



**Dedicated to a Strong Greater Minnesota**

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## **CGMC city leaders to Legislature: State must take action on clean water funding crisis**

*High infrastructure costs could cripple rural communities unless state steps in*

ST. PAUL—With cities across the state facing billions of dollars in costs to upgrade wastewater infrastructure to replace aging equipment and comply with new regulations, city leaders held a press conference today to call on the state to play a larger role in tackling Minnesota’s clean water funding crisis.

“I don’t use the word ‘crisis’ lightly, but that is exactly what towns across Minnesota are facing right now,” said Lakefield City Clerk Kelly Rasche. “Extremely high water infrastructure costs will cripple our communities unless the state ups its game and provides more funding.”

Rasche and other city leaders with the Coalition of Greater Minnesota Cities (CGMC) joined together at the press conference to ask the Legislature to support two bills that aim to address the massive expenses being piled on cities to repair or replace their water treatment facilities.

The first bill, [SF 2668/HF 3122](#), authored by Sen. Gary Dahms (R-Redwood Falls) and Rep. Dean Urdahl (R-Grove City), allocates \$167 million in state bonding for three key grant and loan programs administered by the Public Facilities Authority (PFA).

However, city officials say that caps and limitations on the PFA funding programs mean that they are no longer sufficient to meet the needs of communities across the state. Moreover, the growing need equates to more cities vying for the limited pool of state dollars. More than 300 cities are currently planning for upcoming water infrastructure projects, while the Minnesota Pollution Control Agency estimates it will cost \$5 billion statewide over the next 20 years to pay for wastewater infrastructure alone.

That is why the CGMC is also spearheading efforts on a second bill, [SF 3075/HF 3332](#), authored by Sen. Torrey Westrom (R-Elbow Lake) and Rep. Urdahl, that would provide supplemental grant funding to increase the state’s share of the costs for wastewater infrastructure.

“The current bonding proposal for \$167 million is a good start, but with hundreds of cities seeking funding, it’s not going to go very far,” said Glencoe City Administrator Mark Larson. “Clean water is a state and local responsibility, but right now too much of the burden is falling on city residents and businesses.”

The city of Glencoe is facing \$22.3 million in costs to replace portions of its facility that are more than 50 years old, adhere to new pollution discharge limits, build a new lift station and other upgrades. Under the current grant programs, the city only qualifies for approximately \$5.5 million in state funding, which means the city and its ratepayers will be on the hook for the rest of the project costs unless the state steps up with more money.

Lakefield, a small city with a population of 1,691, is also bracing for potentially massive rate increases to pay for a \$22 million upgrade to its wastewater system in order to comply with new permit requirements. According to Rasche, the city's average residential water and sewer rates would have to nearly double to \$190 a month to cover this cost without financial assistance from the state.

"Our rates are already higher than most other cities," Rasche said. "The potential increases are so high that we are concerned people won't want to live in our town. How do they expect our small cities to survive?"

While cities across the state have water infrastructure needs, those in the metro area are able to keep rates down because of the lower cost of serving a highly concentrated population. This is not an option for most Greater Minnesota communities.

For example, Albert Lea needs to undergo a project that is estimated to cost \$72.5 million. Without state help, the city's wastewater rates would have to nearly triple to an average of \$1,082 a year. In contrast, the average annual residential rate in the metro area is only \$274.

"These costs are hitting Greater Minnesota cities especially hard," said Albert Lea City Manager Chad Adams. "That is why we need a benchmark, a limit to how much local businesses and homeowners can reasonably be expected to pay."

The CGMC's supplemental grant bill (SF 3075/HF3332) would set that benchmark by either limiting the local costs for wastewater treatment to 50 percent of the total project costs or by limiting the local wastewater rates to no more than double the average annual costs in the metro area. Cities would receive additional state funding based on the option that results in a greater amount.

"Yes, it is going to be expensive for the state to provide additional funding. But if it's too expensive for the state, it's definitely too expensive for our small communities," Rasche said. "This is a wake-up call to our legislators to let them know that our cities need their help and we need it now."

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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).*