



Legislative Policies

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Metro Cities

Association of Metropolitan Municipalities

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Municipal Revenues & Taxation



MR-1 STATE AND LOCAL FISCAL RELATIONSHIP

A functional state and local fiscal relationship must emphasize adequacy, equitability, sustainability and accountability for public resources and communication among the state, cities, and public. A functional partnership also emphasizes collaboration and partnership between the state and local units of government. City services are traditionally funded through 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 state and local fiscal partnership that emphasizes the following:

- Financial stewardship and accountability for public resources that emphasizes efficiencies in service delivery and effective communication among the state, local units of government, and the public.
- Reliable and adequate revenue sources including the property tax and local government aids, and dedicated funds to meet specific local needs. Metro Cities opposes diverting dedicated funds or local aids to balance 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.
- Adequate state funding to cities to address mandates enacted by the state, and flexibility for local governments in implementing state mandates to minimize local costs. Metro Cities supports a reinstatement of the cannabis aid enacted when adult-use cannabis was legalized in 2023 but repealed in 2025, to assist cities with costs associated with local implementation of the new law.
- Adequate and timely notification regarding new legislative programs or modifications to existing programs or policies to allow cities time to plan for implementation and 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.

MR-2 REVENUE DIVERSIFICATION AND ACCESS

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

Metro Cities supports the ability of a city to impose a local sales tax for public improvements and capital replacement costs, including but not limited to public libraries, parks and trails, community, convention and civic centers, transportation infrastructure, municipal buildings, and public safety facilities without the need for special legislation. Metro Cities supports changes to state laws governing local taxes to include the following:

- A statutory clarification to allow a referendum to occur at any November election or special election.
- A clarification of laws governing separate ballot questions for each proposed local project or allowing a city to combine projects into a single question, to avoid voter confusion.
- A repeal of the prohibition on imposing a local sales tax for one year from the expiration of an existing local sales tax.
- Changes to laws on the local sales tax process to allow a city flexibility to modify a ballot question to increase the amount of the collected tax and extend the duration of tax to cover unanticipated cost increases.

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

Metro Cities supports a modification to laws governing local lodging taxes to allow cities to impose up to a five percent 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 flexibility for establishing, amending, or renewing franchise fees and interfere with local public processes and goals for establishing such fees.

MR-3 RESTRICTIONS ON LOCAL GOVERNMENT BUDGETS

Metro Cities 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.

MR-4 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 that is not covered under existing requirements and should balance needs for additional information with the costs of compiling and submitting the information.

Considering the number of 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.

MR-5 LOCAL GOVERNMENT AID (LGA)

The state's prosperity and vitality depend significantly upon the economic strength of the metropolitan region, and 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 supports the city Local Government Aid (LGA) program as a means of ensuring cities remain affordable places to live and work while meeting the public service needs of residents and businesses.

Metro Cities supports updates to the LGA formula factors and an increase in the program appropriation consistent with recommendations by a work group of city associations. Recommended updates will ensure the LGA program adequately addresses city needs.

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.

Metro Cities supported the appropriation increase and updates to the LGA program passed by the 2023 Legislature. Many metropolitan cities do not receive LGA. Future reviews of the LGA program should be conducted every five years or earlier and should consider the needs and capacities of cities not receiving aid under the existing LGA program and formula.

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 opposes artificial limits or reductions that single out specific cities and further opposes using LGA as financial leverage to influence activities and policy decisions at the local level.

MR-6 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 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, with data reviewed periodically to ensure the database’s accuracy and usefulness.

MR-7 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.

MR-8 MARKET VALUE HOMESTEAD EXCLUSION PROGRAM

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. Due to the recent rapid increase in home values, Metro Cities supported 2023 modifications to the homestead market value exclusion program to increase the benefit of the exclusion to qualifying homeowners and will continue to support future periodic modifications for qualifying homeowners. Changes to the homestead market value exclusion should be considered in concert with the impact of the homestead credit refund program.

MR-9 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 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.

MR-10 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.

To increase 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.

MR-11 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.

MR-12 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 for the effects of facilities that provide benefits to the region and state. Metro Cities supports 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.

MR-13 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 supported the law enacted in 2021 that exempts construction materials purchased to construct public safety facilities from state sales tax.

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 motor vehicle sales tax (MVST).

MR-14 CITY REVENUE STABILITY AND FUND BALANCE

Metro Cities opposes state attempts to control or restrict city fund balances, or to use city fund balances as a rationale for reducing state aids or property tax payment delays.

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.

MR-15 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 contribution burdens placed on cities over and above contribution increases required by employees. Cities should receive sufficient notice of 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 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.

In recent years, the number of public safety employees seeking duty disability determinations through the Public Employees Retirement Association (PERA) and making workers' compensation claims for line-of-duty injuries has accelerated. The current system for processing and addressing duty disability benefits can be incompatible with the goal of restoring good health and returning employees to work

and the fiscal implications of the increasing number of claims are unsustainable for employers and, ultimately, taxpayers.

Metro Cities supports legislative efforts by the League of Minnesota Cities to address issues associated with public safety duty disability prevention, best practices and costs. Metro Cities also supports ongoing work by cities and other stakeholders to identify ways to enhance public safety physical and mental wellness, to gather empirical evidence related to treatability of mental injuries, and to developing tools, best practices, resources and guidance for identifying, preventing and responding to post-traumatic-stress-disorder (PTSD). Ongoing funding will be needed to continue addressing these challenges.

Metro Cities further supports full state funding for the Public Safety Officer Benefit account that reimburses employers for continued health insurance to police officers and firefighters injured in the line of duty, funding to reimburse local governments for providing paid time off to public safety employees who experience work related trauma and/or are seeking treatment for a mental injury, and funding for trauma training, early intervention, and mental health treatment.

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

MR-16 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.

MR-17 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 of differing local needs and circumstances. Cities should retain the ability to determine the level of post-employment benefits to employees.

MR-18 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.

MR-19 STATE BUDGET STABILITY

Metro Cities supports a state revenue system that provides for stability, flexibility, and adequacy, reduces volatility in state revenues and improves the long- term balance of state revenues and expenditures. Metro Cities supports a statutory budget reserve minimum 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 supports the principle of representative democracy and opposes including tax and expenditure limits in the state constitution, as well as new constitutional amendments, as these limit flexibility by the Legislature and local governments to respond to unanticipated critical needs, emergencies, or fluctuating economic situations.

Metro Cities 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.

MR-20 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.

MR-21 PAYMENTS FOR SERVICES TO TAX EXEMPT PROPERTY

Metro Cities supports city authority to collect payments from tax exempt property owners to cover 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.

MR-22 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.

MR-23 DEPUTY REGISTRARS

The state Vehicle Title Registration System (VTRS), enacted in 2019, was intended to improve reliability and accuracy in the provision of driver and vehicle services. However, some system changes have created challenges that threaten the continued viability of local registrar offices.

Metro Cities supports state funding to compensate local deputy registrars for unanticipated, increased costs associated with the MNDRIIVE system.

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. The perspectives from local deputy registrars should have increased weight in discussions regarding future MNDRIIVE system enhancements.

Metro Cities supports 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 and address any necessary modifications to registrar operations to ensure these services can be provided safely to the public. Metro Cities further supports sharing revenue from mail-in and online transactions between Driver and Vehicle Services (DVS) and deputy registrars.

MR-24 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.

General Government



GG-1 MANDATES, ZONING & LOCAL AUTHORITY

To serve their local residents 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.

GG-2 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 manage services for the benefit of a local community and 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.

GG-3 WEAPONS 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 prohibit or restrict the possession of dangerous

weapons, ammunition, or explosives on local government-owned or leased buildings and land.

GG-4 911 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.

GG-5 800 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 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 so 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.

GG-6 BUILDING CODES

The State Building Code (SBC) sets statewide standards for the construction, reconstruction, alteration, and repair of buildings and other structures governed by the code. A statewide building code provides many benefits, with safety as a primary consideration, including uniformity of construction standards in the building industry, and consistency in code interpretation and enforcement.

Metro Cities supports adopting and amending the State Building Code through the rulemaking process and opposes legislative modifications absent unusual or extraordinary circumstances.

Metro Cities supports an equitable distribution of fees from the Construction Code Fund and collaborative efforts by the state, cities, and builders to identify appropriate uses for the fund, including education, training, and best practices.

The Department of Labor and Industry should collaborate with local governments, builders, and other stakeholders on modifications to the building codes. Proposed changes to the building codes should primarily focus on preserving and improving safety. Impacts on the cost of development and advancing sustainability should also be considered.

Advanced state energy standards reduce energy burdens and costs for building occupants and lower greenhouse gas emissions. Metro Cities supports state funding for programs that support property owners in making energy efficiency improvements, as well as programs available for local governments.

GG-7 ADMINISTRATIVE FINES

Administrative fines can be used to moderate local costs associated with traditional methods of citation, enforcement, and prosecution. 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.

GG-8 RESIDENTIAL PROGRAMS

Sufficient funding and oversight are 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.

Metro Cities opposes legislation enacted in 2024 that exempts group homes and assisted living facilities with licensed capacities of six or fewer individuals from local rental licensing regulations. Local communities are best positioned to determine whether residential group homes should be included in a rental housing inspection program. Residents in group homes can be especially vulnerable to experiencing unsafe living conditions. Local inspections ensure that housing meets minimum standards and requirements for safety and livability. In addition to any state oversight, local inspections also ensure that any housing conditions needing attention can be addressed promptly. Metro Cities will continue to monitor the new law and urges the Legislature to consider its repeal.

GG-9 ANNEXATION

Attempts have been made in recent years to reduce tensions between cities and townships in annexations. 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.

GG-10 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, perfluoroalkyl and polyfluoroalkyl substances (PFAS/PFOS), 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.

GG-11 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 ReLeaf Program – promoting and funding the inventory, planning, planting, maintenance, and improvement of trees in cities throughout the state. In addition, residents are facing significant costs for the removal, replacement, and treatment of emerald ash borer (EAB). 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.

Metro Cities supports continued funding for state programs to assist cities with building and increasing capacity for urban forest management, meeting the costs of preparing for, and responding to, catastrophic urban forest problems and preventing further loss and increasing canopy coverage. Specifically, direct grants to cities are desperately needed for the identification, removal, replacement, and treatment of trees related to management of emerald ash borer (EAB). Metro Cities supports direct grants and/or aid payments to local governments for reimbursement and retroactive relief to homeowners for treatment or removal, transporting and disposal of wood waste containing ash tree material.

GG-12 POLLINATOR HABITAT RESOURCES

Recent declines in the abundance of pollinator insects, such as bees and butterflies, have been identified by the United Nations Food and Agriculture Organization as a threat to food security, as these insects are an important method of plant pollination. According to the US Fish and Wildlife Service, the main threats facing pollinators are habitat loss, degradation, and fragmentation. Pollinators lose food and nesting sites they need to survive when native vegetation is replaced by roadways, manicured lawns, crops, and non-native gardens. This can have added detriment to pollinators that migrate. Research has shown that increasing habitats can create the conditions for these insect populations to recover. Converting traditional grass lawns has been identified as one way to increase pollinator habitat.

The Minnesota Legislature created the Lawns to Legumes program, which provides grants to private homeowners to convert traditional lawns to pollinator friendly landscape. The program also funds demonstration neighborhoods, which are pollinator programs run by local governments and nonprofit organizations. Metro Cities supports state funding to programs such as Lawns to Legumes that create pollinator habitat on both public and private lands.

GG-13 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.

GG-14 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 consider 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.

GG-15 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 that authorizes 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.

GG-16 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.

GG-17 FRANCHISE FEES, ACCOUNTABILITY AND COST TRANSPARENCY

Minnesota cities 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 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.

Metro Cities supports 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.

Metro Cities supports legislation authorizing cities to franchise broadband/internet service providers (ISPs) in the public right-of-way and to collect franchise fees from these providers. Broadband Franchising will allow a city to require equal access to the same quality of broadband service throughout a city, to require reasonable build-out and system upgrades of broadband systems, to require uniform pricing and other customer service requirements, as well as other public benefits. Furthermore, Metro Cities supports the use of franchise fees on broadband or other dedicated funding to support local community television, which has seen declining funding from cable franchise fees and public, educational, and governmental (PEG) access fees as consumers switch to internet-based streaming over traditional cable tv service.

GG-18 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.

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

Metro Cities further supports:

- Statutory changes to allow direct balloting for the duration of the absentee voting period.
- Establishing an earlier deadline for ending in-person absentee voting.
- Authorizing cities to schedule election judges to conduct absentee voting at an earlier date in health care facilities.
- Additional funding and flexibility for cities that administer absentee balloting and early voting.
- Requiring the legislature to conduct a cost-benefit analysis for Minn. Stat. §203B.085, which mandates certain days and hours for early voting, weighing the number of voters served by extended hours on evenings and weekends with the cost to local governments.

GG-19 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.

GG-20 PEACE OFFICER ARBITRATION REFORM

Many municipalities in the metropolitan area provide law enforcement services and employ licensed peace officers. To ensure the public's safety and trust, and to strengthen collaboration between citizens and peace officers, cities must have the authority to effectively govern local law enforcement agencies. City officials are ultimately responsible for the safety and protection of the local community.

Metro Cities supports statutory arbitration reforms to allow for the discipline, including removal, of law enforcement officers who have been found to have violated local law enforcement agency policies.

Metro Cities further supports a reasonable standard of review in law enforcement arbitration cases, which would limit the determination of arbitrators to whether the actions of an employer were reasonable and consistent with city and agency policies. Metro Cities further supports using administrative law judges (ALJs) or arbitration to address grievances and discipline related to police misconduct.

GG-21 PUBLIC SAFETY TRAINING AND RESOURCES

Metro Cities acknowledges that the tasks public safety responders have been asked to address are increasingly the result of inadequate social services and programs.

Metro Cities recognizes the need for adequate resources for social service and mental health services and programs to help reduce the need for public safety responders to perform these services. Metro Cities supports allocated ongoing state funding to local governments for public safety purposes such as imbedded social workers, mental health response, training, innovation, and more.

Metro Cities supports tools and incentives such as scholarships and/or reimbursements for local law enforcement agencies to use and help with recruitment and retention barriers.

Metro Cities supports resources for the MN Department of Public Safety to acquire and store with a third-party vendor anti-scale fencing, pedestrian doors, and vehicle gates for local government facilities to improve equitable access to these de-escalation and safety tools.

Metro Cities supports establishing a reimbursement program for law enforcement agencies that respond to protests and demonstrations at publicly owned facilities and the homes of elected officials.

Metro Cities supports making the Public Safety Aid permanent to provide ongoing funding to cities to assist with increased costs to police, fire, emergency services, and

emergency management.

GG-22 COPPER AND OTHER METAL THEFT

Wire theft from streetlights, other public infrastructure, and private property negatively impacts communities, by reducing public safety for all transportation modes. These thefts also cost cities hundreds of thousands of dollars each year to replace and repair damaged streetlights.

Metro Cities supports efforts to curtail the theft of copper wires from public infrastructure and private property. Metro Cities supports statutory changes that would require appropriate controls on the purchase and sale of scrap copper and other metals. Metro Cities also supports increasing penalties for copper wire and other metal theft.

Metro Cities supports the creation of an online database for the Department of Commerce, Department of Public Safety, and local law enforcement agencies to have access to sellers contact information and the types of products sold each day at metal recycling businesses.

GG-23 EMERGENCY MEDICAL SERVICES

The Office of Emergency Medical Services is the state regulatory entity that oversees and issues ambulance licenses and has authority to designate exclusive emergency medical services (EMS) operating areas, or primary service areas (PSAs), for ambulance providers. Once a provider has been approved to operate in a PSA, the provider is authorized to serve the area for an indefinite period of time. Currently, no other state health licensing board grants providers an exclusive operating area.

The Office of Emergency Medical Services is comprised of three divisions for Medical Services, Ambulance Services, and Emergency Medical Service Providers. Additionally, three advisory councils are established to provide input and guidance to the office. Metro Cities supports the local government representation on the Emergency Medical Services Advisory Council. Metro Cities supports regional balance among the membership of the various advisory councils established by the office.

Metro Cities supports allowing local units of government to designate which licensed ambulance service provider(s) serve their community and to determine the appropriate level of service. Metro Cities further supports additional tools, data collection, and local authority that ensure transparency by EMS providers. Metro Cities supports decoupling the professional standards overview role from the service area determination.

GG-24 RACE EQUITY

In the seven-county metropolitan region, people of color represent 28% of the

population, and this percentage is expected to grow to 44% by 2050, according to the current population forecast from the Metropolitan Council. As racial and ethnic diversity increases in the region, people of color continue to experience significant barriers in housing, employment, criminal justice, public infrastructure, health, and education, and disparities are becoming more apparent. Across the metropolitan region, many cities are working to examine local policies and systems, to revise the delivery of public services, and to allocate resources to help advance race equity. All levels of government as well as the nonprofit and business sectors have roles to play in addressing race inequities and must work collaboratively to ensure that services and resources are considered, designed, and implemented in a comprehensive, purposeful, informed, and inclusive way to achieve race equity. Metro Cities supports:

- An examination and revision of state, regional, county and city laws, ordinances, and policies to address racial disparities.
- State resources to assist with comprehensive data collection, disaggregation and sharing to ensure informed policy and funding decisions at all levels of government.
- Funding to assist in the development of tools and resources that advance racially equitable outcomes.
- Activating partnerships among state, regional and local governmental institutions, and other entities to advance race equity.

GG-25 ADULT-USE CANNABIS

The Minnesota Legislature legalized adult-use cannabis in 2023. The law establishes the Office of Cannabis Management, which is responsible for licensing cannabis businesses and regulating the industry. The law includes a local registration process for cannabis business license holders where local governments are authorized to charge a registration and renewal fee. Responsible local governments are required to conduct compliance checks for age verification and the enforcement of local ordinances at cannabis businesses. Cities are authorized to establish, own, and operate a municipal cannabis store. The law also includes an optional, population-based limit on the number of retail locations in each city or county. It is vital that local governments retain the ability to suspend retail registrations for businesses that pose an immediate threat to public health or safety.

The law permits local units of government to establish reasonable restrictions on the time, place, and manner of cannabis business operations and includes a zoning compliance requirement for businesses where a local jurisdiction certifies that a business' plans are appropriate and in line with local requirements.

Metro Cities opposes any efforts to reduce cities' local control and zoning authority related to cannabis. Metro Cities supports legislation providing cities the ability to prohibit cannabis businesses within their jurisdiction.

Metro Cities supports reestablishing the Local Cannabis Aid Account to provide ongoing

funding to cities to assist with costs related to the local implementation of legal adult-use cannabis. Metro Cities also supports lifting the cap on retail registration fees imposed by local units of government.

Metro Cities expects the Office of Cannabis Management to work closely with cities as this legislation is fully implemented. This includes working with local governments to create model ordinances and providing technical assistance on cannabis-related issues.

GG-26 STREET RACING AND CARJACKING

Street racing and carjacking are issues of concern for cities across the metropolitan region. The highly mobile nature of street racing makes it difficult to prevent or stop. Street racing is strongly associated with other illegal activity and poses significant public safety risks for participants, third-party observers, and the public. The crime of carjacking has serious consequences for individual and community public safety. While data provided by the Minnesota Bureau of Criminal Apprehension (BCA) shows recent decreases in the number of carjacking incidents, more should be done to curb this behavior.

Metro Cities supports state funding to help state and local law enforcement agencies prevent and respond to street racing and carjacking. This could include funding for State Patrol air support and funding for costs, including overtime, associated with targeted law enforcement saturations and Toward Zero Deaths initiatives. Metro Cities also supports state resources to increase the Bureau of Criminal Apprehension's intelligence gathering capabilities and to enhance existing coordination efforts among law enforcement agencies.

Metro Cities supports modifications to state laws to prohibit street racing and activities associated with promoting and undertaking the activity of street racing. Specifically, Metro Cities supports statutory changes that address the activity and associated risks posed by street racing, sliding, and drifting. These could include penalties such as license suspension, minimum impoundment periods, and vehicle forfeiture.

Metro Cities supports consumer protection efforts that require motor vehicle manufacturers to offer anti-theft protection devices on certain vehicles that have been shown to be especially susceptible to theft.

Metro Cities further recognizes the importance and value of diversion programs that emphasize behavior modifications, which can help curb illegal activity and minimize recidivism.

GG-27 PUBLIC NOTICE REQUIREMENTS

Metro Cities State law requires that cities publish certain public notices (ordinances, advertisements for bids, financial reports, upcoming public meetings, elections, etc.) in a qualified newspaper designated by the city. Residents increasingly rely on digital platforms, city websites, and social media for official information, making web

publications more accessible than traditional newspapers, especially when local papers are shuttering, reducing circulation to residents while significantly increasing costs to cities.

Legislation passed in 2025 provided clarity for cities when their designated qualified newspaper closes, but this change in law failed to address cities previously impacted by a local newspaper closure. Cities impacted by a newspaper closure after July 2025 must post notices on both their own city website and the Minnesota Newspaper Association's statewide public notices website until another qualified newspaper can be identified. Furthermore, once a new qualified newspaper is identified, it is frequently a subscription-based publication with limited local circulation, thereby undermining the intended goal of broad public accessibility.

Metro Cities supports amending Minn. Stat. § 331A.10, subd. 2 to include a lookback period of at least five years to address the needs of cities with recently closed local newspapers. Metro Cities further supports the repeal of outdated and unnecessary publication requirements that no longer reflect current technology or effectively serve the public interest. Cities should have the authority to determine the most effective means of meeting statutory publication obligations, including whether to substitute or supplement newspaper publication with web-based publication or city-newsletters based on the unique needs of each community; ensuring notices reach the greatest number of residents. Updating statutory publication requirements will enhance transparency, improve access, and allow more effective communication with residents.

GG-28 CONTRACTING AND PURCHASING

Minnesota statutes stipulate contracting and purchasing requirements for Minnesota cities. The law prescribes the process political subdivisions must use to make purchases and award contracts and requires a competitive sealed bid procedure for contracts or purchases over \$175,000. The intent of these statutory requirements is to provide taxpayers with the best value for their dollar and ensure integrity in the process. However, imposing these statutory requirements may, at times, result in political subdivisions paying more for goods and services than private entities under the same circumstances.

Metro Cities supports broader use of alternative contracting and purchasing methods that streamline the process and reduce local purchasing costs.

Specifically, Metro Cities supports authorizing cities to use the design-build procedure and providing municipalities with broader authority, similar to that of private businesses, to directly negotiate contracts.

Metro Cities supports a change to the Minnesota Municipal Contracting Statute that is codified at § 471.345 to allow cities the flexibility to make a contract by two quotes for contracts estimated not to exceed \$250,000, but only if the business being directly solicited was either:

- Certified as a small business enterprise by a county-designated small business

certification program; or

- Certified by the commissioner of administration as a small business that is majority owned and operated by a veteran or service-disabled veteran.

Transportation



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.

TP-1 ROAD AND BRIDGE FUNDING

Under current financing structures that rely primarily on local property taxes and fees as well as cities' share of the Highway User Tax Distribution (HUTD) Fund, road and bridge needs in the metropolitan region continue to be underfunded. Metro Cities 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 state or county highways.

Metro Cities supports flexibility in cost participation policies, especially for those cities with a disproportionate number of state or county highways in and around their local boundaries. The state and counties should have responsibility for the installation, replacement, and ongoing maintenance for infrastructure within their right-of-way including Complete Streets facilities such as trails and sidewalks.

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.

TP-2 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, ride-on-demand microtransit, exclusive transitways, 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 current and forecasted changes in the region's transit service needs and priorities. Metro Cities supports strategic expansion of the regional transit system.

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, health care, 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 efforts to transition the

fleets of transit providers in the metropolitan region to low or zero emission buses and supports using equity and environmental criteria identified in transit providers' zero emission bus transition plans to prioritize the deployment of zero or low-emission buses.

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.

In the interest of including all potential options in the pursuit of a regionally balanced transit system, Metro Cities opposes the imposition of legislative moratoriums on the study, planning, design, or construction of specific transit projects.

Metro Cities supports a regional governance structure that ensures a measurably reliable and efficient system, recognizes the diverse transit needs of our region and addresses funding needs for all components of the system. These structures must work with and be responsive to the needs of the communities they serve.

Metro Cities supports an open and collaborative regional transportation planning process that fully engages all public transit providers as partners in ongoing policy development to achieve desired outcomes, including establishment of transit project criteria that promote fair and equitable selection of projects throughout the region and transparent regional distribution of available funding.

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 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.

Metro Cities supports the autonomy of suburban transit providers to conduct operations to meet demonstrated and unique needs in their designated service areas independent from the operations of other regional transit providers. Metro Cities supports the ability of a new window to be established for cities to opt out of Metro Transit to either partner with or join an existing suburban transit provider or to establish their own transit service.

Suburban transit providers are concerned that funding challenges may be used to attempt to justify a repeal of their authorizing legislation and to consolidate transit services into a single regional entity. This would result in reverting to conditions existing nearly 40 years ago when inadequate service caused twelve suburbs to elect

not to be part of the traditional transit system.

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.

TP-3 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. Until recently, state and regional resources for transit had 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. In 2023, a 0.75% regional sales and use tax in the seven-county metropolitan region was established to provide funding for transit operations, maintenance, and capital projects.

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. Metro Cities supports the early engagement of local governments in transit project planning and development including project scoping, cost estimating, funding requests and coordination with overlapping initiatives to achieve successful corridor-based projects.

To promote fair, stable, and predictable distribution of Regional Transportation Sales and Use Tax receipts, Metro Cities supports a collaborative process by which the Metropolitan Council includes stakeholders in the creation of policy guiding the distribution of funds.

Metro Cities supports equitable distribution of Regional Transportation Sales and Use Tax receipts to adequately fund regional transit providers' operating and capital needs. Metro Cities supports the creation of a city allocation from the Regional Transportation Sales Tax to aid cities with local transportation infrastructure.

TP-4 STREET IMPROVEMENT DISTRICTS

Funding sources for local transportation projects are limited to the use of Municipal State Aid Street Program (MSAS), Transportation Advancement Account (TAA) distributions, property taxes and special assessments. 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.

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.

TP-5 HIGHWAY AND BRIDGE TURN BACKS & FUNDING

Cities do not have the financial capacity and in many cities the technical expertise other than through significant property tax increases, to absorb additional roadway or bridge infrastructure responsibilities without new funding sources. The existing municipal turnback fund is not adequate based on contemplated turn backs.

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 a wholesale turnback of county or state roads or bridges without the consent of the municipality and the total cost, agreed to by the municipality, being reimbursed to the city in a timely manner. The process for establishing state policies to assign a shared cost participation for newly constructed or rebuilt bridges over trunk highways to local officials, must include input by the local municipalities affected, and any assigned shared costs and responsibilities must be agreed to by the municipalities.

TP-6 “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 participating in the process.

TP-7 ELECTRONIC IMAGING FOR ENFORCEMENT OF TRAFFIC LAWS

Enforcement of traffic laws with cameras and other motion imaging technology has been demonstrated to improve driver compliance and safety. Metro Cities supports cities having the authority to use such technology, including photos and videos, to enforce traffic laws.

TP-8 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. The use of autonomous delivery robots and aerial drones in public rights-of-way is also becoming more prevalent and cities must maintain and enhance the authority necessary to regulate the use of these vehicles to ensure safe use of the public right of way.

Metro Cities supports the authority 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.

TP-9 AIRPORT NOISE MITIGATION

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 encourages continued communication between MAC commissioners and the cities they represent.

Balancing the needs of the MAC, the business community, and the airport host cities and their residents requires open communication, planning and coordination. Cities must be viewed as partners with the MAC in resolving differences that arise out of

airport projects and the development of adjacent parcels. Regular contact between the MAC and cities throughout a 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.

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.

TP-10 FUNDING FOR NON-MUNICIPAL STATE AID (MSAS) CITY STREETS

Cities under 5,000 in population are not eligible for Municipal State Aid. 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.

Cities need long-term, stable, funding for street improvements and maintenance. In 2023, the Legislature established the Transportation Advancement Account which distributes revenue from the retail delivery fee and the auto parts sales tax to counties, cities, townships, and a food delivery support account. Specifically, this account will distribute 27 percent of the revenue collected to cities under 5,000 in population and 15 percent to cities over 5,000 in population.

Metro Cities supports the distribution of revenue deposited into the Transportation Advancement Account to cities, providing sustainable funding for non-MSAS city streets. Metro Cities supports additional resources and flexible policies to meet local infrastructure needs and increased demands on city streets.

TP-11 COUNTY STATE AID HIGHWAY (CSAH) DISTRIBUTION FORMULA

Significant resource needs remain in the metropolitan 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 as much as 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.

The CSAH formula passed by the Legislature in 2008 helped to better account for needs in the metropolitan region but additional resources for the region are needed. Metro Cities supports a new CSAH formula more equitably designed to fund the needs of our metropolitan region.

TP-12 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.

Metro Cities supports limiting the use of design-build contracts to projects with a single owner of the infrastructure being constructed or when there is a compelling reason to utilize that type of contract. MnDOT should be required to justify why an accelerated project is necessary. The decision to use a design-build contract should be made with the input and consent of the jurisdictions impacted by the project.

TP-13 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.

TP-14 MNDOT MAINTENANCE BUDGET

MnDOT has been inconsistent in meeting its responsibility for maintaining major roads throughout the state and has required, 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.

TP-15 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.

TP-16 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.
- 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.

Municipal State Aid design standards, while created with local engineering representation, have at times been too restrictive for cities to design and construct complete streets that fit a community's context and address the needs and desires of the community without a variance. Design flexibility should allow for increased discretion by the local community's engineer and design team.

Metro Cities supports updated Municipal State Aid design standards that better acknowledge and accommodate the needs and context of urban cities and that better align with other nationally and/or state recognized engineering design standards. Further, Metro Cities supports changes to the variance process to include an appeals process for any variance denials.

TP-17 NOISE WALL VOTING

MnDOT's current policy for approval of highway noise walls uses a weighted voting system for residents and property owners adjacent to proposed noise walls. In all cases, a property owner is allocated twice as many votes as a resident that does not own the property. This effectively denies renters any ability to influence the approval of noise walls adjacent to their homes. In the case of higher density housing, a single non-resident property owner can determine the outcome of a noise wall approval for hundreds of residents. If a property owner votes against a noise wall, even if residents overwhelmingly vote for a noise wall, the MnDOT policy results in hundreds of residents being disadvantaged. This is especially concerning considering renters are more likely to be lower income and more diverse. Metro Cities supports a comprehensive assessment of MnDOT's current noise wall voting policy, specifically including an equity analysis of the policy.

TP-18 PROJECT COST PARTICIPATION

Under current policies with MnDOT and many of the state's counties, cities are responsible for cost participation on transportation projects occurring on state and county systems. These costs include shares of costs related to right-of-way, traffic signals, sidewalks and trails, bike facilities, stormwater, landscaping, and other components of the project. Many cities end up using most, and in some cases all, of their Municipal State Aid funding to cover these costs. This results in less funding for the city's own Municipal State Aid system.

Cities should be given credit and recognition for the ongoing maintenance of facilities in the state and county right-of-way such as snow removal on trails and sidewalks, electric and lighting costs, landscape maintenance and other on-going maintenance costs with which cities incur a large cost of the life of these facilities.

As MnDOT and counties begin to embrace the importance of multimodal facilities within their rights-of-way, their funding for these facilities should align with their vision for the installation of these facilities. Metro Cities supports cost participation policies that reduce the burden on cities for state and county roadway projects and shifts more of the cost to the agency with jurisdiction over the roadway; particularly costs for trails, sidewalks, bikeways, traffic signals and the right-of-way to support those facilities.

In 2026, MnDOT is required to provide a report to the Legislature detailing changes to its Cost Participation Policy with changes required to be in effect by March of 2026. Metro Cities supports changes to MnDOT's Cost Participation to reduce, or even eliminate, local cost participation on Trunk Highway projects and stands ready to comment on MnDOT's report and recommend further changes to fulfill this vision of a fair and equitable cost participation policy.

Housing & Economic Development



HED-1 TO HED-10: 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 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.

HED-1 CITY ROLE IN HOUSING

Cities in Minnesota are responsible for most ground-level housing policy, including land use planning, code enforcement, rental licensing, and often the packaging of multi-level financial incentives. Cities are responsible for ensuring local health and safety and the structural soundness and livability of the local housing stock through building permits and inspections.

Cities are charged with providing public infrastructure to serve current and future residents and must assess the effects of a new development on parks, local roads, water, sanitary sewer, and stormwater capacities to ensure that additional needs for infrastructure are assumed by the new development and not current taxpayers. It is the city that assumes the future financial responsibility, management, and maintenance for improvements and infrastructure after a developer has completed a project.

It is also the responsibility of cities to periodically review local requirements such as land use regulations and ordinances, and make long range plans consistent with state statute, to ensure that they are consistent with these purposes. 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.

When a developer seeks to advance a development proposal that does not meet straight housing and mixed-use zoning codes and requirements, the developer may request a planned unit development (PUD) agreement with a city. PUDs, where appropriate, can provide zoning flexibility to develop a site that is otherwise not permitted by a city code. The use of PUDs may allow for more variety and creativity in land uses, increased density on a site, internal transfers of density, construction phasing, reduced setbacks, and a potential for lower development costs.

In the interest of adhering to local long-range plans and managing local health, safety, viability, and welfare needs, a city may request certain public benefits from a developer, including but not limited to additional open space, preservation of wooded land and environmentally sensitive areas, landscaping along major roadways, providing a mix of housing types, and enhanced design and landscaping features.

Cities may also provide a developer with credit for investments in public infrastructure greater than would be minimally required, including water, sanitary sewer, stormwater, or road infrastructure.

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

Metro Cities supports allowing cities to establish rental licensing for micro-unit dwellings in sacred settlement communities to give cities the ability to fulfill their responsibility to promote the health, safety and welfare of residents by ensuring the structural soundness and livability of these units are consistent with their rental housing inspection policies and programs.

Metro Cities supports exceptions to the land use timelines in Minn. Stat. § 15.99 in the event of extenuating local and state circumstances. Metro Cities supports local authority determination when exercising the use of exceptions, recognizing projects may be in different stages of approval. If a state of emergency limits the ability of city staff to complete a land use review, it should not result in de facto approval of an application.

HED-2 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 wellbeing of local communities and the metropolitan 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 over 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. This investor ownership has converted owner-occupied houses to rental houses, which has impacted the ability of lower-income renters to become homeowners and build wealth. Neighbors and cities have seen a lack of investment in these rental homes that has led to the deterioration of the housing stock.

The Metropolitan Council has projected the region will add nearly 60,845 households earning up to 50 percent area median income between 2020 and 2030 that will need affordable housing. Senior households bring the number of low-income households up significantly, with the number of age 65+ households growing by 51,691 during that time-period.

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 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;
- Tracking the impacts of investor-owned homes on the housing market, and enacting local strategies and policies that support home purchases by owners who reside in the homes;
- Supporting policy solutions that provide cities with tools to mitigate any negative impacts on city housing stock and prospective homebuyers due to investor-owned purchasing of homes.

HED-3 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.

Metro Cities supports a clarification to state statute that statutory and charter cities may collect a payment in lieu of the inclusion of affordable housing units that will be directed to a local housing trust fund to support affordable housing preservation, development, and housing stabilization in alignment with individual city goals.

HED-4 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) under Minn. Stat. § 473. 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 cycles 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 its first housing policy plan in nearly thirty years. A Metropolitan Council 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 life-cycle 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 and other regional housing policy considerations.

HED-5 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, labor 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 to resolve any local issues and concerns with respect to the need allocations and the plan review process.

HED-6 HOUSING POLICY AND PRODUCTION SURVEY

The Metropolitan Council annually calculates a city's housing production. Production information is collected through an annual city survey as well as Council data. Cities participating in Livable Communities programs are required to include their housing action plan and ALHOA funding amounts in their survey responses. Beginning in 2022, the Council began compiling the data in a report to share city practices and funding sources that support the creation of new affordable housing units.

Metro Cities supports a regular review of the survey questions and use of data, with city input. Any proposed new, deleted, or expanded uses or programs in which data from the Housing Policy and Production Survey would be used should be reviewed by local officials and Metro Cities. Metro Cities supports a consistent schedule for sending the annual housing production survey to cities.

HED-7 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(1), 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. Any program expansion proposals for state mandated class-rate reductions should include a full analysis of the impacts to local property tax bases before their enactment. Metro Cities opposes any changes to the 4d(1) program that substantially increases the tax responsibility for residents and businesses or increases the tax benefit for landlords without including increased benefits for renters of 4d(1) units. Metro Cities supports a property owner being required to receive city approval where the property is located, for all 4d(1) property that has not in whole or in part been classified as 4d(1) property.

Metro Cities supports 4d(1) aid being made permanent and available to all impacted cities.

Metro Cities supports the continuation of a reporting process for landlords benefitting from the 4d(1) class rate reduction to ensure deeper affordability or property reinvestment, and a sunset period for any changes made to the program to evaluate the range of impacts that expanding the program may have.

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 metropolitan 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.

A 0.25% metropolitan area regional sales tax enacted in 2023 provides Local Affordable Housing Aid (LAHA) to cities over 10,000 in population in the metropolitan region, and cities received the first distribution of LAHA in 2024. A report to the Minnesota Housing Finance Agency on LAHA uses and expenditures is due on

December 1, 2025, and every year thereafter.

Given the variability in sales taxes collected each year, Metro Cities urges the Legislature to consider extending the timeline in which cities must expend funds. Metro Cities further supports having funds be considered expended if they are deposited into a local housing trust fund, which provides flexibility for cities in maximizing public resources for housing projects. Metro Cities supports allowing a percentage of LAHA funds to be put toward administrative costs. A variety of programs such as Tax Increment Financing (TIF), Federal Section 8, and local Bring It Home MN programs all recognize this need, but as of now, LAHA does not. Metro Cities supports a sunset to the LAHA reporting requirements, including reporting on locally funded housing expenditures.

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;
- An ongoing 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 assistance programs to help with 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 down payment assistance and pre-purchasing counseling to improve financial wellness and inform homeowner and potential homeowners of their rights, options, and costs associated with owning a home;
- State tenant protection policies as well as a city's ability to enact tenant protections to support access to affordable housing and housing stability for tenants;
- Prohibiting landlords from denying housing opportunities to residents based on their source of income;
- Housing stability for renters through policies that mitigate the impact of or reduces the number of evictions filed;
- Policies that encourage public housing authorities and owners of federally assisted housing to consider a holistic approach to selecting tenants during the application and screening process, and avoid excluding tenants solely based on criminal records;
- 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;
- The state housing tax credit to support local governments and the private sector to help spur construction and secure additional private investment; 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.

HED-8 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.

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;
- Federal funding programs for renters with limited income or fixed income;
- Rental increase caps when the rent increase exceeds a 5-year running average; and
- Federal funding to provide short-term assistance for HRAs to facilitate the sale of tax- exempt bonds.

HED-9 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 that prevention is more cost effective than a cure, the causes of this problem are many and varied, requiring a variety of solutions, and cities must not be expected to bear the bulk of the burden of mitigation, because it is not simply a “city” problem. 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.

HED-10 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, subdivision 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." Subdivision 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.

HED-11 to HED-14 INTRODUCTION

The economic viability of the metropolitan area is enhanced by an 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 adequate and sustainable funding to assure competitiveness in a global marketplace. The state should recognize the relationship between housing and economic development. Access to affordable childcare supports working families and allows parents to enter or remain in the workforce. 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.

HED-11 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 is 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 unit of local government primarily 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; access to affordable child care; 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.

HED-12 REDEVELOPMENT

Redevelopment facilitates the re-use of previously developed land, thereby leveling the playing field between greenfield and brownfield sites so that a developer can choose to locate on land that has already been used.

Redeveloping properties supports community vibrancy and revitalization. Redevelopment increases the local property tax base, increases land values, provides more efficient use of new or existing public infrastructure (including public transit), reduces urban sprawl, and enhances the livability of neighborhoods. Jobs are created three times – at demolition and cleanup, during construction, and ongoing jobs tied to the new use.

Redevelopment may occur on non-polluted land or on brownfields. Brownfields are abandoned, idled, or underused industrial and commercial properties where financing or redevelopment is complicated by actual or suspected environmental contamination.

Federal, state, regional and local governments fund investigation and cleanup of blighted or other brownfield properties that allows for redevelopment without risking human health or potential environmental liabilities. Correcting and stabilizing polluted soils and former landfill sites allows cities to redevelop and reuse properties. For many cities in the metropolitan region, redevelopment is economic development.

Metro Cities supports increased funding from federal, 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 state funds for DEED-administered programs like the Redevelopment Grant and Demolition Loan 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.

Metro Cities supports expansion of existing tools or development of new funding mechanisms to correct unsuitable 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.

HED-13 ADAPTIVE REUSE

Cities in the metropolitan region are experiencing significant commercial vacancy issues in both downtown districts as well as in other commercial areas and need tools and resources to support efforts for the adaptive reuse of vacant, functionally obsolete, and/or underutilized commercial spaces to housing units or other higher uses, if it is determined to be supported by the city the project is located in.

As a result of the COVID-19 pandemic, more employees are working from home on a full-time or hybrid basis, and more and more employers are downsizing their office spaces. As a result, cities are experiencing significant commercial vacancy issues across the metropolitan region in both downtown districts as well as in other commercial areas. At the same time, cities are facing a shortage of housing, and a severe shortage of affordable housing. According to recent coverage in the Real Estate Journal, Minnesota Star Tribune and the MN Reformer, nearly a fifth of office space across the country sits empty, with the Twin Cities having one of the highest vacancy rates in the nation at nearly 23%, and the largest properties in our central business districts exceeding 30% vacancy.

This presents an opportunity for cities to convert vacant, functionally obsolete, and/or underutilized commercial space to housing units or other higher uses. Cities are utilizing a variety of local tools to respond to this issue but need additional tools and

resources to address this growing problem across the metropolitan area. The costs for the adaptive reuse of vacant and underutilized properties is expensive and complex.

Metro Cities supports state funding, tax credits and policy tools that will assist with the adaptive reuse of vacant commercial space to residential or new types of uses that support the economic growth of cities.

Cities need additional policy tools support efforts to:

- Disincentivize owners from holding vacant and underutilized properties;
- Target opportunities to increase the city property tax base;
- Encourage additional housing in commercial corridors; and
- Authorize tax increment financing to support the conversion of existing commercial non-residential property, including vacant properties, into multi-family housing or new types of uses.

HED-14 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, addressing the occupational gender gap, and support training and jobs for people with disabilities. 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, support workers of all abilities, 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;

- Maintaining funding for local workforce development boards to support local input and direction for meeting workforce development goals as outlined in state and federal statute;
- 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.

HED-15 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;
- Allow and authorize tax increment financing, including property in existing TIF districts, to support the conversion of existing commercial non-residential property, including vacant properties, into multi-family housing or new types of uses that support economic growth for metropolitan cities;
- 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;
- Expand authority for all cities to transfer unobligated pooled increment from a

housing or redevelopment TIF district to support a local housing trust fund for any eligible expenditure under Minn. Stat. § 462C.16;

- Modify the housing district income qualification level requirements to allow the levels to vary according to individual communities and/or to support deeply affordable units;
- 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;
- 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.

HED-16 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 metropolitan 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, as well as address neighborhood stabilization and recovery;
- Providing 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.

HED-17 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.

HED-18 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. Metro Cities supports increased flexibility for meeting business subsidy agreements during a state of emergency.

HED-19 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;
- Testing and review of street-level broadband speeds and updating of comprehensive statewide street-level mapping of broadband services to identify underserved areas and connectivity issues.
- Programs and projects that improve broadband adoption, achieve significantly higher broadband speeds, and support efforts to improve digital inclusion by

ensuring that robust and affordable Internet connectivity is widely available to all Minnesotans.

- Municipal authority and encouragement of local governments to play a direct role in providing broadband service. 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 and protect public rights-of-way including public and private infrastructure, to zone, to collect compensation for the use of public assets, or to work cooperatively with and respond to applications from the private sector. Cities may exercise local authority over zoning and land-use decisions for siting, upgrading, or altering wireless service facilities and exercise regulations of structures in the public right-of-way; 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.

HED-20 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.

Metro Cities supports sustained state funding for new and existing programs that support local climate action planning, climate resiliency, climate related infrastructure projects including funding and technical support for local level public-private planning initiatives that address climate resiliency issues that impact economic viability in the metropolitan area at a local and regional level.

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.

HED-21 IMPAIRED WATERS

Local units of government should not bear undue cost burdens associated with completed TMDL reports. As recent Total Maximum Daily Load (TMDL) reports show, non-point agricultural sources are producing more runoff 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.

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 metropolitan 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, TMDL development, storm water construction grants and wastewater construction grants.

Metropolitan Agencies



MA-1 GOALS AND PRINCIPLES FOR REGIONAL GOVERNANCE

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

The Metropolitan Council manages 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, as regional and local growth are primarily managed through city comprehensive planning implementation and the delivery of public services. To function successfully, the Metropolitan Council must be accountable to and work collaboratively with city governments.

The role of the Metropolitan Council is to set broad regional goals and provide cities with technical assistance and incentives to achieve the goals. City governments are responsible for 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 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 are provided more effectively, efficiently, or equitably on a regional level than by individual local units of government.

The Metropolitan Council must involve cities in the delivery of regional services and planning, 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 of 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 Metropolitan Council should not be undertaken unless authorized specifically by state law.

MA-2 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.

MA-3 COMPREHENSIVE ANALYSIS AND OVERSIGHT OF METROPOLITAN COUNCIL

A comprehensive analysis of the Metropolitan Council's functions and structure was conducted by a Governor's Blue-Ribbon Committee in 2020. Metro Cities supports specific findings by this committee that recommended four-year staggered terms for Metropolitan Council members with members appointed by the governor, an expanded nominating committee with a majority of local officials on the committee, and the publication of nominees prior to their appointment. These findings are consistent with Metro Cities' legislative policy on regional governance. 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 its 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.

MA-4 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 and should set user fees through an open process that includes public notices and hearings. User fees should be uniform 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.

MA-5 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 the systems is 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.

MA-6 REGIONAL WATER SUPPLY PLANNING

The Metropolitan Council is statutorily authorized to carry out planning activities to address water supply needs of the metropolitan area. A Metropolitan Area Water Supply Advisory Committee (MAWSAC) that includes state agency representatives and local officials was 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 to assist communities in water supply planning, without usurping local decision-making. Many cities also conduct their own analyses for use in water supply planning.

As the Metropolitan Council continues to assess the region's water supply and water sustainability, it must work cooperatively with local policymakers and local professional staff to ensure an on-going base of information 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 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 metropolitan region.

MA-7 REVIEW OF LOCAL COMPREHENSIVE PLANS

Local officials identified 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.

As the new regional development guide *Imagine 2050* is implemented, the Metropolitan Council must work with Metro Cities and local officials to address any necessary improvements to the comprehensive planning review processes in advance of the next comprehensive planning cycle. This work should be conducted with ongoing opportunities for input and consultation with local officials as any modifications to comprehensive planning review processes are considered. This work shall include reviewing processes for comprehensive plan amendments and identifying areas for improvement.

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.

MA-8 COMPREHENSIVE PLANNING PROCESS

Metro Cities supports examining the comprehensive planning process to make sure that the process is streamlined 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.

MA-9 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 residents.

MA-10 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, and statutory modifications that would diminish the ability of cities to set and implement local zoning ordinances and policies.

MA-11 REGIONAL GROWTH

The most recent regional population forecast prepared by the Metropolitan Council projects a population of 3,555,000 people by 2040 and 3,820,000 by 2050.

Metro Cities recognizes cities' responsibility to plan for sustainable growth patterns and the integration of transportation, housing, parks, open space, and economic development that will result in a region better equipped to manage population growth, 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 growth in a manner that preserves the region's high quality of life:

- Natural resource protection will have to be balanced with growth, development, and 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.

MA-12 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 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 the Metropolitan Council to provide financial assistance for the preservation of regionally significant natural resources.

MA-13 INFLOW AND INFILTRATION (I/I)

The Metropolitan Council has identified a majority of sewerage 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. Therefore, managing I/I at a regional as well as local level, is critical to effective mitigation and cost management.

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.

A 2023 task force recommended parameters for a private property inflow-infiltration program that will be funded through a portion of the regional wastewater charge. As a program gets underway, Metro Cities will monitor program criteria for transparency and accessibility for eligible cities.

Metro Cities supports continued state capital assistance to provide grants to metropolitan cities for mitigating inflow and infiltration problems into municipal wastewater collection systems. Grant funding should continue to be structured so that all eligible cities have access to this funding assistance.

MA-14 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 against impacts to program equity, transparency, and simplicity. As such, Metro Cities opposes the use of the SAC mechanism to subsidize 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 current SAC program criteria that use gross square feet in making SAC determinations, and do not require a new SAC determination for business remodels that do not change the use of the property. These changes were

the result of a 2018 task force that made recommendations to 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 cities, 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 a SAC ‘transfer’ mechanism 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.

MA-15 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 the metropolitan region 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.

MA-16 LIVABLE COMMUNITIES

The Livable Communities Act (LCA) under Minn. Stat. 473.25 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, mixed-use, transit-friendly development, and redevelopment. Metro Cities

supports this approach that 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 statutory goals and criteria established for the Livable Communities Act and opposes any changes to LCA programs that constrain flexibility provided for in statutory goals, program requirements and criteria. Metro Cities monitors any potential modifications to the LCA program to ensure that program criteria are responsive to local needs within the context of overall LCA objectives.

Metro Cities supports increased funding and flexible eligibility requirements in the LCDA to assist cities with development that may not be exclusively market driven or market proven in the location, in order to support important local development and redevelopment goals. Metro Cities supports ongoing outreach by the Council on the LCA programs and continued efforts to ensure that LCA criteria are sufficiently flexible to meet the range of identified program objectives.

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

Metro Cities supports statutory modifications in the LCDA to reflect linkages among 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.

Any proposed program modifications should be considered with input by local officials before changes to are enacted or implemented. Use of interest earnings from LCA funds should be limited to administrative program costs. Remaining interest earnings should be considered to be part of LCA funds and used to fund grants from established LCA accounts using funding criteria.

MA-17 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 needs and priorities vary, and 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 and provide flexibility to accommodate individual city circumstances.

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.

MA-18 COMPREHENSIVE PLANS AND ENVIRONMENTAL REVIEW

Comprehensive plans are essential guiding documents for cities and lay out a range of future land use scenarios, which are intended to allow for the orderly and economic development of the metropolitan region. To allow for local flexibility and functionality, as well as to best align local goals with regional requirements, it is essential that local comprehensive plans remain as high-level visioning documents that guide future development as well as other city policies.

Metro Cities supports any further statutory changes, if necessary, to clarify that cities' comprehensive plans are exempt from review under the Minnesota Environmental Rights Act (MERA).

2025 Municipal Revenues Committee Members

Name	Title	Organization
Graeme Allen	Councilmember	New Brighton
Daniel Buchholtz	City Administrator	Spring Lake Park
Amelia Cruver	Finance Director	St. Louis Park
Lori Economy-Scholler	Chief Financial Officer	Bloomington
Greg Evansky	Councilmember	Victoria
Inderia Falana	Government Relations Representative	Minneapolis
Ryan Garcia	City Administrator	South St. Paul
LaTonia Green	Finance Director	Brooklyn Park
Kelly Grinnell	Finance Director	Chanhassen
Dana Hardie	City Manager	Victoria
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**Beth Johnston	IGR Representative	League of MN Cities
Brad Larson	City Administrator	Savage
Tom Lawell	City Administrator	Apple Valley
**Daniel Lightfoot	IGR Representative	League of MN Cities
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Devin Massopust	City Manager	New Brighton
Madeline Mitchell	Senior Budget Analyst	St. Paul
Darin Nelson	Finance Director	Minnetonka
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Loren Olson	Senior Government Relations Representative	Minneapolis
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Paula Ramaley	Councilmember	Minnetonka
Jennifer Rhode	Deputy City Manager	Burnsville
Gillian Rosenquist	Councilmember	Golden Valley
Michael Sable	City Manager	Maplewood
Cara Schulz	Councilmember	Burnsville
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Christina Volkers	City Administrator	Oakdale
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Nyle Zikmund	City Administrator	Mounds View

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Inderia Falana	Government Relations Representative	Minneapolis
Clancy Ferris	Legislative and Grants Analyst	St. Louis Park
**Anne Finn	IGR Director	League of MN Cities
Tom Fischer	Mayor	Little Canada
Tom Fletcher	Mayor	Greenwood
Gary Hansen	Councilmember	Eagan
Sean Hayford Oleary	Councilmember	Richfield
Debra Heiser	Engineering Director	St. Louis Park
Clint Hooppaw	Mayor	Apple Valley
Taylor Hubbard	Mayor	Chaska
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Mark Ray	Public Works Director	Burnsville
Tim Sandvik	City Manager	Robbinsdale
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