



State November Budget Forecast Shows Surplus of \$1.54 Billion

State officials released the November budget forecast on Thursday that anticipates a \$1.544 billion positive general fund balance in FY 2020-21. Approximately half of this balance is the result of a \$720 million general fund balance projected for FY 2018-19.

State laws governing the state's budget reserve mean that an additional \$491 million will be allocated to the reserve. Several statutes direct the allocation of deposits into the budget reserve. In addition to statutorily directed allocations from specific funds, state law requires allocating 33 percent of a general fund surplus in the current biennium (FY 2018-19) to the reserve. The state's budget reserve will total \$2.1 billion.

While the forecast assumes strong economic growth over the next two years, the forecast also projects a slowing of growth in FY 2022-23. State Economist Dr. Laura Kalambokidis attributed this projection to an anticipated weakening in global growth projections, and a decline in workforce projections due. Revenue in FY 2022-23 are still projected to exceed spending by \$456 million.

Dr Kalambokidis cited risks in the forecast, including uncertain trade and tariff policies, volatility in the stock market and uncertainty as to how individuals and businesses will respond to choices in the federal tax code. Minnesota has not passed a federal conformity tax bill.

The expenditure forecast assumes inflationary cost growth in several budget areas including a portion of health care spending, debt service, special education and property tax refunds. The estimated inflation assumption for FY 2020-21 is \$1.2 billion and \$2.9 billion in FY 2022-23.

State officials noted that sales tax receipts were below forecast even with the estimated infusion of remote sales tax collections that will result from the *Wayfair v South Dakota* Supreme Court decision. In addition, the provider tax sunset December 31, 2019 will result in a \$969 million deficit in the Health Care Access Fund. The forecast documents can be viewed [here](#).

Legislative leaders and Governor-elect Tim Walz responded to the forecast, with Governor-elect Walz noting fiscal stability would be a priority and that his budget would prioritize education, health care access and local government aids. Speaker-designate Melissa Hortman cautioned that the forecast does not include inflation and House Majority Leader-designate Ryan Winkler spoke to the importance of addressing health care costs, among other budget priorities. Senate Majority Leader Gazelka stated that the forecast reflects the state is on solid footing, and that the session may provide opportunities for tax relief. He noted that education and containing health care costs would be important areas to address in the session.

REMINDER! Livable Communities Program Workshop Next Tuesday, December 11th

Metro Cities is hosting a workshop for interested city officials and staff to hear from Metropolitan Council Livable Communities Act Program staff on tips, tools and other information for submitting competitive LCA applications. Details on the workshop are as follows:

Tuesday, December 11, 2018

9:00 - 11:30 am

LMC/Metro Cities Building - St. Croix Room, 145 University Ave, St. Paul

The workshop will cover the following a review of program goals, examples of successful and unfunded applications, eligibility and competitiveness for a range of cities, a review of timelines and scoring process for applications, and Q/A.

Please register by this Friday to kimberly@metrocitiesmn.org or 651-215-4000.

Openings on the Transportation Advisory Board (TAB)

Metro Cities is seeking candidates for the Transportation Advisory Board (TAB) for three open municipal seats that will become open in January due to electoral changes. The TAB qualifies the region for federal transportation funds. The TAB is also an official participant in the 3C transportation processes that affect transportation planning and funding in the metro region.

Municipal appointees for the TAB must be elected officials, and Metro Cities' Board guidelines place a priority on making the TAB balanced with respect to city size and geography. The Board of Directors gives preference to those who agree to serve on the Metro Cities Transportation Policy Committee. There are no term limits for TAB seats, but members are reappointed every two years and must meet attendance requirements to qualify for reappointment.

The deadline for application is **Friday, January 4, 2019**. Interested candidates should submit a completed [questions form](#) along with a letter of interest and resume to Kim Ciarrocchi at kimberly@metrocitiesmn.org or by mail to Metro Cities at 145 University Avenue, St. Paul, MN 55103.

Opening on Metro Cities Board of Directors

Due to an electoral change this fall, the Metro Cities Board of Directors will have an open Board seat in January 2019. The Board consists of 19 city officials, and members serve two two-year terms.

The Board is comprised of elected and appointed officials and its composition is required to be balanced by city size and population.

The Board is responsible for overseeing Metro Cities' budget, strategic work and legislative priorities, and makes appointments to the regional TAB and TAC committees. The Board meets the third Thursday of each month. Interested candidates are asked to provide a resume and cover letter and to complete this [application form](#). Candidates may also provide letters of reference.

For more information on Metro Cities, please visit our website at www.metrocitiesmn.org or contact Patricia Nauman, Executive Director, at 651-215-4002 or patricia@metrocitiesmn.org

Please submit information and the completed application to Kimberly Ciarrocchi at kimberly@metrocitiesmn.org **by Friday, January 4, 2019**.

Metro Regional Meeting; Adoption of 2019 Metro Cities Policies

Thanks to nearly 200 city officials who attended the Metro Regional Meeting last Thursday, jointly hosted by the League of MN Cities and Metro Cities. Members also attended the Metro Cities Policy Adoption meeting and adopted the organization's slate of 2019 legislative policies.

The cities of Minnetonka, Eagan and Prior Lake provided presentation on their cities' engagement with the local community on issues such as budgeting and comprehensive planning. The content was pertinent, informative and well-delivered. Thank you to all presenters for a job well done.

Metro Cities' [2019 legislative policies](#) were adopted on Thursday by the membership. Thanks to committee chairs Pat Trudgeon, Bryan Hartman, Susan Arntz and Gary Hansen (standing in for Jason Gadd) for presenting the summary of policy recommendations to the membership at the policy adoption meeting. Metro Cities' Board of Directors will meet later this month to adopt legislative priorities for 2019.

Metropolitan Council Ridership Report

The Metropolitan Council Transportation Committee heard a report last week on transit ridership. The report includes transit ridership data for Council supported services only and does not include suburban transit provider data.

Overall, ridership across the system is down by 2%. Local bus routes, which account for over half of all rides, saw a decline of 4%. Ridership on express bus routes were down by 8%. Some modes did see an increase in ridership. LRT lines saw an increase in ridership of 3%, while Metro Mobility saw rides increase by 5%. Council staff indicated that the transit industry has generally noted declines since last year. Staff speculated that last year's fare increase, positive economic factors, and an increase in mobility options, such as scooters and dock-less bikes, may help to explain the overall decline.

To view the presentation, click [here](#).

Questions? Please contact Steven Huser at steven@metrocitiesmn.org.

Twin Cities Traffic Flows Tool Online

Metropolitan Council staff provided an informational presentation to the Transportation Advisory Board (TAB) Technical Advisory Committee (TAC) this week on a new Twin Cities Metro Flows traffic data tool. The interactive tool uses federal household and jobs data, as well as local data accumulated with StreetLight, an independent transportation data provider. Data is from the seven-county metro area and six communities in Wright and Sherburne counties. The tool gives users the ability to see commuter traffic patterns on the regions roads, and information can be illustrated at the county, municipal and roadway levels. To access the interactive traffic data tool, click [here](#).

Legislative Commission Hears Information on Metropolitan Council's Budget

On November 28, Metropolitan Council staff presented the 2019 Metropolitan Council Unified Budget to the Legislative Commission on Metropolitan Governance (LCMG). The LCMG serves to provide legislative oversight of the Council.

The Unified Budget is a calendar year look at both the operating budget and the capital program. The proposed operating budget for 2019 is planned at \$1.1 billion. When broken down by division, \$673 million is for transportation, \$305 million for Environmental Services, \$113 million for

Community Development, and approximately \$1 million for administration and other post-employment benefits (OPEB). Expressed by operation function, the budget breaks down to \$772 million for operations, \$185 million for debt service, \$136 million to pass through programs, and approximately \$1 million for OPEB.

The Council currently shows a transportation budget deficit of \$61 million in FY 2021, with a growing deficit into FY 2022/23. Council staff explained that while a previous deficit was funded with one-time state appropriations in the last state budget, these funding levels were not approved for future budget assumptions. Lower than projected motor vehicle sales tax (MVST) receipts are also reflected in this deficit. The proposed transportation budget also assumes the use of \$51 million in budget reserves in FY 2020.

The current capital program shows an outstanding general obligation debt of \$1.5 billion. Of this, wastewater infrastructure accounts for \$1.295 billion, \$184 million for transit, and \$5 million for parks. The proposed 2019 capital program amount is \$7.6 billion. Of this amount, \$4.6 billion is for planned projects not yet authorized, while \$2.8 billion has been authorized.

Council staff highlighted the proposed use of \$900,000 from the general levy to support the housing choice voucher program. Read more about that proposal in the [November 21 newsletter](#).

The Council officials also explained that the budget figures presented to the commission at the hearing are likely to change due to the November forecast issued this week as well as updated end of year figures.

Commission members were interested in further information related to recent bus route changes, and explanations for increases in staffing levels in certain divisions. Members also expressed concern with the current bus driver shortage at Metro Transit.

To view the Met Council's presentation, click [here](#). To view the Draft Unified Budget, click [here](#).

WEBINAR: Redevelopment Grant and Demolition Loan Programs

The Minnesota Department of Employment and Economic Development (DEED) will hold a webinar on December 18, 2018 to provide details about the February 2019 grant round for the agency's Redevelopment Grant and Demolition Loan Programs.

The deadline for applying for the next round of funding is 4 p.m. on Friday, February 1, 2019.

The webinar is designed to provide information about the Redevelopment Grant Program and Demolition Loan Program, highlighting eligible applicants, activities, and projects that will compete well for grant funds. The Redevelopment Grant funds assist with the cost of demolition and abatement; as well as other project-related improvements, such as soil stabilization and site preparation related infrastructure necessary for redeveloping blighted property. Demolition Loan funds help public entities demolish and abate blighted structures in order to eliminate a public safety threat and prepare sites for potential future development. An overview of the programs are available on the DEED website at [Redevelopment Grant Program](#), and [Demolition Loan Program](#) along with applications, forms and instructions. For questions, contact Kristin Lukes, 651-259-7451.

Webinar Details:
December 18, 2018
10:00 - 11:00 a.m.

Meeting link:

<https://intercall.webex.com/intercall/j.php?MTID=m5f5ceeca1a1d9cd6a2741578e32c44b8>

Meeting number: 596 203 441

Meeting password: DEED

Audio connection: 888-742-5095 or 619-377-3319

Conference Code: 176 233 5404

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