

Regional Council of Mayors: July 11, 2016

In light of the difficult and tragic events that took place in the week preceding the RCM meeting, the mayors asked to begin the meeting with a discussion about how to respond in ways that are respectful to all. There was consensus on the need to continue learning together about 21st century policing best practices and community engagement as well as a desire to continue the conversation in subsequent RCM meetings.

Several mayors elected to sign onto an op-ed calling that was published in the Pioneer Press a few days later (link below). As the conversation concluded, the mayors expressed their gratitude for having the RCM as a venue for honest and open discussion among colleagues with whom they have formed trusted relationships.

[Mayors Harris, Maguire, Martin, Tourville, et al, call for compassion & understanding, not violence](#)

EXECUTIVE DIRECTOR'S REPORT AND UPDATES

ULI MN/RCM thanked Elizabeth Ryan, outgoing Vice President at the Family Housing Fund, for her dedication and service at her final RCM meeting.

David Baur was introduced as ULI MN's newest staff member. David will focus on communications, report writing, and grant proposals.

The August RCM meeting is canceled. The next RCM meeting will take place on Monday, September 12th from 11:30 a.m. to 1:30 p.m. in the Seattle Room at Dorsey & Whitney, 50 South 6th Street, Minneapolis, MN.

WATER SUBCOMMITTEE UPDATE

Mayor Lili McMillan, Orono, provided an update on the Water Subcommittee's survey and announced that Mayor Lisa Whalen of Minnetrista will serve as co-chair for the subcommittee. Other mayors who are interested in serving should contact Mayor McMillan at lmcmillan@ci.orono.mn.us.

The survey results are outlined in the table below in order of descending interest in each topic:

Responses	Topic
7	Contaminants in Water Supply: The next wave of pollutant data and whether they matter enough (e.g. viruses, lead, nitrates, and pharmaceuticals)
5	Efficiency Incentive Programs: What exists, their approaches and why
5	Ordinances Relating to Water Supply: Drought plans, best practices, irrigating from ponds or lakes; and other ways to reduce summer irrigation waste
4	Regional Water Systems: Status of existing and needed multi-city water supply coordination groups (and what they do), and whether there should be more
4	Raw Data: Want to know/share data on city use per year over last 15 years, residential water use per capita, the degree to which summer use spikes above winter use, ground water quantity management, source of water (surface vs ground)
2	Water Rates: Useful information on how to set and manage rates, frequency between updates, LMC guidance, why city to city comparisons aren't usually valid
2	Municipal Water Distribution: A simple infographic of where the water in pipes comes from and goes to, what is the most promising to manage or where can efficiencies be gained
1	Monitoring City Wells' Groundwater Levels: Is it needed? Possible? What's involved?
1	Wellhead Protection Plans: Scope, scale, effectiveness for ground water quality

U.S. CONFERENCE OF MAYORS

Mayor Elizabeth Kautz of Burnsville provided an update on her work with the U.S. Conference of Mayors (USCM) including a recap of the recent 84th Annual Meeting held June 24th to 27th in Indianapolis.

In response to the discussion about policing policy and community engagement, Mayor Kautz identified work that the USCM has been doing at the national level to share and encourage new best practices related to community policing. USCM community policing resources can be found [here](#).

Mayor Kautz also shared several statements regarding the events in Dallas, Falcon Heights, and Baton Rouge.

- [Video and transcript](#) of President Obama's remarks at Memorial Service in Dallas
- [Weekly address](#) from Vice President Biden
- [Statement](#) from USCM President and Mayor of Oklahoma City, Mick Cornett

HOUSING SUMMIT RECAP

The 8th Annual Housing Summit, presented by ULI Minnesota/Regional Council of Mayors and sponsored by the Family Housing Fund, was held on June 8th. The event was titled "Furthering Fair Housing: The Important Role of Mixed-Income Development" and was packed with more than 160 attendees to see two keynote speakers, former Vice President Walter Mondale and national mixed-income housing expert Professor Mark Joseph.

Mr. Mondale was on hand to tell the history of the Fair Housing Act of 1968, his role in its passage, and to offer his thoughts on its continued importance today. Professor Joseph then provided a detailed analysis of the "promise and perils" of mixed-income development based on his work as Director of the National Initiative on Mixed-Income Communities. Following the formal presentations, Mr. Mondale returned to the stage and engaged in a discussion on current affairs with his son, Ted. Their discussion ranged from the contested and rancorous party conventions in 1964, 68 and 1980 to Mr. Mondale's thoughts on how presidential candidates ought to go about selecting a running mate. A clip from this discussion is linked below.

Cathy Bennett, Director of ULI Minnesota's Housing Initiative, provided a recap of this event. Access that presentation [here](#).

For a full summary, click [here](#).

For the clip featuring Walter and Ted Mondale, click [here](#).

THE SHARING ECONOMY AND WHAT IT MEANS FOR OUR COMMUNITIES

The RCM 2016 Work Plan included an intention to learn more about the sharing economy, particularly AirBnB, and to better understand its impact on communities. David Baur delivered a presentation that outlined the types of businesses and services that are part of the sharing economy, how the sharing economy might evolve in the years to come, and the types of questions communities may need to address as a result.

View the presentation [here](#).

AIRBNB PANEL DISCUSSION – EAGAN, ROCHESTER, BLOOMINGTON, AND SAINT PAUL

Following the sharing economy overview, panelists from Rochester, Bloomington, Eagan and Saint Paul provided summaries of how each of their communities has responded to AirBnB and other short-term rental businesses in particular.

Eagan – Mayor Mike Maguire

Chose not to change ordinances to allow for AirBnB

- Eagan did not choose to address AirBnB proactively. It became an issue after neighbors expressed concern about one particular home that was being advertised on the service.
- City ordinances did not address short-term rentals like AirBnB at all, which is tantamount to prohibition.
 - An Accessory Dwelling Unit (ADU) law exists for 30 days or more but nothing shorter.
- The city contacted the property owner to get them to discontinue using AirBnB, and the owner responded by filing for an interim use permit.
- City Council chose not to amend ordinances to make AirBnB permissible. Ultimately no change was made.
- The mayor felt that the discussion was more about cultural concerns than policy per se and hopes that Eagan will come back to the issue at some point and consider legalization.
 - The focus was on one specific property rather than broader policy context.
 - Neighbors were concerned about changes to their neighborhoods.

Rochester – Brad Jones, Rochester Convention and Visitors Bureau

Changed state law to accommodate specific types of visitors in limited circumstances

- Emphasized that under Minnesota state law, AirBnB and the like are considered “short term rentals.
- As a representative for the hospitality industry, it’s his responsibility to help ensure visitors have safe and sanitary accommodations.
- Believes AirBnB and VRBO will not be around long-term. The distribution channel will change.
- The questions to answer are, “do we have a gap in what is available in our market? And “can our market support that gap?”
 - Needed legislation for two specific visitor types: cancer and transplant patients who need a more home-like environment for short-term stay.
- Updated antiquated lodging language with two provisions, specifically avoiding dealing with recreational uses
 - Allow for uses within 10 miles exclusively for family and patients awaiting medical services.
 - For periods of a week or greater, not extreme short-term where hotels suffice.
- Long-term debates will focus on two issues
 - Zoning: where is this type of service allowed and not allowed? It is clearly commercial in nature but AirBnB is commonly found in residential neighborhoods
 - Taxation: Most unregulated properties do not collect state and local taxes. Most communities that have embraced short-term rentals require the services to collect taxes, not the property owners themselves.

Bloomington – Mayor Gene Winstead

Outright prohibited AirBnB and related short-term rental services

- Bloomington is very knowledgeable about the hospitality industry with a sizable portfolio of hotels.
- Concerns about these services are due to their impact on residential neighborhoods.
 - Visitors are often coming to town for some kind of celebration, and Bloomington has seen some egregious uses (e.g. advertising a single-family home as “great for 20+ people”).
 - Decided that AirBnB amounts to turning a residential area into a commercial operation without the oversight and licensing generally associated to commercial uses.
 - Ultimately decided it was incompatible with residential neighborhoods.

- Taxation fairness was a significant concern. Wanted to treat all businesses fairly, which was impossible under current taxation schemes. Examples below
 - \$400K non-homestead residence: Approximately \$5,700 in property taxes.
 - \$400K apartment building: Approximately \$7,200 in property taxes.
 - \$400K commercial building: Approximately \$13,000 in property taxes.

Saint Paul – Dan Niziolek, City of Saint Paul

Embracing AirBnB and evaluating necessary policy changes to accommodate it

- Saint Paul has had a good experience with sharing economy services, particularly working out a licensure model with Uber and Lyft a few years earlier.
- The city wants to embrace new markets and business while protecting health and safety.
- Conducted a short-term rental study to identify what is already happening in the city.
 - Found approximately 250 short-term rentals being marketed
 - Difficult to know precise amount without regulations because there is frequent turnover in what is listed and the market is still growing.
 - Deep dive on 45 properties revealed only two complaints/concerns. One in a condo building about giving strangers access and possible noise. The other was from a bed and breakfast owner wanting assurances the city would create a level playing field.
- Saint Paul is moving forward with a legislative framework to permit short-term rentals focused heavily on managing the host platforms rather than transient providers with several recommendations.
 - issue licenses to the platforms (AirBnB, VRBO) rather than property owners, similar to what was done with Uber and Lyft.
 - Platforms will take responsibility for collecting taxes.
 - Amend zoning code for short-term rentals as “incidental transient occupancy” with different provisions for owner occupied and non-owner occupied units.
 - Fully regulate non-owner occupied units for life safety concerns through the Fire Certificate of Occupancy program.
 - Educate staff (police, fire, and inspectors) about the presence of short term rental uses in neighborhoods and the potential for complaints.

COMING UP

The next meeting of the Regional Council of Mayors will be Monday, September 12th from 11:30 a.m. to 1:30 p.m. in the Seattle Room at Dorsey & Whitney, 50 South 6th Street, Minneapolis, MN. There will be no August meeting.

ATTENDEES

Mayors

Jim Adams	City of Crystal
Chris Coleman	City of Saint Paul
Molly Cummings	City of Hopkins
Jerry Faust	City of Saint Anthony
Mary Giuliani Stephens	City of Woodbury
Debbie Goettel	City of Richfield
Shep Harris	City of Golden Valley
Ken Hedberg	City of Prior Lake
Kathi Hemken	City of New Hope
James Hovland	City of Edina
Marvin Johnson	City of Independence

Elizabeth Kautz	City of Burnsville
Jerry Koch	City of Coon Rapids
Sandra Kresbach	City of Mendota Heights
Denny Laufenberger	City of Chanhassen
Peter Lindstrom	City of Falcon Heights
Mike Maguire	City of Eagan
Sandy Martin	City of Shoreview
Lili McMillan	City of Orono
Tim McNeil	City of Dayton
Terry Schneider	City of Minnetonka
Lisa Whalen	City of Minnetrista
Janet Williams	City of Savage
Gene Winstead	City of Bloomington

Guests

Brad Jones, Rochester Convention and Visitors Bureau; Elizabeth Ryan, Family Housing Fund; Ellen Sahli, Family Housing Fund; John Stanoch, Minneapolis Regional Chamber of Commerce; Dan Niziolek, City of Saint Paul; Matt Stemwedel, City of Coon Rapids; Ani Backa, Xcel Energy; Larry Lee, City of Bloomington; Jay Lindgren, Dorsey & Whitney; Tom Fisher, University of Minnesota; Darin Broton, Tunheim; Thad Hellman, Target Corporation; Mike Ridley, City of Eagan; Cecile Bedor, GreaterMSP; Jennifer O'Rourke, Metropolitan Council

ULI Minnesota Staff and Consultants

Aubrey Austin, Cathy Bennett, Caren Dewar, David Baur, Gordon Hughes