



Regional Council of Mayors

January 9, 2012

Regional Development Framework Process

Demographics and economics have changed for the region since the creation of the 2030 Development Framework by the Metropolitan Council, said Ann Beckman, manager of Regional Systems Planning and Growth Strategy, putting the region in a lesser position nationally than it was 10 years ago.

“We’re slipping,” Beckman said. “We’re not at the bottom, but we’re in the mid range, and that’s a change for us.”

Population growth has slowed—and is not what was predicted in the 2030 Framework (instead of an increase, population of the area was reduced by 5 percent from 2000 to 2010). “The real message is the loss of jobs,” Beckman said. There were 333,000 jobs added to the region from 1990 to 2000, but over the next 10 years, 64,000 jobs were lost.

Other key changes Beckman noted included more racial diversity throughout the region and an increasing percentage of seniors. Beckman said the region is seeing just the tip of the “silver tsunami.”

The issues that the next Development Framework will need to address are different than those in 2004, when the 2030 Framework was developed. In 2004, the Metropolitan Council was looking at a planning framework based on centers; investment in major systems, like sewers; market-based housing production; and multi-modal transportation—“which meant roads and public transportation,” Beckman said.

For the next Framework, she said, the pressing issues are the economy and loss of jobs; housing foreclosures and housing affordability; transit funding and infrastructure; water quality; economic opportunity; and changing demographics.

Work on the 2040 Development Framework of the Metropolitan Council began in July 2011 and the Framework should be completed in 2013; detailed system plans should be developed 2013 through 2015 and local comprehensive plan updates will be expected in 2018.

Together, the Framework and the system plans constitute the comprehensive development guide the Metropolitan Council is required by state law to produce.

Beckman said the idea of sustainable development in the next Framework will be corridor-based, rather than center-based, and that corridors will not be forced into identical development requirements. “We derailed a bit last time when we tried to put density into

centers,” she said. “We don’t know 100 percent what it’s going to look like, but we know that centers didn’t work.”

Several mayors said they hoped that there was flexibility for cities in the next Framework, and they encouraged the Metropolitan Council to look to mayors for information about what is needed in the region.

[View the PowerPoint](#) of Ann Beckman’s presentation.

Fiscal Disparities

There is nothing quite like the Fiscal Disparities Program in the Twin Cities, according to Deb Dietrick of the Metropolitan Council and Steve Hinze of the Minnesota House research department. The program, which was created in 1971 and first implemented in 1975, really does reduce disparities in the tax base; without the redistribution, the disparity would be 10:1 of the cities benefitting most from development to those benefitting the least. Because of the Fiscal Disparities Program, the disparity is 3:1.

This results in lower taxes for those living in cities that receive money through the program—and higher taxes in those cities that contribute. For example: in St. Paul, one of the largest net beneficiaries, commercial-industrial taxes are about 3 percent less because of fiscal disparities distribution and homestead taxes are almost 9 percent less. The average homestead tax in Minnetonka, a net contributor, has commercial-industrial taxes about 10 percent higher and homestead taxes about 4 percent higher than they would be without fiscal disparities distribution.

The main purposes of the program always have been to:

- Support a regional approach to development.
- Equalize the distribution of fiscal resources.
- Reduce competition for commercial-industrial development.

When the program was first implemented in 1975, 7 percent of the commercial-industrial tax base for the seven-county area was shared through the Fiscal Disparities Program; in 2011, 39 percent was shared (this was 12 percent of the total tax base).

The current program is still based on increases in commercial-industrial values over a 1971 base. Whether it’s time to eliminate that base is a question the legislature needs to answer, Hinze said.

A consulting firm, [TischlerBise, Inc.](#) is preparing a report on the program for the Minnesota Department of Revenue, which should be presented to the Minnesota Legislature in early February. But Hinze said he expects that the report will be an overview of the program and how it has worked, not a set of recommendations for change. “Case studies will be the heart of their study,” he said.

More information on the [Fiscal Disparities](#) Program is available at and the [House web site](#).

METRO WATCH

- Mayor Jim Hovland said that the Minnesota Department of Transportation wants to meet with mayors of cities along 35E in considering a MN Pass program for that freeway. He said he will ask the department to come to a meeting of the Regional Council of Mayors to talk about MN Pass.
- The Federal Transit Administration granted approval to begin preliminary engineering on the Southwest Corridor LRT, Hovland said. That is another step towards building a 15-mile line between Eden Prairie and downtown Minneapolis, which would connect to the Hiawatha and Central Corridor lines, plus the Northstar Commuter Rail line.

INITIATIVE UPDATES

Regional Cluster Initiative

Mayors were encouraged to use copies of the [Regional Cluster Initiative report](#) to use with business leaders, to encourage job growth in the region. The report lays out four key objectives for mayors:

- Continue conversations with business CEOs.
- Develop workforce talent for the jobs of today and tomorrow.
- Promote more efficient and business-friendly local and state regulations and practices.
- Invest in regional infrastructure and institutions.

Housing Initiative

Eagan Mayor Mark McGuire, chair of the Housing Initiative committee, said workshops on “Navigating the New Normal” for public officials are scheduled into July. The two-hour, interactive workshops bring in experts on disciplines such as design, finance, development, planning and marketing to talk with city council, planning commission and EDA/HRA members and staff.

The workshops can be held for two or three cities together, as well as for individual cities.

Environment Initiative

RCM is looking for 20 cities to participate in the Regional Indicators Initiative; the cost to participate is \$2,500. Caren Dewar will be sending an application soon.

Connecting Transportation and Land Use Initiative

Minnetonka Mayor Terry Schneider said the advisory committee will be focusing on concrete actions mayors can take to strengthen the reinvestment tool box.

COMING UP

The next RCM meeting will be held on Monday, February 13, 2012 from 11:30 am to 1:30 pm. RCM meetings are held on the second Monday of every month at Dorsey & Whitney.

Mayors are encouraged to email Caren Dewar with their suggestions for topics to add to the agenda.

ATTENDEES

The following individuals were in attendance on December 12, 2011:

Mayors

Doug Anderson, City of Dayton
Chris Coleman, City of St. Paul
Jerry Faust, City of St. Anthony
Tom Furlong, City of Chanhassen
Mary Giuliani Stephens, City of Woodbury
Shep Harris, City of Golden Valley
Kathi Hemken, City of New Hope
Mary Hershberger Thun, City of Victoria
Jim Hovland, City of Edina
Tim Howe, City of Coon Rapids
Tim Hultmann, City of Long Lake
Jeff Jacobs, City of St. Louis Park
Marvin Johnson City of Independence
Dean Johnston, City of Lake Elmo
Elizabeth Kautz, City of Burnsville

Sandra Krebsbach, City of Mendota Heights
Alan Lindquist, City of Osseo
Mike Maguire, City of Eagan
Sandy Martin, City of Shoreview
Gene Maxwell, City of Hopkins
Lili McMillan, City of Orono
Dan Roe, City of Roseville
Terry Schneider, City of Minnetonka
Mark Steffenson, City of Maple Grove
John Sweeney, City of Maple Plain
Nancy Tyra-Lukens, City of Eden Prairie
Ken Willcox, City of Wayzata
Janet Williams, City of Savage
Gene Winstead, City of Bloomington

Guests

John Bailey, Envision Minnesota; Ann Beckman, Metropolitan Council; Cecile Bedor, City of St. Paul; Steve Berg, writer/consultant; Mark Casey, City of St. Anthony Village; Scott Cordes, City of St. Paul; Erin Dady, City of St. Paul; Deb Dietrick, Metropolitan Council; Beth Elliott, ULI Young Leaders Group/City of Minneapolis; Kevin Frazell, League of Minnesota Cities; Tom Harmening, City of St. Louis Park; Steve Hinze, House Research Department; Todd Klingel, Minneapolis Regional Chamber; Jay Lindgren, Dorsey & Whitney; Lee Munnich, Humphrey School; Burke Murphy, Regional Cluster Initiative; Patricia Nauman, Metro Cities; Marc Nevinske, City of Coon Rapids; Tom Paul, MLC; Guy Peterson, Metropolitan Council; Cathy Polasky, City of Minneapolis; Mark Ruff, Ehlers; Elizabeth Ryan, Family Housing Fund; Michael Sable, City of Brooklyn Park; Michael Sobota, Scott County

ULI Minnesota Staff

Caren Dewar, Cathy Capone Bennett, Katie Anderson, Linda Picone