



DEDICATED TO A STRONG GREATER MINNESOTA

February 15, 2023

Senator Sandra Pappas
2113 Minnesota Senate Building
St. Paul, MN 55155

Dear Senator Pappas and members of the Senate Capital Investment Committee,

On behalf of the more than 100 member cities of the Coalition of Greater Minnesota Cities (CGMC), we thank you for taking the important first step towards passing a much-needed bonding bill. We appreciate the extensive work done over the last 18 months to bring us to this point and want to offer our support for aspects of the package and urge support from your committee for certain needs of Greater Minnesota that were not addressed in the proposal.

Water Infrastructure

With cities across the state facing billions of dollars in costs to upgrade water infrastructure to replace aging equipment and comply with new regulations, the bonding bill must invest in programs that address the growing expenses that our communities face.

Wastewater and drinking water infrastructure

As you have undoubtedly heard, there is a crushing need for funding assistance to build and upgrade our cities' aging water infrastructure. According to the Minnesota Pollution Control Agency's most recent estimates, the 20-year funding need for wastewater infrastructure rose by 22% to 5.3 billion dollars. The Minnesota Department of Health estimates the 20-year drinking water need at 7.5 billion dollars. Minnesota cities, in both Greater Minnesota and the Metropolitan area, are proud stewards of our water, but they cannot bear this burden alone.

We thank you for recognizing the importance of funding these projects by including nearly \$236 million for the Public Facilities Authority (PFA) grant and loan programs, but we believe more funding is necessary to address the significant need we see throughout the state. We hope that we can work with you on increasing that amount in either this bill, or in the second bill to be passed later this session.

We also urge you to raise the caps on both the Water Infrastructure Fund (WIF) and the Point Source Implementation Grant (PSIG) programs. The costs for water and wastewater facilities have been growing exponentially, but the caps for these grant programs have not been increased to reflect these inflated costs.

Replace lead service lines

We appreciate your inclusion of \$10 million to support the replacement of the publicly owned portion of drinking water lead service lines. Lead in drinking water puts the health of our children at risk, and lead lines can be found throughout Minnesota.

Because many of the lead service lines in our state are located on the private portion of these lines, which are ineligible for grants supported by bonding proceeds, we hope that we can gain the support of everyone for Senator Jennifer McEwen's bill, S.F. 30, which provides cash to address those lines.

Economic Growth and Job Creation

Greater Minnesota relies on a robust and geographically balanced capital investment bill as a significant component of economic development efforts. Attracting new employers to our communities and helping existing job providers remains a top priority. Permanent, living wage jobs are desperately needed across many rural areas of the state, and investments in public infrastructure is a critical need. The earnings and wages associated with permanent job creation have an exponential impact on local economies as new wages cycle through countless local businesses and the broader community. New jobs also benefit the health of the state's general fund budget, which allows for additional and targeted state investments.

We are pleased that this legislation includes funding for several critical economic development programs, including the Greater Minnesota Business Development Public Infrastructure (BDPI) grant program, the Greater Minnesota Child Care Facilities Grant program, and the newly proposed Greater Minnesota Housing Public Infrastructure Grant program.

Greater Minnesota Business Development Public Infrastructure (BDPI) grant program

BDPI is one of the most tried and successful economic development programs we have in the state. Communities all across Greater Minnesota have utilized this program for decades to spur growth, create local jobs, and expand or maintain their tax base. Unfortunately, due to the program's popularity and the fact that no bonding bill passed during the 2022 session to replenish it, the program's funds are exhausted. Until the grant pool is refilled, local governments will not have this impactful economic development tool at their disposal. We appreciate your recommendation of \$10 million to help replenish these funds and urge you to appropriate no less than this amount in your final bonding package. This amount is \$10 million less than the CGMC feels is necessary to fund the program substantially enough to catch up with a backlog of waiting projects and fund needed investments going forward. We hope to work with the legislature to increase this amount to meet a continued demand in rural areas of our state.

Child care

Greater Minnesota is short more than 42,500 child care slots, and one the biggest driver of the shortage is the lack of access to capital to build new child care facilities. In 2020, this committee created the Greater Minnesota Child Care Facilities Grant program. While it was created in the 2020 bonding bill, it was not funded. We appreciate the first ever inclusion of funding for these programs, but \$900,000 is inadequate to meet the significant facilities needs that exist. We hope that we can work with you to increase that amount.

Housing

Housing, or the lack there of, is a significant barrier in our businesses growing in Greater Minnesota. If an employer needs to hire a new employee from outside the community, how can they hire that person if the community has no available housing, and the market does not support the construction of new housing? This is the reality faced by too many Greater Minnesota communities.

We express our strong appreciation for your willingness to finally establish and fund a grant program to help communities build the public infrastructure needed to support the construction of new housing units. These grants will help reduce the final price of new housing development, thereby bringing the construction cost in line with the market-based appraisal price. We hope that we can work with you to find additional funding for this important program.

Thank you for your continued support for Greater Minnesota. We look forward to continuing to partner with you on behalf of our communities.

Sincerely,

A handwritten signature in blue ink, appearing to read "B. D. H.", with a stylized flourish underneath.

Brian Holmer, Mayor of Thief River Falls
President, Coalition of Greater Minnesota Cities