



Bill Schreiber, lobbyist, former legislator

Civic Caucus, 8301 Creekside Circle, Bloomington, MN 55437

Friday, July 16, 2010

Present: Verne Johnson, chair; David Broden, Janis Clay, Marianne Curry, Paul Gilje, Jim Hetland (phone), Sallie Kemper, Dan Loritz, Turk Nolop, Jim Olson (phone), Wayne Popham (phone), Clarence Shallbetter, and Bob White

A. Context of the meeting —This is one of several meetings of the Civic Caucus on tough budget questions that will face the Minnesota Governor and Legislature in 2011.

B. Summary of Schreiber's comments— Allow small cities to reconfigure themselves as "villages", but don't expect mergers; public safety could be focus of state aid to cities in the future; avoid local option general sales taxes for cities; broaden state sales tax and reduce the rate.

C. Welcome and introductions— Verne and Paul welcomed and introduced Bill Schreiber, currently a lobbyist with Messreli and Kramer, soon to be retired, Schreiber said. His 46-year career in public affairs includes the Brooklyn Park Planning Commission (two years), Brooklyn Park City Council (five years), Minnesota House of Representatives (18 years), Metropolitan Council (five years), Minnesota Department of Transportation (six years), and Messerli and Kramer (10 years). His current clients include Hennepin County, Counties Transit Improvement Board, Anoka County Regional Rail Authority, Northstar Corridor Development Authority, and Municipal Legislative Commission.

D. Comments and discussion— During Schreiber's comments and in discussion with the Civic Caucus the following points were raised:

1. Important to understand cultural differences between metro and non-metro cities and counties —It's not just a matter of urban versus rural or big cities versus small cities. There's a clear cultural difference that affects expectations of people and local government in non-metro parts of Minnesota relative to the metro area. Metro area local governments recognize that if they want to get things done, they take the initiative on their own. The non-metro local governments look to state government, but the state is an unreliable partner. Schreiber reminded the group that Hennepin County, for example, went ahead and built County Road 18 as a freeway (now state Hwy. 169), and County road 62 as a freeway (now state Hwy. 62).

2. State mandate for human services delivery delegated to county governments— Unlike most other states, Minnesota requires that delivery of human services by county governments. In other states, you go to a state agency; in Minnesota you go to the county seat. City governments in

Minnesota have fewer mandates than county governments. The state plays a major role in city governments in two respects: funding and local government organization.

3. Too many units of local government? Yes, but don't expect that to change —Schreiber said that Minnesota has too many units of local government, 87 counties; 855 cities; 1786 townships, and 340 school district. Community identity is very strong in Minnesota—greater than that of Iowa, for example, which cut its number school districts in half in the 1980s. His own legislative district included Osseo, a small city surrounded by Maple Grove and Brooklyn Park, much larger cities. But community identity in Osseo is so strong, you'll never see merger with its larger neighbors.

Later in the meeting a participant commented that interest in merging cities might attract greater support if the Legislature is forced to make substantial cuts, such as drastically reducing LGA, to balance the biennial budget.

4. But there are ways to make changes while preserving community identity —One possibility, Schreiber suggested, is to create a "new" form of government, called the "village". Obviously, the idea of a village isn't new; all villages in the state were transformed into cities by the Legislature some years ago.

Schreiber would create "villages" of a different form, similar to that of homeowners' associations that exist in townhouse and condominium developments. Rather than hiring its own staff, these new villages would contract for services, just as homeowners' associations do. A change in state law would be necessary, he said. The village concept would be appropriate for smaller cities, some of which already contract for police and fire with other cities.

5. Small cities not equipped to meet municipal standards required today —A participant commented that small cities traditionally have spent less money than larger cities, so it is hard to see that moving to the village concept would save much money. Schreiber replied that today's standards for municipal services, waste water, for example, require much more specialization and certification than small cities can afford.

6. Channel most state aid to cities to public safety?— Asked about the state's current program of providing assistance to local government—known as LGA (local government aid)—Schreiber foresees that the state might shift from general aid to local government to a more narrow assistance program focused on public safety. One can easily defend a statewide interest, and, therefore, justification for statewide funding, for public safety—so that adequate fire and police protection is assured throughout the state, he said.

7. Shine a light on successes —Commenting on an observation about local governments' use of existing powers to carry out functions jointly, a participant suggested that perhaps more publicity should be given to those cases, which might inspire other local governments to follow suit.

It's difficult today, Schreiber said, to find good examples in the traditional mass media of highlighting successes in local government. He recalled that when he was in the Legislature it wasn't unusual for a daily paper would devote about three pages a day to news of state and local government. Now, he

said, it seems we're lucky to get one article a day.

8. Absence of good ideas for change —A participant wondered if the increasing professionalization of the Legislature has produced such a degree of reliance on legislative staff —and a consequent fear of negative political ramifications from new ideas—that ideas from the electorate don't receive the attention that such ideas received in the past.

9. Granting general sales tax authority to local governments isn't a good idea— Schreiber noted that Duluth is the only city in the state with authority for a local sales tax for general local government purposes. He favors local sales taxes if revenues are used for narrowly defined purposes, such as for infrastructure or stadiums. It would not be fair to cities if those with lots of retail outlets could capture sales tax revenue for themselves, while those with few such outlets would gain very little in local revenue. He noted that Baxter, a smaller community next to old-established Brainerd, is attracting the bulk of new retail business today and would benefit from a local sales tax, while Brainerd continues to need financing for its municipal services, and would receive slight benefit from such a tax.

10. Extend the state sales tax to exempt items— Responding to a question about changes in state taxes, Schreiber would broaden the state sales tax to cover now-exempt items, along with lowering the rate. He is opposed to increases in the state income tax. If the income tax is increased, the state's larger employers, 3M, Cargill, and General Mills, for example, will have trouble recruiting workers to come to Minnesota.

11. Recognize that property taxes in many rural areas are not high —Schreiber noted that one could tolerate increases in the property tax in many rural areas of the state. Concerns over the level of the property tax are present mainly in the metro area.

12. Escalating "needs" for transportation, without any indication of adequate financing —The group discussed with Schreiber the ever-growing escalation of transportation "needs", such as streetcars, LRT, commuter rail, long-distance high-speed rail, along with building and rebuilding roads and freeways. No effort has been made to identify where funds will come from, particularly for transit operating expense. Such expense—running as high as \$23 subsidy per ride on the Big Lake-Minneapolis commuter rail—could represent major competition for the already-strapped state general fund.

13. Urgent need for courageous leadership by the Governor —Reviewing leadership of Minnesota governors in recent years, the group highlighted the critical role of the Governor in resolving the \$6 billion budget gap in 2011. Legislators often underestimate the power the Governor has at the end of a legislative session, Schreiber said.

14. Overcoming barriers to change —As the group discussed opportunities for change in public services to get more productivity from limited dollars, Schreiber cautioned that the strongest—and very effective—opposition can readily be found in the interest groups, including affected employee organizations.

A participant noted that state government administration and Legislature are organized along

functional lines that have the effect of giving more strength to the interest groups that relate to specific functions.

Schreiber advised that advocates for change ought to make sure they consult broadly with interest groups in advance, so the interest groups don't get blind-sided by proposals about which they've not been consulted in advance. He went on to say that the views of outside, non-partisan groups without special interests are urgently needed by the Legislature.

15. Change in general assistance medical care (GAMC) highlighted— A participant noted that the 2010 Legislature and Governor ultimately agreed on a creative approach to change GAMC, without bringing about its elimination. In terms of precedents for other functions, we would be well advised, the participant suggested, to look at how that change came about.

16 Thanks —On behalf of the Civic Caucus, Verne thanked Schreiber for meeting with us today.