



**2021 City of Ramsey Legislative Outcomes
and 2022 Legislative Considerations**

Top Priority: U.S. Highway 10 Ramsey Gateway Project

The City of Ramsey is coordinating with Anoka County for a state funding request that will bring this project to full funding. The Ramsey Gateway Highway 10 Project includes two grade-separated interchanges in the city of Ramsey at Ramsey Boulevard and Sunfish Lake Boulevard that will replace existing signalized intersections. Grade separation of the BNSF Railway and a new frontage road between Ramsey Boulevard and Sunfish Lake Boulevard are also part of this design project.

Project goals include:

- Safely accommodating all users including motor vehicles, freight, rail, transit, pedestrians, and bicyclists
- Providing efficient mobility and access for all modes of travel
- Developing a financially responsible design that minimizes right-of-way and environmental resource impacts
- Securing additional funding for full project construction
- We are currently in the second phase of the project, which is preliminary design.

Schedule

Key milestones of the project:

Public Open Houses – Winter 2020, Spring/Summer 2021, Winter 2022, Winter 2023

Preliminary Design – June 2020 to August 2021

Final Design – September 2021 to Jan 2023

Right of Way Acquisition Process – January 2021 to January 2023

Construction begins – 2023

Outcome

- Project is considered fully funded and will begin construction in 2023.
- City will continue efforts to lower local contribution (currently \$4M) and preserve more of the City's Public Improvement Revolving (PIR) Fund for local city improvements.

High Priority: Legislation to Extend Project Deadline (5 Year Rule) for Tax Increment Financing (TIF) District 14 (The COR)

A bill was introduced in the 2020 Legislative Session and was not heard due to (COVID-related) time constraints. The proposed legislation extends the deadline to approve projects funded by the TIF District. Typically, regardless of the duration of the district itself, projects must be approved within the first 5 years of the District. This includes incentives for qualifying private development activity as well as public improvements. Of key importance to this district is improvements to Bunker Lake Boulevard. Under a Joint Powers Agreement, the City is responsible for some improvements to Bunker Lake Boulevard (Anoka County took on initial improvements to Ramsey Boulevard and Sunfish Lake Boulevard). The second priority is making the NW quadrant of The COR 'shovel ready'. A significant amount of fill is necessary to make this land developable. Other, smaller improvements could also be funded by this account/district.

Outcome

Relative bills passed in the 2021 session:

- Five-year rule for redevelopment districts. Section 3 amends Minn. Stat. § 469.1763, subd. 3 to extend the five-year rule by three years for a total of eight years for redevelopment districts that were certified after Dec. 31, 2017, and before June 30, 2020. The five-year rule basically requires development activity for a TIF district to be finished within a five-year period that begins with certification of the district's original tax capacity. Effective for districts for which the request for certification was made after Dec. 31, 2017.
- Six-year rule. Section 4 amends Minn. Stat. § 469.1763, subd 4 to make a corresponding change to the six-year rule for those districts whose five-year rule was extended under section 3. Under the six-year rule, tax increment may only be spent in the sixth and subsequent years of a district to pay bonds issued during the first five years of the district, to pay contracts that financed improvements, to reimburse the developer for costs it paid to make improvements in the district during the first five years to decertify the district. Effective July 2, 2021.

High Priority: Sales Tax Exemption for Public Works Campus

A bill was introduced in the 2020 Legislative Session and was not heard due to (COVID-related) time constraints. The purchase of materials for the nearly \$17.3 million Public Works Campus are not exempt from the state sales tax without this legislation. The bill would exempt purchases made for the project, including those made in calendar year 2020 and 2021. This bill has been re-introduced in the 2021 session.

Outcome

- Bills were introduced in the House and the Senate and hearing held.

- Legislation provide sales tax exemption only for public safety projects (i.e., police and fire). The omnibus tax bill included a limited version of this bill that applies only to public safety facilities owned by local units of government.

High Priority: Sales Tax Exemption for **Water Treatment Plant**

Like the Public Works Campus, the purchase of materials for the proposed \$32-36.5 million Water Treatment Plant are not exempt from the state sales tax without this legislation. The bill would exempt purchases made for this project.

Outcome

- A bill was introduced and no action was taken.
- It is recommended that the City work with legislators to reintroduce a bill in 2022.

High Priority: State Funding for **Water Treatment Plant**

The City is requesting state funding to construct a water treatment plant being constructed to address a public health need in the city of Ramsey. The discovery of manganese by the Minnesota Department of Health in 2019 led the City to conduct a feasibility study for a water treatment plant to address the public health issue. The recommended action is to construct a \$32-36.5 million Water Treatment Plant to serve Ramsey Water customers. Construction is proposed to commence in the fall of 2021.

Outcome

- A bill was introduced and no action was taken.
- It is recommended that the City work with legislators to reintroduce a bill in 2022.

High Priority: Technical Correction of **Fire Relief Pension Bill**

The original legislation was approved in the 2020 legislative session and is in need of language revisions to facilitate the dissolution of the Nowthen/Ramsey joint fire services contract. After review by the MN Department of Revenue, Minnesota Legislative Commission on Pensions and Retirement, and the State Auditor’s office, it was determined that corrections need to be made to the legislation to address some administrative concerns before dissolving the Joint Powers Agreement. The City of Ramsey, the City of Nowthen, and the current Fire Relief Association are in agreement and will be submitting revised language in the next 30 days.

Outcome

- A bill was passed that addressed the issue.
- The City of Ramsey JPA with Nowthen for fire protection services is now fully dissolved.

Policy Priority:

Funding for Non-State Aid City Streets

ISSUE: Minnesota has over 141,000 miles of roadway, and more than 22,500 miles—or 16 percent—are owned and maintained by Minnesota’s 853 cities. The Minnesota Constitution limits eligibility for dedicated Highway User Tax Distribution Fund dollars to up to twenty percent of streets in cities with populations over 5,000 (147 of 853 cities). This means almost 85 percent of municipal streets are ineligible for Municipal State Aid (MSA) funds and must be paid with local funding. Funding challenges are compounded by city cost participation requirements in state and county highway projects, which divert resources from city-owned streets.

Maintenance costs increase as road systems age, and no city—large or small—is spending enough on roadway capital improvements to maintain a 50-year lifecycle. For every one dollar spent on maintenance, a road authority—and therefore taxpayers—save seven dollars in repairs. According to a report released in late 2012 by the governor’s Transportation Finance Advisory Committee, cities collectively need an additional \$400 million per year to bring city streets up to an economically competitive standard.

RECOMMENDATIONS: City streets are a separate but integral piece of the network of roads supporting movement of people and goods. Cities need greater resources and flexible policies in order to meet growing demands for street improvements and maintenance. The City of Ramsey supports:

- A. dedicated and sustainable state funding source for non-MSA city streets in large and small cities statewide;
- B. enabling legislation that would allow cities to create street improvement districts (similar to storm water districts or sidewalk improvement districts already allowed under Minn. Stat. § 435.44); and
- C. the creation of a new fund within the Local Road Improvement Program that would provide grants to cities burdened by cost participation requirements related to trunk highway and county state-aid projects.

Outcome

- A couple of local funding street funding bills were introduced and were not passed into law:
- Street improvement district authority HF 1565/SF 1998 (Rep. Steve Elkins, DFL-Bloomington, and Sen. Ann Johnson-Stewart, DFL-Wayzata) was a League initiative that would have provided authority for cities to establish street improvement districts to fund street maintenance, construction, and reconstruction. This bill was passed out of the House Local Government Division and did not receive a hearing in the Senate.
- Tab fee surcharge for city street funding No HF/SF 1335 (Sen. Jim Carlson, DFL-Eagan), was a League initiative that would have imposed a \$10 surcharge on license tab fees and on motor vehicle title transfers to be dedicated to city streets in large and small cities. It would raise \$57 million per year for this purpose. The bill was not heard in the House or Senate.

Policy Priority:

Metropolitan Council Governance

The issue of Metropolitan Council governance is an issue that the City Council has had an interest since 2016. The current City Council will be having additional discussions on this issue. Since this is an issue that is likely to continue into the future, the existence of this item as 2021 *Legislative Priority* reaffirms the City's interest in addressing governance of the Metropolitan Council.

Over the last couple of years, Anoka County and three other metropolitan counties, formed a coalition that advocated for a change in the structure of the Metropolitan Council. As part of that meeting, the Council received documents explaining the County position, and documents outlining the position of the Metro Cities organization.

Below are the points/observations:

- Consider options for a Metropolitan Council governance structure that may increase accountability and address concerns of regional stakeholders and policy makers.
- Consider opportunities for local communities to provide input on ideas before any legislative change in Metropolitan Council governance is made.
- Consider that the Metropolitan Council has provided financial support of past projects in the City of Ramsey:
 - Parking Ramp
 - Sunwood Drive
 - Center Street
 - Sunwood Townhomes (TH 47)
 - Sunwood Village
 - The Draw Park and Amphitheater
 - Rail Station
- The City of Ramsey expects to continue an ongoing partnership with the Metropolitan Council.

Recommendations:

- A. Any reform to the Metropolitan Council should ensure that the Metropolitan Council is a responsible, responsive, and accountable partner for regional development and progress; and
- B. That in order to recognize the responsibility that the Metropolitan Council has to local units of government, local governments shall have a decision role in the appointment process for representatives to the Metropolitan Council; or current elected representatives of local government should be considered as members.
- C. In order to promote the stability and continuity of governance, consider staggered terms of office for Metropolitan Council members.

Outcome

- No action was considered regarding this issue in the 2021 session.

Policy Priority:

Local Government Aid (LGA) and Fiscal Disparities

Local Government Aid for Ramsey has fluctuated (see chart below) from a high of \$396,382 in 2001, to the current level of \$0 in 2017. The basic formula was changed in 2014 and some level of LGA was restored for the next three years (approximately \$100,000 per year), however the same formula has now resulted in the elimination of all LGA for Ramsey and similar developing suburbs.

FY 2000 - \$359,771

FY 2001 - \$396,382

FY 2002 - \$303,894

FY 2003 through 2013 - \$0

FY 2014 - \$91,381

FY 2015 - \$110,352

FY 2016 - \$111,311

FY 2017 - \$0

FY 2018 - \$0

FY 2019 - \$0

FY 2020 - \$0

Fiscal Disparities: Former Anoka State Legislator Charles R. Weaver originally authored fiscal disparities legislation in 1971. It was created for the purposes of:

1. Providing a way for local governments to share in the resources generated by the growth of the metropolitan area without removing existing resources;
2. Promoting orderly development of the region by reducing the impact of fiscal considerations on the location of business and infrastructure;
3. Establishing incentives for all parts of the area to work for the growth of the area as a whole;
4. Helping communities at various stages of development; and
5. Encouraging protection of the environment by reducing the impact of fiscal considerations to ensure protection of parks, open space, and wetlands.

Fiscal Disparities affects cities, counties, special taxing districts, and school districts within the seven-county metro area. It has reduced tax base disparity throughout the seven-county metropolitan area to a level of 3-to-1 (instead of the previous 10-to-1). Historically, the City of Ramsey (and Anoka County) have been net recipients of fiscal disparities funding. Meaning, the amount of dollars Ramsey receives from the program is greater than the dollars Ramsey contributes to the program.

RECOMMENDATION:

Ramsey supports revision of the LGA formula that recognizes the needs of developing suburbs and restores LGA to developing suburbs for long-term capital needs. Any future 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.

The Ramsey City Council is in support of the Fiscal Disparities program. The Ramsey City Council opposes future diversion from the Fiscal Disparities Program to fund programs or projects that would contradict the purpose of the program. The City does not support efforts to exempt Ramsey (or Anoka County) from any future Fiscal Disparity program amendment discussions.

Outcome

- No changes were made to the LGA funding formula in 2021.
- The City should consider working with legislators to determine if there is an opportunity to revise the LGA formula in 2022 to provide greater resources to developing suburbs. The state is currently projecting a record budget surplus which could provide a point of discussion.
- A couple of LGA bills were introduced that may have impacted Ramsey, but failed to become law:
- LGA adjusted for unpaid local assistance costs HF 1052/SF 749 (Rep. Jim Nash, R-Waconia, and Sen. Bill Weber, R-Luverne) would have allowed cities that have not been reimbursed by another city for local assistance costs to submit an application for reimbursement through a reduction in the LGA of the recipient city.
- LGA minimum distribution HF 1096/SF 1238 (Rep. Jerry Hertaus, R-Greenfield, and Sen. David Osmek, R-Mound) would have provided for a minimum per capita LGA amount for all cities that otherwise would receive no LGA, and increased the LGA appropriation to cover the additional amount.

Policy Priority:

Governor's Executive powers and Local Control

Council members have expressed concern for the well-being of local business and the ability of local government (or local State Legislators) to have representation in decisions that affect the local economy and businesses. The City is supportive of legislation that strengthens the ability of locally-elected officials to determine issues of local control.

League of Minnesota Cities Statement on local control:

The increasingly complex and costly requirements necessary for cities to provide services to their citizens would benefit from a strong partnership between federal, state and local governments. This partnership should be based upon a shared vision for Minnesota and should allow individual communities to tailor that vision to the unique needs of their citizens without mandates and policy restrictions imposed by state and federal policy makers. The state should recognize that local governments, of all sizes, are often the first to identify problems and inventive solutions to solve them, and should encourage further innovation by increasing local control. The state should not enact initiatives that erode the fundamental principle of local control in cities across Minnesota.

Outcome

- Comprehensive review of COVID-19 response First Special Session Chapter 12 (HF 12/SF 2*) is the omnibus state government finance and policy bill. Article 2, section 21 is a 2021 Session Law that requests the legislative auditor to conduct a special review of the state's response to

COVID-19. The requirements specify topics for analysis, including programs to provide testing, vaccination, and public outreach; contracting and other state purchasing necessary to facilitate the response or to provide public services; and the methodology used in modeling and forecasting the course of the outbreak. The legislative auditor is required to make recommendations for process improvements for the state's response to a future infectious disease outbreak if programs, services, or activities were not efficient or were not successfully implemented. No effective date, only a request.

- Termination of peacetime emergency First Special Session Chapter 12 (HF 12/SF 2*) is the omnibus state government finance and policy bill. Article 2, section 23 is a 2021 Session Law that terminates the governor's COVID-19 peacetime emergency effective July 1, 2021, at 11:59 p.m. Effective July 1, 2021.

Possible 2022 Priority: Consider Ramsey for Inclusion in Metro Mobility

- Over the years some residents have expressed an interest in getting door-to-door Metro Mobility Service in Ramsey.
- City residents annually pays \$_____ pay to the Metro Transit Taxing District that the City was required to enter when the NorthStar Station was completed.
- Inclusion in the Metro Mobility service area requires a state statute and was last extended to the City of Lakeville in 2019. The cost of the service is covered by the state.