

State Revenues Show Uptick

The state revenue update for April 2018 shows revenues predicted to increase by \$252 million (11.5%) higher than forecast. The memo from the Office of MN Management and Budget notes that individual income and corporate taxes for April exceeded the forecast, while sales tax revenues were lower than forecast. Officials note that monthly revenue updates are subject to change and should be viewed with caution.

Capital Investment Bills Update

The Senate released an omnibus capital investment bill on Wednesday, [SF 4013 - Senjem](#). The Senate Capital Investment Committee heard and took testimony on the bill on Thursday. Metro Cities testified in support of several provisions in the bill. The bill totals \$825 million in general obligation bond spending, similar to the House's omnibus capital investment bill released last week. Click here for the Senate bill's [spreadsheet](#) and here for the [bill language](#). The Governor's capital investment recommendation totals \$1.5 billion.

Inflow-Infiltration

The bill includes \$3 million for inflow-infiltration mitigation assistance for cities in the metropolitan area supported by Metro Cities. The House capital investment bill contains \$5 million for inflow and infiltration mitigation, as does Governor Dayton's capital investment recommendation.

Transportation

The bill includes \$65.8 million in Local Road Improvement funds, with \$60 million available as grants. The Local Bridge Replacement Program receives \$15 million. The bill also includes \$1 million for Safe Routes to School, and \$5 million for the Local Roads Wetlands Replacement Fund. The Transportation Economic Development Infrastructure (TEDI) Program receives \$4 million.

Housing

The Senate bill includes \$85 million for affordable housing - \$5 million for public housing preservation and renovation and \$80 million in housing infrastructure bonds which can be used on privately-owned housing renovation and new unit development. The bill designates \$50 million of the infrastructure bonds to be used on housing to support people with behavioral health needs. Metro Cities testified in favor of increasing flexibility in the housing infrastructure bonds bill language, to allow the state to meet a wide range of local housing needs in communities.

The bill also adds eligibility for two new uses of housing infrastructure bonds. Housing for low-income seniors would be an eligible use as would the acquisition, improvement, and infrastructure of manufactured home parks. Bill language directs Minnesota Housing, to the extent practicable, to balance the loans made between projects in the metro and greater Minnesota.

The House [Capital Investment Bill](#) was heard in the Ways and Means Committee on Wednesday. The committee adopted two amendments to the bill of interest to Metro Cities. The first amendment included several changes, including an additional \$6 million for port development

assistance and creation of a joint powers association to study the impact of water quality regulation on municipal wastewater costs outside of the seven-county metro area. The second amendment includes language that is also included in HF 3138, the Transportation Finance bill, and includes the addition of \$145 million in trunk highway bonds to the Corridors of Commerce Program, \$75 million for trunk highway rail grade separations. The bill

https://www.revisor.mn.gov/bills/text.php?number=HF4404&version=latest&session=ls90&session_year=2018&session_number=0HF 4404 - Urdahl, passed to the floor to be taken up on Monday, May 14th.

The Governor's capital investment [proposal](#), which totals \$1.5 billion, was released earlier this session. Stay tuned for additional updates as the bills advance in the House and Senate.

Taxes Conference Committee Update

The Taxes Conference Committee began meeting this week to discuss the Senate and House omnibus tax bills. See the side-by-side comparison [here](#). The bills, as well as the Governor's tax proposal, provide for federal tax conformity, though the bills do so differently. In addition, the bills contain other provisions, including comprehensive changes to the property tax system on residential classifications. The bills include several provisions of interest and concern to Metro Cities. On Thursday, the Conference Committee adopted several provisions, including the Senate bill's provision to prohibit local excise taxes on food containers. Metro Cities opposes this provision. Metro Cities also opposes language in the House bill that modifies the process for enacting or renewing municipal franchise fees and a reverse referendum requirement for the leasing of public buildings. Metro Cities supports an expansion of the Angel investment credit included in the House bill, and a clarification also in the House bill that allows cities to levy for the purposes of a local historical society. Metro Cities has provided a letter to the committee to convey the organization's positions on provisions in the bills.

Metro Cities strongly encourages city officials to contact their local legislators, or members of the conference committee (**Senate conferees**: *Senators Chamberlain; Dahms; Anderson, P.; Pratt; Johnson / House conferees*: *Representatives Davids; McDonald; Hertaus; Erickson; Marquart*) to express opposition to the reverse referendum provisions contained in Article 7 of HF 4385.

Please contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org with any questions.

Metropolitan Council Governance Bill Passes Senate

SF 2809-Pratt, which modifies the structure of the Metropolitan Council and requires it to be comprised of local elected officials, eliminates the Transportation Advisory Board and expands the size of the Council from 17 to 29 members, passed the Senate on Monday. The bill was amended on the floor to require the Council to establish a technical advisory committee (TAC) composed of professional staff from local governments and agencies involved in transportation. The bill also contains staggered terms. Metro Cities opposes making up the Council of local officials and eliminating the TAB, and provided a letter for the floor. As the bill was debated, other amendments, including an amendment to provide for the direct election of Metropolitan Council and another to add a thirtieth member appointed by the Governor, were offered and defeated. The bill passed on a 36-27 vote. It was transmitted to the House, where it will be taken up on Tuesday. Similar governance language is also included in the House supplemental finance bill that is now in conference committee.

Questions? Contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org

Supplemental Finance Committee Reviews Policy Language in Bills

The joint conference committee on the omnibus supplemental budget bill met to review spreadsheets and review differences in policy language this week. Here are the links to [spreadsheets](#) (Governor, House and Senate) and [side by side language comparisons](#). The conference committee did not adopt any language and is expected to continue meeting over the weekend.

Constitutional Amendment for Transportation Funding Moves to House Floor

A bill that would put a constitutional amendment on the 2018 ballot proposing to dedicate automobile related sales taxes to transportation was passed by the House Ways and Means Committee and awaits action on the House Floor. [HF 4437](#) – Torkelson, would constitutionally dedicate all sales tax revenue on auto repair and replacement parts to transportation related purposes. The sales tax dedication would be under a phased in schedule from 2021 to 2024. The proposal would dedicate 4.5 percent of these funds to the Small Cities Assistance program. Debate on the bill became contentious, as lawmakers accused each other of not doing more to fund transportation in previous legislative sessions when majorities were controlled by one party or the other. The Senate version, [SF 3837](#) – Newman, is currently in the Senate Taxes Committee. Sen. Majority Leader Gazelka recently stated that it is not clear yet whether the measure has enough votes to pass the Senate.

Met Council Environment Committee Discusses 2019 Rates & Customer Forums

The Metropolitan Council Environment Committee heard a presentation on 2019 budgets, rates and customer forums at its meeting on Tuesday. The Met Council Environmental Services (MCES) projected budget will be \$300 million for 2019. The wastewater charge will be proposed to increase by 3.5%. Individual city rates vary from that figure, depending on usage. SAC fees are proposed to be held flat, as they have been for the last several years. The industrial strength charge is proposed to increase 3.4%, and the industrial permit fee by 3.5%. MCES staff noted a goal of keeping increases under 4%. For more information on, click [here](#) to see the presentation.

MCES staff will host municipal customer forums on **Thursday, May 24**, 9 -11 a.m. at the Minnetonka Community Center, and **Thursday, June 7**, 1:30 - 3:30 p.m. at the Eagan Community Center to discuss MCES' financial structure, budget trends and capital needs. The forums are open to city staff and elected officials. For more information, click [here](#). RSVP to Kristin Hess at kristin.hess@metc.state.mn.us or 651-602-1016. If you have further questions regarding budget, contact Ned Smith at ned.smith@metc.state.mn.us. The Council will adopt rates in July.

Met Council Approves Wastewater Reuse Amendment

The Metropolitan Council approved an amendment to the Water Resource Policy Plan (WRPP) to address wastewater re-use projects and criteria on Wednesday. The amendment is a result of the work of a Wastewater Reuse Policy Task Force that reviewed regional wastewater reuse policies and made recommendations to address potential opportunities and regional/local partnerships for re-use opportunities. Metro Cities participated on the task force and submitted comments on the proposed amendment. To view a previous article on the Task Force, click [here](#).

The amendment approved includes: (1) setting reclaimed water cost on a case by case, cost of service model, (2) having the Metropolitan Council cooperate and partner with local communities, and (3) pursuing non-Council funding for re-use opportunities. The amendment would apply a regional cost share to a project based on identified benefits to the wastewater system, or because the project would be inhibited by a prolonged water appropriation permit process. The amendment would cap the regional cost share at 0.75% of total annual municipal wastewater charges.

To view the public comments, [click here](#). For more information on the amendment, [click here](#).

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

Metropolitan Council Approves Comp Plan Amendment Deadline Extension

The Metropolitan Council approved revising the deadline for amendments to 2030 comprehensive plans at its Wednesday meeting this week. Communities planning for upcoming amendments to existing local comprehensive plans notified Metro Cities and the Council that the deadline on amendments would be challenging.

[The proposal](#) that was approved revises the June 30, 2018 deadline for review of amendments to 2030 comprehensive plans to December 31, 2018. The deadline was proving challenging for several cities facing logistical and development challenges due to the Council's policy, which in effect could have disallowed comp plan changes for six or more months depending on when a city submits its 2040 plan.

If you have concerns, or need more information, please contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org.

Metro Cities Policy Committees

It's time to join Metro Cities' Policy Committees! Policy Committees meet in July, August, and September and cover four different policy areas: Transportation and General Government, Municipal Revenues, Metropolitan Agencies, Housing and Economic Development. Policy Committees recommend legislative policies for the next legislative session, and those policies serve as a foundation for our work at Metro Cities. Being part of a Policy Committee is a great opportunity for your city to have a voice in the processes for the policies as well as at the legislature. **Please note there are NEW times for committees, as well as a NEW date change for the Housing and Economic Development Committee.**

Policy committees are open to city staff as well as elected officials and the form to sign-up can be found on our [website](#). Whether you are new to the process or have participated in a committee in the past, we welcome your participation in one or more of the committees in 2018.

Changes This Year:

- **Committees will meet either Monday, Tuesday, or Wednesday in the morning from 9:00-11:30 am or the afternoon from 1:00-3:30.** We hope this change will be beneficial for planning your schedules! The committees and dates are listed on our website here, and updates and additional information will be posted on these pages as it becomes available.
- **This year we ask that you actively sign up for the committee(s) you wish to attend, even if you have been on the committee in the past.** You are NOT automatically signed up for this year if you were on a committee last year. This will help us keep our rosters current and correct!

All meetings take place at the Metro Cities/League of MN Cities building at 145 University Avenue West, St. Paul.

Please consider serving, and encourage other staff and officials within your city to do the same!

Email or call Kimberly with questions at kimberly@metrocitiesmn.org or 651-215-4004.

Metro Cities Breakfast at the June LMC Annual Conference

If you're attending the 2018 LMC Annual Conference in June in St. Cloud at the Rivers Edge Convention Center, plan to join your metro colleagues for breakfast on Friday, June 22nd at 7:30

am. This is a great chance to mingle with other Metro Cities members and to hear a brief update from Metro Cities staff.

If you're able to join us, please let Kimberly know at 651-215-4000 or kimberly@metrocitiesmn.org.

We hope to see you there!

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

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