

Metro Cities Board Sets 2022 Legislative Priorities

At its meeting this week, the Metro Cities Board of Directors approved the association's slate of legislative priorities for the 2022 legislative session. The priorities include support for the following:

- capital appropriation for metropolitan inflow-infiltration funding
- modifying the process for the sales tax exemption process for construction materials
- local zoning authority
- increased funding for housing programs to address chronic over subscription
- at least an inflationary increase for local government aid
- funding for housing programs and modifications in laws that advance race equity
- state funding for programs that support local road needs
- a transit system adequate to meet needs across the region
- allowing cities to establish street improvement districts
- repealing the state salary cap for local government officials
- funding for the Small Cities Account and creation and funding of a Large Cities Account

The priorities also identify opposition to the following:

- Legislation that would impede local zoning and other local authorities
- policies or laws that constrain transit providers in the metropolitan region
- expansion of the 4d classification without state funding to address property tax shifts

State Agency Reviews Building Permit Fees, Construction Codes

Metro Cities staff recently participated in a Technical Advisory Group (TAG) at the Department of Labor and Industry (DLI) to review legislative proposals related to building codes and construction. The TAG reviewed three pieces of legislation that Metro Cities has weighed in on at the Capitol the past several years – an annual DLI permit fee report, the setting of building permit fees, and code adoption.

Legislation to increase the dollar threshold for cities to report all construction and development-related fees collected by the municipality from developers, builders, and subcontractors has been introduced the past few sessions. Metro Cities provided input into recent revisions of the [Municipal Fee and Expense Report](#) that is currently required from cities collecting over \$5,000 in a calendar year. The [TAG recommended](#) raising the reporting threshold to cities collecting over \$7,000 in a calendar year.

Legislation requiring cities to base construction permit fees on a cost per square foot rather than valuation was another [item considered by the TAG](#). Senate legislation narrowed the scope to new one- and two-family dwellings and townhouses instead of all construction (commercial, remodeling). Metro Cities advocated cities should retain the authority to set permit fees based on valuation because variations in project complexity are more closely tied to valuation and generally reflect the complexity of services provided. As the TAG report notes, “a more complex project of the same square footage may require additional inspection services.” Advocates for the change suggested it would reduce homeownership costs. Metro Cities explained how a cost per square foot calculation could negatively impact lower-price homes whose owners would likely pay a higher cost than under the current valuation practice, while higher-priced homes would receive a relative discount. TAG members also discussed the potential of establishing a statewide fee schedule for consistency. However, the TAG found the variance in construction costs, labor and municipal program costs vary and that a single uniform fee schedule would not be practical. The TAG did not reach a consensus recommendation on this proposal.

A third legislative proposal would prevent the DLI commissioner from adopting new model building codes or amendments to the codes prior to 2026, unless approved by law. The legislation would also prevent the DLI commissioner from adopting new energy codes or amendments to existing codes unless the commissioner has determined that any cost to residential construction or remodeling per unit due to implementation of the proposed changes to the energy codes will be offset within five years by savings resulting from the change (no more than the net present value of the projected energy savings over thirty years due to the proposed changes). [The TAG found](#) the review and adoption of model codes should continue to be on a six-year cycle with the next adoption referencing the 2024 editions. The adoption of I-codes on a six-year cycle gives the construction industry the opportunity to take advantage of new methods, materials, and technologies that can reduce the cost of construction. TAG members were unable to find consensus regarding return on investment and its calculation.

The Construction Codes Advisory Committee adopted the TAG recommendations on January 20. Legislators may use these recommendations as they draft legislation for the 2022 legislative session. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

Provisions of Note in Governor’s Capital Budget Recommendations

Governor Walz this week released a recommendation for a \$2.7 billion capital budget for the 2022 legislative session. The recommendations include funding for various programs supported by Metro Cities.

Inflow and Infiltration

The proposal recommends \$5 million for metropolitan local governments for inflow infiltration mitigation. Metro Cities supports funding for inflow-infiltration mitigation.

Transportation and Transit

The proposal calls for \$120 million in General Obligation (GO) bonds for the Local Bridge Replacement program that provides grants to local governments to replace and rehabilitate small and large bridges. There is also \$80 million in Trunk Highway Bonds for high priority bridges. The proposal calls for \$90 million for the Local Road Improvement program which provides funds for local governments to construct or reconstruct local roads. Metro Cities supports funding for these programs. The Governor is also recommending \$5 million for highway grade railroad crossings.

\$1.5 million is included for the Safe Routes to School program, which funds infrastructure projects meant to promote safer and more convenient opportunities for children to walk or bike to school. Project types could include the construction or improvement of sidewalks and bike trails, ADA improvements, traffic diversion and speed reduction, and enhanced crosswalk devices or markings.

The Governor's recommendation also includes \$20 million for the Local Road Wetlands Replacement Program. These funds flow through the Board of Soil and Water Resources (BWSR) and are used to replace wetlands drained or filled by local government road construction projects with wetlands elsewhere. Metro Cities Supports funding for this program.

The proposal calls for \$60 million in GO bonds for the Metropolitan Council's Bus Rapid Transit (BRT) system. The recommendation includes \$13.8 million in General Fund cash for the purpose of installing electric vehicle (EV) charging infrastructure. This amount includes grant opportunities for local governments interested in building EV charging infrastructure. This grant program will be administered by the MN Pollution Control Agency (MPCA).

Environment

The proposal calls for \$5 million for the Department of Natural Resources (DNR) community tree planting grants. This money can be used to help mitigate the loss or damage of community forest resources due to pests (i.e., Emerald Ash Borer) or disease.

\$3 million is included for the Metropolitan Council for improvements to the Metropolitan Regional Parks System. \$1 million is included to provide competitive grants to local governments for land acquisition and the development of local parks and trails.

Water Infrastructure

The recommendation includes \$200 million in GO bonds to the Public Facilities Authority (PFA) for state matching funds for federal revolving loan accounts (\$49 million), Water Infrastructure Fund grants (\$76 million), and Point Source Implementation grants (75 million).

The Governor's recommendation includes \$1.1 million in General Fund cash and \$20 million in GO bonds for local government stormwater construction grants. These funds can be used by municipalities to build sustainable and resilient stormwater infrastructure with a priority being given to projects that achieve local climate goals, improve water quality, or minimize the risks associated with extreme weather events. This grant program will be administered by the MN Pollution Control Agency (MPCA).

Housing

The proposal recommends \$250 million in housing infrastructure bonds for supportive housing, preservation of existing homes, senior housing, single family development, and manufactured home communities. The Governor also recommends expanding eligible uses of housing infrastructure bonds to include new construction of rental housing for households with incomes at or below 50% of area median income. His recommendations also include \$60 million in GO bonds for public housing rehabilitation. Funds would be awarded statewide on a competitive basis to local public housing authorities for improvements in fire suppression systems, accessibility improvements, heating and cooling systems, building envelopes, energy efficient windows, elevators, and other critical health and safety items.

The recommendations also include \$72 million in cash for Emergency Shelter Facilities grants for local governments, nonprofits, and tribal governments for capital enhancements to existing shelters or to acquire new shelter space across the state.

House Environment Committee Hearing on Landfills

Members of the House Environment and Natural Resources Committee were recently provided an update on the Metropolitan Landfill Contingency Action Trust (MLCAT) Account by staff from the Minnesota Pollution Control Agency. This account was established in 1984 for the purpose of covering costs associated with long-term care for closed landfills in the metropolitan region. There are seven eligible sites for MLCAT funding including 4 closed construction and demolition landfills, one unpermitted dump (Pigs Eye in Ramsey County), and two open landfills. The account receives 25% of the Metropolitan Solid Waste Landfill Fee revenue which amounts to an average of \$996,000 per year. The account also receives investment revenue following a \$8.1 million transfer to the State Board of Investment in 2016.

In 2003, \$9.905 million was transferred out of the MLCAT into the General Fund and in 2005 another \$4 million was transferred from MLCAT to the renewable development account. An \$8.1 million transfer in 2015 was later repaid but the nearly \$14 million in transfers from 2003 and 2005 have not. In 2021, the legislature passed a repayment plan that will transfer \$100,000 each year from the General Fund to the MLCAT account. These yearly transfers will take 140 years to reach \$14 million. There is active legislation ([HF836/SF857](#)) that would transfer the full \$13.905 million from the general fund to the MLCAT account to make that account whole. Some of the testifiers at Tuesday's hearing expressed support for this approach.

The informational hearing also included more detailed updates on the Burnsville Sanitary Landfill and the Pigs Eye Dump in St. Paul. Click [HERE](#) to view the MPCA slides which provide background on the MLCAT account and details on the work this account funds with site-specific examples. Click [HERE](#) for a recording of the Environment Committee hearing.

Contact Mike Lund at michael@metrocitiesmn.org or 651-215-4003 with any questions.

Metropolitan Council Committee Reviews 2040 Comp Plan Review Process

Metropolitan Council staff presented their internal and external debrief efforts of the 2040 comp plan update review process to the Community Development and Land Use Advisory committees this week. This included Council-led outreach efforts with cities as well as several debrief meetings coordinated with Metro Cities in 2021.

The Council highlighted aspects of the comp plan update process that they received feedback on that went well and aspects that need improvement. The [presentation can be found here](#).

Several concerns discussed included the content of incomplete letters, the time cities waited for a response from the Council, costs, and plan components on housing and inflow and infiltration. According to staff, improvement items will include communication efforts, technical assistance, planning resources for cities including the Local Planning Handbook, and explaining the rationale for requirements as well as ensuring internal Council staffing levels.

Metro Cities will engage with the Council and city officials to provide feedback and develop recommendations on improvements for the 2050 updates and process. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001, or patricia@metrocitiesmn.org or 651-215-4002 with any questions.

Metropolitan Council Begins Planning Community Designations For 2050 Comp Plan Update Process

Metropolitan Council staff has begun looking at community designations as part of its early steps kicking off the 2050 comprehensive plan update.

Community designations are the Council's basis for density expectations and land use policies. The designations also guide growth in areas with urban infrastructure and protect agricultural land and natural amenities. Thrive 2040 includes nine community designations with corresponding minimum and maximum average net density requirements. These range from 20 units per acre minimum in urban centers to one unit per acre maximums in agricultural designations.

Council staff said they would convene external groups of city officials and planners as well consult with the Council's Land Use Advisory Committee (LUAC), focus groups, and Metro Cities. LUAC is the primary committee within the Council that will guide these discussions.

More [information can be found here](#). The Council plans to finalize and adopt the community designations by the end of 2022. Metro Cities will continue to monitor these discussions and participate in the Council's development of the designations. Metro Cities has several policies related to this work and will respond in a manner consistent with its policies. Contact Charlie Vander Aarde at charlie@metrocitiesmn.org or 651-215-4001 with any questions.

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