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 debate 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 fair 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 assessment systems.

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
Viewpoint
by Lyle Wray

The view here is that we cannot manage our way out of these challenges. The postindustrial era nor can we simply reregulate the existing social institutions. We must also deal with the hard work of rebuilding the social contract to situate the postindustrial age.

Management. For the past 30 or 40 years, the business field has led the world in devising clever management strategies—from improving the background management—of objectives and more recent fashionable strategies. We should learn from experience in the former Soviet bloc—as often stated by Prof. John Brandt—that you cannot manage your way to performance in bad systems. Good management would not have been enough to stabilize the Trabant car factory in former East Germany, absent a functioning market system.

Social contract. We need to rebuild a frayed social contract, based on a shared public vision of where we want to be. This is the heart of society’s role in providing the public good. What we need to see is the beginning of a national conversation about the nature of the social contract.

Social change. The challenge to society is to bridge the gap between old and new social pressures. The task of rebuilding the social contract is clear. If we have tried every solution to zones of high cost and low accountability for vulnerable constituents, and if we are not prepared for that time, we should be prepared for that time. The view here is that we cannot manage our way out of these challenges. The postindustrial era.
Between 81 and 91 percent of counties where the county assessor values uniformly and at market values. We identified numerous best practices reviews highlight success stories. We hope to interest local government officials in trying some practices that others have found effective.

We focused on two components of the assessment system: the organizational structure of the county assessor and the system for appealing property valuations. 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 those counties where the county assessor is responsible for assessing all parcels are most centralized.

Effective practices

We identified numerous best practices that help in estimating property value for uniform and market valuations. We looked at how 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 (49 counties), in that the assessor either has an office or assessors' office assesses at least half of the parcels in the county (26 counties); and (3) systems that are largely locally assessed (the remaining 19 counties), in that 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 county assessors receive the same type of organizational structures produced acceptable assessments on residential properties. Similarly, median costs were between $12 and $14 per parcel for county assessors in 81 percent of the groups, showing minimal variation by structure. For the cost comparison we defined as effective those 24 counties where assessment/real estate values uniformly and at market values. We then identified the organizational structure of the county assessor's estimated values to parcels assessed for organizational structures were typically more efficient, with a median of 2.5 assessors per 10,000 parcels. This group, called effective, included assessors together with other personnel. Divided counties included one or more supporting services staff (see the accompanying table).

Another practice more prevalent in counties that are largely county assessed was notifying property owners in advance of the assessment notice. About 39 percent of assessors in countywide systems notified home-owners in advance of their visits either by mail, telephone or other means. Compared to 31 percent from counties locally assessed and 17 percent from counties largely locally assessed. For example, the Duluth City Assessor assigns three different positions for local assessments. Letters are mailed two weeks in advance to homeowners whose homes are to be revalued. The letters make residents aware of appraisers’ pending inspections, provide the description of the inspection results, and indicate that a reappraisal has been found in advance of the appointment at their convenience. Appraisers find that homeowners identified in letters are more likely to be present when an appraiser finds in advance to be more responsive and receptive to their inspection.

Effective appeals processes

In Minnesota, property owners are entitled to dispute the estimated values of their properties, regardless of how close to market value the appraiser assesses their estimates are. State statute establishes two routes more likely to appeal: (1) appeal before a local board of review; 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 property values.

Local boards of review, most commonly of the mayor and council or township board, and county boards of equalization are the two boards often comprised of county commissioners 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 two-thirds of the members are 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. They are two examples of this numeros actions—each of which has many different related practices—that help achieve these goals:

Holding board of review and equalization meetings should be knowledgeable about property valuations. Because most individuals serving on boards of equalization are not necessary trained in field of appraisal, education on assessments and property markets can help them make informed decisions. Assessors who provide relevant assessment and sales data to board members who prepare themselves for meetings and local government officials can do so with real estate backgrounds and experience to board of review and equalization for the local knowledge-able boards.

For example, Brookline Park’s City Assessor’s Office provides extensive background information to its city council prepare for board meetings. The office develops a packet of background information that a property owner can take to appeal.

Before Brookline Park’s board of review meets to review decisions on the assessments, the city’s board will receive a report including a photograph and a data on from each assessor. A comparison table lists characteristics of all properties such as: size, date and year of purchase, square footage, year built, number of bathrooms, an estimated percentage of the basement, and other details, such as decks and fireplaces.

Resolving property owners’ questions objectively and efficiently. Active encouraging property owners to contact assessor’s offices and holding “open house” meetings for property 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 a town in the major urban centers will hold meetings to provide property owners with an overview of the assessment process and 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 requests to. Bartow reports that 45 percent of property owners who attend these meetings have resolved their questions resolved and do not appeal at the local level. The number of appeals to local boards in Cass County has dropped 40 percent over the past two years.

Clustering

Greater Minnesota. We grouped 123 Greater Minnesota counties with 25,000 or more residents into 46 clusters, each of which functions as a unit. Most clusters contain one to several counties, but a few contain only one.

Our analysis of statistical data on local government personnel and other materials provided by the cities,即可with interviews with city officials and private citizens, confirmed the single independent city no longer is the basic economic unit in Greater Minnesota. Instead, when a city in its area can be considered a “neighborhood,” or a city cluster, and its residents are more likely to be found in it. Additionally, the cities are part of a cluster that straddle state boundaries, such as Duluth-Superior and Fargo-Moorhead.

The traditional concept of a city as providing the majority of the city’s needs to the city and its residents has disappeared. In greater Minnesota, more than 50 percent of the residents are more than 30 minutes away from the central city. This trend is consistent with the changing patterns of economic and social development and strive to take place.

If we can learn to see these different communities within commuting range of each other as “spatially separated neighborhoods” within the same regional center, then we can recognize that we will have a better chance of meeting its needs than any community alone can ever hope. As cities, and regions can be planned and served 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 regional center in its area—will have the ability to make its economic strategy appropriate. It may be that adding a golf course or another residential amenity will make the community more appealing and attract newer residents who will maintain the housing stock and contribute to the community’s vitality. We have the opportunity to adapt the traditional strategies of building

Continued on page 6
Industries may not generate the desired results, because the
Vickerman is not attractive to industry. Cities will also need to look for
opportunities to apply in the real world. In addition, citizens most affected by these
toward more state interference, and consolidation.

The argument that township residents automatically
paying “their fair share to receive city services” and
therefore must be denied the right to vote
efficiency by consolidating such services in police and fire, ambulance
dispatching, and county administration. Some have even gone so
This will need to become more common, because new townships and
will need to cooperate more and be more open to the
critique more efficiently in an atmosphere of annexation and consolidation.

A clear understanding and acceptance of a more specialized role can convert frustration with what it is, and can
and emerge as resources to strengthen the community in that role.

Michael O'Keeffe is executive vice president of The McKnight Founda-
dation. Paul Anton and Andrea Lubes are chief economist and senior economist, respectively, with
bugh, Anton & Associates, Copy of The Growth of Regional Economic Centers in
Minnesota are available from the night Foundation at 333-432.

Vickerman

Continued from page 1

Michael Vickerman, a former state representative, has said it is time to
tackle because every situation is different. Outsize fixes add another
or broad characterizations intended to explain all causes 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. This is also disturbing because a trend toward more state interference,
resulting in a reduced role for local citizens most affected by urban
land-use decisions. These tensions will continue building unless leg-
salaries so that needed power 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 reaching
greements or rural service districts. Often, it is more efficient for
towns to provide a sewer system around a lake rather than having
to extend to a sewer pipe from two cities or a couple of miles into the township.
The overriding factor should be determining the most cost-effective and
broad policies that solve the problem. Taxpayers are demanding growth control and, frankly,
whoever is making the decision.

These are not the only questions that will be debated as we
consider land-use and growth issues. However, if we 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 form of government, the
other, good-faith negotiation and true cooperation are much less likely to take place.

The ability of local governments to work toward decisions that benefit
effectively can be limited by the policies of surrounding municipalities. This allows a city to break that
agreement and annex land before the
out. However, our current law, The ability of local governments to
Annexation of urban township land by cities is essential to managing growth throughout the state, partic-
larly in Greater Minnesota. Effective land-use policy is also neces-
ary to protect the environment and fair distribution of the
cost of urban services among those who benefit.

In Greater Minnesota the stories are well documented. The growing
areas or real estate developments that mirror
for the land-use boundaries. Under the bills Reps. Ann Reit, Steve Trible and Michael Vickerman joined me in introducing bills in 1996 that
reduce limited to barriers using annexa-
tion, improved, cost-efficient municipal services.

One of our proposals would have allowed cities to annex an area if it is
ordered by the Minnesota Pollution Control Agency. The plan would
require cities to provide adequate sewer service. Present laws require an
unnecessary and expensive land-use policy to implement efficient, long-term use of the
land. Results are urban sprawl, duplication of services and environmental degradation.

Present barriers to annexation have been exploited to delay proper
development of underdeveloped land.

In one respect the most important annexation policy decision has been made. In 1976, the Legisla-
ture established a sound, basic land-use policy, declaring that municipal government most effi-
ciently serves the public interest in both

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

“Yours truly... I think it’s time to start praying for annexation!”

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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.

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 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 not better than their peers in the public schools. The dramatic differences were found in urban areas in counties having populations of under 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.
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 Metropolitan Region for prosperity in a global economy.

The committee was co-chaired by David Hunt and John Yngve.

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.
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-Terrell, 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, FED, 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.

**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 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.