COALITION OF GREATER MN CITIES

DEDICATED TO A STRONG GREATER MINNESOTA

May 14, 2024

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

On behalf of the Coalition of Greater Minnesota Cities (CGMC), we are writing to express our thoughts and share support for some aspects of the Capital Investment bills being discussed in committee this week. The CGMC is a group of more than 100 cities located outside the Metropolitan Area. Our members are dedicated to a stronger Greater Minnesota and are focused on developing viable, progressive communities for families and businesses through good local government and strong economic growth. We appreciate the increase that the Author has proposed on water infrastructure funding and other facets of the bill, but we also have concerns about certain policy aspects contained in the bill.

Water and Wastewater Infrastructure Funding Improved

Protecting Minnesota's drinking water and its lakes, rivers, and streams should be a top goal for every bonding bill. We appreciate the Committee including $39 million to match the federal grants for the State Revolving Loan Funds, $35.5 million for the Water Infrastructure Fund (WIF), and $18.5 million for the Point Source Implementation Grant (PSIG) program. This funding level represents a significant increase over the earlier versions of the bill, though these programs need more investment in the long term.

We have also been pushing for $180 million per year for lead service line replacement. Although we know that budget targets restrain this committee, we are disappointed that no money was included to continue funding the removal of lead lines from public water systems. If more money becomes available, we encourage the Committee to continue funding this priority.

Local Road and Bridge Funding Increases are Appreciated

We thank the Author for increasing the funding for Local Bridge Replacement and Rehabilitation and Local Road Improvement. These programs provide much-needed infrastructure funding for communities throughout Minnesota.

More Investment in Economic Development Would Spur Economic Growth.

Our organization has long supported the Business Development Public Infrastructure (BDPI) program. This program assists communities with building out the public infrastructure needed to support business attraction and expansion in Greater Minnesota. It is one of the most successful programs of the Department of Employment and Economic Development (DEED) and enjoys significant popularity amongst Greater Minnesota cities. While the program is funded at $2 million, this is well below what is necessary to ensure that funding is available to meet the demand for this popular program.

The Parks and Trails of Greater Minnesota Should Not Be Ignored

This bill also fails to fund the Parks and Trails Local and Regional Grant Program under the Department of Natural Resources (DNR). These DNR programs assist local governments around the state with the acquisition and development of local and regional parks and trails. Compare the lack of funding for this statewide program to the amount of $8 million provided to the Met Council for parks and trails.

Policy Language Needs Further Adjustment to Avoid Unnecessary Expense

We are also concerned about several policy provisions in these bills. We thank Senator Pappas' for her efforts to improve the language of the Capital Replacement Fund, but we believe it still needs work. We think a fiscal note should be provided to determine whether the program's cost would outweigh the benefits. We also have the following concerns regarding the exception language (S.F. 5201 A24-0039 amendment, Art. 2, Sec. 6):

(a.) This section attempts to exempt recipients of state grants that are already required to have replacement or preservation funds in place from the requirements of this new section. Unfortunately, it is worded in such a way that it could create added burdens for the local governments who can least afford it, such as recipients of WIF Grants who also receive additional appropriations for extraordinarily large projects. The language requires that grant recipients pay additional funds on top of the existing replacement fund if it does not equal the minimum deposits established by the commissioner. For programs like WIF, this could be problematic because the Public Facilities Authority (PFA) already calculates the amount to be deposited based on affordability criteria. This problem could be solved by eliminating the following language at 14.29 – 14.31 ("*so long as the deposits not the replacement fund are at least as large as the minimum deposits established by the commissioner under subdivision 3*.")

(b.) We appreciate the exception to the preservation fund for local governments that have a capital improvement plan in place, but we request that the 10-year forecast be shortened to 5 years to align with other state requirements. Cities that issue their own bonds are required to have such a plan in place, but only forecast. Looking beyond 5 years tends to be speculative and does not provide meaningful information. This concern could be solved easily by amending the language on 14.26 from ten to five.

In addition, there are several requirements that would require signs and notices that a project has been funded with bonding funds (Art. 2, Sec. 3). Although we appreciate the very Minnesotan instinct to share the good work the state has done, these proposals are unfunded mandates on local governments that add additional cost at a time when we should be looking for ways to reduce costs.

In conclusion, we appreciate the strides that have been made in increasing funding for water infrastructure and local roads and bridges. We urge the Committee to make the small policy changes noted.

Thank you for your time and consideration.

Sincerely,

Rick Schultz

Rick Schultz, Mayor of St. Joseph
President, Coalition of Greater Minnesota Cities