

April 30, 2024

Re: SF 5251 A24-0321 Amendment and SF 5201 A24-0322 Amendment

Chair Pappas and members of the Senate Capital Investment Committee:

The League of Minnesota Cities appreciates the opportunity to comment on the DE amendments allocating general obligation bonds and state general funds for public infrastructure and making policy changes related to those expenditures.

Community Tree Planting: The League appreciates the badly needed investment of both bonds and general funds to urban forest management through the creation of community tree planting programs at the Department of Natural Resources (\$8 million GO in A24-0321: Art. 1, Sec. 16, Subd. 4 and policy in Art. 2, Sec. 2) and through the Met Council (\$8 million GO in A24-0321: Art. 1, Sec. 7 and policy in Art. 2, Sec. 8, plus \$4.08 million GF in A24-0322: Art. 1, Sec 4). The abilities of local government to finance management of urban tree canopies, especially in light of emerald ash borer, has been massively exceeded. These tree canopies are extremely important for air quality, stormwater management, heat island reduction, and energy benefits, in addition to the quality of life and property value impacts mature trees provide.

Drinking Water Contamination Mitigation: The League supports the creation of a statewide program through the Pollution Control Agency (\$4 million GO in A24-0321: Art. 1, Sec. 8, Subd. 2 and policy in Art. 2, Sec. 3) to provide public and private water supply assistance when contamination is found in water supplies.

Local Road Improvement and Local Bridge Replacement: While the allocation of \$37.7 million in transportation fund bond proceeds for major bridge projects is helpful, the lack of funding for the Local Road Improvement and Local Bridge Replacement programs leaves a huge unfunded need to keep those critical transportation infrastructure components safe and functional. The League would strongly request that the final bonding package contain funds for both of those programs.

Secondary Sources of Drinking Water: The League supports the creation of a statewide program through the Department of Health (\$6 million GO in A24-0321: Art. 1, Sec. 18, and policy in Art. 2, Sec. 4) to provide public and private water supply assistance when contamination is found in water supplies.

Public Facilities Authority: The League has been supportive of the Governor's recommendations for funding of water, wastewater, and stormwater infrastructure. While the \$39 million in GO funding fully matches federal funding for the Clean Water and Drinking Water State Revolving Funds, other funding needs to address public health, safety, and environmental requirements are

not met in the current proposal. \$23.485 million is the projected need for the Water Infrastructure Grants program with \$18 million in projected demand for Emerging Contaminants projects. In addition, \$18.527 million was in the Governor's request to cover required pollution control improvements to address impaired water issues. Additional funding for the replacement of lead service lines is also needed.

Greater Minnesota Housing Infrastructure Grants: The League appreciates the inclusion of an additional \$4.5 million in General Obligation bonds for the Greater Minnesota Housing Infrastructure Grants program found in A24-0321: Art. 1, Sec. 23, Subd. 3. Infrastructure, especially in greater Minnesota cities, is often the most expensive component of residential development and additional state resources to assist cities with the cost of installing necessary infrastructure, especially in greater Minnesota, will help attract more residential development.

Public Housing Rehabilitation: The League appreciates the inclusion of \$32 million in General Obligation bonds for preservation and rehabilitation of public housing found in A24-0321: Art. 1, Sec. 23, Subd. 2. Additional resources for public housing preservation and rehabilitation are sorely needed to make progress on a substantial backlog of repairs necessary to ensure affordable public housing options continue to be available to residents in cities across the state.

Other Policy Provisions:

- Net Debt Capacity: As the League stated in testimony earlier in the session, we do not see a concern with adding net tax capacity information as part of a submission of a request for a local project to be included in the Governor's capital budget. (A24-0322: Art. 2, Sec. 1)
- Expansion of 50% Match Limitation: While the general principle of the state asking for at least a 50% match from local government, the new wording does not work with how many water and wastewater projects, especially in the neediest communities, need to be financially structured. The legislature already has the ability to reject funding for a project if they feel state funds are not being properly matched, but statutorily prohibiting financing that crosses that line could have significant negative consequences and tie the hands of state and federal agencies to make sure adequate water and wastewater systems can be developed. (A24-0322: Art. 2, Sec. 2)
- Billing Statement Modification Requirement: The language creating a new logo and message requirement to be included in all municipal water and sewer bills where state funds have in any way been used to build the infrastructure is an unfunded mandate on almost every water and sewer system in the state and provides no time for cities to find, contract, and implement changes to their billing systems and printed billing materials. (A24-0322: Art. 2, Sec. 3)
- Sustainable Building Guidelines: Sustainable building guidelines are designed for building envelopes that are very different from the industrial uses of water and wastewater treatment facilities and are not appropriate to be applied to those buildings. This could result in significant delays and cost impacts to water and wastewater systems.

The League will continue to work with Chair Pappas and the legislature as the final package of policy and funding for capital projects is developed. Thank you for your time and attention to these

important issues. Please contact me if you have questions on these or any other provisions being considered.

Sincerely,

A handwritten signature in black ink that reads "Craig A. Johnson". The signature is written in a cursive, flowing style.

Craig A. Johnson
Intergovernmental Relations Representative
League of Minnesota Cities