



Metro Cities Annual Meeting is Next Week: Mark Your Calendar!

Metro Cities Annual Meeting will be held next **Thursday, April 30, 2020 at 4:00 pm**. The meeting will be conducted remotely. Elections of Metro Cities Board officers and Board members will be conducted, and Metro Cities' President Mark McNeill and President-elect Myron Bailey will provide remarks. The Nominating Committee's recommendations for officers and Board members was emailed to city officials. A quorum of members is required to conduct elections. Call-in instructions to this meeting as well as a meeting agenda will be provided next week in advance of Thursday. Please plan to attend! RSVP to Jennifer Dorn at jennifer@metrocitiesmn.org. Questions? Call 651-215-4000.

Senate Taxes Committee Hears Bill that Includes 4d, TIF Modifications

The Senate Taxes Committee heard legislation, [SC7523](#), Thursday, that would expand the class rate for 4d low income rental property at 0.25%. Under current law, the class rate is 0.75% on the first tier of value (currently \$162,000) and 0.25% for values exceeding the first tier for each unit. SC7523 also modifies the uses of tax increment financing (TIF) increment during a peacetime health emergency to allow a TIF authority to provide loans or other assistance to private businesses. The bill would mandate forgiveness of any loans by the authority to a business.

Metro Cities provided a letter to the Taxes Committee that expressed the organization's support for an evaluation of the 4d program prior to expanding it, and expressed support for TIF increment flexibility, and concern about mandating the forgiveness of any loans by a local TIF authority to a private business. Metro Cities' letter encouraged the committee to consider broader temporary flexibility in the use of increment to assist local officials as they address critical revenue challenges resulting from the COVID-19 pandemic. Metro Cities is working with other city organizations on possible legislation to provide this flexibility, as well as temporary flexibility in the uses of special local taxes. Questions? Contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org

Federal Guidance for Federal Coronavirus Relief Fund

This week, the US Treasury released long awaited [federal guidance](#) on the distribution of federal CARES Act funding. Minnesota has received roughly half of its allocation under the Federal CARES Act. Metro Cities' understanding of this funding is that a portion of these funds should be distributed to local governments, although there is no direct allocation to local governments beyond those with over 500,000 in population. In Minnesota, qualifying local governments for that funding are Hennepin and Ramsey counties.

Metro Cities has been asked by state policymakers to provide feedback on local costs that could be eligible for funding under the CARES Act and has provided information in support of a portion of this funding for local governments, in a manner that addresses a range of local COVID-19 costs, and for any funds to be distributed efficiently. Funds under the CARES Act must be used for direct COVID-19 expenses, cannot be used for expenses previously budgeted for, and is for costs incurred between March 1, and December 31, 2020. Funds cannot be used to address revenue

shortfalls. Stay tuned for further updates. Metro Cities is continuing to advocate for federal and state support for cities, including federal bills under consideration that would address revenue shortfalls.

The information provided by city officials to the Metro Cities' survey has been useful to the organization's efforts in advocating for local government needs associated with the pandemic and is greatly appreciated.

Pandemic Unemployment Payments

DEED announced it has begun making payments to people who are self-employed, independent contractors, and other eligible recipients not eligible for regular unemployment benefits. Pandemic Unemployment Assistance (PUA) is a new program authorized by Congress in the federal CARES Act.

If your city is hearing from residents who applied and were denied, DEED advises them not to do anything else. Payments will be made unless a request for additional information is needed. Applicants will receive information about benefits in their online account, by email, and by mail. Applicants who receive PUA benefits will also receive the \$600/week additional payment. More information can be found [here](#) and [here](#).

Housing Assistance Bill Heard in Senate Committee

The Senate Agriculture and Housing Committee debated a bill on April 22 that would provide \$30 million for housing assistance. A House committee debated a similar proposal earlier in the week to fund assistance at \$100 million. More information on that hearing can be found in the [April 22 Metro Cities News](#).

The Senate bill, [SF 4495-Westrom](#), also includes a 60-day moratorium on evictions and foreclosures, beginning March 24, 2020. The bill allows the Governor to extend the eviction moratorium an additional 30 days. Eligibility for housing assistance is for households affected by COVID-19 with a reduction in income of 15 percent or more and with a current gross income under 300 percent of federal poverty guidelines. The bill funds the Family Homeless Prevention and Assistance Program; funds can be used for rent payments, mortgage payments, lot rent in manufactured home parks, property taxes, homeowner association dues, homeowner insurance payments, contract for deed payments, and utility payments.

Minnesota Housing Commissioner Jennifer Ho also discussed the governor's language in [Executive Order 20-14](#) that states the eviction suspension does not relieve a tenant's obligation to pay rent.

No vote was taken. Metro Cities policies support state funding for housing assistance and staff provided a letter to the committee to this effect. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-366-7564 with any questions.

Small Business Assistance Funds Approved by Jobs Committees

The House and Senate Jobs Committees debated proposals to replenish funds for the Small Business Emergency Loan Program. The DEED-administered program was funded by the state in March with a \$30 million appropriation for businesses impacted by Executive Orders [20-04](#) and [20-08](#). The program utilizes the state's Emerging Entrepreneur Loan Program network of lenders

to distribute loans across the state. \$17 million has been loaned, with the number of awards evenly split between the metro and greater Minnesota.

The House proposal, [HF1507 as amended by the DE2 amendment](#), would resupply the Small Business Emergency Loan Program with \$50 million. The \$50 million would come from the state's CARES Act appropriation from the federal government, or, if that money is not available prior to May 15, 2020, the state general fund. The House bill tailors the aid to various sizes of small businesses. Of the \$50 million, the following specific allocations are in the bill:

- \$11 million is available only to businesses employing no more than the equivalent of six full-time persons in Minnesota. The terms of these loans will be the same as those under Executive Order No. 20-15, except that:
 - (1) the maximum loan amount is \$15,000;
 - (2) payments on loans are deferred for 12 months instead of six; and
 - (3) up to 100 percent of the loan may be forgiven if the commissioner approves and the business continues operating in the community at substantially the same levels for two years following loan disbursement.
- \$8 million is available only to businesses employing the equivalent of at least seven but not more than 20 full-time persons in Minnesota. The terms of these loans will be the same as those under Executive Order No. 20-15, except that:
 - (1) the maximum loan amount is \$20,000;
 - (2) payments on loans are deferred for 12 months instead of six; and
 - (3) up to an additional 25 percent of the loan may be forgiven if the commissioner approves and the business continues operating in the community at substantially the same levels for a third year following loan disbursement.
- \$10 million is available only to: (1) minority business enterprises, as defined in Minnesota Statutes, section 116M.14 subdivision 5; or (2) operators of permanent indoor retail space that has a strong ethnic cultural orientation and is leased primarily to very small businesses. The terms of these loans will be the same as those under Executive Order No. 20-15, except that for loans under clause (2):
 - (i) there is no maximum loan amount;
 - (ii) payments on loans are deferred for 12 months instead of six;
 - (iii) up to an additional 25 percent of the loan may be forgiven if the commissioner approves and the business continues operating in the community at substantially the same levels for a third year following loan disbursement, however, no part of the loan may be forgiven unless the loan recipient has offered forgiveness of at least 50 percent of rent due from existing vendors during the COVID-19 peacetime emergency; and
 - (iv) loan funds must be used primarily for maintaining existing vendors as tenants, such as through full or partial forgiveness of rent during the COVID-19 peacetime emergency.

The Senate proposal, [SF4481 – P. Anderson](#), expands the Small Business Emergency Loan Program to businesses that were directly and adversely affected by the COVID-19 peacetime emergency under Executive Order 20-04, 20-08, or [20-09](#). The business must demonstrate its eligibility to the lender.

The bill is funded from two sources: \$20 million in fiscal year 2020 from the general fund and \$10 million from the federal CARES Act. If the federal money is not available by May 1, 2020 then \$10 million in fiscal year 2020 is appropriated from the general fund.

The bill requires of the \$10 million appropriated, \$5 million is for grants to be awarded in greater Minnesota by the Minnesota Initiative Foundations and \$5 million is for grants to be awarded to businesses in the seven-county metropolitan area. Grants to individual businesses may be up to

\$10,000 to a business that is located in Minnesota, employs the equivalent of ten full-time employees or less, and can demonstrate financial hardship as a result of the COVID-19 outbreak.

The bill sets aside \$2 million (\$1 million for grants in the metro, \$1 million for grants in greater Minnesota) to be used to make grants to individual businesses located in Minnesota that employ four full-time workers or less, have a combination of assets and annual sales for the most recent calendar year of less than \$250,000, and can demonstrate financial hardship as a result of the COVID-19 outbreak. Grant funds should be used for working capital to support payroll expenses, rent, mortgage payments, utility bills, and expenses that occur in the regular course of business.

The House bill passed the committee and was sent to the House Ways and Means committee. The Senate bill passed the committee and was sent to the Finance committee. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-366-7564 with any questions.

Contamination Cleanup Applications Due May 1

The DEED Brownfields and Redevelopment Unit is accepting applications for grant funding for contaminated site projects through the Contamination Cleanup and Investigation and RAP Development grant program. Approximately \$4 million is available. The grant notification [can be found here](#). Program [details here](#). The deadline for submission of applications is 4:00 p.m., May 1, 2020. No late proposals will be considered. DEED is accepting applications through the mail as well as drop-offs at its downtown St. Paul office. Contact Kristin Lukes at Kristin.lukes@state.mn.us or 651-230-3274.

Governor's COVID-19 Briefings

Below are highlights from this week's Wednesday, Thursday, and Friday briefings from Governor Walz. See the state's [COVID-19 web page](#) for the latest specific health data.

Wednesday:

The briefing Wednesday focused on a new "Minnesota Model" partnership between the State, the Mayo Clinic and the University of Minnesota to increase testing capacity. Jakub Tolar, Dean of the U of M Medical School and Dr. William Morice II from the Mayo Clinic spoke about their roles in this process and Andrea Walsh, CEO of HealthPartners, offered some perspective from the health provider's point of view.

A goal is to have a central lab to process tests. Often health care providers have testing supplies but nowhere to send samples with the assurance of receiving timely results. By using the Mayo Clinic's lab there is a central location for samples to be sent. In addition, local providers with the capacity to run tests and process results will be encouraged to do so and the Mayo/U of M team will be working to support those efforts. There will be a virtual command center established to facilitate the coordination needed to run a statewide testing system and to help officials have a better idea on the number of infected individuals and locations. The group hopes to be able to reach 20,000 molecular and 15,000 serologic tests a day. A website will be launched showing locations where people can be tested if they are symptomatic.

Thursday:

Governor Walz announced two new Executive Orders. Click [HERE](#) for Thursday's slides. [Executive Order 20-40](#) allows workers in certain non-critical sectors to return to work, and [Executive Order 20-41](#) extends distance learning in Minnesota's schools until at least the end of this school year.

[Executive Order 20-40](#) allows certain industrial, manufacturing, and office-based businesses to return to work under a certain set of requirements. The business cannot be customer-facing and they must develop a COVID-19 Preparedness Plan. The order maintains that anyone who can work from home must continue to do so and that employees reporting for on-site work undergo health screenings to prevent sick workers from entering the workplace. Other measures like social distancing and appropriate cleaning and disinfection protocols should also be included. See the text of the Order and the [DEED website](#) for more information.

Friday:

The briefing focused on the decision to extend distance learning for Minnesota schools through the end of this school year. Lt. Governor Flanagan spoke about the exacerbation of certain disparities as instruction has moved online. Students with limited or unreliable access to broadband internet are having difficulties connecting with their teachers and peers. The briefing also included contributions from a 5th grader, a senior in high school, and two teachers. The students and teachers shared their experiences with distance learning as well as their hopes and concerns for the remainder of this school year and beyond.

The Governor also provided general updates and discussed a phone call with Vice President Pence and a number of other governors from across the country. On the call Vice President Pence commended Minnesota for its efforts and ingenuity. The Governor also participated in a webinar hosted by the League of MN Cities Friday to address the concerns of city officials around COVID-19 funding. Finally, the Governor confirmed the launch testing specific resources on the state's COVID-19 website where the public can use a [self-screening](#) tool to determine whether or not they need a test. If a test is needed, individuals can use a map to find the [nearest testing location](#).

House Committee Passes Elections Bill

The House State Government Finance Committee heard [HF 3499 Nelson](#), a bill to appropriate Help America Vote Act (HAVA) funding. The bill, which was amended, allows local governments to adopt the following practices:

- 1) designate new polling places, up until July 1, 2020;
- 2) deputize employees of health care facilities and hospitals to administer absentee voting to residents or patients of those facilities. Under current law, only trained election judges are able to perform this task; and
- 3) adopt an extension of the period during which absentee ballots may be processed, to include up to 14 days before the election, and a period of three days after the election, to accommodate expected increases in absentee voting activity.

The bill also appropriates \$6.9 million in federal HAVA funds for 2020 and provides for \$1.3 million in 2021 in state funds as a local match for federal funding. The amended bill codifies the allowable uses of the HAVA funds, which include ensuring the health and safety of election officials and voters, public outreach on social distance guidelines related to voting, facilitation and support for absentee voting and preparation of new polling place locations.

The bill also creates grants to local governments, including cities, for up to 75% of the total costs of purchasing electronic roster systems and up to 80% of costs related to costs related to polling changes related to health and safety.

The bill was passed to the Ways and Means Committee on a vote of 11-7. The Ways and Means

Committee is scheduled to hear the bill on Wednesday.

Livable Communities Program Housing Goals Survey

To be eligible for [Livable Communities Act \(LCA\)](#) funding, cities are required to adopt affordable and lifecycle housing goals, a process for which is established and negotiated between the Metropolitan Council and cities every 10 years. Cities must adopt new goals to continue participation in the Livable Communities Program (LCA). Current LCA participation will expire at the end of 2020, and the Metropolitan Council is in the process of establishing affordable and lifecycle housing goals for the next decade.

Earlier this year, Metro Cities participated on an advisory group to examine and make recommendations for housing goals. During this work, Metro Cities recommended that a new process largely mirror what was established during the last negotiation process, which used both the allocation of need housing numbers and the level of existing resources for affordable housing, which during the last process was around 60% of available need. Metro Cities supports negotiated housing goals that balance regional and local housing goals and needs and account for the lack of adequate resources and funding.

The Council is also conducting outreach to cities and other stakeholders and has asked city officials to complete a brief survey: Comments will be aggregated, and no individual comments will be attributed. The survey will close May 4. The survey is open to elected officials and staff. The survey can be accessed here: <https://www.surveymonkey.com/r/councilLCAgoals>

Metropolitan Traffic Update

The Metropolitan Council released updated regional traffic data that shows the effects of the state emergency order related to COVID -19 on traffic levels, with decreases per day that range from a daily decrease of 70% in late March to a recent regional decrease of 45% percent. These rates are daily comparisons using March 1st as a baseline with measurements taken by MnDOT. Updated financial impacts from COVID-19 are expected early next month. Traffic declines are also creating opportunities for MnDOT to move more quickly on some road projects. For more information, click [here](#).

Regional Advisory Committees Jointly Discuss Metropolitan Water Supply

Last December, members of the Land Use Advisory Committee (LUAC), the Metropolitan Area Water Supply Advisory Committee (MAWSAC) and the Water Supply Technical Advisory Committee (TAC) conducted a joint meeting related to shared work on water supply. Metropolitan Council staff this week released a summary of the meeting and outcomes. Participants heard presentations on water supply data related to local comprehensive plans, regional climate data, and the 2020 Environmental Quality Board state water plan and held small group discussions. These outcomes will be used to direct discussions at future meetings. To view the meeting summary, click [here](#).

Assistance for Minnesotans Applying for Stimulus Payment

Assistance is available for residents who won't be automatically getting stimulus payments directly deposited but rather will need to get checks and must apply for them. Legal Aid's Low-Income TaxpayerClinic is a statewide program and can help people fill out the required form if they need

help. Minnesotans can call the TaxpayerClinic's intake number at 612-334-5970. More information about the Taxpayer Clinic can be found on [LawHelpMN's website](#).

House Environment Finance Hears DNR Policy Bill, Includes MRCCA Regulation

The House Environment Committee passed [HF 3657- Hansen](#), the Department of Natural Resources (DNR) policy bill, on Friday. This bill includes policy changes related to fish, wildlife and natural resource statutes. This legislation also includes two provisions related to local governments, including cities, that are within the Mississippi River Corridor Critical Area (MRCCA).

The bill exempts local units of government, including cities, within MRCCA from requirements applicable in critical areas that require them to send regulations and plans to the Environmental Quality Board. Instead, the bill makes the DNR responsible for local government plan and regulation reviews and approvals affecting land in the MRCCA and makes the Metropolitan Council responsible for duties required of regional development commissions for other critical areas. A 60-day timeframe when reviews must be completed is established. The legislation requires the DNR to either conditionally approve the plan/regulations or return them to the local government for modification. The local unit of government is then directed to revise and resubmit the plan/regulation within 60 days. The local unit of government or Metropolitan Council is allowed to request a meeting which can extend this deadline. The bill states that only plans and regulations receiving approval have the effect of law. The bill also establishes conditions for approving the plans/regulations and requires a local unit of government to enforce the approved plan/regulation when they take effect.

An amendment to the bill that was adopted includes a change to the groundwater sustainability standard and requires the DNR to determine that the level of recharge to an aquifer is sufficient to replenish groundwater supply. The amendment also requires the DNR hold public meetings on the potential impacts of a water use permit or plan before issuing one, if there is a consumptive use of more than one-quarter of a million gallons per day average in a 30-day period. The bill passed 11-7 and was referred to the Ways and Means Committee.

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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