

State's February Budget Forecast Projects \$1.6 Billion Surplus

The state Office of MN Management and Budget (MMB) released the state's February Budget and Economic Forecast on Friday afternoon. The forecast projects a positive budgetary balance of \$1.571 billion for the FY2022-23 biennium. This is a change from the November forecast (and spending from the seventh special session in December 2020) that predicted a -\$882 million budget deficit for this period. The state's budget projection is due to a number of changes in state spending and revenues, including continued federal support for Medical Assistance and lower per-pupil counts estimated for E-12 education due to delayed kindergarten starts and increases in students receiving home schooling or are moving to private schools. The February budget forecast also projects a \$2.257 billion positive budgetary balance for FY2024-25. Previously, the balance in FY2024-25 was projected to be \$-1.623 billion.

The forecast also reflects higher than expected consumer spending that coincides with federal stimulus payments, improving COVID-19 rates and the relaxation of some restrictions on activities, as well as progress in vaccination rates. The forecast document provides information on the losses in the labor force since the start of the pandemic, and caution and uncertainty on the outlook for the U.S. economy that will depend on the path of the pandemic. The forecast predicts improvements in the economic outlook for Minnesota from the November forecast, with projected increases for employment wage growth. The forecast discusses the overall employment declines in Minnesota and industries most affected by restrictions, including the leisure and hospitality sectors. Minnesota's rate of unemployment has fallen from its peak of 9.9% last May to 4.4%.

For the current biennium, increased revenues and lower spending result in an estimated \$940 million surplus, which is improved by \$546 million from the November forecast/December 2020 session. Income and sales tax receipts are predicted to be higher than previously forecast, with general fund spending in key budget areas (E-12, aids and credits, and health and human services) predicted to decrease in the current biennium. In the current biennium, the impact to the state's general fund due to federal COVID-19 funding and resource reallocations is \$106 million.

The forecast documents can be found [HERE](#).

Metropolitan Council Authorizes 2021-22 I/I Grant Program

Metropolitan cities that experience measured excess levels of inflow and infiltration (I/I) are eligible to receive I/I mitigation funds from the Metropolitan Council under a new grant program approved by the Council this week. Metro Cities championed the \$5 million appropriated in the October 2020 capital investment bill for this purpose, and the Council, as it has with previous appropriations, will administer the program. Funds can be granted to cities contributing excess I/I into the regional wastewater system to repair or replace public infrastructure to mitigate inflow-infiltration. The structure of the grant program is similar to programs from previous capital appropriations. The program will be administered using state and Council guidelines for capital appropriations. Metropolitan Council staff who oversee the I/I program asked Metro Cities and cities for feedback on the grant structure and have made some changes to streamline the application process.

Qualified expenditures can occur between January 1, 2021 and December 31, 2022. Grant awards will be paid on a reimbursement basis upon completion of the project(s) and allocation to all participants. MCES will notify all eligible cities and request grant applications by March 12. Grant applications will be due April 16. More information is available on the [Council's website](#).

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

Governor Proposes Bonding Package

Earlier this week, Governor Walz released a \$518 million capital investment proposal for 2021. The entire proposal may be found [here](#). Highlights of the proposal include \$9.73 million recommended for preservation of correctional facilities, \$150 million recommended to support rebuilding efforts in Minneapolis and St. Paul in the areas damaged by civil unrest in 2020, \$100 million for Housing Infrastructure Bonds, \$10 million for design and environment work for a second daily Amtrak train between the Twin Cities, Milwaukee, and Chicago, and \$15 million recommended to support capital projects from community-based organizations that are led by and serve communities of color.

Housing Reinvestment Bills Heard in Senate

The Senate Housing committee heard a slate of bills focused on community housing reinvestment. Metro Cities supports the bills because they would help residents and cities reinvest in and preserve homes across the metropolitan region and sent a letter to the committee.

[SF 1002](#) – Duckworth would increase the amount of Minnesota Housing's owner-occupied residential rehabilitation loan from \$27,000 to \$40,000. [SF 1071](#) – Dahms would increase the appropriation to the Challenge Program, a flexible Minnesota Housing program that meets a range of local housing needs, including rehabilitation and allowing seniors to age in place. [SF 1083](#) – Koran would fund a \$6 million manufactured home park infrastructure grant program. The funding and policy changes may be included as part of a larger housing budget bill later this session. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

House Open Meeting Bill Moves to Floor

[HF 820 – Koegel](#) is the companion bill to [SF 852 – Jasinski](#), which allows a member of a public body to attend a meeting from a remote location more than three times through July 1, 2021. The bill was advanced to the floor this week. HF 820 was amended as it was heard before the Local Government Division to include a provision that would exempt officials from having to disclose their location when attending a meeting remotely. An amendment of this type was discussed in the Senate and could be when the bill reaches the floor in the Senate. HF 820 passed out of the State Government Finance and Elections committee and was sent to the House floor.

Senate Considers Broadband Funding

The Senate Agriculture and Rural Development committee considered three broadband funding bills this week. The bills, [SF 1186](#) – Draheim, [SF 22](#) – Bakk and [SF 946](#) – Westrom, would fund the statewide border-to-border broadband grant program which helps cities provide broadband infrastructure to homes, businesses, and schools. Metro Cities wrote a letter in support of the funding. Broadband funding will be considered as the state sets its FY2022-23 budget this legislative session. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

Bill Allows Homes on Religious Properties

A bill that would allow religious institutions such as churches, mosques and temples to host permanent residential structures on their property received committee approval this week. [HF 1484](#) – Keeler, would allow micro unit dwellings at sacred site settlements. Although structures would be permanent, the bill authorizes an exception to the state building code that allows structures to be built to recreational vehicle standards.

Metro Cities, the League of Minnesota Cities and Department of Labor and Industry are working with the author to address several concerns, including ensuring the health, safety and welfare of future residents. The bill states “a sacred settlement is subject to municipal approval and regulation as a permitted use, conditional use, or planned unit development, as determined by the municipality”, but other city zoning regulations may be better suited for this type of residential use. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions or concerns.

Construction Careers Bill

A funding bill to provide training opportunities for young adults to encourage them to enter the construction industry was heard in the House Jobs committee this week. [HF 715](#) – Greenman would use \$750,000 from the workforce development fund over the next two years to provide year-round educational and experiential learning opportunities for teens and young adults under the age of 21 that lead to careers in the construction industry.

Metro Cities wrote a letter in support of the bill, as it helps increase the supply of skilled workers for the future workforce for municipal building officials. Metro Cities has heard from a number of city officials about the challenges of recruiting qualified applicants for these types of positions. The funding may be part of a larger jobs budget bill to be released later this session. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

Bus Rapid Transit Plans

The House Capital Investment Committee and the House Transportation Committee heard bills related to Bus Rapid Transit (BRT) this week. Charles Carlson, Director of BRT Projects at Metro Transit provided an overview of BRT for members in both House committees. Carlson’s remarks covered the benefits of BRT as a mode of transportation which include frequent service, enhanced stations, and all-door boarding. The bulk of the presentation focused on current and future BRT projects in the region. See the [slides](#) for project-specific details and maps.

Mr. Carlson concluded the overview discussing the future of the METRO Network. In their work to evaluate and select future BRT lines the Metropolitan Council weighs council policy, performance data and community input. Furthermore, potential projects are evaluated based on their ability to:

- Advance equity and reduce racial disparities
- Build on success to grow ridership
- Design a network that supports a transit-oriented lifestyle
- Ensure the long-term sustainable growth of the bus network.

Two bills heard in both committee hearings appropriate bond proceeds for BRT lines in the region. [HF 1381 – Koegel](#) appropriates \$55 million from bonding for the Central Avenue NE arterial BRT which includes service in the cities of Columbia Heights, Fridley, and Spring Lake Park. A bill authored by [Rep. Hornstein](#) appropriates \$40 million in bonds for the E line BRT project which

runs from the U of M to the Southdale Transit Center. It remains to be seen whether there will be a bonding bill this session.

Between the two hearings, members heard testimony from the Minneapolis Regional Chamber, the St. Paul Chamber, East Metro Strong, and Move MN, all of whom championed the expansion of the BRT network and its power as an economic driver in the region. Also offering their support for these BRT projects were county commissioners, city councilmembers, and mayors.

Future of Passenger Rail in MN

MnDOT's Passenger Rail Program Director, Dan Krom spoke to the House Capital Investment Committee about two major passenger rail projects the department is involved with. The Northern Lights Express (NLX) will connect Minneapolis and Duluth with 4 round trips daily with an estimated 700,000 annual ridership in its first year of service. The project uses 150 miles of existing tracks and involves several proposed capital improvements including upgrades to existing stations, grade crossings, and rails. The Twin Cities Milwaukee Chicago (TCMC) project adds an additional trip to the existing Empire Builder Amtrak route, which runs from Chicago to the Pacific Northwest. This is a coordinated effort between many different levels of government with the goal of creating jobs and generating economic growth along the route and in surrounding communities. Governor Walz has included \$10 million in GO bonds for this project in his bonding proposal.

Metro Cities Board of Directors Openings

Due to term completions, there will be an opening on the Metro Cities Board beginning July 1, 2021.

The Metro Cities Board of Directors is comprised of 19 city officials, elected and appointed, from throughout the region. The Board is responsible for overseeing Metro Cities' budget, strategic plan and legislative priorities. It also makes appointments to the Metropolitan Council Transportation Advisory Board (TAB), Technical Advisory Committee (TAC) to the TAB, and Geographic Information Systems (GIS) Board. Metro Cities' bylaws require that the slate of Board members be balanced regarding geography and city population.

Candidates should provide a cover letter, résumé and [completed application form](#). A Nominating Committee will make recommendations for election by the membership in April.

Applications can be submitted to Jennifer at jennifer@metrocitiesmn.org. The deadline for application is Friday, March 5. If you would like additional information, please contact Patricia Nauman at 651-215-4002 or patricia@metrocitiesmn.org.

Bills of Note

[HF 1350](#), Boldon: Bill provides authority for cities of the first class to impose ordinances on the dedication of land or fees on certain permit applications.

[HF 1352](#), Gomez: Bill imposes duties on peace officers and law enforcement agencies regarding video and audio recordings of deadly force.

[HF 1357](#), Gomez: Bill prohibits law enforcement from using tear gas as a means to control a crowd.

[HF 1359](#), Freiberg: Bill authorizes certain political subdivisions to establish inflow and infiltration prevention programs and make loans or grants to property owners.

[HF 1366](#), Mariani: Bill clarifies the legislative intent for the POST Board's discipline review committee.

[HF 1374](#), Frazier: Bill requires chief law enforcement officers to report certain peace officer misconduct data to the POST Board.

[HF 1375](#), Frazier: Bill authorizes jurisdictions to adopt ranked choice voting for local offices.

[HF 1396](#), Long: Bill extends criminal history check to certain county and city employees, licensees, and volunteers.

[HF 1409](#), Johnson: Bill establishes the State Aid for Emergencies (SAFE) account to reimburse local governments for expenses incurred in responding to emergencies.

[HF 1428](#), Acomb: Bill establishes a statewide greenhouse gas emissions reduction goal and requires cities to incorporate statewide greenhouse gas emissions reduction targets into all aspects of their activities, including planning, regulating, funding, and permitting.

[HF 1445](#), Hansen: Bill appropriates \$1.358M in FY22 and \$1.606M in FY23 to establish a climate resiliency program providing technical assistance and grants to local governmental units.

[HF 1446](#), Johnson: Bill limits placement of crosswalks at a roundabout.

[HF 1500](#), Albright: Bill modifies the governance of the Metropolitan Council and eliminates the Transportation Advisory Board.

[HF 1515](#), Sandstede: Bill defines public health emergency, clarifies the governor's authority to declare a peacetime emergency for a public health emergency

[HF 1545](#), Mekeland: Bill authorizes the continued operation of businesses during the COVID-19 pandemic with the use of a COVID-19 preparedness plan.

[HF 1556](#), Mekeland/[SF 301](#), Kiffmeyer: Bill allows municipal utilities to reduce their annual energy-savings goal.

[HF 1557](#), Mekeland: Bill expands the definition of a metropolitan area for the purpose of emergency services.

[HF 1561](#), Lislegard: Bill provides construction materials for certain local government facilities.

[HF 1565](#), Elkins: Bill authorizes a municipality to establish a street improvement district.

[HF 1620](#), Lippert: Bill allocates motor vehicle rental tax revenue to the small cities account.

[HF 1624](#), Thompson: Bill repeals restrictions on adoption of rent control laws by local governments.

[HF 1637](#), Hausman: Bill appropriates money for Twin Cities, Milwaukee, Chicago (TCMC).

[SF 1229](#), Rosen: Bill creates grants for local governments to implement programs to reduce gun violence and promote community safety and wellness.

[SF 1235](#), Osmek: Bill restores felon voting, and requires individuals to present identification before voting.

[SF 1238](#), Osmek: Bill modifies local government aid program calculation.

[SF 1274](#), Champion: Bill appropriates funds for non-violence advocacy organization, Minnesota SafeStreets, for community partnerships and initiatives.

[SF 1282](#), Housley: provides residents an opportunity to purchase manufactured home parks.

[SF 1283](#), Pratt / [HF 1630](#), Noor: onetime exception to restrictions on use of MIF local RLF repayments by cities.

[SF 1300](#), Jasinski/[HF 958](#), Torkelson: Bill requires 10 percent of the money transferred to the trunk highway fund from the HUTDF be appropriated to the corridors of commerce program.

[SF 1314](#), Nelson: removes the sunset of the angel investment tax credit and authorizes up to \$20 million in tax credits.

[SF 1335](#), Carlson: Bill establishes a larger cities assistance account.

[SF 1348](#), Utke/[HF 139](#), Freiberg: Bill appropriates money for grants to governments to modify public spaces for disability accommodations.

[SF 1354](#), Weber: Bill establishes a State Aid for Emergencies (SAFE) account and aid program to reimburse local governments for expenses incurred in responding to emergencies.

[SF 1364](#), Newman/[HF 1646](#), Petersburg: Bill establishes a Transportation Programming and Investment Committee to provide policy direction for department's capital investments on the transportation system.

[SF 1367](#), Coleman: Bill authorizes the creation of fire protection special taxing districts and property tax levies.

[SF 1376](#), Ruud: Bill implements the project distribution for the Clean Water fund for cities and private organizations.

[SF 1396](#), Draheim: Bill authorizes the creation of a fire and ambulance special taxing district.

[SF 1405](#), Draheim: Bill directs the legislative auditor to conduct financial audits of grants related to the COVID-19 pandemic administered by the state, local governments, and nonprofit organizations.

[SF 1410](#), Weber/[HF 1155](#), Fischer: Bill appropriates \$500,000 for a municipal PFAS source reduction initiative.

[SF 1422](#), Kiffmeyer: Bill amends process for challenged voters.

[SF 1469](#), Draheim: Bill offers grants to cities for affordable housing and expanding eligibility requirements.

[SF 1470](#), Draheim: nullifies Executive Order 20-79 and prohibits the governor from issuing modifications to landlord and tenant law.

[SF 1474](#), Senjem: Bill establishes a workforce and affordable homeownership program to award homeownership development grants and loans to cities.

[SF 1487](#) Duckworth / [HF 1417](#) Hassan: appropriates \$10 million for the workforce homeownership program.

[SF 1489](#), Fateh/[HF 593](#), Frazier: Bill requires the POST Board to revise the standards of conduct for peace officers specifically around associating with white supremacist groups.

[SF 1513](#), Dibble/[HF 1306](#), Elkins: Bill authorizes the Metropolitan Council to issue administrative citations for transit fare evasion and impose civil fines.

[SF 1515](#), Draheim: Bill requires video surveillance at area where ballots are stored, processed, counted, or otherwise handled.

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!

Metro Cities (Association of Metropolitan Municipalities)
145 University Ave W, St. Paul, MN 55103-2044
Phone 651-215-4000 · Fax 651-281-1299 · www.MetroCitiesMN.org