



**Dedicated to a Strong Greater Minnesota**

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## **Legislature needs to build on progress for Greater Minnesota** *LGA, infrastructure, child care among issues that demand attention this session*

ST. PAUL—As the Minnesota Legislature prepares to head into session next week, Greater Minnesota city leaders are urging lawmakers to put aside the growing partisan divide and focus on the “bread and butter” issues that keep communities across the state healthy.

“The Legislature has a strong opportunity to address key issues like Local Government Aid funding, infrastructure repairs and the child care shortage. The greatest danger this session is that legislators will squander this moment of economic strength in our state,” said Bradley Peterson, executive director of the Coalition of Greater Minnesota Cities (CGMC), during a pre-session conference call with statewide media this morning.

“Legislators have a prime opportunity to build on progress made over the last couple of sessions. They can’t let partisanship or the distraction of the upcoming elections stand in the way of getting work done,” he said.

David Smiglewski, mayor of Granite Falls and president of the CGMC, added, “As city leaders and as Minnesotans, we have to demand that they stay focused, buckle down and do their jobs.”

### **Tax bill talks must include LGA**

Leading into the session, legislators have been vocal about the need for tax bill to address issues that have sprung up due to the recent federal tax overhaul. Peterson said this focus on taxes creates an opportunity for the Legislature to address Greater Minnesota cities’ needs by passing an increase in Local Government Aid (LGA). The CGMC is seeking a permanent \$30.5 million increase, the amount needed to bring LGA back to its 2002 high-water mark.

“If legislators are serious about passing a tax bill, it must include LGA,” Peterson said.

Ron Johnson has served for 18 years on the city council of Bemidji, a growing community for which LGA is particularly important because nearly half of property in the city is tax-exempt. He has seen LGA funding ebb and flow through the years and says it has a direct impact on the health of his community.

“Our city is prudent — we squeeze extra mileage out of our vehicles and try to be mindful about the amount our residents pay in fees and taxes — but we have necessary expenses. Nothing costs the same as it did in 2002 when there was more LGA to go around,” Johnson said.

The 2017 Legislature passed a modest \$15 million LGA increase, which Bemidji used to hold down its property tax levy. Other communities used the extra funds on needs like fire equipment or park improvements, while numerous cities found that higher employee health insurance costs more than ate up any LGA increase.

If the Legislature passes the desired \$30.5 million increase, Johnson said his city has discussed hiring a community development director — a position eliminated due to LGA cuts in the mid-2000s — to help take advantage of opportunities for economic growth. For Granite Falls, Smiglewski said an LGA increase would likely be used to replace outdated equipment.

“We have a list of needs a mile long — and we’re not talking about \$100,000 waterfalls here,” Smiglewski said.

### **Costly water infrastructure upgrades can’t wait**

Due to aging infrastructure and new water quality regulations, hundreds of cities in Greater Minnesota are currently faced with having to invest millions in expensive upgrades to their wastewater and drinking water facilities. The CGMC is requesting \$167 million in bonding for state grant and loan programs that help cities meet these astronomical costs.

Little Falls is among the cities relying on a bonding bill to pass this year. The city needs to renovate its wastewater treatment plant, a project estimated to cost more than \$17 million. It is currently on the list to receive a \$7 million grant through the state’s Point Source Implementation Grant Program, but that money will only come into fruition if the program is funded in the bonding bill.

“If we don’t receive grant funding, our rates will nearly triple,” said City Administrator Jon Radermacher. “We have no choice but to upgrade our plant, so this funding is absolutely critical. There is no question Little Falls and other cities in our position need the Legislature to pass a bonding bill with substantial funding for water infrastructure.”

### **Budget constraints force cities to take a slow path on street repairs**

Another infrastructure concern that has dogged cities for years is the struggle to keep up with street repairs and maintenance. The CGMC is seeking \$50 million for city streets, divided equally between cities with populations greater than 5,000 and those under 5,000.

The city of Granite Falls has identified at least 27 city blocks that need be rebuilt or overlaid, a list that grows each year. Due to budget constraints, the city plans to fix only six blocks in 2018, which is estimated to cost \$927,000. In contrast, the city received only \$24,635 in city-street funding through the Small Cities Assistance Program, which the 2017 Legislature funded at \$8 million over two years.

“Our ‘to-do list’ is long and what can actually afford to do is surprisingly short,” Smiglewski said. “We can only do a block or two here, a block or two there. It’s not very efficient.”

Cities with populations over 5,000 receive some funding through the Municipal State Aid Street (MSAS) system, but Johnson says larger cities — particularly regional centers like Bemidji, whose daytime population nearly doubles — need more resources.

“At our rate, we aren’t keeping up,” Johnson said, noting that his city is able to budget for about one mile of street repairs a year. “We try to repair the worst, but we should be doing much more.”

### **Child care shortage needs attention**

In addition to advocating for funding for LGA and infrastructure, the CGMC also wants legislators to pay closer attention to the growing child care shortage in Greater Minnesota. For many communities, the lack of child care has become a serious barrier to economic growth.

As a father of a 3-year-old with another child on the way, Radermacher has first-hand knowledge of the problem. When he was offered the city administrator job a couple years ago, he said the “very first question” he asked was if there child care was available in Little Falls. Ultimately, he had to live away from his wife and child for three months until they were able to obtain child care in the city.

According to a needs assessment performed by First Children’s Finance, Little Falls currently has a need for 144 more child care spots, a number that jumps to 475 when counting the adjoining zip codes. Other cities in Greater Minnesota have reported similar deficits.

“We are on the cusp of a real critical issue here,” Radermacher said. “I know people who won’t take a job because they can’t find child care. Businesses want to come here or expand, but it’s hard to do that when the workforce has child care needs.”

The CGMC is supporting legislation that provides funding to the state’s initiative foundations to encourage more in-home child care providers. It also hopes the Legislature will further explore the causes of the shortage and review whether there are any onerous or unnecessary regulations that may be preventing people from entering into the child care businesses.

“The child care shortage is a complex issue and it’s not going to be solved in one session,” Peterson said. “Legislators need to know that this is not just a family issue, it’s also an economic development issue.”

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*The Coalition of Greater Minnesota Cities is a nonprofit, nonpartisan advocacy organization representing 96 cities outside of the Twin Cities metropolitan area. The Coalition educates legislators about issues important to Greater Minnesota. Visit the CGMC online at [greatermncities.org](http://greatermncities.org) and follow us on Twitter [@greatermncities](https://twitter.com/greatermncities).*