

## **Metro Cities' 2022 Legislative Policies Receive Final Adoption**

Metro Cities' 2022 legislative policies received final adoption by the association's membership at the policy adoption meeting Thursday. Thank you to Metro Cities' President Melanie Mesko Lee for presiding as Chair, and the many city officials who attended. Typically, this meeting is held in coordination with the LMC's fall meetings, and Metro Cities was pleased to welcome LMC President D. Love for brief remarks in honor of this longstanding tradition.

A special thanks to Policy Committee Chairs Mike Huang-Councilmember, Chaska (Transportation and General Government), Jay Stroebel-City Manager, Brooklyn Park (Metropolitan Agencies), Tracy Shimek-Housing and Economic Development Coordinator, White Bear Lake (Housing and Economic Development) and Lori Economy Scholler-Chief Financial Officer, Bloomington (Municipal Revenues) for their work as chairs this year. Thank you also to Dana Hardie-City Manager, Victoria, for presenting the Metropolitan Agencies policies at the meeting Thursday.

Guest speaker Megan Dayton, State Demographer's Office, presented information from the recent Census, and highlighted metropolitan trends. Ms. Dayton's presentation slides are located on Metro Cities' website, [www.metrocitiesmn.org](http://www.metrocitiesmn.org), under Meetings and Events. Adopted policies are on the website under Policies and Resources. The Metro Cities Board of Directors will set the association's 2022 legislative priorities at its January meeting.

## **State's November Budget and Economic Forecast Released**

This week, the State Office of MN Management and Budget released its November Budget and Economic Forecast. The forecast projects a historically high \$7.746 billion surplus for Fiscal Years (FY) 2022-23. In their briefing, MMB officials including MMB Commissioner Jim Showalter, State Economist Laura Kalambokidis and State Budget Director Anha Minge discussed economic assumptions that affect revenues, spending and revenue factors that inform the forecast, the long-term budget outlook and the state's budget reserve.

### **Budget Forecast Summary and Highlights**

- The forecast projects a \$7.746 billion surplus for FY 2022-23. Revenue growth is expected to continue in FY 2024-25. The surplus is projected to be \$13.46 billion in FY 2024-25.
- Other states are also seeing revenue growth. Unexpected growth has driven tax revenue gains at the federal level and in many states, including Minnesota. FY 2022-23 revenues are projected to be \$5.129 billion more than were estimated in June at the end of the legislative session.
- FY 2022-23 spending declined in November by \$363.7 million compared to the end of session.

- The state ended the 2021 Fiscal Year with a balance of \$4.051 billion.
- Revenue collections each month have been strong. At the same time the forecast shows decreased state spending with \$300 million of unspent state appropriations.
- State officials highlighted changes in key activities, including lower than expected spending for E-12 education by \$84 million due to declining student enrollments, and decreased spending in Health and Human Services and Property Tax Aids and Credits. Property tax aids and credits are lower largely due to reduced spending in the renters' credit program.
- Federal funds received by the state are not part of the general fund forecast. The focus is on the state's general fund and state resources and spending.
- Income, consumer spending, and corporate profits are driving growth in revenues.
- The state's budget reserve is replenished by \$870 million to its statutory requirement, which is \$2.656 billion in FY 2022. The budget reserve target is based on an annual analysis of revenue volatility, and state law directs 33% of a positive November forecast balance until the budget reserve target is met. The current target is 4.8% of general fund revenues.
- Despite strong growth, the U.S. outlook depends on the continued uncertain course of the pandemic and responses by households, government, and businesses. The forecast assumes decreasing rates of infection and societal responses that allow for managing and co-existing with the virus.
- Inflation is at 4%, compared to 2.1% last February.
- Wage and salary income growth grew by 1.3% last year. Strong wage growth is expected to continue.
- Unemployment is currently at 4.6%, following a spike to 15% last year. Total employment is at 97% of what it was prior to the start of the pandemic; employment is expected to recover to its full level by mid-2022. Unemployment numbers were uneven, with low wage workers most likely to have lost jobs. There are 84,000 fewer Minnesotans in the labor force since February 2020. Unemployment numbers do not reflect those who have left the labor force.
- The Coronavirus variant Omicron, supply chain disruptions, and persistent inflation could alter the budget outlook.

To view the forecast summary and document, click [HERE](#). Questions? Contact Patricia Nauman at [patricia@metrociitiesmn.org](mailto:patricia@metrociitiesmn.org) or 651-215-4002.

## Metro Cities Board of Directors Openings

The Metro Cities Board of Directors will have openings in January due to recent election outcomes. The 19-member Board is comprised of elected and appointed officials. The association's by-laws require the Board to be balanced by city size and population. The Board is responsible for overseeing Metro Cities' operational budget, strategic goals and legislative policies and priorities. The Board also has statutory authority for appointing municipal officials to the TAB and TAC. Interested candidates are asked to provide a (1) resume, (2) cover letter and to complete an (3) [application form](#). Candidates may also provide letters of reference. For more information, contact Patricia Nauman, Executive Director at [patricia@metrocitiesmn.org](mailto:patricia@metrocitiesmn.org). Applications should be sent to Jennifer Dorn at [Jennifer@metrocitiesmn.org](mailto:Jennifer@metrocitiesmn.org) by January 10th.

## Metropolitan Council Taking Public Comment on Transportation Plan Amendment

The Draft Amendment #1 to the 2040 Transportation Policy Plan (TPP) was officially released for public comment during the Metropolitan Council's Wednesday meeting of the full council. Click [HERE](#) to view the 2040 Transportation Policy Plan Amendment #1. The draft amendment deals primarily with arterial bus rapid transit and freight project selections.

Specifically, the amendment extends the B line to downtown Saint Paul, updates the E Line extension to Edina, and adds the [F, G, and H lines](#), which were selected in 2021, to the Transportation Policy Plan. The amendment also adds six highway freight projects to the plan. These projects include:

- 117th Ave Reconstruction and Modernization (City of Inver Grove Heights)
- I-35W/I-494 Interchange Improvements (City of Bloomington)
- Highway 212 Rural Freight Safety Project (Carver County)
- I-94 Eastbound Lane Improvement Project (MnDOT, Woodbury/Oakdale)
- Highway 10/169 Ramsey Gateway Project (City of Ramsey, Anoka County)
- Sherburne County 33 Reconstruction and Realignment (City of Elk River, Sherburne County)

Visit [this web page](#) for more information on the TPP, the draft amendment, and the public comment process. **Public comments can be submitted through January 24, 2022 at 5 PM** via [this web page](#). There will be a virtual public hearing held on January 10, 2022 at 4 PM. Click [HERE](#) or email [public.info@metc.state.mn.us](mailto:public.info@metc.state.mn.us) to register to speak at the public hearing.

Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

## Local Comp Planning Assistance Grants Receive Final Extension

The Metropolitan Council this week approved a final extension for planning assistance grant agreements until June 30, 2022, for grantees with incomplete 2040 Comprehensive Plans. Ten grants totaling \$188,000 are affected by this action. The Council originally awarded planning grants of approximately \$1.9M to 70 local units of government to assist with preparation of 2040 comprehensive plans.

Grant agreements were issued in 2016 with an original ending date of December 31, 2019. The Council has approved previous extensions and it indicated this will be the final extension. Local governments that do not complete requirements in the next six months may need to return previous grant payments.

## Senate Hears RentHelpMN and Bonding Updates from MHFA

The Minnesota Senate Housing Finance and Policy Committee heard updates on rental assistance, bonding and rent control policies from Minnesota Housing Commissioner Jennifer Ho this week, who shared updates on the RentHelpMN program funded by the federal government. The first round of Emergency Rental Assistance paid out \$300 million, while the second round is still open and has \$228 million. The state has received over 65,000 applications and made over 61,000 payments to 37,130 households. Rent has been the primary use of funds while utilities (electricity, water, gas, sewer) and trash bills have made up the rest. [Minnesota Housing's dashboard can be accessed here.](#)

Commissioner Ho also updated the committee on the timeline for awards from the 2021 legislative appropriation of housing infrastructure bonds (HIBs). The legislature enacted a contingency with the new \$100 million in HIBs from the 2021 Special Session, based on potential federal action. If Congress passes a federal infrastructure-related bill in 2021 that includes funding for the same purposes as HIBs, then bonds cannot be issued for those purposes. The contingency is in place through December 31, 2021. The state is awaiting a final decision on housing resources in the federal Build Back Better legislation currently being debated in Washington, D.C., and this contingency is postponing the agency's selections from the annual Consolidated RFP.

Commissioner Ho was asked about the voter-approved St. Paul rent control ordinance and the related Minneapolis ballot question. She said the agency will continue to monitor the impacts of the ballot questions and provide information to the legislature and other interested parties. The [MHFA presentation slideshow can be found here.](#)

## Draft PFAS Monitoring Plan Released

The Minnesota Pollution Control Agency (MPCA) is accepting comments on their recently released [PFAS Monitoring Plan](#) until December 20, 2021. The monitoring plan identifies a framework for PFAS testing and monitoring at solid waste, wastewater and stormwater facilities, landfills, facilities with air emissions, and Brownfield or Superfund sites. Click [HERE](#) to view the Draft PFAS Monitoring Plan and click [HERE](#) to view last month's MPCA monitoring plan draft event.

On Thursday, December 9, the MPCA held a webinar specifically focused on the wastewater components of the monitoring plan. Similar program-specific events have taken place to address air, industrial stormwater, and solid waste and hazardous waste landfills. The MPCA is hosting a half-day meeting focused on remediation on December 15, 2021.

Click [HERE](#) to access the PFAS Monitoring Plan Comment Form to leave your written feedback on the plan. Contact Mike Lund at [michael@metrocitiesmn.org](mailto:michael@metrocitiesmn.org) or 651-215-4003 with any questions.

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