
SUMMARY

Despite MAC's many achievements, the agency merits additional state-level oversight. MAC operates with considerable autonomy, and the Governor and Legislature have engaged in a limited number of discussions regarding MAC's budget, policies, and performance in recent years. We do not recommend major structural changes, such as making MAC a state agency or changing its status as a regional airport authority. However, we recommend legislative confirmation of MAC appointees, more regular legislative hearings on MAC, clarification of commissioner terms in law, longer timeframes for public consideration of MAC's budget, and improved public information regarding MAC meetings.

The Metropolitan Airports Commission (MAC) is a 15-member body, with 13 members appointed by the Governor, 1 appointed by the Minneapolis mayor, and 1 appointed by the St. Paul mayor. The commission appoints an executive director, whose staff operate and promote activities at MAC's seven Twin Cities airports.

Some legislators and others have questioned whether MAC receives sufficient oversight. Some believe that management of major public facilities (including the state's primary airport) should not be left solely to a commission of appointed officials. Legislators have introduced various bills in recent years to change the governance or oversight of MAC. This chapter addresses the following questions:

- **How has the size and composition of the commission changed over time?**
- **To what extent (and by what means) have the Governor and Legislature held MAC accountable for its actions? What are the merits of possible changes to MAC's appointment process and its state-level oversight?**
- **How does MAC's governance structure compare with those of other agencies that operate large airports? How do the laws governing MAC compare with those for state agencies and other metropolitan agencies?**
- **Are there sufficient opportunities for public input into MAC's budget process? Does MAC provide sufficient and timely information about upcoming and past meetings?**

This chapter offers recommendations regarding some governance issues; for others, it discusses policy options (without recommendation) that the Legislature should consider. Appendix A contains a more complete discussion of the pros and cons of various governance options that the Legislature may wish to consider, including some options for which the case for legislation does not seem particularly compelling.

COMMISSION SIZE AND COMPOSITION

During the 1920s, the cities of Minneapolis and St. Paul developed competing airports. The 1927 Legislature authorized each of these cities to issue bonds for airport-related land acquisition and maintenance, and the 1931 Legislature authorized them to levy property taxes for airport operations.¹

The 1943 Legislature created the Metropolitan Airports Commission (MAC) as a public corporation to operate the airports in Minneapolis and St. Paul.² According to one account, “the specific intention of the legislation was to end the expensive rivalry between Minneapolis and St. Paul in airport construction and to unite them in a program of airport development that would benefit not only the Twin Cities metropolitan area but also the entire state of Minnesota.”³ The law specified that the commission would have nine members: four from Minneapolis, four from St. Paul, and a chair from a county not contiguous to either Hennepin or Ramsey County. The Governor appointed the chair of MAC, while the other eight members were appointed by local officials (see Figure 5.1).

In 1974, the Legislature temporarily increased the size of the MAC commission from 9 to 15—by increasing the number of gubernatorial appointees from 1 to 7.⁴ In addition to appointing the chair, as previously required by law, the Governor was authorized to appoint commissioners to represent various regions of the seven-county Twin Cities area.⁵ However, the 1974 Legislature also required the transition to an 11-member commission in 1981—with a chair appointed by the Governor, eight other gubernatorial appointees (each representing two districts of the Twin Cities Metropolitan Council), and one appointee each by the Minneapolis mayor and St. Paul mayor. In 1989, the Legislature increased the size of the commission again from 11 to 15 by adding four gubernatorial appointees from outside the Twin Cities metropolitan area.⁶ Overall,

Initially, eight of MAC’s nine members represented the cities of Minneapolis and St. Paul.

¹ *Laws of Minnesota* (1927), ch. 62, sec. 4; *Laws of Minnesota* (1931), ch. 273, sec. 1.

² *Laws of Minnesota* (1943), ch. 500.

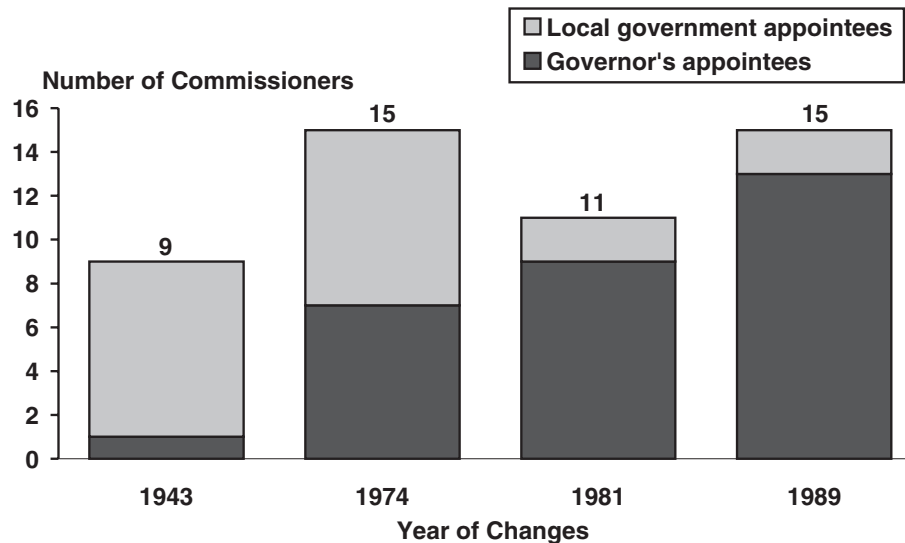
³ Donald Harper, “The Minneapolis-St. Paul Metropolitan Airports Commission,” *Minnesota Law Review*, 55 (1971): 367.

⁴ *Laws of Minnesota* (1974), ch. 455, sec. 10.

⁵ The law authorized the Governor to appoint three persons to represent Carver, Scott, and Hennepin counties (not including Minneapolis), one person to represent Washington and Ramsey counties (not including St. Paul), one to represent Anoka County, and one to represent Dakota County.

⁶ *Laws of Minnesota* (1989), ch. 279, sec. 2.

Figure 5.1: Key Changes in MAC's Size and Appointers



Since 1989, 13 of MAC's 15 members have been appointed by the Governor.

SOURCE: *Laws of Minnesota* (1943), ch. 500, sec. 4; *Laws of Minnesota* (1974), ch. 455, sec. 10; *Laws of Minnesota* (1989), ch. 279, sec. 2.

- **The main changes in the commission's structure during the past 30 years were (1) an increase in the number of commissioners, (2) an increase in the proportion of members from places other than Minneapolis and St. Paul, and (3) an increase in the proportion of members appointed by the Governor.**

Table 5.1 shows the persons who have served as chairs of the Metropolitan Airports Commission since its start in 1943. For many years, state law required that MAC chairs reside in counties outside the Twin Cities metropolitan area—consequently, all of the chairs prior to 1984 were from outstate Minnesota. Since the law was changed, all MAC chairs have been residents of the Twin Cities area. The chair may receive a salary up to 25 percent of the Governor's salary; other MAC members receive compensation of \$50 per diem.⁷

OVERSIGHT AND ACCOUNTABILITY

The Metropolitan Airports Commission operates with considerable autonomy, but it has extensive powers. For instance, state law authorizes MAC to issue bonds, exercise eminent domain rights, enter into contracts, acquire air rights and property, receive federal aid, adopt ordinances, spend the revenue it collects, conduct investigations, and sue. The law authorizes MAC to exercise its powers

⁷ *Minn. Stat.* (2002), §473.605, subd. 2. Members may also be reimbursed for "actual and necessary" expenditures.

Table 5.1: Metropolitan Airports Commission Chairs, 1943-2003

<u>Dates Served</u>	<u>Chair</u>	<u>Home</u>
7/43 – 9/47	Lewis Castle	Duluth
9/47 – 7/49	Albert Lobb	Rochester
7/49 – 7/50	Walter Rogosheske	Sauk Rapids
7/50 – 1/53	Roger Dell	Fergus Falls
1/53 – 8/72	Lawrence Hall	St. Cloud
8/72 – 12/83	Frank Befera	Duluth
1/84 – 12/86	Raymond Glumack	Bloomington
1/87 – 2/89	Harold Greenwood	Minneapolis
2/89 – 1/91	Thomas Holloran	Minneapolis
1/91 – 9/93	Hugh Schilling	St. Paul
9/93 – 1/95	Richard Braun	Columbia Heights
1/95 – 3/95	Wayne Popham	Hamel
4/95 – 4/99	Pierson Grieve	Sunfish Lake
5/99 – 1/03	Charles Nichols	Brooklyn Center
1/03 – present	Vicki Grunseth	Afton

SOURCE: Metropolitan Airports Commission.

“at any place within 35 miles of the city hall of either Minneapolis or St. Paul, and in the [seven-county Twin Cities] metropolitan area.”⁸ It also authorizes MAC to own, lease, construct, equip, operate or finance an aircraft maintenance facility in Duluth.⁹ In general, the law provides MAC with broad authority over day-to-day decisions affecting its seven airports:

[MAC] may generally carry on the business of acquiring, establishing, developing, extending, maintaining, operating, and managing airports, with all powers incident thereto except it is expressly prohibited from exercising these powers for the purpose of future construction of a major new airport.¹⁰

MAC has not used its taxing authority in recent years.

In addition, MAC has statutory authority to levy taxes upon taxable property within the Twin Cities metropolitan area—although it has not used this authority recently. MAC can levy a tax “not. . . subject to any limitation of rate or amount” to pay the debt service on its general obligation revenue bonds.¹¹ MAC levied taxes for debt service from 1949 to 1969, but it has not done so since then. MAC may also levy a tax for airport operations and maintenance, not to exceed 0.00806 percent of market value on taxable property.¹² Based on 2001 taxable market value, MAC could collect a maximum of about \$12.5 million with this tax. However, MAC has not levied such a tax since 1961. State law also authorizes MAC to levy a tax to pay for the airport’s police services, fire services, and

⁸ *Minn. Stat.* (2002), §473.608, subd. 1.

⁹ *Ibid.*

¹⁰ *Minn. Stat.* (2002), §473.608, subd. 16.

¹¹ *Minn. Stat.* (2002), §473.667, subd. 3.

¹² *Minn. Stat.* (2002), §473.671.

maintenance of streets and parking facilities.¹³ MAC levied this tax until the early 1980s, but it has since paid for these services with rates and charges assessed to airport users.

The security for MAC's bonding authority has changed in some important ways over the years. When MAC was created, its bonds were backed by tax revenues from the cities of Minneapolis and St. Paul. In 1975, however, the law was amended so that any tax levies required to pay debt service on MAC bonds "shall not be restricted to the cities of Minneapolis and St. Paul but shall be levied against all the taxable property in the metropolitan area."¹⁴ In 1991, the Legislature authorized MAC to issue bonds payable solely from airport revenues,¹⁵ and revenue bonds now comprise the large majority of MAC's bond issuances.

Overall, MAC's statutory authority is extensive. As one observer commented,

The state legislature went much farther than was necessary if all it wished to do was to end the strife between Minneapolis and St. Paul in connection with airport construction. Instead it created a very powerful independent special purpose agency with complete power not only over airports but also over aeronautics in general and gave it jurisdiction over an area much larger than the two cities themselves.¹⁶

MAC has important powers and responsibilities, and it operates with significant autonomy.

MAC's far-reaching powers and potential for impact on a major industry are important reasons to ensure that the agency is sufficiently accountable for its actions. All of MAC's revenues are considered "public funds," according to state law, and this also suggests a need for public accountability.¹⁷ To help us assess the adequacy of MAC's state-level oversight, we examined state laws, interviewed officials in the state legislative and executive branches, interviewed present and former MAC commissioners and administrators, and reviewed available information on the governance of other airports and Twin Cities metropolitan agencies. The following sections discuss MAC's present governance structure and how it compares with those of other agencies. At the end of this discussion, we offer recommendations for changes.

Appointments

MAC's executive director and staff of more than 500 are responsible for the day-to-day decisions that affect airport operations at the seven MAC airports in the Twin Cities area. Ultimately, however, the staff are accountable to the agency's 15 commissioners. MAC's bylaws state that:

¹³ *Minn. Stat.* (2002), §473.627.

¹⁴ *Minn. Stat.* (2002), §473.672.

¹⁵ *Minn. Stat.* (2002), §473.6671.

¹⁶ Harper, "The Minneapolis-St. Paul Metropolitan Airports Commission:" 375-376.

¹⁷ *Minn. Stat.* (2002), §473.606, subd. 3.

The Commissioners, acting for the corporation, have the responsibility to determine and establish the corporation's policy in the fulfillment of its statutory responsibilities and to interpret the same to the corporation's Executive Director and to the Commission staff. The corporation's Executive Director, acting through the Commission staff and consultants, shall have the responsibility for the operation of the corporation in accordance with such policy, and to that end, shall be accountable to the Commission.¹⁸

The members of the Metropolitan Airports Commission are appointed, not elected. For this reason, it is important to consider the statutory provisions governing MAC's appointment process. State law provides for appointment of all members of Twin Cities metropolitan agencies, including the Metropolitan Council, Metropolitan Parks and Open Space Commission (MPOSC), Metropolitan Sports Facilities Commission (MSFC), Metropolitan Mosquito Control District (MMCD), and MAC.¹⁹ As shown in Table 5.2, state laws have varying provisions regarding appointments to these agencies. In general, however, the law is more prescriptive regarding the appointments to the Metropolitan Council than appointments to other metropolitan agencies, including MAC. For example, Metropolitan Council members are the only members of metropolitan agencies whose appointments are subject to confirmation by the state Senate. Also, the Metropolitan Council—unlike MAC—is required to (1) have a nominating or appointments committee to identify potential candidates for appointment, and (2) issue notices in local newspapers regarding vacancies and term expirations.

Our review of appointment laws also indicated that:

- **The terms of 8 of the 15 MAC commissioners are not specified in state law, unlike the terms of members of other metropolitan agencies.**

State laws governing the terms of MAC commissioners are inconsistent.

State law says that the MAC chair and each of the four commissioners from outstate Minnesota shall serve four-year terms. In addition, the terms of the two commissioners appointed by the mayors of Minneapolis and St. Paul coincide with the terms of each mayor, according to the law. But the law has no provisions regarding the terms of the remaining eight MAC commissioners, each of whom represent 2 of the 16 Metropolitan Council districts.²⁰ In recent years, the Governor's MAC appointees have been appointed on a staggered basis, with the understanding that all of the appointments will be for four-year terms. However, without clear statutory language regarding terms, a Governor would not be bound to this schedule. Furthermore, the law has no provision for how the eight MAC commissioners who represent Metropolitan Council districts will be affected by Metropolitan Council redistricting, which is scheduled to occur in 2003. For

¹⁸ Metropolitan Airports Commission, *Bylaws and Rules of Procedure* (as revised February 22, 2002), art. IV, no. 1.

¹⁹ Unlike the other agencies listed, the MMCD is not defined in law as a "metropolitan agency" and does not have a formal relationship with the Metropolitan Council.

²⁰ It is unclear why the 1994 Legislature eliminated statutory language related to the terms of the commissioners, yet retained language that outlines circumstances in which commissioners may be removed.

Table 5.2: Requirements in State Law Regarding Appointments to Metropolitan Agencies

	Metropolitan Airports Commission	Metropolitan Council	Metropolitan Parks and Open Space Commission	Metropolitan Sports Facilities Commission	Metropolitan Mosquito Control District
Number of members?	15	17	9	7	17
The chair is selected by:	Governor	Governor	Metropolitan Council	Governor	Vote of members
Other members are selected by:	Governor (12) and mayors (2)	Governor	Metropolitan Council	Minneapolis City Council	County elected officials
Are members confirmed by Senate?	No	Yes	No	No	No
Must local legislators be consulted about appointments?	Yes (for Governor's appointees only)	Yes	Yes	No	No
Are there requirements regarding member characteristics (other than residence requirements)?	No	Yes ^a	No	No	Yes ^b
Must a nominations or appointments committee identify potential candidates?	No	Yes	Yes	No	No
Must local newspapers publish notices regarding vacancies and term expirations?	No	Yes	Yes	No	No
Does the law specify the terms of all members?	No—only 7 of 15 members	Yes	Yes	Yes	Yes
Under what circumstances may members be removed?	The chair serves “at the pleasure of the governor.” Other members may be removed “for misfeasance, malfeasance, or nonfeasance.”	All members serve “at the pleasure of the governor.”	The chair serves “at the pleasure of the [Metropolitan Council].” Other members may be removed “for cause.”	Members may be removed “for cause.”	No provisions

^aThe law says that Metropolitan Council members must be “knowledgable about urban and metropolitan affairs,” and they should reflect the “various demographic, political, and other interests in the metropolitan area and the districts.”

^bAppointees shall be members of their respective county boards of commissioners.

SOURCE: *Minn. Stat.* (2002), §473.

Members of metropolitan agencies are appointed in various ways.

While important for accountability, gubernatorial appointment of MAC commissioners by itself does not ensure subsequent oversight of their performance.

instance, the law does not address whether the terms of the present MAC commissioners from Metropolitan Council districts will end immediately following redistricting. In addition, if the Governor must make new appointments following redistricting, there are no provisions in law for staggering the terms of the commissioners.

Because the MAC commissioners are not elected, their oversight by elected officials is a potentially important means of public accountability. However,

- **The Governor’s authority to appoint and review 13 of the 15 MAC commissioners has been a limited mechanism for accountability.**

First, the appointment of MAC commissioners by the Governor does not ensure subsequent oversight of the commission’s performance. Most MAC commissioners we spoke with said they have had few, if any, communications with the governors who appointed them. Even MAC *chairs* sometimes have very limited contact with the Governors who appoint them. Governor Ventura and his appointee as MAC chair met on only a few occasions from 1999 through 2002.²¹

Second, the Governor has limited authority in state law to remove MAC commissioners. The MAC chair may be removed “at the pleasure of the Governor,”²² and Governor Carlson replaced a MAC chair in 1993 due to differences of opinion on airport policy. In contrast, state law says that commissioners other than the chair may be removed only for misfeasance, malfeasance, or nonfeasance in office, following an opportunity to defend themselves in response to written charges.²³ MAC officials could recall no such removals. The laws governing most state boards and commissions do not authorize removal of members “at the pleasure of the Governor”—rather, the law typically authorizes removal only for “cause” or poor attendance at meetings. Such provisions—similar to MAC’s—insulate these commissions somewhat from political influences and help to ensure some continuity of membership from one gubernatorial administration to the next. In contrast, however, all 17 members of the Metropolitan Council serve at the pleasure of the Governor. Such a provision gives the Governor immediate authority to influence the composition and direction of the council.

Third, the Metropolitan Airports Commission is relatively large, which may also weaken the Governor’s ability to exercise oversight. At 15 members, MAC is larger than all but one of the commissions that oversee large hub airports in the U.S.²⁴ A large commission has more diffuse accountability than smaller commissions—that is, there are more individuals who share responsibility for commission decisions. In addition, Governors may need to appoint more individuals to change the make-up or underlying philosophy of a large commission, compared with a smaller one. A large commission may offer some practical advantages over smaller commissions in its daily work—for example, by

²¹ In contrast, Governor Carlson and his most recent MAC chair met several times a year from 1995 to 1999, particularly to discuss the dual track airport planning process.

²² *Minn. Stat.* (2002), §473.604, subd. 1.

²³ *Minn. Stat.* (2002), §473.605, subd. 3.

²⁴ St. Louis has a 17-member airport commission. Among the 40 largest airports, the median size for an airport authority is nine members.

allowing the commission's workload to be split among more persons—but a large commission is probably more difficult for a Governor to influence and hold accountable.

Finally, the complicated nature of MAC's appointment structure might also weaken accountability; at a minimum, it is confusing. For instance, the law divides responsibility for appointing MAC members among three elected officials (the Governor and two mayors). Also, MAC's commissioners represent multiple—and sometimes overlapping—geographic areas: the cities of Minneapolis and St. Paul, Metropolitan Council districts covering all of the seven-county metropolitan area (including Minneapolis and St. Paul), and outstate Minnesota.²⁵ As noted earlier, there are varying statutory provisions governing the terms and removal of these commissioners.

Legislative Oversight

State law says that MAC is accountable to the Legislature.

Besides the Governor, the Legislature could be an important state-level mechanism for overseeing MAC and holding it accountable. According to state law:

[MAC] shall be held accountable to the legislature in its activities, plans, policies, and programs. It shall report each session to appropriate committees of the legislature as to its activities, plans, policies, and programs and shall make other reports and recommendations which the legislature or its committees deem appropriate.²⁶

The Legislature has occasionally focused on specific issues related to MAC and the future of Twin Cities airports. There was extensive legislative debate from 1988 through 1996 regarding the “dual track planning process,” culminating in the Legislature's 1996 decision to keep the airport at the present site. The 1996 Legislature provided specific direction to MAC and the Metropolitan Council in several areas—for example, requiring implementation of the 2010 Long-Term Comprehensive Plan for the Minneapolis-St. Paul Airport, requiring the maximum feasible diversion of planes to the reliever airports, prohibiting construction of a third parallel runway, prohibiting construction of a replacement passenger terminal on the west side of the airport, prohibiting “landbanking” for a major new airport, and requiring expenditure of \$185 million on noise-related insulation and property acquisition.

However, legislative oversight of MAC has been limited.

Since the end of the dual track process, the Legislature has considered bills regarding possible expansion of reliever airports and changes in MAC's governance structure.²⁷ In addition, the Legislature held hearings following the

²⁵ A resident of Minneapolis or St. Paul is represented on MAC by a commissioner appointed by the mayor of that city, as well as by a commissioner who represents that resident's Metropolitan Council district. Thus, Minneapolis and St. Paul residents have more representation on MAC than other residents of the Twin Cities region.

²⁶ *Minn. Stat.* (2002), §473.621, subd. 1a.

²⁷ In addition, the Legislature created a Select Commission on Air Transportation and Economic Security following the September 11, 2001 attacks, and this commission had several hearings regarding challenges faced by Minnesota's airline industry.

September 11 attacks to discuss ways the state could help Minnesota-based airlines. But, although MAC officials have frequent contact with legislators and have testified in legislative committees on many occasions,

- **During the past several years, legislative committees have not devoted much attention to MAC’s budget or overall performance.**

The House and Senate have committees that focus on transportation and local or regional government issues. Among other topics, these committees could discuss issues related to airport finances, policies, competition, or capital projects. Legislative committees have occasionally discussed MAC while considering bills related to airports or airport governance, but there was only one instance in the past four years in which a House or Senate standing committee broadly reviewed MAC’s operations or budget.²⁸ Also, although the law requires MAC to prepare annual reports for the Legislature on its operations, legislative committees have usually not discussed these reports in hearings.²⁹

State law mandates more oversight of the Metropolitan Council than MAC.

None of the Twin Cities metropolitan agencies has its budget approved by the Legislature.³⁰ In fact, no legislative fiscal analysts regularly review MAC’s budget—in part, because MAC does not receive state funds. However, the Legislature could give metropolitan agencies more attention—as it did in 2001 when it created the Legislative Commission on Metropolitan Government to improve oversight of the Metropolitan Council. The law limits this commission’s scope to the Metropolitan Council, and it does not mention other metropolitan agencies, such as MAC. This commission is required by law to review the Metropolitan Council’s capital and operating budgets, work programs, tax levies, requests for debt increases, and appointments. The commission’s oversight responsibilities could be extended in law to other agencies, such as MAC, but the current commission chair told us that oversight of the Metropolitan Council alone has been a challenging workload.

MAC is required by state law to annually provide the Legislature with reports on salary comparisons, employee benefits, ethical practices requirements, and communications between commission members and local officials. For some of these topics, MAC’s reports have provided little useful information that could serve as a basis for legislative discussion. For instance, MAC’s recent reports on salaries have asserted that “[MAC] salaries are also comparable to similar organizations in other parts of the country,” but they have provided no documentation.³¹ In addition, MAC is supposed to report on “the activities undertaken [by each commissioner] to meet regularly and communicate with local officials and legislators in the member’s district about issues before the agency or council,”³² but the reports produced annually by MAC have provided little

²⁸ In 2001, the House Local Government and Metropolitan Affairs Committee had two hearings at which it conducted an overview of MAC and the airport system.

²⁹ MAC has provided information to legislators and their staff in some less formal ways—for example, through airport tours and personal briefings.

³⁰ The Legislature does appropriate transit subsidies that are administered by the Metropolitan Council.

³¹ MAC, Metropolitan Council, and Metropolitan Sports Facilities Commission, *Metropolitan Agencies Personnel, Ethical Practices and Communications Activities* (St. Paul, January 2002), 36. Identical sentences appear in the 2000 and 2001 reports.

³² *Minn. Stat.* (2002), §473.1623, subd. 6.

information regarding the frequency or nature of these contacts. Typically, MAC's report lists the topics in which commissioners are interested and the MAC committees on which they serve.³³

A final means by which the Legislature can hold MAC accountable is through legislatively-authorized audits and evaluations. The Office of the Legislative Auditor conducts a financial audit of selected MAC issues approximately once every four years.³⁴ In addition, the Legislative Audit Commission has directed staff in the Office of the Legislative Auditor to evaluate MAC on two occasions: for a report on airport planning (1993) and for this report. Such audits and evaluations—although infrequent—are a way that the Legislature can hold MAC accountable and examine airport-related issues.

Reviews by Other Agencies

Various federal, state, and metropolitan agencies play a role in oversight or regulation of MAC's activities. Of particular note, the federal government regulates a variety of aspects of airport operations, and it has administrative procedures for responding to complaints about airport compliance. For instance, the Federal Aviation Administration (FAA) monitors whether airports seeking federal funds for noise mitigation have followed federal regulations for measuring noise and addressing incompatible land uses. In addition, the FAA reviews airports' competition plans, proposals for use of passenger facility charges, and applications for federal grants. Federal policies prohibit the diversion of airport revenues for non-airport purposes and set basic standards regarding airport planning and construction, airport operations, and the establishment of airport rates and charges. A recently created federal agency—the Transportation Security Administration—reviews airports' compliance with federal requirements regarding passenger and baggage screening. The federal government does not play a role in development or review of MAC's annual budget.

The Twin Cities Metropolitan Council also oversees certain aspects of MAC's activities.³⁵ State law requires the council to review MAC plans to ensure that they are consistent with the council's development guidelines.³⁶ In addition, state law requires the council to *review* capital projects at Minneapolis-St. Paul International Airport that exceed \$5 million and other MAC projects exceeding \$2 million.³⁷ According to state law, the following categories of capital projects require Metropolitan Council *approval* before they can proceed: (a) the location of a new airport, (b) a new runway at an existing airport, (c) a runway extension at an existing airport, (d) runway strengthening, (e) construction of passenger

The federal government regulates various aspects of airport operations.

³³ MAC, Metropolitan Council, and Metropolitan Sports Facilities Commission, *Metropolitan Agencies Personnel, Ethical Practices and Communications Activities* (St. Paul, January 2002), 37-39. The previous two reports have similar summaries, and they are less specific than the discussions provided by the Metropolitan Council and Metropolitan Sports Facilities Commission.

³⁴ In addition to the periodic financial audits by the Office of the Legislative Auditor, MAC retains a private accounting firm to audit its financial statements annually.

³⁵ State law requires MAC to reimburse the Metropolitan Council for the costs it incurs in its discharge of MAC-related responsibilities. Over the past four years, the Council's charges ranged from \$61,712 (2000) to \$134,663 (1999).

³⁶ *Minn. Stat.* (2002), §473.181, subd. 5.

³⁷ *Minn. Stat.* (2002), §473.621, subd. 6.

Some of MAC's capital projects require approval by the Metropolitan Council.

handling or parking facilities which would permit 25 percent or greater increases in passenger enplanements, and (f) land acquisition associated with any of the above that requires residential or business relocation.³⁸

The council has never rejected a capital project proposed by MAC, but in 2002 the council threatened to reserve approval of MAC's capital program unless MAC committed to spend \$150 million on sound insulation projects in the 60-64 DNL noise contour (see Chapter 4). State law does not explicitly mention sound insulation projects as a category of capital projects that the Metropolitan Council may *approve*, although these projects often surpass the dollar threshold that determines which projects the council will *review*.

In addition, several state agencies play a role in MAC activities. The Minnesota Pollution Control Agency regulates airport environmental quality—for example, examining the water-related impacts of deicing chemicals and airport construction projects. The Minnesota Environmental Quality Board sets criteria for environmental reviews and determines the adequacy of MAC's environmental impact statements. The Minnesota Department of Transportation establishes off-airport zoning criteria and administers federal and state airport grants.

Governance by Independent Authorities Versus Governmental Agencies

Table 5.3 shows the types of governing bodies used by the 40 largest U.S. airports. Aviation departments of city or county governments manage 45 percent of the largest airports, such as those in Atlanta, Chicago, and Los Angeles. However, a larger proportion of these airports (50 percent) are governed by some type of public authority other than cities or counties.³⁹ Most of these authorities focus solely on airports, but some are port authorities that manage non-airport facilities, too. We found that:

- **Airport management literature has generally favored governance of airports by independent authorities (such as MAC) rather than by local government bodies, and U.S. airports have increasingly adopted this approach.**

A sampling of airport management literature includes the following comments:

Most airport textbooks state that airport authorities are the preferred method of ownership because (1) the leadership is more focused on airport issues, (2) the airport staff is less subject to political interference, and (3) a metropolitan community can be better represented by the authority's governing body.⁴⁰

³⁸ *Minn. Stat.* (2002), §473.621, subd. 6, 7. Such projects are deemed to have "a significant effect on the orderly and economic development of the metropolitan area."

³⁹ Some of the locally-owned airports—such as those in San Francisco and New Orleans—also have commissions of locally-appointed officials that set airport policies.

⁴⁰ Sam Hoerter, *Airport Management Primer*, 2nd ed. (Alexandria, VA: American Association of Airport Executives, 2001), 12.

Table 5.3: Governance Arrangements at Large U.S. Airports

Airport	2000 Enplanements (in millions)	Governed by:
Atlanta	39.3	City
Chicago-O'Hare	33.8	City
Los Angeles	32.2	City
Dallas-Fort Worth	28.3	Airport authority
San Francisco	19.6	City ^a
Denver	18.4	City/county
Phoenix	18.1	City
Las Vegas	17.4	County
Detroit	17.3	Airport authority
Newark	17.2	Port authority
Minneapolis-St. Paul	17.0	Airport authority
Miami	16.5	County
Houston	16.4	City
New York-John F. Kennedy	16.2	Port authority
St. Louis	15.3	Airport authority
Orlando	14.8	Airport authority
Seattle-Tacoma	13.9	Port authority
Boston	13.6	Port authority
New York-LaGuardia	12.7	Port authority
Philadelphia	12.3	City
Charlotte	11.5	City
Cincinnati	11.2	Airport authority
Honolulu	11.2	State
Pittsburgh	9.9	Airport authority
Baltimore-Washington	9.7	State ^b
D.C.-Dulles	9.6	Airport authority
Salt Lake City	9.5	City
Tampa	8.0	Airport authority
San Diego	7.9	Airport authority
Fort Lauderdale	7.8	County
D.C.-Reagan National	7.5	Airport authority
Chicago-Midway	7.1	City
Portland	6.8	Port authority
Cleveland	6.3	City
San Jose	6.2	City
Kansas City	5.9	City
Memphis	5.7	Airport authority
Oakland	5.2	Port authority
Raleigh-Durham	5.2	Airport authority
New Orleans	4.9	City*

^aA mayor-appointed board oversees airport policy and operations.

^bA state aviation commission sets policies to improve and promote this airport.

SOURCES: Office of the Legislative Auditor—review of airport websites; phone calls. Enplanement data from U.S. Federal Aviation Administration, <http://www.faa.gov/arp/planning/vphubs.pdf>; accessed December 10, 2002.

Airport authorities govern about half of all large airports, and local governments manage most of the rest.

Management literature has generally favored the governance of airports by independent authorities.

There is an expert consensus that independent airport authorities are the preferred governance structure for commercial airports. There has been a national and even worldwide trend toward removing governance from the normal operations of governmental decision-making by placing airports under the jurisdiction of independent airport authorities.⁴¹

Since the independent special district provides airport management with the greatest autonomy amongst the various governmental forms, the interests of the airport can be served more directly, and with less interference from outside political influence. The airport authority is self serving, unencumbered by the sundry general welfare responsibilities of cities and counties, and is established solely for the purpose of promoting the airport and aviation service to the community.⁴²

Airports in several major cities have switched to independent governing authorities in recent years, and we are not aware of any major airports that have recently changed from independent authority governance models to governance by city or county agencies. Some recent changes include:

- The Wayne County Airport Authority, a seven-member board, assumed duties in 2002 for managing the **Detroit** airport. Previously, the airport was managed by the county.



Increasingly, airports are being governed by semi-autonomous airport authorities (such as MAC) rather than by local governments. The Detroit airport (shown here) implemented such a structure in 2002.

⁴¹ Clyde W. Barrow, David R. Borges, and Victor S. DeSantis, *The New Bedford Regional Airport: Governance Structures at Comparable Airports in the United States*, v. 1 (Dartmouth, MA: Center for Policy Analysis, May 1996), xi.

⁴² Laurence E. Gesell, *The Administration of Public Airports*, 4th ed. (Chandler, AZ: Coast Aire Publications, 1999), 25.

- In 2002, management of the **San Diego** airport transferred from the local port authority to the San Diego County Regional Airport Authority. The nine members of this new authority focus exclusively on airport issues.
- In 1999, the nine-member Allegheny County Airport Authority began managing the **Pittsburgh** airport, which was previously operated by the county.

The “independence” of an airport authority might enable it to make decisions more quickly or with less review by governmental agencies, potentially improving its responsiveness to airlines, airport businesses, travelers, or others. Although Northwest Airlines officials told us that MAC needs more public oversight, they preferred to have MAC as an independent authority rather than an agency of local or state government.

The 2002 Legislature considered bills that would have made MAC a state agency.

In 2002, the Legislature considered bills that would make MAC a state agency (or part of the Minnesota Department of Transportation). We found that:

- **Airport governance by state agencies is relatively uncommon. States own just 2 of the 40 largest U.S. airports.**

The Honolulu airport is operated by the Hawaii Department of Transportation. The Baltimore-Washington airport is owned by the state of Maryland, but a nine-member commission sets policies for the airport. Three other states (Rhode Island, Connecticut, and Alaska) own smaller international airports.⁴³ We are aware of only three states—Alaska, Hawaii, and Maryland—in which the state legislature approves a major airport’s operating budget.

Because the 2002 Legislature showed some interest in making MAC a state agency, we examined differences in the operating practices of MAC and state agencies. Even if previous legislatures have decided that there are good reasons for an airport authority to operate under different procedures than a state agency, it may be useful for current legislators to explicitly consider these differences. Also, any future proposals to make MAC a state agency would likely have to address differences in MAC and state agency operating practices.

We found that:

- **There are important differences in the operating practices of MAC and state agencies, particularly in the areas of collective bargaining, pension systems, rule-making procedures, purchasing requirements, and budget review.**

Table 5.4 shows that there are several areas in which MAC and state agencies operate under the same laws. For instance, MAC and state agencies operate under state laws governing open meetings, ethics in government, and data practices.

⁴³ Since 1993, the seven-member Rhode Island Airport Corporation has operated the state-owned airport system, including T.F. Green International Airport; previously, the airport was run by a state agency. Connecticut’s Department of Transportation operates the Bradley International Airport, and a legislatively-established, seven-member board approves the airport’s operating and capital budgets. The Alaska Department of Transportation and Public Facilities operates the Anchorage and Fairbanks International Airports.

Table 5.4: Comparison of Operating Practices Used by MAC and State Agencies

Use the same practices:

	<u>MAC</u>	<u>State Agencies</u>
Ethics	Under <i>Minn. Stat.</i> §10A, MAC's commissioners and executive director are subject to a gift ban, financial disclosure, and conflict of interest disclosure.	Under <i>Minn. Stat.</i> §10A, top state agency administrators are subject to a gift ban, financial disclosure, and conflict of interest disclosure.
Data practices	Subject to the Minnesota Data Practices Act (<i>Minn. Stat.</i> §13).	Subject to the Minnesota Data Practices Act (<i>Minn. Stat.</i> §13).
Open meetings	Subject to the state open meeting law (<i>Minn. Stat.</i> §13D).	Agencies headed by a single commissioner do not have "meetings," so <i>Minn. Stat.</i> §13D does not apply. However, the law applies to agencies headed by governing bodies.
Financial audits	By Office of the Legislative Auditor.	By Office of the Legislative Auditor.

Use different practices:

	<u>MAC</u>	<u>State Agencies</u>
Contracts and purchases	MAC can purchase goods and services without external approval. The Uniform Municipal Contracting Law (<i>Minn. Stat.</i> §471.345) governs MAC's construction work and purchases of supplies, equipment, and materials. In addition, MAC has "the power to appoint engineers and other consultants, attorneys, and such other officers, agents, and employees as it may see fit, who shall perform such duties and receive such compensation as the corporation may determine, and be removable at the pleasure of the corporation" (<i>Minn. Stat.</i> §473.606, subd. 5).	The state Commissioner of Administration acquires goods and services needed by state agencies. (Such duties may be delegated to agencies, but the Commissioner of Administration retains control of the process.) <i>Minn. Stat.</i> §16C governs state agency contracting and purchasing. Contracts are not valid unless approved by the Commissioner of Administration and the attorney general. Contracts for professional or technical services are subject to additional restrictions in law.
Civil service	Employees are not covered by civil service laws.	Employees are covered by state civil service laws (<i>Minn. Stat.</i> §43A)
Collective bargaining	MAC's bargaining units have only MAC employees. The Metropolitan Airports Commission is the employer for purposes of bargaining and contract administration.	Employees are assigned to statewide, occupationally-based bargaining units. The Commissioner of Employee Relations is the employer.
Retirement system	Public Employee Retirement System.	Minnesota State Retirement System.
Operating budget	Annually, the Metropolitan Airports Commission prepares and approves its own budget. The commission collects and spends revenues and does not receive legislative appropriations. MAC does not use the state's accounting, procurement, and human resources information systems. MAC sets the fees that it charges, without legislative review.	State agencies are subject to the Governor's biennial budget process. Revenues are deposited in the state treasury and can be spent only pursuant to an appropriation. Agencies use the statewide information systems for accounting, procurement, and human resources purposes. Increased fees require legislative approval unless they are for the direct and primary use of an individual or entity.
Capital budget	Metropolitan Airports Commission prepares and approves its own budget. Large capital projects are subject to Metropolitan Council review.	Agency capital budget proposals are subject to approval by the Governor and Legislature.
Asset investment	By MAC treasurer.	By State Board of Investment.
Rules and ordinances	MAC adopts ordinances. <i>Minn. Stat.</i> §473.608, subd. 17 requires public hearings in certain cases.	Agencies adopt rules through the Administrative Procedure Act (<i>Minn. Stat.</i> §14), unless exempted.
Legal actions	MAC hires its own counsel and conducts its own legal actions.	Attorney general represents state agencies and conducts legal actions.

SOURCES: Mark Shepard and Wendy Simons, Minnesota House of Representatives Research Department, memorandum to Representative Jim Rhodes, *MAC as a State Agency*, November 29, 2001; Office of the Legislative Auditor review of Minnesota statutes.

Also, MAC and state agencies are subject to periodic financial audits by the Office of the Legislative Auditor.

On the other hand, the table shows many areas in which MAC and state agency practices differ significantly. For example, MAC employees are represented by different collective bargaining units than state agency employees, and they have different retirement systems. This was one reason that some legislators concluded during the 2002 legislative session that a bill to make MAC a state agency would be impractical. In addition, state agencies and MAC are subject to different laws regarding purchasing and rule-making procedures. MAC has authority to enter contracts or make purchases without authorization from an external agency, and MAC's internal process for adopting ordinances is less time-consuming than the statutorily-designated process that state agencies must follow to promulgate state rules. Also, because MAC does not receive state funds, its budgets are not subject to approval by the state's executive or legislative branches.

Recommendations and Options

The Metropolitan Airports Commission has managed the airport system in the Twin Cities region for 60 years, and its track record is a strong one. Minneapolis-St. Paul International Airport is recognized as one of the nation's best airports. MAC has assembled an experienced, respected management team. The commission has an extensive noise mitigation program and is presently administering an ambitious expansion of airport facilities. MAC has accommodated one of the state's largest private employers (Northwest Airlines) while encouraging airport competition. Over the years, many people have expressed concern that MAC is staff-dominated, but we observed instances in which MAC commissioners showed assertiveness and independence during public discussions.

MAC's actions often have wide-scale impacts and merit attention from state officials.

Despite MAC's achievements, we think there are legitimate questions about oversight of MAC and its public accountability. The airport authority governance structure provides MAC with management flexibility, but MAC receives less scrutiny and enjoys more independence than a traditional government agency. Likewise, there has long been concern about the accountability of regional agencies in the Twin Cities area.⁴⁴

MAC has considerable autonomy to make budget and policy decisions without the approval of elected officials. While there are other public bodies in which decisions are made without the approval of elected officials, MAC's decisions are unique because so much is at stake. As a manager of one of the nation's largest airports (and six smaller airports), MAC makes large-scale capital investment decisions that can affect air travel in the region for years to come.⁴⁵ Also, MAC's

⁴⁴ For example, a 1983 legislative commission on metropolitan agency governance concluded: "If one subject predominated, in all of the [legislative] Commission's hearings, it was that of accountability... Indeed, there seems to be a consensus that nearly all the important lines of external accountability are weak and that, as a result, the metropolitan agencies increasingly take on one of the distinguishing characteristics of special districts: insularity." *Report of the Legislative Commission on Metropolitan Governance* (St. Paul, May 1983), 3-4.

⁴⁵ State law prohibits MAC from making unilateral decisions regarding construction of a major new airport (*Minn. Stat.* (2002), §473.608, subd. 16). However, legislative decisions regarding a new airport would undoubtedly rely considerably on MAC's estimates of future airport needs.

decisions can affect the operations of Minnesota-based airlines, which are a critical part of the state's economy. Furthermore, MAC decisions about airport operations affect travelers throughout the state, and airport-related noise and pollution can affect thousands of residents in communities near MAC's airports. Finally, although airline officials generally think that MAC runs Minneapolis-St. Paul Airport effectively, they have raised valid concerns about some individual actions by MAC. For instance, MAC staff initially proposed a large budget increase for 2003 despite the airline industry's serious financial problems (see Chapter 2), and MAC took a gate from Northwest Airlines and gave it to United Airlines in 1999 without sufficient assurances that United would use the gate (see Chapter 3).

Overall,

- **We do not recommend that the Legislature make large-scale structural changes in MAC at this time, but we think that the Legislature should consider ways to improve state-level oversight of MAC.**

In our view, it is preferable for MAC to continue operating as a regional agency, rather than as a department of a local unit of government. The challenge of running a major airport requires a structure that is capable of looking beyond the boundaries of an individual city or county. In addition, we think that MAC should continue to operate as an airport authority, not as a state agency. Although a few states own and operate airports, a decision to make MAC a state agency would be very disruptive and should be a last resort. MAC has established a solid reputation as an airport operator, and it would be preferable to focus in coming years on issues such as the airport's continued viability at its present location, rather than on the challenges that would be required by a major change in the airport's management structure.

**MAC
commissioners
should be
confirmed by the
Senate.**

We do think, however, that the Legislature should strengthen its own oversight of MAC. As a starting point, the Legislature should participate more directly in the process by which MAC commissioners are appointed. In our view, legislative confirmation of appointees to MAC would serve two important purposes. First, it would broaden the involvement of elected, state-level public officials in decisions regarding MAC's leadership, rather than relying solely on the choices of one state official (the Governor). Second, confirmation hearings would provide an opportunity for dialogue between legislators and prospective commissioners regarding a variety of airport issues. We think there is justification for legislative confirmation of the 13 commissioners appointed by the Governor.

RECOMMENDATION

The Legislature should amend state law to require Senate confirmation of the Governor's appointees as MAC commissioners.

Some persons we spoke with expressed concern that legislative confirmation might "politicize" the appointment process, perhaps discouraging qualified people from serving. There is always a possibility that the legislative process will be

Legislators should explicitly decide whether to have MAC commissioners serve fixed, staggered terms or serve at the pleasure of the Governor.

contentious, but it can also be constructive. Senate confirmation is a widely-accepted tradition for important appointments, ranging from state agency heads and Metropolitan Council members to appointees to a variety of state boards and commissions.⁴⁶ It is reasonable to expect that the Legislature—which created MAC and established many of the laws that govern it—should confirm the appointees to an agency with significant statewide impact.

We also recommend that the Legislature clarify state law regarding the terms of MAC commissioners appointed by the Governor. Of the 13 MAC commissioners appointed by the Governor, 8 have terms that are not specified in law, 4 have four-year terms (specified in law), and the chair serves at the pleasure of the Governor (specified in law).⁴⁷ We think it is certainly appropriate for the chair to serve at the pleasure of the Governor, thus permitting the Governor to replace the chair at any time. For the other MAC commissioners appointed by the Governor, the Legislature should specify a consistent term of service—either (1) service at the pleasure of the Governor, or (2) staggered, four-year terms. There is precedent for both approaches in state law, although staggered, defined terms are more common.⁴⁸ If commissioners were to serve at the Governor’s pleasure, a new Governor could replace all commissioners at one time—making MAC more immediately accountable to an elected official, but also more subject to political influences. In addition, it might be challenging for a new Governor to immediately select 15 well-qualified MAC appointees (rather than selecting them over the course of several years), and there might be a benefit to having some continuity of commission membership from the term of one Governor to the next. Overall, we think there are important issues for the Legislature to weigh when deciding the preferred policy for MAC appointees’ terms of service, but we think it is essential for the Legislature to address the existing law’s inconsistent and ill-specified provisions on this topic. In addition, there are no provisions in law for how commissioners’ terms will be affected by Metropolitan Council redistricting, scheduled to occur in 2003.

RECOMMENDATIONS

The Legislature should specify in state law the terms of all MAC members appointed by the Governor—that is, whether they serve at the pleasure of the Governor or for a specified term. For the MAC members appointed to represent Metropolitan Council districts, the Legislature should also specify in law how these members’ terms and appointments will be affected by Metropolitan Council redistricting.

⁴⁶ There have been some proposals for the House of Representatives to play a role in confirmation proceedings, but the Minnesota Constitution provides that the Governor may appoint public officials “with the advice and consent of the senate” (*Minn. Const.*, art. V, sec. 3.).

⁴⁷ As noted earlier, the terms of the eight commissioners who each represent two Metropolitan Council districts are not specified in law. Because of the absence of statutory provisions, it could be argued that these commissioners serve at the pleasure of the Governor, although they were appointed with the general understanding that they would serve four-year terms. For example, the MAC web site lists four-year terms for these members, beginning on their varying dates of appointment.

⁴⁸ In contrast, all 17 members of another major regional agency (the Metropolitan Council) serve at the pleasure of the Governor.

Without changing state law, the Legislature could strengthen its oversight of MAC.

We also think that the Legislature should play a more active, ongoing role in MAC's oversight. In our view, this can occur without changes in state law. Standing committees of the Legislature that deal with transportation issues and local affairs should hold hearings on MAC more often than they have in recent years. Among the issues that legislators may wish to explore are: (1) MAC's performance, policies, and budget, (2) the role of Minnesota-based airlines in the state economy, (3) competition at Minneapolis-St. Paul International Airport, and (4) the ability of existing airport facilities to meet the region's future aviation needs. If necessary, the Legislature could also consider expanding the role of the Legislative Commission on Metropolitan Government to include MAC in its jurisdiction.

RECOMMENDATION

Legislative committees should periodically hold hearings on MAC—to discuss MAC's budget, performance, and other airport-related issues.

At this time, we do not recommend that the Legislature *approve* MAC's operating or capital budgets. MAC does not receive a state appropriation, and state budget officials told us that there is no precedent in Minnesota for the Legislature to approve the operating budget of an agency that does not receive a state appropriation.⁴⁹ Likewise, they said that there is no precedent for legislative approval of capital projects that are not funded by the state. Furthermore, even airline officials who favor greater oversight of MAC worry that legislative reviews of MAC's budget might not be timely, potentially delaying important airport projects.

However, we think that the Legislature should periodically *review* MAC's budgets. There may even be occasions where the Legislature may wish to pass laws that direct MAC to undertake certain projects, or restrict its authority to undertake others. As noted earlier, the 1996 Legislature directed MAC to implement the 2010 Long Term Comprehensive Plan for the Minneapolis-St. Paul International Airport, but it also restricted MAC's ability to construct a third parallel runway at the airport and to replace that airport's existing passenger terminal.⁵⁰ Later in this chapter, we recommend lengthening the periods of public review prior to adoption of MAC's budget targets and final budget. We think this will help to ensure that airlines and other interested parties have sufficient time to examine MAC's budget assumptions and proposals. In fact, parties with a business or personal stake in the outcome of budget decisions will likely give MAC's budget a serious level of scrutiny—perhaps more so than the Legislature could provide.

Finally, we think that the Legislature should consider expanding the Metropolitan Council's existing statutory authority to annually approve MAC's capital projects.

⁴⁹ Occasionally, the Legislature has reviewed (but not approved) the budgets of agencies that do not receive state appropriations—such as the State Fair and Iron Range Resources and Rehabilitation Board. We are aware of three states—Alaska, Hawaii, and Maryland—in which the state legislature approves a major airport's operating budget.

⁵⁰ By law, MAC cannot construct a third parallel runway without the affected cities' approval. MAC cannot construct a replacement passenger terminal on the west side of the airport without legislative approval.

More external review of MAC's capital projects may be warranted.

The law authorizes the council to *comment on* MAC projects exceeding \$5 million at the Minneapolis-St. Paul Airport and other MAC projects exceeding \$2 million. However, the council's statutory authority to *approve* MAC's capital projects is limited to certain categories of projects specified in law that have "a significant effect on the orderly and economic development of the metropolitan area."

For example, state law does not explicitly grant the Metropolitan Council authority to approve sound insulation projects at Minneapolis-St. Paul Airport—despite the council's threat in 2002 to withhold approval of MAC's entire capital budget unless MAC changed one of its sound insulation policies. In our view, projects related to the airport's sound insulation program are large, potentially controversial, and far-reaching in their impacts—and this could justify amending the law to require Metropolitan Council approval of such projects. Such approval could provide additional assurance that MAC's policies are prudent, practical, and consistent with previous commitments.

In addition, there have been other large capital projects—such as construction of the Humphrey Terminal—that have been subject only to council *review*, not council *approval*. If the Legislature wishes to increase external oversight of MAC's capital project decisions, it could specify in law additional categories of MAC projects that require Metropolitan Council approval, or it could require council approval of projects exceeding a certain dollar threshold.⁵¹ It is unclear whether the Metropolitan Council would have the time and resources to scrutinize airport projects more closely than a commission (like MAC) that is focused solely on airport issues, but there might be value in requiring external *approval* of MAC's largest capital decisions by a body that already has statutory responsibility to *review* these projects.

RECOMMENDATION

The Legislature should consider amending Minn. Stat. (2002), §473.621, subd. 6 and 7, so that additional MAC capital projects would be subject to Metropolitan Council approval.

OPPORTUNITIES FOR PUBLIC INPUT AND REVIEW

The Metropolitan Airports Commission conducts its business at monthly public meetings.⁵² Our study evaluated selected aspects of the commission's

⁵¹ The statutory dollar threshold that triggers Metropolitan Council review of capital projects has not changed in many years. If the Legislature were to require Metropolitan Council *approval* for capital projects exceeding a certain dollar threshold, it would probably make sense to select a threshold well above the ones that presently trigger council reviews.

⁵² In addition to the monthly meetings of the commission and its subcommittees, there are various groups that advise the commission and MAC staff on specific issues. An Airline Affairs Committee (chaired by Northwest Airlines) discusses various issues related to airport budgets, facilities, and operations. There are also advisory groups on taxis, noise, reliever airports, auto rental companies, and other airport issues.

decision-making processes. We observed various commission meetings during 2002, reviewed MAC meeting minutes, and solicited comments from the airlines that operate at Minneapolis-St. Paul International Airport. In the following sections, we discuss two areas in which there has been room to improve public participation in MAC decisions and public review of MAC's actions.

Public Information on MAC Meetings

We found that:

- **MAC's web site has provided insufficient information about MAC policies, and meeting notifications and summaries have not always been posted in a timely manner.**

Neither MAC's bylaws nor its ordinances are posted on the agency's web site. The bylaws set forth basic rules of procedure that the commission follows, and the ordinances are the policies that the commission has adopted on various airport issues. Although MAC provides the bylaws and ordinances to persons upon request, we think that posting these policies on the web site would improve public access to information about MAC and how it conducts its business.

MAC's bylaws require that the executive director mail or hand deliver meeting notices to commissioners at least 48 hours in advance of a meeting. In practice, MAC staff usually mail notifications of commission meetings at least five days in advance of the meetings. Nevertheless, some parties interested in airport-related decisions expressed concern to us that they did not receive meeting agendas and information packets until two or three days before meetings. They said that this sometimes left little time to review MAC's materials and prepare comments for the public meeting.



The 15-member Metropolitan Airports Commission holds monthly meetings.

MAC should post meeting materials on its web site in advance of the meetings.

Even if MAC maintains its present schedule for hard-copy mailings, we think that it could improve the timeliness of its public information by posting meeting materials online at the time it does these mailings. We observed that agendas for some MAC meetings during 2002 were not posted on the agency's web site prior to the meetings. Also, the web site has not been used to post the background materials that are included in packets mailed to MAC commissioners.

In addition, we observed that MAC meeting minutes have not always been posted in a timely manner. For instance, as of December 2002, the web site's most recently posted minutes for the monthly meetings of MAC's Maintenance and Operations Committee were from April 2002.⁵³ In our view, lengthy delays in posting meeting summaries weaken accountability by making it more difficult for the public to monitor MAC's activities.

RECOMMENDATIONS

MAC should post its bylaws and ordinances on the agency's web site. MAC should post agendas (and handouts as soon as they are available) for commission meetings on its web site no later than five days prior to the meeting date. In addition, MAC should post minutes of the commission and its committees within one week of their adoption.

MAC's Budget Process

A second area in which MAC could improve its decision-making process is the annual adoption of the agency's budget. Specifically, we found that:

- **MAC has set short timelines for making decisions about its budget targets and—until 2002—its final operating budget. This has restricted opportunities for input by the airlines and others.**

MAC policies call for the budget process to start in April of each year—with adoption of budget targets by MAC's Finance Committee.⁵⁴ Following several months of internal discussions, staff present budget recommendations to the commission (in September, according to MAC policies). MAC policies call for commission approval of the budget in October, although MAC officials told us that in recent years the commission has typically approved the budget in November or December. In 2002, the Legislature considered bills that would have required MAC to submit its proposed operating and capital budgets to key legislators at least 90 days prior to the commission's adoption.⁵⁵ Although these bills did not pass, MAC extended the period of time in Fall 2002 for deliberation of staff's budget recommendations. The commission received the budget recommendation in late September 2002 and adopted a budget in mid-December 2002—not the full 90 days that would have been required by the bills under consideration in the 2002 Legislature, but an improvement over some prior years. MAC officials told us that it would be feasible in future years to implement a 90-day period of public review prior to budget adoption.

The initial portion of MAC's budget process has considerably less opportunity for deliberation than the latter stages. Budget "targets" adopted by the commission in the spring set overall parameters for the recommendations that staff develop in subsequent months. Specifically, MAC adopts targets for operating income,

MAC provided more time for budget deliberations in 2002, but further improvements in the process are possible.

⁵³ Postings for MAC's other committees and the full commission were usually more up-to-date.

⁵⁴ MAC, *Administrative Manual*, Policy and Procedure Number 2001, "Attachment-Budget Schedule." In 2002, MAC's Finance Committee approved the budget targets in May, not April.

⁵⁵ House File 3700 and Senate File 3420.

operating expenses, the debt service coverage ratio, and total airline costs. The targets can be modified later in the process, but they provide the framework that drives staff's initial recommendations regarding detailed budget allocations. Among other uses, the targets are intended to determine MAC's overall spending level—which, along with past capital investments, will determine the rates and charges paid by the airlines using Minneapolis-St. Paul International Airport. MAC staff told us that commissioners and the airlines typically have a very short period (a week or two) to review information on budget targets before the commission's Finance Committee acts on them.

The adoption of MAC's budget is a complicated, important task. Although the budget process has been open to public discussion and input, MAC's self-imposed time constraints have likely impeded a full discussion of the budget in past years. We think that MAC deserves credit for lengthening the period for public input on the draft budget in 2002, but we also think that MAC should make further improvements to ensure better opportunities for external review.

RECOMMENDATION

The Legislature should require in state law that MAC provide a preliminary annual budget to legislators and the general public 90 days prior to approval of the final budget by the commission. In addition, MAC should adopt internal policies to extend the time for consideration of annual budget targets in the spring.

MAC should seek input throughout the budget process.

Airline officials also told us that they would like to participate more directly in the budget development process with MAC—after budget targets have been set, and before staff present budget recommendations to the commission. We think that MAC should strive to have a budget development process that solicits comments at various stages from the airlines and other interested parties. Over the course of a multi-month budget process, economic conditions sometimes change and new issues arise—and MAC can benefit from input throughout this period. At the same time, it is important for MAC to share information in a fair way, with ample opportunities for input from the general public and affected parties and not just through a series of closed discussions. In addition, we think it is reasonable for MAC staff to retain control of the budget process until they present budget recommendations to the commission, and this may sometimes limit the staff's ability to provide budget information to the airlines or others.