



Openings on Metro Cities Board of Directors

Metro Cities will have openings on the Board of Directors for terms beginning July 2017. Members serve two, two year terms. The Metro Cities Board is comprised of 19 city officials, elected and appointed, from throughout the region. The Board is responsible for overseeing Metro Cities' budget, strategic plan and legislative priorities. The Board makes appointments to the Met Council Transportation Advisory Board (TAB), Technical Advisory Committee (TAC), Grant Evaluation and Ranking System (GEARS), and Geographic Information Systems (GIS) Boards. The Board meets the third Thursday of each month at 6:00 p.m.

Metro Cities' by-laws require that the slate of board members be balanced with regard to geography and city population. Interested candidates are asked to provide a cover letter, resume and to complete this [application form](#). Candidates may also provide letters of reference.

Please submit application information to Kimberly Ciarrocchi at Kimberly@metrocitiesmn.org by 5:00 p.m. Monday, March 6. If you would like additional information, please contact Patricia Nauman at 651-215-4002 or email: patricia@metrocitiesmn.org

A Nominating Committee will meet in March to make recommendations to the Metro Cities membership for Board elections in April.

Legislative Update

The MN Department of Management and Budget (MMB) will release the state February budget and economic forecast next Tuesday February 28. This forecast will guide the Legislature and Governor in setting a biennial budget, and serves as the key parameter around which the Legislature and Governor will determine and negotiate legislative priorities.

This week, the Senate Majority Leader and his caucus released broad terms for the majority's 2017 legislative priorities. Majority Leader Gazelka indicated that specifics would be provided after the February forecast, but discussed several priority areas including significant tax relief, job growth and economic development (with a focus on greater Minnesota), roads and bridge funding, education choice, health care reforms, and reducing state spending.

Specific issues and legislative activity of interest to Metro Cities are below.

Bills to Restore Economic Development Funding (MIF/JCF) Heard in Senate Committee

Metro Cities staff, as well as Matt Brown on the city of Coon Rapids' community development staff, testified on a bill this week that would restore funding for the Minnesota Investment Fund (MIF) and Job Creation Fund (JCF). Legislation authored by Senator Paul Utke-Park Rapids, would fund MIF at \$15 million and the Job Creation Fund at \$12.5 million each year for FY18-19. The 2016 legislature cut \$9 million from MIF and \$11.5 million from the JCF.

SF 784 Utke would dedicate 75% of JCF funding awards to greater Minnesota. Metro Cities testified against this provision, noting the importance of flexibility and responsiveness in the

program. Committee members commented that restrictions on the front end could preclude the state from seeing millions of dollars in private investments and hundreds of new high-paying jobs.

Metro Cities is supporting a bill that will be introduced next week that would restore the funding of both MIF and JCF without this dedication, and also fund the Redevelopment Grant Program with a \$10 million appropriation.

House Jobs Committee Chairman Rep. Pat Garofalo has introduced a bill that would provide a one-time exception from requirements on the use of local MIF funds. Under current law, applicants are allowed to retain 40 % but not more than \$100,000 of a MIF loan when it is repaid, to be used for local economic development projects. HF 1620 would allow a city to transfer 20% to the general fund and allow the local government wider flexibility in how it spend funds in their local MIF account. Metro Cities is interested in how this proposal would affect cities. Please contact Charlie Vander Aarde with feedback from your city – charlie@metrocitiesmn.org or 651-215-4001.

Met Council Governance and Transit Bills Heard in House Committee

The House Transportation and Regional Governance Policy Committee heard H.F. 828 (Albright), and H.F. 829 (Hornstein), bills that would modify the governance of the Metropolitan Council. H.F. 828 (Albright) would require the Metropolitan Council be made up of local officials, and would eliminate the Transportation Advisory Board (TAB). Edina Mayor Jim Hovland and Cottage Grove Mayor Myron Bailey provided testimony in opposition to the bill, in addition to Metro Cities. Metro Cities would like to thank both mayors for providing excellent testimony and local perspectives on this issue. H.F. 829 (Hornstein) would add staggered terms and improvements to the nominating process for Metropolitan Council members, to which Metro Cities testified in support.

The committee also heard a proposal, H.F. 418 (Runbeck), that would prohibit local governments from spending money to study, design or construction a light rail transit project without legislative approval. The bill would take away local control provided for under current law, and would usurp local processes such as municipal consent. Metro Cities opposes this proposal on these grounds. The bill was laid over for possible inclusion in an omnibus policy bill.

This coming Monday, H.F. 1315 (Runbeck) will be heard in the Transportation and Regional Governance committee. This bill would require local governments, via the creation of special taxing districts that would capture property taxes, to pay for transit operating costs for fixed guideways. Metro Cities' policies oppose having transit operating costs be paid for through the property tax and the organization will oppose this legislation.

The Committee heard other bills related to transit finance. H.F. 1150 (Uglem) would make a 60% farebox recovery objective part of the regional Transportation Policy Plan and require the Metropolitan Council to identify strategies for reaching 60% recovery. The bill applies specifically to Metro and not greater Minnesota Transit. This bill was laid over for possible inclusion in an omnibus transportation policy bill.

H.F. 800 (Nash) stipulates that in order for a light rail project to be eligible for state operating funding, the project must have received capital funding from the state or have explicit approval from the Legislature. This bill was passed to the Transportation Finance Committee and is scheduled to be heard on Tuesday, Feb. 28.

H.F. 1160 (Runbeck) calls for a fiscal audit by the Legislative Auditor of the Met Council's transit budget and the Counties Transit Improvement Board (CTIB). Both the Met Council and CTIB testified that the information being asked for is already reported to the legislature. An amendment was added to remove a provision that would have delayed dissolution of CTIB for four weeks after

the submittal of this fiscal audit. This bill was laid over for possible inclusion in an omnibus transportation policy bill.

In addition, a resolution that asks the US Department of Transportation to deny federal funding for Southwest LRT was introduced in both the House and Senate. H.F. 1479/SR 51 asks that the money currently designated for SWLRT instead be issued as a block grant to Minnesota for other transit needs. The authors of the resolution, Senator Osmeck and Rep. Runbeck, were not certain whether the resolution would be put to a vote.

House and Transportation Committees Update

The Senate Transportation Committee passed SF 210 (Senjem), the omnibus capital investment bill. The bill includes \$90 million for the Local Bridge Replacement Program, \$141 million for the Local Road Improvement Program, \$5 million for the Local Road Wetland Replacement Program, \$197 million for trunk highway projects, \$166 million for state and local road projects, \$12.1 million for the Orange Line BRT project and \$8.75 million for improvements to the Mall of America Transit Station.

Some members of the committee expressed concerns with the identification of specific road projects in this bill. An amendment that would have removed the identification specific projects for funding was defeated. The bill was passed and re-referred to the Finance Committee on a 10-5 vote.

The House Transportation Finance Committee passed HF 479 (Swedzinski) to the Tax Committee that would expand a sales tax exemption to cities and counties for the purchase of road maintenance vehicles. Currently, only townships have this exemption. This legislation was initiated by the LMC.

Questions? Please contact Steve Huser at steven@metrocitiesmn.org or 651-215-4003.

Minnesota Housing Approves Final Changes to 2018 QAP

The Minnesota Housing Finance Agency board on Thursday approved final changes to the 2018 Qualified Allocation Plan (QAP). The changes follow a series of stakeholder meetings and two public comment periods for interested parties to react to proposed changes.

Metro Cities, a number of cities and other stakeholders provided written and oral comments on the proposed changes last fall and earlier this month. Metro Cities' concerns centered on the potential effects of the changes in constraining of local flexibility to address community housing needs including senior housing and certain types of affordable housing projects allowed under current policy, as well as reducing flexibility in the program.

Projects that receive an allocation of state private activity bonds for affordable rental housing must separately request an allocation of 4% housing tax credits from Minnesota Housing (or from the cities of Minneapolis, St. Paul, or counties of Dakota or Washington for projects located in those jurisdictions) if they wish to use such credits. Minnesota Housing and any sub-allocators must address the requirements for allocating 4% housing tax credits within their QAPs. With recent high demand for private activity bonds, Minnesota Housing proposed a series of changes to ensure that 4% housing tax credits are awarded to projects it determines meet the highest priority for affordable rental housing needs.

The revised QAP, as approved by the board, includes:

- A 40-point scoring minimum to receive an allocation of 4% tax credits.
- A new requirement that a project must meet at least one Strategic Priority Policy Threshold in the QAP under which the project was selected. Minnesota Housing explained how the Planned Community Development category is specifically designed to recognize projects that “address locally identified needs and priorities in which local stakeholders are actively engaged.”
- Require that owners of projects qualifying for 4% tax credits under the 2018 QAP maintain the units with tax credit restrictions in the projects for at least 20 years. The new scoring criterion would provide an additional 7 points to 4% projects that agree to waive the qualified contract for 30 years. An additional incremental scoring category will be added under Long-Term Affordability, with 3 points awarded for committing to 25 years of affordability.
- Minnesota Housing will institute a new pre-application for determination of 4% tax credit eligibility.
- For any project seeking 4% tax credits where the total development costs exceed the predictive model by more than 25%, the project must seek and be granted a waiver from the Minnesota Housing board in order to receive an allocation of tax credits. Staff will incorporate the predictive model determination into the pre-application determination process.

In its comments, Metro Cities thanked Minnesota Housing for rescinding the immediate changes planned for the 2017 QAP and for extending the comment period and increasing outreach to cities and other stakeholders. Minnesota Housing will begin the 2019 QAP process later this spring. Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Local Housing Trust Fund Bill Introduced

A bill that would authorize local governments to establish a local or regional housing trust fund to provide resources for local housing developments was introduced this week. The proposal, [H.F. 1607/SF 1389](#) outlines a procedure for establishing a trust fund and potential uses from the fund. Authorized expenditures from the fund include grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing; matching other federal, state or private funds; providing down payment assistance, rental assistance, and homebuyer counseling services; and administrative expenses for administering the fund.

A local trust fund could raise funds through imposing an additional registrar of titles fee, private donations, grants, local government appropriations and HRA levies. The bill also proposes a state general fund appropriation that would be distributed among all local trust funds. The appropriation amount is not included in the bill.

Metro Cities is interested in hearing from cities how this bill could be used by communities. Cities are currently allowed to establish housing trust funds. Please send your comments to Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org.

Metropolitan Council Approves 2017 Regional Stormwater Innovation Grant Program

On Wednesday, the Metropolitan Council approved funding for the 2017 Regional Stormwater Innovation Grant Program. \$1 million has been allocated for this program. Grants will be awarded on a competitive basis to metropolitan area Watershed Management Organizations (WMOs), Watershed Districts (WDs), or Soil and Water Conservation Districts (SWCDs). Grantees will receive 75% of the project cost. Awards will have a \$10,000 minimum and a \$200,000 maximum. Municipalities are encouraged to work with local WMOs, WDs and SWCDs to apply for funds for projects in their communities. For more information, click [here](#).

Questions? Please contact Steve Huser at steven@metrocitiesmn.org or 651-215-4003.

National Night Out Bill Passes Senate Committee

The Senate Local Government Committee passed two bills to the Senate Floor this week. S.F. 870 (Fischbach), would allow a city to allocate funds and fundraise for National Night Out activities and other events that foster a relationship between law enforcement and the community. S.F. 1020 (Hall) removes a cap on the amount a city can spend on awards and trophies. Currently, state law limits this amount at \$800. This legislation affects activities such as park and rec programs, city sponsored runs and adult recreational sport leagues.

Economic Development Day on the Hill

City officials and other economic development professionals from across the state convened at the newly renovated Capitol on Wednesday for Economic Development Day on the Hill. Several of the participating associations, including the Economic Development Association of Minnesota (EDAM), have listed restoration of MIF and JCF as well as funding for the Redevelopment Grant Program as priorities for this legislative session. Two EDAM members testified in favor of the MIF and JCF funding appropriations in the Senate Jobs committee Wednesday afternoon.

House Speaker Kurt Daudt and Senate Jobs Committee Chair Sen. Jeremy Miller spoke to the group and said they support MIF and JCF funding. Sen. Miller said he is interested in restoring the cuts from last session. House Minority Leader Melissa Hortman told the attendees that House Democrats will be unveiling a jobs and economic development proposal in the near future. DEED Commissioner Shawntera Hardy thanked the participants for advocating for jobs, DEED program funding and workforce readiness.

Metro Cities helped organized the event along with the Economic Development Association of Minnesota, Minnesota Brownfields, the Small Business Development Centers and the counties economic development association.

Community Development Committee Discusses MUSA Policy, Density Requirements

The Metropolitan Council's Community Development Committee on Tuesday discussed updates to the guidelines for reviewing changes to the Metropolitan Urban Service Area (MUSA) to bring language up to date with *Thrive MSP 2040*. Staff indicated the need to update the guidelines used to review changes to the geography or staging of the MUSA. The guidelines inform the Council's review of comp plan amendment requests around the MUSA as well as its review of local comp plan updates. The Council last updated the guidelines in 2007.

After a robust discussion of the guidelines, the committee directed staff to study the guidelines as part of the committee's work plan.

Metro Cities is concerned about the focus of discussions that led to a call to study the guidelines, and possible implications for practices in how the Metropolitan Council applies density guidelines that could impinge on local flexibility. Each city's density is required to reflect an average, which recognizes some areas will have higher density development while other areas will have lower density development. Metro Cities' policies clearly state support for making sure any policy or density determinations by the Council are flexible and reasonable, and accommodate cities at various development stages. Metro Cities will closely monitor and respond to Council review and action around this issue.

Bills of Note

H. F. 1393, Bill changes the date of the state primary from August to June and changes the date of primary elections conducted by a city from April to January.

H. F. 1439, Bill repeals a prohibition on a municipality issuing more than one off-sale license to any one person or place.

H. F. 1461, Bill establishes an urban agriculture development pilot grant program and allocates \$20 million for the program.

H. F. 1465, Bill makes changes regarding information shared with local units of government and railroads pertaining to railroad oil and hazardous materials emergency preparedness.

H. F. 1472, Bill allows cities to canvass primary election results on the second or third day after the primary

H. F. 1479/SR 51, A resolution requesting that the United States Secretary of Transportation redirect federal funds from Southwest Light Rail to a block grant to fund other transit projects in the state.

H. F. 1480, Bill requires an annual report on transit financing in the Metro area by MNDOT and Met Council.

H. F. 1502/S.F. 1172, Bill requires the posting of signs at fields and playgrounds containing crumb rubber, places a moratorium on construction of fields and playgrounds using crumb rubber and requires a report on the health effects of crumb rubber.

H. F. 1503, Bill allows cities and counties to require residency as a condition of employment.

H. F. 1504/ SF 1195 Bill prohibits local governments from banning or taxing paper or plastic bags. This bill has a hearing scheduled for Tuesday, Feb 28th.

H. F. 1521, Bill would allow a local unit of government to assess costs to large retail stores for excessive consumption of law enforcement services

H. F. 1544, Bill requires that a government entity denying access to data cite statutes related to the denial.

H. F. 1550, Bill creates a large city account. The large city account and the small city account already in statute would be funded with up to \$25 million each with funds appropriated from General Fund interest earnings from the previous fiscal year or unexpended general funds from the current fiscal year.

H. F. 1570/S.F. 1305, Bill appropriates \$4.5 million for the suburb-to-suburb transit demonstration project.

H. F. 1585, Bill designates the second Tuesday in March, May, August, or the first Tuesday after the first Monday in November as the only dates a city can hold a special election.

H. F. 1617, Bill sets a cap of \$7 million on grant amounts in the local bridge replacement and rehabilitation program. (St. Paul and Minneapolis do not support this)

H. F. 1630, Bill would establish a moratorium on light rail and dedicated bus rapid transit projects and would prohibit local governments and the Met Council from allocating funding to their development. The bill also calls for Met Council to produce and submit a report to the legislature on how to maximize transit in the metro area.

H. F. 1644, Bill requires the labeling of non-flushable wipes.

H. F. 1664, Bill requires aid reductions for sanctuary cities.

H. F. 1679, Bill allows for bonds up to \$126 million for Met Council. Bonds are to be used for transit capital improvement costs.

H. F. 1686, Bill would deposit a surcharge on vehicle parking violations to the highway user tax distribution fund.

S.F. No. 1139/ H. F. 1514: Bill would prohibit the Metropolitan Council from expanding beyond the seven-county metropolitan area

S.F. No. 1290: Bill allows for changes to groundwater permits under certain circumstances and creates a depreciation metric for well values when determining a well interference claim.

H.F. 1470 – Funds multiple housing programs, including the Challenge Program in MHFA, homeownership training, supportive housing for people with mental illness and homeless prevention.

H.F. 1535 – Appropriates money for the workforce and affordable housing program, adds cities as eligible applicants, appropriates funds based on the increase in the mortgage registry and deed tax.

H.F. 1538 – Provides for changes to homeowner associations, amending the Minnesota Common Interest Ownership Act to provide for construction defect claims.

H.F. 1566 - Modifies the schedules for the homestead credit state refund and the property tax refund for renters.

H.F. 1607 - Authorizes the creation of housing trust funds by local governments; authorizing counties and cities to impose a surcharge on document recording fees for deposit into a housing trust fund.

H.F. 1818 – Funds the border to border broadband grant program with \$35 million over the biennium.

S.F. 1181 – Creates a Minnesota housing tax credit.

S.F. 1215 – Modifies the manufactured home park redevelopment program.

S.F. 1327 – Establishes a new markets tax credit program.

Metro Cities News is emailed periodically to all Metro Cities member mayors, councilmembers, city managers and administrators to keep officials abreast of important metro city issues. This information is also intended to be shared with city staff.

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