METRO CITIES

Association of Metropolitan Municipalities

Legislative Policies

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Metro Cities

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1-A State and Local Fiscal Relationship

A strong, functional state and local fiscal relationship must emphasize adequacy, equitability, sustainability and accountability for public resources and effective communication among the state, cities, and public. An effective partnership must also emphasize practices that strengthen collaboration and partnership between the state and local units of government.

Services provided by cities are traditionally funded through a combination of property taxes, fees and state aids. Increasingly, cities are bearing more costs for services that have historically been the responsibility of the state.

Metro Cities supports a strong state and local fiscal partnership that emphasizes the following:

- **Strong financial stewardship and accountability for public resources that emphasizes maximizing efficiencies in service delivery and effective communication between the state and local units of government and the public.**

- **Reliable, stable and adequate revenue sources including the property tax and local government aids, and dedicated funds to meet specific local government needs. Metro Cities opposes diverting dedicated funds or local aids for the purpose of balancing state budgets.**

- **Sufficient revenue sources available to cities that allow cities to address local needs and citizens to receive adequate services at relatively similar levels of taxation, and that maintain local, regional and state economic vitality and competitiveness.**

- **Full state funding to cover mandates enacted by the state, and flexibility for local governments in implementing state mandates to ensure local costs are minimized.**

- **Local decision-making authority with regard to the terms and conditions of employment for local government employees, including compensation, recognition, and benefit decisions.**

- **Adequate and timely notification regarding new legislative programs or modifications to existing state programs or policies to allow cities sufficient time to plan for implementation and to manage any effects on local budgeting processes.**

- **Support for cooperative purchasing arrangements between the state and local units of government. Such arrangements must be structured to be able to address unexpected delays or other challenges in the procurement of goods, so that any disruptions to local government operations and services that may result from such delays are minimized. State**

officials should seek local feedback in the vetting of product vendors.

- **The concept of performance measuring, but opposition to using state established measurements to determine the allocation of state aids to local governments or restrict the ability of local governments in establishing local budgets and levies.**

1-B Revenue Diversification and Access

Metro Cities supports a balanced and diversified revenue system that acknowledges diverse city characteristics, needs and revenue capacities and allows for greater stability in revenues.

Metro Cities will monitor the effects of 2019 laws that modified statutory requirements for local option sales taxes. **Metro Cities continues to support the ability of a city to impose a local option sales tax for public improvements and capital replacement costs using local processes determined by law but without the need for special legislation. Metro Cities supports having local sales tax referendums conducted at a general or special election.**

The Legislature should recognize equity considerations involved with local sales taxes and continue to provide aids to cities that have high needs, overburdens and/or low fiscal capacity.

Metro Cities supports a modification to state laws governing local lodging taxes to allow cities to impose up to a five percent local lodging tax, and the ability of cities to modify the uses of revenues to meet local needs.

Metro Cities supports current laws providing for municipal franchise fee authority, and opposes statutory changes such as reverse referendum requirements or other constraints that would reduce local authority and flexibility for establishing, amending, or renewing franchise fees and interfere with local public processes and goals for establishing such fees.

1-C Restrictions on Local Government Budgets

Metro Cities strongly opposes levy limits, reverse referenda, super majority requirements for levy and valuation freezes, or other restrictions on local government budgeting and taxing processes. Such restrictions undermine local budgeting and taxing processes, planned growth, and the relationship between locally elected officials and their residents by allowing the state to decide the appropriate level of local taxation and services, despite varying local conditions and circumstances.

1-D Budget and Financial Reporting Requirements

State laws require cities to prepare and submit or publish numerous budget and financial reports. These requirements often create significant costs to cities, and some requirements result in duplication. Additional reporting requirements should have a clearly defined statement of public purpose and need not covered under existing requirements and should balance the need for additional information with the costs of compiling and submitting the information.

Considering the numerous existing reporting requirements, Metro Cities supports reducing the number of mandated reports. Metro Cities supports efforts to consolidate municipal government financial reporting requirements in the Office of the State Auditor, including an electronic submission alternative to any remaining paper filing requirements, and to authorize the use of web publication where newspaper publication is currently required.

1-E Local Government Aid (LGA)

Metro Cities supports the city Local Government Aid (LGA) program as a means of ensuring cities remain affordable places to live and work while meeting basic public service needs of residents and businesses.

Metro Cities' policies recognize that the state's prosperity and vitality depend significantly upon the economic strength of the metropolitan region, and that cities within the region play critical roles in fostering the economic development, job creation and business expansion that underpin the state's economic health.

Metro Cities supported 2013 statutory modifications to the LGA program to better address the needs of cities across the state and of metropolitan cities in their support of the state's economic growth. Metro Cities continues to support a formula-based LGA program that recognizes variances in city characteristics and capacities and emphasizes stability in the distribution of aids. While the 2013 modifications improved LGA formula factors to better recognize city needs and capacities, the distribution of aid continues to be geographically disparate and unstable for some cities.

Metro Cities supports further examination of the LGA formula to ensure that metropolitan city needs are adequately addressed in the LGA formula, and opportunities for input by metropolitan city officials as program modifications are considered.

To ensure appropriation levels are adequate to meet program objectives, Metro Cities supports increasing the LGA appropriation to address cities' unmet need as defined by the LGA formula as well as increases in the LGA appropriation to account for inflation. By way of reference, the total need identified in the LGA formula for 2020 is estimated at $807.7million, whereas the current funding is set at $560.3 million, putting the remaining need at $247.4 million.

Metro Cities supports formula-based allocations for increases to the LGA appropriation, and opposes freezes of the LGA appropriation, reductions of LGA for balancing state budget deficits, and diversions of the LGA appropriation to other purposes or entities. Metro Cities also opposes artificial limits or reductions that single out specific cities, and further opposes using LGA as financial leverage to influence particular activities and policy decisions at the local level.

1-F State Property Tax Relief Programs

Metro Cities supports state funded property tax relief programs paid directly to homestead property taxpayers such as the “circuit breaker” program and enhanced targeting for special circumstances. Metro Cities also supports the renter’s credit program. Metro Cities supports an analysis of the state’s property tax relief programs to determine their effectiveness and equity in providing property tax relief to individuals and families across the state.

Metro Cities supports efforts by the Minnesota Department of Revenue to expand outreach and notification efforts about state property tax relief programs to homeowners, and notifications to local units of government to support such efforts. Metro Cities also supports legislative modifications to make tax relief payments to taxpayers automatic.

Metro Cities supports the use of the Department of Revenue’s “Voss” database to link income and property values, and the consideration of income relative to property taxes paid in determining eligibility for state property tax relief programs. Updates to the database should occur in a timely manner and data reviewed periodically to ensure the database’s accuracy and usefulness.

1-G Property Valuation Limits/Limited Market Value

Metro Cities opposes the use of artificial limits in valuing property at market for taxation purposes, since such limitations shift tax burdens to other classes of property and create disparities between properties of equal value.

1-H Market Value Homestead Exclusion Program (MVHE)

The Market Value Homestead Exclusion Program (MVHE) provides property tax relief to qualifying homesteads, through reductions in property tax values, which shifts property taxes within jurisdictions. The MVHE replaced a former Market Value Homestead Credit Program, which provided credits on local government tax bills to qualifying properties, with reimbursements provided by the state to local governments.

Metro Cities opposes restoration of the former Market Value Homestead Credit, as reimbursements to local governments were inconsistent, and encourages further study of the exclusion program, with input by city officials, to determine the program’s overall efficacy and its effects on local tax bases.

1-I Metropolitan Area Fiscal Disparities Program

The Metropolitan Area Fiscal Disparities Program, enacted in 1971, was created for the purposes of:

- providing a way for local governments to share in the resources generated by the growth of the metropolitan area without removing existing resources;

- promoting orderly development of the region by reducing the impact of fiscal considerations on the location of business and infrastructure;

- establishing incentives for all parts of the area to work for the growth of the area as a whole;

- helping communities at various stages of development; and

- encouraging protection of the environment by reducing the impact of fiscal considerations to ensure protection of parks, open space and wetlands.

Metro Cities supports the Fiscal Disparities Program. Metro Cities opposes any diversion from the fiscal disparities pool to fund specific state, regional or local programs, goals or projects as such diversions contradict the purposes of the program.

Legislation that would modify or impact the fiscal disparities program should only be considered within a framework of comprehensive reform efforts of the state's property tax, aids and credits system. Any proposed legislation that would modify or impact the fiscal disparities program must be evaluated utilizing the criteria of fairness, equity, stability, transparency and coherence in the treatment of cities and taxpayers across the metropolitan region, and must continue to serve the program's intended purposes.

Metro Cities opposes legislation that would allow for capturing and pooling growth in residential tax capacity to fund specific programs or objectives.

Further studies or task forces to consider modifications to the fiscal disparities program must include participation and input from metropolitan local government representatives.

1-J Constitutional Tax and Expenditure Limits

Metro Cities strongly opposes including tax and expenditure limits in the state constitution, as such limits eliminate flexibility by the Legislature or local governments to respond to unanticipated critical needs, emergencies, or fluctuating economic situations.

When services such as education, public safety and health care require increased funding beyond the overall limit, other publicly funded services potentially stand to receive inadequate resources. Constitutional limits result in reduced revenue bases during times of economic downturn and the inability to recover to previous service levels when economic prosperity returns.

1-K State Property Tax

The state levies a property tax on commercial/industrial and cabin property. **Since cities' only source of general funds is the property tax, Metro Cities opposes extension of the state**

property tax to additional classes of property. Metro Cities opposes using the state property tax to fund specific programs or objectives generally funded through state income and sales tax revenue.

In the interest of increasing transparency, Metro Cities supports efforts to have the state provide information on the property tax statement regarding the state property tax. Metro Cities opposes exempting specific classes of property under the tax as such exemptions shift the costs of the tax onto other classes of property.

1-L Class Rate Tax System

Metro Cities opposes elimination of the class rate tax system or applying future levy increases to market value since this further complicates the property tax system.

1-M Regional Facility Host Communities

Municipalities hosting regional facilities such as utilities, landfills or aggregate mining incur costs and effects such as environmental damage or lost economic development opportunities. Communities should be compensated to accommodate the effects of facilities that provide benefits to the region and state. **Metro Cities supports legislative efforts to offset the negative effects of these facilities and activities on host communities.** Metro Cities would prefer that municipalities be allowed to collect a host fee that may be adjusted when state decisions affect those fees.

1-N Sales Tax on Local Government Purchases

Metro Cities supported the 2013 reinstatement of the sales tax exemption for purchases of goods and services made by cities. This reinstatement does not apply to all local government purchases.

To ensure citizens receive the full benefit of this exemption, the law should treat purchases of all local government units the same, including purchases made by special taxing districts, joint powers entities, or any other agency or instrumentality of local government.

Metro Cities supports simplifying the process on the exemption for construction materials that is complex and cost ineffective or converting the process to a refund program.

Metro Cities supports granting an extension of the motor vehicle sales tax exemption to all municipal vehicles that are used for general city functions and are provided by governmental entities. Currently, only certain vehicles, including road maintenance vehicles purchased by townships, and municipal fire trucks and police vehicles not registered for use on public roads, are exempt from the MVST.

1-O City Revenue Stability and Fund Balance

Metro Cities opposes state attempts to control or restrict city fund balances. These funds are necessary to maintain fiscal viability, meet unexpected or emergency resource needs, purchase capital goods and infrastructure, provide adequate cash flow and maintain high level bond ratings.

1-P Public Employees' Retirement Association (PERA)

Metro Cities supports employees and cities sharing equally in the cost of necessary contribution increases and a sixty percent employer/forty percent employee split for the PERA Police and Fire Plan. Metro Cities also supports state assistance to local governments to cover any additional contribution burdens placed on cities over and above contribution increases required by employees. Cities should receive sufficient notice of these increases so that they may take them into account for budgeting purposes.

Metro Cities opposes benefit improvements for active employees or retirees until the financial health of the PERA General Plan and PERA Police and Fire Plan are restored.

Metro Cities supports modifications to help align PERA contributions and costs, and reduce the need for additional contribution increases, including a modification of PERA eligibility guidelines to account for temporary, seasonal and part-time employment situations, the use of pro-rated service credit and a comprehensive review of exclusions to simplify eligibility guidelines. Further employer contribution rate increases should be avoided until other cost alignment mechanisms are considered.

Metro Cities supports cities and fire relief associations working together to determine the best application of State Fire Aid. Flexibility in the application of State Fire Aid, where combination departments exist, will ensure that fire services can be provided in the most cost-effective means possible.

Regarding police pension contributions, Metro Cities supports a proactive review of factors contributing to the financial status of police and fire pension plans, to ensure that structural adjustments are considered in conjunction with potential increases in employee and employer contribution rates. Specifically, an area that could be considered is contractual overtime impacts on pension levels.

Metro Cities supports removing the sunset of the PERA aid that is paid to local units of government to help address increased employer contribution costs.

1-Q State Program Revenue Sources

Metro Cities opposes any attempt by the state to finance programs of statewide value and significance, that are traditionally funded with state revenues, with local revenue sources such as municipal utilities or property tax mechanisms. Statewide programs serve important state goals and objectives, and should be financed through traditional state revenue sources such as the income or sales tax.

Metro Cities further opposes substituting traditionally state funded programs with funding mechanisms that would disparately affect taxpayers in the metropolitan area.

1-R Post-Employment Benefits

Metro Cities supported statutory changes that allow local governments to establish trusts from which to fund post-employment health and life insurance benefits for public employees, with participation by cities on a strictly voluntary basis, in recognition that cities have differing local needs and circumstances. Cities should also retain the ability to determine the level of post-employment benefits to be provided to employees.

1-S Health Care Insurance Programs

Metro Cities supports legislative efforts to control health insurance costs but opposes actions that undermine local flexibility to manage rising insurance costs. Metro Cities encourages a full examination of the rising costs of health care and the impacts on city employers and employees. **Metro Cities also supports a study of the fiscal impacts to both cities and retirees of pooling retirees separately from active employees.**

1-T State Budget Stability

Metro Cities strongly supports a state revenue system that provides for stability, flexibility and adequacy in the system, reduces the volatility of state revenues and improves the long-term balance of state revenues and expenditures. Metro Cities supports a statutory budget reserve minimum that is adequate to manage risks and fluctuations in the state's tax system and a cash flow reserve account of sufficient size so that the state can avoid short term borrowing to manage cash flow fluctuations.

Metro Cities also supports an examination of the property tax system and the relationships between state and local tax bases, with an emphasis on state budget cuts and effects on property taxes. State budget deficits must be balanced with statewide sources and must not further reduce funding for property tax relief programs and aids to local governments that result in local governments bearing more responsibility for the costs of services that belong to the state.

1-U Taxation of Electronic Commerce

Metro Cities supports efforts to develop a streamlined sales and use tax system to simplify sales and use tax collection and administration by retailers and states. Metro Cities supports policies that encourage remote retailers to collect and remit state sales taxes in states that are complying with the Streamlined Sales and Use Tax Agreement.

Metro Cities opposes legislation that allows accommodation intermediaries such as online travel companies a tax exemption that terminates obligations to pay hotel taxes to state and

local governments, or otherwise restricts legal actions by states and localities. The Legislature in 2011 clarified that these services are subject to state sales tax. **Metro Cities supports statutory changes to further clarify that all lodging taxes, whether administered by the state or locally, apply to total charges, including charges for services provided by accommodation intermediaries.**

1-V Payments for Services to Tax Exempt Property

Metro Cities supports city authority to collect payments from tax exempt property owners to cover the costs of services to those entities, similar to statutory authority for special assessments. Metro Cities opposes legislation that would exempt nonprofit entities from paying user fees and service charges.

1-W Proceeds from Tax Forfeited Property

Metro Cities supports changes to state laws governing the proceeds for tax forfeited properties. Currently, counties can recover administrative costs related to a property before other allocations are made and the law allows for the county to recoup a percentage of assessment costs once administrative costs are allocated. The result is often no allocation or a very low allocation, and usually insufficient level of proceeds available for covering special assessments, unpaid taxes and fees to cities. State processes addressing tax-forfeited properties can have implications for local land use plans and requirements and can result in unexpected and significant fiscal impacts on local communities. The current process also does not require the repayment of unpaid utility charges, or building and development fees.

Metro Cities supports statutory changes that balance repayment of unpaid taxes and assessments, utility charges and other fees and that more equitably allocates the distribution of proceeds between counties and cities.

1-X Vehicle Title and Registration System (VTRS)

Issues associated with the rollout of the state MN Licensing and Registration System (MNLARS) have caused significant unanticipated and ongoing disruptions to services provided by local deputy registrars. Some registrar offices have relied on other local revenues, such as the property tax, to manage normal expenses due to unresolved glitches in the system and a shift from the state to the local level for additional processing time. These challenges have also created a high potential for negative public perceptions on local government services, on an issue over which local governments have no ability to control.

In 2019, state officials elected to replace the MNLARS system with the Vehicle Title and Registration System (VTRS). **As transition to the new system occurs, Metro Cities continues to support state funding to compensate local deputy registrars for any unanticipated costs associated with implementation and the shifting of per-transaction processing burdens that may result from the implementation of VTRS.**

As the state works to identify efficiencies in the vehicle registration process and system, policy makers must consider the effects of changes on the financial viability of deputy registrars resulting from decreases in transaction fees collected by local registrars.

Metro Cities supports a consideration of increases to existing transaction fee levels that are set by state law, to ensure that local deputy registrars can sufficiently function and meet continually evolving local registrar service needs.

1-Y Special Assessments

When property owners challenge special assessments based on application of the special benefit test, some courts have interpreted “benefits received” to mean the one-year increase in property value that is directly attributable to a construction project. There is currently no consistency between state laws and rulings by some courts on the term “benefits received”. **Metro Cities supports modifications to state laws governing special assessments for construction projects or other improvements arising from legislative authority to clarify the definition of “benefits received”.** The modified definition should more closely align with how special assessments are calculated, and recognizes that the benefit of the improvement to a property may be realized over time and not within one year.

2-A Mandates, Zoning & Local Authority

To serve their local citizens and communities, city officials must have sufficient local control and decision-making authority. **Metro Cities supports local decision-making authority and opposes statutory changes that erode local authority and decision making.**

Minn. Stat. § 462.357, subd. 1, provide cities authority to regulate and set local ordinances for zoning. **Metro Cities supports existing state laws that provide for this authority.**

Metro Cities supports statutory changes that give local officials greater authority to approve or deny variances to allow flexibility in responding to the needs of the community. Metro Cities also supports the removal of statutory barriers to uniform zoning ordinance amendment processes for all cities, regardless of city size classification.

Metro Cities opposes the imposition of legislative mandates that increase local costs without a corresponding state appropriation or funding mechanism. Unfunded mandates potentially increase property taxes and impede cities' ability to fund traditional service needs.

To allow for greater collaboration and flexibility in providing local services, Metro Cities encourages the removal of barriers to coordination between cities and other units of government or entities.

2-B City Enterprise Activities

Creation of an enterprise operation allows a city to provide a desired service while maintaining financial and management control. The state should refrain from infringing on this ability to provide and control services for the benefit of community residents.

Metro Cities supports cities having authority to establish city enterprise operations in response to community needs, local preferences or state mandates, or that help ensure residents' quality of life.

2-C Firearms on City Property

Cities should be allowed to prohibit handguns and other weapons in city-owned buildings, facilities and parks and to determine whether to allow permit-holders to bring guns into municipal buildings, liquor stores, city council chambers and city sponsored youth activities. It is not Metro Cities' intention for cities to have the authority to prohibit legal weapons in parking lots, on city streets, city sidewalks or on locally approved hunting land.

Metro Cities supports local control to allow or prohibit handguns and other weapons on city-owned property.

2-D 911 Telephone Tax

Public safety answering points (PSAPs) must be able to continue to rely on state 911 revenues to pay for upgrades and modifications to local 911 systems, maintenance and operational support and dispatcher training.

Metro Cities supports state funding for technology and training necessary to provide the number and location of wireless and voice over internet protocol (VoIP) calls to 911 on computer screens and transmit that data to police, fire and first responders.

2-E 800 MHz Radio System

Metro Cities urges the Legislature to provide cities with the financial means to obtain required infrastructure and subscriber equipment (portable and mobile radios) as well as provide funding for operating costs, since the prime purpose of this system is to allow public safety agencies and other units of government the ability to communicate effectively.

Metro Cities supports the work of the Metropolitan Emergency Services Board (previously the Metropolitan Radio Board) in implementing and maintaining the 800 MHz radio system, as long as cities are not forced to modify their current systems or become a part of the 800 MHz Radio System unless they so choose.

2-F Building Codes

Thousands of new housing units are constructed annually in the metropolitan area.

Metro Cities supports an equitable distribution of fees from the Construction Code Fund, with proportional distribution based on the area of enforcement where fees were received. Metro Cities further supports efforts by the state, cities and builders to collectively identify appropriate uses for the fund, including education, analysis of new materials and construction techniques, building code updating, building inspector training, and development of performance standards and identification of construction "best practices."

Metro Cities supports including the International Green Construction Code as an optional appendix to the State Building Code to allow cities to utilize appropriate parts of those guidelines in their communities. Metro Cities also supports adopting the international energy conservation code to the state building code without amendments. Metro Cities does not support legislative solutions that fail to recognize the interrelationships among builders, state building codes and cities. Metro Cities supports efforts to increase awareness of the potential impacts and benefits of requiring sprinklers in new homes and townhouses and supports discussion and the dissemination of information on these impacts via the code adoption process through the Department of Labor and Industry.

2-G Administrative Fines

Traditional methods of citation, enforcement and prosecution have met with increasing costs to local units of government. The use of administrative fines is a tool to moderate those costs. **Metro Cities supports the administrative fine authority that allows cities to issue administrative fines for defined local traffic offenses and supports further modifications to enhance functionality of this authority. Metro Cities continues to support cities' authority to use administrative fines for regulatory ordinances such as building codes, zoning codes, health codes, and public safety and nuisance ordinances.**

Metro Cities supports the use of city administrative fines, at a minimum, for regulatory matters that are not duplicative of misdemeanor or higher-level state traffic and criminal offenses. Metro Cities also endorses a fair hearing process before a disinterested third party.

2-H Residential Programs

Sufficient funding and oversight is needed to ensure that residents living in residential programs have appropriate care and supervision and that neighborhoods are not disproportionately impacted by high concentrations of residential programs. Historically, federal and state laws have discouraged the concentration of residential group homes so as not to promote areas that reinforce institutional quality settings.

Under current law, operators of certain residential programs are not required to notify cities when they intend to purchase single-family housing for this purpose. Cities do not have the authority to regulate the locations of residential programs. Cities have reasonable concerns about high concentrations of these facilities in residential neighborhoods, and additional traffic and service deliveries surrounding these facilities when they are grouped closely together. Municipalities recognize and support the services residential programs provide. However, cities also have an interest in preserving balance between residential programs and other uses in residential neighborhoods.

Providers applying to operate residential programs should be required to notify the city when applying for licensure to be informed of local ordinance requirements as a part of the application process. Licensing agencies should be required to notify the city of properties receiving licensure to be operated as residential programs.

Metro Cities supports changes to Minn. Stat. § 245A.11, subd. 4, to allow for appropriate non-concentration standards for all types of cities to prevent clustering. Metro Cities supports statutory modifications to require licensed agencies and licensed providers that operate residential programs to notify the city of properties being operated as residential programs. Metro Cities also supports the establishment of appropriate non- concentration standards for residential programs, to prevent clustering, and supports enforcement of these rules by the appropriate county agencies.

2-I Annexation

Attempts have been made in recent years to reduce tensions between cities and townships in annexations. A Municipal Boundary Adjustment Task Force worked to develop recommendations regarding best practices annexation training for city and township officials to better communicate and jointly plan potential annexations. While the task force defined differences between cities and townships, no significant advancements were made in creating best practices.

Metro Cities supports continued legislative efforts to develop recommendations regarding best practices and annexation training for city and township officials to better communicate and plan for potential annexations. Further, Metro Cities supports substantive changes to the state's annexation laws that will lead to better land use planning, energy conservation, greater environmental protection, fairer tax bases, clarification of fee reimbursement and fewer conflicts between townships and cities. Metro Cities also supports technical annexation changes that are agreed to by cities and townships.

2-J Statewide Funding Sources for Local Issues with Regional Impact

Many issues including, but not limited to, a metropolitan area groundwater monitoring network, emerald ash borer management, and the cleanup of storm-water retention ponds, come with significant local costs, and have effects that reach beyond municipal boundaries.

Metro Cities supports the availability of statewide funding sources to address local issues that have regional or statewide significance or are caused by state or regional actions.

Metro Cities opposes any requirement to enact ordinances more restrictive than state law in exchange for access to these funds.

2-K Urban Forest Management Funding

Urban forests are an essential local infrastructure component. Dutch elm disease, oak wilt disease, drought, storms, and emerald ash borer threaten public investments in trees and controlling these issues can be greatly consequential for city budgets. The Minnesota Department of Natural Resources, through its Urban and Community Forestry program, and the Minnesota Department of Agriculture, through its Shade Tree and Invasive Species program, have regulatory authority to direct tree sanitation and control programs. Although these programs allow for addressing some tree disease, pest, and other problems, funding has been inadequate to meet the need of cities to build capacity for tree programs and respond to catastrophic problems.

Cities share the goal of the state’s Re-leaf Program—promoting and funding the inventory, planning, planting, maintenance, and improvement of trees in cities throughout the state. In addition, economic and environmental gains for storm water management, climate change mitigation, air quality management, tourism, recreation, and other benefits must be protected from tree loss. A lack of timely investment in urban forests costs cities significantly more in the long run.

Cities are facing immediate costs for the identification, removal, replacement, and treatment of emerald ash borer (EAB) as it spreads across the state. The state has no program to assist cities in covering those expenses.

Metro Cities supports funding for a state matching grant program to assist cities with building capacity for urban forest management and meeting the costs of preparing for, and responding to, catastrophic urban forest problems. Specifically, direct grants to cities are desperately needed for the identification, removal, replacement, and treatment of trees related to management of EAB. The state should establish an ongoing grant program with annual funding that is usable for those activities.

2-L Regulation of Harmful Substances and Products

In metropolitan regions where most cities share boundaries with other cities, local bans of harmful drugs and substances such as synthetic drugs, which have been found to be dangerous, do not eliminate access to these products unless all cities take the same regulatory action.

Metro Cities supports statewide regulation and prohibition of products or substances in circumstances where there is evidence that products present a danger to anyone who uses them, where there is broad local support for a ban and where corresponding regulatory issues have regional or statewide significance.

In addition, the Legislature should provide for the regulation of products that are known to damage water quality, sewer collection, and storm and wastewater treatment systems, not just at the treatment and infrastructure maintenance levels, but at the consumer and manufacturing levels, through accurate labeling of products, public education, and recycling and re-use programs.

2-M Private Well Drilling Restriction Authority

Cities are authorized to enact ordinances that disallow the placement of private wells within city limits to ensure both water safety and availability for residents and businesses. This authority is important for the appropriate management of local water supply conservation efforts. Municipal water systems are financially dependent upon users to operate and maintain the system. A loss of significant rate payers resulting from unregulated private well drilling would economically destabilize water systems and could lead to contamination of the water supply.

Metro Cities supports current law authorizing cities to regulate and prohibit the placement of private wells within municipal utility service boundaries and opposes any attempt to remove or alter that authority. Metro Cities supports funding that can be used to cap private wells.

2-N Organized Waste Collection

Cities over 1,000 in population are required by law to ensure all residents have solid waste collection available to them. A city can meet the statutory requirement by licensing haulers to operate in an open collection system, authorize city employees to collect waste, or implement organized collection through one or multiple haulers to increase efficiency, reduce truck traffic and control costs to residents.

Metro Cities supports current laws that allow cities to work with existing haulers to achieve the benefits of organized collection or investigate the merits of organized collection without the pressure of a rigid timeline and requirement to pass 'an intent to organize' at the beginning of the discussion process. Metro Cities opposes any legislation that would further increase the cost or further complicate the process cities are required to follow to organize waste collection or prohibit cities from implementing, expanding or using organized waste collection. Metro Cities supports state funding to local governments to increase the availability of material and organic recycling.

2-O Election Administration

Cities play a critical role in managing and ensuring the integrity of elections. Any changes made to election laws should not place undue financial or administrative burdens on local governments. **Metro Cities supports reimbursement by the state to local units of government for any costs associated with changes to election laws.**

Metro Cities supports laws to increase efficiencies in administering absentee ballots, to reduce the potential for errors and to improve absentee balloting processes.

State laws that allow the filling of municipal vacancies by special election on one of four days specified in law, can create logistical and financial challenges for municipalities. **Metro Cities supports changes to state laws that allow sufficient flexibility for municipalities in addressing vacancies in municipal offices.**

Metro Cities further supports:

- **Laws allowing in-person absentee voters to place their ballots in a secure tabulator, and statutory changes to allow this for the duration of absentee voting;**
- **Establishing an earlier deadline for ending in-person absentee voting;**
- **Revising absentee ballot regulations to allow any person 18 and older to witness the absentee process and sign the envelope as a witness; and**
- **Authorizing cities with health care facilities to schedule election judges to conduct absentee voting at an earlier date in health care facilities.**

2-P Utility Franchise Fees, Accountability and Cost Transparency

Minnesota cities are authorized by Minn. Stat. 216B and Minn. Stat. § 301B.01 to require a public utility (gas or electric) that provides services to the city or occupies the public right of way within a city to obtain a franchise. Several metro area cities have entered agreements that require the utility to pay a fee to help offset costs of maintaining the right of way.

Cities are also adopting energy policies that use renewable energy resources to light or heat public facilities. Policies and programs have also been instituted in cooperation with the public utility franchisee to increase energy efficiency for all users. Cities also contract, at city expense, with public utilities to "underground" wires. State laws also require energy companies to provide more electric energy from renewable sources. The specific amounts vary by type of utility.

Metro Cities supports:

- **State policies adopted by legislation or through rules of the Public Utility Commission that provide cities with the authority to include city energy policies and priorities in a franchise or similar agreement with a franchisee; and**

- **Greater accountability and transparency for city paid costs associated with underground utility and similar work performed by electric utilities as part of a local project.**

2-Q Water Supply

Municipal water suppliers are charged with meeting the water supply needs of their communities and work to do so with safe, reliable and cost-effective systems that are sustainable both for established cities and for all future growth.

The aquifers in the metropolitan area cross municipal boundaries and therefore require a coordinated regional approach to planning for their future availability. Currently, approximately 75% of municipal water supply in the metropolitan area comes from groundwater. With proper management of the resource, the current water supply in the region is adequate; however, Metropolitan Council projections predict localized declines in aquifer availability due to population growth estimates if current usage levels are maintained.

Regulation of water is complex and compartmentalized. Various agencies permit its use, plan for its availability, regulate stormwater, treat wastewater and protect the safety of water. To ensure that water supply remains adequate and sustainable across the region, we must understand how much water can be sustainably drawn from the aquifers and what effect increases in re-use, conservation and recharge can have on the sustainability and availability of both groundwater and surface water. Many of these strategies cross agency jurisdictions and will require improved coordination and cooperation.

Municipal water suppliers have made significant infrastructure investments in their systems based on calculated water availability and DNR permits. Proposals to reduce the reliance on groundwater by switching municipal water systems from groundwater to surface water supplies will come with significant costs that could place excessive burdens on local resources.

The outcomes and benefits of re-balancing the mix of groundwater and surface water use for specific municipalities and the region must be identifiable before any projects are undertaken. The sustainability of our water supply is an issue of regional and statewide significance and the expense of any necessary projects that benefit the region should not fall on individual cities. Any attempts to address water supply sustainability must also take into account all water users, including municipal water suppliers, industry, private wells, agriculture and contamination containment.

The metropolitan region must consider the effects of groundwater use beyond the borders of the metropolitan area on the region's groundwater availability and the cost of treating contaminants in surface water that comes into the metropolitan area for use.

Metro Cities supports the removal of barriers to wastewater and storm water re-use, improved inter-agency coordination, clarifying the appropriate roles of local, regional and state governments with respect to water, streamlining and consolidating permit approval processes and the availability of statewide resources to plan for and ensure the future sustainability of water supply in the metropolitan area. Metro Cities also encourages the Metropolitan Council, in consultation with municipalities, to find ways to re-use wastewater and to develop other strategies to improve conservation.

Metro Cities supports state funding for costs associated with converting water supply from groundwater to surface water and funds to encourage and promote water conservation as a strategy to improve water sustainability and to improve and protect water quality.

2-R Regulation of Massage Therapists

In the absence of statewide regulation for massage therapy practitioners, many cities have enacted local ordinances that require massage therapists to obtain a local professional license to assist law enforcement in differentiating between legitimate providers and illegitimate businesses fronting as massage therapy establishments.

Metro Cities supports statewide registration or licensure of massage therapists to aid local law enforcement efforts in this area. Metro Cities supports cities' ability to continue to license massage therapy businesses.

Policies 3-A to 3-J: Introduction

While the provision of housing is predominantly a private sector, market-driven activity, all levels of government – federal, state, regional and local – have a role to play in facilitating the production and preservation of affordable housing in Minnesota.

Adequate affordable housing is a significant concern for the metropolitan region and effective approaches require participation from all levels of government, the private sector and nonprofit groups.

3-A City Role in Housing

While local government financial resources constitute a relatively small portion of the total costs of providing housing, many cities take on a significant administrative burden by providing financial incentives and regulatory relief, participating in state and regional housing programs and supporting either local or countywide housing and redevelopment authorities and community development agencies.

Cities are responsible for most ground-level housing policy in Minnesota, including land use planning, code enforcement, rental licensing, and often the packaging of financial incentives. Cities are responsible for ensuring the health and safety of residents and the structural soundness and livability of the local housing stock through building permits and inspections. Cities establish fee structures for residential development to cover the costs of growth and corresponding needs for public infrastructure. It is the responsibility of cities to periodically review local requirements such as land use regulations and ordinances to ensure that they are consistent with these purposes.

Metro Cities strongly opposes any effort to reduce, alter or interfere with cities' authority to carry out these functions in a locally determined manner.

3-B City Role in Affordable and Life Cycle Housing

Metro Cities supports housing that is affordable and appropriate for people at all stages of life. A variety of housing opportunities are important to the economic and social well-being of individual communities and the region. The region faces challenges in meeting the existing and future housing needs of low and moderate-income residents. Existing housing stock is aging, with roughly half older than 40 years old, according to the U.S. Census Bureau. Older housing stock can be more affordable; however, it requires investments to remain viable. Private investors have purchased subsidized and unsubsidized rental units, made improvements and charged higher rents that have made access to previously affordable units prohibitive for low and moderate-income residents. The Metropolitan Council has projected the region will add nearly 35,000 households between 2021 and 2030 that will need affordable housing and require a subsidy of $5 billion to meet the needs of households earning up to 50 percent area median income.

Cities should work with the private and nonprofit sectors, counties, state agencies and the Metropolitan Council to ensure the best use of new and existing tools and resources to produce new housing and preserve existing affordable housing. Cities can facilitate the production and preservation of affordable and life cycle housing by:

- Applying for funding from available grant and loan programs;
- Using city and county funds to support affordable housing. This can include creating a local or regional housing trust fund to support affordable housing;
- Providing information, encouraging participation and incentivizing participation in the Section 8 Housing Choice Voucher program to landlords;
- Working with developers and residents to blend affordable housing into new and existing neighborhoods, including locations with access to amenities and services;
- Working with the state and Metropolitan Council to recognize the relationship between housing and mobility options, including transit and pedestrian routes;
- Periodically examining local requirements, policies and review processes to determine their impacts on the construction of affordable housing;
- Considering criteria under which a city may change its fee structure in support of additional affordable housing;
- Supporting housing options that meet a city’s current and future demographics, including family size, age, mobility, and ability levels;
- Supporting housing design that is flexible, accessible and usable for residents with varied abilities at multiple stages of life;
- Supporting housing with supportive services for people with disabilities;
- Employing innovative strategies to advance affordable housing needs such as public-private partnerships or creative packaging of regulatory relief and incentives;
- Using available regulatory mechanisms to shape housing communities;
- Recognizing the inventory of subsidized and unsubsidized (naturally occurring) affordable housing; and
- Working collaboratively with buyers and sellers of naturally occurring affordable housing to retain affordability.

3-C Inclusionary Housing

While Metro Cities believes there are cost savings to be achieved through regulatory reform, density bonuses as determined by local communities, and fee waivers, Metro Cities does not believe a mandatory inclusionary housing approach can achieve desired levels of affordability solely through these steps. Several cities have established local inclusionary housing policies, in some cases requiring the creation of affordable units if the housing development uses public financial assistance or connecting the policy to zoning and land use changes. The Metropolitan Council, in distributing the regional allocation of housing need, must recognize both the opportunities and financial limitations of cities. The Council should partner with cities to facilitate the creation of affordable housing through direct financial assistance and/or advocating for additional resources through the Minnesota Housing Finance Agency.

Metro Cities supports the location of affordable housing in residential and mixed-use neighborhoods throughout a city. Metro Cities supports a city's authority to enact its own inclusionary housing policy. However, Metro Cities does not support passage of a mandatory inclusionary housing state law imposed on local governments that would require a certain percentage of units in all new housing developments to be affordable to households at specific income levels.

3-D Metropolitan Council Role in Housing

The Metropolitan Council is statutorily required to assist cities with meeting the provisions of the Land Use Planning Act (LUPA). The LUPA requires cities to adopt sufficient standards, plans and programs to meet their local share of the region's overall projected need for low and moderate-income housing. The Council's responsibilities include the preparation and adoption of guidelines and procedures to assist local government units with accomplishing the requirements of the LUPA.

The Metropolitan Council also offers programs and initiatives to create affordable housing opportunities, including the Livable Communities Act programs and operation of a metropolitan housing and redevelopment authority.

Unlike parks, transit and wastewater, housing is not a statutory regional system. The Metropolitan Council's role, responsibilities and authority are more limited in scope, centered on assisting local governments by identifying the allocation of need for affordable housing, projecting regional growth and identifying available tools, resources, technical assistance and methods that cities can use to create and promote affordable housing opportunities in their communities.

The Metropolitan Council should work in partnership with local governments to ensure that the range of housing needs for people at various life-cycle and incomes can be met. **Metro Cities opposes the elevation of housing to "Regional System" status. Metro Cities supports removing the Metropolitan Council's review and comment authority connected to housing revenue bonds under Minn. Stat. § 462C.04.**

In 2014, the Metropolitan Council released a housing policy plan, the first of its kind in nearly 30 years. A housing policy plan should include defined local, regional and state roles for the provision of housing in all sectors, identify the availability of and need for tools and resources for affordable and lifecycle housing, be explicit in supporting partnerships for the advocacy for state and federal resources for housing, and encompass policies, best practices and technical guidance for all types of housing. A plan should also recognize the diversity in local needs, characteristics and resources.

Metro Cities supports strategies such as regional and sub-regional cooperation and the sharing of best practices among local governments and other entities and partners to address the region's affordable housing needs.

A policy plan should allow for ongoing research and analysis by the Metropolitan Council to provide communities with timely and updated information on regional and local housing needs and market trends as regional and local needs change and evolve. **Metro Cities supports the solicitation and use of local data, inputs and analyses and local governments' review of such data.**

Metro Cities supports continued city representation in any updated or new regional housing policy plan.

3-E Allocation of Affordable Housing Need

The affordable housing need allocation methodology determines the number of needed affordable housing units for the metropolitan region and distributes the need by assigning each city its fair share through an affordable housing need number. Minn. Stat. § 473.859 requires cities to guide sufficient land to accommodate local shares of the region's affordable housing need. **Metro Cities supports additional Metropolitan Council resources to assist cities in meeting cities' share of the region's affordable housing needs.**

Metro Cities supports the creation of a variety of housing opportunities. However, the provision of affordable and lifecycle housing is a shared responsibility between the private sector and government at all levels, including the federal government, state government and Metropolitan Council. Land economics, construction costs and infrastructure needs create barriers to the creation of affordable housing that cities cannot overcome without assistance.

Therefore, Metro Cities supports a Metropolitan Council affordable housing policy and allocation of need methodology that recognizes the following tenets:

- **Regional housing policies characterize individual city and sub-regional housing numbers as a range of needs in the community;**

- **Cities need significant financial assistance from the federal and state government, as well as the Metropolitan Council, to make progress toward creating additional affordable housing and preserving existing affordable housing;**

- **Metropolitan Council planning and policies must be more closely aligned to help ensure that resources for transportation and transit are available to assist communities in addressing their local share of the regional affordable housing need and to ensure that all populations have adequate mobility to reach jobs, education and other destinations regardless of where they live;**

- **The Metropolitan Council will not hold cities responsible if a city does not meet its affordable housing need number. However, efforts to produce affordable housing may be considered when awarding grants;**

- **The Metropolitan Council, with input by local government representatives, should examine the allocation of need methodology with respect to the relationship between the regional allocation and the local share of the need. The formula should also be routinely evaluated to determine if market conditions have changed or if underlying conditions should prompt readjustment of the formula;**

- **The Council should use a methodology that incorporates data accumulated by individual cities and not limited to census driven or policy driven growth projections;**

- **The formula should be adjusted to better reflect the balance and breadth of existing subsidized and naturally occurring affordable housing stocks; and**

- **The Council should work with local governments through an appeals process in order to resolve any local issues and concerns with respect to the need allocations.**

3-F Housing Performance Scores

The Metropolitan Council calculates a city's housing performance score annually. Scores are determined using an annual city survey as well as Council data. The Council uses city Housing Performance Scores when scoring the Regional Solicitation for federal transportation points and the Council's Livable Communities grant programs. Cities may review their own as well as other cities' Housing Performance Scores periodically to gauge recent activity on affordable housing preservation and new construction.

Metro Cities supports Housing Performance Score criteria that recognize varying local resource capacities, tools, programs and policies to support housing production and the market nature of housing development, and that do not limit cities to a prescriptive list of tools and policies. The criteria for determining the score should adequately recognize the current tools, policies and resources employed by local governments.

Metro Cities supports a process for local governments to review, comment on and appeal preliminary Housing Performance Scores as well as provide additional information to be used in calculating the scores.

Metro Cities supports a consistent schedule for sending the annual housing production

survey to cities.

In considering Housing Performance Score uses and criteria:

- The Council should engage in a periodic review of the formula;

- Any proposed new or expanded uses or programs in which the Housing Performance Scores would be used should be reviewed by local officials; and

- The Council should recognize market factors such as downward economic cycles when setting timelines and look-backs in calculating recent affordable housing production.

3-G State Role in Housing

The state must be an active participant in providing funding for housing, including direct funding, financial incentives and initiatives to assist local governments and developers to support affordable housing and housing appropriate for people at all stages of life. State funding is a major and necessary component for the provision of housing. Current resource levels are insufficient to meet the spectrum of needs in the metropolitan region and across the state.

Primarily through programs administered by the Minnesota Housing Finance Agency (MHFA), the state establishes the general direction and prioritization of housing issues, and financially supports a variety of housing, including transitional housing, privately and publicly owned housing, supportive housing, senior housing, workforce housing and family housing. Minnesota's low-income rental property classification, commonly known as class 4d, allows landlords to certify qualifying low-income rental property. The state must continue to be an active partner in addressing life cycle and affordable housing needs.

Workforce housing is generally defined as housing that supports economic development and job growth and is affordable to the local workforce. A statewide program, administered through the Minnesota Housing Finance Agency, supports workforce homeownership efforts in the metropolitan area. State policies and funding should recognize that affordable housing options that are accessible to jobs and meet the needs of a city's workforce are important to the economic competitiveness of cities and the metro region. In addition, significant housing related racial disparities persist in Minnesota, especially as it relates to the percentage of households of color who pay more than 30 percent of their income in housing costs, and as it relates to the significant disparity gap in homeownership rates.

Metro Cities supports:

- **Increased, sustainable and adequate state funding for new and existing programs that support life cycle, workforce and affordable housing, address homeownership disparities, address foreclosure mitigation, address housing for families with children, and support senior, transitional and emergency housing for the metro region;**

- **A state match for local and regional housing trust fund investments and local**

policies in support of affordable housing. State funds should be issued on a timeline that works with a city's budget process;

- **Private sector funding for workforce housing;**

- **Housing programs that assist housing development, preservation and maintenance of existing housing stock, including unsubsidized, naturally occurring affordable housing that is affordable to residents throughout the low-to-moderate income range;**

- **State funded housing programs, including rental assistance, to help with rent affordability;**

- **Housing programs designed to develop market rate housing in census blocks with emerging or high concentrations of poverty, where the private market might not otherwise invest, as a means of creating mixed-income communities and reconciling affordable housing with community development goals;**

- **Continuing the policy of using the Minnesota Housing Finance Agency's investment earnings for housing programs;**

- **City input into state legislation and administrative policies regarding distribution of tax credits and tax-exempt bonding;**

- **Exemptions from, or reductions to sales, use and transaction taxes applied to the development and production of affordable housing;**

- **Consideration of the use of state bond proceeds and other appropriations for land banking, land trusts, and rehabilitation and construction of affordable housing;**

- **Programs that help avoid foreclosures, improve homeownership rates and reduce racial disparities through homeownership assistance programs and counseling services, including pre-purchasing counseling to improve financial wellness and inform homeowners and potential homeowners of their rights, options and costs associated with owning a home;**

- **A city's ability to enact tenant protections to support access to affordable housing and housing stability for tenants;**

- **Exploring best practices toward increased housing affordability for residents, housing maintenance standards and providing quality housing for residents. Cities should work with rental housing owners and operators when establishing best practices;**

- **Preserving the state 4d low-income property tax program which provides a property tax benefit to qualifying low-income rental properties. Metro Cities supports evaluating the 4d low-income property tax program to determine how program changes could affect renters, landlords and property taxpayers. Studies should include participation and input from metropolitan local government representatives;**

- **An affordable housing tax credit to help spur construction and secure additional private investment. This incentive could be used in conjunction with city, regional, or other state incentives; and**

- **Maintaining existing municipal authority to establish a housing improvement area (HIA). If the Legislature grants multi-jurisdictional entities the authority to create HIAs, creation of an HIA must require municipal approval.**

3-H Federal Role in Affordable and Workforce Housing

Federal funding plays a critical role in aiding states and local governments in their efforts to maintain and increase affordable and workforce housing. Providing working families access to housing is an important piece to the economic vitality of the region.

Metro Cities encourages the federal government to maintain and increase current levels of funding for affordable and workforce housing. Federal investment in affordable and workforce housing will maintain and increase the supply of affordable and life cycle housing as well as make housing more affordable through rental assistance programs such as the Section 8 housing choice voucher program.

In July 2015, the U.S. Department of Housing and Urban Development (HUD) released a final rule on affirmatively furthering fair housing (AFFH) with an aim to provide communities that receive HUD funding with clear guidelines to meet their obligation under the Fair Housing Act of 1968 to promote and reduce barriers to fair housing and equal opportunity. HUD has since provided new guidance to comply with the AFFH rule.

Opportunity Zones is a community development program established by Congress in the Tax Cuts and Jobs Act of 2017 to encourage long-term investments in low-income urban and rural communities nationwide. The Opportunity Zones program provides a tax incentive for investors to re-invest their unrealized capital gains into Opportunity Funds that are dedicated to investing into Opportunity Zones as designated by the chief executives of every state and territory in the United States. The tax incentive is available for up to ten years.

As the chief executive of the state of Minnesota, Governor Mark Dayton designated 128 census tracts across the state as Opportunity Zones, but beyond the responsibility for this designation the state does not have an additional role in the implementation of the Act. As the United States Treasury Department has yet to release rules for Opportunity Zones, there are many unknowns about the effects the Act will have on communities. It is anticipated that the Act may be a useful tool in spurring development in low-income communities and could help with business development and jobs. There are also questions about what impact the Act will have on the residents that live and businesses that operate in these communities today. For example, while development may have positive impacts such as increasing tax base or job opportunities, robust development could have unintended consequences such as displacement of current residents and businesses.

Metro Cities urges the federal government to seek regular input from communities, especially from individuals and businesses within Opportunity Zones, regarding how the tool is being used, whether the tool is encouraging new development opportunities, and how community members who live in the Zones are impacted. The Federal Government should seek input from local communities throughout the implementation of the rules and regulations and consider necessary amendments and adjustments as needed in response to potential questions or concerns raised by the communities whose residents, workers, and businesses will be experiencing the changes that ensue in the Zones.

The State of Minnesota should utilize community development resources to stimulate investment in Opportunity Zones and adopt policies that ensure that local residents, workers and businesses benefit from the investments.

Metro Cities supports:

- **Preserving and increasing funding for the Community Development Block Grant Program (CDBG) and the federal HOME program that are catalysts for creating and preserving affordable housing;**

- **Preserving and increasing resources and incentives to sustain existing public housing throughout the Metro Area;**

- **Maintaining the federal tax credit program to help spur construction and secure additional private investment, including making the four percent Low Income Housing Tax Credit a fixed rate as was done with the nine percent credit in 2015;**

- **Creating and implementing a more streamlined procedural method for local units of government to participate in and access federal funding and services dealing with grants, loans, and tax incentive programs for economic and community development efforts;**

- **Additional resources to assist communities to meet obligations to reduce barriers to and promote fair housing and equal opportunity;**

- **Maintaining and increasing resources to Section 8 funding and to support incentives for rental property owners to participate in the program; and**

- **Federal funding to provide short-term assistance for HRAs to facilitate the sale of tax- exempt bonds.**

3-I Vacant, Boarded, and Foreclosed Properties and Properties at Risk

Abandoned residential and commercial properties can harm communities when vacant buildings result in reduced property values and increased crime. The additional public safety and code enforcement costs of managing vacant properties are a financial strain on cities.

Metro Cities supports solutions to vacant and boarded properties that recognize:

- **Prevention is more cost effective than a cure;**

- **The causes of this problem are many and varied, thus the solutions must be as well; and**

- **It is not simply a "city" problem so cities must not be expected to bear the bulk of the burden of mitigation.**

Further, Metro Cities supports:

- **Registration of vacant and boarded properties;**

- **Allowing cities to acquire vacant and boarded properties before deterioration and vandalism result in unsalvageable structures, including providing financial tools such as increasing eminent domain flexibility;**

- **Improving the ability of cities to recoup the increased public safety, management, and enforcement costs related to vacant properties;**

- **Improvement of the redemption process to provide increased notification to renters, strengthen the ability of homeowners to retain their properties, and reduce the amount of time a property is vacant;**

- **Expedition of the tax forfeiture process;**

- **Increasing financial tools for neighborhood recovery efforts, including tax increment financing; and**

- **Year-round notification by utility companies of properties not receiving utility service.**

3-J Housing Ordinance Enforcement

A Minnesota State Supreme Court ruling, Morris v. Sax, stated that provisions of the city of Morris' rental housing code were invalid because there were subjects dealt with under the state building code and the city was attempting to regulate these areas "differently from the state building code."

Minn. Stat. § 326B.121, subd. 1 states: "The State Building Code is the standard that applies statewide for the construction, reconstruction, alteration, repair, and use of buildings and other structures of the type governed by the code. The State Building Code supersedes the building code of any municipality." Subd. 2 states: "A municipality must not by ordinance, or through development agreement, require building code provisions regulating components or systems of any structure that are different from any provision of the State Building Code. This subdivision does not prohibit a municipality from enacting or enforcing an ordinance requiring existing components or systems of any structure to be maintained in a safe and sanitary condition or in good repair, but not exceeding the standards under which the structure was built, reconstructed, or altered, or the component or system was installed, unless specific retroactive provisions for existing buildings have been adopted as part of the State Building Code. A municipality may, with the approval of the state building official, adopt an ordinance that is more restrictive than the State Building Code where geological conditions warrant a more restrictive ordinance. A municipality may appeal the disapproval of a more restrictive ordinance to the commissioner."

Metro Cities supports the ability of cities to enforce all housing codes passed by a local municipality to maintain its housing stock.

3-K Economic Development, Redevelopment and Workforce Readiness

The economic viability of the metro area is enhanced by a broad array of economic development tools that create infrastructure, revitalize previously developed property, provide incentives for business development, support technological advances, support a trained workforce, and address disparities in economic development and workforce development. It should be the goal of the state to champion development and redevelopment by providing enough sustainable funding to assure competitiveness in a global marketplace. The state should recognize the relationship between housing and economic development. Economic development and redevelopment are not mutually exclusive – some projects require a boost on both counts. The State of Minnesota should recognize cities as the primary unit of government responsible for the implementation of economic development, redevelopment policies and land use controls.

3-K (1) Economic Development

For purposes of this section, economic development is defined as a form of development that can contain direct business assistance, infrastructure development, technical assistance and policy support with the goal of sustainable job creation, job retention, appropriate state regulation or classification, or to nurture new or retain existing industry in the state. The measure of return on investment of public business subsidies should include the impact (positive or negative) of "spin-off development" or business development that is ancillary and supportive of the primary business.

A strength of the regional economy has been its economic diversity. Multiple industry clusters and sectors employ a specialized, trained workforce and support entrepreneurs in developing new businesses. Partnerships and collaborations among the state and local levels of government, higher education and industry should continue to develop, to commercialize new technologies and to support efforts to enhance the economic vitality of the region.

While cities are the primary unit of local government responsible for the implementation of economic development, counties have an interest in supporting local economic development efforts. Any creation of a county CDA, EDA or HRA with economic development powers should follow Minn. Stat. § 469.1082 that requires a city to adopt a resolution electing to participate. Cities can work with the public and private sectors to support the region's economic growth by reducing barriers to economic participation by people of color.

Metro Cities supports state funded programs that support new and expanding businesses, infrastructure development and public-private partnerships. This includes the Minnesota Investment Fund, Job Creation Fund and Angel Tax Credit. Programs using statewide funding should strive to award funds balanced between the metro region and greater Minnesota. **Metro Cities supports competitive funding for statewide grant programs such as the Minnesota Investment Fund (MIF) as opposed to direct legislative appropriations for projects from these funds. Metro Cities supports a percentage of MIF loan repayments to cities.** The state should provide administrative support and technical assistance to cities that administer these programs. Applications for state MIF funds should allow a city to indicate support for a MIF grant or a loan.

Metro Cities supports economic tools that facilitate job growth without relying solely on the property tax base; green job development and related innovation and entrepreneurship; programs to support minority business start-ups; small business financing tools including a state new markets tax credit program mirrored on the federal program; tools to attract and retain data centers and other IT facilities; and maintaining existing municipal authority to establish a special service district (SSD). Metro Cities supports further study of allowing mixed-use buildings that have both commercial and residential uses to be included in an SSD.

3-K (2) Redevelopment

Redevelopment involves the development of land that requires "predevelopment." The goal of redevelopment is to facilitate the development of "pre-used" land, thereby leveling the playing field between greenfield and brownfield sites so that a private sector entity can rationally choose to locate on land that has already been used. The benefits of redevelopment include a decrease in Vehicle Miles Traveled (VMTs), more efficient use of new or existing public infrastructure (including public transit), ameliorated city costs due to public safety and code enforcement, and other public goods that result when land is reused rather than abandoned and compact development is encouraged.

Metro Cities supports increased funding from state and regional sources. The Metropolitan Council's Livable Communities Act programs fund redevelopment activities that support cleanup and tax base revitalization. **Metro Cities supports allowing a maximum levy amount for this program, as provided under law. Metro Cities supports increased and sustained general fund and state bond funds for DEED-administered programs like the Redevelopment Grant Program, dedicated to metropolitan area projects, innovative Business Development Public Infrastructure grants, as well as increased, flexible and sustained funding for the Contamination Cleanup and Investigation Grant Program.**

The expansion of transit service throughout the region brings opportunity for redevelopment and transit-oriented development (TOD). **Metro Cities supports financing, regulatory tools and**

increased flexibility in the use of Tax Increment Financing (TIF) to nurture TOD. Metro Cities supports funding Transit Improvement Areas (TIAs) and ensuring that the eligibility criteria encourage a range of improvements and infrastructure and accommodate varying city circumstances and needs.

Correcting and stabilizing polluted soils and former landfill sites allows cities to redevelop and reuse properties. **Metro Cities supports expansion of existing tools or development of new funding mechanisms to correct unstable soils as well as city authority to redevelop land previously used as landfills and dumps.** If a city receives initial approval from a state regulatory authority, a city's redevelopment project approval should be considered final.

Local governments and cities may choose to revitalize historic structures rather than construct new buildings. **Metro Cities supports extension of the sunset of the state income tax credit and maintaining the federal tax credit for preservation of historic properties. Metro Cities supports collection of the state refund for the historic expenditures over one year.**

Metro Cities supports state funding to allow cities and/or their development authorities to assemble small properties so that business expansion sites will be ready for future redevelopment.

3-K (3) Workforce Readiness

A trained workforce is important to a strong local, regional and state economy. Cities have an interest in the availability of qualified workers and building a future workforce based on current and future demographics, as part of their economic development efforts. Cities can work with the public and private sectors to address workforce readiness to include removing barriers to education access, addressing racial disparities in achievement and employment gaps, and the occupational gender gap. The state has a role to prepare and train a qualified workforce through the secondary, vocational and higher education systems and job training and retraining programs in the Department of Employment and Economic Development (DEED), including youth employment programs.

Metro Cities supports:

- **Increased funding for the Job Skills Partnership, youth employment programs and other workforce training programs administered by the state that lead to jobs that provide a living wage and benefits, and help address racial disparity gaps in employment;**

- **Innovative workforce programs and partnerships that foster workforce readiness for a full range of jobs and careers, including skilled municipal jobs and current high opportunity areas such as manufacturing and construction;**

- **Investments in programs that address the gender wage gap, including training for women to enter nontraditional careers;**

- **A payroll tax credit for job training programs that invest in employees; and**

- **A city's authority to tie workforce requirements to local public finance assistance.**

3-L Tax Increment Financing (TIF)

Tax Increment Financing (TIF) continues to be the primary tool available for local communities to assist economic development, redevelopment and housing. Over time, statutory changes have made this critical tool increasingly difficult to use. At the same time, federal and state development and redevelopment resources have been steadily shrinking. The cumulative impact of TIF restrictions, shrinking federal and state redevelopment resources and highly restrictive eminent domain laws constrain cities' abilities to address problem properties, which leads to an accelerated level of decline of developed cities in the metropolitan area. Thus, the only source of revenue available to accomplish the scope of redevelopment necessary is the value created by the redevelopment itself, or the "increment." Without the use of the increment, development will either not occur or is unlikely to be optimal.

Metro Cities urges the Legislature to:

- **Not adopt any statutory language that would further constrain or directly or indirectly reduce the effectiveness of TIF;**

- **Not adopt any statutory language that would allow a county, school district or special taxing district to opt out of a TIF district;**

- **Incorporate the Soils Correction District criteria into the Redevelopment District criteria so that a Redevelopment District can be comprised of blighted and contaminated parcels in addition to railroad property;**

- **Expand the flexibility of TIF to support a broader range of redevelopment projects;**

- **Amend MN Statutes to clarify that tax increment pooling limitations are calculated on a cumulative basis;**

- **Increase the ability to pool increments from other districts to support projects;**

- **Continue to monitor the impacts of tax reform on TIF districts and if warranted provide cities with additional authority to pay for possible TIF shortfalls;**

- **Allow for the creation of transit zones and transit-related TIF districts in order to shape development and related improvements around transit stations but not require the use of TIF districts to fund the construction or maintenance of the public transit line itself unless a local community chooses to do so;**

- **Allow TIF eligibility expansion to innovative technological products, recognizing that not only physical items create economic value;**

- **Support changes to TIF law that will facilitate the development of "regional projects";**

- **Shift TIF redevelopment policy away from a focus on "blight" and "substandard" to "functionally obsolete" or a focus on long range planning for a particular community, reduction in greenhouse gases or other criteria more relevant to current needs;**

- **Encourage DEED to do an extensive cost-benefit analysis related to redevelopment, including an analysis of the various funding mechanisms, and an analysis of where the cost burden falls with each of the options compared to the distribution of the benefits of the redevelopment project;**

- **Support TIF for neighborhood recovery efforts in the wake of the foreclosure crisis;**

- **Consider creating an inter-disciplinary TIF team to review local exception TIF proposals, using established criteria, and make recommendations to the legislature on their passage;**

- **Encourage the State Auditor to continue to work toward a more efficient and streamlined reporting process. There are an increasing number of noncompliance notices that have overturned longstanding practices or limited statutorily defined terms.** The Legislature has not granted TIF rulemaking authority to the State Auditor and the audit powers granted by statute are not an appropriate vehicle for making administrative or legislative changes to TIF statutes. If the State Auditor is to exercise rulemaking authority, the administrative power to do so must be granted explicitly by the Legislature. The audit enforcement process does not create a level playing field for cities to challenge the Auditor's interpretation of statutes. The Legislature should provide a process through which to resolve disputes over TIF policy that is fair to all parties**;**

- **Clarify the use of TIF when a sale occurs after the closing of a district;**

- **Revise the substandard building test to simplify, resolve ambiguities and reduce continued threat of litigation; and**

- **Amend TIF statutes to address, through extending districts or other mechanisms, shortfalls related to declining market values.**

3-M Eminent Domain

Significant statutory restrictions on the use of eminent domain have resulted in higher public costs for traditional public use projects like streets, parks, and sewers, and have all but restricted the use of eminent domain for redevelopment to cases of extreme blight or contamination.

The proper operation and long-term economic vitality of our cities is dependent on the ability of a city, its citizens and its businesses to continually reinvest and reinvent. Reinvestment and reinvention strategies can occasionally conflict with the priorities of individual residents or business owners. Eminent domain is a critical tool in the reinvestment and reinvention process and without it our cities may deteriorate to unprecedented levels before the public reacts.

Metro Cities strongly encourages the Governor and Legislature to revisit eminent domain laws to allow local governments to address redevelopment problems before those conditions become financially impossible to address.

Specifically, Metro Cities supports:

- **Clarifying contamination standards;**

- **Developing different standards for redevelopment to include obsolete structures or to reflect the deterioration conditions that currently exist in the metro area;**

- **Allowing for the assembly of multiple parcels for redevelopment projects;**

- **Modifying the public purpose definition under Minn. Stat. 117 to allow cities to more expediently address properties that are vacant or abandoned in areas with high levels of foreclosures, to address neighborhood stabilization and recovery;**

- **Providing for the ability to acquire land from "holdouts" who will now view a publicly funded project as an opportunity for personal gain at taxpayer expense; i.e. allow for negotiation using balanced appraisals for fair relocation costs;**

- **Examining attorney fees and limit fees for attorneys representing a property owner;**

- **Allowing for relocation costs not to be paid if the city and property owner agree to a sale contract;**

- **A property owner's appraisal to be shared with the city prior to a sale agreement; and**

- **Appropriately balanced awards of attorney fees and costs of litigation with the outcome of the eminent domain proceeding.**

3-N Community Reinvestment

Communities across the metropolitan region have aging residential and commercial structures that need repair and reinvestment. Reinvestment prevents neighborhoods from falling into disrepair, revitalizes communities and protects a city's tax base.

Metro Cities supports state programs and incentives for reinvestment in older residential and commercial/industrial buildings, such as, but not limited to, tax credits and/or

property tax deferrals.

Historically, the state has funded programs to promote reinvestment in communities, including the “This Old House” program, that allowed owners of older homestead property to defer an increase in their tax capacity resulting from repairs or improvements to the home and “This Old Shop” for owners of older commercial/industrial property that make improvements that increase the property’s market value.

3-O Business Incentives Policy

Without a thorough study, the Legislature should not make any substantive changes to the Business Subsidy Act, as defined in Minn. Stat. § 116J.993, but should look to technical changes that would streamline both state and local processes and procedures. The Legislature should distinguish between development incentives and redevelopment activities. In addition, in order to ensure cohesive and comprehensive regulations, the legislature should limit regulation of business incentives to the Business Subsidy Act.

Metro Cities supports additional legislation that includes tools to help enhance and facilitate economic development and job creation.

3-P Broadband Technology

Where many traditional economic development tools have focused on managing the costs and availability of traditional infrastructure - roads, rail and utilities - the 21st century economy is dependent on reliable, cost effective, high bandwidth communications capabilities. This includes voice, video, data and other services delivered over cable, telephone, fiber-optic, wireless and other platforms.

The state has increased its role in expanding broadband infrastructure across the state by funding broadband access for residents and businesses. The Governor’s Broadband Task Force regularly recommends updates to state broadband speed goals and funding levels to expand statewide broadband access. The Office of Broadband Development in the Department of Employment and Economic Development (DEED) supports the role of broadband in economic development. The Office coordinates broadband mapping and administers state broadband grant funds.

Cities play a vital role in achieving significantly higher broadband speeds. Local units of government are contributing to increasing broadband capacity and ensuring internet connectivity, reliability, and availability. However, attempts have been made in Minnesota and other states to restrict or stop cities from facilitating the deployment of broadband services or forming partnerships with private sector companies to provide broadband services to unserved or underserved residents or businesses. Restricting municipal authority is contrary to existing state law on electric utility service, telecommunications, and economic development. **Metro Cities opposes the adoption of state policies that further restrict a city’s ability to finance, construct or operate broadband telecommunications networks.**

Metro Cities supports:

- **State policies and support programs that substantially increase speed and capacity of broadband services statewide, including facilitating solutions at the local level. The state should offer incentives to private sector service providers to respond to local or regional needs and to collaborate with cities and other public entities to deploy broadband infrastructure capable of delivering sufficient bandwidth and capacity to meet immediate and future local needs as well as policies which seek to position Minnesota as a state of choice for testing next-generation broadband;**

- **Metro eligibility for broadband funds, including increased capacity for areas with existing levels of service;**

- **Municipal authority and encouragement of local governments to play a direct role in providing broadband service. This includes repealing Minn. Stat. § 237.19. The state should clarify that cities have the authority to partner with private entities to finance broadband infrastructure using city bonding authority;**

- **Local authority to manage public rights-of-way, to zone, to collect compensation for the use of public assets, or to work cooperatively with the private sector. Cities may exercise local authority over zoning and land-use decisions for wireless service facilities; and**

- **Public-private collaborations that support broadband infrastructure and services at the local and regional level, including partnerships and cooperation in providing last-mile connections.**

3-Q City Role in Environmental Protection and Sustainable Development

Historically, cities have played a major role in environmental protection, particularly in water quality. Through the construction and operation of wastewater treatment and storm water management systems, cities are a leader in protecting the surface water of the state. In recent years, increased emphasis has been placed on protecting ground water and removing impairments from storm water. In addition, there is increased emphasis on city participation in controlling our carbon footprint and in promoting green development.

Metro Cities supports public and private environmental protection efforts to reduce greenhouse gas emissions and to further protect surface and ground water. Metro Cities also supports "green" design and construction techniques to the extent that those techniques have been thoroughly tested and are truly environmentally beneficial, economically sustainable and represent sound building practices. Metro Cities supports additional, feasible environmental protection with adequate funding and incentives to comply. Metro Cities supports state funding for municipal renewable energy objectives.

Green jobs represent employment and entrepreneurial opportunities that are part of the green economy, as defined in Minn. Stat. § 116J.437, including the four industry sectors of green products, renewable energy, green services and environmental conservation. Minnesota's green jobs policies, strategies and investments need to lead to high quality jobs with good wages and benefits, meeting current wage and labor laws.

3-R Impaired Waters

Metro Cities supports continued development of the metropolitan area in a manner that is responsive to the market but is cognizant of the need to protect the water resources of the state and metro area. Since all types of properties are required to pay storm water fees, Metro Cities opposes entity-specific exemptions from these fees. Metro Cities supports the goals of the Clean Water Act and efforts at both the federal and state level to implement it.

Metro Cities supports continued funding of the framework established to improve the region's ability to respond to market demands for development and redevelopment, including dedicated funding for surface water impairment assessments, Total Maximum Daily Load (TMDL) development, storm water construction grants and wastewater construction grants.

Local units of government should not bear undue cost burdens associated with completed TMDL reports. As recent TMDL reports show, non-point agricultural sources are producing more run off pollution than urban areas at a rate of 13:1. Cities must not be required as primary entities for funding the clean-up and protection of state and regional water resources. Benefits of efforts must be proportional to the costs incurred and agricultural sources must be held responsible for their share of costs.

4-A Goals and Principles for Regional Governance

The Twin Cities metropolitan region is home to a majority of the state's population and businesses and is poised for significant growth in the next two decades. At the same time, the region faces significant challenges and opportunities. The responses to these opportunities and challenges will determine the future success of the region and its competitiveness in the state, national and world economies.

The Metropolitan Council was created to manage the growth of the metropolitan region, and cities are responsible for adhering to regional plans as they plan for local growth and service delivery.

The region's cities are the Metropolitan Council's primary constituency, with regional and local growth being primarily managed through city comprehensive planning and implementation, and the delivery of a wide range of public services. To function successfully, the Metropolitan Council must be accountable to and work in collaboration with city governments.

The role of the Metropolitan Council is to set broad regional goals and to provide cities with technical assistance and incentives to achieve those goals. City governments are responsible and best suited to provide local zoning, land use planning, development and service delivery. Any additional roles or responsibilities for the Metropolitan Council should be limited to specific statutory assignments or grants or authorization and should not usurp or conflict with local roles or processes, unless such changes have the consent of the region's cities.

Metro Cities supports an economically strong and vibrant region, and the effective, efficient and equitable provision of regional infrastructure, services and planning throughout the metropolitan area.

Metro Cities supports the provision of approved regional systems and planning that can be provided more effectively, efficiently or equitably on a regional level than at the local level by individual local units of government.

The Metropolitan Council must involve cities in the delivery of regional services and planning and be responsive to local perspectives on regional issues and be required to provide opportunities for city participation on Council advisory committees and task forces.

The Metropolitan Council must involve cities at all steps of planning, review and implementation around the regional development guide, policy plans, systems statements, and local comprehensive plan requirements to ensure transparency, balance and Council adherence to its core mission and functions. These processes should allow for stakeholder input before policies and plans are released for comment and finalized. Any additional functions for the Council should not be undertaken unless authorized specifically by state law.

4-B Regional Governance Structure

Metro Cities supports the appointment of Metropolitan Council members by the Governor with four-year, staggered terms for members to stabilize ideological shifts and provide for continuity of knowledge on the Council, which is appropriate for a long-range planning body. The appointment of the Metropolitan Council Chair should coincide with the term of the Governor.

Metro Cities supports a nominating committee process that maximizes participation and input by local officials. Metro Cities supports expanding the nominating committee from seven to 13 members, with a majority of a 13-member committee being local elected officials. Of the local officials appointed to a nominating committee, two thirds should be elected city officials, appointed by Metro Cities.

Consideration should be given to the creation of four separate nominating committees, with committee representation from each quadrant of the region.

Metro Cities supports having the names of recommended nominees or other individuals under consideration for appointment to the Council by the Governor to be made public at least 21 days prior to final selection by the Governor, and a formal public comment period before members are appointed to the Council.

Metro Cities supports the appointment of Metropolitan Council members who have demonstrated the ability to work with cities in a collaborative manner, commit to meet with local government officials regularly and who are responsive to the circumstances and concerns of cities in the district that they represent on the Council. Council members should understand the diversity and the commonalities of the region, and the long-term implications of regional decision-making. A detailed position description outlining the required skills, time commitment and understanding of regional and local issues and concerns should be clearly articulated and posted in advance of the call for nominees. **Metro Cities supports opportunities for local officials to provide input during the decennial legislative redistricting process for the Metropolitan Council and supports transparency in the redistricting process.**

4-C Comprehensive Analysis and Oversight of Metropolitan Council

Metro Cities supports the 2016 study of the Metropolitan Council's governance structure conducted by the Citizens League, the recommendations of which are largely consistent with Metro Cities' governance policies.

The metropolitan region will continue to expand while simultaneously facing significant challenges for the effective, efficient and equitable provision of resources and infrastructure. **Metro Cities supports an objective study of the Metropolitan Council's activities and services as well as its geographical jurisdiction to ensure that the Metropolitan Council's services are positioned to be effective and adequate in addressing the future needs of the region.** Such work must include the participation of local officials. The Metropolitan Council should also examine its scope of services to determine their benefit and efficiency and be open to alternative methods of delivery to assure that services are provided at high levels of effectiveness for the region.

Metro Cities supports appropriate legislative oversight of the Metropolitan Council to regularly review the Council's activities, and to provide transparency and accountability of its functions and operations.

4-D Funding Regional Services

The Metropolitan Council should continue to fund regional services and activities through a combination of user fees, property taxes, and state and federal grants. The Council should set user fees through an open process that includes public notices and public hearings. User fees should be uniform by type of user and set at a level that supports effective and efficient public services based on commonly accepted industry standards and allows for sufficient reserves to ensure long-term service and fee stability. Fee proceeds should be used to fund regional services or programs for which they are collected.

Metro Cities supports the use of property taxes and user fees to fund regional projects so long as the benefit conferred on the region is proportional to the fee or tax, and the fee or tax is comparable to the benefit cities receive in return.

4-E Regional Systems

Regional systems are statutorily defined as transportation, aviation, wastewater treatment and recreational open space. The purpose of the regional systems and the Metropolitan Council's authority over them is clearly outlined in state law. The Metropolitan Council must seek a statutory change to alter the focus or expand the reach of any of these systems.

Systems plans prepared by the Metropolitan Council should be specific in terms of size, location and timing of regional investments to allow for consideration in local comprehensive planning. Systems plans should also clearly state the criteria by which local plans will be judged for consistency with regional systems.

Additional regional systems should be established only if there is a compelling metropolitan problem or concern best addressed through the designation. Common characteristics of the existing regional systems include public ownership of the system and its components and established regional or state funding sources. These characteristics should be present in any new regional system that might be established. Water supply and housing do not meet necessary established criteria for regional systems. Any proposed additional system must have an established regional or state funding source.

4-F Regional Water Supply Planning

The Metropolitan Council is statutorily authorized to carry out regional planning activities to address the water supply needs of the Metro Area. A Metropolitan Area Water Supply Advisory

Committee (MAWSAC) that includes state agency representatives and local officials was concurrently established to assist the Council in developing a master water supply plan that includes recommendations for clarifying the roles of local, regional and state governments, streamlining and consolidating approval processes and recommending future planning and capital investments. The Master Water Supply Plan serves as a framework for assisting and guiding communities in their water supply planning, without usurping local decision-making processes. Many cities also conduct their own analyses for use in water supply planning.

As the Metropolitan Council continues its assessment of the region's water supply and issues for sustainability, it must work cooperatively with local policymakers and professional staff throughout the region on an on-going structured basis to ensure a base of information for water supply decision-making that is sound, credible and verifiable, and considers local information, data, cost-benefit analyses and projections before any policy recommendations are issued.

Metro Cities encourages the Metropolitan Council to consider the inter-relationships of wastewater treatment, storm water management and water supply. Any state and regional regulations and processes should be clearly stated in the Master Water Supply Plan. Further, regional monitoring and data collection benefits should be borne as shared expenses between the regional and local units of government.

Metro Cities supports Metropolitan Council planning activities to address regional water supply needs and water planning activities as prescribed in statute. Metro Cities opposes the insertion of the Metropolitan Council as another regulator in the water supply arena. Further, while Metro Cities supports regionally coordinated efforts to address water supply issues in the metropolitan area, Metro Cities opposes the elevation of water supply to "Regional System" status, or the assumption of Metropolitan Council control and management of municipal water supply infrastructure.

Metro Cities supports the technical advisory committee to the MAWSAC that maximizes participation by municipal officials and helps to ensure sound scientific analyses and models are developed with local expertise and input, before legislative solutions are considered.

Metro Cities supports efforts to identify capital funding sources to assist with municipal water supply projects. Any fees or taxes for regional water supply planning activities must be consistent with activities prescribed in Minn. Stat. § 473. 1565, and support activities specifically within the region.

4-G Review of Local Comprehensive Plans

In advance of the next comprehensive planning cycle, the Metropolitan Council should work with Metro Cities and local officials to address challenges and concerns identified by city officials with the 2018 comprehensive planning process and undertake any necessary improvements. Local officials have identified a number of concerns with the submission and review processes for 2018 local plans including requests for information beyond what should be necessary for the Metropolitan Council to review local plans for consistency with regional systems, regional requirements that evolved as local plans were prepared and finalized, and finding plans to be incomplete or requiring detailed information on items of a local rather than regional nature, among others.

In reviewing local comprehensive plans and plan amendments, the Metropolitan Council should:

- Recognize that its role is to review and comment, unless it is found that the local plan is more likely than not to have a substantial impact on or contain a substantial departure from one of the four system plans;

- Be aware of statutory time constraints imposed by the Legislature on plan amendments and development applications;

- Provide for immediate effectuation of plan amendments that have no potential for substantial impact on systems plans;

- Require the information needed for the Metropolitan Council to complete its review, but not prescribe additional content or format beyond that which is required by the Metropolitan Land Use Planning Act (LUPA);

- Work in a cooperative and timely manner toward the resolution of outstanding issues. **When a city's local comprehensive plan is deemed incompatible with the Metropolitan Council's systems plans, Metro Cities supports a formal appeal process that includes a peer review. Metro Cities opposes the imposition of sanctions or monetary penalties when a city's local comprehensive plan is deemed incompatible with the Metropolitan Council's systems plans or the plan fails to meet a statutory deadline when the city has made legitimate, good faith efforts to meet Metropolitan Council requirements;**

- Work with affected cities and other organizations such as the Pollution Control Agency, Department of Natural Resources, Department of Health and other stakeholders to identify common ground and resolve conflicts between respective goals for flexible residential development and achieving consistency with the Council's system plans and policies; and

- Require entities, such as private businesses, nonprofits, or local units of government, among others, whose actions could adversely affect a comprehensive plan, to be subject to the same qualifications and/or regulations as the city.

4-H Comprehensive Planning Process

Metro Cities supports examining the comprehensive planning process to make sure that the process is streamlined and efficient and avoids excessive cost burdens or duplicative or unnecessary planning requirements by municipalities in the planning process. Metro Cities supports resources to assist cities in meeting regional goals as part of the comprehensive planning process, including planning grants and technical assistance.

Metro Cities supports funding and other resources from the Metropolitan Council for the preparation of comprehensive plan updates, including grant funding. Grants and other resources should be provided to all eligible communities through a formula that is equitable, and recognizes varying city needs and capacities.

4-I Comprehensive Planning Schedule

Cities are required to submit comprehensive plan updates to the Metropolitan Council every 10 years. A city's comprehensive plan represents a community's vision of how the city should grow and develop or redevelop, ensure adequate housing, provide essential public infrastructure and services, protect natural areas and meet other community objectives.

Metro Cities recognizes the merit of aligning comprehensive plan timelines with the release of census data. However, the comprehensive plan process is expensive, time consuming and labor intensive for cities, and the timing for the submission of comprehensive plans should not be altered solely to better align with census data. If sufficient valid reasons exist for the schedule for the next round of comprehensive plans to be changed or expedited, cities should be provided with financial resources to assist them in preparing the next round of plans.

Metro Cities opposes cities being forced into a state of perpetual planning because of regional and legislative actions. Should changes be made to the comprehensive planning schedule, Metro Cities' supports financial and other resources to assist cities in preparing and incorporating policy changes in local planning efforts.

Metro Cities supports a 10-year time frame for comprehensive plan update submissions.

Metro Cities supports the Metropolitan Council's consideration to reduce requirements for 10-year Comprehensive Plan updates for cities under 2,500.

4-J Local Zoning Authority

Local governments are responsible for zoning and local officials should have full authority to approve variances to remain flexible in response to the unique land use needs of their own community. Local zoning decisions, and the implementation of cities' comprehensive plans, should not be conditioned upon the approval of the Metropolitan Council or any other governmental agency.

Metro Cities supports local authority over land use and zoning decisions and opposes the creation of non-local appeals boards with the authority to supersede city zoning decisions.

4-K Regional Growth

The most recent regional population forecast prepared by the Metropolitan Council projects a population of 3,738,047 people by 2040.

Metro Cities recognizes cities' responsibility to plan for sustainable growth patterns that integrate transportation, housing, parks, open space and economic development that will result in a region better equipped to manage population growth, to provide a high quality of life for a growing and increasingly diverse metropolitan area population and improved environmental health.

In developing local comprehensive plans to fit within a regional framework, adequate state and regional financial resources and incentives and maximum flexibility for local planning decisions are imperative. The regional framework should assist cities in managing growth while being responsive to the individual qualities, characteristics and needs of metropolitan cities, and should encourage sub-regional cooperation and coordination.

In order to accommodate this growth in a manner that preserves the region's high quality of life:

- Natural resource protection will have to be balanced with growth and development/reinvestment;
- Significant new resources will have to be provided for transportation and transit; and
- New households will have to be incorporated into the core cities, first and second-ring suburbs, and developing cities through both development and redevelopment.

In order for regional and local planning to result in the successful implementation of regional policies:

- The State of Minnesota must contribute additional financial resources, particularly in the areas of transportation and transit, community reinvestment, affordable housing development, and the preservation of parks and open space. If funding for regional infrastructure is not adequate, cities should not be responsible for meeting the growth forecast set forth by the Metropolitan Council;
- The Metropolitan Council and Legislature must work to pursue levels of state and federal transportation funding that are adequate to meet identified transportation and transit needs in the metropolitan area;
- The Metropolitan Council must recognize the limitations of its authority and continue to work with cities in a collaborative, incentives-based manner;
- The Metropolitan Council must recognize the various needs and capacities of its many partners, including but not limited to cities, counties, economic development authorities and nonprofit organizations, and its policies must be balanced and flexible in their approach;
- Metropolitan counties, adjacent counties and school districts must be brought more thoroughly into the discussion due to the critical importance of facilities and services such as county roads and public schools in accommodating forecasted growth; and

- Greater recognition must be given to the fact that the "true" metropolitan region extends beyond the traditional seven-county area and the need to work collaboratively with adjacent counties in Minnesota and Wisconsin, and the cities within those counties. The region faces environmental, transportation, and land use issues that cannot be solved by the seven-county metro area alone. **Metro Cities supports an analysis to determine the impacts of Metropolitan Council's growth management policies and infrastructure investments on the growth and development of the collar counties, and the impacts of growth in the collar counties on the metropolitan area.**

Metro Cities opposes statutory or other regulatory changes that interfere with established regional and local processes to manage growth in the metropolitan region, including regional systems plans, systems statements, and local comprehensive plans. Such changes erode local planning authority as well as the efficient provision of regional infrastructure, disregard established public processes, and create different guidelines for communities that may result in financial, environmental and other impacts on surrounding communities.

4-L Natural Resource Protection

Metro Cities recognizes the Metropolitan Council's efforts to compile and maintain an inventory and assessment of regionally significant natural resources for providing local communities with additional information and technical assistance. The state and region play significant roles in the protection of natural resources. Any steps taken by the state or Metropolitan Council regarding the protection of natural resources must recognize that:

- The protection of natural resources is significant to a multi-county area that is home to more than 50 percent of the state's population and a travel destination for many more. Given the limited availability of resources and the artificial nature of the metropolitan area's borders, and the numerous entities that are involved in protecting the natural resources of the region and state, neither the region nor individual metropolitan communities would be well served by assuming primary responsibility for financing and protecting these resources;

- The completion of local Natural Resource Inventories and Assessments (NRI/A) is not a regional system nor is it a required component of local comprehensive plans under the Metropolitan Land Use Planning Act;

- The protection of natural resources should be balanced with the need to accommodate growth and development, reinvest in established communities, encourage more affordable housing and provide transportation and transit connections; and

- Decisions about the zoning or land use designations, either within or outside a public park, nature preserve, or other protected area are, and should remain, the responsibility of local units of government.

The Metropolitan Council's role with respect to climate change, as identified in the 2040 regional development guide, should be focused on the stewardship of its internal operations (wastewater, transit) and working collaboratively with local governments to provide information, best practices, technical assistance and incentives around responses to climate change.

Metro Cities urges the Legislature and/or the Metropolitan Council to provide financial assistance for the preservation of regionally significant natural resources.

4-M Inflow and Infiltration (I/I)

The Metropolitan Council has identified a majority of sewered communities in the metropolitan region to be contributing excessive inflow and infiltration (I/I) into the regional wastewater system or to be on the threshold of contributing excessive inflow and infiltration. Inflow and infiltration are terms for the ways that clear water (ground and storm) makes its way into sanitary sewer pipes and gets treated, unnecessarily, at regional wastewater plants. The number of identified communities is subject to change, depending on rain events, and any city in the metropolitan area can be affected.

The Metropolitan Council establishes a surcharge on cities determined to be contributing unacceptable amounts of I/I into the wastewater system. The charge is waived when cities meet certain parameters through local mitigation efforts.

Metro Cities recognizes the importance of controlling I/I because of its potential environmental and public health impacts, because it affects the size, and therefore the cost, of wastewater treatment systems and because excessive I/I in one city can affect development capacity of another. However, there is the potential for cities to incur increasingly exorbitant costs in their ongoing efforts to mitigate excessive I/I.

Metro Cities continues to monitor the surcharge program and supports continued reviews of the methodology used to measure excess I/I to ensure that the methodology appropriately normalizes for precipitation variability and the Council's work with cities on community specific issues around I/I.

Metro Cities supports state financial assistance for metro area I/I mitigation through future Clean Water Legacy Act appropriations or similar legislation and encourages the Metropolitan Council to partner in support of such appropriations. Metro Cities also supports resources, including identified best practices, information on model ordinances, public education and outreach, and other tools, to local governments to address inflow/infiltration mitigation for private properties.

Metro Cities recognizes the recommendations of a 2016 Inflow/Infiltration Task Force that support considering the use of a portion of the regional wastewater charge for private property inflow/infiltration mitigation. Any proposal to utilize the wastewater fee for this purpose must include the opportunity for local officials to review and comment on specific proposals.

Metro Cities supports continued state capital assistance to provide grants to metro area cities for mitigating inflow and infiltration problems into municipal wastewater collection systems.

4-N Sewer Availability Charge (SAC)

Metro Cities supports a SAC program that emphasizes equity, transparency, simplification and lower rates.

Metro Cities supports principles for SAC that include program transparency and simplicity, equity for all served communities and between current and future users, support for cities' sewer fee capacities, administrative reasonableness, and weighing any program uses for specific goals with the impacts to the program's equity, transparency and simplicity. As such, Metro Cities opposes the use of the SAC mechanism to subsidize and/or incent specific Metropolitan Council goals and objectives. Input from local officials should be sought if the SAC reserve is proposed to be used for any purpose other than debt service, including pay-as-you-go (PAYGO). **Metro Cities opposes increases to the SAC rate while the reserve is projected to exceed the Metropolitan Council's minimum reserve balance, without the express engagement of city officials in the metropolitan area.**

Metro Cities supports modifications that were recommended by local and business officials and adopted by the Metropolitan Council in 2018 to use gross rather than net square feet in making SAC determinations, to combine use categories, to adjust the grandfather credit date and to not require a new SAC determination for business remodels that do not change the use of the property. These changes are intended to help simplify the SAC program for users, and to reduce incidents of "surprise" SAC charges.

Metro Cities supports current SAC policy that enhances flexibility in the SAC credit structure for redevelopment purposes and supports continued evaluation of SAC fees to determine if they hinder redevelopment.

Metro Cities supports the Metropolitan Council providing details on how any proposed changes to the SAC rate are determined. Metro Cities supports a periodic review of MCES' customer service policies, to ensure that its processes are responsive and transparent to communities, businesses and residents. Metro Cities supports continued outreach by MCES to users of the SAC program to promote knowledge and understanding of SAC charges and policies. Any modifications to the SAC program or structure should be considered only with the participation and input of local officials in the metropolitan region.

Metro Cities supports a "growth pays for growth" approach to SAC. If state statutes are modified to establish a "growth pays for growth" method for SAC, the Metropolitan Council should convene a group of local officials to identify any technical changes necessary for implementing the new structure.

Metro Cities supports allowing the Council to utilize the SAC 'transfer' mechanism provided for in state statute when the SAC reserve fund is inadequate to meet debt service obligations. Any use of the transfer mechanism must be done so within parameters prescribed by state law and with appropriate notification and processes to allow local official input and should include a timely 'shift back' of any funds that were transferred from the wastewater fund to the SAC reserve fund. Efforts should be made to avoid increasing the municipal wastewater charge in use of the transfer mechanism.

4-O Funding Regional Parks & Open Space

In the seven-county metropolitan area, regional parks essentially serve as state parks, and the state should continue to provide capital funding for the acquisition, development and improvement of these parks in a manner that is equitable with funding for state parks. State funding apart from Legacy funds should equal 40 percent of the operating budget for regional parks. Legacy funds for parks and trails should be balanced between metro and greater Minnesota.

Metro Cities supports state funding for regional parks and trails that is fair, creates a balance of investment across the state, and meets the needs of the region.

4-P Livable Communities

The Livable Communities Act (LCA) is administered by the Metropolitan Council and provides a voluntary, incentive-based approach to affordable housing development, tax base revitalization, job growth and preservation, brownfield clean up and mixed-use, transit-friendly development, and redevelopment. **Metro Cities strongly supports the continuation of this approach, which is widely accepted and utilized by cities.** Since its inception in 1995 the LCA program has generated billions of dollars of private and public investment, created thousands of jobs and added thousands of affordable housing units in the region.

Metro Cities monitors the LCA programs on an ongoing basis and supports any necessary program modifications to ensure that the LCA program criteria are flexible and promote the participation of all participating communities, and to ensure all metropolitan area cities are eligible to participate in the Livable Communities Demonstration Account (LCDA).

Metro Cities supports increased funding and flexible eligibility requirements in the LCDA to assist communities with development that may not be exclusively market driven or market proven in the location, in order to support important development and redevelopment goals. Metro Cities supports the findings of a recent local official working group that identified the need for the Metropolitan Council to expand its outreach to communities on the LCA programs and to continue efforts to ensure that LCA criteria are sufficiently flexible to meet the range of identified program objectives. These efforts should include ongoing opportunities for structured input by Metro Cities and local officials.

Metro Cities supports the statutory goals and criteria established for the Livable Communities Act and opposes any changes to LCA programs that constrain flexibility around statutory goals, program requirements and criteria.

Metro Cities opposes funding reductions to the Livable Communities Act programs and the transfer or use of these funds for purposes outside of the LCA program.

Metro Cities supports statutory modifications in the LCDA to reflect the linkages among the goals, municipal objectives, and Metropolitan Council system objectives.

Metro Cities supports the use of LCA funds for projects in transit improvement areas, as defined in statute, if funding levels for general LCA programs are adequate to meet program goals and the program remains accessible to participating communities.

Use of interest earnings from LCA funds should be limited to covering administrative program costs. Remaining interest earnings should be considered part of LCA funds and used to fund grants from established LCA accounts per established funding criteria.

4-Q Density

Metro Cities recognizes the need for a density policy, including minimum density requirements, that allows the Metropolitan Council to effectively plan for and deliver cost-efficient regional infrastructure and services. Regional density requirements must recognize that local decisions, needs and priorities vary, and that requirements must be sufficiently flexible to accommodate local circumstances as well as the effect of market trends on local development and redevelopment activity.

The Metropolitan Council asks cities to plan for achieving minimum average net densities across all areas identified for new growth, development or redevelopment. Because each community is different, how and where density is guided is determined by the local unit of government. Regional density requirements should use minimum average net densities. **Metro Cities opposes parcel-specific density requirements as such requirements are contrary to the need for local flexibility in a regional policy.**

Any regional density policy must use local data and local development patterns and must accommodate local physical and land use constraints such as, but not limited to, wetlands, public open space, trees, water bodies and rights-of-way, and any corresponding federal and state regulations imposed on local governments when computing net densities.

The Metropolitan Council must coordinate with local governments in establishing or revising regional density requirements and should ensure that regional density and plat monitoring reports comprehensively reflect local densities and land uses.

Transportation Policies and Funding Introduction

Metro Cities supports a comprehensive transportation system as a vital component in planning for and meeting the physical, social and economic needs of the state and metropolitan region.

A comprehensive transportation system includes streets and bridges, transit, and multi-modal solutions that work cohesively to best meet state, regional and local transportation needs.

Adequate and stable sources of funding are necessary to ensure the development and maintenance of a high quality, efficient and safe transportation system that meets these needs and that will position the state and region to be economically competitive in the years ahead. Failure to maintain a functional transportation system will have adverse effects on the state's ability to attract and retain businesses and create jobs.

Transportation funding and planning must be a high priority for state, regional and local policymakers so that the transportation system can meet the needs of the state's residents and businesses as well as projected population growth. Funding and planning for regional and statewide systems must be coordinated at the federal, state, regional and local levels to optimally achieve long-term needs and goals.

5-A Road and Bridge Funding

Under current financing structures that rely primarily on local property taxes and fees as well as the motor vehicle sales tax (MVST) receipts, road and bridge needs in the metropolitan region continue to be underfunded. **Metro Cities strongly supports stable, sufficient and sustainable statewide transportation funding and expanded local tools to meet the transportation system needs of the region and local municipal systems.** Consideration should be given to using new, expanded and existing resources to meet these needs**. Metro Cities supports the use of dedicated taxes and fees to fund transportation infrastructure.**

In addition, cities lack adequate tools and resources for the maintenance and improvement of municipal street systems, with resources restricted to property taxes and special assessments. It is imperative that alternative revenue generating authority be granted to municipalities and that state resources be made available for this purpose to aid local communities and relieve the burden on the property tax system. **Metro Cities supports Municipal State Aid Street (MSAS) funding.** MSAS provides an important but limited revenue source that assists eligible cities with street infrastructure needs and is limited to twenty percent of a city's street system.

Metro Cities supports state funding to assist cities over-burdened by cost participation responsibilities from improvement projects on the state's arterial system and county state aid highway (CSAH) systems.

Metro Cities supports state funding for state highway projects, including congestion, bottleneck and safety improvements. Metro Cities also supports state financial assistance, as well as innovations in design and construction, to offset the impacts of regional transportation construction projects on businesses.

Metro Cities opposes statutory changes restricting the use of local funds for transportation projects. Metro Cities opposes restrictions on aesthetic related components of transportation projects, as these components often provide important safety and other benefits to projects.

Metro Cities supports further research into the policy implications for electric and automated vehicles on roadways, transit, and other components of transportation systems. Metro Cities encourages the state to study the impact of electric and automated vehicles on transportation related funding and policies.

5-B Regional Transit System

The Twin Cities Metropolitan Area needs a multi-modal regional transit system as part of a comprehensive transportation strategy that serves all users, including commuters and the transit dependent. The transit system should be composed of a mix of high occupancy vehicle (HOV) lanes, high occupancy toll (HOT) lanes, a network of bike and pedestrian trails, bus rapid transit, express and regular route bus service, exclusive transit ways, light rail transit, streetcars, and commuter rail corridors designed to connect residential, employment, retail and entertainment centers. The system should be regularly monitored and adjusted to ensure that routes of service correspond to the region's changing travel patterns.

Current congestion levels and forecasted population growth require a stable, reliable and growing source of revenue for transit construction and operations so that our metropolitan region can meet its transportation needs to remain economically competitive. **Metro Cities supports an effective, efficient and comprehensive regional transit system as an invaluable component in meeting the multimodal transportation needs of the metropolitan region and to the region's economic vibrancy and quality of life.** Metro Cities recognizes that transit service connects residents to jobs, schools, healthcare and activity centers. Transit access and service frequency levels should recognize the role of public transit in addressing equity, including but not limited to racial and economic disparities, people with disabilities and the elderly. **Metro Cities supports strategic expansion of the regional transit system.**

Metro Cities supports a regional governance structure that can ensure a measurably reliable and efficient system that recognizes the diverse transit needs of our region and addresses the funding needs for all components of the system.

Metro Cities recognizes the need for flexibility in transit systems for cities that border the edges of the seven-county metropolitan area to ensure users can get to destinations outside of the seven-county area. Metro Cities encourages the Metropolitan Council to coordinate with collar counties so that riders can get to and from destinations beyond the boundaries of the region.

Metro Cities opposes statutory changes restricting the use of local funds for planning or construction of transit projects. Restricting local planning and funding limits the ability of cities to participate in transit corridor planning and development. State and regional policymakers must coordinate with local units of government as decisions are made at the state level on transit projects that also involve municipal planning, funding and policy decisions.

Metro Cities is opposed to legislative or Metropolitan Council directives that constrain the ability of metropolitan transit providers to provide a full range of transit services, including reverse commute routes, suburb-to-suburb routes, transit hub feeder services or new, experimental services that may show a low rate of operating cost recovery from the fare box.

In the interest of including all potential options in the pursuit of a regionally balanced transit system, Metro Cities supports the repeal of the gag order on the Dan Patch Commuter Rail Line and opposes the imposition of legislative moratoriums on the study, planning, design, or construction of specific transit projects.

In the interest of safety and traffic management, Metro Cities supports further study of rail safety issues relating to water quality protections, public safety concerns relating to derailments, traffic implications from longer and more frequent trains and the sensitive balance between rail commerce and the quality of life impacts on the communities through which they pass.

5-C Transit Financing

Shifting demographics in the metropolitan region will mean increased demand for various modes of transit in areas with and without current transit service. MVST revenue projections are unpredictable, and the Legislature has repeatedly reduced general fund support for Metro Transit, which contributes to persistent operating deficits for regional transit providers.

Operating subsidies necessary to support a regional system should come from regional and statewide funding sources and not local taxpayers. In recent years, state and regional resources for transit have diminished, with costs shifting to local taxpayers in the metropolitan area. A system of transit provides significant economic benefits to the state and metropolitan region and must be supported with state and regional revenue sources. In addition, capital costs for the expansion of the regional transit system should be supported through state and regional sources, and not the sole responsibility of local units of government.

Metro Cities supports stable and predictable state and regional revenue sources to fund operating and capital expenses for all regional transit providers and Metro Mobility at a level sufficient to meet the growing operational and capital transit needs of the region and to expand the system to areas that lack sufficient transit service options.

Metro Cities continues to support an advisory role for municipal officials in decisions associated with local transit projects.

5-D Street Improvement Districts

Funding sources for local transportation projects are limited to the use of Municipal State Aid Street Program (MSAS), property taxes and special assessments. In addition, cities under 5,000 in population are not eligible for MSA. With increasing pressures on city budgets and limited tools and resources, cities are finding it increasingly difficult to maintain aging streets.

Street improvement districts allow cities in developed and developing areas to fund new construction as well as reconstruction and maintenance efforts.

The street improvement district is designed to allow cities, through a fair and objective fee structure, to create a district or districts within the city in which fees are raised on properties in the district and spent within the boundaries of the district. Street improvement districts would also aid cities under 5,000 with an alternative to the property tax system and special assessments.

Metro Cities supports the authority of local units of government to establish street improvement districts. Metro Cities also supports changes to special assessment laws to make assessing state-owned property a more predictable process with uniformity in the payment of assessments across the state.

5-E Highway Turnbacks & Funding

Cities do not have the financial capacity, other than through significant property tax increases, to absorb additional roadway responsibilities without new funding sources. The existing municipal turnback fund is not adequate based on contemplated turnbacks.

Metro Cities supports jurisdictional reassignment or turnback of roads (Minn. Stat. § 161.16, subd. 4) on a phased basis using functional classifications and other appropriate criteria subject to a corresponding mechanism for adequate funding of roadway improvements and continued maintenance.

Metro Cities does not support the wholesale turnback of county or state roads without the consent of municipality and the total cost, agreed to by the municipality, being reimbursed to the city in a timely manner.

5-F “3C” Transportation Planning Process: Elected Officials’ Role

The Transportation Advisory Board (TAB) was developed to meet federal requirements, designating the Metropolitan Council as the organization that is responsible for a continuous, comprehensive and cooperative (3C) transportation planning process to allocate federal funds among metropolitan area projects. Input by local officials into the planning and prioritization of transportation investments in the region is a vital component of these processes.

Metro Cities supports continuation of the TAB with a majority of locally elected municipal officials as members and participating in the process.

5-G Electronic Imaging for Enforcement of Traffic Laws

Enforcement of traffic laws with cameras and other motions imaging technology has been demonstrated to improve driver compliance and safety.

Metro Cities supports local law enforcement agencies having the authority to use such technology, including photos and videos, to enforce traffic laws.

5-H Transportation Network Companies and Alternative Transportation Modes

The introduction of transportation network companies (TNC) such as Lyft and Uber, vehicle sharing and other wheeled transportation modes such as bicycles and scooters, require the need for local officials to determine licensing and inspection requirements for these modes, and to address issues concerning management over public rights-of-way. Cities have the authority to license rideshare companies, inspect vehicles, license drivers and regulate access to sidewalks and streets.

Metro Cities supports the ability of local officials to regulate and establish fees on these transportation modes. Emerging and future transportation technologies have potentially significant implications for local public safety and local public service levels, the needs and impacts of which vary by community.

5-I Airport Noise Mitigation

Acknowledging that the communities closest to MSP and reliever airports are significantly impacted by noise, traffic and other numerous expansion-related issues:

- **Metro Cities supports the broad goal of providing MSP-impacted communities greater representation on the Metropolitan Airports Commission (MAC).** Metro Cities wants to encourage continued communication between the MAC commissioners and the cities they represent. Balancing the needs of MAC, the business community and airport host cities and their residents requires open communication, planning and coordination. Cities must be viewed as partners with the MAC in resolving the differences that arise out of airport projects and the development of adjacent parcels. Regular contact between the MAC and cities throughout the project proposal process will enhance communication and problem solving. The MAC should provide full funding for noise mitigation for all structures in communities impacted by flights in and out of MSP; and

- **Metro Cities supports noise abatement programs and expenditures and the work of the Noise Oversight Committee to minimize the impacts of MAC operated facilities on neighboring communities.** The MAC should determine the design and geographic reach of these programs only after a thorough public input process that considers the priorities and concerns of impacted cities and their residents. The MAC should provide full funding for noise mitigation for all structures in communities impacted by flights in and out of MSP.

5-J Funding for Non-Municipal State Aid (MSAS) City Streets

Cities under 5,000 in population do not directly receive any non-property tax funds for collector and arterial streets. Cities over 5,000 residents have limited eligibility for dedicated Highway User Tax Distribution Fund dollars, which are capped by the state constitution as being available for up to twenty percent of streets. Current County State Aid Highway (CSAH) distributions to metropolitan counties are inadequate to provide for the needs of smaller cities in the metropolitan area. Possible funding sources include the five-percent set-aside account in the Highway User Tax Distribution Fund, modification to county municipal accounts, street improvement districts, and/or state general funds.

The 2015 Legislature created a Small Cities Assistance Account that is distributed through a formula to cities with populations under 5,000. The Account has received periodic one-time appropriations, but no stable or dedicated source of funding.

Cities need long-term, stable, funding for street improvements and maintenance. **Metro Cities supports additional resources and flexible policies to meet local infrastructure needs and increased demands on city streets. Metro Cities also supports sustainable state funding sources for non-MSAS city streets, including funding for the Small Cities Assistance Account as well as support for the creation and funding of a Large Cities Assistance Account.**

5-K County State Aid Highway (CSAH) Distribution Formula

Significant resource needs remain in the metro area CSAH system. Revenues provided by the Legislature for the CSAH system have resulted in a higher number of projects being completed, however, greater pressure is being placed on municipalities to participate in cost sharing activities, encumbering an already over-burdened local funding system. When the alternative is not building or maintaining roads, cities bear not only the costs of their local systems but also pay upward of fifty percent of county road projects. **Metro Cities supports special or additional funding for cities that have burdens of additional cost participation in projects involving county roads.**

CSAH eligible roads were designated by county engineers in 1956 and although only 10 percent of the CSAH roads are in the metro area, they account for nearly 50 percent of the vehicle miles traveled. The CSAH formula passed by the Legislature in 2008 increased the amount of CSAH funding for the metropolitan area from 18 percent in 2007 to 21 percent in 2011. The formula helps to better account for needs in the metropolitan region, but is only the first step in addressing needs for additional resources for the region.

Metro Cities supports a new CSAH formula more equitably designed to fund the needs of our metropolitan region.

5-L Municipal Input/Consent for Trunk Highways and County Roads

State statutes direct the Minnesota Department of Transportation (MnDOT) to submit detailed plans, with city cost estimates, at a point one-and-a-half to two years prior to bid letting, at which time public hearings are held for community input. If MnDOT does not concur with requested changes, it may appeal. Currently, that process would take a maximum of three and a half months and the results of the appeals board are binding on both the city and MnDOT.

Metro Cities supports the municipal consent process, and opposes changes to weaken municipal consent or adding another level of government to the consent process. Metro Cities opposes changes to current statutes that would allow MnDOT to disregard the appeals board ruling for state trunk highways. Such a change would significantly minimize MnDOT's need to negotiate in good faith with cities for appropriate project access and alignment and would render the public hearing and appeals process meaningless. **Metro Cities also opposes the elimination of the county road municipal consent and appeal process for these reasons.**

5-M Plat Authority

Current law grants counties review and comment authority for access and drainage issues for city plats abutting county roads.

Metro Cities opposes any statutory change that would grant counties veto power or that would shorten the 120-day review and permit process time.

5-N MnDOT Maintenance Budget

The state has failed in its responsibility for maintaining major roads throughout the state by requiring, through omission, that cities bear the burden of maintaining major state roads.

MnDOT should be required to meet standards adopted by cities through local ordinances, or reimburse cities for labor, equipment and material used on the state's behalf to improve public safety or meet local standards. Furthermore, if a city performs maintenance, the city should be fully reimbursed.

Metro Cities supports MnDOT taking full responsibility for maintaining state-owned infrastructure and property, including, but not limited to, sound walls and right of way, within city limits. Metro Cities supports cooperative agreements between cities and MnDOT, which have proven to be effective in other parts of the state. Metro Cities supports adequate state funding for the maintenance of state rights-of-way.

5-O Transit Taxing District

The transit taxing district, which funds the capital cost of transit service in the Metropolitan Area through the property tax system, is inequitable. Because the boundaries of the transit taxing district do not correspond with any rational service line nor is being within the boundaries a guarantee to receive service, cities within and outside of the taxing district are contributing unequally to the transit service in the Metropolitan Area. This inequity should be corrected.

Metro Cities supports a stable revenue source to fund both the capital and operating costs for transit at the Metropolitan Council. However, Metro Cities does not support the expansion of the transit taxing district without a corresponding increase in service and an overall increase in operational funds. To do so would create additional property taxes without a corresponding benefit.

5-P Complete Streets

A complete street may include: sidewalks, bike lanes (or wide paved shoulders), special bus lanes, comfortable and accessible public transportation stops, frequent and safe crossing opportunities, median islands, accessible pedestrian signals, curb extensions, narrower travel lanes and more.

A complete street in a rural area will differ from a complete street in a highly urban area, but both are designed to balance safety and convenience for everyone using the road.

Metro Cities supports options in state design guidelines for complete streets that would give cities greater flexibility to:

- **Safely accommodate all modes of travel;**
- **Lower traveling speeds on local streets;**
- **Address city infrastructure needs; and**
- **Ensure livability in the appropriate context for each city.**

Metro Cities opposes state-imposed mandates that would increase street infrastructure improvement costs in locations and instances where providing access for alternative modes including cycling and walking are deemed unnecessary or inappropriate as determined by local jurisdictions.

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