



Request for City Council Committee Action from the Department of Intergovernmental Relations

Date: 11/21/06

To: IGR Committee

Subject: 2007 Legislative Agenda

Recommendation: Review and Markup of 2007 Legislative Agenda

Previous Directives: Proposed Agenda items have been discussed in committee

Prepared by: IGR staff

Approved by: Gene Ranieri _____

Presenters in Committee: IGR staff

Supporting Information: The draft agenda is attached.

TABLE OF CONTENTS

Page

Local Government Finance

- priority issues..... 1
- support and opposition items..... 3

Capital Bonding

- priority issues

Public Safety

- priority issues..... 5
- support and opposition items..... 6

Transportation

- priority issues..... 9
- support items 10

Affordable Housing

- priority issues 11
- support items 12

Municipal Governance

- priority issues 13
- support items..... 14

City Livability

- priority issues 15
- support and opposition items 16

Environment

- support items..... 17

Jobs and Economic Development

- priority issues..... 18
- support items..... 19

Local Government Finance

~~The 2005 tax bill increased local government aid (LGA) by \$48.0 million. As a result the \$486.0 million in LGA will be distributed in 2006 to cities throughout the state. The increase represents an 11.0% increase over 2005. The 2006 amount, however, is approximately \$100.0 million below the 2003 amount. The 2005 tax legislation restored approximately 1/3 of the \$150.0 million dollar cuts made in 2003.~~

~~In 2006, the City of Minneapolis will receive \$93.4 million in LGA, or \$15.4 million over the 2005 amount. Of the increase, approximately \$7.5 million is permanent funding and the remainder will decrease due to the statutory limits built into the distribution formula. The permanent funds were expended based on prior City council direction that identified public safety as a high priority. Therefore, LGA was used to restore funding in the Police and Fire Departments, and approve an additional 71 police officers. The one-time funds were used to pay down pension obligations.~~

The priority issue for Minneapolis:

- ~~• Full funding for the current LGA program and adoption of a formula that minimizes one-time funding.~~

The 2003 Minnesota legislature adopted legislation amending the local government aid (LGA) program. LGA is the state program that provides cities with annual financial assistance. The 2003 legislation not only changed the statutory formula to distribute the funds but also the legislature in response to a budget deficit reduced the amount of the annual appropriation.

As a result of the legislation the 2004 and subsequent year appropriations were set at \$436.0 million, or \$150.0 million or 25% below the previous year's certified amount. The 2005 legislature increased the appropriation to \$485.0 million. The formula change included new factors such as the amount of household size and traffic accidents. The legislation also increased the amount of LGA that was subject to the formula and conversely reduced the amount appropriated based on the previous year LGA amount (grandfathered) and special provisions. For example, in 2003 approximately \$367.0 million or 63% of the LGA appropriation was grandfathered but in 2004 the grandfathered amount was \$26.5 million or 6%. With more cities having its LGA based on the formula, fewer cities are receiving LGA than prior to the legislative changes. The legislation also eliminated the annual inflation increase which was added to the appropriation.

The city's LGA amounts from 2003 to 2007 follow:

YEAR	AMOUNT
2003 Certified	\$117,571,000
2003 Actual	91,822,000
2004	82,514,601
2005	80,338,989
2006	93,948,100
2007	83,980,640

The city's future year's LGA amount is dependent upon not only changes in its own factors but also those of the other participating cities. For example, a decline in traffic accidents or an increase in taxable value could influence the city's LGA amount. The current formula however does not include a factor that measures the impact of a city's employment level and business activity.

Unlike other state aid programs that require the proceeds to be used for a specified purpose, LGA does not specify expenditure requirements. City councils determine how the funds should be used. In most instances the funds are appropriated to the general fund and in effect help reduce the proposed property tax levy.

Priority issue for Minneapolis:

For the biennium beginning in 2007, the City of Minneapolis recommends that:

- Local Government Aid (LGA) be funded, at a minimum, amount equal to the 2003 certified amount adjusted for inflation,
- The appropriation include an annual inflation factor,
- The program continue to be flexible and not include spending requirements by type of expenditure,
- The formula be amended to reflect measures of a city's service level, needs and demands.
- The formula be modified to limit the wide variations in annual payments to cities.

Minneapolis supports:

~~Suspending the phase-out of the~~ If the limited market value program for the residential properties is phased-out, the legislature should provide property tax relief to those residential properties that will have significant tax increases due to the elimination of the program.

Diversifying revenue sources for municipalities, including but not limited to street use utility, sales tax, and other user fees including infrastructure maintenance assessments.

Repealing the state sales tax on local government purchases.

Minneapolis opposes:

Legislation including constitutional amendments that would limit government revenues and authority.

Capital Bonding

During the initial year of a legislative session, the legislature must adopt a two year operating budget. The 2007 legislature as part of the budget process may adopt a capital budget. If adopted a 2007 capital budget would be subject to the state's 3% of general fund expenditures debit limit. For 2007 the Minnesota Department of Finance projects that the legislature could approve up to \$135.0 million in bonding and be in compliance with the 3% policy. By comparison the 2008 limit is \$990.0 million. Traditionally the smaller bonding bill contains funding for emergency projects (repairs, fire and safety needs) and preservation and rehabilitation projects. Local projects have been funded in the even year bonding bill. For example, flood mitigation was approved in 2001 for Eagan and Austin. However, the 2003 bill included such local projects as the Guthrie, Children's Theater, and Phalen Boulevard. Many of the projects in the 2003 bond bill were part of the 2002 bond bill that was vetoed by the Governor.

For 2007, the city should introduce bonding projects that improve or preserve the public infrastructure and have been reviewed by the bonding committees.

City Bonding Priorities

The bonding priorities for the City of Minneapolis are as follows:

- ~~1) Minnesota Shubert Performing Arts & Education Center: \$15 million to construct, furnish and equip the center.~~
- 1) Grand Rounds Parkway lighting and roadway rehabilitation in the amount of \$4 million in 2007.
- 2) University Research Park: \$6.45 million for the Bioscience Development Fund so that infrastructure improvements of \$13 million to the University Research Park can proceed in a timely manner.
- 3) Heritage Park Redevelopment Project: \$6 million to acquire land and construct public infrastructure for Van White Memorial Boulevard.
- ~~4) Cedar Lake Trail: \$1,816,300 for completion of Phase III improvements to finish the trail.~~
- 4) Target Center debt relief and capital improvements through the capital bonding bill or other revenue sources.

~~The City also supports capital project proposals that will enhance the City's livability and quality of life:~~

- ~~Lake of the Isles Rehabilitation: \$5.0 million to complete improvements to the park.~~
- ~~Lowry Avenue Corridor: \$5.0 million for phase two implementation of the Hennepin County Project.~~
- ~~Lowry Avenue Bridge Replacement: \$24.3 million to assist in the replacement of the Lowry Avenue Bridge by Hennepin County.~~
- ~~Lutheran Social Services Park Avenue Apartments: \$5.0 million to fund the construction of 64 affordable housing units in the City.~~
- ~~MacPhail Center: \$5.0 million to assist in the construction of a new center.~~
- ~~North Minneapolis Workforce Development Center Repair: \$1.9 million requested by the Minnesota Department of Employment and Economic Development DEED~~
- ~~Redevelopment Fund: \$20.0 million requested by DEED to continue the Redevelopment Fund.~~
- ~~Municipal Reforestation: \$20.0 million requested by the Department of Agriculture for a statewide program to remove and replant diseased and damaged trees located on public spaces.~~
- ~~Tier I metro area transportation projects requested by the Metropolitan Council and the Minnesota Department of Transportation at the following levels: Central Corridor (\$10.0 million); I-35W Bus Rapid Transit (\$8.3 million); Northstar Commuter Rail (\$60.0 million); and Cedar Avenue Bus Way (\$5.0 million).~~
- ~~Metropolitan Regional Parks: \$11.0 million is being requested for regional parks redevelopment and expansion.~~
- ~~Housing: \$38.0 million is requested by the Minnesota Housing Finance Agency (MHFA) for permanent supportive housing and land for affordable housing.~~
- ~~Flood Hazard Mitigation: \$12.0 million requested by the Department of Natural Resources for flood hazard mitigation in rural and metropolitan areas.~~

Public Safety

Keeping residents and visitors safe is a top priority for the City of Minneapolis.

Priority issues for Minneapolis:

- Funding for the entire public safety system, including such critical functions as police, fire, prosecutors, public defense, communication systems, probation and the courts. Providing public safety, a core responsibility of local government, is threatened by insufficient funding.
- Creating a statewide coordinated plan for dealing with released sex offenders that addresses the overall concentration of offenders located within the City of Minneapolis and Hennepin County. To ensure this equitable distribution of sex offenders, the State must fund additional housing options and placement of half-way houses and should require the county of commitment to bear financial responsibility for released offenders.
- Legislative authority for the “Stop on Red” initiative.
- Amend the disposition of forfeited property statute to give police officers discretion to not return stolen firearms to owners who have been charged with an offense related to the firearm. This change will allow the City to pursue mandated reporting of stolen firearms through a local ordinance.

Minneapolis Supports:

- Changing the criminal code to address chronic offenders of indecent exposure laws.
- Streamlining statutes in order to more effectively prosecute prostitution-related offenses.
- Legislation making it a crime to drive under the influence of any drug that makes a person an unsafe driver, including THC.
- Amending the rifles and shotguns in public places statute to apply to the outdoor areas, such as the front and back yards, of the private lands owned by persons other than the possessors of the weapons.
- Increasing penalties for chronic offenders by including theft; receiving stolen property; trespass; disorderly conduct; crimes involving transit; violations of local ordinances, including prohibitions against loitering or lurking with intent to commit a crime as enforceable offenses.
- Expanding the vulnerable adult statutes to prescribe felony level punishment for neglect.
- ~~Enhancing the penalty for assaults on Animal Control Officers to assault in the fourth degree.~~
- Allowing for a gross misdemeanor careless driving offense if driving conduct results in a fatality and increasing penalties for all other driving offenses resulting in fatalities.
- Allowing for a misdemeanor offense for restricting access to a telephone for the purpose of emergency calls in a place of business.
- Increasing the probation period for criminal vehicular homicide and injury.
- ~~Retaining the City's authority to limit full liquor off-sale hours to 8:00 p.m., Monday through Thursday, without negatively impacting the ability to regulate the sale hours of 3.2 malt liquor off-sale.~~
- ~~Support for legislation establishing the fire safety account from revenues on fire premiums and assessments.~~
- ~~Support funding of public safety appropriations including the Minnesota Gang Strike Force; reimbursement to municipalities for bomb squad assistance; youth intervention programs; support services for families/individuals who have died by homicide, suicide or accident; and Minneapolis business district security.~~
- Amendments to NRP statutes to include language allowing expenditures of NRP funds for community public safety strategies.
- Protecting the human rights of immigrant populations and establishing a culture of mutual trust between law enforcement and immigrant populations to foster greater community public safety. The ability of local governments to ensure greater public safety should not be hampered by state efforts to impose unfunded mandates or dictate traditional federal government responsibility to the local level.
- Imposing a per-drink surcharge on alcoholic beverages and use the proceeds for public safety, crime prevention and rehabilitation of offenders.
- Establishing a Minneapolis-based extended day treatment program for adjudicated at-risk youth (modeled after a program currently operating in Minnetonka as a collaboration between Hennepin County Department of Community Corrections and

Independent School District 287 and community agencies/service providers) that provides opportunities for education, vocational training, support, structure and supervision necessary to overcome barriers to self-sufficiency.

- Strengthening the criminal code, and other appropriate statutes by including in the domestic abuse statutes, ex-boyfriends and girlfriends, and convictions on domestic assault-related offenses; amending the definition of a “qualified domestic violence related offense”; enhancing certain offenses; and improving the processes to access court records, obtain victims’ input and authorize when arrests may be made without a warrant for violations of orders for protection.
- The prohibition of use of hand held cell phones by all drivers.
- Amending the driving while impaired statute to change to .16, the level at which a person’s alcohol concentration becomes an aggravating factor, allowing prosecutors to charge such an offense at a higher level.
- Amending the reckless or careless driving statute to address aggressive driving perpetrated with malicious intent.
- Amending the victims’ rights statute to allow prosecutors to obtain victims’ input on potential terms of plea agreements prior to attendance in court, so that court proceedings are not delayed.
- Making indecent exposure in the presence of a vulnerable adult a gross misdemeanor.
- Amending the burglary statute to make it a crime for a person to enter a building without consent and masturbate therein or fondle or touch the unattended underwear of another.
- Amending the prostitution in a public place statute to make a second violation of this section a gross misdemeanor by enhancement.
- Amending the increased penalties for certain misdemeanors statute to reflect Court of Appeals decisions that state law preempts municipal regulation of the sale or possession of controlled substances.
- Increasing the maximum penalty for a misdemeanor from 90 days to 180 days.
- Increasing the penalty for possession or sale of a small amount of marijuana from a petty misdemeanor to a misdemeanor.
- Legislation to promote fire resistive cigarettes.
- Mandated fire sprinklers in certain facilities – large homes, nursing homes, high rises.
- Required inspections by the State Fire Marshall to include private schools, assisted living facilities and resorts.

Minneapolis Opposes:

- Expansion of legalized fireworks.

Transportation

The City supports increased funding for transit and highways and supports a transportation funding package programs that includes ~~adequate funding for transit and provides a stable and secure financial resources~~ to meet the needs of the expanding regional and statewide transportation systems.

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Minneapolis supports transportation funding that is 1) predictable – annually anticipated so proper planning and programming can take place, 2) time sensitive – implemented in the 2008 calendar year and not subject to voter approval, 3) adequate – large enough to make significant progress toward the state’s transportation needs, 4) geographically balanced – considering regional and local distribution and needs, and 5) program balanced – available for both transit and highways, used for capital projects as well as operating and maintenance.

Priority issues for Minneapolis:

- Funding to continue development of the Central Corridor LRT line.
- Funding for the other Tier I and Tier II corridors as identified by the Metropolitan Council.
- Dedicated funding for transit.
- Adequate funding package for the state’s, ~~counties’ and cities’~~ transportation needs.
- Legislation creating alternative sources of revenue for transportation improvements. These could include local authority to create and utilize a transportation utility and authority for more extensive use of special assessments.

Minneapolis supports:

- Transit proceeds from the MVST transfer be used in an equitable way to support the capital necessary to build the Tier I & II corridors and the costs of operations of additional metropolitan transit services.
- Transportation proceeds from the MVST transfer be used in a balanced way with additional funding for MSA and other options in the highway user tax distribution fund that support city transportation needs.

Affordable Housing

Providing all residents with safe, decent, and affordable housing is a priority in Minneapolis. As fewer resources are available, Minneapolis can achieve this goal by partnering with statewide housing advocates and agencies, including HousingMinnesota and the Minnesota Housing Finance Agency (MHFA).

Other affordable housing priorities in Minneapolis include safeguarding the current MHFA programs that serve low-income residents.

The priority issue for Minneapolis:

- ~~Legislation authorizing state bonding or general fund.~~ Appropriations for MHFA at a level significant enough to have statewide impact on shelters as well as permanent, supportive, assisted, and transitional housing that serve affordable housing needs throughout the state. ~~Bonding proceeds~~ The Legislature should be used also continue the homeless prevention programs, initiate a state supported land trust project and provide additional resources for housing preservation.

Minneapolis supports:

- Statewide regulation of predatory lending. This includes support for:
 - Full funding and dedication of the fees paid for residential mortgage originator or services of to the Consumer Education Account so that the Commerce Commissioner may assist and educate consumers to avoid being victimized by unscrupulous lenders.
 - Legislation which provides for registration, background checks, and continuing education for mortgage brokers.
 - Legislation requiring lenders to provide loan applicants with a written statement strongly urging them to discuss their loan paperwork with an independent loan counselor.
 - Legislation authorizing the Minnesota Attorney General, in addition to the Commerce Commissioner, to enforce the current provisions of the “Minnesota Residential Mortgage Originator and Service Licensing Act” and appropriate sufficient funding for enforcement.
- Continued review of the property tax code to encourage affordable housing production and preservation.
- State income tax credits for both affordable housing and historic buildings.
- Initiation of a state supported land trust project.

Municipal Governance

Minneapolis' ability to conduct business in an orderly and efficient manner is frequently regulated by state law.

Priority issues for Minneapolis:

- Legislation granting the Minneapolis Employees Retirement Fund (MERF) the authority to invest funds with the State Board of Investment (SBI).
- Legislation removing the "liquidity trigger" in the current MERF statute, which requires the City of Minneapolis to fully fund each retiree's pension immediately upon the date of retirement. The proposal will reduce and extend the City and the State's payments to MERF to 2020, the date set for full funding of MERF's liabilities.
- ~~Legislation expanding the current state statute for cities of the first class to add litter and recycling containers as amenities in the public right of way that advertising can be affixed upon with a permit.~~
- Legislation repealing the numerous special laws that had been enacted between 1960 and 2002 establishing specific unclassified appointed positions in the City of Minneapolis. In 2003, the City passed a special law that allowed the City to determine which positions should be in the appointed unclassified service.
- Subpoena powers for the Civilian Review Authority.

Minneapolis supports:

- Legislation to assist the city in dealing with abandoned vehicles that are not claimed by their owners, including:
 - authority like that granted to private lot operator to bring deficiency claims against owner of abandoned vehicles for the cost of towing and storage of their car
 - the creating of a statewide fund to assist impound lot operators in covering the costs of unpaid towing and storage fees not covered by the sale of abandoned vehicles
 - other measures to reduce the costs associated with abandoned vehicles and the costs of operating one of only two public impound lots in the state of Minneapolis.
- ~~Legislation to allow the public impound lot operators to bring a deficiency claim against the owners of abandoned vehicles as is currently allowed for private towing lot operators. The deficiency claim is to recoup losses not covered by the sale of their vehicles.~~
- Legislation necessary to create Downtown Special Service Districts.
- Pension reform legislation that provides responsible pension management and governance while addressing the City's long-term financial obligations and maintaining the City's commitments to retirees. Legislation relating to any of the City's three closed pension plans must contain a local approval clause.
- Changes to the Uniform Municipal Contracting Law to allow units of local governments the same statutory authority as the State of Minnesota to use a request for proposal (RFP) process and award contracts on a best value basis, when it is not advantageous to set forth all the actual, detailed requirements at the time of solicitation (a requirement of a Request for Bid solicitation).
- ~~Amending general prohibitions on the issuance of liquor licenses within 1,500 feet of a state university.~~
- ~~Special liquor license for a restaurant located at 5411 Penn Avenue South~~
- Legislation that provides election judges with the ability to choose to be unaffiliated with a political party.
- Legislation that eliminates outdated or unnecessary publications and permits cities to elect alternative means such as the web to publish notices and official proceedings.
- Legislation authorizing cities to conduct alternative voting methods including instant runoff voting.
- Legislation updating **all** actuarial assumptions of the Minneapolis Police Relief Association and the Minneapolis Fire Relief Association.

City Livability

The City works to keep Minneapolis a desirable place to live, work, conduct business and play.

Priority Issues for Minneapolis:

- Legislation fully addressing the effect that airport noise has on surrounding neighborhoods, including fully funding noise mitigation programs to the 60 DNL as committed to by the Metropolitan Airports Commission (MAC).
- Legislation to increase funding for public library operations and to exempt county sales tax proceeds from maintenance of effort requirements.
- Investment in youth development activities. Funding such as tobacco settlement funding can be allocated to programs to reduce youth risk taking behavior.

Minneapolis supports:

- Statewide smoking ban providing that the ability of local units of governments to enact more restrictive ordinances is not prohibited.
- Expanding health care access and protect funding for health and human services, safety net programs including child and adolescent mental health services.
- Sustaining the minor consent law permitting adolescents to see medical providers for reproductive, mental health and chemical dependency issues without informing a parent or guardian.
- Lead prevention policies that include continued effort to promote universal health screening for children, financial incentives to remove or mitigate lead hazards from residences, and legislation that would allow local units of government to obtain Medical Assistance reimbursement for lead risk assessments.
- Strengthen physical and health education curriculum in schools to prevent obesity and promote healthy lifestyles.
- Ensuring efficient public health emergency preparedness and response.
- Restoring and maintaining the funding for early childhood programs.
- Continued funding and retention of the formula to distribute state health funds.
- Maintain the Eliminating Health Disparities Grants.

Minneapolis opposes:

- Legislation allowing the purchase of wine in grocery stores or other changes making it easier for minors to purchase alcoholic beverages.

Environment

Minneapolis supports strong environmental policies focused on improving air, water and soil quality. The City will partner with county, state, federal and other jurisdictions to meet these objectives.

Minneapolis supports:

- Maximizing energy efficiency and conservation initiatives, requirements and opportunities for all utilities and customers.
- Renewable electricity that produces less pollution when compared to coal plants.
- Increasing the amount of new renewable electricity ~~used~~ used sold by utilities supplying energy to Minneapolis/Minnesota (gradually increasing to at least 20% of all electricity supplied by 2020).
- Increasing our energy independence from foreign oil and energy sources outside the Midwest, in order to increase energy price security, supply and support local jobs.
- Slowing the pollution that causes global warming by reducing greenhouse gas pollution in the near and long term.
- Renewable energy definition that include only hydropower plants that are small (less than 60 megawatts).
- ~~Promoting the goals of the proposed Clean Water Legacy Act, with an on-going review to assure that Clean Water Legacy Act funds are properly distributed between assessment, TMDL development and capital projects to ensure both protection for our water resources and support for future development and redevelopment.~~
- ~~An equitable funding solution for the Clean Water Legacy Act but would oppose the use of surcharges on local utility fees.~~
- Minneapolis supports legislation to help the state, counties and cities deal with electronic waste (e-waste). Legislation must include some shared responsibility amongst retailers, manufacturers and consumers for the costs associated with proper recycling and disposal of hazardous e-waste.
- Minneapolis supports increased state funding of stormwater management costs to local governments. This includes funds to help cities promote best management practices for stormwater in new developments: costs associated with stormwater projects brought by impairments to water bodies through Total Maximum Daily Load or TMDL studies: and the costs associated with storm water permits or surcharges for excess inflow and infiltration.

Jobs & Economic Development

~~Costs associated with land recycling, specifically remediation and redevelopment, are major barriers to creating jobs and providing housing opportunities for older cities. State assistance in financing the development of brownfields and the elimination of blight, along with other tools that facilitate successful and sustainable redevelopment, are top priorities for Minneapolis.~~

Priority Issue: Minneapolis supports state financial assistance for redevelopment and related infrastructure improvements for cities throughout the state. Therefore the 2007 Minnesota Legislature should amend the redevelopment fund statute to permit funding for projects located in the metropolitan area, and to allow related infrastructure improvements. In addition the legislature should increase the appropriation for the fund as well as the brownfields clean-up program.

The City of Minneapolis also supports state funding for employment initiatives, including summer youth job training and “Close the Gap” employment initiatives.

Minneapolis supports:

- Statewide Tax Increment Financing (TIF) legislation for redevelopment districts that will facilitate the clean-up and redevelopment of property. ~~and the redevelopment of projects like the University Research Park.~~
- ~~Funding for the Department of Employment and Economic Development (DEED) Redevelopment Account.~~
- ~~Continuing and increasing the funding level of the DEED Contamination Cleanup Grant Program and~~ Authorizing the transfer of the proceeds of contamination tax to the clean-up grant account.
- Continuation of the Livable Communities Act programs.
- Increase funding for the Minnesota Historical Society's Local Preservation Grant Program.
- ~~State funding for the "Close the Gap" employment initiative.~~
- Establishing a state income tax credit program to facilitate the preservation of historic property.
- ~~Continuation of the authority of state and local government to acquire land by eminent domain for public use.~~