Response to Lukermann, Luce, and Mohring

The authors of the article "Public Policies that Hurt the Urban Core" in the March 1995 CURA Report raised a number of important concerns about how public policies affect the future vitality of the Twin Cities. However, when addressing the cost equity of the regional sewer system, the authors mislead your readers by not explaining fully the importance of the historical context in which the system has developed. The authors also ignored twenty years of sound regional data that show that metropolitan communities pay very close to what would be expected based on their population and average annual sewage flow. And the authors suggest incorrectly that funds raised from sewer fees could be redirected to pay for other programs.

Admittedly, the pricing system used to pay for sewer service is complicated. But the principle of our regional approach to costs and benefits is clear.

Metropolitan Council Wastewater Services (MCWS) is the regional public utility responsible for collecting and treating wastewater in the seven-county Twin Cities metropolitan area. The sewage flow from each of 104 metropolitan communities is metered or estimated, and every community pays the same rate per gallon of wastewater treated. This "uniform rate" pricing system was mandated by the 1985 legislature following a comprehensive two-year study of MCWS costs and a thorough review of several other pricing alternatives. The legislation was based on these cornerstones:

- wastewater collection and treatment is a regional operation;
- all communities share equally the benefits and costs of clean water, which is pervasive in our region; and
- all communities benefit equally from $450 million in federal and state grants that were invested in the regional system from 1970-1990.

This last point deserves more explanation. From 1970-1985 MCWS spent almost $650 million on capital improvements that greatly increased the efficiency of wastewater treatment in the region, thereby increasing water quality for all to enjoy. Almost 70 percent of those funds—$450 million—was paid by federal and state grants for water pollution control programs. Only 30 percent—$200 million—was paid by local users.

In addressing the equity issue it's worth emphasizing that the regional system was created with regional impacts in mind, both as costs and benefits. In the 1970s, decision makers had assumed a regional population of four million residents by the year 2000 and built to that scale with available grant monies. But because the region has not grown as quickly as expected, the region avoided what would otherwise have been significant capital costs paid wholly through local user fees. The regional framework was also the basis for decisions to reduce the number of treatment plants in the system from thirty-three to nine since 1970. All communities benefit equally from this regional planning.

The authors of your article contended correctly that, due to economies of scale, our large plants can treat more wastewater at lower unit costs. It's also true that unit prices are lower in areas of high density and from communities that are closer to treatment plants. Do these factors contribute to some inequity? The answer, to a very small degree, is yes. But this argument misses the point. The authors themselves concluded that sewer rates are not a factor for home buyers. From our perspective, the regional framework maximizes both financial resources and environmental benefits. And more than twenty years of sound regional data demonstrate that system-wide costs balance out over time.

It's also folly to imply that any money that could be saved—even in a sewer-perfect world—could be applied to other programs like Head Start, police, fire, and trash collection. By law, sewer funds are raised to treat sewage; nothing more and nothing less. Interestingly, while core cities argue they are subsidizing suburban growth, suburban cities argue they are subsidizing high maintenance and repair costs for older, urban sewers. For the record, our capital budget for growth is within a few percentage points of our budget for maintenance and repair of the existing infrastructure.

This regional approach to wastewater treatment is working extremely well. MCWS treatment plants are nationally recognized for excellence and regularly achieve better than 99 percent compliance with their operating permits. Our treatment costs, meanwhile, remain 30 percent below the national average among similar-sized systems.

Should the region use a variable pricing system, as the authors argue? Should some communities pay more than others for the same level of sewer service? We're open to that discussion. In fact, in Decem-
ber 1994 the Council convened a task force of community officials to reconsider the equity question. A technical advisory committee to the group has identified three major areas for further study: 1) rates; 2) infiltration and inflow, which is ground water leaking into municipal sewer systems that tends to inflate treatment costs for some communities; and 3) SAC, which is the Service Availability Charge for new connections to the system. We welcome your input and involvement in the study; if you’re interested call the MCWS’s Office of Communications at 229-2129.

Jim Solem
Regional Administrator
Metropolitan Council

show that provision costs are not equal around the region. To us, this means that pricing policies should not be designed as if this were the case.

Mr. Solem also implies that our recommendations are somehow inconsistent with a regional framework for service provision. There is no contradiction between a pricing policy reflecting the economic principle that efficiency requires charges to reflect costs and a regional framework for decision-making. For instance, the current fee system reflects the fact that users who generate more waste impose more costs on the system and should therefore pay more. We see no reason why a fee system that reflects other sources of cost differences is any less consistent with a regional approach to services and finance.

We are pleased that the Council has reopened this question during the December 1994 meeting. We believe that our findings will contribute to this discussion.

Thomas Luco,
Barbara Lukermann, and
Herb Mohring

Photos on pages 1 and 4 by Robert Friedman.
Photos on pages 7 and 8 by Don Breneman courtesy of the Minnesota Extension Service.
Photos on pages 10 and 13 courtesy of the Minnesota Nurses Association.

The Authors
Reply

In his response to our piece “Public Policies that Hurt the Urban Core,” Regional Administrator Solem raises two general concerns: limitations on the use of funds generated with sewer fees, and the importance of the historical context, including the development of the current “regional approach.”

We did not suggest in our work or article that the MCWS should charge municipalities or could be diverted to other purposes. The comparison to Head Start and other public services simply illustrated the grading of the difference between the fees. The urban jurisdictions to the MCWS and the costs of MCWS incurs in serving those places. That difference represents the potential savings on sewer bills for urban consumers if MCWS fees were to reflect provision costs. Those savings would be real and would represent additional local resources available in those places for other uses, either public or private, with no resulting decline in sewer and water treatment services.

The issues associated with the history of the system and the meaning of “regional approaches to service provision” are more complicated. Mr. Solem refers to the two-year study that led to the uniform fee legislation in 1986. Our work, also mandated by the legislature, was meant to explicitly re-examine some of the assumptions and conclusions of the earlier study. In that context, one should not expect us to take the earlier findings as holy writ. Indeed, our findings indicate that some of the “cornerstones” for the 1986 legislation are inappropriate. For instance, our work challenges the assumption that “all communities share equally the benefits and costs of clean water.” The MCWS data that we used clearly

New CURA Publications


The many resources of the fast-growing Asian American community in the Twin Cities are highlighted in this directory which includes nonprofit organizations, associations, and mutual assistance groups that are “by, for, and about Asian Americans.” The directory presents 117 groups and includes address, phone, fax and contact person for each group, as well as listing what kind of services and what outreach efforts each is making. Indexes in the back of the directory provide a guide to which organizations serve each of the eighteen ethnic groups represented and which organizations are supplying each of the eleven types of service—from arts and culture to youth programs.


For the past two years CURA has sponsored quarterly workshops designed to stimulate interest in research relating to greater Minnesota. The meetings focused on a variety of issues and faculty from a number of University departments attend-

ed. Those attending recommended a survey of University faculty to find out what policy issues are currently being researched. This publication presents the results of the survey. Seventy-five faculty responded, giving information about 114 research projects. The inventory presents these projects organized by topic area so that researchers may share knowledge or develop new networks.


The last decade has brought many changes in the income and poverty levels of people in the Twin Cities and across the state. A detailed analysis of the 1990 Census helps shed some light on the nature of these changes. Findings include: Minnesota households are generally better off than in 1980; the poorest, however, are worse off; and the poor in the state live in the metro area; and high levels of single-parent families are making the high levels of poverty among the state’s minority populations even higher. This monograph is the first in a series that shows what the 1990 Census has to say about Minnesota.

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