



Minnesota Journal

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A publication of the Citizens League

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Volume 15, Number 9
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Pilots' strike idled increasingly noncompetitive airport

by Charles C. Whiting

With 70 to 80 percent of their commercial air service grounded by the recent Northwest Airlines pilots' strike, many Twin Citians found fresh reason to resent the Eagan-based carrier's dominance in the Minnesota travel market. No longer is it just a matter of allegedly overpriced tickets or customer-be-damned service. Now it's the damage that a Northwest shutdown can inflict on the state's economy.

The strike also raised new concerns about the degree to which the Twin Cities area finds itself served by an increasingly noncompetitive airport. Northwest's work stoppage

might have given other airlines a rare opportunity to expand their Twin Cities service or even enter the market.

But with 53 of the 70 gates at Minneapolis-St. Paul International Airport (MSP) leased to Northwest, competing airlines had few places to park additional flights during the strike, even though most of Northwest's gates stood idle and unused. So the airport remained largely closed down for the duration of the strike.

Gate availability is clearly a major consideration for any airline seeking to enter a new market or expand at an existing one. Thus, when Metropolitan Airports commission (MAC) officials recently tried to lure Southwest Airlines into the Twin Cities market by offering the use of five new gates, the airline demanded 10.

But even when MAC increased its offer to 10 gates, Southwest balked. Gate access may be important, but it's obviously not all-important.

Nor is Northwest's apparent stranglehold on gates at MSP necessarily as unbreakable as it might now feel. To be sure, the exclusive long-term gate leases in effect for all but a handful of MSP gates make it difficult for new airlines to enter the Twin Cities market. But a "use-it-or-share-it" provision requires that other airlines be allowed to use a gate if it's not being used by the leasing airline.

One way to keep a gate "in use," of course, is to park a strike-grounded jet on its tarmac—which Northwest is doing. Still, a MAC

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Citizen interest keeps government accountable

Editor's note: The following article is a response to Citizens League Executive Director Lyle Wray's "Viewpoint" column, "Moving beyond the Minnesota Miracle—without a crisis," in the June 16 Minnesota Journal.

by Stacy Becker

In 1973, Governor Wendell Anderson beamed from the cover of *Time* magazine. The feature story announced, "Minnesota: A State that Works." In his bid for governor, Anderson had taken a gutsy stance by supporting an imagina-

tive tax system proposed by the Citizens League. The tax reforms, now known as the Minnesota Miracle, have become legendary. But the true sensation was the support of voters, who agreed to raise some taxes in exchange for the promise of overall long term benefits. As *Time* put it: "Part of Minnesota's secret lies in people's extraordinary civic interest."

Through the years, the glow of the tax reforms has faded, while the real Minnesota Miracle—civic participation—burns on. Tax-reform

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Latimer: Better housing means better outcomes

by Dana Schroeder

George Latimer is no stranger to the complexities of providing affordable housing.

Latimer, distinguished visiting professor of urban studies at Macalester College in St. Paul, former mayor of St. Paul and former advisor to the secretary of the U.S. Department of Housing and Urban Development, chaired a task force a year ago that examined the Livable Communities Act targets for affordable and life-cycle housing in sub-

urban Twin Cities communities. As incoming president of the Citizens League, he is one of the moderators for the League's upcoming Mind-Opener breakfast series, "Thinking Outside the Box: Innovative Solutions to the Affordable Housing Crisis," which begins Sept. 29.

Latimer sees "a much diminished commitment to housing by government at all levels" compared with 20 years ago—largely driven by the federal withdrawal from housing.

"City after city has backed away

Continued on page 6

Helping our 'real' metropolitan region move ahead

The Advisory Council on Local Government, created by the 1997 Legislature, issued its report, *Regional Options*, in August. The report has as its key theme the growing interdependence of the seven-county metropolitan area and a surrounding group of Minnesota and Wisconsin counties. (See excerpts on page 4.)

Charged with making recommendations on the appropriate roles and responsibilities of local and regional governments in the Twin Cities metropolitan area, the council made six recommendations:

- First, the Legislature should acknowledge the expansion of the metropolitan area beyond the statutory seven counties.
- Second, the Transportation Advisory Board, which coordinates transportation, should be expanded to add the nine counties immediately adjacent to the metropolitan seven counties.
- Third, the Metropolitan Council should offer nonvoting affiliate status to adjacent counties in Minnesota and Wisconsin.
- Fourth, the Legislature should request a study by the Legislative Auditor of the merging of the metropolitan operating agencies—transit and sewers—and conduct oversight on the merger.
- Fifth, the Legislature should fund technical assistance and demonstra-

tion grants to encourage the creation of local service corporations for the joint provision of public services for smaller communities lacking efficient scale.

- Sixth, state and local governments should use fiscal incentives and other regulatory powers to encourage compact development and encourage reuse of existing developed areas.

The Advisory Council was unable to reach consensus on several other proposals it considered, including, most importantly, the possible need for an enlarged regional planning body to serve the metropolitan area and surrounding ring counties where development is occurring. Other proposals it said needed more study included state takeover of county functions it mandates and primarily funds and creation of an institute of government organization and reform.

The Advisory Council said in concluding the report: "Currently, this larger metropolitan area lacks a common vision and a common set of priorities." It questioned the likelihood of local governments or the state developing this vision and strategies to achieve it. It also said the Metropolitan Council will not be able to adequately plan for the Twin Cities region, since develop-

Viewpoint

by Lyle Wray

ment is occurring beyond the boundaries of its jurisdiction. But what the Advisory Council seemed unable to recommend, given its reservations about the current structure and operation of the Metropolitan Council, was giving that body more power or a larger area of jurisdiction. It did not seem convinced that such steps would truly help the region create the vision and strategies it needs.

But there are ways to get the important vision work underway.

We must question going about "business-as-usual." We are increasing the consumption of farmland per person in new development, producing a very low-density environment not suited to affordable mass transit. Income disparities in the region are harsh and growing and school failure rates in our core cities are scandalous. The contracted study on costs of development currently underway by the Metropolitan Council should give us a clearer picture of the benefits of more compact communities.

We need an elected Metropolitan Council—with associate members from all of the counties making up the "real" region—to significantly advance a regional vision. Without rehashing all of the arguments for and against an elect-

ed regional government, creating a vision is essentially a political leadership exercise. It requires leadership from people with direct electoral legitimacy to carry the work. Developing a greater vision for the region obviously involves citizens, business and other sectors. But, in the final analysis, pretending that the process is not political will not work.

We need to revisit what the region needs and how to get it done. This is not necessarily an argument for an expanded Metropolitan Council, but rather an argument to take a look at what kinds of things are appropriately regional in scope and at governance and operational options to get those tasks done. The Advisory Council made a start on this by recognizing that the Transportation Advisory Board should reflect the real region. In transit, land use and environment, what else needs to be done at the regional level and how?

The Advisory Council on Local Government has time to carry out some of this work before its mandate expires in June 1999. Arriving at a consensus on what needs done at the regional level and on the best governance and operational options for getting those things done would be a fitting second step for the Council and provide good advice to the incoming Governor.

Lyle Wray is executive director of the Citizens League.

State population will age, grow more slowly by 2025

From Faces of the Future: Minnesota Population Projections, 1995-2025, *Minnesota Planning State Demographic Center, May 1998.*

By the year 2025,

- Minnesota's population will be about 5.3 million, compared to 4.6 million in 1995.
- More than half the population will be over age 40.
- Roughly 17 percent of Minnesota's population will be African American, Asian, American Indian or Hispanic.

- Growth will be slower than at any time in the 20th century.

- The ratio of retirement-age people to working-age people will grow sharply after 2010...

The aging trend has two facets: the growing elderly population and the aging of the baby boom generation. Both developments will raise the average age of Minnesotans. The number of people under age 45 will go down during the 30-year period. At the same time, substantial growth is forecast for the number of people age 45 and older...

The median age of Minnesotans in

1995 was 33.8, up from 32.5 in 1990. By 2025, the median age will be 41.3.

Another age-related milestone by the year 2025: For the first time every, people age 65 and older will outnumber children under 15.

As the baby-boom generation ages, there will be tremendous growth in the 45- to 64-year-old category. The number will peak at 1,454,000 in 2015, an increase of 67 percent since 1995. After 2015, the number of 45- to 64-year-olds will decline...

The size of the 65- to 74-year-old population will shrink between 1995

and 2005...After the year 2010...there will be explosive growth in the number of 65- to 74-year-olds. The number is expected to climb from 341,000 in 2010 to 516,000 in 2020, a gain of 51 percent.

The 85-and-over population...will continue to expand, but most of the growth will occur in the next 15 years...Overall, the number of Minnesotans age 85 or older is expected to go from 75,700 in 1995 to 132,700 in 2025, an increase of about 75 percent.

At the same time, the under-45 population will shrink. The number

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Editor: Outstate air travelers victims, not customers

On Balance

The skies may have been quiet, but the editors were not.

Fergus Falls Daily Journal said (Aug. 21) cities like Fergus Falls should "aggressively pursue" alternative air service, given the "apple-whammy of Northwest's fare increases, deteriorating service and labor unrest." It said Northwest's low service ratings and the then-threatened strike have made outstate Minnesotans "more akin to victims than customers." **Star Tribune** said (Aug. 28), as the strike deadline at Northwest approached, that both the union and management should consider their long-term interests before letting a strike happen. It said the union "needs to bargain with its head as well as its heart" and Northwest executives "need to bargain with their hearts as well as their heads." **St. Paul Pioneer Press** said (Aug. 31) Northwest and the pilots should promptly return to the negotiating table "with a new, more determined spirit." It said any obligation to Minnesota taxpayers coming from the 1991 state financial assistance given Northwest "applies to both sides in this strike."

Wankato Free Press said (Sept. 1) that "instead of suggesting he may intervene, Clinton should tell both sides that he will not put an end to the strike...It should not be the government that ends this strike." **Pioneer Press** said (Sept. 3) both parties to the strike, rather than assuming the current good times in the airline industry will continue, "should instead be con-

cerned that Northwest is armed with both financial strength and good will when the inevitable downturn arrives."

Duluth News-Tribune said (Sept. 9) states should be prepared for possible teacher shortages in the future by compiling a directory of people with teaching credentials who wish to find work as teachers and by ending artificial barriers to would-be teachers. "Not everyone who seeks to enter the field should have to return for four years of college." **Rochester Post-Bulletin** congratulated (Sept. 1) the teachers' union leaders and district administrators for saving block scheduling at Rochester's Century high school. The block scheduling had been in jeopardy since a ruling a week earlier by an arbitrator that Century teachers should receive back pay because they spent 20 percent more time in the classroom than other high school teachers in the district. It said the challenge is to work out a long-term understanding that ensures block scheduling isn't in peril again next summer. **Red Wing Republican Eagle** said (Aug. 24) legislators should not overlook charter schools "as an important element in the education

mix." It said charter schools are not by themselves the solution to improving public education, but "they can rescue at least a few kids who otherwise might be failures in traditional education channels."

Duluth News-Tribune said (Aug. 25) politicians should not undermine the state's graduation rule and Profile for Learning, but should attempt to make what's been done so far better. **Star Tribune** said (Sept. 1) the consolidation of the state's two teacher unions has again shown Minnesota educators "to be pioneers in innovation and initiative." It commended (Sept. 4) the Legislature's move to extend the school year by at least three days. It said the move ought to pave the way for an even longer school year and school day down the road.

St. Cloud Times said (Aug. 25) the number of students open enrolling out of the St. Cloud school district has increased dramatically due to several perceptions that must be addressed: class sizes are large and growing; St. Cloud schools make special education a higher priority than regular instruction; some St. Cloud schools are becoming concentrated with low-income stu-

dents. "Parents seeking smaller class sizes, a clear financial commitment to regular instruction and a reasonable distribution of students in the schools will continue to seek alternatives—unless those trends are addressed." It said (Sept. 1) that St. Cloud Supt. Bruce Thomas "lacks credibility in his ableness to effectively deal with the increasing diversity in District 742." It said diversity and dealing with its ramifications need to be a top agenda item for the district this year. It said (Sept. 2) voters have not heard enough about why they should increase the extra levy for school operations in a Nov. 3 vote. "Somebody needs to light a fire under the superintendent and school board to stimulate some action."

Fergus Falls Daily Journal said (Aug. 27) the state Board of Investment did the right thing by voting to divest the state of its \$201 million in tobacco stocks. **Free Press** said (Sept. 3) that while the Investment Board may have been right about the divestiture plan, "we'd be more comfortable if the state board left the day-to-day management of its pension portfolio to its professional investment managers." **Duluth News-Tribune** agreed (Sept. 8). "[T]hey should listen to experts unless they have strong reasons to believe the specialists are wrong. They gave no such evidence."

Population

Continued from page 2

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The number of young adults age 15 to 24 will grow during the coming decade. The young adult population will go from 621,800 in 1995 to 756,200 in 2005 as the echo baby boomers enter this age group. After 2005 the number will drop to about 615,700 in 2015.

The number of people age 25 to 44 ...will be about 6 percent smaller in 2025 than in 1995.

A commonly used measure of the relationship between the working-

age population and the economically dependent population is the dependency ratio...

In Minnesota, the economic dependency burden will decrease until 2010 and then rise as baby boomers retire...

The total dependency ratio, the sum of youth and elderly per 100 working-age people, will reach an all-time low of 45.4 in 2010. Then it will rise to 57.6 by 2025—slightly higher than in 1995 but well below the 20th century high of 76.1, reached in 1960 because of the baby boom...

The African American population is expected to more than double, from 141,900 in 1995 to slightly more than 300,000 in 2025...

The number of Asian or Pacific Islander residents in Minnesota is projected to grow from 112,100 in 1995 to 229,000 in 2025, an increase of more than 104 percent...

Minnesota's American Indian, Eskimo and Aleut population is expected to grow from 61,300 people in 1995 to about 92,300 in 2025, a gain of more than 50 percent...

The white population is expected to grow by only 8 percent between 1995 and 2025...

The number of Hispanic-origin Minnesotans is projected to rise from 85,100 in 1995 to about 296,000 in 2025...

Labor shortage committee gets the job done

How should Minnesota's public leadership—which includes the government, business and civic sectors—address the issue of Minnesota's labor shortage?

A group of Citizens League members has been pondering this question for the past six months. The committee began its work with a special three-part Mind-Opener series in March and met another 17 times before approving a draft report on September 3, just in time for

the Labor Day holiday.

The committee's report was reviewed by the League Executive Committee on September 8. Next, the report will be considered by the full Board of Directors at its meeting on September 22.

If the Board approves the report, it will become official League policy and be released to the media, other stakeholders and the public shortly thereafter.

Any successful Citizens League study committee depends on the cooperation of those people in the community who have special expertise on a subject.

In fact, one of the great attractions of the League study committee process for many participants is the graduate school quality of the "instruction" provided by resource guests. The labor shortage committee was the recipient of the wisdom of the following resource guests:

Morrie Anderson: chancellor, Minnesota State Colleges and Universities
Bernard Brommer: president, Minnesota AFL-CIO
R. Jane Brown: commissioner, Minnesota Department of Economic Security
Candace Campbell: principal, CDC Associates
Emmett Carson: president and CEO, Minneapolis Foundation
Lori Christianson: director, CareQuest
Noor Doja: executive director, Minnesota Trade Office
George Garnett: vice president, programs, Minneapolis Foundation
Tom Gillaspay: Minnesota State Demographer

Joe Graba: dean, Graduate School of Education, Hamline University
Kristine Jacobs: executive director, JOBS NOW Coalition
Kenneth Keller: senior fellow, Hubert Humphrey Institute of Public Affairs
Jacques Koppel: president, Minnesota Technology, Inc.
Rick Krueger: president, Minnesota High Technology
Jim Larsen: human resource manager, Cargill, Inc.
Daniel Luthringhauser: vice president, international development, Medtronic, Inc.
Carlos Mariani: executive director, Minnesota Minority Education Partnership
Lee Munnich: director, State and

Local Policy Project, Hubert Humphrey Institute of Public Affairs
Arthur Norberg: professor, Program in the History of Science and Technology, University of Minnesota
Gene Piccolo: assistant commissioner and director, Office of Lifework Development, Minnesota Department of Children, Families and Learning
Hazel Reinhardt: president, Hazel Reinhardt Consulting
David Rhees: executive director, The Bakken Library and Museum
Susan Seitel: owner, Work & Family Connection, Inc.
Bruce Steuernagel: research consultant, JOBS NOW Coalition
Tom Stinson: Minnesota State Economist

In addition, several committee members also acted as resource guests and shared their expertise with the entire committee. They included:

Jim Bartholomew: Minnesota Business Partnership
Wendy Brower: The Disability Institute
Bob Feneis: MINNCOR Industries
Todd Graham: Minnesota Department of Economic Security
Beth Kadoun: Minnesota Business Partnership
Bob Streetar: job training program, City of Oakdale
Liz Templin: University of Minnesota Extension Service

MIND-OPENER BREAKFAST SERIES

Thinking Outside the Box: Innovative Solutions to the Affordable Housing Crisis

Tuesday, September 29
TOM FULTON

President, Family Housing Fund
 Mr. Fulton will provide an overview of affordable housing issues in the Twin Cities.

Tuesday, October 6
STEVE CRAMER

Executive Director, Project for Pride in Living
 Mr. Cramer will discuss the role of businesses in providing affordable housing in their communities.

Tuesday, October 13
JIM STANTON

Local Developer and Director, National Association of Homebuilders
 Mr. Stanton will outline strategies for reducing the cost of constructing affordable housing.

Tuesday, October 20
STEVE THOMAS

Program Director, Corporation for Supportive Housing
 Mr. Thomas will discuss the concept of "supportive housing" and innovative funding partnerships.

All meetings will be held at the University Club of St. Paul, 420 Summit Avenue from 7:30 to 8:30 a.m. Cost is \$10 for League members and \$15 for non-members. For more information please call 338-0791. Audio tapes of Mind-Opener meetings are also available at a cost of \$8.

Keep up with League activities:

www.citizensleague.net

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Met Council won't be able to adequately plan for region

From Regional Options: Report of the Advisory Council on Local Government, *Minnesota Planning*, August 1998.

The 1997 Minnesota Legislature created a temporary 25-member Advisory Council on Local Government to make recommendations concerning the appropriate roles and responsibilities of local and regional government in the Twin Cities metropolitan area of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington counties...

In the course of 18 meetings, the advisory council informally inventoried the responsibilities of different levels of government and discussed which functions required mostly local or regional action. The council focused its attention on transportation, but with an eye toward lessons that could be drawn for other service areas.

A key theme in the advisory council's discussion was the growing interdependence of the seven-county metropolitan area and a group of Minnesota and Wisconsin "ring" counties surrounding the seven counties. The council made six recommendations:

- The Legislature should acknowledge the expansion of the Twin Cities region beyond the seven-county boundary of the Metropolitan Council and take the reality of a broader zone of metropolitan influence fully into account when making funding and policy decisions.
- To facilitate better coordinated transportation planning between the seven-county Twin Cities area and the ring counties, the geographic boundaries of the Transportation Advisory Board should be expanded and representation added from the counties adjacent to the metropolitan area as currently defined.
- The Legislature should direct the Metropolitan Council to offer voluntary, nonvoting affiliate status to Minnesota and Wisconsin counties adjacent to the seven metropolitan area counties.

• The Legislature should request that the Legislative Auditor conduct a study of the 1994 merger of the metropolitan Waste Control

Commission and the metropolitan Transit Commission into the Metropolitan Council to determine and compare operational efficiency, service cost-effectiveness, oversight and accountability, and, after such a study, conduct oversight hearings regarding the merger.

- The Legislature should fund technical assistance and demonstration grants to encourage the creation of local service corporations for the joint provision of public services.
- State and local governments should sue fiscal incentives and other regulatory powers directed at both governments and individuals to encourage compact development and redevelopment patterns that

"The functional metropolitan region... has grown to be much larger than the seven-county area encompassed by the Metropolitan Council."

use existing infrastructure, reduce dependence on automobiles and preserve open space, while making housing, shopping and employment accessible by transit...

The advisory council's review of the challenges facing local and regional governments in the Twin Cities region revealed three key themes.

- Communities across the region are undeniably interdependent. Many vital urban services demand a regional view, regional cooperation and, in some cases, regionwide solutions. The best definition of the region may depend on the issue or challenge at hand.
- The Twin Cities region is growing beyond the seven-county jurisdiction of the Metropolitan Council, resulting in a mismatch with the institutions created to plan and manage regional services...
- People care about service quality and cost, as well as who delivers services...

The advisory council discussed, but did not agree to recommend, targeting a portion of local government aid and homestead and agricultural credit aid payments based on hous-

ing density. This proposal would favor localities with higher housing density over those with lower densities... There was some disagreement among advisory council members about whether such a tax break should be granted to all existing housing or only for new construction...

The council also discussed several ideas that are not ready for recommendation without additional study, including:

- Expanding the role of the Transportation Advisory Board to provide the administrative screening process for all transportation activities, including highways and transit, and incorporate the Transporta-

tion Department's systems planning process.

- Creating more flexibility in the use of the Highway User Trust Fund.
- Having the state take over county functions that it mandates and primarily funds.
- Having the state assume the costs of county jails.
- Moving responsibility for criminal prosecution to district attorneys who would be elected by judicial district.
- Making greater use of block grants to maximize local discretion.
- Creating an institute of government organization and reform to conduct an ongoing examination of government roles and structure in the metropolitan area, identify options for cost savings and improved service delivery, and help local governments redesign services...

At its final meeting before issuing this report, the advisory council discussed the possible need for an enlarged regional planning body to serve the Twin Cities metropolitan

area and surrounding ring counties where development is occurring, but it did not agree on a recommendation. Instead, the council intends to discuss the idea over the next year.

The functional metropolitan region, defined as communities with significant commuting and economic ties to the Twin Cities, has grown to be much larger than the seven-county area encompassed by the Metropolitan Council.

Currently, this larger metropolitan area lacks a common vision and a common set of priorities. In the long run, the problems associated with unplanned expansion of the region will worsen unless the metropolitan area develops a common vision and strategies to achieve the vision. There are three options for doing this. The first is to rely on existing local governments and other organizations to develop this vision and strategies. But these governments and organizations are not organized to deal effectively with regional issues. The second is to seek state action, but the Legislature has too many regional divisions and other issues to solve to focus adequately on the needs of the metropolitan region as a whole. The third approach is to create a new regional structure that would cover the expanded functional metropolitan area.

The current regional structure—the Metropolitan Council—has engendered controversy. Disagreement exists on many fundamental issues, including how council members are selected, the area the council represents and affects and whether its charge should include operating authority over activities such as mass transit and sewage treatment instead of being limited to planning. These controversies have presented the seven-county area from thinking proactively about many of the challenges facing the region... In the future, the Metropolitan Council will not be able to adequately plan for the Twin Cities region because development is spilling beyond the boundaries of its jurisdiction. The advisory council believes that in the long run, the functional metropolitan area will be better off if there is a metropolitan structure that can plan for the region to ensure the most efficient use of land and resources and provision of public infrastructure.

Airport

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...person says that as many as 10 gates nominally belonging to Northwest have been made available to other airlines since the strike started.

More significant may be the negotiations now under way for new, more flexible gate leases for all but the Gold Concourse. Instead of granting exclusive use of gates, they would be assigned on a "preferential-use" basis that would make it easier for airport managers to transfer a gate if the leasing airline is underusing the gate. Northwest would retain exclusive rights to Gold Concourse gates, because those leases don't expire until 2015.

The new leases would also cut from 60 to 30 days the advance notice MAC must give to "take back" the five gates it now keeps on short-term leases. How much practical difference such changes would make in the distribution of gates or the mitigating of Northwest's dominance remains to be seen. But "preferential-use" leases are gaining favor around the country. All gates at Denver's new airport, for example, are leased on that basis. At MSP, MAC officials hope to have 15 to 20 airlines—including Northwest—signed onto the new leases by the end of this year.

New lease agreements or not, Northwest would still be MSP's 900-pound gorilla, with a disproportionate share of the airport's gates. How did it grow so big and its gate-controlling reach so all-inclusive?

Was it through collusion with a compliant MAC, as some critics allege? Or was it, as MAC officials contend, simply the result of economic forces at work in the wake of airline deregulation?

According to the latter scenario, Northwest began the post-deregulation era at MSP with some gates of its own and added more with construction of the Gold Concourse and the merger with Republic Airlines. Then, apparently because Northwest outbid other applicants—including MAC itself—a federal bankruptcy court awarded it

control of gates formerly leased to the defunct Braniff and Midway airlines.

Meanwhile, freed from federal regulation, the airline industry was undergoing radical change. What had once been a plethora of national and regional carriers soon boiled down through mergers and bankruptcies to just a half dozen major national and international airlines.

Such a concentration of airline assets wasn't exactly what deregulators had in mind and it perhaps could and should have been stopped by federal antitrust action. That may be especially so, since the surviving carriers generally abandoned point-to-point service in favor of the more cost-efficient hub-and-spoke system that has since become both the boon and the bane of places like the Twin Cities:

- *Boon*, because Northwest's use of MSP as a hub airport brings to Minnesota jobs and other economic benefits, while providing Twin Cities travelers with the convenient same-plane service to most major destinations that nonhub cities rarely enjoy.
- *Bane*, because airlines tend to dominate their hub airports almost to the point of monopolistic control.

As industry consultant Steve Hendrickson of the Twin Cities-based Kiehl-Hendrickson Group puts it, "No city supports profitably a second-place carrier. There's just not room...rather than complement each other, they go after each other's market," with one airline eventually losing out to the other.

Thus, says Hendrickson, hubbing is a process that feeds on itself, with the dominant airline becoming stronger in the hub market and other airlines weaker. For a new airline to fight for position in a hub market, he says, would cost hundreds of millions of dollars—especially against a "viciously" competitive dominant airline like Northwest.

But doesn't Northwest's very dominance in the Twin Cities market give it the power to call the shots at MSP on everything from gate allocation to noise abatement? And isn't that especially so, since MAC



"That old advertising slogan, 'The Only Way To Fly'.... it's really true, isn't it?"

finances the airport solely from airline and other user revenues, with no reliance on taxpayer support?

A case can certainly be made that whoever pays most for the airport will also have the strongest say about how the airport is run. Metropolitan Council Chair Curt Johnson likens the Northwest-MSP relationship to a "cozy company town." Yet he doubts that "Northwest has any more influence than it should have," given its use and financial support of the airport.

In either case, Northwest's control of more than 70 percent of MSP's gates may be more a symptom than a cause of the Eagan-based airline's dominance in its home market. Johnson credits MAC with "trying everything it can to increase capacity" and thereby attract more airline competition—albeit to little avail so far. It may be, as Hendrickson argues, that "gate availability is a solution only if somebody perceives that [challenging Northwest's domination] is worth the losses."

If so, then shifting a major part of the burden for financing airport operations from the using airlines to the property-tax base—as some have suggested—probably wouldn't work either. Nor does it seem politically realistic to ask taxpayers to subsidize an operation that has always paid its own way and seems fully capable of continuing to do so.

Another suggestion is that major local companies could contract for employee travel with a low-cost airline. That airline might then be

guaranteed the business it would need to meet competition from the city's dominant carrier, even as the dominant carrier would be forced to reduce its fares. This is being tried in Detroit. But as Hendrickson points out, in the Twin Cities area some major employers already have contracts for employee travel—with Northwest.

Any effective counterbalancing of Northwest's dominance in the Twin Cities market may therefore have to start where the problem arguably had its own beginning—in Washington—with some modification of the free-market rules under which airlines have operated since deregulation. Reregulation is a dirty word, even to critics of what the present system has wrought. But some modest backsliding may be what's needed to curb the aggressiveness with which an airline like Northwest will move to stifle upstart competition.

One idea is to make an airline live for five years with any fare cuts it makes on a route to counter and eventually drive out new competition. It's the sort of limited step that Congress should consider as it continues to look into predatory pricing and other alleged monopolistic practices by dominant airlines at several national markets, including the Twin Cities. If, in the meantime, MAC continues its efforts to free up more gate space at MSP, the Twin Cities may yet get back airline competition worthy of the name.

Charles C. Whiting recently retired as an editorial writer for the Star Tribune.

Most large area cities see real-dollar home price drops

While local housing values seem to be going through the roof lately, it only takes a bit of historical data to put things in perspective. In a recent analysis of housing prices from 1984 to 1996 by the State Demographic Center, only two of 33 cities in the Twin Cities with a population of 20,000 or more saw double-digit increases in their median sale price for existing homes (in constant dollars). Lakeville's median sale price increased 14 percent and Andover's increased 11 percent.

Of the remaining 31 metro cities, 23 cities saw real-dollar declines in median sale prices, while just eight cities experienced modest real increases of one percent to six percent. With an 18 percent decline in median house sale prices, St. Paul saw the biggest decline, followed closely by Minneapolis and Brooklyn Park at 17 percent.—Ron Wirtz.

The new Gallup Poll for the *Kaplan* shows public support rising rapidly for having the government pay part or even all of the cost of a student's education in private school. It's hard for so establishment an organization as Phi Delta Kappa, the magazine's publisher, to say, but:

- Support for letting kids choose a private school, with the government paying the *full* bill has risen in just five years from 24 percent to 44 percent; opposition has dropped from 75 percent to 50 percent.
- Support for the government paying a *part* of the bill has risen since 1996 from 43 percent to 51 percent; opposition has dropped from 56 percent to 45 percent.
- The groups most in favor of choice—of private and of public schools—are blacks, young people, public-school parents, people in blue-collar occupations and in rural areas and women. It's clear choice is a coming issue inside the Democratic constituency.—Ted Kolderie

Love dat dirty money: In the 1998 legislative session, the Legislature passed significant new spending for contaminated cleanup. Recent figures from the Metropolitan Council's cleanup efforts show this might be a truly high-leverage investment of public resources. In 1997, the Council approved 11 grants for \$8 million to assist in the

cleanup of 120 acres of contaminated land in Minneapolis, St. Paul, Roseville and Fridley. While final returns on this public spending are far from completed, this cleanup is expected to leverage \$164 million in private funds for development of previously polluted land, increasing the net tax capacity by more than \$4 million and producing 2,700 new jobs, paying an average of \$10 to \$11 an hour.—R.W.

Don't figure to hear much more about mediating the education lawsuits brought by the Saint Paul district and by the NAACP in Minneapolis. The issues these raise will now come up first in the Legislature, rather than in trial.

Mediation was probably always a device to avoid their coming up in trial, where someone wins and someone loses. In mediation or in the legislative process, there can be a compromise, so both sides get something. Compromise was pretty clearly the attorney general's interest and in lawsuits against the state, the attorney general calls the shots.—T.K.

The annual Twin Cities Area Survey showed that crime remains easily the single biggest concern among residents. However, area residents uniformly rate their neighborhoods as safe, good places to live. Nine out of 10 survey respondents said their neighborhood is "above average," and 96 percent said they always or usually felt safe in their neighborhood. On average, however, suburban respondents felt more safe than their central city peers, with 91 percent of Minneapolis residents and 85 percent of St. Paul residents saying they always or usually felt safe.—R.W.

A new team of health and law-enforcement experts and victim's advocates is developing a best-practice protocol for responding to sexual assaults in Ramsey County. Dramatic changes since the 1970s, when women's rights groups pushed sexual assault up on the public agenda, have prompted the fresh look at how well the entire

system responds to these assaults.

For many years St. Paul-area police routinely steered victims of alleged sex assaults to Regions Hospital (formerly Ramsey, long the county hospital) for evidence exams and medical treatment. With large numbers of patients and a close relationship with the County Attorney's office, Regions became expert at handling sexual assaults.

Now that most metro-area residents are covered by HMOs, victims—unless they're severely injured—are likely to go to their own health plan's emergency department or urgent-care center. But those providers, each of whom might see only a few assault victims a year, might not have the expertise of a Regions.

Another development: Growing numbers of non-English speaking immigrants in Ramsey County. Sexual assault carries such a powerful stigma in some cultures that victims may be reluctant to seek medical care or report the attack.

The project team includes representatives from United Hospital, HealthEast, Regions Hospital, the Ramsey County Sheriff's Office, St. Paul Police Department, Sexual Offense Services of Ramsey County, CLUES, Hmong Peace and several other groups serving communities of color.

Their product will be a step-by-step guide for 911 operators, emergency

medical care providers, police and others who respond to assaults. Their hope: to make a horrible experience less horrible for the victim and improve the chances of locking up the bad guys.—Janet Dudrow.

Buried among the many benchmarks tracked by Minnesota Planning in the annual Minnesota Milestones is one that might not make news headlines any more, but should: fewer than half of the state's African American, American Indian and Hispanic students graduate from high school on time.—R.W.

Metro Transit will add five new "hybrid" buses to its fleet this year that use a combination of diesel and electricity and should raise a few eyebrows of interest if they live up to expectations. These buses use smaller diesel engines that run at a constant speed. When brakes are applied, motors attached to the wheels store the resulting friction energy and this energy is then used during acceleration.

According to the Met Council, these hybrid buses not only produce lower emissions, but cost less to operate, to boot. Particulate emissions from hybrid buses are just .06 grams per mile, while the standard diesel bus emits 1.32 grams. Hybrids are estimated to cost 14 cents per mile to operate (\$4,650 annually) versus 17 cents for the diesel bus (\$5,640)—a savings of 18 percent.—R.W.

"Take Note" contributors include Minnesota Journal and Citizens League staff members and Janet Dudrow, communications specialist at Allina Health System.

Take Note

"Fortune is like the market, where many times, if you can stay a little, the price will fall."—F. Bacon

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