

LEGISLATIVE REFERENCE LIBRARY
JS451.M68 T65 1987

Todd, Tom. - Metropolitan governance and financ



3 0307 00057 3835

METROPOLITAN GOVERNANCE AND FINANCE

An Introduction for Legislators

870166

January 1987

JS
451
.M68
T65
1987

Research Department
Minnesota House of Representatives

This paper was written by TOM TODD, Legislative
Analyst. Questions may be directed to the author
at (612) 296-5048.

Secretarial support was provided by FRAN ANTHONSEN.

CONTENTS

PART I -- METROPOLITAN GOVERNMENT

A description of the creation, purposes,
functions, and structure of the metropolitan
system

PART II -- METROPOLITAN FINANCE

A description of the funding structure of
the metropolitan system, with particular
reference to the role of the State Legislature

PART I

METROPOLITAN GOVERNMENT

- A. THE DEVELOPMENT OF METROPOLITAN INSTITUTIONS
- B. GOVERNMENTAL PURPOSES AND FUNCTIONS
- C. THE STRUCTURE OF METROPOLITAN GOVERNANCE

A. THE DEVELOPMENT OF METROPOLITAN INSTITUTIONS

LEGAL STATUS

- Metropolitan agencies are a creation of the Legislature.

Metropolitan governmental institutions in the Twin Cities are a creation of the Legislature. The body of state law on metropolitan governance occupies almost 200 pages of fine print in the state statutes, Chapter 473. Most of this law has been enacted during the last two decades, since 1967, although the origins of regional institutions in the Twin Cities extend back to the early decades of the century.

- This legal status is quite unique.

This fact--that metropolitan institutions here are entirely creations of the Legislature--is one of the things making regional governance in the Twin Cities unique in the nation. In most other metropolitan areas, regional institutions, called Councils of Government (COGs), are creatures, not of the state, but of the local communities in the region. In a few places, regional government has had a plebiscitary origin, and is directly responsible to the citizenry. So unique is the regional structure in the Twin Cities that the congressional delegation in Washington has long been accustomed to scramble to ensure that federal laws do not inadvertently leave out this area in their definition of regional agencies.

HISTORY

Figure 1 on the facing page summarizes the historical development of metropolitan governance law. The seven principal metropolitan agencies were formed in the following years:

- 1943 Metropolitan Airports Commission (MAC)
- 1967 Metropolitan Council
Metropolitan Transit Commission (MTC)
- 1969 Metropolitan Waste Control Commission (MWCC)
(originally the Metropolitan Sewer Board)
- 1974 Metropolitan Parks and Open Space Commission (MPOSC)
- 1977 Metropolitan Sports Facilities Commission (MSFC)
- 1984 Regional Transit Board (RTB)

FIGURE 1

DEVELOPMENT OF METROPOLITAN GOVERNANCE LAW

	GENERAL PLANNING	TRANSIT	AIRPORTS	SEWAGE	STORM WATER	SOLID WASTE	PARKS	STADIUM
1933				Mpls.-St. Paul Sanitary District				
1943			MAC					
1956								Sports Commission
1957	Metro Planning Commission							
1967	Metropolitan Council	MTC; Metro funding						
1969				Metro Sewer Bd.; Metro and state funding		Planning and regulatory system		
1974	Reorganization Act	Reorganization State funding	Reorganization Metro funding	Reorganization MWCC			MPOSC; Regional funding	
1975							State funding	
1976	Metro Significance Act; Mandatory local land planning							
1977- 1979								MSFC; Metro and Mpls. funding
1980						New facilities development; Metro and State funding		
1982					Mandatory local planning			
1984		RTB; MTC restructured				Landfill fee; Abatement Act		

B. GOVERNMENTAL PURPOSES AND FUNCTIONS

LEGISLATIVE PURPOSES

The historical record indicates that the metropolitan governance system was conceived by the Legislature to serve primarily the following five purposes:

1. Research and policy development To collect statistical data, and to do research and planning on the regional level;
2. Interlocal coordination To provide a forum and a mechanism for more comprehensive and continuous inter-local planning and cooperation, in order to better deal with problems that transcend local boundaries and in order to accelerate local economic and community development throughout the state;
3. State agency coordination To improve and coordinate research, planning, and program administration by state agencies;
4. Federal program coordination To coordinate federal assistance programs, especially in planning;
5. Regional functions To: (a) construct particular public facilities, and (b) deliver particular types of public services at the regional level.

THE LIMITS OF METROPOLITAN GOVERNMENT

- There is no general-purpose "regional government" in the Twin Cities.

Many of the characteristic functions of government do not appear at the metropolitan level. For example:

- The system has no general power to legislate (make ordinances).
- There is no governing body.
- There is no fiscal system--no over-all budget for capital or operating revenues or expenditures.
- There is no general system of administration (government procedure, personnel, contracts, etc.).

- Metropolitan government is limited to certain functions.

Figure 2, below, illustrates that metropolitan governmental institutions are primarily involved in "systems maintenance"--the development and management of large regional physical facility systems--rather than "lifestyle services" to persons and property.

FIGURE 2: THE FOCUS OF METROPOLITAN GOVERNANCE

<div style="display: flex; justify-content: space-between; align-items: center;"> "Lifestyle Functions" ← → "Systems Maintenance Functions" </div>		
<u>Little or No Metro Governance</u>	<u>Some Metro Governance</u>	<u>Heavy Metro Governance</u>
Public safety	Health	Ground transportation
Human services	Air pollution	Airports
Welfare	Mosquito control	Sewers
Schools	Housing	Water pollution
Libraries	Communication	Solid waste
Recreation	Arts	Parks
Redevelopment		Stadium

THE FUNCTIONS OF METROPOLITAN AGENCIES

Figure 3 on the next page provides a brief descriptive "map" of the regional facility systems.

FIGURE 3

REGIONAL FACILITY SYSTEMS: OWNERSHIP AND OPERATION

TRANSPORTATION		SANITATION		PARKS AND RECREATION	
AIRPORTS	TRANSIT	SEWERS	SOLID WASTE	REGIONAL PARKS	SPORTS FACILITIES
MAC - 7 Municipal - 1 Private - 4 Total 12	1. Regular route carriers - MTC - Medicine Lake - North Suburban - Valley Transit - Circulators 2. Organized paratransit - Metro Mobility - MN Rideshare - Private/institutional - Five county/systems - Eight city systems - Social service agencies	MWCC - 12 treatment plants - 500 miles of interceptor lines Cities - 5,000 miles of local trunk sewers	Private landfills - 8	Currently: 56 parks eight trails totaling 46,000 acres Agencies: - Suburban Hennepin - Six counties - Minneapolis - St. Paul - Bloomington	MSFC: Metrodome

Research Department
Minnesota House of Representatives

C. THE STRUCTURE OF METROPOLITAN GOVERNANCE

A FEDERAL STRUCTURE

- One of the singular features of regional governance in the Twin Cities is its elaborate federal structure.

In a federal system, governmental authority is distributed and shared among levels and branches of government, each having a semi-independent constitution and base of legal authority, but each also having its powers limited and checked by the dispersion of authority.

The Legislature has deliberately created and consistently maintained a federal structure in the metropolitan area over a period of almost twenty years.

- Responsibility for performing regional functions is divided between regional and local governments.

Federation is something less than consolidation of power at higher levels and at the same time something more than simple inter-local cooperation. The Legislature could have entirely eliminated local authority over regional affairs, or it could have been content simply to encourage local coordination. This has been the pattern elsewhere in the nation. Instead the Legislature created:

- autonomous regional agencies of government, with authority derived from the Legislature and not local governments,
 - but with limited powers, exercised concurrently with local governments who retain important authority in regional affairs.
- Responsibility for regional functions is also dispersed at the regional level.

The federal principal is employed in the Twin Cities not only in the division of regional functions between regional and local authorities but also at the regional level itself, where we have not one unified regional governmental system but rather one regional planning agency and a half dozen special-purpose agencies--each with its own independent constitution and base of authority in state law, but each also, by virtue of a legislatively-devised system of checks and balances, locked into an embrace, an often unwilling and embittered dance of death, with all the others.

ASSIGNMENT OF FUNCTIONS POLICY

- The legislative policy underlying this metropolitan federalism is based upon distinctions among types of governmental responsibilities.

The division of authority--both between the local and regional levels and also at the regional level--has not been randomly done by the Legislature. It is based on a policy, a fairly consistently maintained legislative policy, that attempts to separate two governmental functions:

1. Comprehensive planning--long-range policy decisions; and
2. Implementation--the execution of policy.

The Legislature has further subdivided implementation into two functions:

- 2a. Implementation planning--detailed "systems" planning and development; and
- 2b. Implementation--actual ownership and operation.

- Thus, the metropolitan federal system allocates three types of governmental responsibility among three "levels" of government.

The three subdivisions of governmental responsibility are: (1) comprehensive planning; (2) implementation planning, and (3) actual implementation.

The three "levels" of government are: (1) a regional planning organization, (2) regional functional agencies or special-purpose districts, and (3) local governments (a level of government that is itself, of course, also layered in complicated ways).

This federal system is sometimes applauded as a brilliant experiment in checks-and-balances federalism--one that has saved the region from many an egregious mistake--and sometimes decried as a supreme example of paralysis in government.

Figure 4, on the next page, attempts to portray this complicated federal structure.

FIGURE 4
A FEDERAL STRUCTURE

	TRANSIT	AIRPORTS	SANITARY SEWERS	SOLID WASTE	STORM WATER	PARKS	SPORTS FACILITIES
LONG-RANGE, COMPREHENSIVE PLANNING	METROPOLITAN COUNCIL						
IMPLEMENTATION PLANNING	RTB	MAC	MWCC	MET COUNCIL		MPOSC	
IMPLEMENTATION (ownership/operation)	MTC + LOCAL	MAC + LOCAL	MWCC	LOCAL	LOCAL	LOCAL	MSFC

Research Department
Minnesota House of Representatives

THE PROBLEM OF ACCOUNTABILITY

- The most enduring problem in metropolitan governance law, the subject that the Legislature returns to year upon year in different ways, is the problem of accountability.

The problem arises, in part at least, from the Legislature's continuing struggle to strike a balance between the purpose and the structure of metropolitan governance in the Twin Cities. Observe that we have here a structure of dispersed and divided authority created for the express purpose of fostering coordinated planning and management. The question for the Legislature has always been--and it remains--how to achieve coordinated regional management without destroying the federal structure.

- One aspect of this problem is the accountability of metropolitan agencies to external authority.

Effective oversight is difficult when powers are dispersed among many agencies and levels of government. The problem is complicated by the many sources of external authority: local governments and citizens, the Governor and the executive branch of state government, the Legislature, and the federal government.

- The other aspect of the problem is internal accountability--the accountability and coordination among agencies of government within the region.

As Figure 3 clearly shows, the Council is charged with the responsibility for planning and coordinating regional policy, but the Council does not itself, for the most part, have executive powers. The Council does not implement its plans; it does not build or operate anything. These duties are divided among regional special-purpose agencies and local governments.

This separation of policy planning, implementation planning, and implementation gives rise to problems of interagency coordination and accountability. To put the problem of internal accountability concretely:

- How, in a structure like this, does regional policy get "done"?
- How does the Council work its will without infringing on the responsibility of other units of government?
- How can the Legislature give the Metropolitan Council enough authority to effectuate policies, while still excluding the Council from the details of systems planning, development, and operations that are supposed to be the responsibility of other regional and local governmental agencies?

It is in devising these "enforcement" or management tools, while yet keeping the Council from interfering with actual implementation, that the Legislature has exercised its greatest ingenuity over the years.

INTERAGENCY ACCOUNTABILITY: THE COUNCIL'S MANAGEMENT POWERS

This section lists the Council's management powers, grouped in four categories: advice, grants administration, consent, and appointments.

1. ADVICE

The Council has the power to give advice and recommendations to others.

● Legislative
recommendations

Examples:

- park funding
- solid waste system
- transit development

● Review and comment

Examples:

- applications for state or federal grants
- local government comprehensive plans
- school district capital development plans

● Joint planning

Examples:

- Transportation Advisory Board
- Health Board
- LRT planning

● Technical assistance

To state, federal, and local agencies

2. GRANTS ADMINISTRATION

The Council's role in administering certain state and federal grant programs gives it considerable influence over other agencies. The Council administers such grant programs in housing, solid waste management, the arts, and services for the elderly. In addition the Council has some say over grant programs administered by other agencies--for example, in transportation and parks.

3. CONSENT

The strongest enforcement tool given to the Council is the veto--the power to approve or disapprove of plans and proposals of others:

- Long-range plans Of regional agencies
Of local governments, but only for substantial and adverse effects on the large regional systems (transportation, airports, sewers, solid waste, and parks)
- Fiscal matters
 - (1) Service, development and financing plans Of the RTB, MWCC
 - (2) Capital projects Of larger MAC projects
 - (3) Operating budgets Of MSFC and MPOSC
- Proposals of "metropolitan significance" One year suspension of large projects, public or private
- Permits For any solid waste facility

4. APPOINTMENTS

The Council has the power to make some appointments to other regional agencies: the RTB, MWCC, MPOSC.

Figure 5, on the next page, shows how members of regional agencies are appointed.

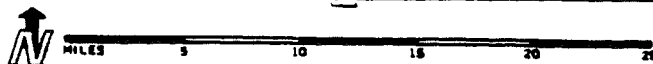
Figures 6 and 7 on the following pages show the statutory districts defined by the Legislature for the Metropolitan Council, RTB, MWCC, and MPOSC.

FIGURE 5
THE COMPOSITION OF METROPOLITAN AGENCIES

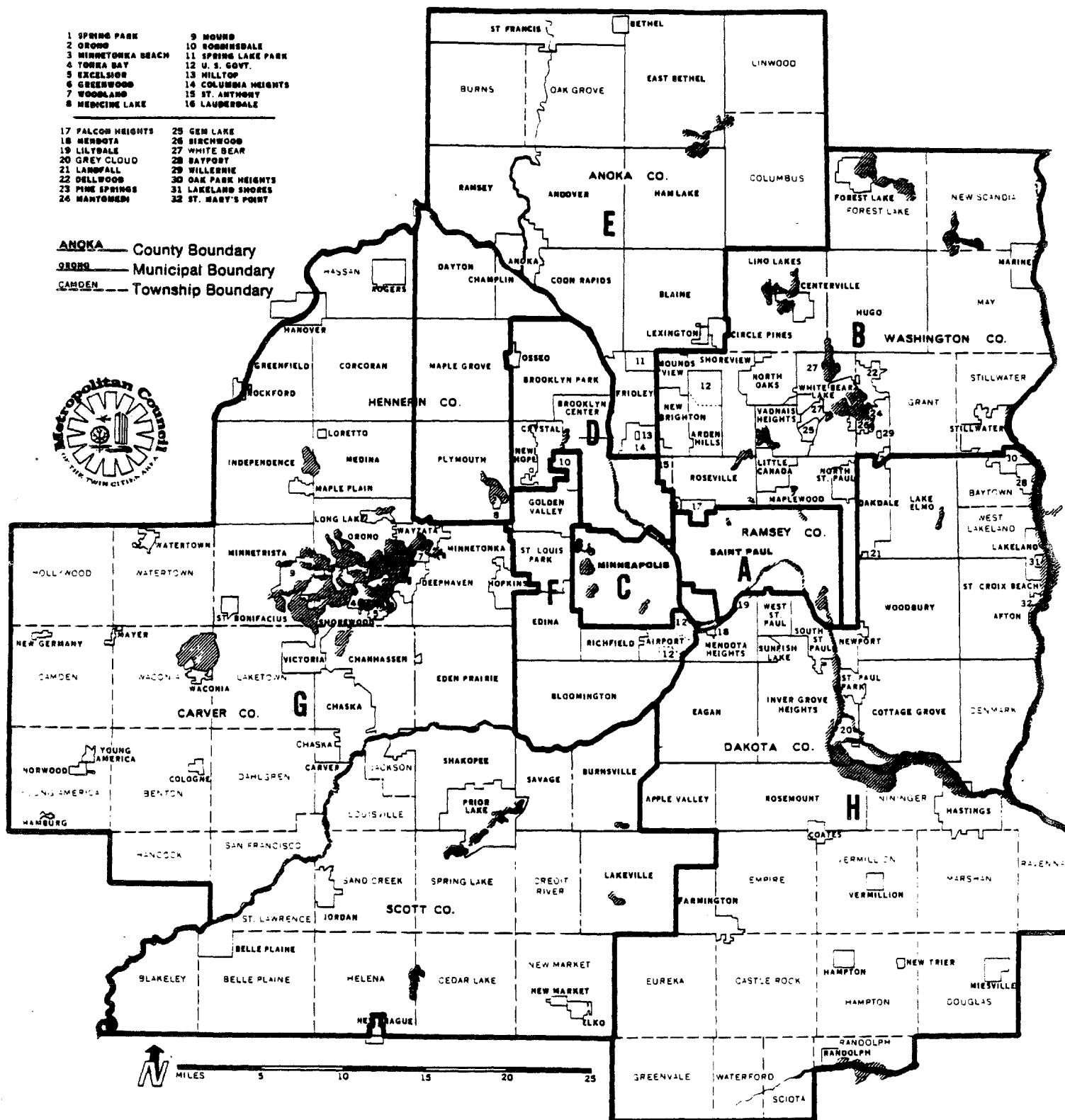
This chart shows, for each metropolitan agency, the total number of members and the manner of appointment, residency or status qualification and term of the chair and other members.

	NUMBER	CHAIR			MEMBERS		
		APPOINTED BY	RESIDENCE OR STATUS	TERM	APPOINTED BY	RESIDENCE OR STATUS	TERM
MET COUNCIL	17	Governor	Metro	at pleasure	Governor	16 statutory geographic districts	4 years
RTB	9	Governor	Metro	4 years at pleasure	Met Council	8 statutory geographic districts	4 years
MTC	3	Elected by Commissioners	Commissioner	1 year	RTB	1 - Minneapolis 1 - St. Paul 1 - served suburbs	3 years
MAC	11	Governor	None	Coterminous with Governor	8 - Governor	8 non-statutory geographic districts	4 years
					2 - Mayors of the 2 cities	qualified voter	Coterminous with Mayor
MWCC	9	Governor	Metro	4 years at pleasure	Met Council	8 statutory geographic districts	4 years
MPOSC	9	Met Council	Metro	4 years at pleasure	Met Council	8 statutory geographic districts	4 years
MSFC	7	Governor	Non-Metro	4 years	Minneapolis City Council	No Minneapolis officials	4 years

COUNCIL DISTRICTS



RTB, MWCC, MPOSC DISTRICTS



PART II

METROPOLITAN FINANCE: THE ROLE OF THE LEGISLATURE

A. EXPENDITURE

B. SOURCES OF REVENUE

A. EXPENDITURE

The metropolitan agencies combined present quite an imposing fiscal profile.

The current annual operating expenditure of the metropolitan agencies is about \$300 million. This is larger than the expenditure of any county in the state, except Hennepin.

The current net debt of the metropolitan agencies is about \$350 million. Outstanding debt is about \$400 million. This is larger than the debt of all Minnesota counties combined.

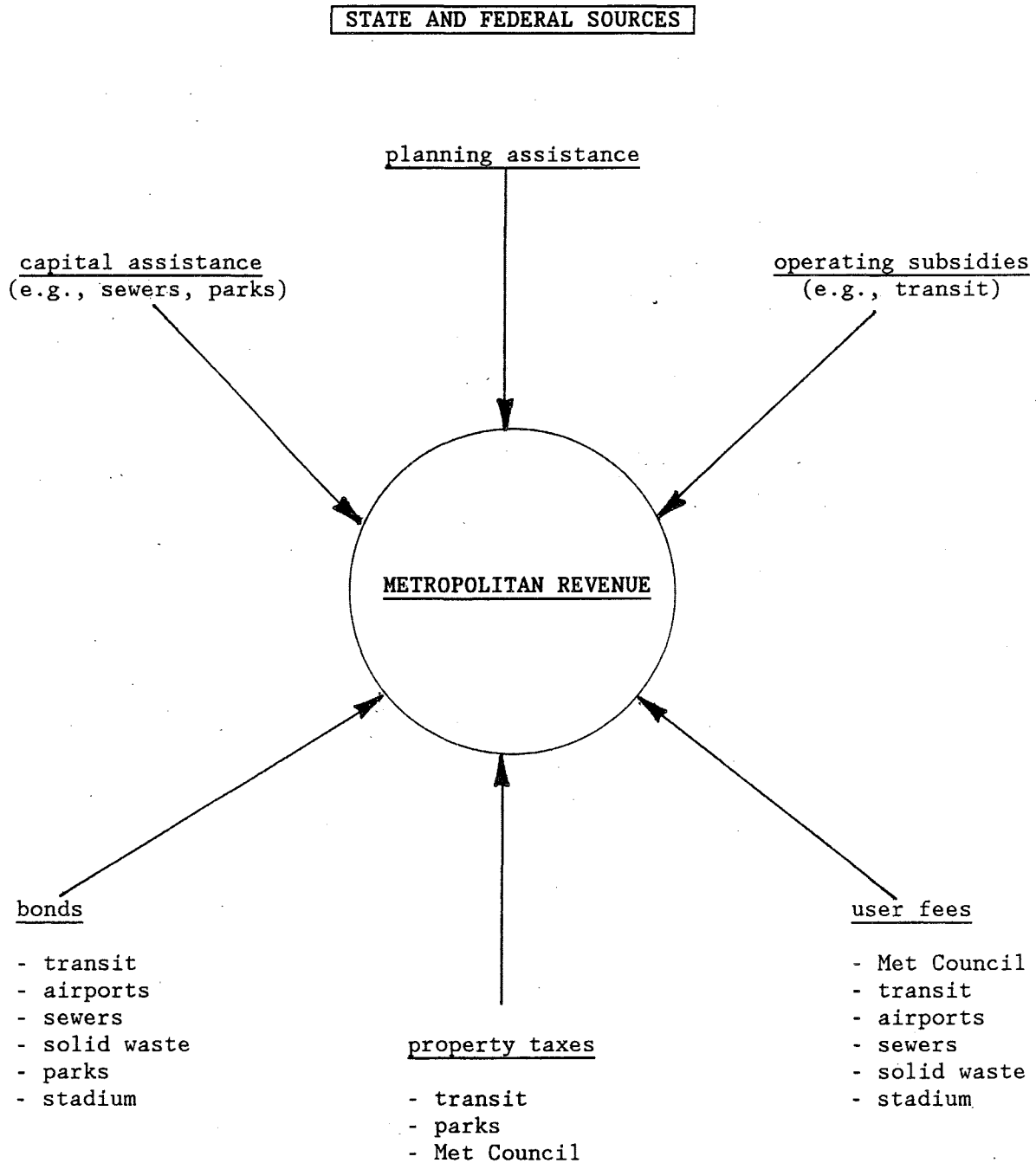
B. SOURCES OF REVENUE

The sources of revenue available to the metropolitan agencies are determined entirely by state law (except for federal funding, which is a steadily declining element in metropolitan finance).

The three pages that follow provide an overview of the sources of metropolitan agency funds:

- Figure 8 displays the sources of revenue by category.
- Figure 9 summarizes current legislative policies on the sources of operating funds for metropolitan agencies.
- Figure 10 summarizes current legislative policies on the sources of capital funds for metropolitan agencies.

FIGURE 8
SOURCES OF METROPOLITAN REVENUE



METROPOLITAN SOURCES

FIGURE 9

SOURCES OF OPERATING FUNDS AUTHORIZED BY THE LEGISLATURE

	State Aid	Property Tax	User Fees
Met Council		•	•
Airports		• (1/3 mill, unused since 1960s)	• (landing and parking fees, rent, conces- sions, etc.)
Transit	• (1) (FY 86-87: \$41M)	• (2)	•
Sewers			• (Discharge fees)
Solid Waste		(3)	• (for disposal)
Parks	• (FY 86-87: \$4M)	(3)	
Sports Facility			• (admission tax, rent, conces- sions)

(1) General fund
20% of the Transit Assistance Fund (from Motor Vehicle Excise Tax transfer)

(2) Area with MTC service

- Full service: 2 mills
- Limited off-peak service: .5 mills less than full service
- Limited peak service: .75 mills less than full service

Area without MTC service: 10% of full service levy

(3) Council's levy pays some administrative costs.

FIGURE 10

SOURCES OF CAPITAL FUNDS AUTHORIZED BY THE LEGISLATURE

	State Capital (Bonds)	Metro Bonds
Met Council		(1)
Airports	•	• (G.O., paid by user charges)
Transit		• (G.O., paid by property tax)
Sewers	•	• (G.O., paid by user charges)
Solid Waste	• (resource recovery facilities only)	• (G.O., paid by property tax)
Parks	•	• (G.O., unused since mid-1970s)
Sports Facility		• (Revenue, paid by user fees and Minneapolis tax)

(1) The Council issues all metro bonds for all functions and agencies, except MAC.