



May 14, 2024

**Re: SF 5251 A24-0338 Amendment and SF 5201 A24-0339 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 a community tree planting program at the Department of Natural Resources (\$6 million GO in A24-0338: Art. 1, Sec. 7, Subd. 4 and policy in Art. 2, Sec. 2), paired with the funding and program creation being considered in the Omnibus Environment and Natural Resources bill. The abilities of local government to finance management of urban tree canopies, especially in light of emerald ash borer, has been massively exceeded. In addition, the costs to private property owners to remove dangerous dying trees can be unmanageably high for many, and financial assistance on that is outside the ability of most cities. Our 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 (\$8 million GO in A24-0338: 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: The allocation of \$35 million in transportation fund bond proceeds for major bridge projects, \$20 million for other local bridge replacement, and \$36.621 million for Local Road Improvement is very helpful and badly needed. These allocations are made in Art. 1, Sec. 15, Subd. 2, 4, and 5 of the A24-0338. The League supports strong funding for the local road and bridge programs to replace, improve, and maintain aging infrastructure.

Local Government Roads Wetland Replacement Program: The \$2.5 million in GO bonds allocated to the Board of Water and Soil Resources in Article 1, Sec. 9, Subd. 2 of the A24-0338 is significantly less than has been identified as the amount necessary for the state to cover its financial obligations under state wetland statutes. This shortfall in both cash for immediate needs and bonds for long-term funding will prevent the construction of needed public safety and economic development road improvements due to a lack of wetland bank credits being available

for the projects to legally go forward. The League requests that the legislature fund this program to at least the Governor's recommended levels of \$3.942 million in GO bonds and \$10.558 million in general fund cash.

Public Facilities Authority: The League strongly supports and appreciates the funding levels proposed in Article 1, Sec. 21 of the A24-0338 for local water, wastewater, and stormwater infrastructure projects approved and scored through the Public Facilities Authority process.

Greater Minnesota Housing Infrastructure Grants: The League supports the inclusion of \$4.5 million in General Obligation bonds for the Greater Minnesota Housing Infrastructure Grants program found in A24-0338: Art. 1, Sec. 22, 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 \$10 million in General Obligation bonds for preservation and rehabilitation of public housing found in A24-0338: Art. 1, Sec. 22, 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. (A24-0339: 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 is well understood, 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 exceeds 50% state funding 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. (A24-0339: Art. 2, Sec. 2)
- Billing Statement Modification Requirement: The League opposes 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. This requirement is an unfunded mandate on almost every water and sewer system in the state, especially in smaller communities, and provides no time for cities to find, contract, and implement changes to their billing systems and printed billing materials. (A24-0339: 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 and they should be exempted from this requirement. (A24-0339: Art. 2, Sec. 4)

- Capital Preservation Accounts: The League very much appreciates the time and effort that Chair Pappas and Chair Lee, along with other legislators, have put into understanding and addressing city concerns with previous versions of this new requirement. At this point, our only remaining request for change to this provision would be that the planning requirement to qualify to be exempted from establishing a new local fund be changed in line 14.26 of the A24-0339 amendment (Art. 2, Sec. 6) from “ten” to “five” years, which coincides with normal local capital infrastructure planning and budgeting timelines.

The League will continue to work with the chairs 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