



Save the Date for Metro Cities' Annual Meeting!

Mark your calendars for the Metro Cities Annual Meeting on **Thursday, April 16** at the Como Park Zoo and Conservatory, Bullard Rainforest Auditorium. The evening will start with a social hour, followed by guest speaker Rick King, Chair of the Metropolitan Airports Commission. The evening will wrap up with a brief business meeting to elect members and officers to the Board of Directors.

All member city elected officials and staff are welcome, simply RSVP to kimberly@metrocitiesmn.org. Flyers with Board election information will be mailed to each city in March.

Questions or wish to RSVP? Contact Kimberly at 651-215-4000 or kimberly@metrocitiesmn.org.

Legislative Update

Today marks completion of the fourth week of the 2020 legislative session. The House and Senate recently agreed to amend joint legislative rules to extend the first policy committee deadline to March 20, from March 13. The second and third deadlines remain the same. Hundreds of bills have been introduced this session. Bills of note and interest to Metro Cities that have been introduced this week are included at the end of this newsletter.

Several bills that relate to local building inspections, zoning, park fees and permit costs have been introduced that would be highly consequential for local decision-making authority. Details on the bills and hearing activity is included in this newsletter. In addition, a bill [HF 3621](#)-Elkins that would create state standards for autonomous personal delivery devices and would preempt local authority to regulate these devices, has been introduced. Metro Cities recently met with FedEx, the proponents of this legislation, and expressed concerns with the bill. For more information on the device, click [here](#). No hearing has been scheduled.

Governor Walz is expected to release his supplemental budget recommendations next week.

Housing / Building Bills

Bills relating to housing regulations, permit and development costs and fees, city inspections, city roles in housing, and state bonds for creating new housing were heard in eight separate legislative committee hearings this week. Metro Cities and several city officials testified on bills that have a city nexus, including several that would preempt local roles and decision-making authority.

Contact Charlie Vander Aarde at 651-215-4001 or charlie@metrocitiesmn.org with any questions.

Infrastructure Accountability & Street Impact Fees: HF 2296 – Tabke

Legislation to provide statutory clarity for infrastructure needed as a result of new residential development received its first bill hearing this week. The House Local Government subcommittee heard HF 2296, a city-supported initiative to respond to recent Minnesota court decisions finding cities lacked the explicit authority to charge what are sometimes referred to as street impact fees.

The subcommittee discussion focused on who should pay for growth and development in a community. Metro Cities' policies recognize that cities should make those decisions, and many cities have policies in place to support growth paying for itself. Rep. Brad Tabke's bill, as well as the companion bill introduced by Senator Eric Pratt, would statutorily clarify that authority. City officials from Prior Lake and Rochester testified in support of the bill. The bill passed the subcommittee and was referred to the House Government Operations committee. A Senate hearing has not been scheduled.

Municipal Construction Permit Fees Cost Per Square Foot Basis: [SF 3793 - Koran](#)

This bill would require fees for building permits, including any inspection fees that are adopted by a municipality, to be based on a cost per square foot. The bill was amended in committee to be more narrowly applied to single-family or multifamily residential structures with four dwelling units or fewer. Metro Cities, the League of Minnesota Cities and a building official from the City of St. Louis Park testified in opposition to the bill, explaining cities set fees based on valuation, the state directed proxy for the complexity of building inspections. The bill passed the Senate Agriculture and Housing Policy committee and was referred to the Senate Jobs Committee.

Municipal Construction and Development Fee Revenue and Expenses Annual Report Modification: SF 3795 – Draheim

The reporting form that is the subject of this bill is a statutory requirement for cities that collect more than \$5,000 in construction and development related fees in a year. Cities are required to submit the form to the Department of Labor and Industry by June 30 of each year. The bill would raise the threshold to \$7,000 and require all cities to complete the form. If a city did not collect at the fee revenue threshold it would check a box indicating so.

Metro Cities initiated conversations with the Department of Labor and Industry (DLI) prior to the 2020 legislative session to discuss changes to the form. Metro Cities, the League and the agency have shared goals such as providing clarity and consistency, including clarity on written direction from DLI to cities on how to fill out the form, expectations, level of detail, and what costs and expenses to include.

The bill as introduced is prescriptive in several areas. Rather than a prescriptive legislative solution, Metro Cities supports reviving the method used in creating the original form, and formation of a working group of city and agency officials to recommend changes. Metro Cities has committed to working with the bill's author, Senator Draheim, on a process to revise the form that works for interested parties. The bill passed the Senate Jobs Committee on March 4 and was referred to the Senate Local Government Committee where it will be heard March 10.

Municipal Housing Agencies Grant Applicants Modification: SF 3789 – Koran

This bill requires a city to accept an application to the Minnesota Housing Finance Agency for a project as their application for local housing money for the same project. It also prohibits a city from issuing a late fee fine to a nonprofit that receives city money for low-income housing. Metro Cities testified with concerns on the bill as it reduces local control and complicates city reviews of local housing fund applications. The bill may require a city to review two different applications for the same local funds. Metro Cities received feedback from cities that issue housing awards that late applications are not fined but rather are not considered for that funding round. The bill passed the Senate Agriculture & Housing Policy Committee and will be heard by the Senate Local Government Committee on March 10.

\$500 Million in Housing Infrastructure, GO Bonds, Including Shelter: HF 3326 – Hausman, HF 3358 – Hassan / SF 3599 – Utke

The Capital Investment committees have begun hearing requests for state bonding funds. The House capital investment committee heard two bills this week that would raise \$500 million between general obligation bonds and housing infrastructure bonds to support a range of housing

programs administered by Minnesota Housing. Using HIB funds to build shelters for Minnesotans experiencing homelessness was a new use considered by the House Capital Investment committee and Senate Agriculture & Housing Finance Committee. Metro Cities supports additional state resources to support a range of local housing needs.

Municipal Planning and Zoning Controls Limitation: SF 3886 – Draheim

A bill that would have significant effects for local zoning and planning controls was debated by the Senate Agriculture & Housing Policy Committee on March 5. The bill would put into state law several requirements and/or prohibitions for local officials related to residential development:

- Requires the 60-day rule to apply to building permits;
- Prohibits cities from requiring a Planned Unit Development Agreement (PUD) if the development complies with zoning ordinances or subdivision regulations;
- Prohibits conditioning the approval of a building permit, subdivision development or PUD on the use of specific materials, amenities or other aesthetic conditions not required by state building code;
- Prohibits cities from requiring more than one garage for single family dwellings; and
- Encourages cities to facilitate development of unsubsidized affordable housing into their comprehensive plan, including smaller lot sizes for single family homes, allowing duplexes/triplexes or fourplexes onto lots otherwise zoned for single family, and allowing mixed use development.

Metro Cities, the League of Minnesota Cities and officials from the City of Hugo opposed the bill in testimony that explained how cities use flexible land use and zoning policies to respond to and meet a range of community-identified needs. The bill passed and was referred to the Senate Local Government committee.

Prohibiting Use of Certain Building Inspectors: SF3796 – Koran

A bill that would remove state mandates on local building officials was heard and passed by the Senate Agriculture & Housing Policy committee on March 5. The bill would generally prohibit city building inspectors, unless a city adopts an ordinance requiring their use. If a city adopts such an ordinance, the bill as introduced would make the city liable for a negligent inspection if the inspector acted within the scope of work, and the inspector's action or omission of an action caused injury, loss of property, personal injury or death. The liability provision was removed and the bill amended to include a provision that would require a city inspection within two days of a request. If the city could not meet that two-day deadline the applicant may use their own building inspector to conduct the inspections necessary for issuance of the building permit.

Metro Cities, the League and a building official from the City of St. Paul testified in opposition to the bill, noting the conflict of interest created when a builder can hire their own inspector. The bill was referred to the Senate Jobs Committee.

Housing Action Alerts, Capitol Visits and Testimony

Thank you to city officials who responded by contacting their legislators in response to bill alerts, and thank you to Bryan Bear from Hugo, Brian Hoffman from St. Louis Park, Mayor Kirt Briggs from Prior Lake and Steve Ubl from St. Paul who provided testimony on bills this week. Your presence, testimony and feedback on specific bills and how they affect cities is important and impactful. As further bills are considered, continued contacts to your legislators is critical and appreciated.

Please contact Charlie Vander Aarde at 651-215-4001, or charlie@metrocitiesmn.org, with any questions.

Senate Finance Committee Passes Funding to Address Coronavirus (COVID-19)

The Senate Finance Committee passed legislation ([SF 3813](#) - Relph) that would transfer money from the State's general fund to the public health response contingency account to address the coronavirus (COVID-19). Funds would be accessible to the MN Department of Health (MDH). Officials from MDH provided [background information](#) on anticipated effects of the coronavirus, and the areas in which they would plan to allocate the funds. Uses would include costs related to increased staffing, lab testing, efforts at the local level through public health departments, and the purchasing of personal protective equipment.

Individuals representing hospitals and health systems also provided testimony. The Minnesota Hospital Association made the case that more money was needed for the 20 percent of coronavirus cases that require hospitalization, saying that hospitals are full due to influenza and more space and equipment will be needed throughout the state should the pandemic reach Minnesota. The final bill language kept the money's use restricted to the MN Department of Health and its local government partners, but senators expressed a willingness to consider funding for hospitals in separate legislation.

On Thursday, the committee passed [SF 3813](#) with a transfer of \$20,889,000, which is the amount requested by the MN Department of Health. There is a bill moving in the House that was discussed in the House HHS committee but not acted upon. The value of the appropriation for the bill has not been determined.

The League of MN Cities has issued information to assist cities with local responses to COVID-19: <https://www.lmc.org/news-publications/news/all/pandemic-response/>

Senate Bill on Primary Election Data

A second bill concerned with protecting political party preference data collected during the presidential primary election was heard in two Senate committees. [SF 3482](#) - Kiffmeyer restricts the use of this information, once given to party chairs, to elections and political activities. The bill protects the data from improper use through the Data Practices Act and clarifies certain penalties individuals face if they violate these restrictions.

Senators in both committees argued that 'elections and political activities' was too broad a term to place meaningful restriction on the data's use. Unlike [HF 3068](#) - Dehn, this bill does not allow voters to choose that their information be removed from the party preference lists.

The bill passed in party line votes out of both committees and is now waiting to be heard on the Senate floor.

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

Vehicle Registration Modification Bill Passes Senate Transportation Committee

The Senate Transportation Committee passed [SF 3497](#)- Kiffmeyer, a bill that makes changes to vehicle registration fee calculations. This bill is the companion to [HF 3547](#) – Tabke. The House bill passed the House Transportation Committee last week. The changes in the bill are based on recommendations by a Vehicle Registration Task Force.

The legislation proposes to change the base amount calculation used to determine registration fee amounts so as not to include a vehicle destination charge, and to base the registration amount to the vehicle's Manufacturers Suggested Retail Price (MSRP) value. The bill also calls for removing

statutory language that does not allow the state to correct an erroneous tab fee amount if it will raise the amount a vehicle owner paid the previous year. This bill as currently drafted would result in an estimated decrease to the Highway User Tax Distribution Fund (HUTDF) by \$3.7 million in FY 2021, and \$12.8 million in the 22/23 Biennium. A fiscal note on the bill that was provided at the hearing shows a \$316,000 decrease in Municipal State Aid (MSA) in 2021, and a decrease of \$1.9 million in FY 2022-23. Both authors have expressed their intention to amend the bill so that it does not have a negative impact on the HUTDF or MSA funds. The bill was passed to the Senate Taxes Committee.

Metro Cities is monitoring this legislation and will provide further information and updates. Questions? Please contact Steven Huser at steven@metrocitiesmn.org or 651-215-4003.

Metropolitan Council Accepting Regional Solicitation Applications

The Metropolitan Council has released the 2020 Regional Solicitation and is accepting applications for federal transportation funding until April 16, 2020, at 4 pm. After technical experts from across the region rank and score the projects, the Transportation Advisory Board (TAB) will recommend projects for funding in late 2020. Approximately \$180 million in federal transportation funds will be available for allocation in 2024 and 2025.

Eligible metro-area applicants include the seven counties, cities and townships, state agencies, American Indian tribal governments, transit providers, and non-profit organizations (TDM applications only).

To learn more about the Regional Solicitation and to apply online, please visit the [Regional Solicitation website](#).

Projects will be selected from 11 application categories:

1. Strategic Capacity (Roadway Expansion)
2. Roadway Reconstruction/Modernization
3. Roadway Spot Mobility & Safety
4. Traffic Management Technologies (Roadway System Management)
5. Bridge Rehabilitation/Replacement
6. Multiuse Trails and Bicycle Facilities
7. Pedestrian Facilities
8. Safe Routes to School
9. Transit Expansion
10. Transit System Modernization
11. Travel Demand Management (TDM) (2022 and 2023 funds)

Council staff have added an additional training session for **Tuesday, March 10, at 2:00** at the Metropolitan Council, 390 Robert St. in Saint Paul, in the Lower Level Room C Computer Lab on the dates below. Please contact Elaine Koutsoukos at 651-602-1717 or Elaine.Koutsoukos@metc.state.mn.us, TAB Coordinator, to reserve your computer station.

Questions about the Regional Solicitation can be directed to Elaine Koutsoukos at 651-602-1717 or elaine.koutsoukos@metc.state.mn.us.

Water Quality Fee Increase Comment Deadline Approaching

The Minnesota Pollution Control Agency (MPCA) has released a set of proposed amendments for public comment relating to rules that govern water quality fees. **The public comment period for this notice closes at 4:30 next Friday, March 13, 2020.** The MPCA is requesting comments on proposed amendments to rules in Chapters 7002 and 7083 that govern water quality fees. This includes fees for municipal and industrial wastewater permits, municipal wastewater variances, municipal stormwater permits, feedlot permits, and subsurface sewage treatment systems. A concept document with information about the plan to adjust fees is available [here](#).

The MPCA stated that their goal in the proposed amendments, with respect to increases in each fee area, is to cover 30% of agency costs for administering each program. This includes proposing to increase both municipal separate storm sewer systems (MS4) permit fees and municipal wastewater permit fees. MS4 permit fees are currently \$400 every five years. Under the MPCA proposal, MS4 fees will be changed to an annual fee and be based on city population. The chart below is the proposed fee structure by city population:

City Population	Proposed Annual Fee
1,000 or Less	\$500
1,000 - 3,000	\$1,000
3,001 - 10,000	\$2,000
10,001 - 30,000	\$4,000
30,001 - 50,000	\$6,000
50,001 - 75,000	\$9,000
75,001 - 100,000	\$12,000
Over 100,000	\$18,000

The notice is available at the MPCA [public notice webpage](#). Additional information about this rulemaking, stakeholder meetings and how to submit comments is available on the [Water Quality Fee Rule webpage](#).

Please contact Steven Huser at 651-215-4003 or email steven@metrocitiesmn.org with any questions.

Bills of Note

[HF 3943](#), Lippert: Bill requires a report on ways to ensure sustainability of groundwater and surface water.

[HF 3944](#), Fischer: Bill appropriates funds to develop network for monitoring unregulated contaminants in sources of drinking water.

[HF 3948](#), Fischer: Bill appropriates money to study storm water retention and infiltration.

[HF 3974](#), Becker-Finn: Bill authorizes a county to establish speed limits under certain circumstances.

[HF 3982](#), Vang: Bill establishes a grant program to provide financial assistance to cities to address climate change.

[HF 3994](#), Carlson, L. Bill proposes an amendment to the Minnesota Constitution adding a provision to allow the legislature or presiding officers to call a special session.

[HF 4015](#), Elkins/[SF 4064](#), Draheim: Bill limits certain municipal regulations on residential development such as prohibiting municipalities from requiring land dedication fees or other fees not authorized in statute. The bill caps park fees and requires municipalities to maintain records on the collection and spending of such fees.

[HF 4018](#), Carlson/[SF 4066](#), Rosen: Bill extends the state aid to local governments to fund increased employer contributions to the Public Employees Retirement Association.

[HF 4019](#), Stephenson/[SF 3816](#), Koran: Bill charges the Minnesota Housing Commissioner with adopting rules that base building permit and inspection fees on square footage. The bill also

prohibits municipalities from intentionally refusing to contract with an independent contractor because that contractor reports a violation of these rules.

[HF 4027](#), Hausman/[SF 3801](#), Draheim: Bill authorizes the use of housing infrastructure bonds for single family houses.

[HF 4045](#), Sundin: Bill appropriates money for local government roads wetland replacement.

[HF 4053](#), Drazkowski: Bill changes law on Local Government Aid so that the amount of any over payment in aid will be taken out of the following year's aid for that city.

[HF 4068](#), Runbeck: Bill requires deployment of peace officers for each light rail transit train in operation, authorizes arrest for violations of public nuisance and crimes.

[HF 4074](#), Acomb/[SF 3932](#), Anderson: Bill extends sales tax exemption for purchases made by the city of Minnetonka for improvements to their public safety facilities.

[HF 4084](#), Nash: Bill adds language governing how the Secretary of State's office deals with vendors and requires the secretary of state to engage a security expert to assess the office's data exchange partnerships with counties, cities, and other partners.

[HF 4087](#), Marquart: Bill reestablishes the Council on Local Results and Innovation and modifies program requirements.

[HF 4103](#), Runbeck/[SF 3973](#), Chamberlain: Bill requires first class cities to dedicate a portion of their Local Government Aid to fund new positions for peace officers.

[HF 4108](#), Mahoney: Bill makes materials purchased for the construction of a water treatment facility in St. Paul exempt from sales tax.

[HF 4153](#), Gomes: Bill restricts state and local officials, including city officials, from cooperating with federal immigration enforcement efforts.

[SF 3837](#), Chamberlain: Bill modifies local government debt financing by adding transportation or transit projects to list of acceptable use of proceeds.

[SF 3843](#), Chamberlain/[HF 3389](#), Marquart: Bill makes several changes to tax law, including some technical changes to property tax exemption language.

[SF 3886](#), Draheim: Bill prohibits municipalities from requiring planned unit development agreements with conditions that exceed the requirements of the State Building Code. Bill also limits municipalities from approving building permits based on aesthetics (materials, design, amenities). Finally, the bill prohibits municipalities from requiring more than one garage for a single-family home.

Metro Cities News is emailed periodically to Metro Cities member mayors, councilmembers, city managers/administrators, and city staff to keep officials and staff abreast of important metro city issues.

If you'd like to sign up to receive Metro Cities News, please email newsletter@metrocitiesmn.org and provide the following: Name, Title, Employer and Email address. Thank you!

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