



2017

Legislative Policies

Metro Cities

Association of Metropolitan Municipalities

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Municipal Revenue & Taxation

1-A State and Local Fiscal Relationship

Metro Cities supports a strong state and local fiscal relationship that emphasizes adequacy, equitability and accountability for public resources, and effective communication among the state, its cities, and the public about the roles and responsibilities of state and local governments. Services provided by cities have traditionally been funded through a combination of property taxes, fees/charges and state aids. Increasingly, cities are bearing more responsibility for the costs for services that have historically been the responsibility of the state.

Metro Cities supports a state and local fiscal relationship that affirms the goal of all citizens receiving adequate levels of basic public services at relatively similar levels of taxation, that compensates cities for service costs created by non-taxpaying users of city services, that reduces tax burden disparities among communities, and that assists cities with high needs and relatively low fiscal capacities.

Metro Cities supports a strong state and local fiscal partnership that emphasizes the following principles:

- Strong financial stewardship and accountability for public resources that emphasizes maximizing efficiencies in service delivery and effective communication between the state and local units of government, and to the public, about state and local roles and responsibilities;
- Certainty and predictability in revenue sources including the property tax and local government aids, and the use of dedicated funds that meet specific local government needs. Metro Cities opposes the diversion of such dedicated funds to help balance state budgets;
- Adequate revenue sources available to cities that allow the needs of cities to be met, mandates to be funded, and that maintain our state's economic vitality and competitiveness;
- Adequate and timely notification regarding new legislative programs or modifications to existing state programs or policies to allow cities sufficient time to plan for implementation; and

- Metro Cities supports the concept of performance measuring, but opposes using state established local performance measurements to determine the allocation of state aids to local governments, or to deny local governments the authority to establish their own budgets and levies, as such measurements do not well account for varying local needs and circumstances.

1-B Revenue Diversification and Access

Metro Cities supports a balanced and diversified revenue system that acknowledges the diversity in city characteristics, needs and revenue capacities, and allows for greater stability in revenues. A diminishment in state aids creates severe challenges for many cities in the provision of public services and increased reliance on the property tax.

Metro Cities supports greater access to other tax and revenue sources, and statutory modifications that allow cities to impose a local option sales tax for public improvements, without the need for special legislation.

Metro Cities supports laws that provide for municipal franchise fee authority, and opposes statutory changes such as reverse referendum requirements or other constraints that would reduce local authority and flexibility for establishing, amending, or renewing franchise fees.

Metro Cities supports increasing statutory investment alternatives for cities. Such alternatives should balance the safeguarding of investment assets with a city's demonstrated financial record.

Metro Cities supports having local sales tax referendums conducted at a general or special election. The Legislature should recognize the equity considerations involved with local sales taxes, and continue to provide aids to cities that have high needs, overburdens and/or low fiscal capacity.

1-C Restrictions on Local Government Budgets

Metro Cities strongly opposes levy limits and other restrictions on local government budgeting processes. Levy limits undermine local budgeting processes, planned growth, and the relationship between locally elected officials and their residents by allowing the state to decide the appropriate level of local taxation and services, despite varying local conditions and circumstances.

Metro Cities also opposes the imposition of artificial mechanisms such as valuation freezes, payroll freezes, reverse referenda, super majority requirements for levy, or other limitations to the local government budget and taxing process.

1-D Budget and Financial Reporting Requirements

State laws require cities to prepare and submit or publish numerous budget and financial reports. These requirements often add significant costs to cities, and many requirements often result in duplication. Any additional reporting requirements should **have a clearly defined statement of public purpose and need that is not currently covered under existing reporting requirements and** be weighed to balance the need for additional information with the costs to cities of compiling and submitting this information.

In light of the numerous existing reporting requirements, Metro Cities supports reducing the number of mandated requirements. Metro Cities supports efforts to consolidate municipal government financial reporting requirements in the Office of the State Auditor, including an electronic submission alternative to any remaining paper filing requirements, and to authorize the use of web publication where newspaper publication is currently required.

1-E Local Government Aid (LGA)

Metro Cities supports Local Government Aid (LGA) as a means of ensuring that all cities are able to provide basic public services without over-burdening the property tax. Metro Cities' policies also recognize that our state's prosperity and vitality depend significantly upon the strength of the metropolitan region.

Metro Cities supports the 2013 modifications to the LGA program that will help better address the needs of cities across the state, and those of metro cities in their support of the state's economic growth.

To ensure an adequate appropriation level for the program, Metro Cities supports increasing the LGA appropriation to at least its 2003 funding level, at which time the appropriation was originally set by the Legislature at \$586.8 million.

Metro Cities also supports adjusting the LGA appropriation for inflation and population growth in future years, to assure that the program can continue to meet cities' needs and move toward a more geographically equitable distribution as intended under the new structure.

Metro Cities supports formula-based allocations for increases to the LGA appropriation. Metro Cities strongly opposes freezes of the LGA appropriation, or reductions of LGA for the purpose of balancing state budget deficits. Metro Cities also opposes artificial limits or reductions that single out specific communities.

1-F State Property Tax Relief Programs

Metro Cities supports state funded property tax relief programs that are paid directly to homestead property taxpayers such as the circuit breaker and enhanced targeting for special circumstances and supported the 2013 legislative expansion of these programs. Metro Cities also supports the state renter’s credit program. Metro Cities supports an analysis of the state’s property tax relief programs to determine their effectiveness and equity in providing property tax relief to individuals and families across the state.

Metro Cities supports efforts by the MN Department of Revenue to expand outreach and notification efforts about state property tax relief programs to homeowners, and notification of these programs to local units of government to help increase these efforts. Metro Cities also supports legislative modifications to these programs that make tax relief payments to taxpayers automatic.

Metro Cities supports the use of the Department of Revenue’s “Voss” database to link income and property values, and the consideration of income relative to property taxes paid in determining eligibility for state property tax relief programs. Updates to the database should occur in a timely manner and data reviewed periodically to ensure the database’s accuracy and usefulness.

1-G Property Valuation Limits/Limited Market Value

Metro Cities strongly opposes the use of artificial limits in valuing property at market for taxation purposes, since such limitations shift tax burdens to other classes of property and create disparities between properties of equal value.

1-H Market Value Homestead Exclusion Program

The Market Value Homestead Exclusion Program (MVHE) provides property tax relief to qualifying homesteads, through reductions in property tax values, which shifts property taxes within jurisdictions. The MVHE replaced a former Market Value Homestead Credit Program, which provided credits on local government tax bills to qualifying properties, with reimbursements provided by the state to local governments.

Metro Cities opposes restoration of the former Market Value Homestead Credit, as reimbursements to local governments were inconsistent, and encourages further study of the exclusion program, with input by city officials, to determine the program’s overall efficacy and its effects on local tax bases.

1-I Metropolitan Area Fiscal Disparities Program

The Metropolitan Area Fiscal Disparities Program, enacted in 1971, was created for the purposes of:

- providing a way for local governments to share in the resources generated by the growth of the metropolitan area without removing existing resources;
- promoting orderly development of the region by reducing the impact of fiscal considerations on the location of business and infrastructure;
- establishing incentives for all parts of the area to work for the growth of the area as a whole;
- helping communities at various stages of development; and
- encouraging protection of the environment by reducing the impact of fiscal considerations to ensure protection of parks, open space and wetlands.

Metro Cities supports the Fiscal Disparities Program. Metro Cities opposes any diversion from the fiscal disparities pool to fund specific programs or projects as this would contradict the purposes of the program. Metro Cities recognizes that laws enacted in the 2013 legislative session to assist the expansion for the Mall of America were not in accordance with Metro Cities' legislative policy on fiscal disparities. This law should not serve as a precedent for future legislative action with respect to funding specific projects or programs out of the fiscal disparities pool.

Legislation that would modify or impact the fiscal disparities program should only be considered within a framework of comprehensive reform efforts of the state's property tax, aids and credits system. Any proposed legislation that would modify or impact the fiscal disparities program must be evaluated utilizing the criteria of fairness, equity, stability, transparency and coherence in the treatment of cities and taxpayers across the metropolitan region, and must continue to serve the program's intended purposes.

Metro Cities opposes legislation that would allow for capturing and pooling growth in residential tax capacity to fund specific programs or objectives.

Further studies or task forces to consider modifications to the fiscal disparities program must include participation and input from metropolitan local government representatives.

1-J Constitutional Tax and Expenditure Limits

Metro Cities strongly opposes including tax and expenditure limits in the state constitution. This would eliminate any flexibility on the part of the Legislature or local governments to respond to unanticipated critical needs, emergencies, or fluctuating economic situations. When services such as education, public safety and health care require increased funding beyond the overall limit, experiences in at least one other state indicate that other publicly funded services receive less than adequate

resources. Constitutional limits result in a reduced base during times of economic downturn and the inability to recover to previous service levels when economic prosperity returns.

1-K State Property Tax

The state levies a property tax on commercial/industrial and cabin property. Since cities' only source of general funds is the property tax, Metro Cities strongly opposes extension of the state-levied property tax to additional classes of property. Metro Cities opposes using the statewide property tax to fund specific programs or objectives generally funded through general state income and sales tax revenue.

In the interest of increasing transparency, Metro Cities supports efforts to have the state provide information on the property tax statement regarding the state property tax. Metro Cities opposes exempting specific classes of property under the tax as such exemptions shift the costs of the tax onto other classes of property.

1-L Class Rate Tax System

Metro Cities opposes elimination of the class rate tax system, or applying future levy increases to market value, since this would further complicate the property tax system.

1-M Regional Facility Host Communities

Municipalities hosting regional facilities (such as utilities, landfills or aggregate mining) incur costs and community impacts such as environmental damage or lost economic development opportunities. Communities should be compensated for the impacts of these facilities, which provide benefits to the region and state. **Metro Cities supports legislative efforts to offset the negative impacts of these facilities and activities on host communities.** Metro Cities would prefer that cities and townships be allowed to collect a host fee that may be adjusted when state decisions impact those fees.

1-N Sales Tax on Local Government Purchases

Metro Cities supports the reinstatement of the sales tax exemption for purchases of goods and services made by cities.

To ensure that citizens receive the full benefit of this exemption, the law should treat purchases of all local government units the same, including purchases made by special taxing districts, joint powers entities, or any other agency or instrumentality of local government.

In 2015, the Legislature delayed the effective date of the exemption for purchases by joint powers entities, housing and economic development authorities and other special

districts until January, 2017. Metro Cities supports a law change to immediately effectuate the exemption for these entities. Metro Cities opposes further delays in the application of this law.

Metro Cities supports granting an extension of the motor vehicle sales tax exemption to all municipal vehicles that are used for general city functions and are provided by governmental entities. Currently, only certain vehicles, including road maintenance vehicles purchased by townships, and municipal fire trucks and police vehicles not registered for use on public roads, are exempt from the MVST.

Metro Cities supports simplifying the process around the exemption for construction materials, which is currently complex and cost ineffective, or converting the process to a refund program.

1-O City Revenue Stability and Fund Balance

Metro Cities opposes state attempts to control or restrict city fund balances. These funds are necessary to maintain fiscal viability, meet unexpected or emergency resource needs, purchase capital goods and infrastructure, provide adequate cash flow and maintain high level bond ratings.

1-P Public Employees' Retirement Association (PERA)

Metro Cities supports employees and cities sharing equally in the cost of necessary contribution increases and a 60% employer/40% employee split for the PERA Police and Fire Plan. Metro Cities also supports state assistance to local governments to cover any additional contribution burdens placed on cities over and above contribution increases required by employees. Cities should receive sufficient notice of these increases so that they may take them into account for budgeting purposes.

Metro Cities opposes benefit improvements for active employees or retirees until the financial health of the PERA General Plan and PERA Police and Fire Plan are restored.

Metro Cities supports modifications to help align PERA contributions and costs, and reduce the need for additional contribution increases, including a modification of PERA eligibility guidelines to account for temporary, seasonal and part-time employment situations, the use of pro-rated service credit and a comprehensive review of exclusions to simplify eligibility guidelines. Further employer contribution rate increases should be avoided until other cost alignment mechanisms are considered.

1-Q State Program Revenue Sources

Metro Cities opposes any attempt by the state to finance programs of statewide value and significance that are traditionally funded with state revenues, with local revenue sources such as municipal utilities or property tax mechanisms. Statewide programs serve important state goals and objectives, and should be financed through traditional state revenue sources such as the income or sales tax.

Metro Cities further opposes substituting traditionally state funded programs with funding mechanisms that would disparately affect taxpayers in the metropolitan area.

1-R Post-Employment Benefits

Metro Cities supported enacted statutory changes that allow local governments to establish trusts from which to fund post-employment health and life insurance benefits for public employees, with participation by cities on a strictly voluntary basis, in recognition that cities have differing local needs and circumstances. Cities should also retain the ability to determine the level of post-employment benefits to be provided to employees.

1-S Health Care Insurance Programs

Metro Cities supports legislative efforts to control health insurance costs, but opposes actions that undermine local flexibility to manage rising insurance costs. Metro Cities encourages a full examination of the rising costs of health care and the impacts on city employers and employees. Metro Cities also supports a study of the fiscal impacts to both cities and retirees of pooling retirees separately from active employees.

1-T State Budget Stability

Metro Cities strongly supports a state revenue system that provides for stability, flexibility and adequacy in the system, reduces the volatility of state revenues and improves the long term balance of state revenues and expenditures. Metro Cities supports a statutory budget reserve minimum that is adequate to manage risks and fluctuations in the state's tax system and a cash flow reserve account of sufficient size so that the state can avoid short term borrowing to manage cash flow fluctuations.

Metro Cities also supports an examination of the property tax system and the relationships between state and local tax bases, with an emphasis on state budget cuts and their impact on property taxes. State budget deficits must be balanced with statewide sources and must not further reduce funding for property tax relief programs

and aids to local governments that result in local governments bearing more responsibility for the costs of services that belong to the state.

1-U Taxation of Electronic Commerce

Metro Cities supports efforts to develop a streamlined sales and use tax system to simplify sales and use tax collection and administration by retailers and states. Metro Cities supports policies that encourage remote retailers to collect and remit state sales taxes in states that are complying with the Streamlined Sales and Use Tax Agreement.

Metro Cities opposes legislation that allows accommodation intermediaries such as online travel companies a tax exemption that terminates obligations to pay hotel taxes to state and local governments, or otherwise restricts legal actions by states and localities. In 2011 the Legislature clarified that these services are subject to state sales tax. Metro Cities supports additional statutory changes to further clarify that all lodging taxes, whether administered by the state or locally, apply to total charges, including charges for services provided by accommodation intermediaries.

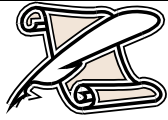
1-V Payments for Services to Tax Exempt Property

Metro Cities supports city authority to collect payments from tax exempt property owners to cover the costs of services to those entities, similar to statutory authority for special assessments. Metro Cities opposes legislation that would exempt non-profit entities from paying user fees and service charges.

1-W Proceeds from Tax Forfeited Property

Metro Cities supports changes to state laws governing the proceeds for tax forfeited properties. Currently, counties are allowed to recover administrative costs related to a property before other allocations are made and the law allows for the county to recoup a percentage of assessment costs once administrative costs are allocated. The result is often no allocation or a very low allocation, and usually insufficient level of proceeds available for covering special assessments, unpaid taxes and fees to cities. State processes addressing tax-forfeited properties can have implications for local land use plans and requirements and can result in unexpected and significant fiscal impacts on local communities. The current process also does not require the repayment of unpaid utility charges, or building and development fees.

Metro Cities supports statutory changes that balance repayment of unpaid taxes and assessments, utility charges and other fees and that more equitably allocates the distribution of proceeds between counties and cities.



General Government

2-A Mandates, Zoning & Local Authority

Metro Cities opposes statutory changes that erode local authority or create additional mandates that add to local costs without a corresponding state appropriation or funding mechanism. New unfunded mandates potentially increase property taxes, which impedes cities' ability to fund traditional service needs.

Metro Cities believes that zoning decisions should be made at the local level. Metro Cities supports legislation to give local officials greater authority and discretion to approve or deny variances in order to allow flexibility in responding to land use needs of their own community.

Metro Cities also supports legislation to remove barriers to uniform zoning ordinance amendment processes for all cities, regardless of city size classification.

To allow for greater collaboration and flexibility in providing local services, Metro Cities encourages the removal of barriers or hurdles to cooperation and coordination between cities and other units of government or entities. Metro Cities supports local decision-making authority.

2-B City Enterprise Activities

Creation of an enterprise operation allows a city to provide the desired service while maintaining financial and management control. The state should refrain from infringing on this ability to provide and control services for the benefit of community residents.

Metro Cities supports cities having authority to establish city enterprise operations in response to community needs, local preferences, state mandates or to ensure residents' quality of life.

2-C Firearms on City Property

Cities should be allowed to prohibit handguns and other weapons in city-owned buildings, facilities and parks. This would allow locally elected officials to determine whether to allow permit-holders to bring guns into municipal buildings, liquor stores, city council chambers and city sponsored youth activities. It is not Metro Cities' intention for cities to have the authority to prohibit legal weapons in parking lots, on city streets, city

sidewalks or on locally approved hunting land.

Metro Cities supports local control to allow or prohibit handguns and other weapons on city-owned property.

2-D 911 Telephone Tax

Public safety answering points (PSAPs) must be able to continue to rely on state 911 revenues to pay for upgrades and modifications to local 911 systems, maintenance and operational support and dispatcher training.

Metro Cities supports state funding for technology and training necessary to provide the number and location of wireless and voice over internet protocol (VoIP) calls to 911 on computer screens and transmit that data to police, fire and first responders.

2-E 800 MHz Radio System

Metro Cities urges the Legislature to provide cities with the financial means to obtain required infrastructure and subscriber equipment (portable and mobile radios) as well as provide funding for operating costs, since the prime purpose of this system is to allow public safety agencies and other units of government the ability to communicate effectively.

Metro Cities supports the work of the Metropolitan Emergency Services Board (previously the Metropolitan Radio Board) in implementing and maintaining the 800 MHz radio system, as long as cities are not forced to modify their current systems or become a part of the 800 MHz Radio System unless they so choose.

2-F Building Codes

Thousands of new housing units are constructed annually in the metro area. Structural and water intrusion problems have surfaced in many houses and commercial buildings built in the last 20 years. These problems have resulted in dissatisfied homeowners and conflicts among the state, builders and cities.

Metro Cities supports an equitable distribution of fees from the Construction Code Fund, with proportional distribution based on the area of enforcement where the fees were received. Metro Cities further supports a joint effort by the state, cities and builders to collectively identify appropriate uses for the fund, including education, analysis of new materials and construction techniques, building code updating, building inspector training, and development of performance standards and identification of construction “best practices.”

Metro Cities supports including the International Green Construction Code as an

‘optional appendix’ to the State Building Code to allow cities to utilize appropriate parts of those guidelines in their communities. Metro Cities also supports adopting the international energy conservation code to the state building code without amendments. Metro Cities does not support legislative solutions that fail to recognize the interrelationships among builders, state building codes and cities. Metro Cities supports efforts to increase awareness of the potential impacts and benefits of requiring sprinklers in new homes and townhouses and supports discussion and the dissemination of information around these impacts via the code adoption process through the Department of Labor and Industry.

2-G Administrative Fines

Traditional methods of citation, enforcement and prosecution have met with increasing costs to local units of government. The use of administrative fines is a tool to moderate those costs. **Metro Cities supports the administrative fine authority granted to allow cities to issue administrative fines for defined local traffic offenses and supports further modifications to enhance the workability of the authority. Metro Cities continues to support all cities’ authority to use administrative fines for regulatory ordinances such as building codes, zoning codes, health codes, and public safety and nuisance ordinances.**

Metro Cities supports the use of city administrative fines, at a minimum, for regulatory matters that are not duplicative of misdemeanor or higher level state traffic and criminal offenses. Metro Cities also endorses a fair hearing process before a disinterested third party.

2-H Residential Programs

Sufficient funding and oversight is needed to ensure that residents living in residential programs have appropriate care and supervision and that neighborhoods are not disproportionately impacted by high concentrations of residential programs. Historically, federal and state laws have discouraged the concentration of residential group homes so as not to promote areas that reinforce institutional quality settings.

Under current law, operators of certain residential programs are not required to notify cities when they intend to purchase single-family housing for this purpose. Cities do not have the authority to regulate the locations of residential programs. Cities have reasonable concerns about high concentrations of these facilities in residential neighborhoods, and additional traffic and service deliveries surrounding these facilities when they are grouped closely together. Municipalities recognize and support the services residential programs provide. However, cities also have an interest in preserving balance between residential programs and other uses in residential neighborhoods.

Providers applying to operate residential programs should be required to notify the city when applying for licensure so as to be informed of local ordinance requirements as a

part of the application process. Licensing agencies should be required to notify the city of properties receiving licensure to be operated as residential programs.

Metro Cities supports statutory modifications to require licensed agencies and licensed providers that operate residential programs to notify the city of properties being operated as residential programs. Metro Cities also supports the establishment of appropriate non-concentration standards for residential programs, to prevent clustering, and supports enforcement of these rules by the appropriate county agencies.

2-I Annexation

Attempts have been made in recent years to reduce tensions between cities and townships around annexations. A Municipal Boundary Adjustment Task Force, whose work was published in 2009, worked to develop recommendations regarding best practices annexation training for city and township officials to better communicate and jointly plan potential annexations. While the task force was able to define the differences between cities and townships on the issue of annexation, no significant advancements were made in creating best practices.

Metro Cities supports continued legislative efforts to develop recommendations regarding best practices annexation training for city and township officials to better communicate and jointly plan potential annexations. Further, Metro Cities supports substantive changes to the state's annexation laws that will lead to better land use planning, energy conservation, greater environmental protection, fairer tax bases, clarification of fee reimbursement and fewer conflicts between townships and cities. Metro Cities also supports technical annexation changes that have been agreed to by cities and townships.

2-J Housing Ordinance Enforcement

In 2008, the Minnesota State Supreme Court ruled in *Morris v. Sax* that certain provisions of the city of Morris' rental housing code were invalid because there were subjects dealt with under the state building code and the city was attempting to regulate these areas "differently from the state building code."

Minnesota Statutes section 16B.6s subdivision 1 states: "The state building code applies statewide and supersedes the building code of any municipality. A municipality must not by ordinance or through development agreement require building code provisions regulating components or systems of any residential structure that are different from any provision of the state building code."

Metro Cities supports the ability of cities to enforce all housing codes passed by a local municipality to maintain its housing stock.

2-K Statewide Funding Sources for Local Issues with Regional Impact

Many issues including, but not limited to, the implementation of a metropolitan area groundwater monitoring network, emerald ash borer management and the cleanup of storm-water retention ponds, come with significant local costs, and have impacts that reach beyond municipal boundaries.

Metro Cities supports the availability of statewide funding sources to address local issues that have regional or statewide significance or are caused by state or regional actions. Metro Cities opposes the requirement of enacting ordinances more restrictive than state law in exchange for access to these funds.

2-L Urban Forest Management Funding

Urban forests are an essential part of city infrastructure. Dutch elm disease, oak wilt disease, drought, storms, and emerald ash borer threaten public investments in trees. The costs for controlling these issues can be greatly consequential for city budgets. The Minnesota Department of Natural Resources, through its Urban and Community Forestry program, and the Minnesota Department of Agriculture, through its Shade Tree and Invasive Species program, currently have regulatory authority to direct tree sanitation and control programs. Although these programs allow for addressing some tree disease, pest, and other problems, funding levels have been inadequate to meet the need of cities to build capacity for urban tree programs and respond to catastrophic problems.

Cities share the goal of the state’s Re-leaf Program—promoting and funding the inventory, planning, planting, maintenance, and improvement of trees in cities throughout the state. In addition, economic and environmental gains for storm water management, climate change mitigation, air quality management, tourism, recreation, and other benefits must be protected from tree loss. A lack of timely investment in urban forests costs cities significantly more in the long run.

Cities are facing immediate costs for the identification, removal, replacement, and treatment of emerald ash borer (EAB) as it spreads across the state. The state has no program to assist cities in covering those expenses.

Metro Cities supports funding for a state matching grant program to assist cities with building capacity for urban forest management and meeting the costs of preparing for, and responding to, catastrophic urban forest problems. Specifically, direct grants to cities are desperately needed for the identification, removal, replacement, and treatment of trees related to management of EAB. The state should establish an ongoing grant program with annual funding that is usable for those activities.

2-M Regulation of Harmful Substances and Products

In metropolitan regions where most cities share boundary lines with other cities, local bans of harmful drugs and substances such as synthetic drugs, which have been found to be dangerous, do not eliminate access to these products unless all cities take the same regulatory action.

Metro Cities supports the statewide regulation and prohibition of products or substances in circumstances where there is evidence that the products present a danger to anyone who uses them, for which there is broad local support for a ban and for which corresponding regulatory issues have regional or statewide significance.

In addition, the Legislature should provide for the regulation of products that are known to damage water quality, sewer collection, and storm and wastewater treatment systems, not just at the treatment and infrastructure maintenance levels, but at the consumer and manufacturing levels, through accurate labeling of products, public education, and recycling and re-use programs.

2-N Private Well Drilling Restriction Authority

Cities are authorized to enact ordinances that disallow the placement of private wells within city limits to ensure both water safety and availability for residents and businesses. Municipal water systems are financially dependent upon users to operate and maintain the system. A loss of significant rate payers as a result of unregulated private well drilling would economically destabilize water systems and could lead to contamination of the water supply.

Metro Cities supports current law authorizing cities to regulate and prohibit the placement of private wells within municipal utility service boundaries and opposes any attempt to remove or alter that authority. Metro Cities supports funding that can be used to cap private wells.

2-O Organized Waste Collection

Cities over 1,000 in population are required by law to ensure all residents have solid waste collection available to them. A city can meet the statutory requirement by licensing haulers to operate in an open collection system, authorize city employees to collect waste, or implement organized collection through one or multiple haulers to increase efficiency, reduce truck traffic and control costs to residents.

Metro Cities supports current laws that allow cities to work with existing haulers to achieve the benefits of organized collection or investigate the merits of organized collection without the pressure of a rigid timeline and requirement to pass ‘an intent to organize’ at the beginning of the discussion process. Metro Cities opposes any legislation that would further increase the cost or further complicate the process

cities are required to follow to organize waste collection or prohibit cities from implementing, expanding or using organized waste collection.

2-P Election Administration

Cities play a critical role in managing and ensuring the integrity of elections. Any changes made to election laws should not place undue financial or administrative burdens on local governments. **Additional costs resulting from election law changes should be the responsibility of the state.**

Eligible voters in Minnesota may vote by absentee ballot prior to Election Day. Starting 46 days before the election, a voter can request, receive and cast an absentee ballot in one visit to their county or city election offices.

As more and more voters choose to vote early with absentee balloting, improvements must be made to increase efficiency of administering absentee balloting before Election Day, reduce the potential for errors and to improve voter experience.

Metro Cities supports:

- **New 2016 laws allowing in-person absentee voters to place their ballots in a secure tabulator instead of a series of envelopes to be processed after the voter has left the building;**
- **Establishing an earlier deadline for ending in-person absentee voting;**
- **Revising absentee ballot regulations to allow any person 18 and older to witness the absentee process and sign the envelope as a witness; and**
- **Authorizing cities with health care facilities to schedule election judges to conduct absentee voting at an earlier date in health care facilities.**

2-Q Utility Franchise Fees, Accountability and Cost Transparency

Minnesota cities are authorized by Minnesota statutes M.S. 216B and 301B.01 to require a public utility (gas or electric) that provides services to the city or occupies the public right of way within a city to obtain a franchise. Several metro area cities have entered into such agreements which require that the utility pay a fee to help offset the costs of maintaining the right of way.

Cities are also adopting energy policies that often result in the use of renewable energy resources to light or heat public facilities. Policies and programs have also been instituted in cooperation with the public utility franchisee to increase energy efficiency for all users. Cities also contract, at city expense, with public utilities to “underground” wires.

The State of Minnesota has also adopted legislation that requires energy companies to provide more of its electric energy from renewable sources. The specific amounts vary by type of utility.

Metro Cities supports:

- **State policies adopted by legislation or through rules of the Public Utility Commission that provide cities with the authority to include city energy policies and priorities in a franchise or similar agreement with a franchisee; and**
- **Greater accountability and transparency for city paid costs associated with underground utility and similar work performed by electric utilities as part of a local project.**

2-R Water Supply

Municipal water suppliers are charged with meeting the water supply needs of their communities and work to do so with safe, reliable and cost effective systems that are sustainable both for established cities and for all future growth.

The aquifers in the metropolitan area cross municipal boundaries and therefore require a coordinated regional approach to planning for their future availability. Currently, approximately 75% of municipal water supply in the metropolitan area comes from groundwater. With proper management of the resource, the current water supply in the region is adequate; however, Metropolitan Council projections predict localized declines in aquifer availability due to population growth estimates if current usage levels are maintained.

Regulation of water is complex and compartmentalized. Various agencies permit its use, plan for its availability, regulate stormwater, treat wastewater and protect the safety of water. To ensure that water supply remains adequate and sustainable across the region, we must understand how much water can be sustainably drawn from the aquifers and what effect increases in re-use, conservation and recharge can have on the sustainability and availability of both groundwater and surface water. Many of these strategies cross agency jurisdictions and will require improved coordination and cooperation.

Municipal water suppliers have made significant infrastructure investments in their systems based on calculated water availability and DNR permits. Proposals to reduce the reliance on groundwater by switching municipal water systems from groundwater to surface water supplies will come with significant costs that could place excessive burdens on local resources.

The outcomes and benefits of re-balancing the mix of groundwater and surface water use for specific municipalities and the region must be identifiable before any projects are undertaken. The sustainability of our water supply is an issue of regional and statewide significance and the expense of any necessary projects that benefit the region should not

fall on individual cities. Any attempts to address water supply sustainability must also take into account all water users, including municipal water suppliers, industry, private wells, agriculture and contamination containment.

The metropolitan region must consider the effects of groundwater use beyond the borders of the metropolitan area on the region's groundwater availability and the cost of treating contaminants in surface water that comes into the metropolitan area for use.

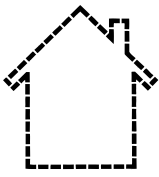
Metro Cities supports the removal of barriers to wastewater re-use, improved inter-agency coordination, clarifying the appropriate roles of local, regional and state governments with respect to water, streamlining and consolidating permit approval processes and the availability of statewide resources to plan for and ensure the future sustainability of water supply in the metropolitan area. Metro Cities also encourages the Met Council to find ways to re-use wastewater and to develop other strategies as a means to improve conservation.

Metro Cities supports state funding for costs associated with converting water supply from groundwater to surface water and funds to encourage and promote water conservation as a strategy to improve water sustainability and to improve and protect water quality.

2-S Regulation of Massage Therapists

In the absence of statewide regulation for massage therapy practitioners, many cities have enacted local ordinances that require massage therapists to obtain a local professional license, in order to assist law enforcement in differentiating between legitimate providers and illegitimate businesses fronting as massage therapy establishments.

Metro Cities supports the statewide registration or licensure of massage therapists to aid local law enforcement efforts in this area. Metro Cities supports cities' ability to continue to license massage therapy businesses.



Housing & Economic Development

Policies 3-A to 3-I: Introduction

While the provision of housing is predominantly a private sector, market-driven activity, all levels of government – federal, state and local – have a role to play in facilitating the production and preservation of affordable housing in Minnesota.

Adequate affordable housing is a significant concern for the metropolitan region and effective approaches require participation from all levels of government, the private sector and nonprofit groups.

3-A City Role in Housing

All cities facilitate the development of housing via land use planning, zoning ordinances, subdivision regulations and rental licensing. Cities should have sufficient authority and flexibility to promote housing types that are best suited to meet local needs, public purposes and goals.

While local government financial resources constitute a relatively small portion of the total costs of providing housing, many cities take on a significant administrative burden by providing financial incentives and regulatory relief, participating in state and regional housing programs and supporting either local or countywide housing and redevelopment authorities and community development agencies.

Cities are responsible for much of the ground-level housing policy in Minnesota; including land use planning, code enforcement, rental licensing, and often times the packaging of financial incentives. Cities are also responsible for ensuring the health and safety of local residents and the structural soundness and livability of the local housing stock via building permits and inspections. It is the responsibility of cities to periodically review local requirements such as land use regulations and ordinances to ensure that they are consistent with these purposes.

Metro Cities strongly opposes any effort to reduce, alter or interfere with cities' authority to carry out these functions in a locally determined manner.

3-B City Role in Affordable and Life Cycle Housing

Metro Cities supports both affordable housing and housing that is appropriate for people at all stages of life. A variety of housing opportunities are important to the economic and social well-being of individual communities and the region. The region faces challenges in meeting the existing and future housing needs of low and moderate-income residents. Existing housing stock is aging, with roughly half older than 40 years old, according to the U.S. Census Bureau. Older housing stock can be more affordable, however, it requires more investments to remain viable. Private investors have purchased subsidized and unsubsidized rental units, made improvements and charged higher rents that have made previously affordable units too expensive for low and moderate-income residents. The Metropolitan Council has projected the metro region will add nearly 35,000 households between 2021 and 2030 that will need additional affordable housing and will require a subsidy of \$5 billion to meet the needs of households earning up to 50 percent area median income.

Cities should work with the private and nonprofit sectors, counties, state agencies and the Met Council to ensure the best use of existing tools and resources to produce new housing and preserve existing affordable housing. Cities can facilitate the production and preservation of affordable and life cycle housing by:

- Applying for funding from available grant and loan programs;
- Using city and county funds to support affordable housing;
- Providing information on the Section 8 Housing Choice Voucher program to landlords;
- Working with developers and local residents to blend affordable housing into new and existing neighborhoods, including locations with access to amenities and services;
- Periodically examining local requirements, policies and review processes to determine their impacts on the construction of affordable housing;
- Supporting housing design that is flexible for residents at multiple stages of life;
- Periodically reviewing locally imposed development costs and policies;
- Employing innovative strategies to advance affordable housing needs such as public private partnerships or creative packaging of regulatory relief and incentives; and
- Using available regulatory mechanisms to shape housing communities.

3-C Inclusionary Housing

While Metro Cities believes there are cost savings to be achieved through regulatory reform, density bonuses as determined by local communities and fee waivers, Metro Cities does not believe a mandatory inclusionary housing approach can achieve the desired levels of affordability solely through these steps. Several cities have established their own inclusionary housing policies, in some cases requiring the creation of affordable units if the housing development uses public financial assistance. The Metropolitan Council, in distributing the regional allocation of housing need, must recognize both the opportunities and financial limitations of cities. The Council should

partner with cities to facilitate the creation of affordable housing through direct financial assistance and/or advocating for additional resources through the Minnesota Housing Finance Agency.

Metro Cities supports the location of affordable housing in residential and mixed-use neighborhoods throughout a city. Metro Cities supports a city's authority to enact its own inclusionary housing policy. However, Metro Cities does not support passage of a mandatory inclusionary housing state law imposed on local governments that would require a certain percentage of units in all new housing developments to be affordable to households at a particular income level.

3-D Metropolitan Council Role in Housing

The Metropolitan Council is statutorily required to assist cities with meeting the provisions of the Land Use Planning Act, which requires cities to adopt sufficient standards, plans and programs to meet their local share of the region's overall projected need for low and moderate income housing. The Council's responsibilities include the preparation and adoption of guidelines and procedures to assist local government units with accomplishing the requirements of the Land Use Planning Act.

The Metropolitan Council also offers a variety of programs and initiatives to create affordable housing opportunities, including the Livable Communities Program, and operation of a metropolitan housing and redevelopment authority.

Unlike parks, transit and wastewater, housing is not a statutory regional system. Thus, the Met Council's role, responsibilities and authority are more limited in scope, centered on providing assistance to local governments by identifying the allocation of need for affordable housing, projecting growth for the region and identifying available and effective tools, resources, technical assistance and methods that cities can use to create and promote affordable housing opportunities in their communities.

The Metropolitan Council should work in partnership with local governments to ensure that the range of housing needs for people at various life-cycle and incomes can be met.

- **Metro Cities opposes the elevation of housing to “Regional System” status.**
- **Metro Cities supports removing the Metropolitan Council's review and comment authority connected to housing revenue bonds under M.S. 462C.04.**

In 2014, the Metropolitan Council released a housing policy plan, the first of its kind in nearly 30 years. The housing policy plan should include clearly defined local, regional and state roles around the provision of housing in all sectors, identify the availability of and need for tools and resources for affordable and lifecycle housing, be explicit in supporting partnerships around the advocacy for state and federal resources for housing, and encompass policies, best practices and technical guidance for all types of housing. The plan should also recognize the diversity in local needs, characteristics, and resources.

Metro Cities supports strategies such as sub-regional cooperation and the sharing of best practices among local governments and other entities and partners to address housing issues.

The policy plan should allow for the provision of ongoing research and analysis by the Metropolitan Council to provide communities with timely and updated information on regional and local housing needs and market trends as regional and local needs change and evolve. **Metro Cities supports Council solicitation and use of local data, inputs and analyses in this work and local government review of data and analyses.**

Metro Cities supports continued city representation and participation in further developments or updates to the housing policy plan.

3-E Allocation of Affordable Housing Need

The allocation of need for affordable housing methodology determines how many affordable housing units are needed in the region, and distributes the need by assigning each city its fair share, with an affordable housing need number. State law requires cities to guide sufficient land to accommodate local shares of the region's affordable housing need.

Metro Cities supports the creation of a variety of housing opportunities. However, the provision of affordable and lifecycle housing is a shared responsibility between the private sector and government at all levels, including the federal government, state government and Metropolitan Council. Land economics, construction costs and infrastructure needs create barriers to the creation of affordable housing that cities cannot overcome without assistance.

Therefore, Metro Cities supports a Metropolitan Council affordable housing policy and allocation of need methodology that recognizes the following tenets:

- **The Council's housing policies characterize individual city and sub-regional housing numbers as a range of needs in the community;**
- **Cities need significant financial assistance from the federal and state government, as well as the Metropolitan Council, in order to make progress toward creating additional affordable housing and preserving existing affordable housing;**
- **Metropolitan Council planning and policies must be more closely aligned to help ensure that resources for transportation and transit are available to assist communities in addressing their local share of the regional affordable housing need and to ensure that all populations have adequate mobility to reach jobs, education and other destinations regardless of where they live;**

- **Absent significant resources to assist cities, the Met Council will not hold cities responsible if a city cannot meet its affordable housing need number and the Met Council will reassess biennially the range of needs to recognize the deficiency;**
- **The Metropolitan Council, with input by local government representatives, should examine the allocation of need methodology with respect to the relationship between the regional allocation and the local share of the need. The formula should also be routinely evaluated to determine if market conditions have changed or if underlying conditions should prompt readjustment of the formula;**
- **The Council should use a methodology that incorporates data accumulated by individual cities and not limited to census driven or policy driven growth projections;**
- **The formula should be adjusted to better reflect the balance and breadth of existing subsidized and naturally occurring affordable housing stocks; and**
- **The Council should work with local governments through an appeals process in order to resolve any local issues and concerns with respect to the need allocations.**

3-F Housing Performance Scores

The Metropolitan Council calculates a city's housing performance score annually. Scores are determined using an annual city survey as well as Council data. The Council uses city Housing Performance Scores when scoring two grant programs - the Regional Solicitation for federal transportation points and the Council's Livable Communities grant programs.

Any exploration of additional areas or programs in which the Council would seek to use the Housing Performance Score should be considered with the input of local officials.

Metro Cities supports Housing Performance Score criteria that recognize the variation in local resource capacities, tools, programs and policies for cities to support housing production and the market nature of housing development, and that does not limit cities to a prescriptive list of tools and policies. The criteria for determining the score should adequately recognize the current tools, policies and resources employed by local governments.

Metro Cities supports a process for local governments to review, comment on and appeal preliminary Housing Performance Scores as well as provide additional information to be used in calculating the scores.

Metro Cities supports a consistent schedule for sending the annual housing production survey to cities.

In considering Housing Performance Score uses and criteria:

- **The Council should engage in a periodic review of the formula;**
- **Any proposed new or expanded use of the Housing Performance Scores should be reviewed by local officials; and**
- **The Council should recognize market factors such as downward economic cycles when setting timelines and look backs in calculating recent affordable housing production.**

3-G State Role in Housing

The state must be an active participant in providing funding for housing needs, including direct funding, financial incentives and initiatives to assist local governments and developers to support affordable housing as well as housing that is appropriate for people at all stages of life. State funding is a major and necessary component for the provision of housing needs. Current resource levels are insufficient to meet the spectrum of needs in the metropolitan region and across the state.

Primarily through the programs of the Minnesota Housing Finance Agency (MHFA) and the Department of Employee and Economic Development (DEED), the state establishes the general direction and prioritization of housing issues. The state financially supports a variety of housing types including transitional housing, supportive housing, senior housing, workforce housing and family housing. The state must continue to be an active partner in addressing life cycle and affordable housing issues.

Workforce housing is generally defined as housing that supports economic development and job growth and is affordable to the local workforce. Currently, DEED programs that fund workforce housing are targeted for greater Minnesota. A new 2016 statewide program, administered through the Minnesota Housing Finance Agency, supports workforce homeownership efforts in the metropolitan area. Affordable housing options to meet the needs of a city's workforce are important for the economic competitiveness of cities and the metro region. In addition, significant housing related racial disparities persist in Minnesota, especially as it relates to the percentage of households of color who pay more than 30 percent of their income in housing costs, and as it relates to the significant disparity gap in homeownership rates.

Metro Cities supports:

- **Increased state and federal funding for programs that support life cycle, workforce and affordable housing, foreclosure mitigation and senior, transitional and emergency housing for the metro region. The state should**

consider establishing a non-competitive program to create a pipeline to match city-subsidized affordable housing projects;

- **Housing programs that assist housing development, preservation and maintenance of existing housing stock throughout the low-to-moderate income range;**
- **Housing programs designed to develop market rate housing in census blocks with emerging or high concentrations of poverty, where the private market might not otherwise invest as a means of reconciling affordable housing with community development goals;**
- **Continuing the policy of using the Minnesota Housing Finance Agency's investment earnings for housing programs;**
- **City input into state legislation and administrative policies regarding distribution of tax credits and tax exempt bonding;**
- **Exemptions from, or reductions to sales, use and transaction taxes applied to the development and production of affordable housing;**
- **Consideration of providing state tax credits to leverage cross-subsidized affordable units in a market rate development project. This incentive could be used in conjunction with city, regional, or other state incentives;**
- **Consideration of the use of state bond proceeds and other appropriations for land banking, land trusts, and rehabilitation and construction of affordable housing;**
- **Programs that help avoid foreclosures, improve homeownership rates and reduce racial disparities through homeownership assistance programs and counseling services, including pre-purchasing counseling to improve financial wellness and inform homeowners and potential homeowners of their rights, options and costs associated with owning a home;**
- **An affordable housing tax credit to help spur construction and secure additional private investment; and**
- **Maintain existing municipal authority to establish a housing improvement area (HIA). If the Legislature grants multi-jurisdictional entities the authority to create HIAs, creation of an HIA must require municipal approval.**

3-H Federal Role in Affordable and Workforce Housing

Federal funding plays a critical role in aiding states and local governments in their efforts to maintain and increase affordable and workforce housing. Providing working families access to housing is an important piece to the economic vitality of the region.

Metro Cities encourages the federal government to maintain and increase current levels of funding for affordable and workforce housing. Federal investment in affordable and workforce housing will maintain and increase the supply of affordable and life cycle housing as well as make housing more affordable through rental assistance programs such as the Section 8 housing choice voucher program.

In July 2015, the U.S. Department of Housing and Urban Development (HUD) released a final rule on affirmatively furthering fair housing (AFFH) with an aim to provide communities that receive HUD funding with clear guidelines to meet their obligation under the Fair Housing Act of 1968 to promote and reduce barriers to fair housing and equal opportunity.

Metro Cities strongly encourages the following:

- **Preserving and increasing funding for the Community Development Block Grant Program (CDBG) and the federal HOME program, which are catalysts for creating more affordable housing;**
- **Preserving and increasing resources and incentives to sustain existing public housing throughout the Metro Area;**
- **Maintaining the federal tax credit program to help spur construction and secure additional private investment, including making the four percent Low Income Housing Tax Credit a fixed rate as was done with the nine percent credit in 2015;**
- **Creating and implementing a more streamlined procedural method for local units of government to participate in and access federal funding and services dealing with grants, loans, and tax incentive programs for economic and community development efforts;**
- **Additional resources to assist communities to meet obligations to reduce barriers to and promote fair housing and equal opportunity;**
- **Maintaining and increasing resources to Section 8 funding and to support incentives for rental property owners to participate in the program; and**
- **Federal funding to provide short-term assistance for HRAs in order to facilitate the sale of tax-exempt bonds.**

3-I Vacant, Boarded, and Foreclosed Properties and Properties at Risk

Abandoned residential and commercial properties can harm communities when the presence of vacant buildings results in reduced property values and increased crime. The additional public safety and code enforcement costs of managing vacant properties are a financial strain on cities.

Metro Cities supports solutions to vacant and boarded properties that recognize three things: (1) Prevention is more cost effective than a cure. (2) The causes of this problem are many and varied, thus the solutions must be as well. (3) It is not simply a “city” problem so cities must not be expected to bear the bulk of the burden of mitigation.

Further, Metro Cities supports:

- **Registration of vacant and boarded properties;**
- **Allowing cities to acquire vacant and boarded properties before deterioration and vandalism result in unsalvageable structures; including providing financial tools such as increasing eminent domain flexibility;**
- **Improvements to the cost assignment process to ensure that cities can recoup their costs of managing vacant properties;**
- **Improving the ability of cities to recoup the increased public safety and enforcement costs related to vacant properties;**
- **Improvement of the redemption process to provide increased notification to renters, strengthen the ability of homeowners to retain their properties, and reduce the amount of time a property is vacant;**
- **Expedition of the tax forfeiture process;**
- **Increasing financial tools for neighborhood recovery efforts, including tax increment financing; and**
- **Year-round notification by utility companies of properties not receiving utility service.**

3-J Economic Development, Redevelopment and Workforce Readiness

The economic viability of the metro area is enhanced by a broad array of economic development tools that create infrastructure, revitalize previously developed property, provide incentives for business development, support technological advances and support a trained workforce. It should be the goal of the state to champion development and redevelopment by providing enough sustainable funding to assure competitiveness in a

global marketplace. Economic development and redevelopment are not mutually exclusive – some projects require a boost on both counts. The State of Minnesota should recognize cities as the primary unit of government responsible for the implementation of economic development, redevelopment policies and land use controls.

3-J (1) Economic Development

For purposes of this section, economic development is defined as a form of development that can contain direct business assistance, infrastructure development, technical assistance and policy support with the goal of sustainable job creation, job retention, appropriate state regulation or classification, or to nurture new or retain existing industry in the state. The measure of return on investment of public business subsidies should include the impact (positive or negative) of “spin-off development” or business development that is ancillary and supportive of the primary business.

A strength of the regional economy has been its economic diversity. Greater MSP and the Metropolitan Council have identified multiple industry clusters and sectors that employ a specialized, trained workforce and support entrepreneurs in developing new businesses. Partnerships and collaborations among the state and local levels of government, higher education and industry should continue to develop, to commercialize new technologies and to support efforts to enhance the economic vitality of the region.

While cities are the primary unit of local government responsible for the implementation of economic development, counties have an interest in supporting local economic development efforts. Any creation of a county CDA, EDA or HRA with economic development powers should follow M.S. 469.1082 that requires a city to adopt a resolution electing to participate.

Metro Cities supports state funded programs that support new and expanding businesses, infrastructure development and public-private partnerships. Programs using statewide funding should strive to award funds balanced between the metro region and greater Minnesota. Metro Cities supports competitive funding for statewide grant programs such as the Minnesota Investment Fund as opposed to direct legislative appropriations for projects from these funds.

Metro Cities supports economic tools that facilitate job growth without relying solely on the property tax base; green job development and related innovation and entrepreneurship; programs to support minority business start-ups; small business financing tools including a state new markets tax credit program mirrored on the federal program; tools to attract and retain data centers and other IT facilities; and maintaining existing municipal authority to establish a special service district (SSD). Metro Cities supports further study of allowing mixed-use buildings that have both commercial and residential uses to be included in an SSD.

3-J (2) Redevelopment

Redevelopment involves the development of land that requires “predevelopment.” The goal of redevelopment is to facilitate the development of “pre-used” land, thereby leveling the playing field between greenfield and brownfield sites so that a private sector entity can rationally choose to locate on land that has already been used. The benefits of redevelopment include a decrease in Vehicle Miles Traveled (VMTs), more efficient use of new or existing public infrastructure (including public transit), ameliorated city costs due to public safety and code enforcement, and other public goods that result when land is reused rather than abandoned and compact development is encouraged.

Metro Cities supports increased funding from state and regional sources. The Metropolitan Council’s Livable Communities Act programs fund redevelopment activities that support cleanup and tax base revitalization. **Metro Cities supports allowing a maximum levy amount for this program, as provided under law. Metro Cities supports increased and sustained general fund and state bond funds for DEED-administered programs like the Redevelopment Grant Program, dedicated to metropolitan area projects; innovative Business Development Public Infrastructure grants; as well as increased, flexible and sustained funding for the Contamination Cleanup and Investigation Grant Program.**

The expansion of transit service throughout the region brings opportunity for redevelopment and transit oriented development (TOD). **Metro Cities supports financing, regulatory tools and increased flexibility in the use of TIF to nurture TOD. Metro Cities supports funding Transit Improvement Areas (TIAs) and ensuring that the eligibility criteria encourage a range of improvements and infrastructure and accommodate varying city circumstances and needs.**

Correcting and stabilizing polluted soils and former landfill sites allows cities to redevelop and reuse properties. **Metro Cities supports expansion of existing tools or development of new funding mechanisms to correct unstable soils as well as city authority to redevelop land previously used as landfills and dumps. If a city receives initial approval from a state regulatory authority, a city’s redevelopment project approval should be considered final.**

Local governments and cities may choose to revitalize historic structures rather than construct new buildings. **Metro Cities supports extension of the sunset of the state income tax credit and maintaining the federal tax credit for preservation of historic properties.**

Metro Cities supports state funding to allow cities and/or their development authorities to assemble small properties so that business expansion sites will be ready for future redevelopment.

3-J (3) Workforce Readiness

A trained workforce is important to a strong local, regional and state economy. Cities have an interest in the availability of qualified workers and building a future workforce as part of their economic development efforts. Cities can work with the public and private sectors to address workforce readiness issues such as addressing racial disparities in both the achievement and employment gaps. The state has a role to prepare and train a qualified workforce through the secondary, vocational and higher education systems and job training and retraining programs in the Department of Employment and Economic Development, including youth employment programs.

Metro Cities supports:

- **Continued funding for the Job Skills Partnership, youth employment programs and other workforce training programs administered by the state that lead to jobs that provide a living wage and benefits, and help address racial disparity gaps in employment;**
- **Innovative workforce programs and partnerships that foster workforce readiness;**
- **A payroll tax credit for job training programs that invest in employees; and**
- **A city's authority to tie workforce requirements to local public finance assistance.**

3-K Tax Increment Financing

Tax Increment Financing (TIF) has been and continues to be the primary tool available for local communities to assist economic development, redevelopment and housing. Over time, several statutory changes have made this critical tool increasingly difficult to use. At the same time, federal and state development and redevelopment resources have been steadily shrinking. The cumulative impact of TIF restrictions, shrinking federal and state redevelopment resources and highly restrictive eminent domain laws constrain cities' abilities to address problem properties, which leads to an accelerated level of decline of developed cities in the Metropolitan Area. Thus, the only source of revenue available to accomplish the scope of redevelopment necessary is the value created by the redevelopment itself, or the "increment." Without the use of the increment, development will either not occur or is unlikely to be optimal.

Metro Cities urges the Legislature to:

- **Not adopt any statutory language that would further constrain or directly or indirectly reduce the effectiveness of TIF;**

- **Not adopt any statutory language that would allow a county, school district or special taxing district to opt out of a TIF district;**
- **Incorporate the Soils Correction District criteria into the Redevelopment District criteria so that a Redevelopment District can be comprised of blighted and contaminated parcels in addition to railroad property;**
- **Expand the flexibility of TIF to support a broader range of redevelopment projects;**
- **Amend MN Statutes to clarify that tax increment pooling limitations are calculated on a cumulative basis;**
- **Increase the ability to pool increments from other districts to support projects;**
- **Continue to monitor the impacts of tax reform on TIF districts and if warranted provide cities with additional authority to pay for possible TIF shortfalls;**
- **Allow for the creation of transit zones and transit related TIF districts in order to shape development and related improvements around transit stations but not require the use of TIF districts to fund the construction or maintenance of the public transit line itself unless a local community chooses to do so;**
- **Allow TIF eligibility expansion to innovative technological products, recognizing that not only physical items create economic value;**
- **Support changes to TIF law that will facilitate the development of “regional projects”;**
- **Shift TIF redevelopment policy away from a focus on “blight” and “substandard” to “functionally obsolete” or a focus on long range planning for a particular community, reduction in greenhouse gases or other criteria more relevant to current needs;**
- **Encourage DEED to do an extensive cost-benefit analysis related to redevelopment, including an analysis of the various funding mechanisms, and an analysis of where the cost burden falls with each of the options compared to the distribution of the benefits of the redevelopment project;**
- **Support TIF for neighborhood recovery efforts in the wake of the foreclosure crisis;**
- **Consider creating an inter-disciplinary TIF team to review local exception TIF proposals, using established criteria, and make recommendations to the legislature on their passage;**

- **Metro Cities encourages the State Auditor to continue to work toward a more efficient and streamlined reporting process. There are an increasing number of noncompliance notices that have overturned longstanding practices or limited statutorily defined terms. The Legislature has not granted TIF rulemaking authority to the State Auditor and the audit powers granted by statute are not an appropriate vehicle for making administrative or legislative changes to TIF statutes. If the State Auditor is to exercise rulemaking authority, the administrative power to do so must be granted explicitly by the Legislature. The audit enforcement process does not create a level playing field for cities to challenge the Auditor's interpretation of statutes. The Legislature should provide a process through which to resolve disputes over TIF policy that is fair to all parties;**
- **Clarifying use of TIF when a sale occurs after the closing of a district;**
- **Revise substandard building test to simplify, resolve ambiguities and reduce continued threat of litigation; and**
- **Amend TIF statute to address, through extending districts or other mechanisms, shortfalls related to declining market values during economic crises.**

3-L Eminent Domain

Significant statutory restrictions around the use of eminent domain enacted by the MN Legislature in 2006 have resulted in higher public costs for traditional public use projects like streets, parks, and sewers, and have all but restricted the use of eminent domain for redevelopment to cases of extreme blight or contamination.

The proper operation and long term economic vitality of our cities is dependent on the ability of a city, its citizens and its businesses to continually reinvest and reinvent. Reinvestment and reinvention strategies can occasionally conflict with the priorities of individual residents or business owners. Eminent domain is a critical tool in the reinvestment and reinvention process and without it our cities may deteriorate to unprecedented levels before the public reacts.

Metro Cities strongly encourages the Governor and Legislature to revisit the 2006 eminent domain changes to allow local governments to address redevelopment problems before those conditions become financially impossible to address. Specifically, the Legislature should:

- **Clarify contamination standards;**
- **Develop different standards for redevelopment to include obsolete structures or to reflect the deterioration conditions that currently exist in the metro area;**
- **Allow for the assembly of multiple parcels for redevelopment projects;**

- **Modify the public purpose definition under Chapter 117 to allow cities to more expediently address properties that are vacant or abandoned in areas with high levels of foreclosures, so as to address neighborhood stabilization and recovery;**
- **Provide for the ability to acquire land from “holdouts” who will now view a publicly funded project as an opportunity for personal gain at taxpayer expense; i.e. allow for negotiation using balanced appraisals for fair relocation costs;**
- **Examine attorney fees and limit fees for attorneys representing a property owner; and**
- **Allow for relocation costs not to be paid if the city and property owner agree to a sale contract.**

3-M Community Reinvestment

Communities across the metropolitan region have aging residential and commercial structures that are in need of repair and reinvestment. Reinvestment prevents neighborhoods from falling into disrepair, revitalizes communities and protects a city’s tax base.

Metro Cities supports state programs and incentives for reinvestment in older residential and commercial/industrial buildings, such as, but not limited to, tax credits and/or property tax deferrals.

Historically, the state has funded programs to promote reinvestment in communities, including the “This Old House” program, that allowed owners of older homestead property to defer an increase in their tax capacity resulting from repairs or improvements to the home and “This Old Shop” for owners of older commercial/industrial property that make improvements that increase the property’s market value.

3-N Business Incentives Policy

Without a thorough study, the Legislature should not make any substantive changes to the Business Subsidy Act, as defined in M.S. 116J.993, but should look to technical changes that would streamline both state and local processes and procedures. The Legislature should distinguish between development incentives and redevelopment activities. In addition, in order to ensure cohesive and comprehensive regulations, the legislature should limit regulation of business incentives to the Business Subsidy Act.

Metro Cities supports additional legislation that includes tools to help enhance and facilitate economic development and job creation.

3-O Broadband Technology

Where many traditional economic development tools have focused on managing the costs and availability of traditional infrastructure - roads, rail and utilities - the 21st century economy is dependent on reliable, cost effective, high bandwidth communications capabilities. This includes voice, video, data and other services delivered over cable, telephone, fiber-optic, wireless and other platforms.

The state has increased its role in expanding broadband infrastructure across the state by funding broadband access for residents and businesses. The Governor's Broadband Task Force regularly recommends updates to state broadband speed goals and funding levels to expand statewide broadband access. The Office of Broadband Development in the Department of Employment and Economic Development supports the role of broadband in economic development. The Office coordinates broadband mapping and administers state broadband grant funds.

Cities play a vital role in achieving significantly higher broadband speeds. Local units of government are contributing to increasing broadband capacity and ensuring internet connectivity, reliability, and availability. However, attempts have been made in Minnesota and other states to restrict or stop cities from facilitating the deployment of broadband services or forming partnerships with private sector companies to provide broadband services to unserved or underserved residents or businesses. Restricting municipal authority is contrary to existing state law on electric utility service, telecommunications, and economic development. **Metro Cities opposes the adoption of state policies that further restrict a city's ability to finance, construct or operate broadband telecommunications networks.**

Metro Cities supports:

State policies and support programs that substantially increase speed and capacity of broadband services statewide, including facilitating solutions at the local level. The state should offer incentives to private sector service providers to respond to local or regional needs and to collaborate with cities and other public entities to deploy broadband infrastructure capable of delivering sufficient bandwidth and capacity to meet immediate and future local needs as well as policies which seek to position Minnesota as a state of choice for testing next-generation broadband;

Metro eligibility for broadband funds, including increased capacity for areas with existing levels of service;

Municipal authority and encouragement of local governments to play a direct role in providing broadband service. This includes repealing Minnesota Statute 237.19. The state should clarify that cities have the authority to partner with private entities to finance broadband infrastructure using city bonding authority;

Local authority to manage public rights-of-way, to zone, to collect compensation for the use of public assets, or to work cooperatively with the private sector. Cities may

exercise local authority over zoning and land-use decisions for wireless service facilities; and

Public-private collaboration that support broadband infrastructure and services at the local and regional level, including partnerships and cooperation in providing last-mile connections.

3-P City Role in Environmental Protection and Sustainable Development

Historically, cities have played a major role in environmental protection, particularly in water quality. Through the construction and operation of wastewater treatment and storm water management systems, cities are a leader in protecting the surface water of the state. In recent years, increased emphasis has been placed on protecting ground water and removing impairments from storm water. In addition, there is increased emphasis on city participation in controlling our carbon footprint and in promoting green development.

Metro Cities supports public and private environmental protection efforts to reduce greenhouse gas emissions and to further protect surface and ground water. Metro Cities also supports “green” design and construction techniques to the extent that those techniques have been thoroughly tested and are truly environmentally beneficial, economically sustainable and represent sound building practices. Metro Cities supports additional, feasible environmental protection with adequate funding and incentives to comply.

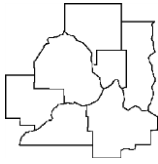
Green jobs represent employment and entrepreneurial opportunities that are part of the green economy, as defined in M.S. 116J.437, including the four industry sectors of green products, renewable energy, green services and environmental conservation. Minnesota’s green jobs policies, strategies and investments need to lead to high quality jobs with good wages and benefits, meeting current wage and labor laws.

3-Q Impaired Waters

Metro Cities supports continued development of the metropolitan area in a manner that is responsive to the market, but is cognizant of the need to protect the water resources of the state and metro area. Since all types of properties are required to pay storm water fees, Metro Cities opposes entity-specific exemptions from these fees. Metro Cities supports the goals of the Clean Water Act and efforts at both the federal and state level to implement it.

Metro Cities supports continued funding of the framework established to improve the region’s ability to respond to market demands for development and redevelopment, including dedicated funding for surface water impairment assessments, Total Maximum Daily Load (TMDL) development, storm water construction grants and wastewater construction grants.

Local units of government should not bear undue cost burdens associated with completed TMDL reports. As recent TMDL reports show, non-point agricultural sources are producing more run off pollution than urban areas at a rate of 13:1. Cities must not be required as primary entities for funding the clean-up and protection of state and regional water resources. Benefits of efforts must be proportional to the costs incurred and agricultural sources must be held responsible for their share of costs.



Metropolitan Agencies

4-A Goals and Principles for Regional Governance

The Twin Cities metropolitan region is home to the majority of our state's population and businesses and is poised for significant growth in the next two decades. At the same time, our metropolitan region faces significant challenges and opportunities. The responses to these opportunities and challenges will determine the future success of the region and its competitiveness in our state, national and world economies.

The Metropolitan Council was created to manage the growth of the metropolitan region, and cities are responsible for adhering to regional plans as they plan for local growth and service delivery.

The region's cities are the Metropolitan Council's primary constituency, with regional and local growth being primarily managed through city comprehensive planning and implementation, and the delivery of a wide range of public services. To function successfully, the Metropolitan Council must be accountable to and work in collaboration with city governments.

The role of the Metropolitan Council is to set broad regional goals and to provide cities with technical assistance and incentives to achieve those goals. City governments are responsible and best suited to provide local zoning, land use planning, development and service delivery. Any additional roles or responsibilities for the Metropolitan Council should be limited to specific statutory assignments or grants or authorization, and should not usurp or conflict with local roles or processes, unless such changes have the consent of the region's cities.

- **Metro Cities supports an economically strong and vibrant region, and the effective, efficient and equitable provision of regional infrastructure, services and planning throughout the metropolitan area.**
- **Metro Cities supports the provision of approved regional systems and planning that can be provided more effectively, efficiently or equitably on a regional level than at the local level by individual local units of government.**
- **The Metropolitan Council must involve cities in the delivery of regional services and planning and be responsive to local perspectives on regional issues, and be required to provide opportunities for city participation on Council advisory committees and task forces.**

- **The Metropolitan Council must involve cities at all steps of planning, review and implementation around the regional development guide, policy plans, systems statements, and local comprehensive plan requirements to ensure transparency, balance and Council adherence to its core mission and functions. These processes should allow for stakeholder input before policies and plans are released for comment and finalized.**

4-B Regional Governance Structure

Metro Cities supports the appointment of Metropolitan Council members by the Governor with four year, staggered terms for members, to stabilize ideological shifts and provide for continuity of knowledge on the Council, which is appropriate for a long-range planning body. The appointment of the Metropolitan Council Chair should coincide with the term of the Governor.

Metro Cities supports a nominating committee process that maximizes participation and input by local officials. Metro Cities supports expanding the nominating committee from seven to 13 members, with at least six members of a 13-member committee being local elected officials. Of the local officials appointed to a nominating committee, two thirds should be elected city officials, appointed by Metro Cities.

Consideration should be given to the creation of four separate nominating committees, with committee representation from each quadrant of the region.

Metro Cities supports having the names of recommended nominees be made public at least 14 days prior to final selection by the Governor.

Metro Cities supports the appointment of Metropolitan Council members who have demonstrated the ability to work with cities in a collaborative manner and commit to meet with local government officials regularly, and who understand the diversity and the commonalities of the region, and the long-term implications of regional decision-making. A detailed position description outlining the required skills, time commitment and understanding of regional and local issues and concerns, should be clearly articulated and posted in advance of the call for nominees.

4-C Comprehensive Analysis and Oversight of Metropolitan Council

Metro Cities supports the recent comprehensive study of the Metropolitan Council's governance structure conducted by the Citizens League. The Citizen's League recommendations are largely consistent with Metro Cities' governance policies.

Our region will continue to expand while simultaneously facing significant challenges around the effective, efficient and equitable provision of resources and infrastructure. Metro Cities supports an objective study of the Metropolitan Council's activities and

services, as well as its geographical jurisdiction, to ensure that the Metropolitan Council's services are positioned to be effective and adequate in addressing the future needs of the region. Such work must include the participation of local officials. The Metropolitan Council should also examine its scope of services to determine their benefit and efficiency, and be open to alternative methods of delivery to assure that services are provided at high levels of effectiveness for the region.

Metro Cities supports appropriate legislative oversight of the Metropolitan Council, to regularly review the Council's activities, and to provide transparency and accountability of its functions and operations.

4-D Funding Regional Services

The Metropolitan Council should continue to fund its regional services and activities through a combination of user fees, property taxes, and state and federal grants. The Council should set user fees via an open process that includes public notices and public hearings. User fees should be uniform by type of user and set at a level that supports effective and efficient public services based on commonly accepted industry standards, and allows for sufficient reserves to ensure long-term service and fee stability. Fee proceeds should be used to fund regional services or programs for which they are collected.

Metro Cities supports the use of property taxes and user fees to fund regional projects so long as the benefit conferred on the region is proportional to the fee or tax, and the fee or tax is comparable to the benefit cities receive in return.

4-E Regional Systems

Regional systems are statutorily defined as transportation, aviation, wastewater treatment and recreational open space. The purpose of these regional systems and the Metropolitan Council's authority over them is clearly outlined in state statute. In order to alter the focus or expand the reach of any of these systems, the Metropolitan Council must seek a statutory change.

The system plans prepared by the Metropolitan Council for the regional systems should be specific in terms of the size, location and timing of regional investments in order to allow for consideration in local comprehensive planning. System plans should clearly state the criteria by which local plans will be judged for consistency and the criteria that will be used to find that a local plan is more likely than not to have a substantial impact on or contain a substantial departure from metropolitan system plans.

Additional regional systems should be established only if there is a compelling metropolitan problem or concern that can best be addressed through the designation. Common characteristics of the four existing regional systems include public ownership of the system and its components and an established regional or state funding

source. These characteristics should be present in any new regional system that might be established. Water supply and housing do not meet necessary established criteria for regional systems. Any proposed additional regional system must have an established regional or state funding source.

4-F Regional Water Supply Planning

The 2005 Legislature authorized the Metropolitan Council to carry out regional planning activities to address the water supply needs of the Metro Area. A Metropolitan Area Water Supply Advisory Committee that includes state agency representatives and local officials was concurrently established to assist the Council in developing a master water supply plan that includes recommendations for clarifying the roles of local, regional and state governments, streamlining and consolidating approval processes and recommending future planning and capital investments. The Master Water Supply Plan serves as a framework for assisting and guiding communities in their water supply planning, without usurping local decision making processes. Many cities also conduct their own analyses for use in water supply planning.

The extension of the committee, which includes five metro area municipal officials, allows the committee to continue to play a key role in the development and direction of water supply planning activities as the Master Plan is updated and implemented with additional information and data as they become available.

As the Met Council continues its assessment of the region's water supply and issues around sustainability, the Council must work cooperatively with local policymakers and professional staff throughout the region on an on-going and structured basis, to ensure a base of information for water supply decision making that is sound, credible and verifiable, and that takes into account local information, data, cost-benefit analyses and projections before any resulting policy recommendations are issued. While Metro Cities supports regionally coordinated efforts to address water supply issues in the metropolitan area that include ongoing input by local elected officials and staff, Metro Cities opposes the elevation of water supply to regional system status.

Metro Cities encourages the Metropolitan Council to consider the inter-relationships of wastewater treatment, storm water management and water supply. Any state and regional regulations and processes should be clearly stated in the Water Supply Plan. Further, regional monitoring and data collection benefits should be borne as shared expenses between the regional and local units of government.

Metro Cities supports Metropolitan Council planning activities to address regional water supply needs and water planning activities as prescribed in statute. Metro Cities opposes the insertion of the Metropolitan Council as another regulator in the water supply arena. Metro Cities further opposes the elevation of water supply to “Regional System” status, or the assumption of Met Council control and management of municipal water supply infrastructure.

Metro Cities supports new laws that expand municipal representation on the water supply advisory committee and eliminates the requirement that city comprehensive plans be consistent with the regional water supply plan. These changes will strengthen input and collaboration around water supply planning, and help to ensure that sound scientific analyses and models are developed before legislative solutions to these issues are considered. Metro Cities advocated for and supports 2015 laws that enacted a technical advisory committee to the MAWSAC and that maximizes participation by municipal officials.

Metro Cities supports efforts to identify capital funding sources to assist with municipal water supply projects. Any fees or taxes for regional water supply planning activities must be consistent with activities prescribed in MN Statutes 473.1565, and support activities specifically within the region.

4-G Review of Local Comprehensive Plans

In reviewing local comprehensive plans and plan amendments, the Metropolitan Council should:

- Recognize that its role is to review and comment, unless it is found that the local plan is more likely than not to have a substantial impact on or contain a substantial departure from one of the four system plans;
- Be aware of the statutory time constraints imposed by the Legislature on plan amendments and development applications;
- Provide for immediate effectuation of plan amendments that have no potential for substantial impact on systems plans;
- Require the information needed for the Metropolitan Council to complete its review, but not prescribe additional content or format beyond that which is required by the Metropolitan Land Use Planning Act (LUPA);
- Work in a cooperative and timely manner toward the resolution of outstanding issues. When a city's local comprehensive plan is deemed incompatible with the Met Council's systems plans, Metro Cities supports a formal appeals process that includes a peer review. Metro Cities opposes the imposition of sanctions or monetary penalties when a city's local comprehensive plan is deemed incompatible with the Met Council's systems plans or the plan fails to meet a statutory deadline when the city has made legitimate efforts to meet Met Council requirements;
- Work with affected cities and other organizations such as the Pollution Control Agency, Department of Natural Resources, Department of Health and other stakeholders to identify common ground and resolve conflicts between respective goals for flexible residential development and achieving consistency with the Council's system plans and policies; and

- Require entities, such as private businesses, nonprofits, or local units of government, among others, whose actions could adversely affect a comprehensive plan, to be subject to the same qualifications and/or regulations as the city.

4-H Comprehensive Planning Process

Metro Cities supports an examination of the comprehensive planning process to make sure that the process is streamlined and efficient, so as to assist in alleviating excessive cost burdens or duplicative or unnecessary planning requirements by municipalities in the comprehensive planning process. Metro Cities supports resources to assist cities in meeting regional goals as part of the comprehensive planning process, including planning grants and technical assistance. Grants and other resources should be provided to all eligible communities through a formula that is equitable, and recognizes varying city needs and capacities.

4-I Comprehensive Planning Schedule

Cities are required to submit comprehensive plan updates to the Metropolitan Council every 10 years, the most recent of which was due in 2008. A city's comprehensive plan represents a community's vision of how the city should grow and develop or redevelop, ensure adequate housing, provide essential public infrastructure and services, protect natural areas and meet other community objectives.

Metro Cities recognizes the merit of aligning comprehensive plan timelines with the release of census data. However, the comprehensive plan process is expensive, time consuming and labor intensive for cities, and the timing for the submission of comprehensive plans should not be altered solely to better align with census data. If sufficient valid reasons exist for the schedule for the next round of comprehensive plans to be changed or expedited, cities should be provided with financial resources to assist them in preparing the next round of plans.

Metro Cities opposes cities being forced into a state of perpetual planning as a result of regional and legislative actions. Should changes be made to the comprehensive planning schedule, Metro Cities' supports financial and other resources to assist cities in preparing and incorporating policy changes in local planning efforts.

Metro Cities supports a 10-year time frame for comprehensive plan submissions.

4-J Local Zoning Authority

Local governments are responsible for zoning and local officials should have full authority to approve variances to remain flexible in response to the unique land use needs of their own community. Local zoning decisions, and the implementation of cities' comprehensive plans, should not be conditioned upon the approval of the Metropolitan Council or any other governmental agency.

Metro Cities supports local authority over land use and zoning decisions, and opposes the creation of non-local appeals boards with the authority to supersede city zoning decisions.

4-K Regional Growth

The most recent regional population forecasts projects a population of 3,652,060 people by 2040.

Metro Cities recognizes cities' responsibility to plan for sustainable growth patterns that integrate transportation, housing, parks, open space and economic development that will result in a region better equipped to manage population growth, to provide a high quality of life for a growing and increasingly diverse metropolitan area population and improved environmental health.

In developing local comprehensive plans to fit within a regional framework, adequate state and regional financial resources and incentives, and maximum flexibility around local planning decisions are imperative. The regional framework should assist cities in managing growth while being responsive to the individual qualities, characteristics and needs of metropolitan cities, and should encourage sub-regional cooperation and coordination.

In order to accommodate this growth in a manner that preserves the region's high quality of life:

- Natural resource protection will have to be balanced with growth and development/reinvestment;
- Significant new resources will have to be provided for transportation and transit; and
- New households will have to be incorporated into the core cities, first and second-ring suburbs, and developing cities through both development and redevelopment.

In order for regional and local planning to result in the successful implementation of regional policies:

- The State of Minnesota must contribute additional financial resources, particularly in the areas of transportation and transit, reinvestment, affordable housing development, and the preservation of parks and open space. If funding for regional infrastructure is not adequate, cities should not be responsible for meeting the growth forecast set forth by the Metropolitan Council;
- The Metropolitan Council and Legislature must work to pursue levels of state and federal transportation funding that are adequate to meet identified transportation and transit needs in the metropolitan area;

- The Metropolitan Council must recognize the limitations of its authority and continue to work with cities in a collaborative, incentives-based manner;
- The Metropolitan Council must recognize the various needs and capacities of its many partners, including but not limited to cities, counties, economic development authorities and nonprofit organizations, and its policies must be balanced and flexible in their approach;
- Metropolitan counties, adjacent counties and school districts must be brought more thoroughly into the discussion due to the critical importance of facilities and services such as county roads and public schools in accommodating forecasted growth; and
- Greater recognition must be given to the fact that the “true” metropolitan region extends beyond the traditional seven-county area and the need to work collaboratively with adjacent counties in Minnesota and Wisconsin, and the cities within those counties. The region faces environmental, transportation, and land use issues that cannot be solved by the seven-county metro area alone. Metro Cities supports an analysis to determine the impacts of Metropolitan Council’s growth management policies and infrastructure investments on the growth and development of the collar counties, and the impacts of growth in the collar counties on the metropolitan area.

4-L Natural Resource Protection

Metro Cities supports the Metropolitan Council’s efforts to compile and maintain an inventory and assessment of regionally significant natural resources for the purpose of providing local communities with additional information and technical assistance. The state and region play significant roles in the protection of natural resources. Any steps taken by the state or Metropolitan Council regarding the protection of natural resources must recognize that:

- The protection of natural resources is significant to a multi-county area that is home to more than 50 percent of the state’s population and a travel destination for many more. Given the limited availability of resources and the artificial nature of the metropolitan area’s borders, neither the region nor individual metropolitan communities would be well served by assuming primary responsibility for financing and protecting these resources;
- The completion of local Natural Resource Inventories and Assessments (NRI/A) is not a regional system nor is it a required component of local comprehensive plans under the Metropolitan Land Use Planning Act;
- The protection of natural resources should be balanced with the need to accommodate growth and development, reinvest in established communities, encourage more affordable housing and provide transportation and transit connections; and

- Decisions about the zoning or land use designations, either within or outside a public park, nature preserve or other protected area are, and should remain, the responsibility of local units of government.

Metro Cities supports the Metropolitan Council’s efforts to compile and maintain an inventory and assessment of regionally significant natural resources for the purpose of providing local communities with additional information and technical assistance.

The Metropolitan Council’s role with respect to climate change, as identified in the 2040 regional development guide, should be focused on the stewardship of its internal operations (wastewater, transit) and working collaboratively with local governments to provide information, best practices, technical assistance and incentives around responses to climate change.

Metro Cities urges the Legislature and/or the Metropolitan Council to provide financial assistance for the preservation of regionally significant natural resources.

4-M Inflow and Infiltration (I/I)

The Metropolitan Council has identified nearly half of all sewered communities in the metropolitan region to be contributing excessive inflow and infiltration into the regional wastewater system. Inflow and infiltration are terms for the ways that clear water (ground and storm) makes its way into sanitary sewer pipes and gets treated, unnecessarily, at regional wastewater plants. The number of identified communities is subject to change, depending on rain events, and any city in the metropolitan area can be affected. Another 19 cities have been identified as being near the threshold, or at risk, for contributing excessive I/I into the system.

The Metropolitan Council establishes a surcharge on cities determined to be contributing unacceptable amounts of I/I into the wastewater system. The charge is waived when cities meet certain parameters through local mitigation efforts.

Metro Cities recognizes the importance of controlling I/I because of its potential environmental and public health impacts, because it affects the size, and therefore the cost, of wastewater treatment systems and because excessive I/I in one city can affect development capacity of another. However, there is the potential for cities to incur increasingly exorbitant costs in their ongoing efforts to mitigate excessive I/I.

Metro Cities continues to monitor the surcharge program and supports continued reviews of the methodology used to measure excess I/I to ensure that the methodology appropriately normalizes for precipitation variability and the Council’s work with cities on community specific issues around I/I.

Metro Cities supports state financial assistance for Metro Area I/I mitigation through future Clean Water Legacy Act appropriations or similar legislation and

encourages the Metropolitan Council to partner in support of such appropriations. Metro Cities also supports an identification of best practices and other potential resources to local governments to address inflow-infiltration mitigation for private properties.

Metro Cities supports continued state capital assistance to provide grants to metro area cities for the purpose of mitigating inflow and infiltration problems into municipal wastewater collection systems.

4-N Sewer Availability Charge (SAC)

Metro Cities supports a SAC program that emphasizes equity, transparency, simplification and lower rates.

Metro Cities supports a “growth pays for growth” approach to SAC as recommended by a 2010 Task Force of Met Council members and city officials, and adopted by the Met Council. This approach requires a statutory change. If state statutes are modified to effect a “growth pays for growth” method for SAC, the Metropolitan Council should convene a group of local officials to identify any technical changes necessary for implementing the new structure.

Metro Cities supports allowing the Council to utilize the SAC ‘transfer’ mechanism provided for in state statute, when the SAC reserve fund is inadequate to meet debt service obligations. Any use of the transfer mechanism must be done so within parameters prescribed by state law and with appropriate notification and processes to allow local official input and should include a timely ‘shift back’ of any transferred funds from the wastewater fund to the SAC reserve fund. Efforts should be made to avoid increasing the municipal wastewater charge in use of the transfer mechanism.

Metro Cities supports principles for SAC recommended by a 2014 work group that examined the overall SAC program and structure. These include support for program transparency and simplicity, equity for all served communities and between current and future users, support for cities’ sewer fee capacities, administrative reasonableness, and weighing any program uses for specific goals with the impacts to the program’s equity, transparency and simplicity. As such, Metro Cities opposes the use of the SAC mechanism to subsidize particular Metropolitan Council goals and objectives.

Metro Cities supports recent changes to the SAC credit structure that enhance flexibility in the SAC credit structure for redevelopment purposes, and supports continued evaluation of SAC fees to determine if they hinder redevelopment.

Metro Cities supports the Metropolitan Council providing details on how any changes to the SAC rate are determined. Metro Cities supports a periodic review of MCES’ customer service policies, to ensure that its processes are responsive and transparent to communities, businesses and residents. Metro Cities supports

continued outreach by MCES to users of the SAC program to promote knowledge and understanding of SAC charges and policies.

4-O Funding Regional Parks & Open Space

In the seven-county metropolitan area, regional parks essentially serve as state parks, and the state should continue to provide capital funding for the acquisition, development and improvement of these parks in a manner that is equitable with funding for state parks. State funding apart from Legacy funds should equal 40 percent of the operating budget for regional parks. Legacy funds for parks and trails should be balanced between metro and greater Minnesota.

Metro Cities supports state funding for regional parks and trails that is fair, creates a balance of investment across the state, and meets the needs of the region.

4-P Livable Communities

The Livable Communities Act (LCA), administered by the Metropolitan Council, provides a voluntary, incentive-based approach to affordable housing development, tax base revitalization, job growth and preservation, brown field clean up and mixed-use, transit-friendly development and redevelopment. Metro Cities strongly supports the continuation of this approach, which has been widely accepted and is fully utilized by local communities. Since its inception in 1995, the LCA program has generated billions of dollars of private and public investment, created thousands of jobs and added thousands of affordable housing units in the region.

Metro Cities supports a review of the LCA programs, and any necessary statutory changes, to ensure that the LCA program criteria are flexible and promote the participation of all participating communities, and to ensure that all metropolitan area cities are eligible to participate in the Livable Communities Demonstration Account (LCDA).

Metro Cities supports increased funding and flexible eligibility requirements in the LCDA in order to assist communities with development that may not be exclusively market driven or market proven in their particular location and in order to support important development and redevelopment goals.

Metro Cities supports the statutory goals and criteria established for the Livable Communities Act, and opposes any changes to LCA programs that constrain flexibility around statutory goals, program requirements and criteria.

Metro Cities opposes funding reductions to the Livable Communities Program and the transfer or use of these funds for purposes outside of the LCA program.

Metro Cities supports statutory modifications in the LCDA to reflect the linkages among the goals, municipal objectives, and Met Council system objectives.

Metro Cities supports the use of LCA funds for projects in transit improvement areas, as defined in statute, as long as funding levels for general LCA programs are adequate to meet program goals and the program remains accessible to participating communities.

Use of interest earnings from LCA funds should be limited to covering the costs of administering the program. Remaining interest earnings not used for program administration should be considered part of the LCA funds and used to fund grant requests from the established LCA accounts, according to established funding criteria.

4-Q Density

Any Met Council density policy and density determination must take into account the impacts of market trends on city development and redevelopment activities.

Metro Cities supports a reasonable Met Council density policy and density determination that bases density projections on local data, actual development patterns, is flexible and accommodates cities at various development stages.



Transportation

INTRODUCTION

Metro Cities supports a comprehensive transportation system as a vital component in planning for and meeting the physical, social and economic needs of our state and metropolitan region. A comprehensive transportation system is one that includes streets and bridges, transit and multi-modal solutions that work cohesively to best meet the region's transportation needs. Adequate and stable sources of funding are necessary to ensure the development and maintenance of a high quality, efficient and safe transportation system that meets these needs and that will position the state and region to be economically competitive in the years ahead.

5-A Transportation Funding

Under current transportation financing structures, transportation needs in the metropolitan region continue to be inadequate and underfunded. Our transportation funding system relies primarily on local property taxes and fees and the motor vehicle sales tax (MVST) for transit. Automobiles are becoming more fuel efficient and MVST receipts continue to lag behind projections, resulting in funding levels that continually fail to meet demand.

Transportation funding and planning must be a high priority for state, regional and local policymakers so that the transportation system can sufficiently meet the needs of the state's residents and businesses and its projected population growth. Funding and planning for our regional and statewide systems must be coordinated at the federal, state, regional and local levels to optimally achieve long term needs and goals.

In addition, cities lack adequate tools and state resources for the maintenance and improvement of municipal systems, with resources restricted to property taxes and special assessments. Cost participation requirements have overburdened city budgets. It is imperative that alternative revenue generating authority be granted to municipalities and state resources be made available for this purpose to relieve the burden on the property tax system.

Metro Cities strongly supports stable and sufficient statewide transportation funding and local tools to meet the long term transportation system needs of the region and local municipal systems.

Metro Cities supports funding to assist cities over-burdened by cost participation responsibilities imposed by improvement projects on the state's principal arterial system and on the county state aid highway (CSAH) system.

Metro Cities supports state funding for state highway projects, including congestion and safety improvements. Metro Cities also supports state financial assistance, as well as innovations in design and construction, to offset the impacts of regional transportation construction projects on businesses.

5-B Regional Transit System

The Twin Cities Metropolitan Area needs a multi-modal regional transit system as part of a comprehensive transportation strategy that serves both commuters and the transit dependent. The transit system should be composed of a mix of HOV lanes, a network of bike and pedestrian trails, Bus Rapid Transit, express and regular route bus service, exclusive transit ways, light rail transit, streetcars and commuter rail corridors designed to connect residential, employment, retail and entertainment centers. The system should be regularly monitored and adjusted to ensure that routes of service correspond to the region's changing travel patterns.

Current congestion levels and forecasted population growth require a stable, reliable and growing source of revenue for transit construction and operations so that our metropolitan region can adequately and strategically meet its transportation needs to remain economically competitive. **Metro Cities supports an effective, efficient and comprehensive regional transit system as an invaluable component in meeting the multimodal transportation needs of the metropolitan region and to the region's economic vibrancy and quality of life. Metro Cities supports strategic expansion of the regional transit system.**

Metro Cities is opposed to legislative or Metropolitan Council directives that constrain the ability of metropolitan transit providers to provide a full range of transit services, including reverse commute routes, suburb-to-suburb routes, transit hub feeder services or new, experimental services that may show a low rate of operating cost recovery from the fare box.

Metro Cities supports a regional governance structure that can ensure a measurably reliable and efficient system that recognizes the diverse transit needs of our region and addresses the funding needs for all components of the system.

Metro Cities recognizes the need for flexibility in transit systems for cities that border the edges of the seven county metropolitan area to ensure users can get to points outside of the seven county area. **Metro Cities encourages the Met Council to work with border counties to help coordinate planning so riders can get to and from destinations beyond the boundaries of the region.**

In the interest of including all potential options in the pursuit of a regionally balanced transit system, Metro Cities supports the repeal of the law passed in 2002 which imposed a gag order on the Dan Patch Commuter Rail Line and opposes the imposition of legislative moratoriums on the study, planning, design, or construction of specific transit projects.

In the interest of safety and traffic management, Metro Cities supports further study of rail safety issues relating to water quality protections, general public safety concerns relating to derailments, traffic implications from longer and more frequent trains and the sensitive balance between rail commerce and the quality of life impacts on the communities through which they pass.

5-C Transit Financing

The Twin Cities metropolitan area is served by a regional transit system that is expanding to include rail transit and dedicated busways. Any operating subsidies necessary to support this system should come from a regional or statewide funding source. The property taxpayers of individual cities and counties should not be required to fund the operation of specific transit lines or routes of service within this regional system. MVST revenue projections have not been reliable and the Legislature has repeatedly reduced general fund support for Metropolitan Transit. As a result, the regional transit providers continue to operate at a funding deficit.

Shifting demographics in the metropolitan region will mean increased demand for transit in areas with and without current transit service. **Metro Cities supports stable and growing revenue sources to fund the operating budget for all regional transit providers at a level sufficient to meet the growing operational and capital transit needs of the region and to expand the system to areas that currently have little or no transit options.**

Metro Cities supports an increase in the regional sales tax to fund the expansion of regular route service, the continuing capital expenses and expanded operational needs of the metropolitan transit system if the increase is accompanied by sufficient local controls over the collection and expenditure of the new revenue and geographic balance is maintained in the expansion of service to allow cities to appropriately plan for growth in population and service needs along new and expanded transit service. Metro Cities opposes diversions of the uses of this tax for any other purposes.

Metro Cities opposes using the currently dedicated Metropolitan Transportation Area Sales Tax proceeds to further subsidize operational funding for Metro Transit and suburban transit providers that are the responsibility of the Legislature and Metropolitan Council. Any increase to the sales tax already dedicated to transit should be used to benefit the transit system as a whole.

5-D Street Improvement Districts

Funding sources for local transportation projects are limited to the use of Municipal State Aid (MSA), property taxes and special assessments. In addition, cities under 5,000 in population are not eligible for MSA. With increasing pressures on city budgets and

limited tools and resources, cities are finding it increasingly difficult to maintain aging streets.

Street improvement districts allow cities in developed and developing areas to fund new construction as well as reconstruction and maintenance efforts.

The street improvement district is designed to allow cities, through the use of a fair and objective fee structure, to create a district or districts within the city where fees will be raised on all properties in the district and that must be spent within the boundaries of the district. Street improvement districts would also aid cities under 5,000, giving them an alternative to the property tax system and special assessments.

Metro Cities supports the authority of local units of government to establish street improvement districts. Metro Cities also supports changes to special assessment laws to make assessing state-owned property a more predictable process with uniformity in the payment of assessments across the state.

5-E Highway Turnbacks & Funding

Cities do not have the financial capacity, other than significant property tax increases, to absorb the additional roadway responsibilities without new funding sources. The existing municipal turnback fund is not adequate based on contemplated turnbacks.

Metro Cities supports jurisdictional reassignment or turnback of roads (M.S. 161.16, Subd. 4), on a phased basis using functional classifications and other appropriate criteria subject to a corresponding mechanism for adequate funding of roadway improvements and continued maintenance.

Metro Cities does not support the wholesale turnback of county or state roads without the consent of municipality and the total cost, agreed to by the municipality, being reimbursed to the city in a timely manner.

5-F “3C” Transportation Planning Process: Elected Officials’ Role

The Transportation Advisory Board (TAB) was developed to meet federal requirements, designating the Metropolitan Council as the organization that is responsible for a continuous, comprehensive and cooperative (3C) transportation planning process to allocate federal funds among metropolitan area projects. Input by local officials into the planning and prioritization of transportation investments in the region is a vital component of these processes.

Metro Cities supports continuation of the TAB with a majority of locally elected municipal officials as members and participating in the process.

5-G Photo Enforcement of Traffic Laws

Enforcement of traffic laws with cameras has been demonstrated to improve driver compliance and safety.

Metro Cities supports the use of photo enforcement technology.

5-H Airport Noise Mitigation

Acknowledging that the communities closest to MSP and reliever airports are significantly impacted by noise, traffic and other numerous expansion-related issues:

Metro Cities supports the broad goal of providing MSP-impacted communities greater representation on the Metropolitan Airports Commission (MAC). Metro Cities wants to encourage continued communication between the MAC commissioners and the cities they represent. Balancing the needs of MAC, the business community and airport host cities and their residents requires open communication, planning and coordination. Cities must be viewed as partners with the MAC in resolving the differences that arise out of airport projects and the development of adjacent parcels. Regular contact between the MAC and cities throughout the project proposal process will enhance communication and problem solving. The MAC should provide full funding for noise mitigation for all structures in communities impacted by flights in and out of MSP.

Metro Cities supports noise abatement programs and expenditures and the work of the Noise Oversight Committee to minimize the impacts of MAC operated facilities on neighboring communities. The MAC should determine the design and geographic reach of these programs only after a thorough public input process that considers the priorities and concerns of impacted cities and their residents. The MAC should provide full funding for noise mitigation for all structures in communities impacted by flights in and out of MSP.

5-I Funding for Non-Municipal State Aid (MSA) City Streets

Cities under 5,000 in population do not directly receive any non-property tax funds for collector and arterial streets. Cities over 5,000 residents have limited eligibility for dedicated Highway User Tax Distribution Fund dollars, which are capped by the state constitution as being available for up to twenty percent of streets. Current County State Aid Highway (CSAH) distributions to metropolitan counties are inadequate to provide for the needs of smaller cities in the metropolitan area. Possible funding sources include the five-percent set-aside account in the Highway User Tax Distribution Fund, modification to county municipal accounts, street improvement districts, and/or state general funds.

The 2015 Legislature created a Small Cities Assistance Account and appropriated one-time funds of \$12.5 million that was distributed through a formula to cities with

populations under 5,000. While the account will remain in statute, future appropriations beyond 2015 will have to be appropriated by future legislatures.

Cities need long-term, stable, dedicated funding for street improvements and maintenance. Metro Cities supports additional resources and flexible policies to meet local infrastructure needs and increased demands on city streets. Metro Cities also supports dedicated and sustainable state funding sources for non-MSA city streets, including funding for the Small Cities Assistance Account as well as support for the creation and funding of the Larger Cities Assistance Account as proposed in the 2015 legislative session.

5-J County State Aid Highway (CSAH) Distribution Formula

Significant resource needs remain in the metro area CSAH system. Revenues provided by the Legislature for the CSAH system have resulted in a higher number of projects being completed, however, greater pressure is being placed on municipalities to participate in cost sharing activities, encumbering an already over-burdened local funding system. When the alternative is not building or maintaining roads, cities bear not only the costs of their local systems but also pay upward of fifty percent of county road projects. **Metro Cities supports special or additional funding for cities that have burdens of additional cost participation in projects involving county roads.**

CSAH eligible roads were designated by county engineers in 1956 and although only 10 percent of the CSAH roads are in the metro area, they account for nearly 50 percent of the vehicle miles traveled. The CSAH formula passed by the Legislature in 2008 increased the amount of CSAH funding for the metropolitan area from 18 percent in 2007 to 21 percent in 2011. The formula helps to better account for needs in the metropolitan region, but is only the first step in addressing needs for additional resources for the region.

Metro Cities supports a new CSAH formula more equitably designed to fund the needs of our metropolitan region.

5-K Municipal Input/Consent for Trunk Highways and County Roads

State statutes direct the Minnesota Department of Transportation (MnDOT) to submit detailed plans, with city cost estimates, at a point one-and-a-half to two years prior to bid letting, at which time public hearings are held for community input. If MnDOT does not concur with requested changes, it may appeal. Currently, that process would take a maximum of three and a half months and the results of the appeals board are binding on both the city and MnDOT.

Metro Cities supports the municipal consent process, and opposes changes to weaken municipal consent or adding another level of government to the consent process. Metro Cities opposes changes to current statutes that would allow MnDOT

to disregard the appeals board ruling for state trunk highways. Such a change would significantly minimize MnDOT's need to negotiate in good faith with cities for appropriate project access and alignment, and would render the public hearing and appeals process meaningless. Metro Cities also opposes the elimination of the county road municipal consent and appeal process for these reasons.

5-L Plat Authority

Current law grants counties review and comment authority for access and drainage issues for city plats abutting county roads.

Metro Cities opposes any statutory change that would grant counties veto power or that would shorten the 120-day review and permit process time.

5-M City Speed Limit Control

Cities are moving to incorporate multiple modes of transportation within existing right of way through local Complete Streets policies on residential roads where traffic safety also affects pedestrians and users of alternative transportation modes. **Metro Cities supports design standards that result in slower speeds on local roads. Any statutory speed limit change must be uniform and provide adequate state funding for education and enforcement to ensure public awareness and compliance.**

At cities' or counties' discretion, Metro Cities also supports a year round reduction of speed limits within 500 feet of any city or county parks and schools or on roads that are in the process of becoming more residential or developed but do not currently justify a reduction under a MnDOT sanctioned speed study.

5-N MnDOT Maintenance Budget

The state has failed in its responsibility for maintaining major roads throughout the state by requiring, through omission, that cities bear the burden of maintenance on major state roads.

MnDOT should be required to meet standards adopted by cities through local ordinances, or reimburse cities for labor, equipment and material used on the state's behalf to improve public safety or meet local standards. Furthermore, if a city performs maintenance, the city should be fully reimbursed.

Metro Cities supports MnDOT taking full responsibility for maintaining state-owned infrastructure and property, including, but not limited to, sound walls and right of way, within city limits. Metro Cities supports cooperative agreements between cities and MnDOT, which have proven to be effective in other parts of the state.

5-O Transit Taxing District

The transit taxing district, which funds the capital cost of transit service in the Metropolitan Area through the property tax system, is inequitable. Because the boundaries of the transit taxing district do not correspond with any rational service line nor is being within the boundaries a guarantee to receive service, cities in the taxing district or out of the taxing district are contributing unequally to the transit service in the Metropolitan Area. This inequity should be corrected.

Metro Cities supports a stable revenue source to fund both the capital and operating costs for transit at the Metropolitan Council. However, Metro Cities does not support the expansion of the transit taxing district without a corresponding increase in service and an overall increase in operational funds. To do so would create additional property taxes without a corresponding benefit.

5-P Complete Streets

A complete street may include: sidewalks, bike lanes (or wide paved shoulders), special bus lanes, comfortable and accessible public transportation stops, frequent and safe crossing opportunities, median islands, accessible pedestrian signals, curb extensions, narrower travel lanes and more.

A complete street in a rural area will differ from a complete street in a highly urban area, but both are designed to balance safety and convenience for everyone using the road.

Metro Cities supports options in state design guidelines for streets that would give cities greater flexibility to:

- Safely accommodate all modes of travel;
- Address storm water needs; and
- Ensure livability in the appropriate context for each city.

However, Metro Cities opposes state imposed mandates that would increase street infrastructure improvement costs in locations and instances where providing access for alternative modes including cycling and walking are deemed unnecessary or inappropriate as determined by local jurisdictions.



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