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Can Cities and Suburbs Work Together?

One Arizona mayor argues it makes more sense to fund cities and their suburbs as large metro areas, rather than as politically separate entities.

The federal government has all the money, states have all the power and cities have all the problems. This is a [favorite saying](#) of former District of Columbia Chief Financial Officer Natwar Gandhi (now a Governing Institute [senior fellow](#)) and the complaint has been getting louder recently among big city officials. They say cities can no longer function well in a financial model that pits them against their surrounding counties.

Scott Smith, mayor of Mesa, Ariz., argues that it makes more funding sense to think of cities and their neighbors as part of metropolitan areas, rather than as separate entities. Mesa has a population of about 450,000 and is located in the Phoenix metro area, which boasts a total population of 3.6 million.

The post-World War II model for cities as self-enclosed economic centers is outdated, he said.

"They're no longer suburbs - they're more like villages in this entire metro area," Smith said of his region during a recent visit with *Governing's* editorial staff in Washington, D.C. "Those systems have not caught up with reality and now there's a frustration among cities that other levels of government have sort of been dinosaurs."

Smith is referring to the way cities get their money. Back to Gandhi: he says the federal government has all the money because it runs the printing presses. The Feds dole it out to states, which have all the power because they funnel it down to local governments and can increase taxes if they need to. Local governments are left to compete with each other for dollars while they are responsible for directly serving their constituents' needs.

It's a system that's getting on the nerves of all kinds of leaders. More than 2,300 miles away, in upstate New York, Syracuse Mayor Stephanie Miner noted in a recent interview that the underlying economic model for cities is dated to the 1950s. "Property [taxes] to fund new services - that doesn't work anymore," she said. "We have to come up with a new model."

[Commuter taxes](#), which exact an additional income tax on people who live outside of the jurisdiction in which they work, are a natural part of the discussion. But they've been a part of the debate for half of a century without much change. In fact, the movement has slowed. As early as 1969, a [white paper](#) prepared by an advisory commission on intergovernmental relations noted that a total of 3,476 jurisdictions, including school districts, imposed a local income tax. Thirty years earlier, there had been none (Philadelphia became the first in 1939). In 2011, more than 40 years following the white paper, the number had only increased to a total of 4,943, [according](#) to the Tax Foundation.

Miner said that cities and their surrounding suburbs should share more (services, revenues, etc.) and acknowledged that they are not operating in isolation.

A big sticking point, however, is that cities and suburbs have competing interests. Cities bear the

brunt of the region's population and are responsible for keeping up services accordingly during the day. Washington, D.C., for example, swells to about 1.2 million people during the day - its tax base is about half of that. But as the cost of living has soared in cities, poor people are moving from cities to suburbs and suburban social services are straining to keep up.

Smith said that in an ideal world, federal funding for programs wouldn't filter through states, metro areas would instead have a direct line to the source. It's a longshot - distributing such funds to 50 states is much easier than distributing them to hundreds of metro areas.

And that sort of mentality would also require a more unified effort between cities and their suburbs - perhaps an even longer shot.

"We haven't done a great job of conveying that message," said Smith. "It's always been about us, us, us."



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