

February 13, 2023

To Chair Klevorn and members of the House State & Local Government Committee:

From: Kent Sulem

MMUA Director of Government Relations and Senior Counsel

RE: Support of HF 1213 (Acomb)

Dear Madam Chair and Members,

I am submitting the memo to document the Minnesota Municipal Utilities Association's (MMUA) strong support for HF 1213 which seeks to repeal the salary cap imposed on local units of government in Minnesota. While the issue of an employees earning more than the cap imposed by Minnesota Statutes Section 43A.17 is not a frequent issue for municipal utilities, when it has arisen it has caused serious problems.

In one example, the waiver process created severe tension when an employee of the utility was granted a waiver, but another employee of the city was not. MMUA has also received complaints from members unable to retain key employees due to the cap. And most recently, MMUA was notified of a member which was starting the search process for the eventual replacement of the utility's manager and was told by a national search firm that they would not place a client in Minnesota due to the salary cap.

The inability to recruit top rate candidates for leadership positions, and the challenge to retain key employees places municipal utilities behind other utilities in being able to have and maintain the most well qualified and diverse workforce possible.

Repealing the salary cap will not result in a free-for-all race to increase salaries. Municipal utilities are governed either by the city council or by an independent local public utilities commission. Further, a municipal utility's customers are also their neighbors. These factors mean that commonsense will keep utilities from going crazy in increasing salaries to a point where there would need to be significant rate increases to cover the new salaries. All the repeal does is to empower municipal utilities to exercise discretion in hiring from a larger pool of candidates, and to then be able to retain the employee's knowledge and experience.

MMUS encourages a yes vote on HF 1213.