



2010 LEGISLATIVE ISSUES AND CONCERNS

NORTHWEST METRO DRUG TASK FORCE

The NW Drug Task Force has been in operation for over 20 years. The organization has multiple layers of oversight. For example:

- Each Detective must file all criminal reports back at their home agency and submit them for standard report review.
- Each Detective must log all evidence in their home agency's evidence system. Nothing is allowed at Task Force office. All standard security procedures are followed.
- All monies from grants and seizures are run through the city finance department responsible for task force operations (cities rotate this duty).
- Independent audits of task force monies are conducted and reported to the Board of Directors each year.
- No property is seized or placed in the forfeiture system without criminal charges being filed in the case. Tracking on all cases is reported to the Board of Directors each quarter.

The problems in the model created by DPS and the Legislature for the Gang Strike Force did not include any of the above safeguards. In addition, poor supervision added to the embarrassment of the incident. Lazy and criminal conduct by officers assigned to the Gang Strike Force should not reflect on successful local operations with decades of experience. Although no local task forces have had any of the problems of the Gang Strike Force, all metro drug task forces have had funding frozen and been forced to restructure in order to keep funding into the future. Also, none of the out-state task forces had such a requirement.

Restructuring additional oversight to DPS has reduced the amount of funding available to the NW Drug Task Force by 10% for 2010; this shortage will have to be made up out of already tight city budgets.

If changes are made in seizure laws or if DPS is allowed to retain any of the seizure funds currently utilized by the task force for daily operations, the ability of the cities to operate into the future is in doubt. Without seizure funds to augment city funding the task force will cease operation in 2012.

HEALTH CARE

The City of Hopkins, like other employers in the state, is struggling with the rising costs of health care insurance for their employees. In addition, cities must cope with unfunded mandates imposed on them by the Legislature such as the requirement to pool early retirees with active employees and the requirement to bargain over changes in the “aggregate value” of benefits, even when the city’s contribution has not changed.

The City of Hopkins supports legislative efforts to control health insurance costs while maintaining quality health care services. However, cities have differing local needs and circumstances and must retain the flexibility to provide unique and creative solutions to the rising costs of health care insurance for their employees. The City of Hopkins:

- Opposes legislative action that undermines local flexibility to manage rising health care costs.
- Supports group programs designed to provide post-retirement health insurance benefits or health insurance plan benefits for public employees if participation by cities is strictly voluntary.
- Encourages the Legislature to carefully examine any new, mandated insurance-related benefit before imposing it upon city employers to make sure it does not contribute to the rising cost of providing health insurance.
- Supports changes to Minn. Stat.471.6161, subd. 5, that would clarify the intent of the subdivision is to address changes in cost vs. changes in value. For example: (1) a change in provider networks does not constitute a change in the “aggregate value of benefits;” (2) a change in benefit levels required by an incumbent insurance carrier does not constitute a change in “aggregate value.”
- Supports changes to Minn. Stat.471.61 that would allow cities to pool all retirees (those under or over age 65) separately from active employees to help cities avoid the liabilities associated with the new Government Accounting Standards Board (GASB).

SOUTHWEST LIGHT RAIL TRANSITWAY

The Twin Cities Metropolitan Area needs a multi-modal regional transit system that serves both commuters and the transit dependent. The transit system should be composed of a mix of HOV lanes, express and regular route bus service, exclusive transit ways, light rail transit and commuter rail corridors designed to connect residential, employment, retail and entertainment centers. The system should be regularly monitored and adjusted to ensure that routes of service correspond to the region’s changing travel patterns.

In order to slow the growth in congestion and provide regional residents and visitors with a realistic alternative to the automobile, the regional transit system needs a funding source that is both stable and capable of growing with the region.

An important part of the regional system is the proposed southwest light rail transitway. The City of Hopkins strongly supports this project and its classification as a Tier One transitway as defined by the federal government and Metro Transit.

TRANSPORTATION AND TRANSIT FUNDING ISSUES

The City of Hopkins supported passage of the 2008 Transportation Finance bill. This legislation allows for necessary resources for MnDOT, the county road system and the MSA road system, and will help make up for the lack of state resources over the last twenty years.

However, the resources contained in the transportation finance bill represent only half of the need in our counties, cities and state. Hopkins recognizes the need for additional transportation funding statewide, and will continue to advocate for additional resources to maintain our transportation infrastructure. In addition, cities still lack the authority to use additional tools for city street improvements; such resources continue to be restricted to property taxes and special assessments. It is imperative that alternative authority be granted to municipalities for this purpose to relieve the burden on the property tax system.

REGIONAL TRANSIT SYSTEM

The Twin Cities Metropolitan Area needs a multi-modal regional transit system that serves both commuters and the transit dependent. The transit system should be composed of a mix of HOV lanes, Bus Rapid Transit, express and regular route bus service, exclusive transit ways, light rail transit and commuter rail corridors designed to connect residential, employment, retail and entertainment centers. The system should be regularly monitored and adjusted to ensure that routes of service correspond to the region's changing travel patterns.

The City of Hopkins strongly supported the ¼ cent sales tax which was passed by the 2008 Legislature. This tax will be levied in the Metropolitan Area and dedicated to transit. The sales tax represents a commitment to investment in our region's transit ways. It will be important to direct these revenues purposefully, and to avoid subsidizing areas of transit funding that are the responsibility of the Legislature and Metropolitan Council. The City 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.

TRANSIT IMPROVEMENT AREAS

In 2008 the Department of Employment and Economic Development (DEED) was authorized to establish Transit Improvement Areas. Transit Improvement Areas include parcels of land that are located in part within one-half mile of a transit station. A transit station is defined as a physical structure or designated area which supports the interconnection of various transportation modes, including light rail, commuter rail and rapid bus transit, and which promotes and achieves the loading, discharging and transporting of people. The commissioner of DEED may designate a Transit Improvement Area if it will increase the effectiveness of a mass transit project by incorporating one or more modes of public transportation with commercial and housing development, as well as providing a clean and pleasant place for pedestrian use. The law requires the commissioner to consult with other affected state or regional agencies. This language was initiated by communities concerned about the lack of tools available to shape development around major transit stations. Although the language passed and was signed in law by the governor (Chapter 300), there was no funding put into place to implement the new program.

The City of Hopkins supports the implementation of this program and urges the Legislature to authorize various funding mechanisms for Transit Improvement Areas, including tax increment financing, tax abatement, bonding and general fund appropriations for a revolving loan program or for a grant program.

STATE BUDGET STABILITY

Since 2002, the Legislature has struggled annually to solve a series of projected budget deficits only to find that their actions were not sufficient to permanently balance the state budget. Past efforts to solve the state deficit have largely focused on expenditure reductions, shifting of costs to other governments, the use of one-time reserves and fee and fine increases. Although recent state budget forecasts have improved, the possibility exists that the state could again slip into deficit unless the state implements corrective actions. In 2009, the Governor and Legislature could not reach agreement on a balanced budget and as a result, the Governor used his power to “unallot” state appropriations, including city aid and credit programs, to reduce state expenditure commitments. This exercise of the unallotment power was unprecedented in terms of magnitude and the fact that it occurred at the beginning of the state’s biennium.

To address future state budget deficits, the Legislature:

- Must consider all options, including revenue increases, with a particular focus on changes that increase state revenues and improve the stability of the state's revenue stream.
- Must not further reduce aid funding for property tax relief programs to cities.
- Must consider the aggregate impact of recent budget cuts in order to enact a balanced response for taxpayers.

- Should modify the unallotment statute to place a reasonable statutory limit on the amount/percentage and timing of the state's budget that can be unallotted during a biennium without legislative approval.

UNFUNDED MANDATES

The cost of federal and state mandated programs substitute the judgment of Congress, the president, the Minnesota Legislature, and the governor for local budget priorities. These mandates force cities to reduce funding for other basic services or to increase taxes and service charges. The passage by the Legislature of reporting requirements for new state mandates, the recently-enacted Office of the State Auditor program for local governments to register their ideas for mandates reform, and the passage by Congress of legislation restraining new federal mandates, should help address the problem, but other steps are necessary.

- Existing unfunded mandates should be reviewed and modified, or repealed where possible.
- No additional statewide mandates should be enacted unless full funding for the mandate is provided by the level of government imposing it or a permanent stable revenue source is established.
- Cities should not be forced to comply with unfunded mandates.
- Cities should be given the greatest flexibility possible in implementing mandates to ensure their cost is minimized.
- The legislative local impact note process should be modified to allow the chairs or ranking minority member of the Senate Finance Committee and the House Ways and Means Committee to make requests for local impact notes. In addition, a prepared local impact note must be distributed to the chair or ranking minority member of any committee considering the bill.

LEVY LIMITS

The City of Hopkins strongly opposes levy limits and urges the legislature to not continue or re-enact them. This is especially vital in a time when the state is unalloting or cutting state aids to cities such as LGA and MVHC.

We also oppose the imposition of artificial mechanisms such as valuation freezes, payroll freezes, reverse referenda, super majority requirements for levy, or other limitations to the local government budget and taxing process. Expenditures for capital improvements such as infrastructure reconstruction should also not be subject to levy limits.

LOCAL GOVERNMENT AID (LGA)

Local Government Aid (LGA), the only remaining form of general purpose state aid to Minnesota cities, has been systematically reduced and modified by previous legislatures, at a significant cost to most metropolitan communities. As a result of these changes a majority of the metropolitan area's 183 cities no longer receive any LGA.

- The City of Hopkins supports the restoration of previous LGA cuts to fully fund the current LGA formula.
- The City of Hopkins supports the distribution of LGA in a manner that assists those cities whose public service needs and costs exceed their ability to pay.
- The City of Hopkins supports modifications to the current LGA formula that more adequately measures these needs and abilities to pay than does the current formula.
- The City of Hopkins supports the development of a new LGA formula that addresses current problems of volatility with year-to-year LGA distributions.
- The City of Hopkins recognizes that any new LGA formula must fairly represent the public service needs and costs of older, first ring suburbs.
- The City of Hopkins supports the inclusion of inflationary factors in any formula.

MARKET VALUE HOMESTEAD CREDIT

The City of Hopkins supports the Market Value Homestead Credit Program, a state aid to individual homestead property taxpayers, as a direct credit to the taxpayer, rather than a reimbursement to local units of government. The current MVHC reimbursement structure undermines accountability in a number of ways, most directly by enabling the state to reduce or even eliminate the reimbursement to local units of government while preserving the benefit of the credit to the homeowner. Further, any savings to the state resulting from reductions in the MVHC should be spread proportionally to all benefiting taxpayers.

STATE PROPERTY TAX RELIEF PROGRAMS

The City of Hopkins supports state funded property tax relief programs for homestead property taxpayers such as the circuit breaker and enhanced targeting for special circumstances. It also supports the update 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.

The City of Hopkins supports an analysis of the State’s property tax relief programs to determine their effectiveness in providing property tax relief to individuals and families.

SALES TAX ON LOCAL GOVERNMENT PURCHASES

The Legislature should reinstate the sales tax exemption for all local government purchases without requiring a reduction in other aids.

RESIDENTIAL CARE FACILITIES (GROUP HOMES)

Sufficient funding and oversight is needed to ensure that residents living in residential care facilities have appropriate care and supervision, and that neighborhoods are not disproportionately impacted by high concentrations of residential care facilities. Under

current law, operators of certain residential care facilities are not required to notify cities when they intend to purchase single-family housing for this purpose. And cities do not have authority to regulate the locations of group homes and residential care facilities. 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 care facilities provide. However, cities also have an interest in preserving balance between group homes and other uses in residential neighborhoods.

Cities should have statutory authority to require agencies and licensed providers that operate residential care facilities to notify the city of properties being operated as residential care facilities. The Legislature should also require establishment of non-concentration standards for residential care facilities to prevent clustering. Finally, licensing authorities must be responsible for removing any residents incapable of living in such an environment, particularly if they become a danger to themselves or others.

TELECOMMUNICATIONS

Local residents, subscribers to cable/video services, the Federal Communications Commission (FCC), and state and federal lawmakers have signaled growing interest and support for measures to spur increased direct competition in the delivery of advanced video and telecommunications services at the local level. In recent years, increasing numbers of telecommunications service providers have begun offering competitive video services and claim that local franchising can be a barrier to entry.

The City of Hopkins strongly disagrees with that viewpoint, and maintains there is no evidence that local franchising is a barrier to competitive entry. Local franchising authorities have promoted the benefits of competition and development of innovative services as a primary source for deployment of broadband technology. In pursuing the goal of providing increased consumer choice, city officials look for opportunities to encourage competitive entry while ensuring community needs and interests are met.

Accordingly, the Legislature, FCC, and Congress should recognize, support, and maintain flexible exercise of local franchising authority to encourage increased competition between incumbent cable system operators and new wireline competitive video service providers.

Fundamental reasons for retaining local franchise authority include:

- Consumer protection and enforcement of quality of service standards and local accountability.
- Assessment and delivery of services to meet community needs and interests.
- Provision of channel capacity and related equipment, facilities, and other support of public, educational, and government (PEG) use of that capacity.
- Production and development of diverse programming.
- Effective control and management of public rights-of-way.

- Provision of institutional networks (I-Nets) to service important community needs, such as public safety communications, libraries, schools, and other public institutions with access to state-of-the-art applications and the ability to communicate effectively with their constituencies.

Maintaining local franchising also most effectively creates and preserves agreements that guarantee broad access to services throughout the community, ensuring there is no digital divide for access to available additional services such as access to IP voice and high-speed Internet via infrastructure that delivers video programming services.

AFFORDABLE HOUSING- STATE ROLE

Primarily through the programs of the Minnesota Housing Finance Agency (MHFA), the state establishes general direction and prioritization of housing issues. The state financially supports a variety of housing types including homeless shelters, transitional housing, supportive housing, senior housing, and family housing. The state must continue to be an active partner in addressing lifecycle and affordable housing issues.

AFFORDABLE HOUSING- FEDERAL ROLE

The City of Hopkins encourages the federal government to maintain and increase current levels of funding for affordable housing. Federal investment in affordable housing will increase the supply of affordable and life cycle housing as well as increase the inter-jurisdictional collaboration between the two levels of government. Federal funding plays a critical role in aiding states and local governments in their efforts to maintain and increase affordable housing throughout the state. The City strongly encourages the following:

- To preserve and increase funding for the Community Development Block Grant Program, which is a catalyst for creating more affordable housing;
- To create and implement a more streamlined procedural method for local units of government to participate and access federal funding and services dealing with grants, loans, and tax incentive programs for economic and community development efforts; and
- To commit resources to Section 8 funding. It is a flexible, cost effective, and successful program that has helped nearly two million families find housing through promotion of self-sufficiency and stability.

REDEVELOPMENT

Redevelopment allows local communities to adjust to changing market conditions, better utilize existing public infrastructure, and maintain a viable local tax base. However, due to the higher up-front costs of redevelopment, as compared to greenfield development, desirable redevelopment projects often require public assistance.

It should be the goal of the state Legislature to champion development and redevelopment throughout the state by providing enough sustainable funding to assure that the state remains competitive in a global marketplace. The City of Hopkins supports increased funding and flexibility in the Metropolitan Council's Livable Communities Programs. It strongly opposes funding reductions, transfers of Livable Communities Program funds to other program areas and constraints on eligibility and program requirements.

In addition, the City supports:

- Increased, flexible and sustained funding for the Contamination Cleanup and Investigation Grant Program, administered by DEED;
- New financing and regulatory tools to nurture Transit Oriented Development, including increased flexibility in the use of TIF for this purpose;
- Increased and sustained general fund and state bond funds for the Redevelopment Grant Program, administered by DEED, dedicated to Metropolitan Area projects;
- The evaluation of SAC fees to determine if they hinder redevelopment;
- Expansion of existing tools or development of new funding mechanisms to correct unstable soils; and
- State adoption of an income tax credit program to facilitate the preservation of historic properties.

TAX INCREMENT FINANCING

Tax Increment Financing (TIF) has been and continues to be the primary tool available to local communities for assisting economic development, redevelopment and housing. Over time, several statutory changes have made this critical tool increasingly difficult to use, while recent property tax reform has resulted in a decreased state financial stake in city TIF decisions. At the same time that TIF has become more restrictive and difficult to use, federal and state development and redevelopment resources have been steadily shrinking. The 2006 eminent domain changes will make redevelopment significantly more expensive in some cases, and impossible in others. The cumulative impact of TIF restrictions, shrinking federal and state redevelopment resources, and changes to eminent domain laws will restrict a city's ability to address problem properties and will accelerate the decline of developed cities in the Metropolitan Area. Without proper tools and resources to address decline, cities will be unable to stop it. At a minimum, the state should authorize increased flexibility in local TIF decisions.

The City of Hopkins urges the Legislature to:

- Not adopt any statutory language that would further constrain or directly or indirectly reduce the effectiveness of TIF;
- 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;
- Increase the ability to pool increments from other districts to support projects;
- Continue to monitor the impacts of tax reform on TIF districts and if warranted provide cities with additional authority to pay for possible TIF shortfalls;
- Allow for the creation of transit zones and transit related TIF districts to address development and redevelopment issues associated with transit or transfer stations;
- 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 green house 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 the to the distribution of the benefits of the redevelopment project; and
- 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.

In addition, for sites that do not meet the restrictive blight and contamination definitions of the 2006 changes to eminent domain law, the Legislature should explore creating incentives to encourage owners whose properties meet the blight definitions under M.S., Chapter 469, to voluntarily sell their land for redevelopment purposes. Incentives could include income tax credits, capital gains deferrals or other incentives targeted at property owners.

Finally, the City of Hopkins encourages the State Auditor to continue to work toward a more efficient and streamlined reporting process.

EMINENT DOMAIN

Eminent domain reform actions of the 2006 Legislature resulted in a significant philosophical and legal shift in Minnesota. Whereas prior to 2006, Minnesota law provided extensive deference to local governments, statutory changes enacted in 2006 provide significantly greater deference to property owners. Eminent domain actions for traditional public uses such as streets, parks or sewers will cost more. And except for the most extreme cases of blight or contamination, eminent domain for redevelopment purposes will be nearly impossible at any cost.

The proper operation and long term economic vitality of our cities is dependent on the ability of the 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 will be allowed to deteriorate to unprecedented levels before the public will be able to react. The City of Hopkins strongly encourages the Governor and Minnesota Legislature to revisit the 2006

eminent domain reforms to allow local governments to address blight and contamination problems before those conditions become financially impossible to address. Specifically, the legislature should:

- Re-write the blight and contamination definitions and standard of review sections to reflect the deterioration conditions that currently exist in the Metro Area.
- Allow for the assembly of multiple parcels in order to properly and appropriately redevelop blighted or contaminated sites.
- Provide for the ability to acquire land from “holdouts” who will now view a publicly funded project as an opportunity for personal gain at taxpayer expense.
- Review the new enhanced compensation provisions to determine whether individuals are inappropriately enriched by the process.
- Allow for modifications to the effective date language in the 2006 legislation in order to accommodate delays in project schedules that are beyond the control of the acquiring authority.

MORTGAGE FORECLOSURE

Sub-prime mortgages and predatory lending practices have resulted in thousands of mortgage foreclosures throughout the state. Foreclosures are devastating to homeowners and tenants and can be equally devastating to neighborhoods when the presence of vacant housing results 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.

The City of Hopkins supported the 2007 Legislature’s efforts to eliminate predatory lending practices and the 2008 Legislature’s efforts to reduce foreclosures among current recipients of sub-prime mortgages, including technical changes to the foreclosure process, increased financial support for mortgage foreclosure prevention activities, and financial assistance to individuals. As solutions to address vacant housing are developed, including assistance to cities for property management, neighborhood recovery and public safety costs associated with foreclosures, The City of Hopkins urges the Legislature to partner with cities and the private sector to adopt and implement those solutions.

METROPOLITAN COUNCIL HOUSING TARGETS

In advance of the 2008 Comprehensive Plan deadline, and in response to projected growth in the Metro Area, the Metropolitan Council created a methodology to determine how many affordable housing units would be needed and where those units should go. From that process, each metro area city was assigned an affordable housing “target”. Further, Met Council Comprehensive Plan guidance instructs cities to guide sufficient land to accommodate the “targets”.

The City of Hopkins supports the creation of affordable and lifecycle housing in the metro area. However, providing affordable and lifecycle housing is a shared

responsibility between the private sector and government at all levels, including the federal government, state government and Metropolitan Council. Land economics, construction costs and infrastructure needs create barriers to the creation of affordable housing that cities cannot overcome without assistance.

Therefore, the City of Hopkins supports a Metropolitan Council affordable housing policy that recognizes the following tenets:

- The Council’s housing policies characterize individual city housing numbers as “targets”, not “goals”.
- Cities need significant financial assistance from the federal and state government, as well as the Metropolitan Council, in order to make progress toward creating additional affordable housing.
- Improved transportation infrastructure and transit service is required to make progress toward creating affordable housing.
- Absent significant resources to assist cities, the Met Council will not hold cities responsible if the “targets” can’t be met.

THIS OLD HOUSE/ THIS OLD SHOP

The City of Hopkins supports the reenactment of the “This Old House” law, which allowed owners of older homestead property to defer an increase in their tax capacity resulting from repairs or improvements to the home. The City of Hopkins also supports passage of similar legislation for owners of older commercial/industrial property that make improvements that increase the property’s market value by at least 12%.

TRAIN SWITCHING YARD IN GLENCOE

The Cities of Hopkins, St. Louis Park and Minnetonka are seeking approximately \$3 million in funding from Federal, state, local and private entities to relocate the Twin Cities & Western Railroad’s train blocking operations to a new facility outside of the cities of Minnetonka, Hopkins and St. Louis Park.

The affected cities have recommended that the Twin Cities and Western Railroad’s (TC&W) blocking operations be eliminated in St. Louis Park, Hopkins and Minnetonka and relocated to a new switch yard west of the three cities. The TC&W blocking operations generate noise levels that exceed the state of Minnesota nighttime noise standards. In addition, the switching operations cause vibrations and they often disrupt local transportation systems because at-grade crossings are temporarily blocked by trains conducting switching operations.

The Glencoe Railroad Congestion Mitigation Project, located in the City of Glencoe, involves constructing four siding tracks to accommodate the anticipated amount of rail car maneuvering/switching operations at this new facility. It is a nine acre site and the City of Glencoe was selected as the preferred site for a switch yard because it would consolidate operations, it would provide for noise mitigation for residents in Glencoe

(existing rail car maneuvers would be relocated to the west side of town away from the east side), and it would provide opportunities for economic development.

Anticipated project costs of approximately \$3,000,000 for the yard include the land acquisition and design costs. Proposed funding sources include \$2 million of Federal Funds, \$700,000 of state funds, \$200,000 from neighboring cities, and \$100,000 from private investors. The site will be owned by the McLeod County Rail Authority and operated by TC&W.