

May 1, 2023

Senator Erin Murphy and Representative Ginny Klevorn and members of the conference committee on HF1830/HF1826,

On behalf of the 837 members of the League of Minnesota Cities, we are writing to share the League's positions on several provisions included in HF1826 (second engrossment) and HF1826 (first unofficial engrossment).

Additional local government investment authority

The League supports the investment language offered by Rep. Freiberg and Sen. Westlin in the House language (R1-A3-2, lines 61.5 through R3-A3-2 line 63.19) and the Senate language (R1-A3-2, lines 32.9 through R3-A3-2, line 34.23) that would allow cities and counties with their debt rated at AA or higher to invest up to 15 percent of funds held for long-term investments in equities or stocks with the State Board of Investment or a U.S. broad market equity fund. This investment option is currently available to AAA cities and counties under a 2017 law change. The provisions would also allow local government insurance trusts, including the League of Minnesota Cities Insurance Trust to invest in additional instruments available to the State Board of Investment.

Currently, under Chapter 118A, cities and counties have a limited number of investment options such as U.S. Treasuries, highly rated U.S. Government Agencies, highly rated state and local municipal bonds, and certificates of deposit from banks that are FDIC-insured. These investments work well for short-term investments of a few months to a few years for purposes such as cash to pay operating expenses between the time a local government receives property tax payments but do not work well for when a local unit of government is setting aside long-term capital funds to pay for replacing a water treatment plant or for local government insurance pools who are paying workers compensation benefits to injured employees over 15 years or more.

Local government compensation cap

The League supports the Rep. Acomb and Sen. Cwudzinski repeal of the local government compensation cap contained in the House language on R16-A3-2 line 72.9 and the Senate language on R16-A3-2 line 41.19 which would afford local units of government greater flexibility to attract and retain key employees in the increasingly tight labor market.

Currently, Minnesota is unique among the fifty states by imposing a state limitation on the compensation for an employee of a political subdivision--currently to no more than \$206,939 per year as of January 2023. The compensation limit applies to employees of statutory and home rule charter cities, counties, towns, metropolitan and regional agencies, and other political subdivisions but specifically excludes school districts, hospitals, clinics, or health maintenance organizations owned by a governmental unit, or to medical doctors, doctors of osteopathy and most recently, employees of the Metropolitan Airports Commission.

The compensation cap not only directly impacts specific positions requiring expertise, education, and experience, but in many jurisdictions the cap also results in salary compression challenges for other positions below the cap. In addition, the current Minnesota job market has roughly two job openings for every one job seeker and this cap can limit the ability of local government employers to attract highly qualified candidates from neighboring states and across the country.

City councils and county boards are elected to govern their jurisdictions and they must be allowed to make the decisions based on their individual circumstances and needs.

Medical exception in Open Meeting Law

The League, along with a coalition of local government entities, supports the limited medical exception to the Open Meeting Law included in the House language (R1-A3-2, lines 60.10-61.4) that would allow elected officials to fully participate in meetings via interactive technology from a nonpublic location up to three times in a year if a health care professional has advised them against being in a public place for medical reasons. This provision is narrowly crafted to provide limited flexibility for elected officials to navigate medical issues in their lives while managing the duties of their elected office.

Construction manager at risk

While the League does not have a position specifically on construction manager at risk contracts as included in the House language (R11-A3-69.13-70.25), our adopted policies support broader use of alternative contracting and purchasing methods that streamline the process and reduce local purchasing costs. We appreciate discussion of municipal contracting laws and providing additional tools with the goal of giving cities more flexibility to provide quality goods and services at the lowest cost to taxpayers.

Preemption of local authority

House language (R8-A3-2, House lines 68.16-69.12) would mandate that all cities must adopt an ordinance applicable on all parcels in the city that allows natural landscaping. Most cities do not have staff availability or expertise to do streetside assessments of whether a property is a properly managed natural landscape or has noxious weeds present that cities are required to inspect for and control under other state law. Cities can, and many do, already allow natural landscaping by ordinance, but can decide what limitations on that are appropriate for their community. The League does not support the state preempting local control of this issue.

Special Service Districts

Senate language (R9-A3-2 lines 35.24-38.19) would update statute to allow Special Service Districts the option to include qualified multi-family residential properties in the existing petitioning process for the provision of special services. Cities across the state use special service districts at the behest of properties to provide an increased level of special services not ordinarily provided throughout the city from general fund revenue. While existing statute was intended to address commercial downtown cores, the language no longer reflects the mixed-use reality of

many contemporary city centers. Currently, the cost burden for special services in a district can only fall on commercial property owners despite many residential properties and mixed-use buildings enjoying the services provided by a district.

Municipal hotel licensing

While the League does not have an official policy regarding municipal hotel licensing, the League is generally supportive of House and Senate language (R12-A3-2 lines 70.26-71.6) as it aims to provide cities additional tools to respond to hotels that significantly overburden public safety due to criminal activity such as human trafficking, robberies, assault, and illegal drug activity. Some cities have sought individual legislation to achieve this authority, though other cities have reported similar challenges with certain hotels. This provision would allow cities to address bad actors that routinely place significant strain on public safety.

County and local cybersecurity grants

House and Senate Language (R6-R7-A2-2 and R5-A1 lines 6.22-6.30) authorizes Minnesota IT Services to make grants as a part of a federal cybersecurity program authorized by the Infrastructure Investment and Jobs Act (P.L. 117-58) that support efforts to address cybersecurity threats at the local level. We also appreciate the inclusion of the required state matching funds that are required by the federal government in order for Minnesota IT to access federal cybersecurity grant program funding. Cyber threats to local governments continue to be a pervasive concern for cities across the state and direct funding to cities to address these issues is a critical first step in strengthening local government cyber defenses.

Sincerely,



Gary Carlson
Intergovernmental Relations Advisor
League of Minnesota Cities



Daniel Lightfoot
Intergovernmental Relations Representative
League of Minnesota Cities

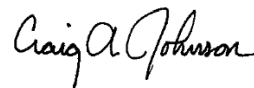


Alex Hassel

Intergovernmental Relations Representative
League of Minnesota Cities



Brooke Bordson
Intergovernmental Relations Representative
League of Minnesota Cities



Craig Johnson
Intergovernmental Relations Representative
League of Minnesota Cities