



# Minnesota Journal

## Inside This Issue

A publication of the Citizens League

Manage, redesign, rebuild. — Page 2.

Toronto's growth focus. — Page 2.

Alternative school grads. — Page 8.

Volume 13, Number 6

June 18, 1996

## Annexation policy key to planning, growth decisions

### Townships need equal footing

by Jim Vickerman

For people who live within the well-established borders of the urbanized and near-suburban areas of the Twin Cities, the annexation question might seem too remote and inconsequential to merit your time.

Please reconsider.

For rural Minnesotans and the economic health of our entire state, please spend some time getting acquainted with both sides of the annexation debate. In many ways,

it resembles the pitched battle we have witnessed regarding metropolitan stability and revitalization.

The biggest difference is that instead of involving a single concentrated region, the annexation debate takes place on a smaller scale, but in many communities across the state. Much like the metropolitan stability issue, at stake is wise choice of land use, citizens' freedoms to make choices and environmental concerns.

Annexation is a very difficult issue

Continued on page 6

### Cities need 'elastic' boundaries

by John Hottinger

The popularity of recent Citizen League programs dealing with land-use planning underscores the public awareness that our land, Minnesota's most valuable resource besides our people, is at risk. Unless community leaders, property owners and state policymakers act carefully in using and protecting it, we will leave our children facing huge tracts of land spoiled by failed septic systems too expensive to fix and once-productive agricultural land and open space scarred by unplanned, uncontrolled development.

These risks can be dramatically reduced if the next Legislature shows the political courage to strengthen timid annexation laws and thus reverse the declining ability of cities to manage their futures. In the past, many efforts at annexation reform have fallen victim to the political pressures on rural legislators from township interests more focused on turf protection than on rational and efficient development of our communities.

Several key legislators have indicated the 1997 Legislature will

Continued on page 7

## Costs similar for county, local assessing structures

by Jody A. Hauer

Few taxes agitate taxpayers more than the property tax, particularly if property owners perceive they are treated unfairly. The amount a person pays in property taxes is a function of local government spending and of property value, making the assessor's job critical in a taxable property tax system.

What makes property assessment systems effective and efficient? Effective systems have assessors

with sufficient appraisal staffs, who adjust all property values annually, computerize their appraisals, provide complete and understandable property valuation notices, train their review boards and provide opportunities for property owners to get answers to their assessment questions.

The Legislative Auditor's Office recently completed a best practices review to identify effective methods used in Minnesota's property

Continued on page 4

## Cities in regional clusters forming economic units

by Michael O'Keefe, Paul Anton and Andrea Lubov

With 854 cities and 1,500 townships in the state, Minnesotans obviously value independent government. We take pride in our localities as unique and self-contained. People's economic decisions—where they choose to work and to purchase goods and services—are drastically altering this picture, however, thanks in great part to today's ease of transportation and communication.

It is increasingly common in rural parts of the state for people to live in one city and work in another. Although they call a particular city home, they may lead their daily lives in several cities that serve as their extended community—cities that are 15, 20 or more miles apart.

To understand the implications of this evolving rural economy, The McKnight Foundation commissioned a study, *The Growth of Regional Economic Centers in*

Continued on page 5



# Manage better, redesign systems, rebuild social contract

Polling data shows increasingly that most Americans think our society is off track and do not trust that government is being operated in their best interests. Although we are well along on a strong business cycle expansion, with very low overall unemployment rates in our metropolitan area, there are many disturbing signs. We see the emergence of the “anxious class,” in the words of Robert Reich, among those who are living fairly well but concerned that their future could turn bleak at any moment. We sit with triple the poverty among children of other developed countries and with violence and murder rates that are off the charts of supposedly civilized societies. We thrash between finger pointing and incantations, but hard facts show little sign of turnaround in our social malaise.

One way to organize our thinking about what we see around us is that we are in the midst of another untidy transition between eras. Beginning in earnest a century ago, the transformation from agricultural to industrial society was one of “blood, sweat and tears.” Right now, we are well along in the transition to a postindustrial society, or information society, with 86 percent of Americans now working outside of manufacturing. Adjustments to changes in eras have been relatively slow and painful, particularly in the public sector. The temptations to try to meet challenges by doing the same old things, only more forcefully, may be irresistible, but unlikely to succeed.

## Toronto aims to focus growth on existing infrastructure

*Edited excerpts of remarks by David Gurin, acting commissioner of planning for Metropolitan Toronto, to the Citizens League on May 1.*

We have an official plan, which was just approved. There’s a key word in it: reorganization. It means that we seek to manage growth in metro Toronto by taking advantage of the existing infrastructure in the city. It’s mature, it has full equipment in terms of sewage and water supply, parks, schools. What we are trying to do is to focus growth

The view here is that we cannot manage our way out of these challenges facing us in the postindustrial era nor can we simply reorganize public and other social institutions. We must also deal with the hard work of rebuilding the social contract to suit the postindustrial age.

**Management.** For the past 30 or more years, the United States has led the world in devising clever management strategies—from zero-based budgeting to management-by-objectives and more recent fashionable strategies. We should learn from experience in the former Soviet bloc—as often stated by University of Minnesota Professor John Brandl—that you cannot manage your way to performance in bad systems. Good management would not have been enough to save the Trabant car factory in former East Germany, absent a functioning market system.

Still, it should be clear that there is much to be gained by moving in the direction of accountability for results in public sector programs. Such efforts as outcomes measurement, performance incentives and improved information management systems are necessary, but not sufficient, to meet new challenges.

**Redesign.** Many public service systems, despite some exceptions, are monopolies supported by large, vested, interlocking stakeholder

in that area, in the downtown area, in about six intermediate centers and along main streets.

That’s really going in the opposite direction of the way growth has been going. Since the late ‘70s, most of the growth in the greater Toronto area has gone to the four regions outside of metro Toronto. It will require a heavy intervention, it will require quite a lot of government inducing the private sector, which does the development, to locate where we’re asking them to locate. I’m not sure it will work,

groups. Consequences to these systems for success or failure—whether, for example, in primary, secondary or postsecondary education—are largely or wholly lacking.

The reforms under the “reinventing government” label have pushed for greater involvement of the marketplace and to at least a more market-tested system—whether through consumer empowerment with funds, privatization or other market redesign innovations, such as tradable pollution credits. The task of redesigning systems so institutional performance is better aligned with individual and social expectations is a complex one, given the issues of major political entrenchment and protection of vulnerable constituencies in the transition. Such redesign, while necessary, is not likely to be sufficient to our challenges.

**Social contract.** We must rebuild a frayed social contract, based on a shared public vision of where we want to go and how we want to get there. What is needed goes beyond these two important elements—which are far from complete in any major public spending system in the Western world at this point—to the development of a new social contract for the postindustrial world.

We need to rethink, just as was done a century ago, what we need

for public and social strategies to meet our needs. A century ago we had a vast outpouring of social innovation to meet new challenges—from settlement houses to the YMCA/YWCA movement, organized labor to the regulatory state to universities producing reformers for major social systems. We need to look hard for new sources of leadership and nurture them.

Social challenges—from poverty to violence—need rethinking. Perhaps for stressed neighborhoods we should offer a strategy in which organizations that are organically connected to the community—from churches to social groups—are held at risk for performance. Public and private resources could be pooled for that geographic area in a way designed to leverage community asset contribution. Such a strategy would target initial experiments to zones of high cost and need in society.

As Winston Churchill once said of Americans, we usually do the right thing—after we have tried everything else. Perhaps we can set about devising worthy experiments for key areas so that we are ready when the need becomes sufficiently pressing for more far-reaching social change. We may not “see the light until we feel the heat,” but we should be prepared for that time.

*Lyle Wray is executive director of the Citizens League.*

# Editors divided on BWCA/Voyageurs usage issues

**Fergus Falls Daily Journal** said (May 8) the Boundary Waters Canoe Area and Voyageurs National Park should be left as they are. “(T)here should be some state in Minnesota where you can still feel the peace and serenity that the Indians and early settlers felt in the land of the Sky Blue Waters.” It said (May 10) legislation to open the wilderness areas to motorized traffic introduced by Congressman James Oberstar and Senator Rod Grams “deserve to fail.” **St. Cloud Times** criticized (May 16) Oberstar. “In pushing the interests of his constituents who want more motorized travel, he seems to overlook the fact the Boundary Waters is a *national* wilderness area.” The paper said the wilderness nature of the BWCA “needs to be preserved.” **West Central Tribune (Willmar)** said (May 9) a panel of local, state and federal representatives should review use restrictions in the BWCA-Voyageurs area on a case-by-case basis. **Red Wing Republican Eagle** called (May 10) Oberstar’s bill “a reasonable compromise for making the park more usable while still protecting the sensitive resource.” **Local** Congressman Bruce Vento’s bill “would seal off the parks.”

**Star Tribune** said (May 9) Oberstar’s and Grams bills deserve to fail. It said Sen. Paul Wellstone’s suggestion of mediation might lead to a good outcome, but could

### The Minnesota Journal

Publisher — Lyle Wray  
Editor — Dana M. Schroeder  
Contributing Editor — Ted Kolderie  
Sketches — Ray Hanson

The Minnesota Journal (ISSN 0741-9449) is a publication of the Citizens League, a nonprofit nonpartisan Twin Cities public affairs organization, 708 S. Third St., Suite 500, Minneapolis, MN 55415, Barbara Lukermann, president. Articles and commentary are drawn from a broad range of perspectives and do not necessarily reflect League positions on policy questions. The Journal is published once a month. Second class postage paid at Minneapolis, MN.

Annual subscription rate for nonmembers is \$40 for 12 issues. Orders may be placed at 612/338-0100 by mail at the above address.

Postmaster: Send address changes to The Minnesota Journal, 708 S. Third St., Suite 500, Minneapolis, MN 55415

### On Balance

*“In wildness is the preservation of the world.”—H.D. Thoreau*

“provide a new venue for sustaining or even enlarging a dispute that the House might have sidetracked and allowed to quietly die.” **Pioneer Press** said (May 9) local councils controlling policy of federal lands “are not appropriate whether the federal lands are designated as the nation’s largest water wilderness or are Yellowstone national park.” It said Wellstone’s mediation effort “can’t hurt.”

**Princeton Union-Eagle** said (May 23) those advocating motorization of the BWCA to make it accessible to older people and those with disabilities should look into Wilderness Inquiry, a nonprofit group that brings together wilderness camper volunteers with people who would like a wilderness experience, despite having a physical limitation. The group has brought people to the BWCA, as well as other wilderness areas. “One might wonder how much satisfaction there would be in ascending Mt. Everest if there were a chairlift to the very top.” **Fargo Forum** said (May 20) Wellstone’s mediation plan “makes sense.” “Somewhere between the extremes there is room

for a compromise—one with explicit restrictions on motor size, boat speed and motor permits.” **Duluth News-Tribune** called (May 31) mediation “the best hope for real progress in disputes that go back more than 40 years.”

**Duluth News-Tribune** said (May 23) St. Louis County should study again whether to split the county into north-south parts. It also approved of the county board’s vote to explore more joint operations between the city of Duluth and the county. **St. Cloud Times** said (May 6) local officials are going to have to “face reality” in confronting the issues of comprehensive regional planning and intergovernmental cooperation. It said the multiple-government St. Cloud area “should be fodder” for a study of local government being done by the Minnesota Planning Office.

**Rochester Post-Bulletin** said (May 31) results of the eighth-grade achievement tests “should be no occasion for happiness, since a large number of students failed. “By quantifying students’ progress,

## Employers are customers of job programs

*Edited excerpts of remarks by Steve Rothschild, founder and president, Twin Cities RISE!, to the Citizens League on May 7.*

Our policy and our resources are going in a direction that doesn’t necessarily support the kind of activity that would be beneficial to people and to society as a whole that might help them escape poverty.

What should we do?

First, programs and trainers and the government and the people who are providers have to shift their orientation and start to consider employers as their customers. It’s not the client who walks in, it’s not the government who makes the rules, it’s not the philanthropy community that often supplies the money. It’s the employer. Too often today

these programs are run with an eye on who pays the money and who walks in the door, not on who has the job. As a result, a lot of people are being trained for jobs that don’t exist or standards that are too low and, as a result, don’t have any meaning for the vast majority of employers seeking skilled workers.

What do I mean by making the employer the customer?

We’ve got to find out what the specific living wage jobs are, go out and check them out, go talk to customers about what they do. What are the jobs? What they will find is that there is an enormous array of living wage jobs.

Secondly, you’ve got to find out what their requirements are for that job. You can only do that by creat-

they will show state and local school officials where improved programs and additional help are needed.” **Star Tribune** said (May 29) the test results offer “plenty to worry about.” It suggested establishing an afternoon study hall for kids who have not passed benchmark tests and to seek more volunteers to help students. **West Central Tribune** said (May 31) the tests can help identify early on students who need intervention. **Republican Eagle** said (May 29) the tests offer for the first time “public accountability of school performance.” “It’s an opportunity for community-wide discussions of where we are and where we want to be.” **St. Cloud Times** said (May 31) the tests indicate that individual school districts “need to design solutions for the populations they serve.”

**Fergus Falls Daily Journal** said (May 15) a proposed Clay County ordinance that would make parents responsible if they are aware of their child’s illegal actions is “not a bad idea.” **Forum** said (May 23) the proposed ordinance should be enacted. “Youth who chronically break the law must be held accountable for their actions. Placing part of that responsibility on parents is part of the answer.”

ing a relationship with the people who do the hiring.

The other thing is we have to start with the interchangeable work skills, not merely vocational job skills. Employers told us that this was universal, regardless of the jobs. They’re more interested in a person’s problem-solving ability, decision-making ability, conflict resolution ability, self-discipline, teamwork, sociability than they are in the technical skills. In fact, most jobs don’t require technical skills. And, if they do, the employers will teach them, because they know the technical skills of today are going to be obsolete tomorrow. What they want are people who know how to learn more than people who know something specifically today and don’t have the capacity or the interest in learning tomorrow.



Assessment

Continued from page 1

assessment system and explain the conditions under which they work well. The study is not like a traditional audit that seeks out performance problems; instead, best practices reviews highlight successes. We hope to interest local governments in trying some practices that others have found effective.

We focused on only two components of the assessment system: (1) the organizational structure of the system and (2) the process for appealing property value estimates. The organizational structure refers to the degree of centralization for assessing. Counties where all cities and townships rely on local assessors are most decentralized and counties where the county assessor is responsible for assessing all parcels are most centralized.

**Effective structures**

We identified numerous best practices that help in estimating property values uniformly and at market value. We looked at how well these practices apply to the different organizational structures in Minnesota. To make this comparison, we divided counties into one of three groups: (1) countywide assessment, where the county assessor assesses all property values (23 counties in 1994); (2) systems that are largely county assessed, that is, where the county assessor's office assesses at least half of the parcels (26 counties); and (3) systems that are largely locally assessed, where local assessors assess the majority of parcels (37 counties). One county supplied insufficient data to be included in the analysis.

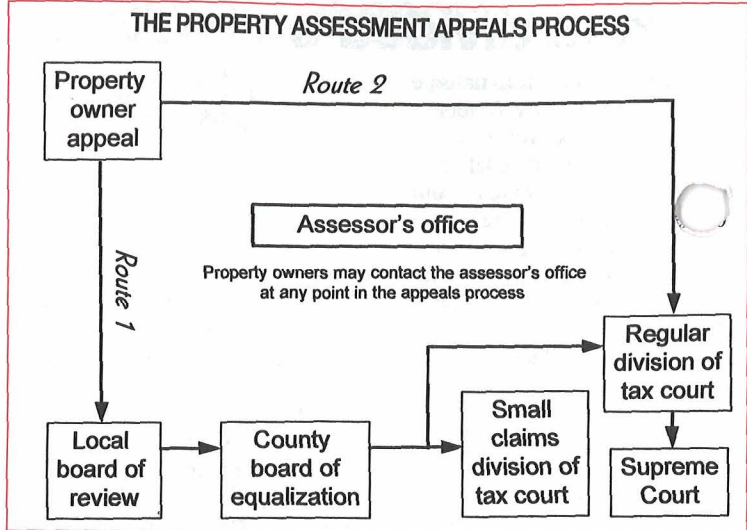
In some respects the three groups seemed equivalent. For instance, between 81 and 91 percent of counties from all three organizational structures produced accept-

able assessments on residential property. Similarly, median costs were between \$12 and \$14 per parcel in effective counties from each of the three groups, showing minimal variation by structure. For the cost comparison we defined as effective those 34 counties where assessment/sales ratios—comparisons of the assessor's estimated values to parcels' selling prices—met state standards for residential, agricultural, commercial-industrial and lake cabin property.

On the other hand, certain practices seemed to predominate among counties with countywide assessment systems. One such practice was managing effective ratios of assessment staff to parcels. Industry standards suggest that assessment jurisdictions maintain a minimum ratio of two assessors per 10,000 parcels to conduct effective mass appraisals. Most Minnesota counties met this standard, but we found a wide range, with one county having as many as 21 county and local assessors per 10,000 parcels. Counties with countywide assessment structures were typically more efficient, with a median of 2.5 assessors per 10,000 parcels. This was also true when we added assessors together with other personnel, such as administrative, mapping and other support-services staff. (See the accompanying table.)

Another practice more prevalent in countywide assessment systems was notifying property owners in advance of inspecting properties. About 39 percent of assessors in countywide systems notified homeowners in advance of their visits either by mail, telephone or other means, compared to 31 percent from counties largely county assessed and 17 percent from counties largely locally assessed.

For example, the Duluth City Assessor's Office sends notification letters about two weeks in



advance to homeowners whose homes are to be reappraised. The letters make residents aware of appraisers' pending inspections, describe the importance of the inspections for consistent and accurate appraisals and suggest that owners who will not be home schedule an appointment at their convenience. Appraisers find that homeowners who have been notified in advance tend to be more cooperative and receptive to their inspection.

**Effective appeals processes**

In Minnesota, property owners are entitled to dispute the estimated market values of their property, regardless of how close to market value the assessor's estimates are. State statutes establish two routes owners may take to appeal: (1) appear before a local board of review, then a county board of equalization, and then Minnesota Tax Court, or (2) appeal directly to Minnesota Tax Court. (See accompanying figure.) In addition, taxpayers may contact their assessor's office at any time with questions about their assessment.

Local boards of review, most often comprised of the mayor and city council or township board, and county boards of equalization, most often comprised of county commis-

sioners and the county auditor, are authorized to compare assessments and determine whether the assessor has properly valued taxable property. Cities and counties have the option of appointing special boards to assume these duties as long as at least one appointee is an appraiser, real estate agent or other person familiar with property valuation in the district.

Effective appeals processes should offer a fair and objective forum to appeal property assessments and be understandable, easy to use and effective for all participants. The following are two examples of the numerous actions—each of which has many different related practices—that help achieve these goals:

● **Helping board of review and equalization members be knowledgeable about property valuation.** Because most individuals serving on boards of review and equalization are not necessarily trained in the field of appraisal, education on assessments and property markets can help them make informed decisions. Assessors who provide relevant assessment and sales information to the board, board members who prepare themselves for meetings and local governments that appoint members with real estate backgrounds and experience to boards of review and equalization help foster knowledgeable boards.

For example, Brooklyn Park's City Assessor's Office provides extensive background information to help its city council prepare for board of review meetings. The office develops a packet of back-

Assessment

Continued from page 4

ground information that includes—in easy-to-read, bullet format—the board's responsibilities; statutory constraints on the board, such as the one-percent limit on changes to the city's aggregate market value, and a review of board procedures from past years.

The packet also outlines the results of market changes and the assessor's work from the past year. It describes values by type of property and how they changed, assessment/sales ratio studies for each of the major types of single-family homes, such as ramblers or split entries, and information about steps

a property owner can take to appeal.

Before Brooklyn Park's board of review meets to make decisions on the contested properties, assessment staff prepare detailed information including a photograph and data on four comparable properties. A comparison table lists characteristics of all five properties such as: sale dates and prices, style, square footage, year built, number of baths, size and finished percentage of the basement, and amenities such as decks and fireplaces.

● **Resolving property owners' questions objectively and efficiently.** Actively encouraging property owners to contact assessors' offices and holding "open book"

meetings for owners to inquire about assessments are two practices that can help ensure efficient resolution of property owners' questions.

For instance, the assessor's office in Cass County holds Saturday meetings to provide property owners the opportunity to question their property assessments in an informal setting. Assessors bring records of all parcels in the assessment district to a central location and meet individually with each property owner who shows up. Because about 90 percent of property owners who attend the Saturday meetings get their questions resolved and do not appeal at the local boards of review, the number of appeals to local boards in Cass County has dropped about 40 percent over the

first three years since the Saturday meetings began.

We observed many examples of effective practices by assessors and boards of review and equalization around Minnesota. Even though assessors have had to adapt to their own jurisdiction's needs, many of the ideas and practices they use are suitable for others as well.

Jody A. Hauer is coordinator of best practices reviews in the Minnesota Legislative Auditor's Office. Copies of the report Property Assessments: Structure and Appeals are available by calling 612-296-4708. The report is also available on the World Wide Web at <http://www.auditor.leg.state.mn.us/pe9607.htm>.

Clusters

Continued from page 1

**Greater Minnesota.** We grouped 102 Greater Minnesota cities with 2,500 or more residents into 46 clusters, each of which functions, at least in some ways, as a single economic unit. Most clusters contain several cities, but a few contain only one.

Our analysis of statistical data and other materials provided by the cities, coupled with interviews with city officials and private citizens, confirmed that the single independent city no longer is the basic economic unit in Greater Minnesota. Just as a central city in a metropolitan area has its suburbs, a regional center in outstate Minnesota is surrounded by its own mostly residential "neighborhoods," nearby cities and townships. Whereas metropolitan communities tend to blend together, however, a regional center city may be separated from its residential neighbors by significant distances.

For example, in 15 outstate cities we studied (including 10 in counties surrounding the metro area), more than four percent of the population commute at least 60 minutes each way to work. In another 34 cities (14 on the metro fringe), from 10 to 43 percent of the population commute 30 to 60 minutes each way. In contrast, only two percent of the labor force in Minneapolis and St. Paul commute at least 60 minutes each way, and 20 percent spend 30 to 60 minutes commuting. While a 30-minute commute in the Twin Cities is likely to keep a worker in the metro area, a 30-minute trip for a commuter in Greater Minnesota might cover 30 miles and span two or three cities.

The traditional concept of a city as providing the majority of its citizens with housing, jobs, education, shopping, health care and other public and private services—regardless of the city's size—is no longer economically efficient. What is happening instead is the concentration of these activities, either in regional centers or, where no single city dominates, among a

number of smaller, reasonably proximate communities.

No single model of a regional cluster predominates in Greater Minnesota. Some clusters are centered on large central cities surrounded by smaller, more residential cities, such as the cluster that includes Rochester and the surrounding communities of Kasson, Byron, St. Charles and Stewartville. In some cases, a cluster may include a mature city and a fast-growing younger city, such as Brainerd and Baxter, or two mature cities with significant interconnections, such as Austin and Albert Lea. Some regional clusters, such as the Bemidji area, have only one city of over 2,500 but have significant development in the surrounding townships. And some Minnesota cities are part of clusters that straddle state boundaries, such as Duluth-Superior and Fargo-Moorhead.

This pattern of growth is good news for the regional centers and for the smaller communities that are part of a "center." It implies a different future, however, for many smaller and medium-sized cities. They can no longer expect to be able to support a full range of retail shopping and must also recognize that, increasingly, better-paying jobs may be situated in a city within driving distance of their community.

Loyalties to particular places as we once knew them run strong, and some may find it difficult to accept

an expanded definition of a community. Yet this new definition does not diminish the value of any individual city or town. Each city plays a role within a cluster. As long as the desired bundle of goods, services, and amenities is available within a cluster, not every community needs to provide everything for its residents on its own. In fact, the cities and towns that will do well in the future are those that recognize their new role within the changing patterns of economic and social development and strive to take advantage of it.

If we can learn to see these different communities within commuting range of each other as "spatially separated neighborhoods" of the same regional center, then that regional center will have a better chance of meeting its residents' needs than any community alone could. Economic development can be planned accordingly and services can be consolidated for maximum efficiency.

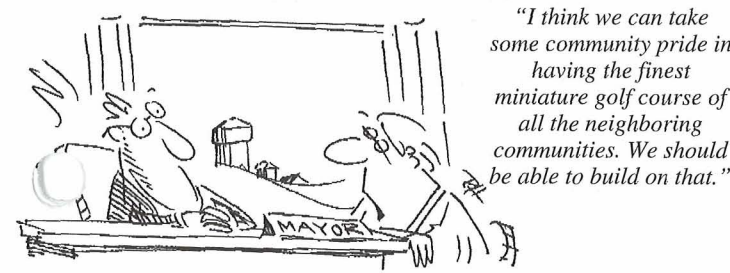
A community that recognizes its role—for example, that it is becoming a residential neighborhood of a larger city in its area—can refocus its economic strategies appropriately. It may be that adding a golf course or other residential amenities will make the community more appealing and will attract new residents who will maintain the housing stock and contribute to the community. On the other hand, the traditional strategy of building an

PERSONNEL RATIOS BY COUNTIES' ORGANIZATIONAL STRUCTURE, 1994		
Organizational structure of counties	Median # of assessors* per 10,000 parcels	Median assessors* plus other FTE staff** per 10,000 parcels
Countywide assessment	2.5	3.8
Largely county assessed	3.8	5.0
Largely locally assessed	8.4	9.9

\* Assessors include those in county assessors' offices, city assessors' offices with their own staff and an estimate of local contract assessors.

\*\* Other FTE staff means administrative, data processing, mapping, clerical and other support-services staff working on a full-time equivalent basis.

SOURCE: Legislative Auditor's Office





# Clusters

Continued from page 5

industrial park may not generate the desired results, because the nearby regional center is more attractive to industry.

Cities will also need to look for

## Vickerman

Continued from page 1

to tackle because every situation is different. One-size-fits-all solutions or broad characterizations intended to pertain in all cases don't readily apply in the real world.

Several trends are apparent, though. Annexations are becoming more frequent. The number of annexations from 1992 to 1995 was 150 percent greater than in the previous four years. In addition, rural concerns about Chapter 414 annexation statutes are increasing. It is also disturbing to watch a trend toward more state interference, resulting in a reduced role for local citizens most affected by these land-use decisions. These tensions will continue building unless legislative actions are taken to deal with several problems rooted in the current law.

I believe the most important first step is for the Legislature to encourage joint planning among the local units of government. Almost everyone favors cooperation and joint planning, but how local groups are brought to the table prompts considerable disagreement.

- Do we create incentives, or make joint planning mandatory?

- Do we ban most development in townships, or stop all annexations until a joint plan gains the agreement of the affected parties?

efficiency by consolidating such services as police and fire, ambulance dispatching, and city administration. Some have already done so. This will need to become more common, however, and cities and townships will need to cooperate more and be more open to the politically difficult issues of annexation and consolidation.

All of these ideas have been brought forward and they will continue to be debated. Most importantly, local elected officials need to get beyond past disagreements and mistrust and work for the good of their broader communities. The annexation of land cannot just be about city versus township fights for land and tax base. The right way to frame the issue must be based on which local government unit can best provide the needed services for an area and its residents.

In addition to encouraging joint planning, annexation laws also need a few changes.

The first change would be to reinstate the election provision repealed in 1992. Prior to the 1992 law change, the final step of a contested case annexation was a local referendum of affected property owners. I think it is fundamental that we give residents an opportunity to vote on the type of local government that serves them.

Giving people the right to vote on local issues is not new and is provided throughout our statutes. For instance, elections are allowed for city residents when two cities propose to combine, but township residents aren't allowed the right to vote when their property is being annexed to a city. By making minor changes to the pre-1992 election language, we can create an election that is meaningful, avoids extremely burdensome legal costs and gives affected property owners a clear voice in the process.

The argument that township residents automatically resist "paying their fair share to receive city services" and therefore must be denied the right to vote

A clear understanding and acceptance of a more specialized role can convert frustration with what a city is *not* to pride in what it *is*, and can energize and focus resources to strengthen the community in that role.

*Michael O'Keefe is executive vice president of The McKnight Foun-*

simply does not hold up to scrutiny in the vast majority of cases. Although annexation attempts can lead to very bitter fights between township and city officials, it is important to note that most annexations are handled with little disagreement and often come together quickly. Only 12 of the total 1,034 annexations handled from 1992 through 1995 went to contested case hearings. But as the old saying goes, "the squeaky wheel gets the grease," and contentious annexations get the most attention.

Just as there are townships where irresponsible actions have been taken, not every city is responsible with its land-use planning. Numerous examples of incompatible and inefficient extension of city development and services can be cited. The ability of township residents to vote on controversial annexations provides an appropriate check against these occasional abuses of city powers.

Second, we need to close loopholes in existing orderly annexation agreements. Orderly annexation agreements are filed when the county, city and townships have sat down and planned out when property will be annexed and developed. However, our current law, backed by a recent court decision, allows a city to break that agreement and annex land before the date provided in the agreement. This loophole breeds mistrust and erodes confidence in the long-term joint planning process.

If one group can break an agreement, what incentive is there for reaching any long-range agreement?

Finding the right solution for areas with pollution problems is another important and complex issue. When the Pollution Control Agency orders city services to an area, the city should be able to annex that area easily and quickly. However, the annexation of land

*ation. Paul Anton and Andrea Lubov are chief economist and senior economist, respectively, with Bugbee, Anton & Associates. Copies of The Growth of Regional Economic Centers in Greater Minnesota are available from the McKnight Foundation at 333-422-*

alone will not solve the pollution problem until the adequate sewer and water services are provided.

Several options are available to cities and townships when they deal with pollution problems caused by lack of municipal sewer and water. Some areas have been very successful in using joint powers agreements or rural service districts. Often, it is more efficient for a rural area to rely on a cluster system around a lake rather than having a city extend a sewer pipe from a couple of miles into the township. The overriding factor should be finding the most cost-effective and efficient alternative that solves the problem. Taxpayers are demanding that they get efficient services, no matter who is providing them.

These are not the only questions that will be debated as we deal with land-use and growth issues. However, if we can make changes to annexation laws that place cities and townships on equal footing, it will be much easier to encourage joint planning. As is the case with any dispute, if one party has more power than the other, good-faith negotiation and true cooperation are much less likely to take place.

The ability of local governments to work together and plan cooperatively for their futures is essential if rural cities and townships are going to survive and thrive. Cities and townships need to be able to attract businesses, provide adequate housing and deliver services efficiently. If small, rural communities are unable to do that, job opportunities and the economy will suffer. And in many instances those economic losses to rural Minnesota will become gains to other states.

*Jim Vickerman (DFL-Tracy) is a member of the Minnesota Senate and chair of the Senate Metropolitan and Local Government Committee.*

# Hottinger

Continued from page 6

address the growing problems of urban sprawl with efforts to establish a stronger land-use policy for the state. The heightened awareness that leapfrog development and uncoordinated land-use policy waste valuable land and increase governmental costs has helped trigger a series of legislative responses. Important to remember in this discussion is the fact that growing questions of urban sprawl and poor land use also significantly affect the communities in Greater Minnesota. As the Legislature searches for the best policy to manage growth and fashions the tools to best structure future development, one of the key discussions will be about annexation policy.

With annexation, as with the discussion of more metro-based land-use issues, the policy debate often comes down to the willingness of adjoining governmental units to find ways to cooperate, focus responsibility and find the common ground of overall community good. Annexation, of course, is a tool for permitting cities to expand their boundaries so that needed municipal services can be provided. Both experience and theory support the concept that to remain healthy, cities must be allowed to add land to their boundaries as growth develops in order to organize for that growth and create jobs for an entire region. Cities with elastic boundaries can prevent poor land-use planning in the future and clean up environmental threats caused by poor or no land-use planning in the past.

Sound annexation policy also makes the provision of government service more economical. Currently, businesses and homes that are developed on the fringes of cities benefit from many city services, but the business owners and homeowners are not required to share the costs of those services. Allowing city boundaries to grow to include these urbanizing areas more fairly spreads the cost of city services, which, in turn, promotes the economic vitality and environmental health of the entire community.

In one respect the most important annexation policy decision has been made. In 1978, the Legisla-

ture established a sound, basic land-use policy, declaring that municipal government most efficiently provides services to business and urban residential property and that townships are most efficient for agricultural and open spaces. Unfortunately, since then this policy has not been consistently implemented.

Recent news stories from growing communities like St. Cloud and Stillwater have highlighted the divisive community conflict that can arise as a result of failure to properly follow our state land-use policy: annexation disputes. These disputes end up draining taxpayer dollars, delaying the appropriate land planning decisions and diverting municipal energy from economic development strategies to legal strategies.

Annexation of urban township land by cities is essential to managing growth throughout the state, particularly in Greater Minnesota. Effective land-use policy is also necessary to preserve our environment. Only an improvement in our annexation and land-use laws can protect our state's valuable resources.

In Greater Minnesota the stories are well documented. The growing regional centers have begun to mirror the Minneapolis/St. Paul area with sprawling, suburban fringe development eating up valuable land. Many townships are developing as urban areas without proper planning and with unnecessary duplication of municipal services.

Areas outside cities where dense, unrestrained urban development has occurred are environmental disasters waiting to happen. Leakage from failing septic systems located on inappropriately-sized lots is seeping into our state's waters. But cities have been handcuffed by current annexation laws in their efforts to implement efficient, long-term planning. The results are urban sprawl, duplication of services and environmental degradation.

Present barriers to annexation have been exploited to delay proper planning and community-based growth. This has led to costly and unnecessary litigation throughout the state. Tax dollars that could otherwise go to improved services or that could forestall future tax

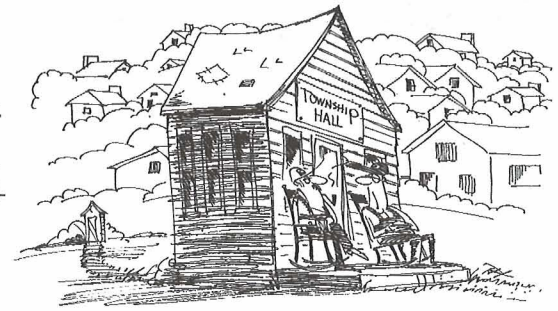
increases instead are consumed by cities fighting townships in court. Changes to improve this situation and cut the litigation have been curtailed by those who argue for unfettered private property rights and the resulting scattered, uncontrolled development. Their arguments go directly against the best interests of the community and, frankly, their own long-term interests in property values and environmental safety.

The 1997 Legislature faces critical decisions with stark implication for Minnesota's economic and environmental future. The land-use policy debate will have many facets, but fundamental will be the question of whether we should *remove* annexation barriers or repeal recent reforms and *add* more barriers. By removing annexation barriers, legislators would help protect the environment and more fairly distribute the cost of urban services among those who benefit.

The goal of citizens should be to ensure economic and environmental vitality throughout the state. It's a balancing act requiring cooperation and foresight among all players. Reps. Ann Rest, Steve Trimble and Kevin Goodno joined me in introducing bills in 1996 that reduced barriers to using annexation and encouraged appropriate land-use planning. These bills can serve as models for the land-use policy decisions we need to make.

One of our proposals would have allowed cities to annex an area if it is ordered by the Minnesota Pollution Control Agency to provide sewer service. Present law requires an unnecessary and expensive hearing in front of the Minnesota Municipal Board. Another proposal would limit most nonfarm development outside municipal boundaries until land is annexed, thereby preventing urban sprawl. This would require urban development to take place within cities, where it belongs, and is based on a cooperative agreement worked out in the Mankato area.

Township representatives have distracted the policy debate by seeking



*"Frankly . . . I think it's time to start praying for annexation!"*

veto power over sound annexation policy decisions. They have sought to restore a local election requirement for some annexations, which the Legislature wisely eliminated in 1992. This debate was the focus of 1996 legislative action and was a waste of time, detracting from the real needs to improve annexation law in a positive way.

If restored, as township supporters want, the old provisions would permit individual property owners acting solely in their self-interest to band together to frustrate the needs of the broader community for efficient government services, environmental safety and sound land-use policies. We historically have relied on representative government to make these decisions of balance. To go backwards—as the township proposals would have us do—would be foolish at a time when we should be seeking ways to treat our taxpayers fairly and efficiently.

The real annexation issue is the need to control sprawl by giving cities the tools to control their boundaries. Under the bills Reps. Rest, Trimble, Goodno and I have offered, virtually all users of municipal services would share in their costs, resulting in improved taxpayer equity. Additionally, the problems of unplanned growth would be limited, resulting in improved, cost-efficient municipal services to the taxpayer. Thirdly, and most importantly, our most valuable, nonrenewable resource—our land—would be preserved and protected. And that's something we all should agree on.

*John Hottinger (DFL-Mankato) is a member of the Minnesota Senate and serves on the Senate Committee on Metropolitan and Local Government.*





# One-fifth of Minneapolis grads from alternative schools

A **sizable number** of Minneapolis kids are earning their diplomas from alternative high school programs, rather than from one of the city's seven traditional high schools. Nearly a fifth of the kids graduating from high school in Minneapolis in 1995 earned their diplomas at one of the district's 20 alternative high school programs—six run by the district and 14 run privately under contract. Of the 1,597 '95 grads, 310 (19 percent) earned diplomas from the alternative programs and 1,287 from the seven high schools. (1996 figures are not yet available.)

Over two-thirds of the kids graduating from the Minneapolis alternative programs in 1995 were students of color; about half were African Americans. In contrast, only 44 percent of the '95 grads from the city's seven high schools were students of color; 22 percent were African Americans.

According to Denny Lander of the district's student accounting office and Bob Jibben, director of alternative programs, over 1,300 high school students are enrolled full-time at one of the district's alternative programs. That combined alternative program enrollment is about the same as an average Minneapolis high school. Jibben said about another 1,000 kids are enrolled part-time in alternative programs, making up credits or improving their skills.

In addition, Lander said, over 700 Minneapolis kids are enrolled outside the district in a suburban area learning center, another alternative program. Nearly a fourth of them are age 20 or older.

In order to qualify for an alternative program, students must meet one of the state's high school graduation incentives requirements, such as being a dropout, behind in skills or credits, abused, expelled, limited in English proficiency, mentally ill or referred by their current school. According to Lander, every one of the district's alternative programs is full and has a waiting list.—*Dana Schroeder.*

**A dubious second fiddle.** Milwaukee lenders have earned questionable distinction for their reported discriminatory lending practices.

## Take Note

*No vacation from public policy pondering.*

But it might surprise some that the Twin Cities is not far behind by some indicators.

Back in early 1994, a study by Humphrey Institute Professor Sam Myers and a group of grad students brought some profile to the issue. Controlling for important factors like bad credit, Myers' study found that the mortgage rejection rate for nonwhites was 70 percent higher than that of whites.

According to an analysis of 1994 mortgage rejection rates among the 40 biggest metropolitan areas by *The Kansas City Star*, Minneapolis-St. Paul has the second highest mortgage denial ratio of African Americans compared to whites. Figures from the Financial Institute Examination Council showed for every one mortgage rejection for whites living in the Twin Cities, there were 3.08 rejections for African Americans.—*Ron Wirtz.*

**New export data** just released from the U.S. Department of Commerce show that the value of foreign exports from the Minneapolis-St. Paul metropolitan statistical area (MSA) dropped about one and one-half percent between 1993 and 1994.

But there were dramatic increases—albeit from much smaller starting points—in some surprising spots in the Midwest. Foreign exports increased 60 percent in the Eau Claire (Wisc.) MSA. The increases were 45 percent in Waterloo-Cedar Falls (Iowa), 37 percent in Rochester, 37 percent in Green Bay, 18 percent in Sheboygan (Wisc.) and 17 percent in Madison.

Proof positive of the globalization of the economy.—*Janet Dudrow.*

**State agencies** often trudge away from the Capitol at the end of the legislative session heavy with the burden of new requirements and tasks. However, the Minnesota Legislature increased the workload of the Minnesota Department of Health by *not* acting during its 1996 session. Lawmakers ignored the department's recommendation to

repeal requirements that it promulgate licensing rules for integrated service networks (ISNs) by January 1997. Without a repeal, the department will need to assemble staff and convene advisory committees to launch a rulemaking process to meet the January 1997 deadline.

Similarly, the Legislature did not act on a recommendation *not* to recodify the different chapters of Minnesota statutes dealing with health-plan companies, so the department will need to produce a bill for 1997. The Legislature also declined to reduce the department's role in monitoring compliance with annual growth limits on health-care provider revenues.

Lawmakers *did* act to mandate that insurers cover a screening procedure for prostate cancer, even though the Health Technology Advisory Committee—created by the Legislature in 1992 to advise on how medical technology should be applied—had recommended against a mandate.—*Allan Baumgarten.*

**Depends on who you ask:** Defenders of the education status quo point to surveys that show most parents are happy with the standards and teacher performance of the schools their children attend. Different groups, however, have different levels of satisfaction.

According to a study by the Joint Center for Political and Economic Studies, African Americans and people living in urban areas were much more likely to be dissatisfied

with their schools than the general population. More than half (54 percent) of the African Americans surveyed rated their schools "fair or poor," compared with 30 percent of the general population. Only 10 percent of African Americans rated their schools excellent or good, compared to 64 percent of the general population.

Only 31 percent of people in urban areas rated the schools excellent and only one out of 10 urban African Americans gave schools the excellent rating.—*R.W.*

**Speaking of schools...***Business Week* (June 10) reported that a long-term study by University of Chicago economist Derek Neal found that students attending Catholic schools were more likely to graduate than similar students in the public schools. They were also more likely to attend and graduate from college and their wages were higher.

In the suburbs and rural areas, students who went to Catholic schools did no better than their peers in the public schools. The dramatic differences were found in urban counties having populations over 250,000.

The most impressive impact was on students of color: The chances of an African American or Hispanic student graduating from high school jumped from 62 percent in the public system to at least 88 percent in the Catholic schools.—*J.D.*

*"Take Note" contributors include Minnesota Journal and Citizens League staff members and Allan Baumgarten, a consultant on health-care policy and finance.*

**Minnesota Journal  
Citizens League  
Suite 500  
708 S. Third St.  
Minneapolis, MN 55415**

SECOND CLASS  
POSTAGE PAID  
AT MINNEAPOLIS  
MINNESOTA





# Citizens League Matters

June 18, 1996

News for Citizens League Members

## Welcome New Members

Lynn Bolnick  
John De Witt  
William Diaz  
Paul Fate  
Susan Gaertner  
Cindy Goff  
Erin Hanson  
David R. Johnson  
Greg Johnson  
Rick Krueger  
Susan Nelson  
Al Oertwig  
Peter Pearson  
Shelly Regan  
John Rohrman  
Jane Samargia  
Leslie Sandberg  
Richard Slieter  
Charlotte Stover  
Barb Thoman

**THANK YOU  
RECRUITERS**  
Mike Christenson,  
Marie Grimm, Barbara  
Lukermann and  
Connie Morrison.

## Citizens League

708 South 3rd Street # 500  
Minneapolis, MN 55415  
Ph 338-0791 Fax 337-5919  
citizen@epx.cis.umn.edu  
<http://freenet.msp.mn.us/ip/pol/citizen/>

The Citizens League promotes the public interest in Minnesota by involving citizens in identifying and framing critical public policy choices, forging recommendations and advocating their adoption. Suggested dues for membership are \$50 for individuals and \$75 for family membership. Other categories are also available. For more information on membership, please call 338-0791.

## Committee on the Twin Cities in the Global Economy finishes its work

After nearly two years of hard work the Global Committee has forwarded its report on to the League's Board of Directors. As of this writing the Board has not acted on the report but will consider it at the Board meeting scheduled for June 19.

The Citizens League has studied Minnesota's economy periodically, most recently in 1984, when it outlined strategies for enhancing the state's economic competitiveness. The League has also conducted numerous studies and developed expertise on a variety of issues related to economic competitiveness, including tax policy, development financing, education and infrastructure.

The charge to this committee was to examine what steps the public sector should take to position the Twin Cities Metropolitan Region for prosperity in the global economy.

There have been several other high profile efforts looking at the question of regional competitiveness. But the League brought its unique focus on redesigning public institutions to the question of how to position the Twin Cities for prosperity in a global economy.

The committee was co-chaired by **David Hunt** and **John Yngve**. A total of 32 committee members took an active part in the work of the committee. In addition to the co-chairs, they were:

Greg Backlund, David J. Bennett, Lindley Branson, Robin Carpenter, Bright M. Dornblaser, Linda Ewen, Edward Fagerlund, David F. Fisher, Susan Huber, Eldon Kaul, Larry Kelley, Susan Koch, Raeder Larson, Charles Lutz, Robert MacGregor, Danolda D. Marcos, James L. Myott, Donald Newell, Dan A. Newman, Patrick O'Leary, Edward C. Oliver, Douglas Petty, Mark Pridgeon, Don Priebe, John T. Richter, Peter Ries, Jr., Mary Ruch, James M. Stanton, J. Robert Stassen and Robert Teetshorn.

*The League brought its unique focus on redesigning public institutions to the question of how to position the Twin Cities for prosperity in a global economy.*

The committee met for the first time on August 16, 1994 and concluded its deliberations on May 21, 1996.

During its 60 full group meetings, the committee studied a variety of printed materials and heard from 43 resource speakers.

The Citizens League also used several methods to share the work of the committee publicly throughout the process, and to invite public comment.

In the early stage of the study, the League held a series of Speak

Ups! on global competitiveness. Three of these meetings were held with League members who were interested in the issue but who did not participate in the full study. The rest of the meetings were held with groups of citizens who were knowledgeable about and closely affected by the issues under study.

Several organizations convened Speak Ups! in cooperation with the League. We acknowledge their leadership and assistance gratefully:

**African American Chamber of Commerce**  
**First Bank System**  
**Minnesota AFL-CIO**  
**Norwest Bank**  
**Office of Mayor Norm Coleman, City of St. Paul**  
**St. Paul Dept. of Planning and Economic Development**

The Citizens League thanks **Minnesota Technology, Inc.**, **Lurie Besikof Lapidus & Company**, and the **Minnesota Trade Office** for providing meeting space for this project. The League also acknowledges gratefully the contribution of the **Metropolitan Council** in lending the videotape series, "The Competitive Advantage of Nations."

It takes a huge collective effort to make a project this long and large successful. Thanks to everyone who made a contribution.



# Ballots for the League Board of Directors election due by June 27

Ten League members have been nominated to run for the League's Board of Directors. Eight will be elected by the membership for three year terms. The ballots will be counted on Friday, June 28, 1996. You must get your ballot to the League office by 6:00 p.m. on Thursday.

Open election of Board members by the membership has become increasingly rare among most non-profit associations and organizations. The norm is to accept a slate of nominees. League members take electing the Board seriously. More than a third of the members traditionally vote in the Board election.

This year's nominees are: **Mary Anderson**, Golden Valley,

Mayor of Golden Valley; **Cal Clark**, Pine City, Economic Development Director, Utilicorp United; **Linda Ewen**, Maple Grove, Planner, Anoka County; **Suzanne Fuller-Terrill**, Minneapolis, Associate Director, General Mills Foundation; **Peter Gove**, Bloomington, Vice President, Corporate Relations, St. Jude Medical, Inc.; **Marie Grimm**, St. Paul, Consultant, former City Council member; **Sean Kershaw**, St. Paul, Small Business Liaison, PED, St. Paul; **Pam Neary**, Afton, Doctoral candidate, U of MN, former state representative; **Matthew Ramadan**, Minneapolis, Executive Director, Northside Residents Redevelopment Council;

**Christine Roberts**, St. Paul, Deputy to Chancellor, Public Affairs, Mn SCU.

Nominees are selected by a Nominating Committee, which is chaired by the immediate past president, and consists of two Board members whose terms are not expiring and three persons who are not members of the Board. This year's Nominating Committee was **Bill Johnstone**, chair, **Ronnie Brooks**, **Jean King**, **Don Fraser**, **Mike Christenson**

and **Herman Milligan**.

The League Board of Directors may include up to 38 members. Twenty-four of the Directors are elected by the membership to staggered three-year terms. The Board also appoints four officers and up to 10 additional Directors to one-year terms. Members are limited to six consecutive years on the Board of Directors. The Officers of the League will be elected at the Board transitional meeting to be held sometime in August.

## "Hot ... new ... cool" Citizens League

These are not exactly the adjectives that come readily to mind when thinking about the Citizens League. In fact, the 17 year-old daughter of one of your editors chortled when asked if she thought of the League as cool or hot.

But the St. Paul Pioneer Press listed the Citizens League Web page on its "hot list" of "what's new, what's cool in area Web sites." The League was listed in the June 10 hot list compiled by reporter **Julio Ojeda-Zapata**.

The League Web page has actually been up and running since March - we've even gotten new members from the on-line membership application. Recently we've added electronic versions of the Take Notes from the *Minnesota Journal* and Executive Director Lyle Wray's Viewpoint.

The League's Web page is hosted by **Twin Cities Free-Net**. A local non-profit, Free-Net is committed to building an electronic community network through free or low-cost access to information. Anyone can be an information provider or consumer on Free-Net and there is no charge for using it.

The League is also grateful to **Diane Gibson** whose invaluable advice and countless volunteer hours made the League's Web page a reality. We couldn't have done it without her. Thanks, Diane.

So if you want to be cool and impress your friends, kids or grandchildren, check out the League's Web site. The address: <http://www.freenet.msp.mn.us/ip/pol/citizen/>

## We're sorry—but we still need the money

By now you've probably received two mailings from the League, each with a card asking for a special financial contribution.

For about the past year the League has used a local mail service to fold, stuff, zip-code sort and otherwise prepare League mailings to our members. These vendors do much work for many customers, so it was probably inevitable that we would eventually experience a problem.

Unfortunately, the first mailing was incorrect. The cover letter was omitted and a reply envelope to GE Fleet Services was mistakenly enclosed.

Don't worry if you responded by sending a check in the wrong reply envelope. We are getting those checks from GE Fleet Services.

The second mailing, which you probably received recently, was correct. We hope you take the time to consider our request for extra financial support.

We think the case is clear. The League does valuable work on issues that matter, but which often don't get enough attention—more importantly, don't attract much financial support.

The bottom line is that the League must increasingly count on you, the members, to provide the financial support necessary to continue our very important work on behalf of the region.

By the way, thanks to those of you who didn't even need the letter to convince you to send in your support. We appreciate your confidence.

## A Tale of Three Cities available on video

The April Mind-Opener series on managing urban growth is being broadcast on Tuesday nights on MCN (Channel 6) at 9:30 p.m. The Phil Wichern and Ken Greenberg presentations have already aired. Beverly Stein talks about Portland on June 18. John Krauss talks about Indianapolis on the 25th. And on July 2, David Gurin talks about Toronto. If you miss the series on cable the tapes are available from the League office. You can buy a copy for \$25.95 each or call the League office if you want to borrow a copy.