



REGIONAL COUNCIL OF MAYORS (RCM)
January 10, 2011

INFORMATION AND DISCUSSION

Co-chair Mayor Kautz began the meeting by welcoming everyone to a new year with the RCM. ULI Minnesota executive director Caren Dewar also expressed her excitement about bringing new and existing members together for important dialogue and action in 2011. The goal for this year is to take the RCM to another level by working together on issues that affect the region in meaningful ways.

U.S. Conference of Mayors

As president of the U.S. Conference of Mayors, Mayor Kautz shared her perspective on what is happening at the federal level that will have a meaningful impact on local governments. In 2011, specific areas of concern will include:

- Community Development Block Grants
- Build America Bonds
- COPS
- Transportation reauthorization
- Reauthorization of the Workforce Investment Act
- Unfunded mandates

Mayor Kautz noted that she would like to invite Minnesota's U.S. Senators to attend a future RCM to discuss what they are working on that could impact RCM members. She emphasized the importance of paying attention to what is happening in Congress and noted that the RCM is a great forum for discussing the national issues that have local consequences.

State Economic and Demographic Forecast

State economist Tom Stinson returned to the RCM to offer an insightful overview of Minnesota's budget forecast for 2011-2013. Stinson's presentation illustrated some small victories that can be celebrated, but painted a challenging picture overall.

Minnesota will have a balance of \$399 million in FY2010-2011; however, that will change dramatically to a \$6.188 billion deficit in FY2012-2013. There are a number of significant factors driving the \$8.3 billion spending growth for FY 2012-13, including:

- Replacing the federal stimulus (\$2.3B)
- School shifts that reduced FY2010-11(\$1.9B)
- School shift buyback in current law (FY 2012) (\$1.4B)
- One time reductions made in FY 2010-11 (\$660M)
- K12, HHS and other forecast growth (\$2B)

Fortunately, the economic forecast for the current biennium is now incrementally stronger than what was originally predicted in November 2010. Revenues for November and December were \$28 million above forecast, and the outlook for real GDP growth is also slightly stronger through the end of 2013. The economy is performing better than expected, and the tax compromise made by Congress should also have a positive effect.

Still, the State will face some significant challenges when it comes to unemployment. Minnesota is currently at 7.1% unemployment, which is less than the federal rate of 9.4%. The State will need to add 102,000 jobs to reach its pre-recession unemployment rate – a recovery that could take three years. In addition, a lot of the jobs lost in the recession may never come back. For example, the majority of lost construction jobs were the result of the slowdown in residential construction. Large-scale construction projects – like those included in the Federal stimulus program – will not help those workers. It is likely that we will come out of the recession with a job-skills mismatch.

Stinson concluded his remarks by noting that the State's \$6.2 billion shortfall is 16% of FY2012-2013 projected general fund spending. It will be extremely challenging to determine where spending cuts should come from. Stinson reinforced that it's unlikely that the State will ever "get back to normal." Leaders will need to set the stage for growth and invest in human capital development.

Click here to access Stinson's full presentation:

<http://minnesota.uli.org/~media/DC/Minnesota/Minnesota%20Docs/Stinson%201%2010%2011.ashx>.

Community Change Data

Cathy Bennett's discussion of the community change data from ULI Minnesota's *Housing Initiative* study was tabled until the February RCM meeting.

Regional Cluster Initiative (RCI) Update

Mayor Winstead provided an update for the RCM's Regional Cluster Initiative, a two-year initiative focused on attracting, retaining and growing businesses in Minnesota. The program is a collaborative effort between ULI Minnesota, the RCM, DEED, the BioBusiness Alliance and Humphrey School.

In 2010, a series of interviews with CEOs in different industry clusters identified both key barriers and areas of opportunity for economic development in Minnesota. One of the study's core findings is that local government leaders have not been communicating with the CEOs in their communities. Government can be a powerful partner in motivating companies to grow in our region.

Mayor Winstead encouraged RCM mayors to take the initiative to set up meetings with CEOs in their communities. The RCI will be developing a "get in the door" letter to help open up that dialogue. The mayors were encouraged to provide their electronic signature to that letter and also offer suggestions of businesses in their communities that would be appropriate recipients for that letter.

A number of mayors shared examples of how they have successfully forged relationships with businesses within their cities. Mayor Kautz holds quarterly CEO roundtables, while Mayor Martin has scheduled many one-on-one meetings and has even worked together with businesses to help structure parking compromises and other development agreements. Mayor Tyra-Lukens noted that the meetings that she has held with businesses in the past have helped to lay the foundation for open and respectful dialogue regarding the Southwest LRT line.

Mayor Winstead noted that the Regional Cluster Initiative is meant to lead to some concrete action steps. At this time, those action steps include the following initiatives:

- Medical Device Cluster Board
- MSP Metropolitan Business Plan
- Entrepreneurial Accelerator
- Regional Economic Development Partnership
- Itasca Business Bridge

Key Issues Discussion: 2011

Led by Mayor Kautz, the mayors engaged in a dialogue about critical issues facing local governments in the coming year. Several mayors expressed a desire to explore the concept of enhanced regional collaboration and shared services. A number of metro-area mayors have developed programs with neighboring municipalities or within their counties as a way to save money. Mayor Kautz and Caren Dewar agreed to put shared services on a future agenda.

Next, a number of additional possible agenda items were considered. Mayor Hamann-Roland suggested that the RCM discuss the importance of providing adequate broadband infrastructure. Mayor Goettel raised the idea of discussing best practices for dealing with absentee commercial landlords. Next, Mayor Maxwell expressed the need to define standards for TIF districts in order to ensure that cities can reinvest in their communities. Finally, Mayor Steffenson suggested that the RCM discuss the Metropolitan Council's transportation funding opt-outs.

Caren Dewar encouraged all RCM participants to continue to share their feedback and ideas for future meetings. She also encouraged the Mayors to review the Regional Matrix in their packets and provide comments via e-mail (caren.dewar@uli.org).

UrbanPlan

John Shardlow, principal with Bonestroo, shared a video overview of ULI Minnesota's *UrbanPlan* program. *UrbanPlan* is an educational simulation focused on urban redevelopment. Participating students form "company teams" to respond to a City Request for Proposals for the redevelopment of a specific urban area. The goal is to win the contract.

UrbanPlan is a classic problem-based learning model in which students and teachers confront the challenges of redevelopment through investigation, research, and cooperative input; it allows for more than one solution and teaches students problem-solving skills and how to balance trade-offs.

With the leadership of teacher Steve Bekemeyer, ULI Minnesota has conducted UrbanPlan at Roseville High School for the past several years. In the spring of 2009, a second session was launched at Benilde-St. Margaret's High School, under the guidance of teacher Amy Weisgram.

Shardlow encouraged the Mayors to contact ULI MN if they are interested in exploring an *UrbanPlan* program in their own school district. ULI Minnesota has volunteer capacity to conduct the program in additional districts, but a successful program requires an active partnership and commitment from the local community, school district and educators.

More information about the program can be found at the UrbanPlan Web site: www.urbanplan.org or at <http://minnesota.uli.org/UrbanPlan.aspx>.

Concluding Remarks

Mayor Kautz thanked everyone for attending the meeting and expressed her appreciation for the open and robust dialogue. The meeting concluded with a moment of silence to remember the weekend’s tragic events in Tucson, Arizona.

COMING UP

RCM meetings are held on the second Monday of every month at Dorsey & Whitney. The next RCM meeting will be held on Monday, February 14, 2011, from 11:30 a.m. to 1:30 p.m.

ATTENDEES

The following individuals were in attendance on January 10, 2011:

Mayors

Bill Droste	City of Rosemount
Dan Roe	City of Roseville
Dean Johnston	City of Lake Elmo
Debbie Goettel	City of Richfield
Doug Anderson	City of Dayton
Elizabeth Kautz	City of Burnsville
Eugene Maxwell	City of Hopkins
Gene Winstead	City of Bloomington
Janet Williams	City of Savage
Jim Hovland	City of Edina
John Sweeney	City of Maple Plain
Ken Willcox	City of Wayzata
Mark Steffenson	City of Maple Grove
Marvin Johnson	City of Independence
Mary Giuliani Stephens	City of Woodbury
Mary Hamann-Roland	City of Apple Valley
Mike Maguire	City of Eagan
Nancy Tyra-Lukens	City of Eden Prairie
Sandra Krebsbach	City of Mendota Heights
Sandy Martin	City of Shoreview
Steve Lampi	City of Brooklyn Park
Terry Schneider	City of Minnetonka
Tim Hultmann	City of Long Lake

Guests

Beth Elliott	ULI YLG
Bill Malinen	City of Roseville
Bruce Nordquist	City of Apple Valley
Burke Murphy	DEED
Dave Van Haltum	Transit for Livable Communities
Elizabeth Ryan	Family Housing Fund
Erin Dady	City of Saint Paul
Guy Peterson	Metropolitan Council
Hector Garcia	Chicano Latino Affairs Council
Jeanette Blankenship	MN Housing

Jenna Fletcher	Trust for Public Land/Embrace Open Space
Jeremy Hanson Willis	City of Minneapolis
John Adams	University of Minnesota: Geography
John Bailey	1,000 Friends
John Shardlow	Bonestroo/ULI
Lee Munnich	Humphrey School
Matt Schmit	Humphrey Institute
Michael Huber	BlueCross BlueShield of MN
Paul Williams	City of Saint Paul
Steve Berg	MinnPost

Staff

Caren Dewar	ULI
Cathy Bennett	ULI
Eliza Clark	ULI
Snezhana Bessonov	ULI