6:00 p.m.  STUDY SESSION – Wat Thai of MN (2544 Highway 100 South)

<table>
<thead>
<tr>
<th>Discussion items</th>
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</thead>
<tbody>
<tr>
<td>1. 6:00 p.m. Future study session agenda planning and prioritization</td>
</tr>
<tr>
<td>2. 6:05 p.m. Community survey</td>
</tr>
<tr>
<td>3. 6:50 p.m. Local options sales tax</td>
</tr>
<tr>
<td>4. 7:50 p.m. Affordable Housing Trust Fund (AHTF) Use Guide</td>
</tr>
<tr>
<td>5. 8:50 p.m. Election holiday discussion</td>
</tr>
<tr>
<td>9:05 p.m. Communications/updates (verbal)</td>
</tr>
</tbody>
</table>

9:10 p.m. Adjourn

Written reports

<table>
<thead>
<tr>
<th>Written reports</th>
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</thead>
<tbody>
<tr>
<td>6. 2020 draft legislative issues and priorities report</td>
</tr>
<tr>
<td>7. Accessory dwelling unit ordinance update</td>
</tr>
<tr>
<td>8. Crime/drug free rental ordinance workgroup update</td>
</tr>
</tbody>
</table>
Executive summary

Title: Future study session agenda planning and prioritization

Recommended action: The city council and city manager to set the agenda for the regularly scheduled study session on Jan. 13, 2020.

Policy consideration: Not applicable.

Summary: This report summarizes the proposed agenda for the regularly scheduled study session on Jan. 13, 2020. Also attached to this report is the study session discussion topics and timeline.

Financial or budget considerations: Not applicable.

Strategic priority consideration: Not applicable.

Supporting documents: Tentative agenda – Jan. 13, 2020
Study session discussion topics and timeline

Prepared by: Debbie Fischer, administrative services office assistant
Reviewed by: Maria Solano, senior management analyst
Approved by: Tom Harmening, city manager
Jan. 13, 2020

6:30 p.m. Study session – Community room

Tentative discussion items

1. **Future study session agenda planning**

2. **Arts and culture strategic framework** – Administrative services (45 minutes)
   Focus group discussion about the future of arts and culture in St. Louis Park. Discussion will be led by Friends of the Arts and consultant Sharon Rodning Bash.

3. **Draft legislative priorities and local options sales tax** – Administrative services (60 minutes)
   Review the 2020 legislative issues and priorities and discuss next steps with local option sales tax.

4. **Union Congregational Church/Project for Pride in Living development proposal** – Community development (30 minutes)
   Proposed housing development at 3700 Alabama Ave. S. and 6027 37th St. W. The partnership proposes to develop an apartment building on the north half of the church site and the oldest part of the church would remain. They seek city council input before proceeding to a formal application submission. This meeting will follow a neighborhood information meeting to be held on January 7, 2020.

5. **Sam’s Club development proposal** – Community development (30 minutes)
   A developer has a purchase agreement for the property. They will share concept plans for an adaptive reuse of the existing building and development of apartments on one corner of the site. They seek city council input before proceeding to a formal application submission.

   **Communications/meeting check-in** – Administrative services (5 minutes)
   Time for communications between staff and council will be set aside on every study session agenda for the purposes of information sharing.

**Written reports**

6. Community survey
7. 2020 Pavement Management Project No. 4020-1000
8. Prince of Peace/Common Bond development proposal
9. Platia Place revisions
10. Notice of eviction
# Study session discussion topics and timeline

<table>
<thead>
<tr>
<th>Priority</th>
<th>Discussion topic</th>
<th>Comments</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Discuss public process expectations and outcomes</td>
<td>Staff is working on the approach for undertaking this discussion.</td>
<td>Jan. 27, 2020</td>
</tr>
<tr>
<td>2</td>
<td>Prioritizing transit options thru investments, and engineering and operations decisions</td>
<td>SS discussion 10/21/19. Next steps: staff reach out to Metro Transit, bench company, and Met Council rep.</td>
<td>In process</td>
</tr>
<tr>
<td>3</td>
<td>Easy access to nature, across city, starting w/ low-income neighborhoods</td>
<td></td>
<td>TBD</td>
</tr>
<tr>
<td>4</td>
<td>Westwood Hills Nature Center Access Fund</td>
<td>*On hold pending direction from school district.</td>
<td>*On hold</td>
</tr>
<tr>
<td>5</td>
<td>Election holiday discussion</td>
<td></td>
<td>Dec. 9, 2019</td>
</tr>
<tr>
<td>6</td>
<td>SEED’s community green-house/resilient cities initiative</td>
<td>*On hold until Food Access and Security study is complete, and recommendations have been made.</td>
<td>*On hold</td>
</tr>
<tr>
<td>7</td>
<td>Community and neighborhood sidewalk designations</td>
<td></td>
<td>TBD</td>
</tr>
<tr>
<td>8</td>
<td>Revisit housing setback, FRA, and more to maintain and create more affordable housing</td>
<td></td>
<td>TBD</td>
</tr>
<tr>
<td>9</td>
<td>Public forums at city council meetings</td>
<td>SS discussion on 9/23/2019. Staff is preparing research from other cities.</td>
<td>Qtr. 1 2020</td>
</tr>
<tr>
<td></td>
<td>Accessory dwelling units/home-based businesses</td>
<td>SS discussion 6/10/2019. Referred to planning commission. Staff to prepare ADU ordinance for pc discussion Qtr. 3 2019. Home occupation-based businesses pc discussion Qtr. 4 2019 or Qtr. 1 2020</td>
<td>Written report Dec. 9, 2019, Qtr. 2 2020</td>
</tr>
<tr>
<td></td>
<td>Revitalization of Walker Lake area</td>
<td>Part of preserving Walker building reports: 8/28/17, 9/25/17, 1/22/18, design study 2/12/18, update 4/23/18, design study updates 8/27/18; SS report 2/11/19; SS discussion 5/28/19, planning commission to review ordinances for implementation Qtr. 3 &amp; 4 2019; parking ord. in process of council approval; construction of phase 1 completed; Planning for 2020 phase 2 construction work underway</td>
<td>In process</td>
</tr>
<tr>
<td></td>
<td>Crime free ordinance/affordable housing strategies</td>
<td>Discussed 5/14/18. 1st reading housing trust fund 10/1/18; Other affordable housing strategies/Crime Free Ordinance – Nov/Dec, 12/10 and 12/17/18 and 1/14/19 council discussion; Certain provisions of crime free ord. suspended; Work group being formed; CFO work group discussed on 3/25/19; Work group had 1st meeting in May, two meetings in June, one in July and August. Meetings on Sept 26, Oct 9, Oct 30, 11/13, Dec 4.</td>
<td>In process - Pending workgroup recommendation</td>
</tr>
<tr>
<td></td>
<td>Immigration and supporting families</td>
<td>Discussed 8/6 and referred to HRC. HRC held comm. mtg. in Oct. Council/HRC discussion on 12/10; referred back to HRC for refinement of recommendations</td>
<td>TBD</td>
</tr>
<tr>
<td></td>
<td>STEP discussion: facilities</td>
<td>Discussed on 1/14/19; city, STEP &amp; school toured Central Community Ctr and continuing discussions</td>
<td>TBD</td>
</tr>
</tbody>
</table>
Executive summary

Title: Community survey discussion

Recommended action: The purpose of this report and presentation is to provide an overview of the proposed 2020 community survey.

Policy consideration: Is the council in agreement with moving forward with a 2020 community survey as discussed at the study session?

Summary: Local governments utilize community surveys to measure resident opinion on the quality of city services and to receive input on related issues. The last time the city conducted a statistically significant community survey was in 2011. Staff recommends the city use the National Research Center, a data analytics and survey research firm that focuses on local government surveying across the country.

For this study session, a representative from the National Research Center will attend the study session to provide an overview of the community survey and answer any questions. This will include a draft timeline for implementing a survey.

Financial or budget considerations: Funds have been included in the 2020 budget for a community survey.

Strategic priority consideration:
St. Louis Park is committed to being a leader in racial equity and inclusion in order to create a more just and inclusive community for all.
St. Louis Park is committed to continue to lead in environmental stewardship.
St. Louis Park is committed to providing a broad range of housing and neighborhood oriented development.
St. Louis Park is committed to providing a variety of options for people to make their way around the city comfortably, safely and reliably.
St. Louis Park is committed to creating opportunities to build social capital through community engagement.

Supporting documents: Study session report November 25, 2019

Prepared by: Maria Solano, senior management analyst
Reviewed by: Nancy Deno, deputy city manager/HR director
Approved by: Tom Harmening, city manager
Executive summary

Title: Local option sales tax

Recommended action: The purpose of this report and presentation is to provide the city council with an overview of the results from the local option sales tax study, discuss projects of regional significance and review the legislative process.

Policy consideration:
- Does the council want staff to pursue special legislation allowing for a local option sales tax, understanding that final authority must be provided by referendum?
- If so, does the council agree with pursuing authority to implement a local option sales tax to provide funding for identified municipal state-aid road projects because they have not only local but regional significance?

Summary: Funding for needed municipal state aid road improvements is limited. Upon review of necessary projects over a ten year/plus period of time, funding falls well short of long-term needs. Due to a projected significant funding deficit, staff has been researching the use of a local option sales tax as a possible alternative source of revenue.

- Local governments, except for counties, are generally prohibited by statute from imposing sales taxes. Counties are allowed by statute to impose general sales taxes to fund transportation and transit.
- A local options sales tax for cities is available through special legislation for up to five projects, which must also be of regional significance.
- In order to get a better understanding of the tax implications, the University of Minnesota Extension has completed an analysis describing the estimated contributions of resident and non-residents to a local option sales tax using data from the Minnesota Department of Revenue (MN Revenue). The results of this study will be presented by staff from the University of Minnesota Extension.
- Staff will also provide more information on legislative requirements including regional significance and timeline considerations.

Financial or budget considerations: If a special law is passed by the legislature and approved by voters the funds from a local option sales tax would be allocated to the appropriate projects.

Strategic priority consideration: St. Louis Park is committed to providing a variety of options for people to make their way around the city comfortably, safely and reliably.

Supporting documents: Discussion
Projects of regional significance map
U of MN analysis

Prepared by: Maria Solano, senior management analyst
Reviewed by: Nancy Deno, deputy city manager
Approved by: Tom Harmening, city manager
Discussion

Each year city staff and the council review the long-range capital improvement plan including funding for municipal state-aid (MSA) roads. Municipal state-aid roads are a collection of higher volume roads that are used not only by our residents and businesses but by many others who travel into or thru St. Louis Park. A funding gap has been identified and a local options sales tax could be a possible option that would benefit MSA roads and allow for continued use of state-aid allocation for the MSA roads not funded by sales tax proceeds.

Local option sales tax

Staff has been researching local option sales tax as a possible alternative source of revenue to pay for municipal state aid (MSA) street projects. Local governments, except for counties, are generally prohibited by statute from imposing sales taxes. Counties are allowed by statute to impose general sales taxes to fund transportation and transit. A local options sales tax for cities is an option that is available through special legislation. The law was modified significantly in 2019 to emphasize projects of regional significance.

State statute has very specific requirements and limitations for using a local option sales tax. In order to implement a local options sales tax a city must:

- determine up to five capital projects of regional significance
- describe benefits to non-residents and businesses,
- propose a sales tax rate,
- determine the amount of revenue needed and
- provide the anticipated date of when the sales tax will expire.

If interested in moving ahead for this upcoming year, the city council must submit a resolution to the Senate and House Tax Committees by January 31, 2020 if it wants legislation introduced indicating its desire to impose the tax.

During the legislative session, the city would work with legislators to pass special legislation authorizing the imposition of the tax. If approved, a voter-approved referendum at a general election would be required before the implementation of the tax. This vote would need to take place within two years of passing of special legislation. A separate vote on the ballot is required for each project (up to 5 projects with vote for each) that was granted legislative approval. If approved, the sales tax would be administered by the Minnesota Department of Revenue.

Analysis by University of Minnesota Extension

The University of Minnesota Extension has completed an analysis describing the estimated overall tax proceeds and contributions of resident and non-residents to a local option sales tax using data from the Minnesota Department of Revenue (MN Revue). The results of this study will be presented at the study session by staff from the University of Minnesota.

Municipal State-aid (MSA) funding analysis for St. Louis Park

The city receives an annual allocation from the state (gas tax) in the form of municipal construction funds for our state-aid eligible roads. These roads are a collection of higher volume roads that are used not only by our residents and businesses, but by many others to travel into and thru St. Louis Park. The amount of construction aid for 2019 was $1,401,008. Our 10-year CIP has $23 million in state-aid funded projects with an additional $30 million not programmed due to funding gaps. As we reviewed on October 14th, we can issue state-aid bonds to finance
the CIP through 2029, but that will use up most of our state-aid allotment capacity. Our MSA overall average pavement condition index (PCI) at the end of our 10-year CIP (2029) will be 58. Our goal for PCI is 70. Assuming we continue to receive the funding (gas tax) in the future years, we would not have adequate funding to pursue additional MSA projects until 2036. If we don’t find another funding source to pay for the work not programmed, the roads will continue to deteriorate, and the average PCI is projected to be 41 in 2036. As we know, transportation funding continues to be an issue state wide. With dependence on gas tax, the city is concerned that this funding source will reduce due to changes in residents moving from gas to other energy sources, thereby reducing available funding.

At the October 14 meeting council consensus was to study a Local Option Sales Tax as a possible funding source – this would greatly benefit our MSA roads and allow us to continue to use our state-aid allocation for the MSA roads not funded by sales tax proceeds. Given the current timing, the 2020 projects more than likely will need to be funded through state-aid bonds; but after that we are not anticipating future bonding if the local option sales tax is approved.

Projects of regional significance
The local option sales tax law was modified significantly in 2019 to emphasize projects of regional significance. The city must show how the proposed projects benefit local and nonlocal individuals and residents. Given the importance of St. Louis Parks municipal state-aid roads in the region and the lack of sufficient funding from the state, staff has identified the following five capital projects for a local option sales tax. If approved, the local option sales tax funds would be used to pay for all eligible MSA expenses for the projects.

1. **Cedar Lake Road (TH 169 to Kentucky Avenue)**
   There are two more segments of Cedar Lake Road included in our 10-year CIP. They are programmed for construction in 2023 and 2024. It is recommended that these be considered as one project.

2. **Louisiana Avenue (Wayzata Boulevard to Lake St)**
   Louisiana Avenue between Wayzata Blvd and the BNSF railroad bridge is scheduled for rehabilitation in 2023. In addition, staff has identified two more segments of Louisiana Avenue where the condition is deteriorating. Since this is a regionally significant transportation corridor, it is recommended that all three segments be put together as one project for consideration for local option sales tax funding.

3. **Shelard Parkway**
   Located in the northeast corner of the city, these streets serve a diverse population and are relied on by both Plymouth and Minnetonka to access TH169 and 394. This project is currently scheduled for 2026.

4. **Louisiana LRT station area**
   - Meadowbrook Road (Excelsior Blvd to Oxford Street)
   - Oxford Street (Powell Avenue to Edgewood Road)
   - Edgewood Avenue (Oxford Street to Cambridge Street)
   - Cambridge Street (Edgewood Avenue to Alabama Avenue)
   - Meadowbrook Road bridge over Minnehaha Creek
This project is scheduled for 2028 and includes the roads in and around the Louisiana station area. It also includes the reconstruction of the Meadowbrook Road bridge over Minnehaha Creek.

5. Texas Avenue/ Minnetonka Boulevard intersection reconstruction

In 2017, the city reconstructed Texas Avenue between Highway 7 and 400 feet south of Minnetonka Boulevard. The new roadway includes bicycle, pedestrian and intersection improvements that have greatly increased the efficiency and safety of this road. The city’s road project stopped short of the Minnetonka Boulevard intersection.

To complete the upgrade of the Texas Avenue corridor, we have requested that Hennepin County include this intersection in their CIP. Conversations with county staff indicate that it may be 10 years before it would be considered.

According to the county’s cost participation policy, an estimated half of the costs for this improvement would be the responsibility of the city, the other half would fall on the county to fund. Due to the regional significance of this improvement, staff is recommending that the full cost for intersection reconstruction be included for consideration for the local option sales tax. The new intersection would include separate bicycle facilities, sidewalk improvements, better sightlines for drivers, signal replacement, and ADA upgrades. All things that are much needed at this location.

Next steps: If the council’s direction is to move forward with local option sales tax, staff will work with city lobbyist and state legislators to draft a bill. An update on this process would be given to the council on January 13, 2020 and a resolution identifying the projects would have to be approved by the city council on January 21, 2020.
Local Option Sales Tax Analysis for St. Louis Park, MN

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

Authored by Ryan Pesch and Michael Darger

PROGRAM SPONSORS: CITY OF ST. LOUIS PARK, MINNESOTA
Local Option Sales Tax Analysis for St. Louis Park

ESTIMATED CONTRIBUTIONS OF RESIDENTS AND NON-RESIDENTS TO A LOCAL OPTION SALES TAX

December 2019

Authored by Ryan Pesch and Michael Darger, Extension Educators, University of Minnesota Extension Center for Community Vitality

Report Reviewers:
Rani Bhattacharyya, Extension Educator, University of Minnesota Extension Center for Community Vitality

Partners/Sponsors:
City of St. Louis Park
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- General Merchandise Stores  
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EXECUTIVE SUMMARY

University of Minnesota Extension conducted a study to estimate overall sales tax proceeds in 2017 and the proportion of those proceeds generated by non-St. Louis Park residents. The study was designed to understand the economic dynamics of a potential local options sales tax. Using the most recent sales and use tax data available from the Minnesota Department of Revenue (MN Revenue), Extension estimated that non-residents account for 54.8 percent of taxable sales subject to a local option sales tax (LOST).

In 2017, total taxable sales in St. Louis Park were $1.09 billion. However, MN Revenue analysts estimate that approximately $1 billion would be subject to a LOST. With 54.8 percent of sales derived from non-resident spending, Extension estimated that St. Louis Park residents spent $452 million of the total $1 billion in taxable sales subject to a LOST.

A 0.5% or 0.25% local option sales tax would have garnered $5 million or $2.5 million in tax proceeds respectively if the tax were in place in 2017. St. Louis Park residents would have contributed $2.26 million in taxes and non-residents would have contributed $2.74 million at 0.5% rate. Based on these estimates, each St. Louis Park resident would have contributed an additional $46.15 on average in 2017 or $23.07 at a 0.25% rate.

The intent of this report is not to make recommendations to city officials about what actions to take, but rather to determine the estimated sales tax proceeds from a local option tax program and what proportion of those dollars will likely be paid by year-round city residents versus non-residents.

The study is based on a trade area analysis comparing actual taxable sales, based on Minnesota Revenue sales tax data with a calculated “potential sales” amount. This amount was determined by multiplying the St. Louis Park population by the Minnesota average per capita sales and then adjusting for the city’s income factor. This initial analysis provided an estimate of retail and service purchases made by year-round St. Louis Park residents. For each merchandise group, the estimates for two types of purchasers—city residents and others—were studied and adjusted considering the area economy. These adjustments were based on informed estimates and were aimed, in part, at reducing potential overestimates of the sales tax share attributable to non-residents. Assumptions and calculations have been included for major retail and service categories so decision makers can adjust totals if they have better local insights.

Several factors and features in the St. Louis Park economy helped frame the analysis of the different merchandise categories:

- St. Louis Park’s store mix attracts residents of nearby communities to shop in the community, facilitated in part by the strong transportation network that eases travel into the city.
- Despite the local retail mix, St. Louis Park residents are pulled to other communities to shop. This is due, in part, to the number of residents that work outside of the community and the community being situated near multiple competing retail centers within reasonable driving distance.
- Because of its large job base, residents from other communities commute into St. Louis Park for work (Figure 1). We assume that these non-resident workers purchase goods and services in St. Louis Park due to convenience, especially in business categories such as groceries and general merchandise.

Figure 2 below shows the estimated percentage of sales—across all merchandise categories—attributable to residents and non-residents. These estimates informed the adjusted analysis to more accurately reflect the city’s economic and consumption circumstances. Based on these findings, we estimate permanent city residents represent 54.9 percent of all taxable retail and service sales ($164.7 million), and the remaining 45.1 percent ($135.3 million) are attributed to non-residents.

The Minnesota Department of Revenue research division estimated the dollars that a 0.5 percent LOST would have been generated in 2017 and Extension estimated what residents would have paid compared to non-residents. These estimates are illustrated in Figure 3. Based on correspondence with analysts at the Minnesota Department of Revenue who reviewed the St. Louis Park’s 2017 sales tax statistics, approximately $1,000,000,000 of the total $1,094,920 taxable sales are subject to a local option sales tax and Extension based its estimates of projected tax proceeds on this figure.

St. Louis Park would realize up to $5 million in tax proceeds if a half-percent tax were enacted. Of this $5 million, the estimated proportion of the tax total paid by non-residents is $2.7 million, and the estimated proportion paid by St. Louis Park residents is $2.3 million. At a quarter-percent tax rate, the amounts are simply half the amount (Figure 3).

The total taxable sales in the city have steadily increased from 2013 to 2017 (Figure 4). Total taxable sales grew nearly $200 million during this time period for a 22% increase. Since tax proceeds are calculated as a percentage of total taxable sales subject to the sales tax, this variation during the past 5 years gives some sense of stability if a tax were enacted.
Use taxes would also affect the estimated tax proceeds from a local option sales tax. Use taxes derive from city businesses purchasing products from out-of-state sources and in other Minnesota locations, which are often less consistent and more difficult to accurately estimate than sales taxes. Based on 2017 figures, city officials can expect an estimated additional $123,000 or $61,500 in use (not sales) tax proceeds at 0.5% and 0.25% tax rates respectively.

**Figure 4: Total taxable sales in St. Louis Park from 2013-17**

St. Louis Park policymakers are understandably concerned that enacting a sales tax in their community will cause a loss of consumer purchases to other jurisdictions. However, at a half a percent, a local option sales tax would add 50 cents to a $100 purchase. Extension examined records of 11 cities that have enacted a local option sales tax since 1999 available on the Minnesota Department of Revenue website. The records do not indicate a major purchasing change due to the additional sales tax, and most of the jurisdictions have shown continued sales growth (see Appendix A). These communities may not be comparable to St. Louis Park. All communities in the analysis are located outside of the Twin Cities metro area and may retain more shoppers than communities in the metro area where one could easily switch spending from one jurisdiction to another.
BACKGROUND AND METHODOLOGY
Community economics educators at University of Minnesota Extension provide applied research and education to help community and business partners make better informed decisions. In recent years, Minnesota has adopted laws enabling local governments to enact a local option sales tax and Extension has assisted these administrations to estimate their potential tax proceeds and the portion of taxes paid by local residents.

This report estimates the proportion of tax proceeds generated by year-round St. Louis Park residents compared to non-residents. The most recently available state sales tax data (2017) from the Minnesota Department of Revenue (MN Revenue) is used.

Trade Area Analysis and Calculations
Extension conducted a trade area analysis of retail and service sales in select merchandise categories, estimating the amount of taxable sales subject to sales taxes made by local residents, as well as those made by non-residents. Use tax is a much smaller portion of the total compared to sales tax proceeds. It is estimated using a different formula.

Extension calculated potential sales for the city in each merchandise category and compared this calculation to actual taxable sales from the Minnesota Department of Revenue sales tax statistics for the same category. Actual sales greater than potential sales indicates that the city attracts sales from outside its boundaries or has sales greater than one would expect from only its residents. Extension used the difference between potential and actual sales to set reasonable estimates of spending by residents and non-residents across all categories. These estimates also helped inform adjustments for each category.

Potential sales calculations are based on average statewide spending by merchandise category and the population of the city, then adjusted by the level of income in Hennepin County. Specifically, potential sales result from city population, state per capita taxable sales, and the index of income (see sidebar and Appendix B).

The section that follows, “Trade Area Analysis by Merchandise Category,” details the initial and adjusted trade area calculations for all merchandise categories. The sections labeled “Analysis with Adjustments” lists the final estimate of sales generated by non-residents. A rationale for adjustments and conclusions is also included.
TRADE AREA ANALYSIS BY MERCHANDISE CATEGORY

Vehicles and Parts

2.3 percent of total taxable retail and service sales

The 11 businesses in this retail category include repair parts, snowmobiles, boats, trailers, and recreational vehicles. Sales of cars and other on-road vehicles are not included in this category since they are subject to a different tax.

($Millions)

<table>
<thead>
<tr>
<th>Actual taxable sales</th>
<th>$21.66</th>
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<tbody>
<tr>
<td>Potential sales</td>
<td>$34.40</td>
</tr>
<tr>
<td>$ variance</td>
<td>($12.75)</td>
</tr>
<tr>
<td>as % of potential</td>
<td>-37.0%</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

| Potential taxable sales to residents | $34.40 |
| Surplus                              | ($12.75) |
| Total                                | $21.66 |
| Surplus percentage                   | -58.8% |

Analysis with Adjustments

| Capture rate of St. Louis Park residents | 60% |
| Residents' $ share                     | $20.58 |
| Non-Residents' $ share                  | $1.08 |
| Total                                  | $21.66 |
| Non-resident share per group            | 5.0% |

Analysis for Vehicles and Parts

The trade area analysis estimates that the city falls short of meeting potential sales. With strong evidence that residents are shopping outside of the community in this category, Extension set the non-resident share at a modest 5% of actual sales. The rationale for this modest 5% level is that it is unreasonable to assume that non-resident spending is zero even when a community experiences a net outflow of dollars in a category.
Furniture Stores
2.9 percent of total taxable retail and service sales

These 26 stores sell furniture, beds, carpeting, window coverings, lamps, china, kitchenware, and wood-burning stoves.

<table>
<thead>
<tr>
<th></th>
<th>($Millions)</th>
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<tbody>
<tr>
<td>Actual taxable sales</td>
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<tr>
<td>Potential sales</td>
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<tr>
<td>Variance</td>
<td>$9.54</td>
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<tr>
<td>As % of potential</td>
<td>55.0%</td>
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Unadjusted Trade Area Analysis

<p>| | |</p>
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<tr>
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<tbody>
<tr>
<td>Potential sales to residents</td>
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<tr>
<td>Surplus</td>
<td>$9.54</td>
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<tr>
<td>Total</td>
<td>$26.88</td>
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<tr>
<td>Non-resident share per group</td>
<td>35.5%</td>
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Analysis with Adjustments

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<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents</td>
<td>85%</td>
</tr>
<tr>
<td>Residents' $ share</td>
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</tr>
<tr>
<td>Non-Residents' $ share</td>
<td>$12.10</td>
</tr>
<tr>
<td>Total</td>
<td>$26.88</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>45.0%</td>
</tr>
</tbody>
</table>

Analysis for Furniture Stores

The data indicate that St. Louis Park is attracting a large contingent of non-residents with actual taxable sales $9.5 million above potential sales. Considering the nearby competition in close proximity such as the concentration of furniture stores in Edina, Extension increased the non-resident share to 45% up from 35.5%. This adjustment set the capture rate of St. Louis Park residents’ spending down to a more reasonable 85%. This level account for residents' shopping in nearby communities while still conservatively estimating the non-resident spending in the city.
**Electronics and Appliances**

8.6 percent of total taxable retail and service sales

These 23 establishments primarily include household-type appliances, sewing machines, cameras, computers, and other electronic goods.

<table>
<thead>
<tr>
<th>($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
</tr>
<tr>
<td>Potential sales</td>
</tr>
<tr>
<td>= $ variance</td>
</tr>
<tr>
<td>= as % of potential</td>
</tr>
<tr>
<td>-----------------------------------</td>
</tr>
<tr>
<td>$80.23</td>
</tr>
<tr>
<td>$19.08</td>
</tr>
<tr>
<td>$61.15</td>
</tr>
<tr>
<td>320.6%</td>
</tr>
</tbody>
</table>

**Unadjusted Trade Area Analysis**

- Potential sales to residents: $19.08
- Surplus: $61.15
- Total: $80.23
- Non-resident share per group: 76.2%

**Analysis with Adjustments**

- Capture Rate of St. Louis Park Residents: 84%
- Residents' $ share: $16.05
- Non-residents' $ share: $64.18
- Total: $80.23
- Non-resident share per group: 80.0%

**Analysis for Electronics and Appliances**

Potential sales calculations suggest that the city brings in over three times more in taxable sales than expected based on the population of St. Louis Park and the per capita income of its residents. This surplus of 320% is extremely strong in comparison to other Minnesota communities. Key informant interviews informed Extension that the community does have some very popular stores in this category, yet not a Best Buy store. Certainly adjacent communities are pulling some portion of resident shopping outside of St. Louis Park. In this context, Extension increased the non-resident share to 80%, up from 76%.
Building Materials

13.3 percent of total taxable retail and service sales

These 13 establishments sell lumber, hardware, paint, wallpaper, tile, hardwood floors, roofing, fencing, ceiling fans, lawn equipment, and garden items.

<table>
<thead>
<tr>
<th>($Millions)</th>
<th>Actual taxable sales</th>
<th>$124.98</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales</td>
<td>$67.69</td>
<td></td>
</tr>
<tr>
<td>$ variance</td>
<td>$57.29</td>
<td></td>
</tr>
<tr>
<td>= as % of potential</td>
<td>84.6%</td>
<td></td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

<table>
<thead>
<tr>
<th></th>
<th>Potential sales to residents</th>
<th>$67.69</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus</td>
<td>$57.29</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$124.98</td>
<td></td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>45.8%</td>
<td></td>
</tr>
</tbody>
</table>

Analysis with Adjustments

<table>
<thead>
<tr>
<th></th>
<th>Capture Rate of St. Louis Park Residents</th>
<th>74%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents’ $ share</td>
<td>$49.99</td>
<td></td>
</tr>
<tr>
<td>Non-residents’ $ share</td>
<td>$74.99</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$124.98</td>
<td></td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>60.0%</td>
<td></td>
</tr>
</tbody>
</table>

Analysis for Building Materials

Building materials is a strong category in St. Louis Park, accounting for over 13% of total retail sales. The collection of 13 establishments in this category are pulling in non-resident traffic with $57 million more in sales than expected. Extension increased the non-local resident spending to 60 percent of building material sales. This put the capture rate of St. Louis Park residents at 74% with the assumption that some sizable portion of sales leak to other communities in part because the community hosts a Home Depot, but not a Lowe’s or Menards.
Food and Groceries

18.4 percent of total taxable retail and service sales

The 29 stores in this merchandise group include grocery stores, delis, bakeries, and butcher shops that sell food to be prepared at home. Liquor stores are also included in this group.

($Millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
<td>$172.57</td>
</tr>
<tr>
<td>- Potential sales</td>
<td>$45.64</td>
</tr>
<tr>
<td>= $ variance</td>
<td>$126.92</td>
</tr>
<tr>
<td>= as % of potential</td>
<td>278.1%</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales to residents</td>
<td>$45.64</td>
</tr>
<tr>
<td>Surplus</td>
<td>$126.92</td>
</tr>
<tr>
<td>Total</td>
<td>$172.57</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>73.6%</td>
</tr>
</tbody>
</table>

Analysis with Adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents</td>
<td>95%</td>
</tr>
<tr>
<td>Residents’ $ share</td>
<td>$43.14</td>
</tr>
<tr>
<td>Non-residents’ $ share</td>
<td>$129.43</td>
</tr>
<tr>
<td>Total</td>
<td>$172.57</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

Analysis for Food and Groceries

The trade area analysis estimated a large surplus of nearly $127 million in the food and liquor category. Key informants suggested that this category was probably the strongest in the city, which is borne out in this analysis. The strong cluster of 29 stores serves to retain local residents and attract non-residents. In this context, Extension raised the non-resident share to 75%. This set the capture rate of St. Louis Park residents at 95% and allows for some modest out-shopping by residents.
Health & Personal Items

1.0 percent of total taxable retail and service sales

Stores selling prescription drugs, food supplements, vision supplies, cosmetics, and hearing aids are among the 24 shops included in this merchandise group.

<table>
<thead>
<tr>
<th>($Millions)</th>
<th>Actual taxable sales</th>
<th>$9.10</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Potential sales</td>
<td>$8.01</td>
</tr>
<tr>
<td></td>
<td>= $ variance</td>
<td>$1.09</td>
</tr>
<tr>
<td></td>
<td>= as % of potential</td>
<td>13.7%</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

Potential sales to residents  $8.01
Surplus                      $1.09
Total                        $9.10
Non-resident share per group 12.0%

Analysis with Adjustments

Capture Rate of St. Louis Park Residents 95%
Residents’ $ share  $7.65
Non-residents’ $ share  $1.46
Total                        $9.10
Non-resident share per group 16.0%

Analysis for Health and Personal Items

This is a minor category in St. Louis Park, accounting for only 1 percent of total taxable sales. Despite the size, this category does attract shoppers from outside the community with $1.1 million over the potential sales calculation. Extension set the non-resident share at 16 percent.
Gas/Convenience Stores

0.4 percent of total taxable retail and service sales

This merchandise group covers 10 retailers selling convenience items at a store that also sells fuel.

($Millions)

<table>
<thead>
<tr>
<th>Actual taxable sales</th>
<th>$4.09</th>
</tr>
</thead>
<tbody>
<tr>
<td>-Potential sales</td>
<td>$14.66</td>
</tr>
<tr>
<td>= $ variance</td>
<td>($10.57)</td>
</tr>
<tr>
<td>= as % of potential</td>
<td>-72.1%</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

<table>
<thead>
<tr>
<th>Potential sales to residents</th>
<th>$14.66</th>
</tr>
</thead>
<tbody>
<tr>
<td>Surplus</td>
<td>($10.57)</td>
</tr>
<tr>
<td>Total</td>
<td>$4.09</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>-258.4%</td>
</tr>
</tbody>
</table>

Analysis with Adjustments

| Capture Rate of St. Louis Park Residents | 27% |
| Residents’ $ share                      | $3.88|
| Non-residents’ $ share                   | $0.20|
| Total                                     | $4.09|
| Non-resident share per group              | 5.0% |

Analysis for Gas Station/Convenience Stores

Like other categories with a deficit, Extension set the non-resident share at 5% of total taxable sales in this category. Clearly residents are shopping outside of the community in this category and key informants confirmed this.
Apparel/Clothing

4.4 percent of total taxable retail and service sales

This merchandise group includes 54 stores selling new clothing and accessories, jewelry, shoes, bridal items, clocks, and luggage.

($Millions)
Actual taxable sales $41.35
Potential sales $11.02
= $ variance $30.33
= as % of potential 275.3%

Unadjusted Trade Area Analysis

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales to residents</td>
<td>$11.02</td>
</tr>
<tr>
<td>Surplus</td>
<td>$30.33</td>
</tr>
<tr>
<td>Total</td>
<td>$41.35</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>73.4%</td>
</tr>
</tbody>
</table>

Analysis with Adjustments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents</td>
<td>94%</td>
</tr>
<tr>
<td>Residents' $ share</td>
<td>$10.34</td>
</tr>
<tr>
<td>Non-residents' $ share</td>
<td>$31.01</td>
</tr>
<tr>
<td>Total</td>
<td>$41.35</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>75.0%</td>
</tr>
</tbody>
</table>

Analysis for Apparel/Clothing

Although not a large category (4.4% of taxable sales), clothing is obviously attracting shoppers from outside of the community with almost 3 times the amount of taxable sales than Extension's potential sales calculation. Extension raised the non-resident share to 75% which set the capture rate of St. Louis Park residents' spending at 94%.
Leisure Goods

1.1 percent of total taxable retail and service sales

The 27 firms in this merchandise group sell sporting goods, books, music, hobby items, fabrics, and toys.

<table>
<thead>
<tr>
<th></th>
<th>($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
<td>$10.25</td>
</tr>
<tr>
<td>Potential sales</td>
<td>$13.37</td>
</tr>
<tr>
<td>= $ variance</td>
<td>($3.12)</td>
</tr>
<tr>
<td>= as % of potential</td>
<td>-23.4%</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales to residents</td>
<td>$13.37</td>
</tr>
<tr>
<td>Surplus</td>
<td>($3.12)</td>
</tr>
<tr>
<td>Total</td>
<td>$10.25</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>-30.5%</td>
</tr>
</tbody>
</table>

Analysis with Adjustments

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents</td>
<td>73%</td>
</tr>
<tr>
<td>Residents' $ share</td>
<td>$9.74</td>
</tr>
<tr>
<td>Non-Residents' $ share</td>
<td>$0.51</td>
</tr>
<tr>
<td>Total</td>
<td>$10.25</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Analysis for Leisure Goods

Like other categories with a deficit, Extension set the non-resident share at 5% of total taxable sales in this category.
General Merchandise Stores

9.8 percent of total taxable retail and service sales

The 11 stores in this category sell general merchandise and are unique because they have the equipment and staff needed to sell a large variety of goods from a single location. This includes department stores, superstores, dollar stores, and variety stores.

($Millions)

Actual taxable sales $91.67
potential sales $66.38
= $ variance $25.29
= as % of potential 38.1%

Unadjusted Trade Area Analysis

Potential sales to residents $66.38
Surplus $25.29
Total $91.67
Non-resident share per group 27.6%

Analysis with Adjustments

Capture Rate of St. Louis Park Residents 80%
Residents' $ share $53.17
Non-Residents' $ share $38.50
Total $91.67
Non-resident share per group 42.0%

Analysis for General Merchandise Stores

With only 11 stores in this category dominated by large big box stores, St. Louis Park is clearly pulling in a fair amount of sales in this category. According to the trade area analysis, St. Louis Park general merchandise stores brought in $25 million more in taxable sales than expected. This would mean that 28% of all taxable sales would come from outside the community. Extension set the non-resident share of sales at 42% to account for St. Louis Park residents shopping in nearby competing retail centers. For example, St. Louis Park does not have a Wal-Mart, and, although key informants suggested that St. Louis Park residents are not Wal-Mart shoppers in general, one could reasonably conclude that this important retailer alone is drawing some sales outside of the community. Residents who work outside the community (Figure 1) also reasonably pick up some goods in this convenience category near their place of work.
Miscellaneous Retail

2.6 percent of total taxable retail and service sales

70 establishments are part of this group, including florists, used merchandise stores, pet supply stores, and other retailers.

($Millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
<td>$24.14</td>
</tr>
<tr>
<td>Potential sales</td>
<td>$18.14</td>
</tr>
<tr>
<td>= $ variance</td>
<td>$6.00</td>
</tr>
<tr>
<td>= as % of potential</td>
<td>33.1%</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales to residents</td>
<td>$18.14</td>
</tr>
<tr>
<td>Surplus</td>
<td>$6.00</td>
</tr>
<tr>
<td>Total</td>
<td>$24.14</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>24.9%</td>
</tr>
</tbody>
</table>

Analysis with Adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents</td>
<td>97%</td>
</tr>
<tr>
<td>Residents' $ share</td>
<td>$17.62</td>
</tr>
<tr>
<td>Non-residents' $ share</td>
<td>$6.52</td>
</tr>
<tr>
<td>Total</td>
<td>$24.14</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

Analysis for Miscellaneous Retail

The category currently brings in $6 million more in taxable sales than one would expect. As a category with a wide mix of retail types and not a clear reason for a strong adjustment, Extension set the resident capture rate at 97% and the non-resident share at 27%. 
Amusement and Recreation

3.0 percent of total taxable retail and service sales

The 25 establishments in this group include casinos, bowling lanes, water parks, amusement parks, arcades, bingo halls, golf courses, ski slopes, marinas, dance or fitness centers, recreational clubs, ice rinks, swimming pools, roller rinks, etc.

<table>
<thead>
<tr>
<th>($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
</tr>
<tr>
<td>Potential sales</td>
</tr>
<tr>
<td>= $ variance</td>
</tr>
<tr>
<td>= as % of potential</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales to residents</td>
</tr>
<tr>
<td>Surplus</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Non-resident share per group</td>
</tr>
</tbody>
</table>

Analysis with Adjustments

<p>| |</p>
<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents 92%</td>
</tr>
<tr>
<td>Residents' $ share                        $18.17</td>
</tr>
<tr>
<td>Non-residents' $ share                    $9.78</td>
</tr>
<tr>
<td>Total                                    $27.95</td>
</tr>
<tr>
<td>Non-resident share per group              35.0%</td>
</tr>
</tbody>
</table>

Analysis for Amusement and Recreation

The 25 establishments in this relatively small category are bringing in $8 million more than the potential sales calculation. Since key informants suggested that residents are attracted to other communities for amusement and entertainment, Extension adjusted the non-resident share to 35%, up from 30%.
Accommodations

3.1 percent of total taxable retail and service sales

These 5 businesses provide lodging or short-term accommodations for travelers, vacationers, and others. Included are hotels, motels, lodges, bed & breakfasts, campgrounds, fraternities, boarding houses, and dormitories.

($Millions)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
<td>$29.37</td>
</tr>
<tr>
<td>Potential sales</td>
<td>$25.88</td>
</tr>
<tr>
<td>Variance</td>
<td>$3.49</td>
</tr>
<tr>
<td>as % of potential</td>
<td>13.5%</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales to residents</td>
<td>$25.88</td>
</tr>
<tr>
<td>Surplus</td>
<td>$3.49</td>
</tr>
<tr>
<td>Total</td>
<td>$29.37</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>11.9%</td>
</tr>
</tbody>
</table>

Analysis with Adjustments

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents</td>
<td>11%</td>
</tr>
<tr>
<td>Residents' $ share</td>
<td>$2.94</td>
</tr>
<tr>
<td>Non-residents' $ share</td>
<td>$26.43</td>
</tr>
<tr>
<td>Total</td>
<td>$29.37</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>90.0%</td>
</tr>
</tbody>
</table>

Analysis for Accommodations

Logically, a significant percentage of lodging sales are from non-residents visiting the area or staying overnight for business or vacation. In keeping with past LOST analysis, Extension set the non-resident share at 90% of sales to allow for resident spending for events, facility charges, and 'staycations.'
**Eating/Drinking Establishments**

13.0 percent of total taxable retail and service sales

These 93 businesses sell food at full-service or limited-service establishments. The group includes cafeterias, bagel shops, ice cream parlors, snack bars, food service contractors, caterers, lunch wagons, and street vendors. It also includes bars, taverns, and nightclubs.

### Unadjusted Trade Area Analysis

<table>
<thead>
<tr>
<th></th>
<th>($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
<td>$121.88</td>
</tr>
<tr>
<td>Potential sales</td>
<td>$107.06</td>
</tr>
<tr>
<td>= $ variance</td>
<td>$14.82</td>
</tr>
<tr>
<td>= as % of potential</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

### Analysis with Adjustments

- Capture Rate of St. Louis Park Residents: 74%
- Residents' $ share: $79.22
- Non-residents' $ share: $42.66
- Total: $121.88
- Non-resident share per group: 35.0%

**Analysis for Eating/Drinking Establishments**

The eating and drinking category—which includes all bars, restaurants, and other food service—is a significant category with $122 million in taxable sales. St. Louis Park pulls in 14 percent more sales to the city than expected. If this $15 million in surplus sales were assumed to be from non-residents, one would set the non-resident share of sales at 12 percent. Key informants suggested that this category in particular pulls residents to other communities to seek other dining options or simply a 'change of scenery' with many other dining options in close proximity. With this context, Extension set the non-resident share at 35%, up from 12%. This adjustment left the St. Louis Park capture rate at 74%.
Repair and Maintenance

1.3 percent of total taxable retail and service sales

The **51 stores** in this group restore machinery, equipment, and other products. The group does not include plumbing or electrical repair services but does encompass auto repair, cameras, televisions, computers, copiers, appliances, lawn mowers, specialized equipment, small engines, furniture, shoes, guns, etc.

<table>
<thead>
<tr>
<th>($Millions)</th>
<th>Actual taxable sales</th>
<th>$12.04</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Potential sales</td>
<td>$16.11</td>
</tr>
<tr>
<td></td>
<td>= $ variance</td>
<td>($4.07)</td>
</tr>
<tr>
<td></td>
<td>= as % of potential</td>
<td>-25.3%</td>
</tr>
</tbody>
</table>

**Unadjusted Trade Area Analysis**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Potential sales to residents</td>
<td>$16.11</td>
</tr>
<tr>
<td>Surplus</td>
<td>($4.07)</td>
</tr>
<tr>
<td>Total</td>
<td>$12.04</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>-33.8%</td>
</tr>
</tbody>
</table>

**Analysis with Adjustments**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Capture Rate of St. Louis Park Residents</td>
<td>71%</td>
</tr>
<tr>
<td>Residents' $ share</td>
<td>$11.44</td>
</tr>
<tr>
<td>Non-residents' $ share</td>
<td>$0.60</td>
</tr>
<tr>
<td>Total</td>
<td>$12.04</td>
</tr>
<tr>
<td>Non-resident share per group</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

**Analysis for Repair and Maintenance**

Like other categories with a deficit, Extension set the non-resident share at 5% of total taxable sales in this category.
Personal Services/Laundry

1.5 percent of total taxable retail and service sales

The 110 stores in this merchandise group include barber shops and beauty parlors, death care services, laundry and dry-cleaning services, and a wide range of other personal services, such as pet care (except veterinary), photofinishing, temporary parking, and dating services.

<table>
<thead>
<tr>
<th>($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Actual taxable sales</td>
</tr>
<tr>
<td>Potential Sales</td>
</tr>
<tr>
<td>= $ variance</td>
</tr>
<tr>
<td>= as % of potential</td>
</tr>
</tbody>
</table>

Unadjusted Trade Area Analysis

- Potential sales to residents: $10.26
- Surplus: $3.43
- Total: $13.69
- Non-resident share per group: 25.1%

Analysis with Adjustments

- Capture Rate of St. Louis Park Residents: 97%
- Residents’ $ share: $9.99
- Non-residents’ $ share: $3.70
- Total: $13.69
- Non-resident share per group: 27.0%

Analysis for Personal Services/Laundry

This category includes businesses which typically serve a local market such as barbers, hair salons, and dry-cleaning operations. Extension modestly increased the non-resident share to 27%, up from 25%.
Retail (non-store) and Other Services

This section includes taxable sales attributed to North American Industrial Classification System categories 511-813 released by MN Revenue.

<table>
<thead>
<tr>
<th>Actual taxable sales</th>
<th>$124.88</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of total taxable retail and service sales</td>
<td>13.3%</td>
</tr>
<tr>
<td>In St. Louis Park</td>
<td></td>
</tr>
</tbody>
</table>

Analysis with Adjustments

| Residents' $ share | $62.44 |
| Non-residents' $ share | $62.44 |
| Total | $124.88 |
| Non-resident share per group | 50% |

Analysis for Retail and Other Services

This group includes non-store retailers (such as direct selling operations), healthcare, waste management, rental/lease services, administrative support, and the performing arts. Some of these categories serve primarily a local market, whereas categories like 541 (professional and technical services) serve a non-local market. This mix of business types is too diverse to run a trade area analysis, but Extension conservatively assumes an aggregate 50 percent of these sales are to non-resident customers. The categories of sales are highlighted below:

<table>
<thead>
<tr>
<th>Category</th>
<th>Taxable Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>454 RETL - NONSTORE RETAILERS</td>
<td>$16,240,886</td>
</tr>
<tr>
<td>511 INFO - PUBLISHING INDUSTRY</td>
<td>$196,023</td>
</tr>
<tr>
<td>512 INFO - MOVIES, MUSIC IND</td>
<td>$9,930,100</td>
</tr>
<tr>
<td>517 INFO - TELECOMMUNICATIONS</td>
<td>$10,776,115</td>
</tr>
<tr>
<td>518 INFO - INTERNET SERVICE</td>
<td>$41,411</td>
</tr>
<tr>
<td>519 INFO - OTHER SERVICES</td>
<td>$668,378</td>
</tr>
<tr>
<td>522 CREDIT INTERMEDIATION</td>
<td>$6,009</td>
</tr>
<tr>
<td>523 SECURITIES, COMMODITIES</td>
<td>$10,137</td>
</tr>
<tr>
<td>524 INSURANCE CARRIERS</td>
<td>$21,095</td>
</tr>
<tr>
<td>531 REAL ESTATE</td>
<td>$1,217,211</td>
</tr>
<tr>
<td>532 RENTAL, LEASING SERVICES</td>
<td>$19,729,613</td>
</tr>
<tr>
<td>541 PROF, SCIENTIFIC, TECH SERV</td>
<td>$35,857,408</td>
</tr>
<tr>
<td>551 MGMT OF COMPANIES</td>
<td>$7,498</td>
</tr>
<tr>
<td>561 ADMIN, SUPPORT SERVICES</td>
<td>$26,077,494</td>
</tr>
<tr>
<td>611 EDUCATIONAL SERVICES</td>
<td>$251,162</td>
</tr>
<tr>
<td>621 HEALTH - AMBULATORY CARE</td>
<td>$2,795,912</td>
</tr>
<tr>
<td>623 HEALTH - NURSING, HOME CARE</td>
<td>$95,764</td>
</tr>
<tr>
<td>624 HEALTH - SOCIAL ASSISTANCE</td>
<td>$25,599</td>
</tr>
<tr>
<td>711 PERF ART, SPECTATOR SPRTS</td>
<td>$239,137</td>
</tr>
</tbody>
</table>
### Construction, Manufacturing, Wholesale Operations, Transportation, and Sales Suppressed for Business Confidentiality

A diverse mix of businesses fall into these non-retail categories and a portion of sales are within a suppressed or non-disclosed subcategory. These industries and services generate $158 million in taxable sales, or about 14% of total taxable sales in St. Louis Park. A significant portion of this amount would be subject to any new sales taxes, including a local option sales tax.

This category includes utilities since their sales are not broken out in the sales tax report. Utilities serve a local market and are subject to a local option sales tax. The diversity of firm types included in this category makes it difficult to understand the customer mix of these businesses; however Extension broke out each known subcategory and assigned assumptions:

<table>
<thead>
<tr>
<th>Subcategory</th>
<th>2017 taxable sales</th>
<th>Non-local estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>$5,884,656</td>
<td>50%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>$7,484,130</td>
<td>90%</td>
</tr>
<tr>
<td>Wholesale</td>
<td>$134,054,550</td>
<td>60%</td>
</tr>
<tr>
<td>Transportation</td>
<td>$2,040,989</td>
<td>60%</td>
</tr>
<tr>
<td>Undesignated</td>
<td>$8,721,731</td>
<td>30%</td>
</tr>
</tbody>
</table>

Extension estimated that overall 60 percent of sales are to non-residents. The analysis assumes that some subcategories such as manufacturing sell primarily (90%) to non-resident customers, whereas subcategories like construction split their sales between resident and non-resident customers. Extension set the undesignated category at 30% since the category must include utilities, which are very local.

<table>
<thead>
<tr>
<th>($Millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residents’ $ share</td>
</tr>
<tr>
<td>Non-residents $ share</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>Non-resident share</td>
</tr>
</tbody>
</table>
APPENDIX A: RESEARCH ON THE EFFECTS OF LOCAL OPTION SALES TAX

Policymakers are understandably concerned that enacting a local sales tax will result in a loss of consumer purchases to neighboring communities that have not adopted the tax.

The Minnesota Department of Revenue records the tax collected from a set of Minnesota jurisdictions that have had a local sales or use tax in effect for at least eight years. Most of these cities show continued sales growth. A comparison that includes eleven Minnesota cities that have adopted a .5 percent local option sales tax is offered below (see Figures 5, 6, 7, and 8). None of the example communities are in the Twin Cities metro, however, which limits the comparison value.

Policy makers must determine the best allowable method to raise revenue from a variety of options. One option is raising property taxes, which is not directly related to a household’s current income and raises the financial burden of low-income or retired homeowners. Sales taxes raise revenues based on household expenditures, which excludes the basic necessities of food and clothing. However, since a sales tax raises revenues from non-residents who shop in St. Louis Park, resident contributions to tax revenues are significantly lower than a tax generated exclusively by local residents, such as a property tax. Policymakers must carefully consider these and other factors before making a decision about enacting a local sales tax.

Figure 5: Taxable retail and service sales by communities that began collecting a local option sales tax between 1999-2006

![Graph showing taxable retail and service sales by communities that began collecting a local option sales tax between 1999-2006.]

<table>
<thead>
<tr>
<th>Town Name</th>
<th>Year LOST</th>
<th>90</th>
<th>95</th>
<th>00</th>
<th>03</th>
<th>04</th>
<th>05</th>
<th>06</th>
<th>07</th>
<th>08</th>
<th>09</th>
<th>10</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albert Lea</td>
<td>2006</td>
<td>$264</td>
<td>$344</td>
<td>$397</td>
<td>$407</td>
<td>$521</td>
<td>$502</td>
<td>$551</td>
<td>$555</td>
<td>$588</td>
<td>$519</td>
<td>$541</td>
<td>$696</td>
</tr>
<tr>
<td>Baxter</td>
<td>2006</td>
<td>$432</td>
<td>$473</td>
<td>$556</td>
<td>$605</td>
<td>$650</td>
<td>$630</td>
<td>$612</td>
<td>$676</td>
<td>$900</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bemidji</td>
<td>2005</td>
<td>$257</td>
<td>$362</td>
<td>$457</td>
<td>$428</td>
<td>$410</td>
<td>$437</td>
<td>$495</td>
<td>$596</td>
<td>$570</td>
<td>$563</td>
<td>$581</td>
<td>$837</td>
</tr>
<tr>
<td>New Ulm</td>
<td>1999</td>
<td>$109</td>
<td>$165</td>
<td>$204</td>
<td>$233</td>
<td>$236</td>
<td>$259</td>
<td>$261</td>
<td>$280</td>
<td>$303</td>
<td>$295</td>
<td>$329</td>
<td>$417</td>
</tr>
<tr>
<td>Worthington</td>
<td>2005</td>
<td>$77</td>
<td>$77</td>
<td>$91</td>
<td>$99</td>
<td>$102</td>
<td>$103</td>
<td>$108</td>
<td>$107</td>
<td>$108</td>
<td>$114</td>
<td>$114</td>
<td>$121</td>
</tr>
</tbody>
</table>

Figure 6: Data table for example communities, taxable retail and service sales (in millions)
Figure 7: Taxable retail and service sales by communities that began collecting a local option sales tax between 2011-2012

Figure 8: Data table for example communities, taxable retail and service sales (in millions)

<table>
<thead>
<tr>
<th>Town Name</th>
<th>2015 Pop</th>
<th>Year LOST</th>
<th>90</th>
<th>95</th>
<th>00</th>
<th>05</th>
<th>09</th>
<th>10</th>
<th>11</th>
<th>12</th>
<th>13</th>
<th>14</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brainerd</td>
<td>13,178</td>
<td>2011</td>
<td>$302</td>
<td>$479</td>
<td>$623</td>
<td>$458</td>
<td>$362</td>
<td>$324</td>
<td>$311</td>
<td>$330</td>
<td>$332</td>
<td>$338</td>
<td>$341</td>
</tr>
<tr>
<td>Cloquet</td>
<td>11,201</td>
<td>2011</td>
<td>$93</td>
<td>$124</td>
<td>$175</td>
<td>$244</td>
<td>$260</td>
<td>$273</td>
<td>$290</td>
<td>$303</td>
<td>$296</td>
<td>$308</td>
<td>$284</td>
</tr>
<tr>
<td>Fergus Falls</td>
<td>13,471</td>
<td>2011</td>
<td>$192</td>
<td>$263</td>
<td>$386</td>
<td>$523</td>
<td>$467</td>
<td>$486</td>
<td>$551</td>
<td>$591</td>
<td>$568</td>
<td>$558</td>
<td>$534</td>
</tr>
<tr>
<td>Hermantown</td>
<td>7,448</td>
<td>1996, increase 1996-2012</td>
<td>$43</td>
<td>$164</td>
<td>$137</td>
<td>$430</td>
<td>$393</td>
<td>$423</td>
<td>$489</td>
<td>$576</td>
<td>$607</td>
<td>$637</td>
<td>$659</td>
</tr>
<tr>
<td>Hutchinson</td>
<td>13,080</td>
<td>2011</td>
<td>$122</td>
<td>$191</td>
<td>$269</td>
<td>$471</td>
<td>$609</td>
<td>$374</td>
<td>$425</td>
<td>$409</td>
<td>$389</td>
<td>$415</td>
<td>$424</td>
</tr>
<tr>
<td>Marshall</td>
<td>12,735</td>
<td>2011</td>
<td>$176</td>
<td>$283</td>
<td>$343</td>
<td>$398</td>
<td>$371</td>
<td>$380</td>
<td>$440</td>
<td>$447</td>
<td>$457</td>
<td>$463</td>
<td>$428</td>
</tr>
</tbody>
</table>
APPENDIX B: DEFINITIONS OF TERMS

Gross Sales
Gross sales include taxable sales and exempt businesses with sales and use tax permits. This is the most inclusive indicator of business activity for the reporting jurisdictions, but it can be misleading when used in comparisons. At times, non-taxable commodity items (e.g., gasoline) can have large price variations, creating huge swings in gross sales.

Taxable Sales
Taxable sales are those sales subject to sales tax. Taxable sales exclude exempt items, items sold for resale, items sold for exempt purposes, and items sold to exempt organizations. For the purpose of this study, taxable sales were the focus of the analysis. For more information on what is taxed in Minnesota, see the "Minnesota Sales and Use Tax Instruction Booklet" available at http://www.revenue.state.mn.us/Forms_and_Instructions/sales_tax_booklet.pdf

Taxable Retail and Service Sales
In this study and other retail trade analyses conducted by University of Minnesota Extension, the term “taxable retail and service sales” refers to the North American Industry Classification System (NAICS) numbers of 441 to 454 (retail) and 511 to 812 (most service industries) released by the Minnesota Department of Revenue for a geographic area.

Current and Constant Dollar Sales
Current dollar (or "nominal dollar") sales are those reported by the state. No adjustment has been made for price inflation. In general, this measure of sales is not satisfactory for comparisons over long periods of time since it does not account for changes in population, inflation, or the state's economy. Constant dollar (or "real dollar") sales reflect changes in price inflation by adjusting current dollar sales according to the Consumer Price Index (CPI). Constant dollar sales indicate the real sales level with respect to a base year. This is a more realistic method of evaluating sales over time than current dollar comparisons, but it still does not take into consideration changes in population or the state's economy.

Number of Businesses
The number of sales and use tax permit holders who filed one or more tax returns for the year.

Index of Income
This index provides a relative measure of income, calculated by dividing local per capita income by state per capita income. The base is 1.00. For example, a 1.20 index of income indicates that per capita income in the area is 20 percent above the state average.

Potential Sales
Potential sales are an estimate of the amount of money spent on retail goods and services by residents of a county or city. It is the product of city of county population, state per capita sales, and the index of income (based on the county personal per capita income). Potential sales for counties is similar to expected sales for cities. Potential sales, however, do not utilize a measure of average pulling power (like the typical pull factor used in the expected sales equation).

Actual Sales
For this study, the Minnesota Department of Revenue's 2016 sales data for City of St. Louis Park provides the actual sales numbers used.
Variance between Actual and Potential Sales

The variance between actual and expected sales is the difference in sales from the “norm” (i.e., the amount above or below the standard established by the expected sales formula). When actual sales exceed expected sales, the county has a “surplus” of retail sales. When actual sales fall short of expected sales, the county has a retail sales “leakage.” Discrepancies between expected and actual sales occur for a variety of reasons. For this study, we use potential sales per merchandise group to create a first-cut estimate of residents’ purchase activities.

Cautions

Gross Sales

Gross sales are a comprehensive measure of business activity, but it should be noted the numbers in this report are self-reported. Furthermore, gross sales are not audited by the State of Minnesota. It is believed gross sales figures are generally reliable, but there is the possibility of distortions, especially in smaller cities where misreporting may have occurred.

Misclassification

Holders of sales and use tax permits select the North American Industry Classification System (NAICS) category that best fits their business. All sales reported by a business is attributed to that selected NAICS category. Regardless of who makes this classification, errors are occasionally made. Also, sometimes a business will start out as one type but evolve over time to a considerably different type. Misclassifications can distort sales among business categories, especially in smaller cities. For example, a furniture store that is classified as a general merchandise store will under-report sales in the furniture store category and over-report sales in the general merchandise category.

Suppressed Data

The sales data for merchandise categories that have less than four reporting firms are not reported. This is a measure taken by most states to protect the confidentiality of sales tax permit holders. Sales for suppressed retail categories are placed into the miscellaneous retail category (NAICS 999) and included in total sales but not total sales of a typical retail trade analysis. For this report, however, all taxable sales—including NAICS 999—are part of calculating the amount of special taxes collected.

Consolidated Reporting

Vendors with more than one location in Minnesota have the option of filing a separate return for each location or filing one consolidated return for all locations. The consolidated return shows sales made, tax due, and location by city and county for each business. Data for consolidated filers are combined with data for single-location filers to produce the figures in this report. Occasionally, consolidated reports may not be properly deconstructed, and all sales for a company may be reported for one town or city. Whenever misreporting is discovered, the Minnesota Department of Revenue is contacted to clarify the situation.
Executive summary

Title: Affordable Housing Trust Fund (AHTF) Use Guide

Recommended action: None. The purpose of this report is to review proposed guidelines to direct the operation and use of the AHTF.

Policy consideration: Does the council agree that the guidelines as proposed in the AHTF Use Guide reflect the intended use and distribution of the Affordable Housing Trust Fund?

Summary: At the October 15, 2018 city council meeting, the council approved the adoption of an ordinance to create an AHTF policy that identified the fund objectives, funding resources and eligible uses of the funds.

The AHTF was established to provide a source of funds to facilitate the housing needs of low- and moderate-income individuals and families in St Louis Park. Pursuant to the adopted AHTF policy, the fund will be a permanent endowment and continually renewable source of revenue to provide loans and grants to for-profit and non-profit housing developers for the acquisition and capital and soft costs necessary for the creation of new affordable multi-family rental and owner-occupied housing, for the rehabilitation and preservation of existing multi-family Naturally Occurring Affordable Housing (NOAH) residential rental housing and rental assistance and homeownership assistance to low- and moderate- income individuals and families.

The fund is administered by the city and the primary source of funding is an annual budgeted allocation of HRA levy funds, which will be available beginning in 2020.

Staff is seeking council input on a draft AHTF Use Guide outlining guidelines to direct the use and distribution of the AHTF.

Financial or budget considerations: The primary sources of funding for the AHTF will be an annual budgeted allocation of funds from the city’s HRA tax levy as approved by the city council, and through pooled tax-increment; although the city may finance the fund with any money available to a local government unless prohibited by state law.

Strategic priority consideration: St. Louis Park is committed to providing a broad range of housing and neighborhood oriented development.

Supporting documents: Discussion
AHTF policy
AHTF use guide

Prepared by: Michele Schnitker, housing supervisor & CD deputy director
Reviewed by: Karen Barton, community development director
Approved by: Tom Harmening, city manager
Discussion

Background: Local affordable housing trust fund: The Minnesota legislature passed a bill in 2017 that allows local communities to establish housing trust funds. The housing trust fund must be established by ordinance and administered by the city. Money in a housing trust fund may only be used to:

- pay for administrative expenses not to exceed 10% of the balance of the fund;
- make grants, loans, and loan guarantees for the development, rehabilitation, or financing of housing;
- match other funds from federal, state, or private resources for housing projects; and/or
- provide down-payment assistance, rental assistance, and homebuyer counseling services.

The city may finance the fund with any money available to a local government, unless expressly prohibited by state law. Sources include, but are not limited to:

- donations;
- bond proceeds;
- grants and loans from a state, federal, or private source;
- appropriations by a local government to the fund;
- investment earnings of the fund;
- Tax Increment Financing (TIF) pooled funds; and
- housing and redevelopment authority levies.

At the October 15, 2018 city council meeting, the council approved the adoption of an ordinance to create an AHTF policy that identified the fund objectives, funding resources and eligible uses of the funds. The proposed primary sources of funding for the city’s trust fund is an annual budgeted allocation of HRA levy funds and pooled tax increment, which will be available beginning in 2020.

Attached is a copy of the approved AHTF policy and a draft AHTF Use Guide that will direct the use of the fund including eligible uses of the funds, program income requirements, the application process, minimum threshold requirements, and preference considerations.

Staff is seeking input from the council on the draft and will review the key components of the guide at the meeting.

Next steps: Staff will modify the guide to reflect input and direction provided by the council. The guide will be effective upon completion of any required modifications unless council wishes to conduct a further review.
I. PURPOSE

The City of St. Louis Park has established an Affordable Housing Trust Fund to provide a source of funds to facilitate the housing needs of extremely low, very low, low- and moderate-income individuals and families. The Affordable Housing Trust Fund shall be a permanent endowment and continually renewable source of revenue to provide loans, loan guarantees and grants to for-profit and non-profit housing developers for capital and soft costs necessary for 1) the creation of new affordable rental and owner-occupied housing; 2) for the rehabilitation and preservation of existing multi-family residential rental housing including Naturally Occurring Affordable Housing (NOAH); and 3) rental assistance and homeownership assistance to extremely low-, very low-, low- and moderate-income individuals and families.

This policy is intended to set forth the general requirements and guidelines regarding the use of the Affordable Housing Trust Fund. The city council may modify the terms at any time.

II. FUNDING THE AFFORDABLE HOUSING TRUST FUND ACCOUNT

The primary source of funding for the Affordable Housing Trust Fund is an annual budgeted allocation of funds from the city’s Housing and Redevelopment Authority (HRA) Tax Levy as approved by the city council. Other sources of funding for the Affordable Housing Trust Fund may include, but are not limited to the following:

1. Private cash donations from individuals and corporations designated for the Affordable Housing Trust Fund.

2. Payments in lieu of participation in current or future affordable housing programs, as allowed.

3. Matching funds from a federal or state affordable housing trust fund; or a state program designated to fund an affordable housing trust fund.

4. Principal and interest from Affordable Housing Trust Fund loan repayments and all other income from Trust Fund activities.

5. The sale of real and personal property.

6. Federal and state grants.

7. Local government appropriations, development fees and other funds as designated from time to time by the City Council.

8. Tax Increment Financing (TIF) pooled funds.
City staff is directed to take all actions necessary to capitalize and maintain the fund balance in the Affordable Housing Trust Fund to the extent that funds are subject to restrictions as to their use by virtue of the source of such funds. The Affordable Housing Trust Fund will contain sub-accounts to ensure that such restrictions as to the reuse of the funds are met.

III. OBJECTIVES
The objective of the Affordable Housing Trust Fund is to assist in funding programs and projects that create new affordable rental and homeownership housing opportunities and to rehabilitate and preserve existing affordable housing units in St. Louis Park. Initiatives will strive to provide balanced and sustainable affordable housing options responsive to the present and future diversified needs in the community for extremely low-, very low-, low- and moderate-income households including: persons on fixed incomes, such as seniors and persons with disabilities; young families just starting out; indigenous persons; persons of color; and veterans.

The Affordable Housing Trust fund will promote community revitalization and reinvestment by creating and preserving viable, safe and well-maintained affordable housing developments and expanding options for affordable homeownership for extremely low, very low-, low- and moderate-income households.

IV. USE OF THE AFFORDABLE HOUSING TRUST FUND

As a matter of policy, the Affordable Housing Trust Fund will only be used to assist proposed projects or programs for the development or preservation of affordable housing opportunities for extremely low-, very low-, low- and moderate-income individuals and families.

The following general guidelines will be followed in connection with the use of funds from the Affordable Housing Trust Fund:

1. The types of uses of the Affordable Housing Trust Fund will include, but not be limited to the following: (i) the making of loans at interest rates below or at market rates, including no-interest, deferred, and forgivable loans, in order to strengthen the financial feasibility of proposed projects; (ii) the guaranteeing of loans; (iii) the provision of gap financing for affordable housing developments; (iv) the financing of acquisition, demolition, and disposition of real property; (v) the financing of the construction of public improvements and utilities to aid proposed affordable residential developments; (vi) the financing of rehabilitation, remodeling, or new construction of affordable housing; (vii) tenant and project based rental assistance; (viii) administrative costs associated with affordable housing programs (not to exceed 10 percent of the fund’s balance); and (ix) any other uses as permitted under applicable law and approved by the city council.

2. The Affordable Housing Trust Fund may be used to provide interim financing of public costs for affordable housing projects in anticipation of a permanent financing source (i.e. construction financing, bond sale, etc.).
3. To the extent possible the Affordable Housing Trust Fund will be secured by liens, letters of credit, tax increment, or other forms of reasonable security.

4. Consideration regarding the establishment of applicable terms on loans from the Affordable Housing Trust Fund, including interest rates and deferral provisions, will be established by the city at the time of approval of a specific project or program.

V. PROCESS

In establishing projects and programs to be financed using the Affordable Housing Trust Fund, the city shall, to the extent possible:

1. Establish guidelines and criteria for each project or program to be assisted, unless the project or program already exists.

2. Establish a timeframe for completing the project or program and the repayment terms to the Affordable Housing Trust Fund, if applicable.

3. Prepare a financing plan for the project or program for review and approval by the city council and by other entities as may be required by state law.
Proposed
City of St. Louis Park
Affordable Housing Trust Fund Use Guide

I. AHTF Funding: The purpose of the Affordable Housing Trust Fund (AHTF) is to support the creation or preservation of housing that is affordable to people with incomes that do not exceed 80% of the area median income (AMI), as defined by the federal department of Housing and Urban Development (HUD). The St. Louis Park City Council allocates resources to the AHTF as part of the annual city budget process. These funds may include HRA Levy, pooled Tax Increment Financing (TIF) and local dollars. The total available funding in any given AHTF year may also include newly allocated resources or reallocated funds from prior AHTF years. The city will allocate funding from the available sources to projects as guided by the city’s annual budget and applicable policy. Not all funding may be awarded in a given year.

II. Eligible Applicants: Eligible applicants include non-profit, public or for-profit private developers.

1. To be funded, an applicant must have sufficient experience and/or demonstrate sufficient capacity and training in housing development and management to successfully secure financing, construct, complete, and operate the proposed project, as determined by the city.

2. Applicants must demonstrate prior experience and current capacity to complete the project as proposed and in a timely manner. And all members of the development team must possess the qualifications necessary to complete the project, as determined by the city.

III. Eligible Housing Projects: Development projects which create and/or preserve affordable housing units are eligible to receive funding, including affordable rental units, homeownership units and rent subsidies. The residential portions of mixed-use and live/work projects that meet the affordability requirements of these guidelines shall be eligible for assistance. Funding may also be provided to assist in the creation of common areas, meeting space, and other space for use by the residents of the subsidized units. Units covered by the City of St. Louis Park’s Inclusionary Housing Policy may be assisted, provided the assistance from the AHTF is used to create a deeper level of affordability or an increase in the number of affordable units than is required under that policy.

IV. Eligible and Ineligible Activities: The AHTF may be utilized for the housing activities as outlined in the Affordable Housing Trust Fund Policy, Section IV. Use of the Affordable Housing Trust Fund which includes new construction; acquisition of property; conversion of non-residential to residential use; conversion of rental units to limited-equity cooperative housing, condominiums or co-housing; relocation; and/or rehabilitation costs, provided that the conditions below are met.
1. New Construction Activities: All reasonable costs associated with new construction including:
   a. Acquisition of property;
   b. Gap financing for affordable units created at the 30%, 50%, 60% and 80% AMI affordability level;
   c. Enhancement of county, state and federal affordable housing programs;
   d. Land acquisition and land banking for affordable housing creation;
   e. Infrastructure improvements associated with the creation of affordable housing units.
   f. Low cost financing or grants in support of the creation of accessory dwelling units affordable to households at or below 60% AMI;

2. Preservation of NOAH rental units and rent-restricted affordable rental units:
   a. Reasonable costs associated with acquisition and/or rehab to secure long-term preservation of NOAH units affordable at or below 60% AMI;
   b. The purchase price of a property to be acquired shall not exceed its appraised value, unless the Community Development Director finds that the project has enough merit to justify paying a higher price, in which case the price shall not exceed the appraised value by more than ten percent without council approval.
   c. Rehabilitation shall include activities to make the building code compliant and to abate lead contamination.

3. Creation of affordable homeownership opportunities affordable to households with incomes at or below 80% AMI:
   a. Closing costs and down-payment assistance;
   b. Long-term affordability gap funding in the form of a subordinate mortgage;
   c. Financial assistance of property acquisitions to promote homeownership opportunities utilizing the land trust model.

4. Rent subsidy and tenant protection initiatives:
   a. Rent subsidies to support paying the difference between affordable rents and market rate rents;
   b. Relocation assistance for low-income, displaced renters.

5. AHTF funds may also be used for permanent or transitional housing for homeless families and individuals, and for the modernization, rehabilitation and repair of public housing.

Other eligible activities may include affordable housing initiatives to support the affordable goals as outlined in the city’s comprehensive plan, to meet housing needs as defined in the city’s comprehensive housing market study and the Metropolitan Council’s Affordable Housing Allocated Goal, and other activities as determined by the city council.

V. Distribution of Funds:

The AHTF will function as an endowment fund to fund loans, provide loan guarantees and grants in accordance with this section. The AHTF will be administered by the Community Development Director. No disbursements shall be made from the AHTF without the prior approval of the city council.

Fund requirements:
1. Rental/Homeownership distribution
A minimum of sixty-five percent (65%) of fund must be used for rental housing; up to twenty-five percent (25%) for homeownership housing; up to ten percent (10%) for administrative costs.

2. Income targets
   One hundred percent (100%) of the AHTF must benefit low-income households at or below sixty percent (60%) AMI for rental housing and at or below eighty percent (80%) AMI for homeownership housing.

3. AHTF low-income targets
   a. Rental
      • At least thirty percent (30%) of the funds eligible for disbursement annually shall be targeted for use to create affordable units for households whose incomes are at or below thirty percent (30%) AMI.
      • At least fifty (50%) of the funds eligible for disbursement annually shall be targeted for use to create affordable units for households whose incomes are at or below fifty (50%) AMI.
   b. Ownership
      • At least five (5%) of the funds eligible for disbursement annually should be targeted for use to create affordable homeownership units for household incomes at or below sixty-five (65%).

4. AHTF can only be used to develop affordable housing units in a project located within the City of St. Louis Park.

5. AHTF money may not be used for operating expenses of any program or supporting services such as childcare or other social programs.

6. Costs covered by housing trust fund resources must not be covered by any other resource.

7. Use of leveraged resources is strongly encouraged.

8. The city will provide assistance only to projects that require assistance to achieve the AHTF Program’s goals and objectives, as determined by the city. It must be demonstrated that other sources of funds are not available or adequate.

9. Developments with 10 or more units funded by the AHTF program shall be required to adhere to the city’s Inclusionary Housing Policy.

VI. Development/Program Affordability Requirements: All applications for funding must meet the minimum requirements listed below.

1. Rents
   The following guidelines shall apply to multi-family rental projects:
   a. Eligible housing project must have rents as follows:
      ▪ Not less than forty percent (40%) of all the units must be affordable to households whose income does not exceed sixty percent (60%) of AMI; or
- Not less than twenty percent (20%) of all the units must be affordable to households whose income does not exceed 50% of AMI;

In addition:
- Not less than five percent (5%) of all the units must be affordable to households whose income does not exceed 30% of AMI;
- Preference will be given to projects that include additional units affordable at 30% AMI in excess of 5%;
- Rents on the remaining units may be set at market rate;
- Income averaging may be allowed to achieve the affordability requirements;
- Other lender requirements (such as the State of Minnesota programs or financing requirements) may change these affordability requirements. However, the affordability limits must still meet the minimum affordability levels outlined in the AHTF guidelines unless an exception is approved by the city council.

b. All AHTF assisted rental units shall be occupied by households with incomes at or below the targeted income category.

c. Applicants may propose to produce affordable units exceeding the required number of units with lower income or affordability ranges than prescribed herein, in which case, the lower income ranges shall be used to set rents for the affordability term. The income limits apply to the initial occupancy of the unit and all subsequent re-occupancy. Units whose construction is wholly or in part funded by the AHTF shall be specified in the project's development loan agreement executed with the City of St. Louis Park.

d. Rent ceilings are to be based on the Area Median Income (AMI) for the Minneapolis-St. Paul Metropolitan Statistical Area issued by the Department of Housing and Urban Development (HUD) and are to be adjusted annually to reflect new area median income.

e. Rent ceilings shall include utilities based on the utilities schedule used for the Federal Housing Choice Voucher Program Tenant-based Rental Assistance Program administered by the St. Louis Park Housing Authority. Rent ceilings shall be set for the units and are not based on the tenant’s household income. This may result in households paying more than 30% of their incomes for rent or paying less than 30%. Utility allowance, income and rent information data does change over time and the most current data should be utilized at the time of application submission.

f. All units shall be leased in accordance with the City of St. Louis Park’s Inclusionary Housing Policy Guide.

g. The rent ceilings of the restricted units shall be finalized prior to making the final AHTF funding recommendation to the city council.

2. **Homeownership Housing Developments**

   The following guidelines shall apply to homeownership projects:
a. There are no minimum requirements for the number of affordable homeownership units in a project or complex which can receive assistance from the AHTF. However, homeownership units otherwise required to provide these affordability levels through the Inclusionary Housing Policy are not eligible for an AHTF subsidy.

b. Sale prices of affordable units funded with AHTF subsidy must be set at a price affordable to households with incomes at or below 80% of AMI. For the purpose of setting a sales price, “affordable” shall be defined as housing costs including mortgage payments, property taxes, insurance, and Homeowner’s Association dues (if applicable) that are no greater than 35% of gross income for a household at 80% of AMI.

c. All affordable homeownership units shall be made available to first-time homebuyers, or previous owners of limited equity cooperatives or similar type of housing that have occupancy restrictions.

d. The City shall develop procedures for addressing maximum sales prices, methods of selection of buyers, types of units to be assisted, forms of assistance, forms of resale controls and other administrative controls as found necessary by the Director of Community Development to ensure that units continue to be affordable to, and sold to, households in the appropriate income category. Ownership projects shall contain resale affordability controls to achieve compliance with the goal of long-term affordability.

e. Housing sale prices shall be set based upon prevailing mortgage interest rates and may include the value of second mortgage assistance provided by the AHTF.

f. Properties acquired for the purpose of becoming part of a limited equity form of ownership shall be considered as homeownership housing rather than rental properties. However, in occupied buildings, existing tenants will have the right to remain in their units as tenants or limited equity owners. The developer shall assist existing tenants obtain additional necessary financing if they are interested in becoming limited-equity owners.

VII. Affordability Term
Affordability restrictions will apply to all AHTF funded projects. The AHTF will require the longer of the 25-year term of affordability required by AHTF or the affordability period pledged in the application. The term will be from the date of the project’s completion or implementation.

VIII. Types of Assistance:
Funds from the Affordable Housing Trust Fund may be used flexibly to support affordable housing initiatives and ensure the financial feasibility of the projects. Funding awards will be made available in the form of a loan or a grant. The following list is meant to be illustrative, but not exhaustive, of possible types of assistance provided through the AHTF.

a. Deferred payment loans.
b. Low- or no-interest amortizing loans.
c. Down payment and closing cost assistance for first-time homebuyers.
d. Credit enhancements and mortgage insurance guarantees.
e. Matching funds for public resources that sponsor affordable housing projects.
f. Matching funds for employer-based housing.
g. Funds for rental assistance

IX. Application Submission

1. AHTFs may be awarded through both:
   a. Periodic funding competitions (Request for Proposals) to which housing program and housing developers are invited to submit housing proposals for AHTF awards; and/or
   b. In response to developer and program requests for funding through an open pipeline basis.

X. Review by St. Louis Park

In selecting projects for funding, preference will be given to those projects that will create new housing units in a manner consistent with the St. Louis Park’s AHTF policy. In order to ensure that these limited resources are utilized in the most effective manner possible consistent with the policy, funding thresholds and preferences have been established to guide the decision-making process. Principles of sound underwriting, and risk management will be applied when reviewing proposals.

Thresholds

The following minimum threshold criteria must be met or exceeded by all projects to be considered for AHTF financing. Projects exceeding these minimums will be given preference.

1. The minimum term of affordability must be 25 years;
2. All AHTF units in the project must be affordable to households at or below 80% of AMI;
3. Each project submitted for consideration for funding by the AHTF shall be evaluated with respect to financial feasibility. Projects with an unfunded gap in financing will not be selected for an award;
4. Applications must be consistent with the AHTF policy;
5. Each project submitted for consideration for funding by the AHTF shall be evaluated with respect to its “readiness to proceed” based on the status of site control, zoning, financing commitments, status of construction drawings, selection of the general contractor, permitting and other commonly used indicators. Funding preference shall be given to those projects that are most likely to be able to commence development in a timely manner upon approval of funding; and
6. AHTF funds may not be used to support market-rate units.

Additional consideration will be given to the following:

1. Review of underlying assumptions about construction costs, revenues, operating expenses, and financing;
2. The level and type of assistance provided by the AHTF to a specific project must be the minimum amount necessary to achieve the desired degree of affordability;
3. Income targeting presented in the application will be applied in the review;
4. Proposals will be underwritten and awards of AHTF funds will be structured to ensure that funds will be repaid to the AHTF, whenever possible;
5. For rehabilitation projects, a physical inspection of the property by the city will be necessary;
6. Developers must submit financial statements and documentation of experience in housing development; Developers must demonstrate the following:
   a. Professional development experience, reasonable financial strength, and the ability to undertake the proposed project;
   b. The ability to obtain enough financing; and
   c. Capability to manage the project successfully after completion or hire a professional management company with experience in managing affordable housing in compliance with AHTF requirements.

7. Preference will be given to projects that provide housing affordable to households with income at or below 30% AMI; and

8. Secured permanent capital funding commitments must be project specific and include written documentation stating the amount, terms, and conditions from the designated contributor. Rental and operating assistance may also be accepted with the amount, terms and conditions from the designated contributor. Words synonymous with “consider” or “may” (as in “may award”) are not funding acceptable.

XI. Review by Housing Authority Board
City staff will review and evaluate applications. Evaluations and funding recommendations shall be presented to the St. Louis Park Housing Authority Board (HA). The HA shall consider the outcome of the staff’s review and recommendations. The HA will review the staff recommendations in the context of other pending requests for capital funding and the community development impacts of the recommended award. Following this review and the ranking of the proposals, the HA Board will make recommendations for project funding to the city council.

Housing Authority Board responsibilities
The Housing Authority Board shall have the following responsibilities related to the AHTF:
1. Review and recommend policies, goals and objectives for the AHTF program to the city council;
2. Publish and distribute requests for proposals and notices for funding availability as needed;
3. Review project funding requests and recommend to the city council distributions from the AHTF; and
4. No disbursements may be made from the AHTF account without the Housing Authority Board review and authorization of the city council.

XII. The city’s right to reject and modify proposals
The city reserves the right to reject and/or modify all proposals.

XIII. Approval by Director of Community Development
The Community Development Director issues the award letters for projects selected for funding by the AHTF. The award letter includes conditions that must be met by the borrower prior to closing on the AHTF funding.
XIV. TENANT-BASED VOUCHER ASSISTANCE:
City-assisted housing projects, including projects receiving AHTFs, are required to accept tenant-based rental housing assistance, including, but not limited to Housing Choice Vouchers, HOME tenant-based assistance, Group Residential Housing, Kids in the Park and Stable Home rent assistance and comply with affirmative marketing requirements.

XV. FUNDING AWARDS MAY BE CONTINGENT UPON AVAILABILITY OF FUTURE FUNDING:
Due to the extended length of time that is typically required for projects to be fully funded and minimum funding commitment and expenditure timeframes imposed by HUD, the city council, at its sole discretion, may make contingent AHTF awards to projects from projected future local funding that has not yet been budgeted or projected federal funding that has not yet been committed to the city. The city council may elect to make AHTF funding awards contingent upon the future availability of funding.

XVI. FEES: PROPOSAL AND ORIGINATION
1. Origination Fee: If a project is awarded funding, an origination fee of 1% of the AHTF award will be collected at closing.
2. The city will retain 12% of the AHTF Loan funds until the final draw after construction completion.

XVII. FAIR HOUSING POLICY:
It is the policy of the city to ensure fair housing opportunity in all city programs and to administer its housing programs affirmatively, so that all residents of similar income levels have equal access to city programs regardless of race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status or sexual orientation. Participants of the AHTF will be required to use affirmative fair housing marketing practices in soliciting renters, determining eligibility, and concluding all transactions as addressed in Title VIII of the Civil Rights Act of 1968, as amended by the Fair Housing Amendment Act of 1988, as well as the fair housing protections provided by the Minnesota Human Rights Act, which adds creed, marital status, status with regard to public housing, and sexual orientation. In part, regarding rental housing issues, Title VIII, the Human Rights Act make it unlawful to: (i) discriminate in the selection/acceptance of applicants in the rental of housing units; (ii) discriminate in terms, conditions or privileges of the rental of a dwelling unit; (iii) engage in any conduct relating to the provision of housing that otherwise make unavailable or denies the rental of a dwelling unit; (iv) make or publish (or have anyone else make or publish) advertisements that indicate preferences or limitations based on race, color, creed, religion, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation; (v) tell a person that because of race, color, creed, relation, national origin, sex, marital status, status with regard to public assistance, disability, familial status, or sexual orientation, a dwelling unit is not available when it is; and (vi) deny access to, or membership or participation in, associations or other services organizations or facilities relating to the business of renting a dwelling or discriminate in the terms or conditions of membership or participation.
XVIII. **ADMINISTRATION:**
The administration of the AHTF is the responsibility of the Community Development Department. If there are questions about the AHTF Program, contact:

Karen Barton, Community Development Director  
Community Development Department  
City of St Louis Park  
5005 Minnetonka Blvd  
St. Louis Park, MN 55416  
Phone Number: 952-924-2684  
E-mail address: kbarton@stlouispark.org

XIX. **HOUSING TRUST FUND DEFINITIONS**
The following definitions apply to terms used within these Guidelines:

A. **Affordable Housing:** housing that is provided at an affordable rent or an affordable housing cost to low-income (80%), very low-income (50%) and/or extremely low-income (30%) households.

B. **Applicant:** any individual, person, firm, partnership, association, joint venture, corporation, limited liability company, entity, combination of entities or authorized representative who undertakes, proposes or applies to the City for an affordable housing development project.

C. **Area Median Income or “AMI”:** is established for metropolitan areas or non-metropolitan counties by the U.S. Department of Housing and Urban Development (HUD), pursuant to 42 U. S. C. Chapter 1437 et seq., to establish local income classification levels.
   a. **Extremely Low-Income Household:** a household having an income not exceeding thirty (30%) percent of AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
   b. **Very Low-Income Household:** A household having an income not exceeding fifty (50%) percent of AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
   c. **Low Income Household:** a household having an income not exceeding eighty (80%) percent of the AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development.
   d. **Moderate-income Household:** a household having an income not exceeding one hundred twenty percent (120%) of the AMI adjusted for household size and as defined by the U.S. Department of Housing and Urban Development. Households with income between 120% and 80% of AMI are considered “moderate income.”

D. **Bridge Loan:** an interim or short-term loan which can be used to finance all or part of the development project’s costs until a permanent loan or the next stage of longer-term financing can be obtained. Money from the replacement financing is generally used to "take out" (to pay back) the bridge loan.
E. **City**: The City of St. Louis Park

F. **Co-housing**: A living arrangement which is owned and managed by the residents and combines private living quarters with common dining and activity areas in a community whose residents share tasks.

G. **Cooperative Housing**: a legal agreement or arrangement in which an association or corporation owns a group of housing units and the common areas for the use of all the residents. The individual participants (shareholder) own a share in the cooperative which entitles the shareholder to occupy an apartment or unit as if they were owners, to have equal access to the common areas and to vote for members of the Board of Directors which manages the cooperative.

H. **Limited Equity Housing Cooperative**: offers ownership opportunities to lower-income households while limiting the return from resale that the household can receive from the housing. It contrasts with “market-rate” cooperatives, where memberships can be transferred at market value. Limited Equity Housing Cooperatives are organized as nonprofit corporations.

I. **Construction Loan**: a short-term, interim loan for financing the cost of construction. Payments from the loans are called construction draws and are made at periodic intervals as the construction progresses. These loans are typically converted or taken out by a “permanent loan” and or financing.

J. **Development Project**: means the new construction or the renovation of a residential building or mixed-use building which includes residential units.

K. **First-time Homebuyer**: someone who has not owned a home in the past three years.

L. **Joint Venture Agreement**: A legally binding contract which is formed by two or more parties for a specific purpose. A Joint Venture is an enforceable agreement formed by a partnership or other acceptable legal entity, and its scope is usually limited to one development project.

M. **Market-Rate**: Apartments and other residential dwellings that are available on an unsubsidized basis to the general public for lease, rent, or for the purchase of homeownership.

N. **Permanent Loan**: A long-term loan which is usually not less than 7 years and which payments made by the borrower to the lender on the loan can be fully amortized and/or deferred.

O. **Pre-development**: Time period which includes project feasibility studies, site acquisition and preliminary design studies for a development project usually (but not always) preceding the acquisition of a property site.

P. **Residual Receipts**: The income remaining after expenses, in any given time period.
Q. **Silent Second**: A second mortgage or lien that is often obtained at preferential (subsidized) terms. The second (or subordinate) lien might bear no interest and may not be repayable until the first mortgage or deed of trust is repaid, or the property is sold (and hence remains “silent”).
Executive summary

Title: Election holiday discussion

Recommended action: Council requested time to discuss the topic.

Policy consideration: Is the council interested in designating election day as a city holiday?

Summary: Councilmember Miller submitted a discussion request regarding the concept of designating election day as a city holiday. Attached is the form that was completed regarding the topic. Time is allotted at this study session for this discussion by council on this concept and other considerations including staffing to provide election services needed for our residents and information on current designated holidays for staff.

Questions for consideration:
- What is the opportunity or problem this topic would address?
- How would this affect the community?
- How would this impact election operations?
  - The city administers elections for local, schoolboard, state, federal and other elections as needed, consideration must be made on how designating election day as a holiday would impact election operations.
  - If election day is designated as a holiday, how would this be implemented with staff?
- Cost or other considerations?

Financial or budget considerations: Designation of election day as a holiday would have a budget impact on staffing based on type of election(s) managed and operations that must occur on election day.

Strategic priority consideration: Not applicable.

Supporting documents: Discussion
   Council study session topic proposal

Prepared by: Nancy Deno, deputy city manager/HR director
Approved by: Tom Harmening, city manager
Discussion

Councilmember Miller submitted a study session topic form and requested discussion on the concept of election day designated as a city holiday. At this meeting, council will take time to review this concept including the various considerations or impact if election day is designated as a holiday.

Election operations observations:

- The city administers elections for local, school, state, federal and other elections as needed.
- If “election day” is designated as a holiday, staff in a variety of areas who assist in set up, support, communications, call centers, assistance at various precincts with voters and technology would need to be assigned to work.
  - Current policy language for non-union, non-exempt staff provides for overtime in addition to holiday pay for all hours worked on a designated holiday.
- The number of staff assigned varies depending on the type of election and the interest of voters.
- Absentee voting with the addition of “voting ahead” has increased. Voting numbers show a continued increase in residents who are taking this opportunity and come in person to vote the days prior to the actual election day.
- St. Louis Park continues to have a high voter turn out compared to other communities.
- Current city policy allows employees to take time off to vote without penalty of deduction from salary or wages on account of absence to vote in state and federal elections. Employees may be absent from work for the time necessary to appear at the employee’s polling place, cast a ballot, and return to work on the date of the election. City management has not received complaints from employees that they are being restricted from voting.

What are the current holidays designated for city staff?

The city is fairly consistent with designation of city holidays, although there are some variations based on union contracts. Benefit earning staff in our city is approximately 50% non-organized and 50% organized (five unions). Non-organized and four unions have 10 holidays and are on the flex leave program. Fire remains on a Vacation and Sick program and has 10 holidays and two floating holidays. A holiday summary for each group follows, for more information see personnel manual and contracts:

- Non contractual benefit earning staff
  - New Year’s Day,
  - Martin Luther King Day
  - President’s Day
  - Memorial Day
  - Independence Day
  - Labor Day
  - Veteran’s Day
  - Thanksgiving Day
  - Friday after the 4th Thursday in November
  - Christmas Day
- Local 49 maintenance – same as non-contractual benefit earning staff.
- Police Dispatch – 80 hours of holidays are included in the normal annual work requirement and if an employee works on a designed holiday (same list as non-contractual benefit earning staff) they receive 1 ½ times regular rate of pay.
- Police Officer – same as dispatch, except they exchanged the 4th Thursday in November for Christmas Eve several years ago.
- Police Sergeant – same as Police Officer
- Firefighter – day employees are same as non-contractual employees plus 2 floating holidays (as they are the only group left on vacation and sick leave program, when other groups moved to flex leave, the floating holidays were moved into flex accrual hours). For shift employees (24-hour work day), they receive 6 paid holidays towards the annual work requirement.

What is the procedure to make a change in holidays?
- For non-contractual employees it can be added any time. If the desire is to make a shift with a different holiday it would require review of what we are required to designate as holidays.
- For contracts, we are required to negotiate any change related to a term or condition of employment. This would be done when a contract is open through a memorandum of understanding if there is a current agreement in place.
- Would need to plan for budget implications.
- Communication. Along with informing staff, we would need to inform the public regarding closed operations/facilities (although some locations would be open for voting, not other city services).
City Council
Study Session Topic Proposal

Date: 2.14.19

Prepared by: Thom Miller

Proposed agenda topic: Election Day Public Holiday

Brief Description of topic (no more than 200 words):

There has recently been discussion at the federal level about creating an Election Day public holiday. I believe St. Louis Park should be a leader in this regard and declare that the 2nd Tuesday of each November be a public holiday. Obviously, this would only affect city employees at this time. Perhaps a few SLP smaller businesses would also join immediately. But the value of being a leader on this important topic is great. It will begin to create momentum in the region and send a strong signal to our residents and businesses.

Cities like Sandusky OH have done so and have actually swapped another holiday (in their case Columbus Day) in order to both make a statement about Columbus Day being perhaps a misguided insensitive holiday as well as keep the number of paid union holidays in balance. https://www.nytimes.com/2019/02/11/us/columbus-day-election-day.html

In addition, by declaring this holiday in 2019, it would blend nicely with our new RCV initiative.

How does this topic align with the council strategic priorities? If not, why should the council consider the topic:

StLouis Park is committed to being a leader in racial equity and inclusion in order to create a more just and inclusive community for all.

By declaring Election Day a public holiday, we would lead the effort to make voting more accessible to people of all races and social/economic conditions in our community. It's well documented that those who work in hourly wage jobs have difficulty getting to polling places.

** All completed forms must be sent to Tom Harmening, City Manager tharmening@stlouipark.org and Maria Carrillo Perez, Management Assistant mcarrillo- perez@stlouispark.org by the Tuesday before a City Council Study Session **
Executive summary

Title: 2020 draft legislative issues and priorities report

Recommended action: The purpose of this report is to provide council with the draft list of legislative issues and priorities for the 2020 legislative session. The council will discuss this item further on January 13, 2020.

Policy consideration:
- Does the council agree with the issues included in the draft document?
- Would the council like to pursue any other legislative issues?
- Of all of the legislative issues identified, what are the council’s highest priorities?
- Does the council wish to continue retaining legislative consulting assistance to help promote the city’s legislative agenda?

Summary: The state legislature will be reconvening the 92nd session on Tuesday, February 11, 2020. Similar to previous years, staff has prepared a draft list of legislative issues for the council to review. Time has been allocated on the January 13, 2020 council study session to discuss the 2020 legislative priorities. Staff will make changes based on the council discussion and a final draft will be reviewed at the study session on January 27, 2020. As the 2020 legislative session progresses, additional issues may arise that can be addressed as necessary. The final version will be presented at a special study session on February 3, 2020 with the city’s legislators.

Financial or budget considerations: Funding for lobbyists is included in the budget.

Strategic priority consideration:
- St. Louis Park is committed to being a leader in racial equity and inclusion in order to create a more just and inclusive community for all.
- St. Louis Park is committed to continue to lead in environmental stewardship.
- St. Louis Park is committed to providing a broad range of housing and neighborhood oriented development.
- St. Louis Park is committed to providing a variety of options for people to make their way around the city comfortably, safely and reliably.
- St. Louis Park is committed to creating opportunities to build social capital through community engagement.

Supporting documents: Discussion
Draft 2020 legislative priorities (red line version)

Prepared by: Maria Solano, senior management analyst
Approved by: Tom Harmening, city manager
Discussion

**Background:** The state legislature will be reconvening on Tuesday, February 11, 2020. Similar to previous years, staff has prepared a draft list of legislative issues for the council to review.

**Additional Resources:**
League of Minnesota Cities
LMC Legislative Action Center
LMC Legislative Priorities
LMC 2019 Policies
Policy Committees

Metro Cities
Metro Cities Legislative Policies
Policy committees

**Timeline:**
- Monday, December 9, 2019- Council review draft 2020 legislative issues and priorities report
- Monday, January 13, 2020 - Council will discuss the draft 2020 legislative issues and priorities
- Monday, January 27, 2020 – Council will review any changes and finalize the 2020 legislative issues and priorities
- Monday, February 3, 2020 - Council will meet with Senator Ron Latz, Representative Cheryl Youakim, Representative Peggy Flanagan, Hennepin County Commissioner Marion Greene and Metropolitan Council representative Lynnea Atlas-Ingebratson to discuss the 2020 legislative issues and priorities
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Top Legislative Priorities

There are forty-three issues identified in the attached 2020 legislative issues and priorities document. Of all of the issues identified, the following are the highest priorities of the city council:

Community Development/Housing (pages 4 – 7)
The issue of affordable housing is of significant importance to the city council and is a clear reflection of the concerns of the community. In the attached document, starting on the first page, is a menu of ten different measures the city council feels should be pursued as follows:

- Affordable Housing Financing Bonding Authority (Request directed to State Legislature)
- Establish a TOD Affordable Housing Fund (Request directed to State Leg./Hennepin Co)
- Local Housing Trust Funds (Request directed to State Legislature)
- Reduce 4D Tax Classification Tax Rate and Expand Eligibility to Participation in the Housing Choice Voucher Program (Request directed to State Legislature)
- Amend State Statute 471.9996 Rent Control Prohibited to Allow for a 90 Day Tenant Protection Period Following the Transfer of (NOAH) Property Ownership (Request directed to State Legislature)
- Establish revenue resource for Inclusionary Housing Fund (Request directed to State Legislature)
- Tax Credit Contribution Fund (Request directed to State legislature)
- Affordable Housing – Not limiting Local Authority (Request directed to State Legislature)
- Rental Rehab Loan Program for small to medium size developments in seven county metropolitan area (Request directed at the State Legislature)
- Affordable housing fee on new development (Request directed to State Legislature)

Transportation (pages 9-14)

- The Redesign and Reconstruction of CSAH 25 by Hennepin County (Request directed to Hennepin County)
- Texas Avenue/ Minnetonka Blvd intersection reconstruction (Request directed to Hennepin Co.)
- Louisiana Bridge reconstruction (Request directed to State Legislature)
- SWLRT (Request directed to Hennepin County and Met Council)
- Transportation and Transit Financing (Request directed to State Legislature)

Public Safety (page 14-19)

- Maintain and increase funding for the Police Trainee/Non-traditional Pathway to Policing Program (Request directed to State Legislature)
- Criminal Background Checks (Request directed to State Legislature)

General (page 19-23)

- Local Control (Request directed to State Legislature)
- Environment and Sustainability (Climate Action Plan) (Request directed to State Legislature, Met Council and Hennepin Co.)
City of St. Louis Park

2020 Legislative Issues

Community Development Issues

Affordable Housing Financing Bonding Authority: (Request directed to State Legislature)

Issue: In the 2017 legislative session, the legislature provided $77 million in bonding authority to construct and preserve affordable housing, improve existing public housing and to expand support for homeless programs. Although the 2017 bonding authority amount is significant, the continued demand for affordable housing warrants the need for additional Housing Infrastructure (HIB) and General Obligation (GO) Bonds for affordable housing. GO bonds can be used to rehabilitate or construct new public housing. HIB bonds can be used to finance several types of projects including new construction or rehabilitation of supportive and affordable housing and preservation of existing federally subsidized rental housing.

Position: The city supports an effective bonding bill that provides Housing Infrastructure (HIB) and General Obligation (GO) Bonds to fund affordable housing to serve low income households.

Establish a TOD Affordable Housing Fund (Request directed to State Leg./Hennepin Co)

Issue: Efforts are being made to develop a corridor-wide housing strategy for the SWLRT Corridor for providing a full range of housing options specifically within a half-mile of the station areas. The fundamental issue with respect to the traditional approaches to infill/redevelopment and mixed-income housing production/preservation, is an absence of funds.

Position: The city supports the creation of a TOD Affordable Housing Fund and requests that Hennepin County and the State provide a financial resource to be used to support the preservation and creation of affordable housing along the SWLRT corridor.

Local Housing Trust Funds (LHTF) (Request directed to State Legislature)

Issue: In the 2017 session, the legislature passed language that enables cities, counties or regions to set up and resource LHTFs. In 2018, local affordable housing agencies will be working to identify a consistent funding source and incentivize communities to take advantage of this locally controlled tool.

Position: The city supports legislation that establishes a dedicated revenue source for LHTFs, encourages local jurisdictions, creates a state match and provides technical assistance dollars to communities to set up their LHTF.

Reduce 4D Tax Classification Tax Rate and Expand Eligibility to Participation in the Housing Choice Voucher Program (Request directed to State Legislature)

Issue: Increasing property taxes are impacting multi-family residential rental properties. These increasing costs are being passed on to the tenants as owners increase rents. At the same time, the need for affordable housing continues to increase. Existing rent-restricted buildings are also struggling
with increased taxes and limited ability to increase rents to cover the cost. Reducing the 4D tax classification rate would provide an incentive for market-rate properties to designate a portion of their units as rent-restricted and provide tax relief to existing rent-restricted properties. Expanding eligibility to include properties committing to accepting a minimum (20%) number of Housing Choice Voucher participants would provide an incentive for more rental owners to accept tenants receiving housing subsidy, which provides greater housing opportunities for program participants.

*Position:* The city supports any legislation that would reduce the 4D tax classification rate to encourage more rent-restricted units in market-rate buildings and/or expand eligibility requirements to encourage more rental owner participation in the Housing Choice Voucher Program.

### Amend State Statute 471.9996 Rent Control Prohibited to Allow for a 90 Day Tenant Protection Period Following the Transfer of (NOAH) Property Ownership

*Request directed to State Legislature*

*Issue:* Currently state statute prohibits any local adoption of an ordinance to control rents on private residential properties unless the ordinance is approved in a general election. Investment buyers have been purchasing NOAH multi-family residential properties, rehabbing properties and increasing rents. In some cases, new owners have non-renewed the leases of existing tenants with minimal notice and/or implemented substantial rent increases with minimal notice. A 90-day period that would prohibit rent increases and non-renewals would allow time for existing residents in these situations to seek alternative housing.

*Position:* The city supports legislation that would allow for a 90-day tenant protection period following ownership transfer of a NOAH multi-family residential property.

### Eviction expungement reform

*Request directed to State Legislature*

*Issue:* Records of unlawful detainer filings remain on a tenant’s public record regardless whether the matter was settled or dismissed prior to the court hearing or if the tenant prevails at the hearing. In these cases, the eviction record is not a reasonable predictor of future tenant behavior and should be expunged since the existence of this record impedes the ability of the renter to secure suitable rental housing in the future. A bill is being submitted in the 2020 session that would allow for expungement of the eviction record in the cases noted above. In addition, the courts could grant an expungement if an eviction case is three years old and the court finds that the court case is no longer a reasonable predictor of future tenant behavior and the expungement is in the interest of justice and those interests are not outweighed by the public’s interest in knowing about the record. Bill No. being submitted – HF-1972

*Position:* The city supports legislation that would expand the eligibility for discretionary and mandatory expungements for eviction case court files.

### Renter Initiatives

*Request directed to State Legislature*

*Issue:* With the continued low vacancy rates for rental housing and the scarcity of affordable housing units, it is important the state address some misleading and harmful leasing practices. Listed below are several bills that are proposed to be introduced this year by HomeLine. HomeLine is seeking an
endorsement from Homes for All, a statewide housing coalition that advances shared policies initiatives that lead to housing stability for all Minnesotans. These include some changes to how court actions for serious/emergency repairs work, the establishment of a statewide minimum heating requirement (SLP already has an ordinance) and changes to some misleading and harmful leasing practices. These are among some of the most common issues that renters face.

**Lease Fairness**
- **Non-refundable fees for non-optional services should be prohibited.** Administrative costs must be incorporated in the tenant’s rent so they understand how much they’ll be paying each month before they enter into a lease. Prohibited fees could include administrative fees, lease processing fees, carpet-cleaning fees, etc.
- **Tenants should be entitled to privacy:** Unless an emergency, a tenant should have a minimum of 24 hours-notice from the landlord prior to them entering the tenant’s home. In such cases, the landlord should only be able to enter between 8 a.m. and 6 p.m. and must give a four-hour window of time for entry. Notice should be required even if the tenant has asked for repairs. If this right is violated, tenants should be able to sue during or after a tenancy for a meaningful penalty.
- **Tenants should be able to break their lease in some cases of infirmity:** Renters who have a physician-certified medical condition, illness, or disability that hinders their ability to remain in their current housing situation should be able to end their lease with a 2-month notice if they must move to a medically-assisted or accessible housing unit. The tenant must have documentation that they will be moving to an appropriate facility.

**Heat and Repairs:**
- **Minnesota should have a statewide minimum heat code.** If the tenant does not control the heat, from October 1 to April 30 the heating shall be maintained at 68 degrees Fahrenheit.
- **Emergency and non-emergency issue court fees should be equal.** Currently, it costs roughly $70 to file a Rent Escrow – set by law at the same price as a Conciliation Court (small claims court) filing fee. However, if a tenant has a really serious emergency, like no heat in the winter or being locked out by the landlord, the tenant has to pay the full filing court filing fee of around $300 (ETRA / Emergency Tenant Remedies Action). An emergency should not cost more than a non-emergency.
- **Minnesota should revamp its apartment repair rules/ Emergency Tenant Remedies Action expansion:** Currently, Minnesota law lists only the following as emergency issues: no running water, hot water, heat, electricity, sanitary facilities, and other essential services. "Essential services" serves as a catch-all, but it’s hard to know what else fits there. This law should include, but not be limited to, the following emergencies:
  - no working refrigerator
  - no working air conditioning (This would only apply if the rental was advertised as having air conditioning included.)
  - Notice of Intent to Condemn for unsafe/unsanitary conditions
Tenant notice of grounds for eviction before legal action  *(Request to the State Legislature)*

**Issue:** Currently, state statute does not require a rental property owner to provide a notice to tenants prior to filing a legal eviction action for material breach of the lease. MN’s unlawful detainer process is swift and a tenant can lose their housing within a few weeks of the filing. Requiring a notice be provided to tenants prior to filing an eviction action will ensure that residents are informed and aware of the consequences of unresolved financial obligations or other breaches of the lease and provide an opportunity to remedy the breach prior to filing the action.

**Position:** The city supports legislation that would require that the tenant be notified prior to the landlord bringing an eviction action alleging a material breach of the lease.

Establish revenue resource for affordable housing *(Request directed to State Legislature)*

**Issue:** The need for affordable housing in the State has grown to crisis proportion, requiring a larger response than local jurisdictions can provide on their own. Increased State level funding is critical to enable local jurisdictions to enact programs to facilitate the creation and preservation of affordable housing, including subsidized and naturally-occurring affordable housing.

**Position:** The City supports establishment of a financing source to fund local and regional programs to facilitate the creation and preservation of affordable housing.

Tax Credit Contribution Fund *(Request directed to State legislature)*

**Issue:** The private market is not supplying housing that is affordable to Minnesota’s low income households. A public private partnership could help ensure an adequate supply of housing. The Minnesota Tax Credit Contribution Fund incentivizes private investment and promotes community and economic development. This fund is being modeled after North Dakota’s Housing Incentive Fund. Since its inception in 2011, North Dakota’s HIF has leveraged roughly $5 for every $1 invested, creating more than 2,500 units across the state. Minnesota communities of all sizes would benefit from this simple, effective tool.

The program is capitalized by contributions from taxpayers that have state income or corporate/insurance premium tax liabilities. In exchange for contributions to affordable housing, participating taxpayers receive credit against their state income tax liability equal to their contribution to a specific development or the general loan pool. Participation in the program is simple, and the credit is flexible, easy to use statewide, leverages significant private equity, and boosts local businesses.

**Position:** St. Louis Park strongly supports and encourages affordable housing. The city supports the establishment of a tool to incentivize private investment and promote community and economic development. The Minnesota Tax Credit Contribution Fund is about neighbors helping neighbors create housing opportunities and helping businesses and communities thrive.
Rental Rehab Loan Program for small to medium size developments in seven county metropolitan area (Request directed at the State Legislature)

Issue: Naturally occurring affordable housing (NOAH) is the largest resource of affordable housing in the metro area. These multi-family residential rental developments which typically have limited amenities are at risk of losing their affordability as investors purchase the properties, renovate and add amenities and increase rents. As an incentive for current NOAH properties owners to retain the affordability of their properties, a multi-family rehab loan fund should be established to provide funding for rehab and capital investment in the development in exchange for establishing rent restrictions.

Position: St. Louis Park strongly supports and encourages affordable housing. The city supports the establishment of a housing rehab loan program to facilitate the preservation of NOAH multi-family residential rental properties and encourage owners to retain the affordability of their developments.

Housing construction - Limiting Local Regulatory Authority (Request directed to State Legislature)

Issue: Recent discussions on affordable housing solutions includes agencies advocating for housing programs for primarily multiple family developments, and local home builders pursuing reduced regulatory authority by the state and cities. Last year, the Builder Association of the Twin Cities working through a newly created branch organization called Housing First MN, worked toward a bill that was defeated. Requiring new construction codes which could increase cost to receive legislative committee approval before being adopted, potentially halting progress in public safety and energy conservation standards. Additionally these groups proposed restricting or eliminating local land use standards developed by communities for livability.

Position: Although St. Louis Park strongly supports and encourages affordable housing, minimum code requirements for energy conservation and building safety should not be compromised on the concept of reducing construction costs to builders. In addition, local land use and zoning standards for establishing quality of life standards in each community should not be limited by legislative action.

Affordable housing fee on new development (Request directed to State Legislature)

Issue: There is an increasing need of affordable housing across the state. Additional funds are needed in order to create and maintain affordable housing units within the city. An affordable housing fee on new development would help increase funds for future housing projects and initiatives.

Position: The city supports legislation that would allow for the collection of an affordable housing fee on new development.

Maintain Local establishment of appropriate fee-for-service programs (Request directed to State Legislature)

Issue: Call for affordable housing by construction industry is mistaking codes and fees to be the cause of raising home values - not the rapidly increasing price of building materials and construction labor in a free market economy.
Position: Maintain a consistent minimum standard for building safety, longevity, and energy conservation, and allow local government units to continue with fee-for-service programs as currently outlined in statute (i.e. reasonable and justifiable).

**Use of Pooled TIF for affordable housing (Request to the State Legislature)**

*Issue:* Currently, state statute allows for the pooling of tax increment financing to be utilized for affordable housing within the defined redevelopment area of the city. However, the pooled TIF must be maintained in a separate fund with ongoing annual reporting requirements. Allowing cities with established Local Housing Trust Funds or Affordable Housing Trust Funds (LHTF/AHTF) to deposit the pooled TIF in those funds will allow for greater flexibility in the use of the pooled TIF for qualified costs to facilitate the construction and rehabilitation of affordable housing while alleviating the administrative burden of annual reporting.

*Position:* The city supports legislation that would allow the city to deposit pooled TIF for affordable housing in the city’s affordable housing trust fund.

**Safe guard public code administration employees (Request directed to State Legislature)**

*Issue:* As public safety regulators, inspectors often face hostility from a few public members. A no tolerance position for abusive behavior should be adopted. Assaults and murder have occurred on code officials in the normal course of performing their duties for a local government unit.

*Position:* Support Minnesota League of Cities SD-29, Assaults on Code Enforcement Officials. The change would move assault charges from the current fifth degree, or misdemeanor, to a more stringent fourth degree, a gross misdemeanor, by expanding the public employees with mandated duties statute to include code enforcement officials.

**Other Community Development Issues**

**TIF District Statutory Modifications (Request directed to State Legislature)**

*Issue:* Tax Increment Financing (TIF) remains the most viable tool for local economic development and community reinvestment efforts. TIF is a method local governments use to pay for the costs of qualifying improvements necessary to create new investment, redevelopment, or publicly-assisted housing. The financing of the qualifying improvements is paid from the increased property taxes generated from the new development, redevelopment, or housing that would not occur “but for” such assistance. There are steps that the state could take that would enhance the effectiveness of TIF, leverage additional private investment and create more jobs and tax base in communities. The current types of State-authorized TIF districts lack flexibility and do not adequately address the varied and unique redevelopment situations found in urban communities.

Currently, the Minnesota TIF Act requires **more than 50%** of the buildings in a project area be found to be substandard to qualify as a Redevelopment TIF District. In redevelopment situations involving only a small number of parcels, this can be an insurmountable standard to meet thus preventing new investment from occurring.
Position: The City supports greater flexibility and the inclusion of additional uses within current TIF districts.

- In particular, the city supports a minor modification of the Redevelopment TIF District statute to require that only 50% of the buildings within project areas be found to be substandard.
- The city supports the elimination of the 5-year rule for redevelopment and renovation and renewal districts.
- To spur additional development, the city supports lengthening the duration of Economic Development TIF Districts to a full 10 years, or nine years from first tax increment collection. In addition, the city supports expanding authority to allow for the establishment of Economic Development TIF Districts for assisting with commercial project development for the purpose of retention and expansion of existing businesses and the attraction of new business to the state to create and retain jobs.
- The city further supports the establishment of Transit Oriented TIF Districts within one-half mile of light rail corridors and one mile from light rail corridor train stations for the purposes of promoting economic development, redeveloping blighted areas, and the development of housing near light rail corridors. Eligible expenditures within the district include but are not limited to (1) the city's or authority's share of the costs necessary to provide for the construction of any southwest light rail transit station and related infrastructure, including but not limited to parking facilities, including structured parking, pedestrian overpasses, pedestrian connections, and walkways or trails; (2) infrastructure and roadway improvements, including but not limited to sanitary sewer, water, storm sewer and utility improvements; (3) land acquisition costs; (4) costs related to environmental remediation, soil correction, demolition, and relocation; (5) site improvement costs; (6) costs incurred with respect to the development of or rehabilitation of housing; and (7) related administrative costs. Additionally, if two or more cities or authorities propose a joint development or adjacent developments, the cities or authorities would be allowed to expend up to 25% of the total revenue derived from tax increments generated from such a tax increment district to pay for the eligible expenditures of another tax increment district located outside the city's corporate limits.

DEED Program Funding (Request directed to State Legislature)
Issue: The Department of Employment & Economic Development (DEED) is critically important in the support of communities and local economic development initiatives. DEED manages several programs utilized by the city that have positively impacted St. Louis Park.

Position: St. Louis Park supports the continued annual funding of DEED programs at stable and sustainable levels. The City believes that continued funding of DEED programs at the same, or an increased level is vital to economic growth across Minnesota. The city supports legislative initiatives that strengthen funding levels for economic development programs administered by DEED and other state agencies such as Small Business Development Centers, the Minnesota Investment Fund, the Job Creation Fund, Contamination Cleanup and Investigation Grant Program, Brownfield Cleanup and Redevelopment Grant Program, Transportation Economic Development Infrastructure Program and proposed new financing tools that support development along transit corridors. The city further supports the continuation of the Angel Tax Credit to spur the startup of high-technology businesses.
Minnesota communities rely on these programs to remain competitive with neighboring states in their efforts to bring jobs and tax base back to Minnesota.

**Special Service Districts Statutory Authority** *(Request directed to State Legislature)*  
**Issue:** In 1988, cities were granted general authority under Minn. Stat. § 428A.01 to § 428A.101 to establish Special Service Districts. As currently written, only commercial properties can financially participate within Special Service Districts. This is challenging for funding additional services within mixed-use project areas. The City of St. Louis Park has established six Special Service Districts, including multiple sections of Excelsior Boulevard. Providing infrastructure improvements and on-going maintenance at the LRT station areas will also be a need.  

**Position:** The city supports the inclusion of multi-family housing developments as financial participants within Special Service Districts and the establishment of Special Service Districts around transit and LRT station areas.

**Perspectives Bonding Request**  
**Issue:** Perspectives, Inc. is an organization in St. Louis Park that addresses homelessness, poverty, addiction, mental illness, poor nutrition, and lack of access to services. Perspectives, Inc. is seeking $4,000,000 in Capital Grant funding for an expansion and renovation of their existing facilities. The funds would cover the predesign, design, construct, furnish, and equip the expansion and renovation of the existing Perspectives Family Center facility in St. Louis Park. The expanded and renovated facility will be used to promote the following programs and services:  
(1) Supportive housing programs for homeless women and their children;  
(2) Mental and chemical health programs;  
(3) Employment services;  
(4) Academic, social skills, and nutritional programs for homeless and at-risk children;  
(5) An all-day therapeutic early childhood development program for homeless and at-risk children;  
(6) A culturally sensitive safe and nurturing environment for at-risk children to meet with their nonresidential parents.  

**Position:** The city supports a bill for an act relating to capital investment; appropriating money for expansion and renovation of the Perspectives Family Center facility in St. Louis Park including HF 475.

**Building and Energy Issues**

**Environment and Sustainability** *(Climate Action Plan)*  
*(Request directed to State Legislature, Met Council & Hennepin County)*  
**Issue:** The city adopted a [Climate Action Plan](#) (CAP) on February 2018 with the ambitious goal of achieving carbon neutrality, having a net zero carbon footprint, by 2040. The Climate Action Plan outlines specific activities and goals the city will undertake to reduce greenhouse gas emissions. The plan includes seven mid-term goals by 2030 to keep the city on track.  
- Reduce energy consumption in large commercial buildings 30 percent  
- Reduce energy consumption in small- to mid-size commercial buildings 30 percent  
- Design and build all new construction to be net-zero energy
• Reduce energy consumption in residential buildings 35 percent
• Achieve 100 percent renewable electricity
• Reduce vehicle emissions by 25 percent
• Reduce solid waste 50 percent from business as usual

Position: The city supports the statewide adoption of similar goals to those in the St. Louis Park Climate Action Plan and requests ongoing support to achieve these goals. The city supports legislation that helps climate action planning by reducing energy usage and greenhouse-gas emissions. In addition, the city supports legislation that provides state funding for energy conservation and renewable energy initiatives.

**Advanced State Energy Code (Requested to State Legislature)**

*Issue:* Reducing energy consumption and carbon emissions of buildings is a major component toward achieving the St. Louis Park Climate Action Plan, especially for larger commercial structures. Continuing to construct new buildings to the current MN State energy code is counterproductive as requirements are dated and allow for relatively high energy consumption. Future retrofitting of these buildings to reduce energy and carbon emissions will be costly and difficult.

The cities of Bloomington, Edina, Minneapolis, St. Louis Park, St. Paul, and Rochester (Planning Team cities) began convening a series of meetings with about a dozen cities from across the state to discuss the topic of how to advance energy performance in new construction and major renovation buildings in Minnesota. This group is called the Cities Advanced Building Performance Work Group.

St. Louis Park and St. Paul staff are representing the cities workgroup on the Minnesota Department of Commerce (Commerce) and the Minnesota Department of Labor and Industry (DLI) Building Efficiency Workgroup. The purpose is to explore potential policy solutions that will enable cities to voluntarily promote or otherwise ensure greater energy performance measures for commercial and multifamily residential buildings.

Position: Support legislation to adopt developing a more advanced state energy code and/or allowing for local adoption of more efficient building standards.

**Transportation Issues**

**Redesign and Reconstruction of CSAH 25 (Request directed to Hennepin County)**

*Issue:* The city and county have developed a long term vision to transform the CSAH 25 Corridor from the rural design through-route it is today to a multimodal urban boulevard with well-designed landscape architecture and place-making features. The goal is to transform this Hennepin County Road into an amenity rich, pedestrian/ bicycle friendly, transit oriented Boulevard, between Trunk Highway 100 and France Avenue. A clear long-term vision for CSAH 25 will serve to guide both public and private investment in this corridor. Already, the SWLRT Beltline station, park & ride and proposed Beltline Station Redevelopment project is beginning to transform the west end of this corridor. The Shoreham
mixed-use project started the transformation at the east end and the Parkway 25 project will continue the redevelopment pattern. The new concept for CSAH 25, supports this change to a more urban place that provides good, attractive access to the Beltline LRT station in St. Louis Park and the neighboring W. Lake Street LRT station in Minneapolis.

**Analysis:** The transformation of CSAH 25 into an urban boulevard includes the following actions and considerations:

- A commitment from Hennepin County, with involvement from Minneapolis, to changing the corridor.
- CSAH 25 serves many important functions and is home to a surprising number of businesses, residents and property owners. All stakeholders should be informed and involved in the design processes.
- Integration of the planned improvements associated with SWLRT between Beltline Boulevard and Lynn Avenue and the W. Lake Street multi-modal transportation plan into the vision for the corridor.
- Strong connections to existing and planned bicycle routes, filling the existing gap in access to the Cedar Lake Trail from the north.
- Providing space for pedestrians in the corridor and safe connections across CSAH 25 to get to destinations. This includes amenities and landscaping to create a place where people want to walk and spend time.
- Addressing storm water drainage and treatment.
- Consideration of the east end “triangle,” where Minnetonka Blvd, CSAH 25, France Avenue and W. Lake Street meet. This area presents both opportunities for gateway treatments for both Minneapolis and St Louis Park as well as operational challenges for the movement of traffic, pedestrians, bicyclists and local businesses.
- Consideration of a new name for the roadway that provides a positive identity while eliminating the currently existing address confusion. Just as CSAH 5 is also named Minnetonka Boulevard, CSAH 25 needs a street name around which an image and identity can be built. In the case of CSAH 25, there is added confusion because of its history of being originally part of MN Highway 7, a name that continues to be used by many.
- Development of a funding and phasing plan. Transforming CSAH 25 will be a large project and will take time and significant resources to implement. New development in the corridor may be able to play a significant role in funding the transformation, but timing will be critical for that to happen.

**Position:** We thank Hennepin County for their participation in the redesign process and request the County’s support and funding for the actual rehabilitation/reconstruction of CSAH 25.

**Texas Avenue/ Minnetonka Blvd intersection reconstruction (Request directed to Hennepin Co.)**

**Issue:** Texas Avenue between Lake Street and Wayzata Boulevard is one of the few continuous north-to-south roadway connections in the City of St. Louis Park. The city has reconstructed the section of Texas Avenue from Lake Street to 400 feet south of Minnetonka Boulevard in 2017 and 2018. The new roadway includes bicycle, pedestrian and intersection improvements that have greatly increased the
efficiency and safety in this segment of the corridor. The road project stopped short of the Minnetonka boulevard intersection. In 2016 and 2018 a bikeway was installed along Texas Avenue north of Minnetonka Boulevard.

To complete the upgrade of the Texas Avenue corridor, we would like to partner with Hennepin County on the reconstruction of the intersection. The new intersection would include separate bicycle facilities, sidewalk improvements, better sightlines for drivers, signal replacement, and ADA upgrades. All things that are much needed at this location.

**Analysis:** In order to extend the bicycle, pedestrian and roadway enhancements that were completed to the south and to the north of the Minnetonka Boulevard intersection the following items would need to be addressed.

- **Sidewalks:** The sidewalks require updating to meet ADA requirements for pedestrian ramps, width, and clearance from obstructions.
- **Bike lanes:** In 2018, the county enhanced the bike lanes on Minnetonka Boulevard. However, at the intersection, these lanes do not have adequate space. The same is true for the bikeway on Texas Avenue. Most bicycle related crashes occur at intersections, it is important to maintain the bikeway through the intersection to eliminate confusion for all users of the road.
- **Intersection modifications:** the city has developed a layout for this intersection that will greatly improve the way it operates for all users. Eliminating sightlines issues, creating space for bicycles and pedestrians.
- **Replace signal system:** The new signal system and intersection geometrics should be updated to include flashing yellow arrows and turn lanes as needed to improve traffic flow. The signal should be able to detect bicycles. Finally, the pedestrian push buttons will be replaced to meet ADA requirements.

**Position:** The city is requesting that Hennepin County partner with the City for the reconstruction of the Texas Avenue/ Minnetonka Blvd intersection.

**Louisiana Bridge reconstruction (Request directed to State Legislature)**

**Issue:** The Louisiana Bridge over Minnehaha Creek was constructed in 1963 is exhibiting accelerated deterioration of the bridge deck and superstructure. The city inspects the condition of the bridge annually and has determined that it needs to be reconstructed by 2020.

**Analysis:** The Louisiana Avenue corridor between Highway 7 and Excelsior Boulevard is a major employment center with a growing medical/healthcare facility, attractive open spaces, regional trail connection, and proximity to regional roadways. Due to its location, the replacement of the Minnehaha Creek Bridge needs to take into consideration the larger effort to develop transit-oriented development around the SWLRT Louisiana Station Area. The city has undergone a corridor design that will meet the needs of the community now and into the future. The cost to reconstruct Louisiana Avenue is $7.2 million. In order to complete this project by 2020, additional funding is needed.

**Position:** The city is seeking state bonding money to replace the Louisiana Bridge over Minnehaha Creek.
**Southwest LRT (Directed to State Legislature, Met Council & Hennepin County)**

*Position:* The City continues to strongly support the Southwest LRT Project.

**Transportation funding (Request directed to State Legislature)**

*Issue:* A comprehensive transportation system is a vital component in planning for and meeting the physical, social and economic needs of our state and metropolitan region. Adequate and stable sources of funding are necessary to ensure the development and maintenance of a high quality, efficient and safe transportation system to meets these needs.

*Analysis:* Under current transportation financing structures, funding for the existing transportation system in the metropolitan region continues to be inadequate. Our transportation funding system relies primarily on local property taxes, local fees, gas tax, and the motor vehicle sales tax (MVST). Automobiles are becoming more fuel efficient and MVST receipts continue to lag behind projections, resulting in funding levels that continually fail to meet the needs. Transportation funding and planning must be a high priority for state, regional and local policymakers so that the regional transportation system can sufficiently meet the needs of the state’s residents and businesses and its projected population growth. This includes the municipal state aid system.

In addition, cities lack adequate tools and resources for the maintenance and improvement of local systems, with funding sources restricted to property taxes, local fees, and special assessments. Cost participation requirements for state and county roads can overburden city budgets. It is imperative that alternative revenue generating authority be granted to municipalities and additional state resources be made available for this purpose to relieve the burden on the property tax system.

*Position:* The city:

- Supports stable and sufficient statewide transportation funding;
- Supports local tools to meet the long-term transportation system needs of the city;
- Supports funding to assist cities overburdened by cost participation responsibilities;
- Supports state funding for state and county highway projects, including congestion and safety improvements; and
- Supports state financial assistance, as well as innovations in design and construction.

**Local option sales tax (Request directed to State Legislature)**

*Issue:* Funding for municipal state aid roads is limited, and upon review of projects, funding does not meet the city’s long term needs.

*Position:* The city is seeking legislative approval for a local option sales tax to fund five municipal state-aid road projects of regional significance related to transportation needs. The local option sales tax funds would be used to pay for all eligible MSA expenses for the projects.

**Transit financing (Request directed to State Legislature)**

*Issue:* The Twin Cities metropolitan area is served by a regional transit system that is expanding to include rail transit and dedicated busways. Any operating subsidies necessary to support this system should come from a regional or statewide funding source. The property taxpayers of individual cities
and counties should not be required to fund the operation of specific transit lines or routes of service within this regional system.

**Analysis:** MVST revenue projections have not been reliable and the Legislature has repeatedly reduced general fund support for Metropolitan Transit. As a result, the regional transit providers continue to operate at a funding deficit. Shifting demographics in the metropolitan region will mean increased demand for transit in areas with and without current transit service.

**Position:** The city supports stable and growing revenue sources to fund the operating budget for all regional transit providers at a level sufficient to meet the growing operational and capital transit needs of the region and to expand the system to areas that currently have little or no transit options. The city also supports an increase in the regional sales tax to fund the expansion of regular route service, the continuing capital expenses and expanded operational needs of the metropolitan transit system, if the increase is accompanied by sufficient local controls over the collection and expenditure of the new revenue and geographic balance is maintained in the expansion of service to allow cities to appropriately plan for growth in population and service needs along new and expanded transit service. The city opposes diversions of the uses of this tax for any other purposes.

**Motor Vehicle Lease Sales Tax (Request directed to State Legislature)**

**Issue:** Minnesota’s general sales tax applies to long-term motor vehicle leases, called the motor vehicle lease sales tax (MVLST). Voters supported a constitutional amendment to dedicate the money collected by the motor vehicle sales tax to transportation in 2006. The legislative action that dedicates the MVLST to transportation, excludes Hennepin and Ramsey counties from receiving any of this funding. The basis for this exclusion was that these two counties would be receiving funding for transportation through the newly created Counties Transit Improvement Board (CTIB).

**Analysis:** CTIB dissolved in 2017, eliminating this transportation funding source. The basis for the exclusion of Hennepin and Ramsey counties from receiving MVLST formula funds ceased to exist. The economic strength and competitiveness of our state, region and county depend upon an effective, efficient and well-maintained transportation system. The state, county and local street system are critical to the transportation system. The voters supported the use of MVLST for transportation and no county should be excluded from this key revenue source.

**Position:** The city supports the use of Motor Vehicle Lease Sales Tax (MVLST) by all counties.

**Xcel Energy Utility Relocation (Request directed to State Legislature)**

**Issue:** Xcel Energy has utility infrastructure in the public right-of-way. It’s often necessary for Xcel to relocate their infrastructure in order for the city to complete construction projects. When it’s not done in a timely manner it delays the completion of city projects, which in turn generates downtime charges that the contractor passes on to the city.

**Analysis:** During the design of city infrastructure projects, the city tries to avoid requiring Xcel to relocate their facilities, however many times it is necessary. Understanding that Xcel needs time to plan for this work, Xcel is notified of the annual Capital Improvement Plan in the fall of the year.
preceding construction. In January of the year of construction, staff has a meeting with all utilities to review impacts. Also, plans are sent to all utilities indicating areas where there is a potential conflict with their facilities. Staff will meet individually with Xcel during the design to discuss the conflicts and their schedule. Even with these efforts, Xcel’s utility relocations have delayed a number of projects in the city. In 2015, a sidewalk project on Texas was supposed to be completed by Labor Day but Xcel did not complete their work until mid-October. Due to the warm weather that fall, the contractor was able to complete the project the week of Thanksgiving. However, weather is not always on our side. Additionally, the contractor asked for $22,000 in downtime charges due to the delays incurred on this project. The city does not have the same experiences with other private utility providers.

**Position:** The city supports legislation that requires Xcel Energy to complete their relocation work in a timely manner to avoid delays and additional cost on city-led infrastructure projects, with remedies in place if they do not meet their commitments.

**Automated Vehicles (Request directed to the Met Council)**

**Issue:** Automated vehicles are those in which at least some aspect of a safety-critical control function (e.g., steering, throttle, or braking) occurs without direct driver input. Automated vehicles may be autonomous (i.e., use only vehicle sensors) or may be connected (i.e., use communications systems such as connected vehicle technology, in which cars and roadside infrastructure communicate wirelessly).

Automated vehicles have the potential to bring about transformative safety, mobility, energy, and environmental benefits to the surface transportation system. These benefits could include crash avoidance, reduced infrastructure needs, energy consumption and vehicle emissions, reduced travel times, improved travel time reliability and multi-modal connectivity, and improved transportation system efficiency and accessibility, particularly for persons with disabilities and the growing aging population. Automated vehicles could also transform the private use of land in terms of reducing parking needs – surface or structured parking. Automated vehicle technologies are becoming some of the most heavily researched automotive innovations. Currently, some automated vehicle technologies are available, but are only a fraction of what will be available in the future.

**Position:** MnDOT is undertaking research and planning related to automated/autonomous vehicles. The Met Council is asked to work with MnDOT as a part of planning for the impact these types of vehicles will have on the region, particularly from a transportation and land use perspective.

**Public Safety Issues**

**Police Trainee/Non-traditional Pathway to Policing Program (Request directed to State Legislature)**

**Issue:** The candidate pool for police officers in Minnesota continues to shrink in numbers and diversity. There is a narrowing in the representation of a candidate’s diversity including but not limited to race and ethnicity, age and life experience, and academic and career development in other disciplines. During the 2017 legislative session $400,000 was appropriated for communities participating in this new program on a 50/50 cost split. The City of St. Louis Park and other cities have used this approach as a tool for diversifying their departments. In 2017, one candidate successfully completed this
program and is now a St. Louis Park police officer. The city currently has one candidate in this program with an anticipated promotion to Police officer in early 2019. The need to create a wider and deeper candidate pool will continue to be a long term challenge for all police departments in the state.

**Position:** The city requests that this funding not only be maintained but increased in future bienniums.

**Railway Safety of Hazardous Materials and Oil Train Operations (Request directed to State**

**Issue:** The current state within St Louis Park suggests that there will be continued flow of hazardous material commodities including but not limited to crude oil and ethanol at current or increased levels in the future.

**Analysis:** The demand for these commodities and the proximity of Minneapolis to our city points to St Louis Park as an alternative for managing heavy traffic and staging within the system. The potential risk exists across all of the system including the BNSF, CP and TCW lines. Track improvements that result from the SWLRT will allow for higher speeds and safer options for the rail companies to consider through St Louis Park.

**Position:** The city needs to actively engage in legislative discussions around the accountability, safety and funding of accident prevention and responder training, and information sharing. There needs to be funding for community awareness, mitigation and resiliency efforts as well. Rail companies need to be required to share the needed information required for response and mitigation. Including the reinstatement of fees on railroads and pipelines as outlined in (2018-HF3775/ SF3527)

**Local Control of Emergency Medical Services**

**Issue:** Current laws regulating emergency medical services (EMS) in Minnesota allow ambulance providers the ability to provide EMS services in an exclusive operating area known as a Primary Service Area (PSA) for an indefinite amount of time with little or no oversight or transparency.

**Analysis:** Ambulance services currently have no response time requirement from the Emergency Medical Services Regulatory Board (EMSRB) - the state’s EMS regulatory agency which oversees and issues ambulance licenses. The EMSRB also has no oversight on ambulance billing rates, while ambulance services (both public and private) have the ability to use revenue recapture to receive unpaid bills from an individual’s state tax returns. These are only a few of the many examples of the limited oversight of ambulance services in the state. The current system does not require ambulance services to disclose the number of ambulances staffed, where the ambulance is responding from or any other important data points that would be important to ensuring a community is receiving quality ambulance services. While the current structure of Minnesota’s EMS regulations is intended to create exclusive operating areas, there are numerous overlapping service areas across the state with no guidance on who has the authority to determine which provider is the primary ambulance service for those overlapped areas.
Position: It is our belief that local units of government - who are closest to the service delivery – that are best positioned to determine who the licensed ambulance provider is, what level of service is provided, and the authority to ensure there is transparency. Propose uncoupling the professional standards overview by the EMSRB from the service area determination thus allowing the local unit of government to determine who provides service within their political boundary. This allows the professional standards to continue to be set by the EMS Regulatory Board which is made up of industry professionals and stakeholders.

Oppose statutory prohibition on residential fire sprinklers *(Request directed to State Legislature)*  
**Issue:** The Appellate Court struck down the Department of Labor and Industries (DLI) adoption of the latest International Residential Code (IRC). The IRC is for building new single-family and duplex homes, which had a provision for residential fire sprinklers in newly constructed one- and two-family homes that were 4,500 sq. feet and larger.

**Analysis:** The sprinkler provision was challenged on whether it was done legally and appropriately. Therefore the requirement to build these homes safer using sprinklers is no longer in effect. This is a concern because, in terms of fire safety, the most dangerous place to be is at home. In addition, most often the victims of a fire are the young and elderly, who have a more difficult time getting out in an emergency situation. Residential fire sprinklers save lives and are cost-effective. Recent studies in Minnesota show the cost of installing residential fire sprinkler systems averages $1.15 per sprinkled square foot, or approximately 1% of new home construction.

**Position:** The city opposes efforts that prohibit future adoption of the residential fire sprinkler code.

Oppose expansion of legal fireworks *(Request directed to State Legislature)*  
**Issue:** There is a continued effort to expand the sale and use of a wider variety of fireworks

**Analysis:** The bill prohibits cities from banning the sale of fireworks, but it allows cities to pass ordinances banning people from using fireworks. Exploding fireworks would be available for purchase from June 1 to July 7, the use is not restricted. In the city of St. Louis Park where both business and residential properties are in close proximity there is an unacceptable level of risk given that many of these are wood frame combustible construction, non-sprinkled and high occupancy. There is an inherent danger in aerial fireworks which cause a number of injuries and pose a serious fire risk. Fireworks injuries in 2015 were the highest they have been in the last 10 years. 43% of the fireworks injuries in the past ten years happen to people 0-19 years of age (children, teens, and young adults). Fire damage due to fireworks in 2014 was $1.75 Million.

**Position:** Oppose the following legislation which expands fireworks in Minnesota  
- Tents (2018 – HF328/SF235)  
- Bricks and Mortar (2017- HF1395/SF1191)
Continued Health Insurance Coverage for Disabled Public Safety Officers *(Request directed to State Legislature)*

**Issue:** MS299A.465 states that the employer is responsible for continued payment of their contribution for health insurance coverage for police officers, firefighters, and dependents, if applicable, that were disabled in the line of duty. Although cities may request a reimbursement of the health insurance payments, only a fraction is reimbursed from the Department of Public Safety, resulting in increasing costs due to this unfunded mandate.

**Position:** The city has only been partially reimbursed for the cost of this mandate, and requests that this program be fully funded by the state.

Permit to Purchase Firearms/Permit to Carry *(Request directed to State Legislature)*

**Issue:** Currently the Permits to Purchase Firearms statute (MN Stat. 624.7131; 624.7132) requires local law enforcement agencies to complete required background checks within 7 days and the Permit to Carry (MN Stat. 624.714) statute requires the County Sheriff’s Department to complete the required background checks within 30 days.

**Analysis:** The St. Louis Park Police Department completes approximately 300 permits to purchase background checks per year. Aligning the two statutes to require the background checks to be done in 30 days would allow local law enforcement agencies more time to complete thorough background checks and also reduce the number of applicants who act on impulse for a permit to purchase a firearm.

**Position:** St. Louis Park supports aligning the Permits to Purchase Firearms statutes (MN Stat. 624.7131; 624.7132) with the Permit to Carry (MN Stat. 624.714) statute in terms of the time required for conducting background checks (from 7 to 30 days).

Protecting the Privacy and Safety of Public Officials and Peace Officers *(Request directed to State Legislature)*

**Issue:** Only five states (FL, CO, CA, ID, TX) have a law prohibiting the publishing, posting, promotion of peace officers' and other public officials' home addresses, phones, spouse’s addresses, other contact information, etc., with intent to cause harm or harassment. Minnesota has no such law, presenting an opportunity to join other states showing a commitment to protecting public officials and peace officers from having their personal information, spousal information, and other info published and/or shared on social media, with the intention of causing harassment or harm.

**Analysis:** This is increasingly a concern for public officials and law enforcement when those seeking to cause harm recklessly share or publish emails or other correspondence that includes personal information. Any measure that reduces the threat of reporters or demonstrators showing up at public officials homes or those of relatives is a great option for addition to our statutes. Statutes that include the component requiring the publication or posting to be done WITH INTENT to cause harassment or harm seem likely to be more useful and defensible in the courts. Colorado’s law can be found here: http://www.leg.state.co.us/clics/clics2009a/csl.nsf/fsbillcont3/44EE4D5921D1B7248725757400783E91?open&file=1316_enr.pdf. With the proliferation of social media, there have been several instances where public officials personal information was disseminated to cause harm. For example, after the
The unfortunate death of Eric Garner in New York, the decedent’s daughter tweeted the home address of one of the involved officers to 5,000 Twitter followers who, in turn, re-tweeted this 500+ times.

**Position:** This issue can affect any public official and Police Officers, when opposing sides of a discourse attract an element that wants to cause harm or harassment. The City supports an effort in Minnesota to add this protection to public officials’ privacy and the safety of their families.

**Criminal Background Checks** *(Request directed to State Legislature)*

**Issue:** Every day in Minnesota guns are sold by unlicensed sellers without first conducting a criminal background check to ensure that the buyer is not a prohibited purchaser. This proposal would close the online, gun show and individual sale loopholes by requiring all sales to at least have a criminal background check at the point of sale at an Federal Firearms License (FFL) before a transaction is legally allowed to occur.

**Analysis:** The federal Gun Control Act of 1968 stipulates that individuals “engaged in the business” of selling firearms must possess a Federal Firearms License (FFL). Holders of FFLs are required to conduct background checks and maintain a record of all their firearm sales. Certain gun sales and transfers between private individuals, however, are exempt from this requirement. Those who would fail a background check can access firearms through these sources. Unlike an FFL, the seller is not required to conduct a background check to determine whether the purchaser is prohibited from purchasing and possessing a gun. Federal, state, local and tribal laws should be enacted to close these loopholes. If all gun sales proceed through an FFL, a single, consistent system for conducting gun sales, including background checks, will be established. The laws we have in place to ensure gun purchasers go through FFLs are undermined by oversights in the law that allow individuals prohibited from owning firearms to obtain weapons at events such as gun shows without undergoing a background check.

**Position:** The City supports preventing individuals who are not legally able to purchase a gun from doing so without background checks at gun shows, online or in private transactions.

**First Responder Protection Act** *(Request directed to State Legislature)*

**Issue:** First responders are particularly vulnerable when carrying out their duties during protests, rallies, demonstrations and marches. Many of our first responders are required to maintain stationary positions to redirect crowds and traffic while keeping all involved parties safe. There are many examples of event participants attempting to assault responders by throwing dangerous items. In previous MN events, responders have been injured by these protestors. The city support new legislation that clearly makes an attempted assault on first responders a gross misdemeanor during protests, rallies, demonstrations and marches.

**Analysis:** Impacts on public safety or law enforcement: Aggregating the fourth degree assault statute to include attempted assault on first responders during these events would help deter assailants from committing these acts. The new legislation would allow investigators greater latitude when attempting to identify and charge these individuals. Additionally, prosecutors and judges would have a specific statute to reference when determining the charging and sentencing of prosecuted persons.
Position: The City supports protecting the safety and well-being of police officers, firefighters and medical personnel during demonstrations and rallies by increasing the penalties for attempted assaults on these individuals to a gross misdemeanor. This is recommended by adding the following language to Subd. 2b Attempted Assault during Protests, Demonstrations, Rallies and Marches. Whoever attempts to assault first responders (police officers, firefighters, and ambulance personnel) while they are executing their duty during protests, demonstrations, rallies and marches are guilty of a gross misdemeanor to 609.2231 ASSAULT IN THE FOURTH DEGREE.

Investments for Mandated law enforcement training (Request directed to State Legislature)

Position: Support continuing the POST Board training reimbursement allocation to local agencies, which began in 2018, into fiscal year 2022-2023 through the Peace Officer Training Fund for mandated training in the areas of recognizing and valuing diversity and cultural differences, conflict management and mediation, crisis intervention and mental illness crises.

Gun Violence Protective Orders (GVPOS) (Request directed to State Legislature)

Position: Support allowing law enforcement, qualified health care practitioners, family members and intimate partners who believe an individual’s dangerous behavior has a substantial likelihood to lead to violence to request an order from a civil court authorizing law enforcement to temporarily remove any guns in the individual’s possession and to prohibit new gun purchases for the duration of the order.

State wide data collection on race and/or ethnicity for stopped motorist’s (Request directed to State Legislature)

Issue: There is not a state wide method of collecting a motorist’s race or ethnicity for traffic stops. Some police departments ask officers to report a person’s race and/or ethnicity. This option results in officers making assumptions on the motorist’s race and/or ethnicity and can lead to inaccurate data.

Analysis: A state wide system would allow for agencies to submit and most importantly review accurate data to determine whether racial profiling is a problem in cities across the state. This information allows for greater police transparency and accountability.

Position: The city supports a state wide system that accurately tracks information on traffic stops, including race and ethnicity, of stopped motorists.

General Issues

Local Control (Request directed to State Legislature)

Issue: Cities are often laboratories for determining public policy approaches to the challenges that face citizens. Success in providing for the basic needs of a functional society is rooted in local control to determine how best to respond to the ever-changing needs of a citizenry. Because city government most directly impacts the lives of people, and representative democracy ensures that locally elected officials are held accountable for their decisions through local elections, local governments must have sufficient authority and flexibility to meet the challenges of governing and providing citizens with public services.
Position: Individual communities should be allowed to tailor their services to meet the unique needs of their citizens without mandates and policy restrictions imposed by state and federal policy makers. The state should recognize that local governments, of all sizes, are often the first to identify problems and inventive solutions to solve them, and should encourage further innovation by increasing local control. The state should not enact initiatives that erode the fundamental principle of local control in cities across Minnesota.

**Levy Limits (Request directed to State Legislature)**

*Issue:* During the 2008 legislative session, levy limits were imposed for three years (2009-2011) on cities over 2,500 in population.

A one-time levy limit was applied to taxes levied in 2013, payable in 2014, only. This was in effect for all counties with a population of 5,000 and over and cities with a population of 2,500 and over. All cities with a population less than 2,500, all towns and all special taxing districts were exempt from the limits.

Levy limits replace local accountability with a state judgment about the appropriate level of local taxation and local services. Additionally, state restrictions on local budgets can have a negative effect on a city’s bond rating due to the restriction on revenue flexibility.

Position: St. Louis Park opposes efforts to establish a levy limit or other proposed restrictions for local government budgets. Based on our legislative policies that strongly support local budgetary decision making, St. Louis Park opposes levy limits of any type.

**Local Government Aid (Request directed to State Legislature)**

*Issue:* St. Louis Park supports the LGA program as a means of ensuring all cities are able to provide basic services without over-burdening the property tax system. In 2003 St. Louis Park had its entire LGA allocation cut – approximately $2 million/yr. Several years ago a portion of this cut was restored – approximately $500,000/yr and based on house research estimates it will drop in 2019 to $267,271. This funding has been extremely helpful, particularly related to replacing aging infrastructure and equipment.

Position: St. Louis Park strongly opposes reductions of LGA.

**Legal Notices: Eliminate Requirement for Paid Publication (Request directed to State Legislature)**

*Issue:* Current law requires print ads for “proceedings, official notices, and summaries” in local newspapers. In the 2011 Session, House File 162 called for allowing political subdivisions (cities, counties, school boards, etc.) to replace the print ads with a single annual notice stating that all such notices would appear on the political subdivision’s website (i.e. the city website).

Position: The city continues to support the elimination of this requirement, which would save cities thousands of dollars in annual publishing costs. Publishing legal notices on the city website instead allows the potential to reach a much greater audience in St. Louis Park than via the local newspaper, which only reaches about half of the community. Additionally, businesses working with the city or bidding on city projects find it cumbersome to monitor many different publications. The city is
currently publishing its legal notices at www.stlouispark.org in addition to publishing them in the official newspaper.

**Emerald Ash Borer (Request directed to State Legislature)**

*Issue:* Emerald Ash Borer (EAB) is the most destructive and economically costly forest pest ever to invade North America. Ash trees killed by EAB become brittle very quickly and will begin to fall apart and threaten overhead cables and power lines, vehicles, buildings and people. Few cities are prepared and no city can easily afford the costs and the liability threats resulting from EAB. Peer-reviewed studies have confirmed that a coordinated, landscape-based strategy is more cost effective than fighting EAB city by city.

**Position:** St. Louis Park supports additional state funding to provide technical assistance and matching grants to communities for EAB management/removal costs and related practices.

**Records Retention Related to Correspondence (Request directed to State Legislature)**

*Issue:* HF 1185 was introduced during the 2017 legislative session relating to data practices that included changing the definition of “correspondence” in government record retention law to include social media and text messaging and requiring a minimum three-year retention period for correspondence.

**Analysis:** The proposed bill was designed to provide a statewide standard retention period for correspondence. Concerns with the bill include an unfunded mandate on cities (especially small ones) to meet the new requirements, and the burden of including social media and text messaging in the definition of correspondence. Social media and text messaging capture typically requires separate capture software / hardware than email, and thus contributes to increased costs.

**Position:** The city opposes the bill in its current form. State provided funding and restricting the definition of correspondence to email at this point would be helpful. Delaying full inclusion of social media and text messaging to future years so the State can include funding options (and possibly some standards) would also be helpful. The city does support a standard correspondence retention period and feels the proposed 3 year minimum is reasonable. That said, not every city is funded or technically ready to do this. As a result, the city currently endorses the LMC position on the role that should be fulfilled by existing records retention requirements. The current LMC position is to oppose HF 1185.

**Telecommunications and Information Technology (Request directed to State and Federal Legislature)**

*Issue:* Telecommunications and information technology is essential public infrastructure for the efficient, equitable, and affordable delivery of local government services to residents and businesses. Telecommunications includes voice, video, data, and services delivered over cable, telephone, fiber-optic, wireless, and all other platforms.

**Analysis:** The city and League of Minnesota Cities supports a balanced approach to telecommunications policy that allows new technologies to flourish while preserving local regulatory authority. Regulations and oversight of telecommunications services are important prerogatives for local government to advance community interests, including the provision of high quality basic services.
that meet local needs, spur economic development, and are available at affordable rates to all consumers. For the City of St. Louis Park, this is also consistent with its priority efforts to advance racial equity and to be a technology connected community. Supportive policies should also not diminish local authority to work cooperatively with other public agencies, non-profit organizations, and the private sector to broaden choice and competition of telecommunications services to meet local needs.

**Position:** The city opposes the adoption of state and federal policies that restrict cities’ ability to finance, construct, or operate telecommunications networks.

**Cable Franchising Authority** *(Request directed to State and Federal Legislature)*

**Issue:** In September 2018, the FCC released a Second Further Notice of Proposed Rulemaking (FNPRM) proposing new rules regarding how local franchising authorities (LFAs) may regulate cable operators and cable television services. The franchise fee revenue received by the City of St. Louis Park from Comcast and CenturyLink could be reduced by as much as 20 percent as a direct result of the proposed rule changes. In the FNPRM, the FCC tentatively concludes that:

1. Cable-related, in-kind contributions required by a franchise agreement shall be treated as franchise fees subject to the statutory five percent cap on franchise fees set forth in Section 622 of the Communications Act of 1934. This would allow cable operators to unilaterally offset from cable franchise fee payments the value of certain franchise requirements such as free service to schools and public buildings, PEG channel capacity, connections to PEG origination points and even existing institutional network obligations.
2. That LFAs are prohibited from using their video franchising authority to regulate the provision of most non-cable services, such as broadband Internet access service, offered over a cable system by a cable operator.

The FNPRM also proposes that cable operators be allowed to construct and install facilities and equipment for non-cable services in the rights-of-way without any local regulation or compensation.

**Analysis:** The City of St. Louis Park filed comments with the FCC August 30 stating its opposition to these measures, and plans to submit further information during the comment period following publication of the FNPRM in the federal register. The Legislature, Federal Communications Commission (FCC), and Congress should also continue to recognize, support and maintain the exercise of local franchising authority to encourage increased competition between incumbent cable system operators and new wireline competitive video service providers including: maintaining provisions in Minn. Stat. ch. 238 that establish and uphold local franchising authority, including the authority to receive a gross revenues based franchise fee and local authority over areas including: control and access to public rights-of-way by all video and cable service providers; fees on providers to ensure the provision of public, educational, and governmental (PEG) programming; video channels and video streaming for PEG programming equivalent to that of the local broadcast stations; ensuring programming is accessible and searchable through detailed Electronic Programming Guide listings that are equivalent to that of local broadcast stations; access to capacity on institutional networks (I-Nets) provided by local cable system operators for public safety communications, libraries, schools, and other public institutions; and strengthening local authority to enforce customer service standards and transparency in pricing.
Position: Given the depth of cable TV PEG operations and subscribeship in St. Louis Park, and the fact that franchise negotiations will likely begin in early 2019, the city intends to continue working with its telecommunications attorneys and with trade organizations (Minnesota Association of Community Telecommunications Advisors and National Association of Telecommunications Advisors and Officers) to closely track and respond to assaults on local franchising authority.
Executive summary

Title: Accessory dwelling unit ordinance update

Recommended action: None currently. This is a progress report only.

Policy consideration: None at this time. The city’s comprehensive plan includes several housing goals that support allowing accessory dwelling units (ADUs) and one strategy specifically to allow ADUs in low-density residential areas. In addition, working on regulations to allow ADUs is a high priority in the planning commission’s work plan.

Summary: The city council last discussed ADUs on June 10, 2019. Councilmembers shared their initial questions and comments. The matter was referred to planning commission for further study and for staff to prepare a draft ordinance with planning commission input.

In 2019, planning commission has discussed the issue at its April 17, October 2 and November 20 study sessions. Planning commission will have at least one more study session in January 2020. Staff anticipates having a draft ordinance for planning commission to review informally by that time. The commission has provided valuable feedback to inform staff’s research and drafting of the ordinance. The city is also working with a consulting planner to prepare the draft ordinance. In addition, the planning department is coordinating with the building and energy department to clarify how the zoning code will align with building codes.

As a reminder, an ADU is generally a self-contained residential unit that typically has its own living space, kitchen and bathroom. ADUs are permanent installations that are legally part of a larger property that includes a standard single-family house. This housing is designed to be flexible for evolving family circumstances and could generate rental income for the homeowners. ADUs may be located inside the principal building or may be in a detached accessory building on the same parcel.

Next steps: Staff will identify a study session in the first quarter of 2020 to provide city council with a more detailed update and specific policy questions.

Financial or budget considerations: Expenses related to the planning consultant contract were budgeted funds. As the number of ADUs increases, increased staff time and potentially added staff may be necessary to address complaints and ensure compliance with city codes.

Strategic priority consideration: St. Louis Park is committed to providing a broad range of housing and neighborhood oriented development.

Supporting documents: None. For those seeking additional background information, please refer to the June 10, 2019 city council staff report (see pages 12-20 of the PDF) or the available planning commission agendas and minutes for the meeting dates referenced above.

Prepared by: Sean Walther, planning and zoning supervisor
Reviewed by: Karen Barton, community development director
Approved by: Tom Harmening, city manager
Executive summary

Title: Crime/drug free rental ordinance workgroup update

Recommended action: The purpose of this report is to provide council with an update on the crime/drug free rental ordinance workgroup’s review and analysis of the crime/drug free rental ordinance.

Policy consideration: None at this time.

Summary: The crime/drug free rental housing ordinance took effect in 2008 in response to concerns from residents who lived in or adjacent to rental properties experiencing disorderly or criminal activity. Discussions were held by council on the crime/drug free housing ordinance in May and December, 2018.

At the December 17, 2018 city council meeting, council adopted a resolution to suspend sending notices of violations of city code Section 8-331 to the owners of rental properties to allow time for further study. The council also directed staff to convene a workgroup of key community stakeholders to review and evaluate the crime/drug free ordinance for the purpose of providing recommendations to the city council on possible modifications to the ordinance. At the March 25, 2019 city council meeting, the council appointed 13 individuals to serve on the workgroup. The workgroup’s purpose is to 1) conduct a comprehensive review and evaluation of the impact of the crime/drug free ordinance; 2) determine the effectiveness of the ordinance; 3) identify any unintended consequences or concerns; and 4) make recommendations to the council on possible modifications to the ordinance, up to and including possible repeal, to help promote safe, livable rental properties that are responsive to the needs of tenants, property owners/managers and the community.

The first workgroup meeting was held on June 5, 2019. The ninth meeting was recently held on December 4, 2019. The meetings are being facilitated by, Cathy Bennett, Bennett Community Consulting. Attached is an update on the status of the workgroup’s progress.

Financial or budget considerations: It is estimated that meeting facilitation and miscellaneous expenses including transportation, daycare and refreshments for the workgroup process should not exceed $7,000. The funding resource for this expense will be the Housing Rehab Fund.

Strategic priority consideration: St. Louis Park is committed to providing a broad range of housing and neighborhood oriented development.

Supporting documents: Discussion

Prepared by: Michele Schnitker, housing supervisor
Reviewed by: Karen Barton, CD director
Approved by: Tom Harmening, city manager
Discussion

Background:

**Workgroup member update**

A total of twenty-four applications were received and the council appointed 13 individuals to serve on the crime free workgroup. Workgroup members represented the following stakeholder groups:

- Renters 4
- Owners 4
- Neighbors 1
- Community members 3
- Advocates 1

Three members have since resigned from the workgroup for various reasons leaving 10 remaining active members.

**Progress update**

December 4 was the workgroup’s 9th meeting. At the previously held meeting on November 13, the workgroup developed a list of proposed modifications to the crime free ordinance that were then reviewed and discussed. Most of the workgroup members expressed agreement in moving forward with an approach that would modify the existing ordinance. Members left the meeting with a goal of finalizing a proposed recommendation to be presented to council at their next meeting.

Prior to the December 4 meeting, a member from the workgroup sent out an email to the workgroup members expressing an opinion that an option to repeal the ordinance still be considered. In response, an exercise was held with the group at the December 4 meeting to identify which option everyone supported; repeal, keep ordinance as is or modify the ordinance. Contrary to the previous meeting, the majority voted to repeal the ordinance. Upon further discussion, the majority agreed that there were components of the current ordinance that they were interested in keeping such as the landlord/management crime free training component of the ordinance. Following a lengthy discussion, the group agreed to have two of the members draft a proposed recommendation reflective of the what was discussed and distribute to the workgroup members for comment.

The workgroup also discussed ideas related to public engagement at the December 4 meeting. The topic has been discussed at several prior meetings without the workgroup reaching an agreed upon approach. Some members expressed a hesitancy to seek public input because of the complexity of the topic. Others supported seeking input and expressed a sense of responsibility that they do so. Staff had previously provided a list of possible options for seeking public input and the workgroup agreed to have staff develop a public engagement plan for their review. Staff will distribute the suggestions to the workgroup via email to keep the process moving forward.

**Next Steps:** Staff anticipates scheduling a meeting to seek public input on the workgroup’s proposed recommendation sometime in January. The workgroup will most likely need to meet again between now and prior to the public input meeting to finalize their proposed recommendation. The workgroup will also need to consider the public’s input prior to finalizing their recommendation to council. The goal is to return to council to present the workgroup’s recommendation in the February 2020.