorporated areas limited

Table 1 Municipalities in St. Louis County by Current Size and Period Incorporated

	Pre-1900	1901-1930	1931-1954	1955 +	Current Total
Less than 5000	1	3	46	2	52
5000 to 15,000	1	7	12	3	23
15,000 +	5	1	5	3	14
Total Cities	7	11	63	8	89

1960s Transformation Point of Population Shift City and County

- In the 1960s population in the County began to exceed City
- County government became more professional with city type services to unincorporated areas
- Graeler decision effectively halted growth in number of municipalities

Figure One: St. Louis City and County Population
1880 to 2010

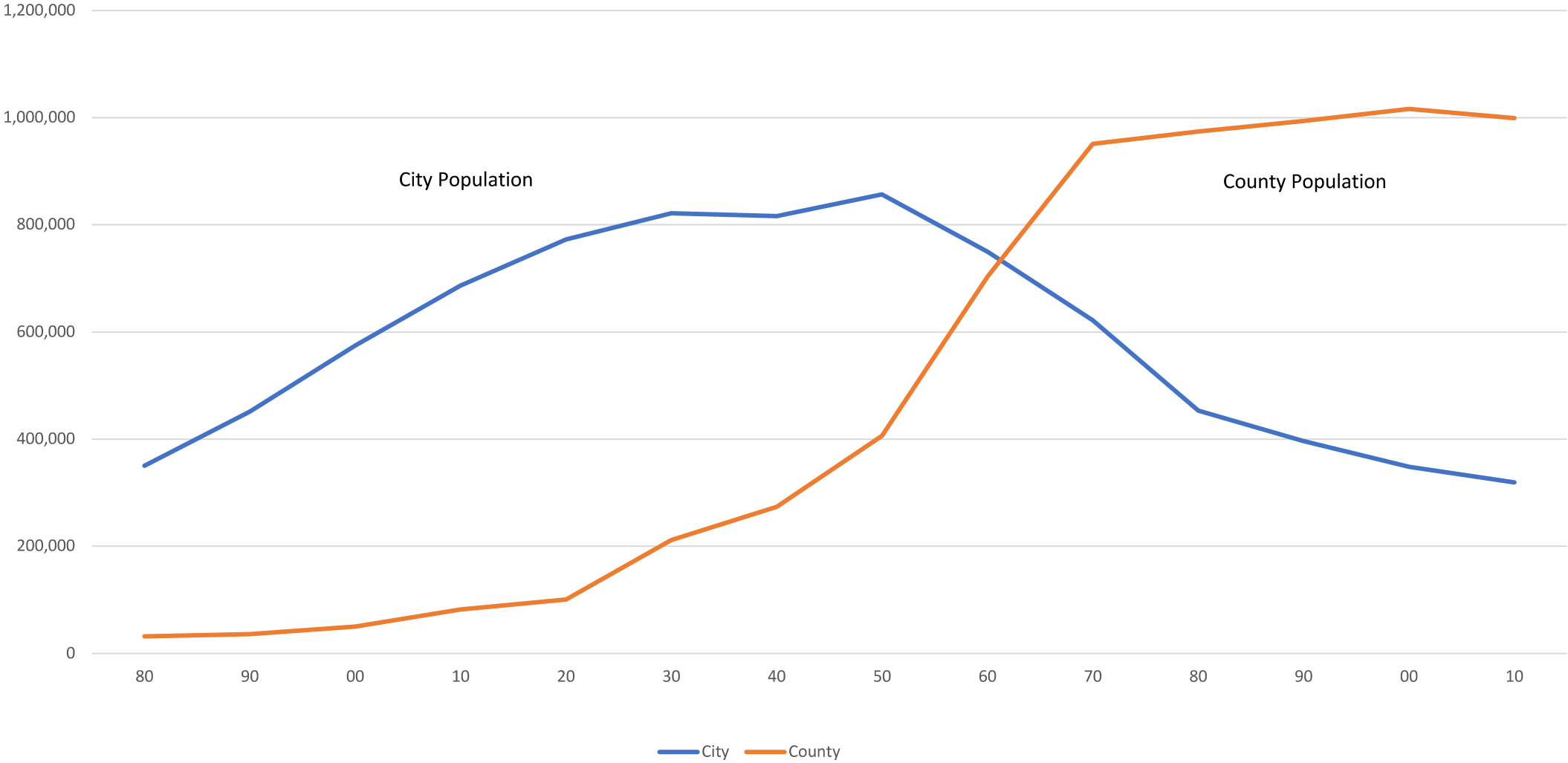


Table 2 St Louis County Population—
Municipal and Unincorporated

	1950	1970	1990	2010
St Louis City	856,796	622,236	396,685	319,294
St Louis County	406,349	951,353	993,529	987,436
County unincorporated	123,972	430,990	356,304	321,001
County municipal	282,377	520,363	637 225	666,435
Total City and County	1,263,145	1,573,589	1,573,589	1,318,248

Town and County decision and Municipal Expansion

- In 1983 Missouri Supreme Court overturned Graeler decision opening the door to new annexations and incorporations
- Several new municipalities created and some grew by annexation
- A few very small municipalities were consolidated

Part II- Freeholder Process

- By 1920 a constitutional amendment provided a process by which the “Great Divorce” could be undone as some civic leaders began to understand the implications of the 1876 separation
- This was the ability to create a Board of Freeholders to meet and propose a plan for re-uniting City and County
- There was also the possibility of using a constitutional amendment to change the status of City and County governments

GOVERNMENTAL REFORM IN ST. LOUIS: LARGE SCALE INITIATIVES

- A. The Great Divorce: 1876
- B. 1926 Board of Freeholders: City Takes Over
- C. 1930 Multi-Function Metropolitan District
- D. 1959 Multi-Function Metropolitan District
- E. 1962 Borough Plan
- F. 1987 Municipal consolidation only
- G. 2014: Better Together- City County Merger

Freeholder Process – Modified Over Last Century

- Changes in state constitution have expanded options for Freeholders:
 - Consolidate City and County into one political subdivision
 - Consolidate County government and county functions of City into one County
 - City annex part of the County
 - Establish metropolitan district(s) for functional administration of services
 - Formulate any other plan for the partial or complete government of all or any part of the City and County
- US Supreme Court decision in 1988 ruled that appointees do not have to be property owners (Freeholders)

Limited Success of Freeholder Process

- The only successful use of the Board of Freeholder mechanism was the 1954 Creation of Metropolitan Sewer District
- The last use of the process was 1987-8
- The plan proposed was to consolidate municipalities in County from 90 to 37
- Not brought to a vote because process invalidated by US Supreme Court

The path forward for Board of Freeholders

- The current Board of Freeholders was triggered by a petition drive led by the St. Louis County Municipal League
- This was in response to the effort by Better Together to use a statewide constitutional amendment process to gain a merger of St. Louis City and County

Board of Freeholder Process I

- Petition signatures collected in City and County to trigger a BoF
 - 5000 in City; 15,000 in County
- Once certified the Mayor and County Executive have ten days to appoint nine Freeholders each
-
- The appointments must be approved by Board of Aldermen and County Council
- The Governor appoints the 19th member who is not a resident of City or County

Board of Freeholder Process II

- Once appointed the Board meets to begin process
- They have one year to produce a plan to present to voters
- Separate majorities in City and County must approve the plan
- The City and County must pay the expenses for the Board of Freeholders
- The election cannot be at the same time as a general election

Current Status of Board of Freeholders

- Currently City members have been appointed by Mayor but not approved by Board of Aldermen.
- County and Governor appointments have been made

Issues Likely To Be Perceived by Freeholders as Requiring Examination

- **Stagnant** population and economic **growth** in the region
- Alleged **low reputation** of St Louis nationally
- **Fiscal problems** of the **City** of St Louis and some municipalities
- **Large number** of **small municipalities** in County
- **Quality of services** delivered by all governments
- State of **intergovernmental relations** in the region
- **Total cost** of government services in the region

Possible Policy Options for Addressing Problems

- Merger of City and County
- Merger of City and County and Municipalities
- City re-enter County as a Municipality with merger of County functions
- Consolidation of municipalities with or without universal incorporations
- Functional merger of selected County functions (i.e Health Departments)

Likely Approach for Freeholders

- Not all possible approaches are likely to receive serious consideration
- What options can achieve consensus among Freeholders?
- What options will be perceived as politically feasible?
- What types of proposals will outside groups advocate to Freeholders?

Best Guess at Moment for Options Seriously Considered

- City re-entry into the County-
- Merger of some county type functions
 - Public health
 - Economic development
- Limited consolidation of very small municipalities in County
- Expanded revenue sharing, especially sales tax

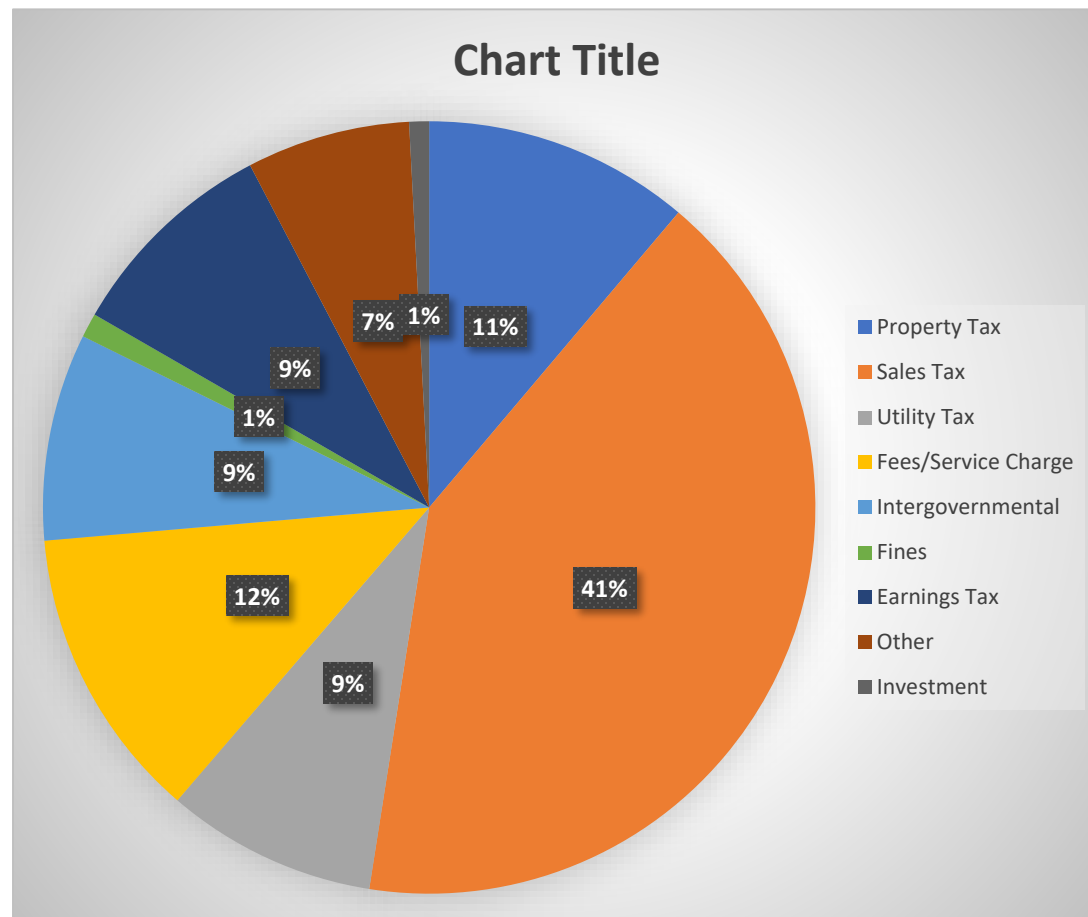
Local Government Revenue/Expenditures

2019 Estimate

Education excluded

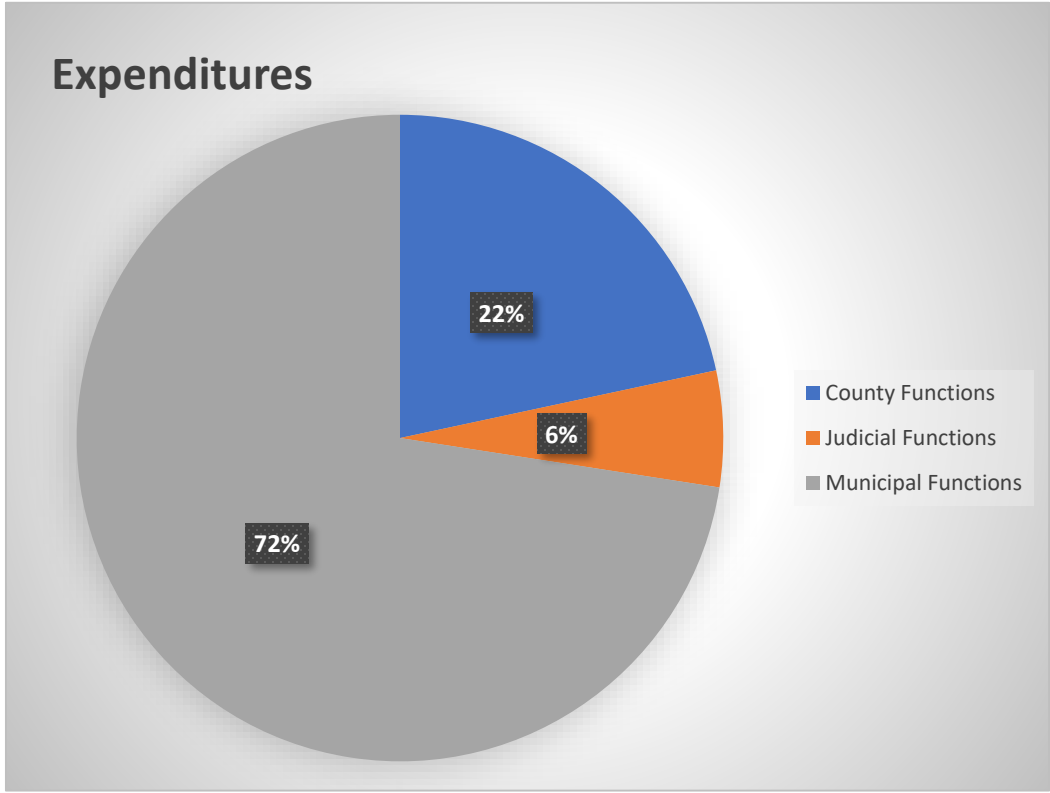
- Total Revenue- \$2,352,689,574
- Total Expenditures- \$2,558,507,604
- Note: These are projections from 2017 actual-

Local Government Revenue 2019 (est)



Total Revenue	\$2,352,689,574
Property Tax	\$262,779,251
Sales Tax	\$971,933,813
Utility Tax	\$207,458,395
Fees/Service Charge	\$290,101,392
Intergovernmental	\$204,208,918
Fines	\$23,889,368
Earnings Tax	\$211,747,000
Other	\$161,031,644
Investment	\$19,539,793

Local Government Expenditures- 2019 est.



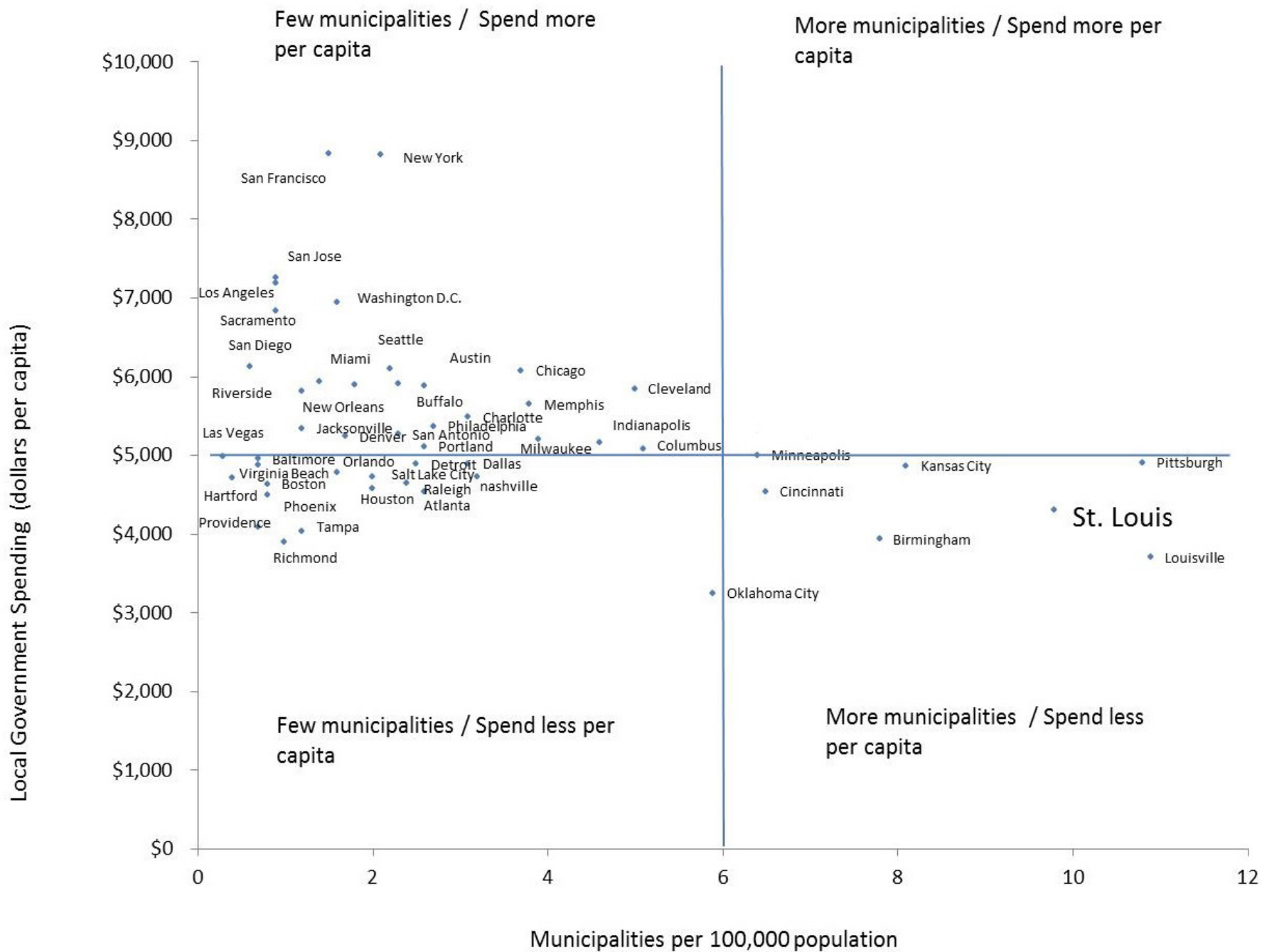
Total Expenditures	\$2,558,507,604
County Functions	\$553,663,414
Judicial Functions	\$148,493,371
Municipal Functions	\$1,856,350,819

Public Safety as Share of Total Expenditures

Police	\$563,358,959
Fire	\$343,378,834
Total Public Safety	\$906,737,793
Total Expenditures	\$2,558,507,604
Public Safety as%	35%

Key Questions in the Debate on Local Government Structure

- Does St. Louis spend too much money on local government?
- Is taxation too high?
- Is the distribution of Taxes and Spending Unfair?
- **Note: Will hear these questions raised in Freeholder discussion**



Is the Quality of Municipal Service
Adequate?
Distributed Fairly?

- Little agreement on **Quality Metrics**
- Even without precision metrics- quality probably not equal
- Resources are related to quality of services but not consistently
- Debate tends to focus on quality delivered by very small cities

Conclusions- Policy and Political

- **Policy-** Can the Freeholders craft a plan that will make a significant positive difference in the decades ahead for citizens of the St. Louis Region?
- **Political-** Will a Freeholder plan be capable of generating significant positive change be politically viable?
- True definition of region- Metropolitan area not just STL City/County

Thanks for Listening

- Questions?
- Comments?
- Discussion?