



CITY OF LE SUEUR
REQUEST FOR COUNCIL ACTION

TO: Mayor and City Council
FROM: Jasper Kruggel, City Administrator
SUBJECT: Infrastructure Accountability Resolution
DATE: For the City Council Meeting of Monday February 24, 2020

PURPOSE

Consider Resolution R2020-004 – Resolution Supporting Infrastructure Accountability.

SUMMARY

The attached resolution R2020-004 indicates that the City of Le Sueur supports legislation that would authorize cities to collect infrastructure development fees to fund municipal street improvements as a necessary component of growth.

If this legislation is approved, the City of Le Sueur would have the ability to pass along the infrastructure costs related to growth and development directly to the party that is facilitating the growth and development. Currently, the City is unable to collect all of the costs related to growth and development, hence putting that financial burden on the existing properties within the City.

A fact sheet has been attached that has been provided by the League of Minnesota Cities.

ACTION REQUESTED

Staff is recommending that City Council adopt resolution R2020-004 – Resolution Supporting Infrastructure Accountability.

CITY ISSUE FACT SHEET

Infrastructure fees support development and taxpayer fairness

If not addressed, existing taxpayers will foot the bill for streets that are only needed because of proposed residential development.



PROBLEM:

When a new subdivision proposal is presented to a city by a developer, city officials consider how that development will connect with the rest of the community through new city streets, or how the added capacity will impact existing city streets.

Many cities plan street work years in advance, and new development creates additional demand.

However, legal interpretation of current law does not allow for cities to collect fees from developers to help pay for these future investments.

LEAGUE-SUPPORTED SOLUTION:

The League supports **HF2296 / SF2442 and HF2297 / SF2443** (Rep. Brad Tabke, Sen. Eric Pratt), providing the necessary statutory authority for cities to be able to charge developers fees that cover the infrastructure improvements that are needed because of the new residential development.

DID YOU KNOW?

Without legislative action, cities who want to grow must rely on property taxes to pay for development-related infrastructure. If these cities don't have the tax capacity to absorb these costs, they may be forced to forego new development entirely.

BACKGROUND:

The Minnesota Supreme Court found in *Harstad v. City of Woodbury* that cities do not have the statutory authority necessary to impose a fee for future street improvements when approving residential development. Cities need a clear and lawful path forward to support development while protecting the interests of current taxpayers.

For more information:

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CITY OF LE SUEUR, MINNESOTA
CITY COUNCIL RESOLUTION R2020-004
RESOLUTION SUPPORTING INFRASTRUCTURE ACCOUNTABILITY

WHEREAS, populations in Minnesota cities are growing statewide; and

WHEREAS, the development and construction associated with that growth are driving the need for road improvements, street oversizing, street redesign, and street reconstruction; and

WHEREAS, municipal statutory authority appropriately exists for fees to support added need for parks, sewer, and water; and

WHEREAS, this municipal authority does not exist for infrastructure development fees; and

WHEREAS, city streets are one of the four major types of infrastructure local government is responsible to provide to protect public safety and health, and city streets represent a separate but integral piece of the network of roads supporting movement of people and goods; and

WHEREAS, existing funding mechanisms, such as Municipal State Aid (MSA), property taxes, and special assessments have limited applications, leaving cities under-equipped to address growing needs; and

WHEREAS, neighborhood streets are constructed according to city standards by developers; and

WHEREAS, funding sources for larger streets and intersections to support new developments have historically come from infrastructure development fees; and

WHEREAS, the Minnesota Supreme Court found in *Harstad v. City of Woodbury* that no statutory authority existed for these infrastructure development fees; and

WHEREAS, cities should not be forced to make current residents and businesses pay for costs of growth through local taxes but rather by those that are responsible for the growth; and

WHEREAS, cities are finding it difficult to develop adequate funding systems to support needed infrastructure development related to growth while complying with existing state statutes; and

WHEREAS, cities need flexible policies and greater resources in order to meet growing demands for street improvements.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COUNCIL THAT:

The City of Le Sueur supports legislation that would authorize cities to collect infrastructure development fees to fund municipal street improvements as a necessary component of growth.

PASSED by the City Council of the City of Le Sueur on this 24th day of February 2020.

ATTEST

Mayor

City Clerk

VOTE: ___ HAGG ___ FAVOLISE ___ HUNTINGTON
 ___ KIRBY ___ KROGMANN ___ SCHLUETER ___ SULLIVAN