



DEDICATED TO A STRONG GREATER MINNESOTA

March 31, 2023

Dear Chair Hassan and members of the House Economic Development Finance and Policy Committee:

I am writing on behalf of the Coalition of Greater Minnesota Cities (CGMC) to strongly object to the inclusion of Article 4 in the committee's proposed omnibus bill. This provision changes the criteria by which dollars allocated to the Public Facilities Authority (PFA) are distributed through grants and loans to support the funding of critical water and wastewater projects across the state.

This article is problematic from both a policy and process perspective, and the interaction of these deficiencies makes it irresponsible for Article 4 to be included in the House Economic Development Omnibus Bill.

While we understand that the impulse behind the language is to address perceived inequities in the distribution of PFA funding, we believe this language will not serve the needs of Minnesotans across the state. The current affordability criteria work to ensure that water and wastewater rates will not unduly burden residents and businesses with crushing costs. This system is especially important in Greater Minnesota. In the Twin Cities area, where services are coordinated by the Metropolitan Council, there are significant economies of scale and a large population to spread the costs of these services, making them much more affordable than in many Greater Minnesota communities.

Because this language has not received a hearing in ANY COMMITTEE, the consequences of this proposal have not been vetted. Based on this language, we fear that the end result will be higher water and wastewater rates in Greater Minnesota without a corresponding benefit to metro residents, who already see lower rates than their fellow Minnesotans in other parts of the state. We also believe this approach will result in fewer projects across the state receiving funding, delaying projects and threatening water quality statewide.

A proper vetting of this proposal would include an analysis of projects currently on the PFA funding lists, comparing what projects and how much funding any given project would receive under this proposal versus the current system. That has not been done.

A proper vetting of this proposal would include the participation of impacted stakeholders, including cities across the state that are on the frontline of providing clean water to their residents and neighbors in other parts of the state. This has not been done.

A proper vetting of this proposal would include a full committee hearing to understand the proposal, its policy rationale, and any evidence that would support the necessity of this language change. This has not been done.

In order to avoid long-term and not well understood consequences of this proposal, Article 4 of the Economic Development Omnibus bill should be removed. To the extent that there are concerns about the proper and equitable distribution of PFA funding, the CGMC is absolutely willing to meet with those concerned and help craft a solution to these issues together.

Sincerely,

Brian Holmer, Mayor of Thief River Falls
President, Coalition of Greater Minnesota Cities