

## **2020 Legislative Session Adjournment Monday**

The Legislature must adjourn the 2020 legislative session *sine die* on Monday, May 18<sup>th</sup>, and the House and Senate must act on any legislation by midnight Sunday. Legislative activity over the weekend will be fluid. There are several key items of interest to Metro Cities --follow us over the weekend on twitter at @MetroCitiesMN and watch for additional updates or legislative alerts over the weekend.

## **Bills Propose Share of Federal Funds to Local Governments: Update**

Two bills are receiving consideration that would distribute a portion of the state's allocation of the Federal Coronavirus Relief Fund, that is part of the CARES Act, to local governments. The proposals, [SF 4564-Rosen](#), and [HF 4673-Marquart](#), passed the Senate Finance and House Ways and Means Committees, respectively, this week. The following provides specific information on the two bills and Metro Cities' positions.

### *Background*

The Federal Coronavirus Relief Fund appropriated a total of \$150 billion, and \$2.186 billion to Minnesota. By federal law, the US Treasury distributed part of the state's allocation of funds to local governments with populations over 500,000. Hennepin and Ramsey counties received this direct distribution, for a combined \$316.9 million. The [federal law](#) and [guidance](#) recommends that the state share 45% of its allocation with local governments, but it is not required to do so. Subtracting the allocation of \$316.9 million to Hennepin and Ramsey counties, a 45% allocation of state funds to local governments from the state's remaining allocation, amounts to \$667 million.

### *Similarities in Bills*

SF 4564 and HF 4673 both appropriate \$667 million to local governments for COVID-19 expenses. Both provide a distribution of funds to local governments by June 15, 2020 and allow uses consistent with federal law and guidance. Both bills also provide mechanisms by which unexpended funds must be returned to the state, with a November 1, 2020 date under SF 4564 and October 1, 2020 date in HF 4673. The bills include provisions for the repayment of any improperly used funds. The bills also provide for local collaborative agreements to share aid and provide a longer timeframe of December 15, 2020 for the expenditure of funds if collaborative agreements are employed. Both bills also provide direct distributions to local governments through a certification, rather than reimbursement, mechanism, with the exception of a portion of the \$667 million appropriation in the House bill that is explained further below.

### *Differences in Bills*

SF 4564 directly distributes a \$667 million appropriation to counties, and cities and towns excepting Hennepin and Ramsey counties. The bill requires Hennepin and Ramsey counties to share a portion of their direct distribution of \$316.9 million, with the cities and towns in those counties.

HF 4673 distributes \$567 million of a \$667 million appropriation to counties and cities and towns over 500 in population, excepting Hennepin and Ramsey counties. HF 4673 does not require Hennepin and Ramsey counties to share their direct allocation. Cities and towns under 500 in population do not qualify for a direct distribution under HF 4673, but may apply to their county for a grant to cover expenses allowable under the bill.

SF 4564 provides a \$174.50 per capita distribution to 85 of the state's 87 counties that is equivalent to the per capita amount Hennepin and Ramsey counties received through their direct distribution. The bill subtracts from that distribution to provide a direct distribution to cities and towns. The funding is distributed at an average \$87.00 per capita for counties and cities, and \$25.00 per capita for towns. The bill appropriates a total of \$406 million to cities. See the [spreadsheet](#) showing the distribution of funds to cities under SF 4564.

HF 4673 appropriates \$567 million to counties, cities and towns excepting Hennepin and Ramsey counties. The bill appropriates a combined \$255 million for cities and towns, and \$311.8 million to counties (this does not include the \$316.9 million allocated to Hennepin and Ramsey counties). The bill sets aside \$100 million of the \$667 million appropriation for one-time grants to eligible local governments, with preference to jurisdictions with high outbreaks of coronavirus, new and unanticipated costs related to the pandemic, and jurisdictions that are establishing a recovery project or recovery coordination office. See the [spreadsheet](#) showing the distribution of funds to cities under HF 4673.

Metro Cities provided written testimony on both bills this week through two letters signed jointly with other city organizations. Metro Cities supports a \$667 million appropriation to local governments, a direct appropriation to cities on a per capita basis, allowance for expenditures consistent with federal law, and a certification process for receiving funds. City organizations did not take a position on requirements for Hennepin and Ramsey counties in the bill. Our letter on HF 4673 encouraged the reconsideration of weighting of the funding between counties and cities. The letter acknowledged the set aside funding and expressed that those funds should be available to cities, counties and towns other than those counties receiving direct federal funding. Metro Cities will continue to communicate with lawmakers this weekend as negotiations on bills occurs.

**Metro Cities recommends that city officials track COVID-19 expenses.** Questions? Contact Patricia Nauman at 651-215-4002, or [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org)

## **New Proposal Preempts City Roles in Housing and Planning**

Metro Cities is responding to draft bill language that would preempt municipal planning authority and could impact a city's affordable housing application's competitiveness for state housing funds and is encouraging cities to contact your local legislators. The language has not been introduced as a bill at this point. See below for specific information on the proposal.

Metro Cities and several other city associations, including the League of Minnesota Cities, are responding this week to a Senate proposal that as written, combines several bills that were debated earlier this session, plus other new proposals, into a single amendment. The language prohibits a municipality from conditioning "approval of a building permit, subdivision development, or planned unit development on the use of specific materials, design, amenities, or other aesthetic conditions that are not required by the State Building Code under chapter 326B."

The proposal also includes changes to tax-exempt bonding statutes to give preference for projects with a lower cost-per-unit of housing; would prohibit late fees on applications for local housing resources; add single-family building permits to the 60-day rule statute in Chapter 15.99; and changes housing infrastructure bond program to allow single family homes and award points for how quickly a project could be constructed. The state building code would be frozen until 2026 and would prohibit changes to the energy code that don't break even over five years.

Under comprehensive plan updates in Chapter 462, a city would be encouraged to enact public policy to facilitate the development of unsubsidized affordable housing. These policies may

include but are not limited to the municipal plan authorizing smaller lot sizes for single-family homes, allowing the construction of duplexes through fourplexes on lots that would otherwise be zoned exclusively for single-family houses, and allowing for mixed-use development.

Changes to the Department of Labor and Industry form on city permit and development fees and expenses are also outlined. Metro Cities, with support from the Senate, proposed revisions to the form and instructions, and supports changing the minimum fee revenue threshold from \$5,000 to \$7,000.

If considered, the language could have significant consequences for city planning, land use and zoning authority. These are long-standing municipal roles and responsibilities that ensure staged, orderly development, the adequate provision of public infrastructure, and housing that meets state-established codes to ensure the integrity and safety of buildings. Metro Cities has consistently opposed bills of this nature this session, which are primarily supported by the single-family building industry, because they eliminate fundamental local decision making authority, and shift the provision of housing to a uniform, one-size-fits-all approach that ignores a community's long term plans, infrastructure and fiscal capacities, and local needs.

Metro Cities encourages cities to contact your local legislators with examples of how this proposal would impact your city and its housing responsibilities. We have shared our concerns with legislators and the Executive Branch. Metro Cities will continue to respond to the proposals as the legislative session concludes this weekend. Contact Charlie Vander Aarde at 651-366-7564 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

## **House Passes City Charter Commission Changes Legislation**

The House passed [SF 3298 - Senjem/Sauke](#), a bill related to City Charter Commissions. The bill changes current laws related to the appointment of charter commission members. A district court judge may now reappoint a commission member within 60 days rather than 30 days. The bill eliminates the authority of a city council to appoint a replacement if the district court judge fails to do so within the allotted time. An amendment was adopted to the bill that would change the amount of charter city commission expenses paid by the city to be the greater of .07 percent of the city's current property tax levy or \$1,500 and not to exceed \$20,000 in a year. Currently the costs could be \$10,000 for a city of the first class and \$1,500 for other cities. In MN 107 cities are charter cities. The bill has been sent to the Governor for his signature.

## **Metropolitan Council Hears COVID-19 Update**

The Metropolitan Council on Wednesday received an update from Council staff on COVID-19 and its impact on the Council operations. There are currently 19 Council staff who have been diagnosed with COVID-19 with 14 of those active cases. One of these cases is an MCES staff member and 18 are employed at Metro Transit. Supply chains for PPE and disinfectant are becoming more available. There are plans to purchase thermometers for use among staff. For the foreseeable future those staff that are working remotely will continue to do so. HRA is working with tenants who are facing financial hardship.

Ridership on Metro Mobility is down 80%, but the service is now providing food delivery services as well as rides for frontline medical workers. Council staff said that budget impacts on transit are significant. MVST is projected to lose \$90 million over the biennium. Staff explained that Metro Transit will need to adapt services and expect that it will be years before the impacts on transit are resolved. Travel behavior will change due to staggered shifts, remote working and other ways that people are social distancing. Increased safety expectations will be put on transit as well as

general security on transit.

It is estimated that revenues from transit fares will see a drop of \$100 million between now and July of next year. Metro Transit estimates a \$190 million deficit in total between now and July. Council staff informed the Council that they are tracking what other transit systems are doing and looking at how those systems are transitioning to a more open economy.

Staff also informed the Council that MCES is participating in a study to use wastewater to estimate the amount of COVID spread. The study tracks the amount of virus RNA that is present in wastewater to determine the amount of spread in the region.

### **Senate Committee Advances Housing Assistance Bill**

The Senate Finance committee passed \$30 million in housing assistance funds on May 14. [SF 4495](#) – Westrom also prohibits evictions and writs of recovery for 60 days after March 24, with a single 30-day extension permitted by the governor. The bill awaits a hearing on the Senate floor. The House version funds \$100 million in housing assistance with additional moratorium extensions on evictions and writs of recovery authorized. Contact Charlie Vander Aarde at 651-366-7564 or [charlie@metrocitiesmn.org](mailto:charlie@metrocitiesmn.org) with any questions.

### **Tobacco 21 Legislation Passes House and Senate**

The House and Senate have passed [HF 331 - Edelson](#), a bill that would raise the legal age to purchase tobacco in MN to 21. The bill will make MN in compliance with federal law and includes changes to penalties for selling tobacco or other regulated products to those under 21. The bill includes a provision that allows local units of government to consult with interested persons to develop alternative penalties for using a fake ID to buy tobacco, tobacco-related devices, electronic delivery devices, or other products. The bill was passed 89-41 in the House and 43-21 in the Senate. The bill now awaits a final passage before it goes to the Governor for signature.

### **Senate Passes Electronic Documents Bill**

The Senate has passed [HF4605-Freiberg/SF 4525 - Kiffmeyer](#), a bill that allows local governments, including cities, to accept documents and signatures electronically, by mail or fax during a peacetime public health emergency. The filings include documents for planning and zoning, land use, documents that require the signature of an architect, engineer, or landscape architect, birth and death certificates, and recording a notary commission. An amendment was adopted to include documents related to interior design. This authority would expire January 6th, 2021 or 60 days after the peacetime public health emergency is terminated, whichever is earlier. The bill awaits final passage and will then be sent to the Governor.

### **Met Council Begins MCES Rate Work, Announces Budget Webinars**

Met Council Environment Committee began the work of setting the 2021 wastewater rate setting process. The committee heard an informational budget overview and received an initial proposal for the 2021 rate proposal. MCES staff shared a proposal that included a 2.0% wastewater charge. The Sewer Availability Charge (SAC) is not recommended to be increased. The overall budget is proposed to grow by 3.9% over the 2020 budget. Staff informed the committee that staff will be seeking public input from two virtual customer webinars that are scheduled for May 21<sup>st</sup>

and June 11<sup>th</sup>. The Environment Committee would then review public input and adopt a budget recommendation. To view the staff presentation, click [here](#).

Customer webinars will cover the MCES Proposed 2021 Budget, municipal wastewater charge and the MCES Capital Improvement Program. Webinar information is below. Click on the link for each webinar and click on the “register” event at the bottom of the event page. Registration is required for these events.

- **Thursday, May 21 from 9:00 – 10:00 a.m.**
  - [Click here to register for the May 21 Webinar](#)
  - **Event Password:** MCESBudget2020
- **Thursday, June 11 from 2:00 – 3:00 p.m.**
  - [Click here to register for the June 11 Webinar](#)
  - **Event Password:** MCESBudget2020

Questions about the municipal wastewater charge can be directed to [MWC@metc.state.mn.us](mailto:MWC@metc.state.mn.us). Questions about the 2020 MCES Budget Webinar can be directed to Kate Nyquist at [kate.nyquist@metc.state.mn.us](mailto:kate.nyquist@metc.state.mn.us).

### **Governor Walz to allow Stay at Home Order to Expire on May 18**

In a televised address to the state Wednesday night the Governor announced his plans to allow the current Stay at Home order to expire on May 18. At such time noncritical businesses will be allowed to reopen so long as they have a safety plan in place, with several key exceptions. Businesses should watch for developing information from the [Department of Employment and Economic Development](#) for more guidance as it becomes available.

In total, four executive orders were issued on Wednesday.

- [Executive Order 20-53](#) extends the COVID-19 Peacetime Emergency to June 12, 2020.
- [Executive Order 20-54](#) provides workers protection from retaliation for asking questions or expressing concerns over the occupational safety or health of their workplace.
- [Executive Order 20-55](#) codifies certain policies to provide for at-risk Minnesotans as they are urged to continue to stay home.
- [Executive Order 20-56](#) allows retail and other businesses to open beginning on Monday, May 18. The businesses need to adopt and implement a COVID-19 Preparedness Plan and they cannot operate at more than 50% capacity.

Bars, restaurants, salons, barbershops, gyms, and other places of public amusement are to remain closed. The Walz administration is in the process of assembling guidance on how to safely reopen these businesses beginning on June 1. Click [HERE](#) for the current guidance on reopening businesses, including which business types are and are not allowed to reopen on May 18.

Replacing the Stay at Home order is “Stay Safe MN”. Which in addition to reopening more businesses also allows social gatherings of up to 10 individuals. Minnesotans are told to continue limiting themselves to essential travel only and the same MDH guidelines around getting testing and self-isolating still apply. Governor Walz made clear that this latest move is not the flipping of a switch, but instead the careful turning of a dial. If the state sees a sudden spike in cases the dial will be moved back, and more restrictive measures will be reinstated. Click [HERE](#) for more information on “Stay Safe MN” and what that means for individuals and businesses.

## Governor's COVID-19 Briefings

Below are highlights from this week's briefings from Governor Walz and his administration. See the state's [COVID-19 web page](#) for the latest specific health data. Governor Walz was not involved in any of the regular daily briefings, instead he addressed the state Wednesday night to announce his Stay Safe MN plan. The briefings were led by MN Department of Health Commissioner Jan Malcolm.

### *Wednesday:*

There was not a briefing Wednesday afternoon, but earlier in the day MDH and the U of M School of Public Health gave a presentation on the latest version of the statistical model used to inform the policy decisions of Governor Walz and his administration. State Health Economist Stefan Gildemeister lead the presentation, which was followed by a Q & A for members of the press. Click [HERE](#) for a recording of the presentation and Q & A.

### *Thursday:*

At the briefing Thursday, MDH officials provided some general updates from across the department. Commissioner Malcolm gave her usual rundown of the case and death totals. Director Ehresmann praised MDH staff and local public health officials for their efforts around testing and case interviewing. Wednesday marked the highest single day of testing and by working with local public health departments MDH was able to complete 650 case interviews in a single day.

The Department is expecting a third shipment of the drug remdesivir. The shipment will be enough to treat approximately 145 individuals on a ten-day course of the drug. As a reminder, remdesivir is a drug that has recently been given emergency FDA authorization for the treatment of severe COVID-19 cases.

The briefing concluded with Director of Homeland Security and Emergency Management Joe Kelly discussing the mobilization of the Minnesota National Guard for the purpose of increasing testing in long-term care facilities. He spoke about the selected members' training and background and how their work fits into the Governor's [Five-Point Battle Plan](#) to address the urgent need in the state's long-term care facilities.

## **U.S. House Democrats Unveil \$3 Trillion "HEROES Act"**

The Health & Economic Recovery Omnibus Emergency Solutions Act ([H.R. 6800](#)) includes \$375 billion for local government fiscal relief. The bill also addresses the restrictions placed on local governments spending CARES Act dollars. As a part of the legislation the acceptable use of Coronavirus Relief Fund dollars is expanded to include lost, delayed, or decreased revenue stemming from the COVID-19 public health emergency. The package is scheduled to be voted on in the House of Representatives Friday, May 15. Click [HERE](#) for a summary of the HEROES Act.

Republicans in DC consider the HEROES Act dead on arrival. Metro Cities will continue to follow this story as it develops in addition to any other federal efforts to provide support to local governments.

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