



**Red Rock Corridor Commission  
Agenda  
Thursday May 22, 2014 4:00 p.m.**

**Cottage Grove City Hall, Council Chambers  
12800 Ravine Parkway South  
Cottage Grove, MN 55016**

	<u>Action Requested</u>
1. Introductions	Information
2. Consent Items*	Approval
a. Checks and Claims	
b. Minutes of the March 26, 2013 Commission Meeting	
3. Website and Communication Consultant Selection* - Andy Gitzlaff, WCRRA	Approval
4. AAU Implementation* - Andy Gitzlaff, WCRRA	Discussion
a. Update on Report Adoption by Local Partners	
b. Next Steps Discussion	
5. Communications Update* - Andy Gitzlaff, WCRRA	Information
6. Legislative Update* – Josh Olson, RCRRA	Information
7. Other	Information
a. Next Meeting June 26, 2014	
8. Adjourn	Approval

*\*Enclosures*



**DATE:** May 14, 2014  
**TO:** Red Rock Corridor Commission  
**FROM:** Staff  
**RE:** Checks and Claims

Included is the

Nathanael Productions LLC (formerly App E) Website Services April 2014 Invoice Note: Month to Month Contract	\$ 533.00
Stantec AAU Contract Note: Final bill	\$ 2,645.00
<b>TOTAL</b>	<b>\$ 3,178.00</b>

*Detailed invoices can be made available upon request.*

**Action Requested:** Approval



## Meeting Minutes

March 26, 2014

Cottage Grove City Hall

4:00 p.m.

Commission Members	Agency	Present
Autumn Lehrke, Chair	Washington County RRA	X
Mike Slavik	Dakota County RRA	X
Janice Rettman	Ramsey County RRA	X
Linda Higgins	Hennepin County RRA	X
Barb Hollenbeck	City of Hastings	X
Jen Peterson, Vice-Chair	City of Cottage Grove	X
Keith Franke	City of St. Paul Park	
Steve Gallagher	City of Newport	X
Jim Keller	Denmark Township	
Cam Gordon	City of Minneapolis	
Amy Brendmoen	City of St. Paul	

Ex-Officio Members	Agency	
Marc Mogan	Prairie Island Indian Community	X
Jess Greenwood	Goodhue County	

Staff	Agency	Present
Jan Lucke	Washington County RRA	
Andy Gitzlaff	Washington County RRA	X
Lyssa Leitner	Washington County RRA	X
Jimmy Shoemaker	Ramsey County RRA	
Joe Morneau	Dakota County RRA	
Josh Olson	Ramsey County RRA	X

Others	Agency	
Katie White	Met Council	
Jay Demma	STANTEC	
Lynne Bly	MnDOT	
Chuck Darnell	Hennepin County	

The meeting was video recorded and can be viewed online at:  
[http://swctc.granicus.com/MediaPlayer.php?view\\_id=2&clip\\_id=4815](http://swctc.granicus.com/MediaPlayer.php?view_id=2&clip_id=4815)

Chair Lehrke called the meeting to order at 4:07 p.m.

#### **Agenda Item #1: Introductions**

Introductions were made by those present.

#### **Agenda Item #3: Intercity Passenger Rail Group Representation**

Andy Gitzlaff discussed the Minnesota Intercity Passenger Rail Transportation Forum as presented in the packet.

Motion made by Higgins to appoint Peterson to the Minnesota Intercity Passenger Rail Transportation Forum. Seconded by Hollenbeck. **All in favor.** Motion carried.

#### **Agenda Item #4: Consent Items**

- a. **Checks and Claims**
- b. **Minutes of the January 23, 2014 Meeting**

Motion made by Peterson to approve the January 23, 2014 meeting minutes and checks and claims. Seconded by Higgins. **All in favor.** Motion carried.

#### **Agenda Item #5: AAU Study**

- a. **Review Comments Received**

Lyssa Leitner discussed the Alternatives Analysis Update comments received from the public as presented in the packet.

Lehrke asked if individual responses were provided to the people that took time to comment. Leitner stated they did not unless they had specific questions or if the comment included misinformation.

Lehrke asked Leitner to clarify for the public the comparison of the cost of this BRT Corridor to the Red Line BRT Corridor. Leitner stated the Red Line in Dakota County reconstructed the road curb to curb throughout a large area of the project and this project would not be doing that. This project would look at the construction costs of potentially building direct access ramps at some of the stations and only reconstruct the shoulders for the buses to be able to handle BRT service and not reconstruct the entire road system as was done on Cedar Avenue which is the main cost differentiator.

Commission Member Rettman joined the meeting at 4:16 PM.

- b. **Final Report Adoption Resolution**

Motion made by Slavik to approve Resolution Adopting the Alternatives Analysis Update Final Report. Seconded by Hollenbeck. **All in favor.** Motion carried.

Slavik stated the Dakota County Regional Rail did endorse and support this Alternatives Analysis contingent upon this Commission approving it.

Roll Call: Hollenbeck-Y, Slavik-Y, Lehrke-Y, Peterson-Y, Rettman-Y, Higgins-Y, Gallagher-Y.

Leitner stated the next step for this is to ask each city and member to pass resolutions with their own communities, boards and councils supporting the findings of the study. Staff will prepare a draft resolution template for use.

### **Agenda Item #2: Election of Officers**

Gitzlaff discussed the Election of Officers as presented in the packet.

Motion made by Gallagher to take from the table the Election of Officers. Seconded by Hollenbeck. **All in favor.** Motion carried.

Chair Lehrke opened nominations for Chair. Motion made by Gallagher to nominate Peterson. Motion made by Slavik to nominate Lehrke.

Chair Lehrke asked the Commission if they would like the candidates to state why they would represent the Commission best. Commission members agreed that it was a good idea.

Peterson stated she is interested in being the Chair of the Red Rock Corridor Commission specifically in relationship to Commission Lehrke having to recuse herself from a significant vote that related to this Corridor and so there is good representation that does not have another interest at stake or potential conflict.

Lehrke stated she is interested in being the Chair as she believes it should be a County Commissioner in the position as they are the funding partners for the Corridor. It is also important for what opportunities and relationships the Chair is going to have and as a County Commissioner, she serves on several Joint Power Boards where she connects with other County Commissioners. Lehrke stated she is also the Vice Chair of the GEARS Committee and is an alternate for CTIB; dealing with the transportation stakeholders who are making the decisions. Through the relationships she has built, she is trying to find a way to get Red Rock moved up in the funding line and be worked into the phase one program of projects for CTIB. Lehrke stated she is very passionate about the Corridor and as far as the conflict; there was one vote she had to recuse herself on and that vote is done. Lehrke stated she has no worries in her ability to advocate and is prepared to do it.

Voice vote for Peterson: Hollenbeck-N, Slavik-N, Lehrke-N, Peterson-Y, Rettman-N, Higgins-N and Gallagher-Y. Motion failed on voice vote to elect Peterson as Chair.

Voice vote for Lehrke: Hollenbeck-Y, Slavik-Y, Lehrke-Y, Peterson-N, Rettman-Y, Higgins-Y and Gallagher-Y. Motion passed on voice vote to elect Lehrke as Chair.

Chair Lehrke opened nominations for Vice Chair. Motion made by Slavik to nominate Peterson. Seconded by Gallagher. **All in favor.** Motion carried.

Rettman encouraged Lehrke to continue to get involved with High Speed Rail and get Washington County back in it.

**Agenda Item #6: Financial Management Services Agreement**

Gitzlaff discussed the Financial Management Services Agreement Renewal as presented in the packet.

Motion made by Rettman to approve the renewal of the financial management services agreement through December 31, 2017. Seconded by Gallagher. **All in favor.** Motion carried.

Gitzlaff stated this will need to be signed by Vice Chair Peterson as Chair Lehrke is also the Chair of the Washington County Board.

**Agenda Item #7: Release Website Services RFP**

Gitzlaff discussed the 2014 Website and Communication Services RFP as presented in the packet.

Rettman asked if the branding may potentially change the Red Rock Corridor logo. Gitzlaff stated the logo may change to be more neutral, with the transit mode not being included, but the logo still reflecting the corridor.

Rettman asked if Hay Dobbs contract has been completed. Gitzlaff stated yes, they were on for the station planning study and in 2012 they were kept on for another year to provide communication services while App-E provided the website services. Last year Hay Dobbs was not included due to the AAU Study being done and their services were not needed. Rettman stated she wanted to make sure there were no connections left with Hay Dobbs.

Gallagher asked if the County has an IT Department that could subcontract the web hosting for \$30,000. Gitzlaff stated this would be outside of their core function. They manage the County's website and prefer to have it separate due to the needs being separate.

Slavik asked if Hennepin County could be added in 1C of the RFP as they were omitted. Gitzlaff stated yes it was an oversight and Hennepin County will be added.

Motion made by Hollenbeck to approve the release of an RFP by the Washington County Regional Railroad Authority (WCRRRA) on behalf of the Commission for website and communication services for June 1, 2014 to March 31, 2015 for a not to exceed amount of \$30,000. Seconded by Slavik. **All in favor.** Motion carried.

### **Agenda Item #8: Communications Update**

Gitzlaff discussed the communication update as presented in the packet. Gitzlaff stated content has been added to the Facebook page related to Red Rock and to transit. If there are items that would be good for Facebook, please send them to him.

### **Agenda Item #9: Legislative Update**

#### **a) State**

Josh Olson discussed the State Legislative Update as presented in the packet. There are two companion bills being shuttled around the Capital right now. Olson stated there is a bill on the Senate side (2107) which is the Transportation Finance Bill. A major component of this is a quarter cent sales tax; an expansion of transit funding. Olson stated Red Rock is identified within the bill as well as the House bill. The bill went out of Transportation and is now in the Finance Committee. On the House side, a similar bill did pass the Transportation Finance Committee and has moved to the Taxes Committee. Olson stated right after the House bill had been passed in Committee, the Speaker of the House stated the timing was not good for a large transportation bill, largely indicating a lack of business support and Republican support.

#### **b) Federal**

Olson discussed the Federal Legislative Update as presented in the packet. The cliff, as related to the Highway Trust Fund, is set to run out of cash around the July timeframe. It is a worrisome thing, but is not unexpected as it has happened in the last few years before seeing a transportation bill or extension come through. Olson stated this is probably what will happen this upcoming year; part of the problem is there has not been a whole lot of movement on the transportation side. Olson stated there will most likely be an extension of Map21, which is the current Federal Transportation Bill, because of the election cycle and other things happening in Washington. September 30 is the current expiration date for Map21 as it was a two-year bill.

Rettman stated when the President came to town, there was a lot of buzz about his initiatives in things like this. Rettman asked if any of this will affect any monies that Red Rock will be going after and what is happening with that going forward. Olson stated a critical piece that came out of the President's visit and his announcement of a next round of TIGER funding, is that it is moving forward and it could be an option for this Commission to proceed for funding. TIGER in the past has been about capital grants, which Red Rock is not quite there, but TIGER in at least two or three instances offered planning assistance which this Commission could go after. Rettman asked if it gives this Commission an opportunity to potentially look at it for the next meeting unless it is timelier than that. Olson stated yes they will look at it and gauge interest from County partners to see what projects they may be pursuing for TIGER as it important to know potentially if competition arises. Olson stated in years past, a TIGER Grant was sought by Ramsey County for east metro rail capacity improvements and it may be pursued again.

Rettman stated she did have an opportunity to meet with Senator Sieben in regards to the dollars for the Hoffman Yards, which are critical, and there is a little part in Ramsey

County but it also impacts this Commission and the freight rail 5% is really critical. Even if it is not specific to Red Rock, it could be used for other rail capacity which helps in terms of Amtrak also. Rettman would like the Commission to support anything that would assist in raising the capital even if it does not affect Red Rock. Gitzlaff stated in the past, the Commission has taken supportive positions of the east metro capacity improvements as well as other improvements in the Corridor, including Highway 61 and 19 roadway improvements. Gitzlaff stated they will want to talk with Ramsey County staff to see if they will be submitting first, so if the Commission can put together potentially a resolution if there is time for a meeting or a letter can be done in the interim period.

Higgins stated that people need to pay a lot of attention to the Legislature right now as Majority Leader Bakk announced he would like everyone to go home by Easter which is mid April. Things will be getting fast and furious; if things are not aligned, they will fall by the wayside. Higgins stated there will be significant differences in the targets for transportation between House and the Senate; House has fifty million dollars and the Senate they do not know yet. There is a lot at stake and if it isn't ready to go, it isn't going to go.

Marc Mogan stated the deadline for the TIGER Grants is April 28, so it is a tight schedule.

Gitzlaff stated Hausman's bill in the House side does have a pot of money with fifty million and Red Rock is one of the projects. It is not the best to be one project in a pot, because of how the money gets allocated. Gitzlaff stated this is a good time to send Hausman or your Legislators a note or phone calls to let them know the importance of Red Rock. It is highly unlikely that Red Rock is going to get its own testimony this year. Gitzlaff stated it is going to rely on Commission Members, elected officials or business members to make phone calls, send emails or even visit to make sure the Red Rock million dollars is on the radar and works its way into a final bill. Even when it gets into a final bill and goes to the Met Council, we need to make sure there is a strong group reiterating the fact that Red Rock is one of the projects that needs to move into the next phase.

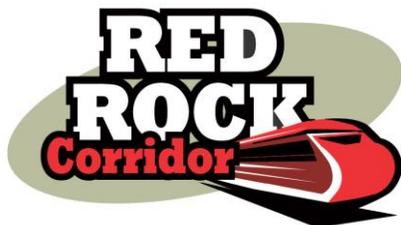
#### **Agenda Item #10: Other**

- a) Next scheduled meeting is Thursday, April 24, 2014 at 4:00 p.m.

Peterson asked if the option of phone or video attendance for these meetings would be possible being there has been issues this year getting enough attendance at the meetings. Gitzlaff stated in the past when this has come up, the counterpoint of transparency has come up, and if votes are called in there wouldn't be that level of transparency. The staff has never been asked in the past to bring forward different options; meetings are only held if there are things of importance and if meetings can be cancelled or had with fewer members, then they go in that direction. Higgins stated she will not be at the next meeting.

**Agenda Item #11: Adjourn**

Motion made by Higgins to adjourn the meeting. Seconded by Hollenbeck. **All in favor.**  
Motion carried. Meeting adjourned at 4:57 p.m.



**DATE:** May 14, 2014  
**TO:** Red Rock Corridor Commission  
**FROM:** Staff  
**RE:** 2014 Website and Communication Services Proposals

The Commissions 2014 budget includes \$20,000 for website upgrades, hosting and content management of [www.redrockcorridor.com](http://www.redrockcorridor.com) as well as an additional \$10,000 for communication services.

### **Scope of Services**

Staff has identified the following needs for website and communication services:

- **Website Hosting and Content Management** - ongoing
- **E-newsletter Distribution** – up to 12 issues per year
- **Website Reconstruction** - The website framework reconstruction has been an outstanding issue. The original website architecture has become dated making updates more difficult. If the webpage was converted to a newer design it would be easier to update. This would allow staff to do some of the updates in house instead of going through the website provider.
- **Branding** - This would also be an opportunity to upgrade the website and Red Rock materials with a fresher look for the corridor.

### **Consultant Selection Process**

At the March Red Rock Corridor Commission meeting, the RFP was approved for release. The RFP was posted and ten proposals were received from:

- |                              |                       |
|------------------------------|-----------------------|
| - Global Internet Management | - MOD                 |
| - Internet Sales Results     | - Wildcard            |
| - Glad Works                 | - IdealSpeech         |
| - MDA Technologies Group     | - Johnson Group       |
| - Nathanael Productions      | - Ardent Technologies |

A proposal evaluation committee included staff from Dakota, Hennepin, Ramsey, and Washington Counties. The group selected two finalists to interview. More information on the finalists, evaluation, and recommended consultant will be provided at the May Commission meeting.

### **Timeline**

Below is the timeline for the consultant selection process.

<u>March 27, 2014:</u>	RFP Released
<u>April 24, 2014:</u>	Proposals Due
<u>May 19, 2014:</u>	Oral Interviews
<u>May 27, 2014</u>	RRCC Approves Consultant Selection
<u>June 1, 2014:</u>	WCRRA Executes Contract and Issues Notice to Proceed

**Action**

Approve communication consultant based on detailed information provided at the Commission meeting.



**DATE:** May 14, 2014  
**TO:** Red Rock Corridor Commission  
**FROM:** Staff  
**RE:** AAU Implementation

**4a – Update on Report Adoption by Local Partners**

At the March meeting, staff requested that all Commission partners adopt a resolution supporting the findings of the AAU. A sample resolution was distributed to staff. To date, we have received resolutions from:

- St. Paul
- St. Paul Park
- Dakota County
- Washington County

**4b – AAU Next Steps**

The AAU Implementation Plan indicated that implementing BRT would need to be a staged plan. The Implementation Plan chapter of the report is attached to this memo for reference.

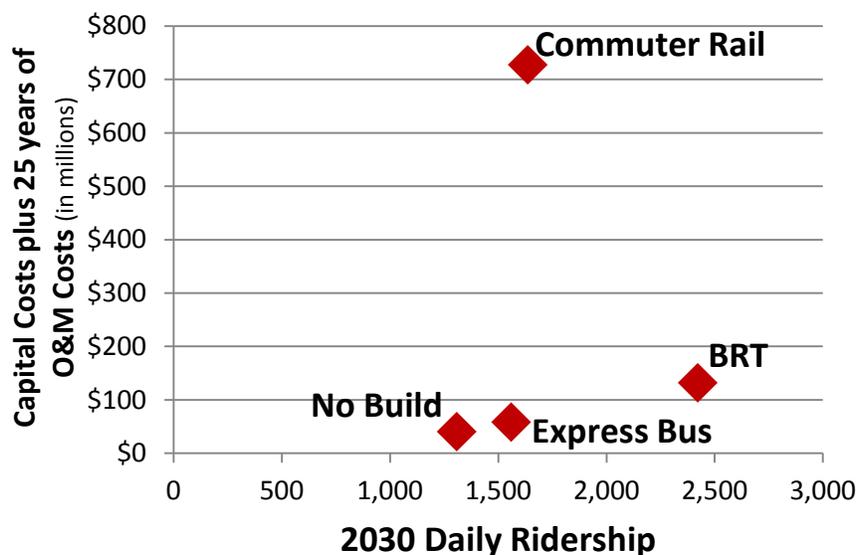
In order for the Commission to determine the short term next steps, staff suggests holding a workshop during the July meeting. This workshop will be an opportunity to delve into the priorities for the Commission and the realistic opportunities for short and long term implementation of BRT. This workshop could also be an opportunity for the Commission to discuss overall website and branding opportunities with the new communications consultant.

**Discussion**

Discuss and provide input on holding a workshop on next steps, implementation plan, and priorities for the Red Rock Corridor Commission at the July meeting.



**Figure 4: Cost versus Ridership of Red Rock Corridor Alternatives**



## 11.0 Implementation Plan

Based on technical information, current land use and growth projections, and the goals and objectives evaluation from the AAU, it has been concluded that BRT is the alternative that is best aligned with the Red Rock Corridor Commission’s approved objectives. This conclusion has been made in consultation with representatives on the Citizens Advisory Committee (CAC) and presented to the public in a variety of forums and media.

Central to this conclusion was public input regarding the need for all-day transit service in the Corridor to key regional destinations as well as between station areas throughout the Corridor. Nonetheless, this conclusion also takes into consideration the potential need for additional peak-period transit capacity improvements as the population base continues to grow throughout the Corridor.

In moving forward with the development of BRT, the Red Rock Corridor Commission will pursue a staged implementation plan. These stages are such that actions and improvements for Stage 1 will need to be implemented before Stage 2 actions and improvements begin and, likewise, Stage 2 actions and improvements will need to be implemented before Stage 3 actions and improvements begin.

In conjunction with the actions and improvements in each of the three stages, there are other broad and ongoing strategies that will be pursued by the Red Rock Corridor Commission. They are:

1. Advocate for integrated multi-modal investments including pedestrian and bicycle facilities, rail, freight, highway and transit improvements that support mobility throughout the Red Rock Corridor.



Implementation Plan  
December 16, 2013

2. Advocate for funding for mobility improvements along the corridor. This includes advocating for sustainable local and regional funding sources, as well as supporting and applying for funding at the Federal level.
3. Continue to monitor peak period capacity needs in the corridor to determine the timing for implementation of additional transit services, alternative modes, or capital improvements.

The three stages include the following:

### **11.1 STAGE ONE**

#### **1 Work with Metro Transit to increase express bus service to St. Paul/Minneapolis as demand increases within the existing Corridor.**

- 1.1.1 Complete the Newport Transit Station and Park and Ride
  - 1.1.2 Evaluate the feasibility of providing peak period express service from Newport Transit Station to downtown Minneapolis.
  - 1.1.3 Evaluate the feasibility of providing limited mid-day and evening service along the corridor.
  - 1.1.4 Work with the Metropolitan Council to monitor parking capacity and safety issues at the Lower Afton Road Park and Ride and make improvements if warranted.
  - 1.1.5 Monitor congestion on Highway 61 to determine whether bus shoulder lanes are warranted.
  - 1.1.6 Prepare Feasibility Study and Environmental Documentation for BRT, including bus-only shoulder lanes, station improvements and other supporting infrastructure.
  - 1.1.7 Coordinate the outcomes of this study with the Metropolitan Council Highway BRT study and the update to the regional Transportation Policy Plan
  - 1.1.8 Work with Metro Transit to implement all-day bus service as part of a phased BRT investment.
- #### **1.2 Promote land use changes and development around station areas to increase density to support all-day transit market.**
- 1.2.1 Work with the City of Newport and the Washington County HRA to develop transit-supportive uses on the Newport Transit Station Site and surrounding area.
  - 1.2.2 Work with the Cities of Cottage Grove and Hastings to develop transit-supportive uses around the station/park and ride locations.
  - 1.2.3 Evaluate the need to prepare a Corridor Investment Framework Plan to prioritize investments, similar to the plan prepared for the Central Corridor.



Implementation Plan  
December 16, 2013

**1.3 Encourage service extensions to Hastings, which would require the City to join the transit taxing district.**

1.3.1 Evaluate the feasibility of extending initial peak period limited stop express service from Cottage Grove to Hastings.

**11.2 STAGE TWO**

2.1 Further evaluate a BRT alternative.

2.2 If warranted, begin phased implementation of BRT improvements.

2.3 Add BRT/ticket vending machines/next bus technology improvements at all stations/park and rides.

2.4 Perform Preliminary Engineering for bus-only shoulder lanes.

2.5 Perform Preliminary Engineering for direct access infrastructure to the Cottage Grove and Lower Afton Road Park and Rides.

2.6 Perform Final Design and Construct Bus Only Shoulder Lanes.

**11.3 STAGE THREE**

3.1 Design and Construct Infrastructure Improvements at Lower Afton, Cottage Grove, and Hastings and retrofit Newport Station to accommodate BRT.

3.2 Procure BRT Vehicles.

3.3 Begin operation of BRT service.

3.4 Consider additional transit services, alternative modes, or capital improvements to meet peak period capacity needs in the corridor as warranted.



**DATE:** May 14, 2014  
**TO:** Red Rock Corridor Commission  
**FROM:** Staff  
**RE:** Communication Update

**Website**

A total of 507 people visited the Red Rock website in March and 579 in April.

**Facebook**

The Facebook page is now up to 151 likes. A direct URL has also been created for the page <https://www.facebook.com/RedRockCorridor>

There have been no instances where comments needed to be removed from the facebook page in accordance with the Commission's facebook use policy.

**Action**

Information



**DATE:** May 14, 2014  
**TO:** Red Rock Corridor Commission  
**FROM:** Staff  
**RE:** Legislative Update

**9a State Update**

Session officially convened on Tuesday, February 25. By law, legislators must adjourn by May 19.

Lockridge Grindal Nauen (LGN) has prepared a mid-session update, which is attached. Since the session is wrapping up quickly, any time-sensitive updates will be verbally provided at the Commission meeting.

**9b Federal Update**

Please see the attached federal update prepared by Lockridge Grindal Nauen (LGN) for the Counties Transit Improvement Board (CTIB).

**Action**  
Information



**H. Ted Grindal**

Partner



## Mid-Session Review of Minnesota’s 2014 Legislative Session

Minnesota’s 2014 Legislative Session officially convened on February 25 and has been moving at a fast pace due to the late start and early committee deadlines. Policy committees had just over four weeks to complete their agendas, a timeline that was dramatically shorter than last year’s session. Finance committees had only four weeks after the state’s budget forecast was released to put together their supplemental budget proposal.

**Rebecca K. Klett**

Partner



With the entire Minnesota House of Representatives and Governor Mark Dayton up for re-election, as well as several members of the legislature running for higher statewide or federal office this year, political rhetoric is particularly strong. Divisive issues have either been especially politicized or left alone completely.

**Daniel G. Larson**

Government Relations



Today marks the start of the legislature’s annual Easter and Passover Break. The House and Senate will take a 12 day break, returning Tuesday, April 22. Upon return, there will be just over four weeks remaining before the May 19 constitutional deadline to adjourn.

Below please find a summary of what has happened and what is left on major issues at the capitol.

**Lydia K. Bjorge**

Associate



**Taxes:** Tax policy has been front and center at the legislature, largely in reaction to last year’s significant tax reform package that included nearly \$2.1 billion in new revenue. Over the interim, legislators from both sides of the aisle expressed an appetite to repeal several of the taxes enacted last year and pass additional federal conformity that would give middle-class Minnesotans tax relief. That appetite grew exponentially when legislators and the Governor learned the state would likely have a budget surplus in 2014.

**Kathryn A. Karbo**

Government Relations

When the legislature convened in late February, the House almost immediately passed a repeal of the business-to-business taxes along with federal conformity and middle-class tax breaks. The Governor released his own tax proposal just a week later that included many of the same tax breaks. The Senate continued to hold out until late in March when they eventually passed their own, pared-down version of the tax relief package.



**Ian G. Marsh**

Government Relations



**Nate C. Mussell**

Associate



**Jessica A. Matuska**

Communications &  
Grassroots Advocacy



**Bill C. Otto**

Communications &  
Grassroots Advocacy



**Leslie W. Rosedahl**

Communications &  
Grassroots Advocacy

The final package included:

- A repeal of the three business-to-business sales tax provisions from the 2013 tax bill, including tax on equipment repair, telecommunications equipment, and warehouse services,
- A repeal of the gift tax provisions and a modification of the estate tax provisions passed in the 2013 tax bill,
- Federal conformity provisions such as an expanded childcare credit, credits for adoptive parents, student loan and educator deductions, and more, and
- \$150 million added to the state's budget reserves.

Both the House and Senate have passed a second tax bill in the past week. The second tax bill is much less controversial with a vote of 125-0 in the House and 57-6 in the Senate. The bills vary slightly, but largely focus on property tax relief, the Governor's "unsession" proposals, and Department of Revenue minor technical and policy changes. The tax chairs will work out the differences between the two bills in the remaining weeks of session.

**Supplemental Budget:** The legislature is constitutionally required to balance the state's budget each year, although the bulk of the work is typically done in odd-numbered years, dubbed "budget" years. In budget years, the state's two-year biennial budget is set. In non-budget years, like this year, the legislature is required to put together a supplemental budget to address any discrepancy (surplus or deficit) in the forecast.

This February, the state economist projected a \$1.2 billion surplus. The House and Senate have passed supplemental budgets that revise our state's two-year budget based on the positive forecast. However, the two bodies' budgets differ significantly. A conference committee of five finance chairs from each body will meet in the coming weeks to negotiate the final budget that will be sent to the Governor.

The House approved a supplemental budget (HF 3172) that totals \$322 million in new state spending. The bill was passed largely along party-lines on a vote of 70-59. Highlights include:

- \$80 million in increased health and human services funding for a five percent increase for providers of disability, senior and other waived services,
- \$92 for early education and K-12, the largest portion of which includes an increase in the overall general education funding formula by \$58 per student,
- \$15 million for emergency pothole repair to counties and cities due to the extreme winter conditions this year, and
- \$37 million for job creation and bonding, which includes offering grants for increased broadband internet access.

The Senate approved a supplemental budget that totals \$209 million, more than \$110 million less than the House version. The Senate bill passed on a vote of 37-27. Highlights include:



**Cullen D. Sheehan**  
Government Relations



- \$80 million in increased health and human services funding for a five percent increase for providers of disability, senior and other waived services,
- \$41 million in new funding for early childhood and K-12 education, with more than half of the money going toward preschool and school readiness programs,
- \$5 million in FY14 and \$38 million FY15 from the trunk highway fund for operation and maintenance of state roads, including pothole repair.

**Minimum Wage:** During last year's legislative session both the House and Senate passed bills raising the minimum wage, but a final amount was never agreed upon. So far this session, the conference committee appointed to work out the differences has met several times, and just this week a compromise was announced.

The deal, announced this past Monday morning by House and Senate DFL majority caucus leaders, will raise the minimum wage to \$9.50 an hour for large employers by 2016. The small business (under \$500k in gross sales) minimum wage increase plan is \$6.50 an hour in 2014, \$7.25 in 2015, and \$7.75 in 2016.

Also included in the plan is a 90-day training wage of \$7.75 for teen workers. Not included was an idea pushed by the Minnesota Restaurant Association for a "tipped employee tier" where tipped employees who make \$12 an hour or more including tips would maintain the current minimum wage level.

The new minimum wage rate would be tied and indexed to inflation beginning in 2018, but allows the commissioner of the Minnesota Department of Labor and Industry to suspend it if there's an economic downturn. Indexing has been one of the most controversial issues surrounding raising the state's minimum wage at the legislature.

Current state law requires most employers to pay \$6.15 an hour, but most large Minnesota employers pay the federal minimum of \$7.25 an hour. According to the Minnesota Department of Employment and Economic Development, around 350,000 Minnesotans currently make less than \$9.50 per hour.

The Senate passed the bill on Wednesday afternoon (35-31). The House passed the bill on Thursday (today) (71-60) and Governor Dayton is expected to sign the bill very shortly.

**MNsure:** Although there has been considerable media attention around MNsure (Minnesota's health insurance exchange) over the first few months of the year, the legislature has declined to take up any legislation related to MNsure this session. The issue remains one of the most talked about at the Capitol as attention has focused on the controversial roll-out of the program last year and the late push to meet enrollment targets in March.

Republicans have made multiple attempts to bring up amendments to

the House and Senate Omnibus Budget bills on MNsure but have been rebuffed by Democrat majorities who have ruled their amendments out of order and not germane. Governor Dayton's recent comments about the legislative oversight committee being a "farce" will only continue to fuel the fire of Republicans over the remaining weeks of the legislative session.

**Legalization of Medicinal Marijuana:** Medicinal marijuana has been a hot topic of debate over the first couple months of the session, although most of the fireworks have been outside of the legislative process. Earlier this year Governor Dayton expressed his lack of support for legalization efforts, citing opposition from law enforcement agencies. However, in the past few weeks after saying the bill was dead, he opened the door by proposing a legislative study of the effects of the non-THC component. This idea was unpopular with legislators and advocates, who continue their push for a compromise. Governor Dayton then met with legalization advocates, and several news stories followed about what he may or may not have said regarding obtaining marijuana. Just this week, Governor Dayton again added fuel to the fire by calling out legislators for not taking a vote on the issue. We expect this issue to continue through a potential vote on the floor of the full House or Senate through an amendment to an existing bill in the final weeks of session.

**Electronic Cigarette Regulation:** E-cigarette regulation legislation has worked its way through many committees and is currently awaiting floor deliberation in the House and Senate. HF 1931 was amended in committee to only limit indoor e-cigarette use in public buildings under the Department of Administration's management. In addition, the bill prohibits the use of e-cigarettes in public schools and provides for local licensing and other measures intended to prevent youth from accessing these devices. The provisions designed to limit child access to the products are included in the House HHS Omnibus Policy bill that also awaits consideration by the full body. The Senate version, SF 2027, which would treat e-cigarettes the same as tobacco cigarettes for purposes of clean indoor air restrictions, was procedurally recalled to the Senate Rules Committee. However, all provisions of SF 2027 have been included in the Senate HHS Omnibus Policy bill, which is awaiting consideration by the full Senate.

**Transportation Funding:** A wholesale gas tax has been the subject of much discussion in Minnesota this session and last. The House DFL proposal would raise an additional estimated \$550 million each year through a new wholesale gas tax and expanded metro area transit sales tax. Advocates of this proposal stress the need for additional funding to maintain Minnesota's aging infrastructure as well as to invest in new highway, rail and bus projects. The Senate companion bill is currently stalled in the Senate Finance Committee. Despite bipartisan support of the state's need for new transportation funding, House and Senate DFL leadership have indicated it is unlikely a transportation-related tax will advance this year due to the lack of support from Republicans and the business community.

**Capital Investment (Bonding):** A primary focus of the 2014 Minnesota Legislature is the consideration and passage of a capital investment bill for public works and infrastructure projects.

Last year, caucus leaders agreed to cap capital investment spending at \$1 billion over the two-year biennium. Approximately \$156 million was spent last year, leaving about \$850 million for this year. A three-fifths majority in each chamber is required to pass bonding bills, giving the Republicans (in the minority) their primary leverage for the session. (However, cash infrastructure projects only require a simple majority for passage.)

House DFL Capital Investment Committee Chair Alice Hausman (DFL-St. Paul) recently released her proposal totaling \$975 million, of which \$850 million is bonding. She is publicly unhappy with her spending target and wants it to grow. Notable projects in her proposal include the Nicollet Mall in downtown Minneapolis (\$4.5 million), the University of Minnesota (\$175 million), the MN State Colleges and University system (\$193 million), the Mayo Civic Center expansion (\$30 million), the MN State Arena in Mankato, as well as \$21.7 million for bridge replacement and repair around the state. The state Senate has not released its bonding plan to date.

**Propane heating assistance:** The first few days of this year's legislative session focused on emergency propane heating assistance. Governor Dayton's first bill signed this session was HF 2374 which appropriated an additional \$20 million to the Low Income Heating Energy Assistance Program (LIHEAP) to address a propane shortage caused by high demand from crop drying and frigid winter temperatures.

**Wolf Hunt:** Advocates have been active at the Capitol again this year with a bill focused on collecting more data about our wolf population and suspending the two-year old wolf hunt. A bill received an informal hearing in House, and has passed several committees in the Senate. The issue may be amended onto another bill in the remaining weeks of session.

**New Capitol Office Building:** The House and Senate Rules committees have now approved design plans for a new State Legislative Office Building, primarily on a party line vote, with DFL Rep. Ron Erhardt (Edina) also voting no. The building was scaled back from preliminary designs which included features such as a reflecting pool and a fitness center, but additional office space was added to provide for 67 offices for the senators. A parking ramp on the corner of Rice and Sherburne Avenue has also been eliminated. The total cost of the new building is \$90 million, with a provision for increased parking charges on the Capitol Complex to bring in an additional \$13 million - making the net cost \$77 million for the state. It is unclear if Senators will maintain offices in the Capitol once both renovations are complete at the Capitol and the building construction is done, but there is some indication leadership senators may end up with offices in both locations.

**Safe and Supportive Minnesota Schools Act (Anti-Bullying Bill):**

Wednesday afternoon the Safe and Supportive Schools Act (also known as the anti-bullying bill) was signed into law in an outdoor ceremony by Governor Dayton. This bill, an overhaul of Minnesota's bullying-prevention law, is a key priority for DFL lawmakers and their supporters. It was ultimately supported along party lines, with Democrats supporting it, and all Republicans along with a few Democrats opposing it.

The bill requires school leaders to develop a comprehensive anti-bullying policy, train staff to prevent bullying and quickly investigate allegations. OutFront Minnesota led a coalition of over 100 organizations who supported this legislation.

Opponents of the bill say it imposes a costly new bureaucracy that takes local control from school leaders and gives special protections to certain students. They say school leaders don't need or want the bill, which is expected to cost districts up to \$20 million annually. Republican legislators also said they voted against the bill due to lack of parental notification, and that it potentially restricts students' freedom of speech and other rights.

**Women's Economic Security Act:** The Minnesota legislature is considering a substantial package of bills dubbed the "Women's Economic Security Act." Provisions include a doubling of unpaid maternity leave, more workplace protections for pregnant and nursing women, an extension of unemployment benefits to victims of sexual assault and stalking, and a requirement for certain businesses that contract with the state to certify that they are paying their male and female employees equally. The original package included a childcare cost subsidy but has since been cut. The portion relating to women's health was also cut for fear the highly political topic would delay the noncontroversial parts of the package. Opponents of bill have noted costs as a main issue.

A revised package was approved by the full House of Representatives this week but is still working through the committee process in the Senate.

**The "UnSession":** During last year's State of the State address, Governor Mark Dayton declared this session an "Unsession" with a goal to "make government better, faster, simpler and more efficient for people... to improve service, shorten wait times, eliminate old and outdated rules, and undo anything else that makes government nearly impossible for people to understand." So far there have been several noncontroversial bills moving through the legislature but it has not been a highlight of the legislative session as many other proactive pieces of legislation have taken center-stage.

**End of Session Prediction:** After the Easter and Passover Break, legislators will have a few more weeks to pass final bills – a supplemental budget and the capital investment/bonding bill. Every

year legislators predict and try to adjourn before the constitutional deadline, but almost every year the legislature adjourns with mere minutes to spare. Most of the staff at Lockridge Grindal Nauen predicts that session will end just before the deadline; however, Democrat majorities may finish a day early to highlight their ability to “end early” and get their work done in time.

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## Federal Government Relations **LEGISLATIVE ALERT**

### Weekly Update for Week of May 5<sup>th</sup>

This week in Washington, D.C., the House passed legislation forming a Select Committee to investigate the 2012 terrorist attack in Benghazi, as well as legislation holding former Internal Revenue Service official Lois Lerner in contempt of Congress. The Senate voted on confirmation of three U.S. District judges and debated a series of energy bills. The House is in recess next week, while the Senate returns for regular session and is expected to take up a two year tax cut bill as well as continue work on appropriations legislation.

#### In this Update:

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[Minnesota Delegation Notes](#)

[Additional Media](#)

#### **The Senate's Proposed \$85 billion Tax Extenders Bill**

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The Senate is expected to take up an \$85 billion tax extenders bill next week, in spite of opposition from the White House. The package contains provisions dealing with individuals and businesses, as well as the renewable energy industry. Some of the largest include \$15.4 billion for the research and development tax credit, \$13.35 billion for renewable energy, \$10.4 billion for active financing, and \$6.4 billion for the state and local sales tax deduction.

The White House has threatened to veto the tax cuts as proposed in the House, based on the fact that the legislation does not include a solution to pay for the tax cuts. While the administration has not yet threatened to veto the Senate measure, the Office of Management and Budget issued a sternly worded veto threat over the House GOP's tax extender bill which includes the research and development tax credit at a cost of \$156 billion over the coming decade.

Senator Barbara Boxer, (D-CA) highlight the work these tax breaks do to help the economy create jobs while bringing in new revenue indirectly. "Such things as research and development tax credits. So important to have that investment in new products, new ideas and then it eventually helps. Such things as renewable energy tax credit (are) terrific. . . . There are some of them that are important enough that they pay for themselves in other ways."

The Senate cleared a procedural hurdle on the tax extenders bill on Thursday, setting it up for a final vote on May 13.

### **Bipartisan Energy Deal Stalled**

Sources are suggesting Congress will now have to wait until 2015 to pass legislation on energy efficiency and the Keystone XL pipeline

The energy efficiency bill, backed by business and environmentalists alike, failed to make it to the floor this week, due to partisan disagreements over proposed Senate Minority amendments. Disagreement over proposed amendment has many assuming the squabble could also bring down the Senate's efforts to pass a bipartisan bill authorizing the Keystone XL Pipeline.

Only two energy bills have been passed during the 113<sup>th</sup> Congress while many others lay stalled. The first of the successful bills, a hydropower bill co-sponsored by Sens. Ron Wyden (D-OR) and Lisa Murkowski (R-AK), managed to pass based on unanimous consent while the second, a bill to form a joint U.S.-Mexican framework to guide offshore drilling, managed to sneak through the Senate on the back of the budget deal passed last December. Other energy bills, like Sen. Dianne Feinstein's effort to change

federal nuclear waste policy, have languished due to partisan resentment or disinterest.

Some Senators express confidence that their bills will pass, but realize it may occur until 2015 or beyond. This logjam of energy legislation in the Senate has prompted Senate Majority leaders, like Senator Diane Feinstein (D-CA), to consider if a rule change in the Senate would help put an end to its current energy impasse..

### **Water Resources Development Act Conference Agreement Reached**

Lawmakers on Thursday evening announced a conference agreement on the Water Resources Development Act. Senator Barbara Boxer (D-CA), Senator David Vitter (R-LA), Representative Bill Shuster (R-PA), and Representative Nick Rahall II (D-WV) said in a statement that the necessary paperwork will be finalized next week that will allow the bill to go before both the House and Senate for final passage. Additional details will be released when the conference report is filed.

### **KEY UPCOMING DATES**

#### **September 30, 2014**

The comprehensive federal budget Congress passed in January of this year will expire on September 30<sup>th</sup>, which marks the end of fiscal year 2014.

#### **May 30, 2014**

Minnesota State Society Forum "Coffee and Conversations" with Congressman Erik Paulsen  
Time: 8:30am  
Location: United States Capitol  
Room: TBA

#### **June 13, 2014**

Minnesota State Society Forum "Coffee and Conversations" with Minnesota Delegation Legislative Directors  
Time: TBA  
Location: United States Capitol  
Room: TBA

#### **September 12, 2014**

Minnesota State Society Forum "Coffee and Conversations" with Minnesota Delegation Chief's of Staff

Time: TBA  
Location: United States Capitol  
Room: TBA

### **November 4, 2014**

General Election day for all 435 seats in the United States House of Representatives, 33 of the 100 seats in the United States Senate, as well as 38 state governorships.

### **March 15, 2015**

While Congress passed legislation to raise the debt ceiling, action must be taken again prior to March 15, 2015 or the nation once again runs the risk of defaulting on its loans.

### **Special News, Notes and Events**

#### **National Police Week, 26<sup>th</sup> Annual Candlelight Vigil**

*Tuesday, May 13, 2014*

*8:00 p.m.*

400 Block of E Street, NW

Washington, DC

#### **MINNESOTA DELEGATION NOTES:**

**Senator Amy Klobuchar, (D-MN)**, joined eleven senators in a call for increasing the number of federal investigators who ensure colleges properly handle and report sexual assault cases on their campuses. Read more [here](#).

**Senator Al Franken, (D-MN)**, delivered statements on the senate floor this week calling for the passage of the *Banks on Students Emergency Loan Refinancing Act*. The bill would allow former students to refinance their public and private student loans to take advantage of lower interest rates. Read more [here](#).

**Congressman Tim Walz, (D-MN-01)**, received the Disabled American Veterans Congressional Leadership Award this week in Rochester, MN for his ongoing dedication and support on veteran's issues. Read more [here](#).

**Congressman John Kline, (R-MN-02)**, voiced his skepticism over proposals to allow college athletes to unionize, noting that it would cause severe policy discrepancies between private and public universities and ultimately hurt the cohesion of college leagues. Read more [here](#).

**Congressman Erik Paulsen, (R-MN-03)**, visited Williston, ND to join Congressman Kevin Kramer (R-ND) on a roundtable discussion that focused on combating sex trafficking in the Upper

Midwest. Read more [here](#).

**Congresswoman Betty McCollum, (D-MN-04)**, spoke at the Minnesota Poverty: Call to Action conference in St. Paul, MN this week about the "invisibility" of poverty and the importance of directly engaging the problem. Read more [here](#).

**Congressman Keith Ellison, (D-MN-05)**, announced that the House passed his bipartisan bill, the *Money Remittances Improvement Act*, and now makes it way to the Senate. The bill aims to make it easier for regulated nonbanking institutions to send remittances across the world. Read more [here](#).

**Congresswoman Michele Bachmann, (R-MN-06)**, took the first flight to Chicago from out of the St. Cloud regional airport this week. Read more [here](#).

**Congressman Collin Peterson, (D-MN-07)**, won first place in the annual Congressional Shoot-Out event hosted by the Congressional Sportsmen's Foundation, reaffirming his long-standing status as Congress' best shot. Read more [here](#).

**Congressman Rick Nolan, (D-MN-08)**, met with senior officials from the White House last week to discuss the importance of Renewable Fuel Standards and voice his concern over the EPA's proposed rule change to them. Read more [here](#).

## **ADDITIONAL MEDIA**

### **Charter Schools Bill Likely to Pass House But Senate Future is Murky**

By Carolyn Phenicie, CQ Roll Call

A charter schools bill set for a vote Friday in the House continues to raise apprehension among members of the nation's largest teachers' union, and has drawn the opposition of the National School Boards Association.

But across the Capitol, two Democrats and two Republicans have unveiled a new push in the Senate for charter schools legislation, though their measure's prospects are murky.

In the House, members are set to consider amendments that would assuage some - but not all - of teachers' concerns with the charter schools bill (HR 10), which is strongly supported by Republican leadership and also has a handful of Democratic co-sponsors. It is expected to pass.

The National Education Association in a letter Monday had expressed concerns that the measure does not hold charter

schools to the same disclosure and accountability standards as traditional public schools.

On Thursday, the NEA said it is "strongly supportive" of a number of amendments to be considered, including those that would set aside 2 percent of funds for oversight, require schools to report on retention rates and mandate conflict of interest guidelines.

"While the underlying bill includes some improvements to existing law, it falls short of what is needed to ensure greater accountability and transparency," NEA Government Relations Director Mary Kusler said in a letter to House members Thursday.

The Rules Committee made in order 12 amendments to the bill, which will be debated and voted on Friday before members vote on final passage.

The bill would consolidate two existing federal charter school programs and authorize \$300 million per year to give grants to states to open new charter schools and expand and replicate high-quality charter school models.

Notably, the amendments made in order would not affect a section of the underlying bill that prioritizes grants to states that do not cap the number of charter schools permitted or require mandatory disclosure of private funding to charter schools.

The National School Boards Association Thursday came out against the measure, saying education decisions should rest with state and local authorities and that charter schools should be authorized only by local school boards.

Each state chooses which entity authorizes new charter schools, which may include school boards, state boards of education, colleges, nonprofit groups or municipal governments.

"Charter schools absent school board oversight have far less accountability for student achievement than traditional public schools," Thomas J. Gentzel, executive director of the NSBA, said in a release. "The school board governance model protects student outcomes for the many, not the few, and strives to resolve inequities in educational delivery and service."

#### Senate Version Emerges

Four senators - Democrats Mary L. Landrieu and Michael Bennet and Republicans Lamar Alexander and Mark S. Kirk - introduced their companion charter schools proposal late Wednesday.

The measure (S 2304) largely reflects the House bill, but would prioritize grants to states that have policies aimed at helping charter schools acquire or lease facilities.

It would not cap authorized funding for the program after fiscal 2015 and it would allocate a greater percentage of grant funding to expand and replicate high-performing charter school networks.

Despite optimistic predictions Wednesday by House Republican leaders - including Education and the Workforce Chairman John Kline, R-Minn., who said he had "pretty good confidence" there would be a Senate measure, given the administration's support of charter schools - the bill's future is unclear.

Senate Health, Education, Labor and Pensions Committee Chairman Tom Harkin, D-Iowa, said Thursday he has no plans to bring a charter schools bill before his committee.

Ellyn Ferguson contributed to this report.

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