



April 6, 2022

Re: LMC Comments on HF 4736

Dear Chair Lee and members of the Capital Investment Committee:

The League of Minnesota Cities, representing 837 of Minnesota's 854 cities, appreciates the opportunity to submit comments related to HF 4736. Cities spend hundreds of millions of dollars each year to operate, maintain, and improve their water, wastewater, and stormwater systems, all with the goal of protecting water quality while providing safe, reliable, and affordable service to our residents and businesses.

The League respectfully opposes the changes made in HF 4736 in determining eligibility of cities for state grants for water and wastewater infrastructure grants. With billions of dollars of need to address aging water and wastewater infrastructure in the state, this change would not result in more of those systems being addressed.

The financing system run by the Minnesota Public Facilities Authority is considered a national model for how to fairly and efficiently distribute infrastructure funds. In particular, our system allows for a closely coordinated system of shared financing of projects with United States Department of Agriculture Rural Development and the PFA, which are able to co-finance projects because of the criteria system that we have in place. This allows both state and federal money to go much further and affordability to be a more likely outcome.

The proposed language also eliminates existing need- and connection-cost-based criteria that applies to entire communities in exchange for a menu of different criteria that can qualify a project for grants even if only a small portion of a community meets the listed criteria. This combination of changes would cause far fewer projects, especially in greater Minnesota, to be eligible for grants, despite no realistic ability of their community being able to afford the infrastructure.

Thank you and the committee for the tremendous time and effort you put into understanding and working to resolve our community water and wastewater infrastructure needs. The League continues to be available to discuss legislative proposals affecting these important topics.

Sincerely,

A handwritten signature in black ink that reads "Craig A. Johnson".

Craig A. Johnson
Intergovernmental Relations Representative
League of Minnesota Cities