



## Regional Council of Mayors

December 10, 2012

### PRESENTATIONS

#### Minnesota Transportation Finance Advisory Committee

The benefits of implementing a regional transit system far outweigh the investment costs, said Will Schroeder, director for infrastructure for economic development of the Regional Chamber of Commerce. He presented the recommendations of the relatively new state Transportation Finance Advisory Committee, established by Gov. Mark Dayton in January 2012, for funding investments in roads, bridges, public transit and air, rail and ports.

[View the PowerPoint.](#)

TFAC looked at four scenarios for transit options:

1. Current transit, with completion of outstanding commitments, like the Central Corridor LRT.
2. The 2030 regional plan of the Metropolitan Council, with three new LRT lines, four completed BRT corridors and nine arterial BRTs.
3. An accelerated regional plan, which would be the same as the 2030 plan, but finished in 2023.
4. The 2030 plan, but focusing 25 percent of expected community growth along the transit corridors.

Building the 2030 regional plan would mean \$6.6 billion to \$10.1 billion in direct benefits on a \$4.4 billion investment. Accelerating that would mean \$10.7–\$16.5 billion on a \$5.3 billion investment, and focusing more community growth near transit stations would increase the return on investment by an additional \$2–\$4 billion.

“Our competitors have better systems than we do,” Schroeder said. The question is, where do they get the money to create those systems. He said all of the competitor peer regions use sales taxes as the primary local funding source—and most had to raise their sales tax rate. Only two of seven competitor cities got state funding.

There is no untapped financing available for transit investment, Schroeder said. All of the TFAC scenarios include a .005-cent increase to the .0025-cent sales tax

for transit in the Twin Cities, which would generate \$200 million each year. Schroeer said the sales tax is reliable funding, and this increase might allow reduced state operating funds over time. Other revenue options include expanding the wheelage tax for 80 counties in Greater Minnesota, enable local option sales taxes for transportation in those counties without a referendum, expanding the regional transit capital levy in the seven-county Twin Cities metropolitan area for capital and operating needs.

Schroeer warned that, “maintaining the status quo means how fast do we get worse.”

### **Post-Election Thoughts**

Investment in transportation—in particular, transit options—and economic development are likely to be front and center for the new Minnesota Legislature, according to Saint Paul Mayor Chris Coleman, who led a discussion of what the recent election means and what role the Regional Council of Mayors can take.

Asked if having one party control both the House and Senate, as well as the Governor’s office, might mean overreach, Coleman said, “One person’s overreach is another person’s good government. My sense is that the DFL leadership understands that if they do overreach, they will be a short-term majority.”

Minnetonka Mayor Terry Schneider said there might be an opportunity to restructure government financing for longer-term security.

Coleman said transportation is a likely target for new investment because it’s important to economic development in the long run, it usually has bipartisan support and “if people are going to spend money, they want to see a tangible result.”

Edina Mayor Jim Hovland said that the Regional Council of Mayors could consider supporting some kind of transportation funding, as being essential to the RCM’s economic development strategy.

Schneider wondered if controversial issues—like constitutional amendments and the Vikings stadium in the last session—would get in the way of funding and investment. “I hope we focus in on bread-and-butter issues,” said Coleman. “I don’t think you’ll see any constitutional amendments in two years. That’s a good message we can send from the Regional Council of Mayors: Let’s focus on the fundamentals.”

### **Clean Energy Financing**

Building-scale energy improvements can make a big difference on the bottom line of a property in the long run, not to mention the environment. Increasing

sustainability and reducing energy purchases from other countries is a national security issue. But paying for energy improvements isn't easy.

The PACE financing program (Property Assessed. Clean Energy.) offered by Eutectics Consulting LLC is an innovative way to pay for energy improvements using a city's special assessment process.

Jeremy Kalin, president and CEO of Eutectics, said, "We know how to cut energy costs; it's a question of how you pay for them upfront." He said building-scale is where you can make a difference, and that there are "trillions of dollars of capital sitting on the sidelines, waiting to be used."

After an energy audit, the building owner will apply for a PACE loan, which is then secured by a special assessment and paid back through the building's property taxes. Kalin said the skyways in Minneapolis and Saint Paul were financed using this kind of mechanism.

Eutectics sells a privately placed revenue bond to provide the funding and charges 1.5–3 percent to put the deal together. The building owner is paying higher property taxes, but the energy savings supply the funds to make that work.

Kalin gave several examples of buildings in which the energy savings paid off the special assessment within five years or less, and then meant long-term savings for the owners. [View the PowerPoint.](#)

## **Reducing Risks to the Power Grid**

The power outages resulting from Hurricane Sandy have put an increased focus on just what can happen to the nation's power grid—and the impact on cities, businesses and individuals. [View the PowerPoint.](#)

David Jackson, senior program director for Emprimus, said there are three related electromagnetic (EM) threats to the U.S. power grid:

Nuclear EMP (electromagnetic pulse), essentially the deliberate attack on the power grid by rogue countries. "A SCUD missile on a freighter in the Gulf of Mexico could launch a missile over Omaha that could wipe out half of the electronic capability of the country."

Intentional Electromagnetic Interruption. Untraceable, small devices are widely available and could be used to strategically interrupt the power grid.

Geomagnetic storms.

"These threats are increasing in probability and intensity because of the nature of our grid," Jackson said. "For quite low cost, the grid can start to be protected."

Emprimus builds equipment for remediation of the electric grid that can virtually eliminate damage to transformers, Jackson said. “This is something you’ll hear more and more about.”

The market for Emprimus products is primarily made up of power transmission and distribution companies, not governments.

Nick Ruehl, mayor of Excelsior, is director of design and projects for Emprimus. He said that if the power grid goes down for more than three days, there’s great concern about what happens in a region. “What can we do about it here? Not much, except to be aware of it. Jackson said that Minnesota is actually more susceptible to a grid outage because of its northern location. In March 1989, a geomagnetic storm knocked out all of the power in Quebec for nine hours.

## **GOODBYES—AND HELLOS**

The group took a moment to say goodbye to several outgoing mayors, and hello to new ones, who will officially join the group in 2013. Leaving are: Mary Hershberger-Thun of Victoria, Doug Anderson of Dayton, John Sweeney of Maple Plain, Dean Johnston of Lake Elmo and Alan Lindquist of Osseo. Mike Pearson of Lake Elmo and Tom O’Connor of Victoria, the mayors-elect for their cities, were welcomed.

## **EXECUTIVE DIRECTOR’S REPORT**

Caren Dewar, ULI Minnesota executive director, said that 20 cities are taking part in the Regional Indicators Initiative, which is working with data for four years and hoping to get funding to extend the data-gathering through 2012. On February 7, the results of the Initiative will be presented.

## **COMING UP**

The next RCM meeting will be Monday, January 14, 11:30 am–1:30 pm, at Dorsey & Whitney. This will be a joint meeting of RCM and the ULI Minnesota Advisory Board, with keynote speaker Jack Uldrich, renowned global futurist and author. For more information about Uldrich, go to [www.jackuldrich.com](http://www.jackuldrich.com).

RCM meetings are held on the second Monday of every month at Dorsey & Whitney. Mayors are encouraged to email Caren Dewar with suggestions for topics to add to the agenda.

## **ATTENDEES**

The following individuals were in attendance on December 10, 2012:

### **Mayors**

Doug Anderson, City of Dayton; Jerry Faust, City of St. Anthony; Chris Coleman, City of St. Paul; Mary Giuliani Stephens, City of Woodbury; Debbie Goettel, City of Richfield; Kathi Hemken, City of New Hope; Mary Hershberger-Thun, City of Victoria; Jim Hovland, City of Edina; Tim Hultmann, City of Long Lake; Marvin Johnson, City of Independence; Dean Johnston, City of Lake Elmo; Elizabeth Kautz, City of Burnsville; Alan Lindquist, City of Osseo; Sandy Martin, City of Shoreview; Nick Ruehl, City of Excelsior; Terry Schneider, City of Minnetonka; John Sweeney, City of Maple Plain; Nancy Tyra-Lukens, City of Eden Prairie; Ken Willcox, City of Wayzata; Gene Winstead, City of Bloomington

### **Guests**

Cecile Bedor, City of Saint Paul; Katherine Blauvelt, Office of Senator Franken; Rick Carter, LHB; Mark Casey, City of St. Anthony; Rick Collins, Ryan Companies; Jenna Fletcher, Trust for Public Land; Mark Grimes, City of Golden Valley; Lee Helgen, Envision MN; Dave Jackson, Emprimus LLC; Jeremy Kalin, Eutectics Consulting; Madaline Koch, Comcast; Nick Koch, HGA; Martin Ludden, Comcast; Jeff Mauk, Eutectics Consulting; Max Musicant, The Musicant Group; Patricia Naumann, Envision Minnesota; Diane Norman, RSP/ULI Advisory Board; Tom O'Connor, City of Victoria; Mike Pearson, City of Lake Elmo; Cathy Polasky, City of Minneapolis; Elizabeth Ryan, Family Housing Fund; Will Schroer, Minneapolis and St. Paul Chambers of Commerce; Jamie Verbrugge, City of Brooklyn Park

### **ULI Minnesota Staff**

Caren Dewar, Cathy Bennett, Katie Anderson, Linda Picone