

**Speaker notes: City of Minnetonka Beach Mayor Pagano  
March 9<sup>th</sup>, 2023 Senate Capital Investment Committee Testimony**

My name is Joe Pagano and I am the newly elected Mayor of Minnetonka Beach.

Thank you Chair Pappas and Members the Committee; for the opportunity to speak on behalf of Minnetonka Beach's 541 residents. 541, the same number as our PFA ranking.

There are three take a ways from today's presentation:

1. The 65 year old water treatment plant needs immediate replacement
2. Minnetonka Beach is one failed part from a water crisis
3. Our small town needs State funding to build a new plant

Engineering and Health inspections have shown that our water treatment plant has many major components that are past their expected service life and are in need of costly repair or replacement. The State's 2021 Water Plant Inspection Tour viewed Minnetonka Beach's water treatment plant as the second worst of all inspected plants. The plant is currently operating on the clean water/worker safety fault line.

Inflation, interest rates and length of construction time have created a heightened sense of urgency:

1. The same plant that cost \$4.2M two years ago costs \$6.6M today
2. Interest rates have increased from 2% to 5%
3. It takes 2 and half years to design and build a new plant

City Council determined that the best use of tax payer dollars was to build a modest and functional new plant. Like the current plant the exterior will be simple. Priority will be given to the water filtration equipment inside the building.

Now a closer look at Minnetonka Beach:

1. Minnetonka Beach has just 230 homes
2. There is no commercial or industrial tax base
3. The city's budget for this year is just \$1.4M
  - a. Including \$300k debt service from previous water mains and a new water tower
4. The debt service on the new plant is estimated at \$530k annually for twenty years.

Without State funding assistance:

1. The city's annual debt service will rise to \$830k annually-43% of the budget
2. At the kitchen table, residents will be discussing how to fund the additional \$2300 in annual water related charges. That's \$46,000 per household over the next 20 years.
3. These numbers will impact families with children and seniors

Thank you for considering this need to have infrastructure project. Please help Minnetonka Beach continue to provide residents with safe water.