INVEST IN MINNESOTA

The 2020 Legislature should pass a bill with at least $1.5 billion in general obligation bonds.

MINNESOTANS NEED IT ...

- $5.3 billion in total requests
- $1.3 billion in requests from local governments alone
- $588 million in requests from state colleges and universities
- $724 million needed this year for basic maintenance of existing state buildings, corrections facilities, parks and trails, and other assets
- $200 million needed this year to keep up with necessary water infrastructure improvements funded through the Public Facilities Authority

... AND MINNESOTA CAN AFFORD IT

- $3.5 billion bonding capacity
- AAA bond rating
- The state continues to maintain a strong fiscal position with its current $1.3 billion budget surplus
- Interest rates remain low, making borrowing easier
- In order to maintain a good bond rating, the state must continue to make investments in infrastructure
THE BONDING BILL: CGMC’S TOP PRIORITY FOR 2020

A successful session depends on passing at least a $1.5 billion bonding bill that funds needed local projects across the state and addresses these key Greater Minnesota priorities:

- $200 million in clean water infrastructure funding through the Public Facilities Authority
- $20 million for the Greater Minnesota Business Development Public Infrastructure (BDPI) Grant Program
- $20 million for child care facilities grants
- $10 million for public infrastructure to support housing
- $100 million for the Local Road Improvement Program
Water infrastructure grant and loan programs administered by the Minnesota Public Facilities Authority are currently underfunded, and approximately $200 million is needed this year to keep pace with growing need. This need is not going away — and it will only increase in the years ahead. According to the Minnesota Pollution Control Agency, more than $5 billion is needed over the next 20 years to keep up with wastewater infrastructure needs statewide.

**IF THE LEGISLATURE FAILS TO PASS A BONDING BILL IN 2020 THAT FUNDS THE FULL $200M NEED, MINNESOTA WILL FALL FURTHER BEHIND.**

- Environmental concerns will persist
- Sewer & water rates will skyrocket as cities struggle to foot the entire bill for critical upgrades
- Unlike in the metro area, cities in Greater Minnesota do not have the ability to share facilities, which means there are fewer residents and businesses to split the costs
- Aging and failing infrastructure will continue to deteriorate, resulting in emergency situations and the need for more costly immediate repairs
- Economic growth will suffer
- Potential for drinking water safety risks
- Construction costs increase as projects are put on hold
More than 300 Minnesota cities have critical water infrastructure projects in the works ...

... including these projects currently awaiting funding:

1. **Babbitt - $11M total project cost**
   Upgrade wastewater facility and remove mercury from water flowing into Lake Superior as required by the Great Lakes Initiative.

2. **Nashwauk - $6.9M total project cost**
   Upgrade wastewater facility to remove phosphorus and connect with neighboring communities.

3. **Two Harbors - $20M total project cost**
   Rehabilitate wastewater treatment facility that treats for mercury and other pollutants.

4. **Elbow Lake - $4M total project cost**
   Replace water treatment facility and remove iron and manganese from drinking water.

5. **Melrose - $10.4M total project cost**
   Rehabilitate and expand treatment facility.

6. **Foley - $20.9M total project cost**
   Regionalize wastewater treatment facility to ensure long-term protection of waters.

7. **Cokato - $2.1M total project cost**
   Add new filtration and chemical treatment system to existing wastewater plant to treat phosphorus.

8. **Loretto - $1.5M total project cost**
   Connect to the Met Council regional sewer system to eliminate the city’s discharge to surface water.

9. **Wood Lake - $7.9M total project cost**
   Upgrade drinking water supply, treatment and distribution system.

10. **Wells - $6.3M total project cost**
    Plant upgrade to remove chloride discharges to the Maple River and reduce or eliminate the need for home water softeners.
The Greater MN Business Development Public Infrastructure (BDPI) Grant Program
Providing the public infrastructure necessary for private investment

What is BDPI?

- The BDPI program provides grants to cities in Greater Minnesota of up to 50% of the capital costs for the public infrastructure necessary to expand economic growth, retain or create jobs, or increase the tax base (§ 116J.431).
- Greater Minnesota cities depend on the BDPI program to attract new businesses and create jobs in their communities.

BDPI since 2010:

- 109 BDPI grants to Greater Minnesota cities and counties
- More than 5,000 jobs created and 9,500 retained
- More than $48 million awarded

“Funding for the BDPI program is critical in assisting Greater Minnesota communities with business retention and expansion needs.”
--- DEED, State of Minnesota 2020 Proposed Capital Budget, January 2020

“These infrastructure projects signal that Greater Minnesota communities are open for business.”
--- DEED Commissioner Steve Grove, press release, 11/1/2019

2020 BDPI Proposal:

- Seeking $20 million in general obligation bonds
- Due to significant demand, BDPI funds are currently depleted.
- No new projects can be funded unless the Legislature takes action this year!

Support the Greater Minnesota BDPI program and help Greater Minnesota’s economy grow!

Prepared by Flaherty and Hood, P.A. for the Coalition of Greater MN Cities, 2/10/2020
How have BDPI grants been used across the state?

Hibbing: $158,987 for access roads, other infrastructure to support expansion of Midwest Aircraft Refinishing. 9 new jobs.

Ely: $200,000 to road improvements needed for year-round access to businesses.

Chatfield: $177,103 to accommodate expansion of a furniture plant, creating 10-14 jobs.

Faribault: $1,057,000 for sanitary sewer and water infrastructure to allow expansion of Daikin Applied, retaining 500 jobs and adding 132.

Owatonna: $400,000 for improvements to allow Bushel Boy Farms to expand its indoor growing capacity by four acres, creating 10 jobs.

Marshall: $2 million for infrastructure to expand Ralco Nutrition, creating 100 jobs in four years.

Claremont: $500,000 for modernization and expansion of Al-Corn Clean Fuel, retaining 8 jobs.

St. Joseph: $1,245,000 to extend roads, water and sewer service to create an industrial park and facilitate two business expansions, creating 24 jobs.

Spring Grove: $417,000 for industrial park sewer improvements, supporting Grove Soda Pop, creating 6 jobs and retaining 12.

Two Harbors: $241,054 to relocate a water main, allowing Castle Danger Brewery and Willamette Valley Company to expand. 49 jobs created and 6 retained.

Stewart: $501,075 for streets to support expansion of Form A Feed, creating 25 jobs.

Jackson: $49,328 for infrastructure improvements for industrial park expansion. Future expansion is expected to create at least 10 jobs.

Howard Lake: $208,600 for infrastructure to support Forsman Farms egg-processing facility, creating 40 new jobs.

Bovey: $94,920 to facilitate KMDA Inc’s addition of a 15,000 sq. ft. warehouse and addition of a new product line.

Melrose: $1,000,000 to support improvements to Jennie-O Turkey operations, retaining 783 jobs.

Arlington: $66,275 to improve roadways that allow access to a business site for Cemstone Products Company. 8 jobs retained, 2 added.

Jackson: $49,328 for infrastructure improvements for industrial park expansion. Future expansion is expected to create at least 10 jobs.

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The BDPI Grant Program Has Helped More Than 125 Greater Minnesota Communities Grow

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## The BDPI Grant Program Has Helped More Than 125 Greater Minnesota Communities Grow

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WANTED:
Child Care Facilities in Greater Minnesota

Greater Minnesota is in the midst of a child care crisis. Currently, more than 40,000 child care spots are needed to meet growing demand in Greater Minnesota. One of the largest barriers to creating more child care spaces is infrastructure, which is expensive to build.

Our Proposal: Child Care Capital Grant Program
HF 3497 (Brand)/SF 3429 (Housley)

Provides grants of up to $500,000 to cities, counties or school districts to cover up to 50% of the costs to build, upgrade or expand child care facilities. We are seeking $20 million in the bonding bill to be coupled with $20 million in local matches.

Eligible Projects

Every community has space that can easily be converted into a child care center. Examples may include:

- **Schools**: An unused wing of a school building could be renovated for child care.
- **Counties**: Rooms in a nursing home could be converted into child care, a model that has proven to be beneficial for both children and nursing home residents.
- **Cities**: A vacant building could be repurposed space in an existing community center.
- **Other**: Schools and churches could be used to build new infrastructure, such as preschools.

State Investment

We are seeking $20 million in the bonding bill to be coupled with $20 million in local matches. The proposal aims to increase capacity and meet state requirements. In Greater Minnesota, there are up to 50,000 child care spots needed to meet growing demand.

For more information, contact Flaherty & Hood, P.A.

The Child Care Conundrum
Exploring solutions to the child care shortage in Greater Minnesota

CHILD CARE FACTS & FIGURES

74% of Minnesota households with children under the age of 6 in which all parents are in the workforce

40,000 number of additional child care spots needed in Greater Minnesota

27% statewide drop in the number of in-home family child care providers between 2006-2015

65% of the child care capacity in Greater Minnesota covered by family providers, compared to 30% in the metro area

35% growth needed in licensed child care capacity to fill shortfall statewide

$200-450K average start-up costs for a 52-seat child care center in Greater Minnesota, plus property acquisition

TWO BILLS, ONE GOAL

The Coalition of Greater Minnesota Cities and Greater Minnesota Partnership support investments aimed at stabilizing the child care marketplace, keeping providers in the industry, expanding access to child care for families and providing opportunities for annual training required for child care providers.

These efforts are supported by investments contained in the following bills:

Minnesota Initiative Foundations Child Care Grants
SF 4093 (Nelson)/HF 1 (Kotyza-Witthuhn)
Provides funding for community planning coordination, training, and education necessary to expand child care access. The money will be used to help child care providers with business improvement planning, quality mentoring and workforce development to stabilize the child care provider marketplace in Greater Minnesota.
Amount seeking from Legislature: $4 million

DEED Child Care Grants
SF 4094 (Weber)/HF 1 (Kotyza-Witthuhn)
Provides funding for child care business start-ups or expansions, trainings, facility modifications, child care employee retention grants, and licensing assistance.
Amount seeking from Legislature: $10 million (at least 50% dedicated to Greater Minnesota)

1 U.S. Census Bureau estimates, 2014
2 First Children’s Finance testimony, House Early Childhood hearing, Oct. 2019
3 Center for Rural Policy and Development, September 2016
4 Center for Rural Policy and Development, August 2017
5 Legislative Task Force on Access to Affordable Child Care (January 2017), using performance model created by First Children’s Finance

HOW HAVE DEED & MIFs CHILD CARE GRANTS HELPED GREATER MINNESOTA COMMUNITIES?

“None of this would have been possible without a broad base of support. Our rural area is extremely generous, as are many other small communities in Minnesota. We had over 80 pledges, donations and grant resources come in ranging from $10 to $100,000. The DEED grant was valuable to this project in that it provided important foundational elements to help us serve the children and families in Kandiyohi County.”

- Jenny Holweger, Executive Director, Kandiyohi County Area Family YMCA

The Kandiyohi County Area Family YMCA received a $50,000 DEED grant in 2019. This funding leveraged against $750,000 in local contributions to build a new 90-spot child care facility. The DEED grant helped stimulate more than $750,000 in local gifts.

“Our Minnesota Initiative colleagues are each approaching our child care work based on the regions’ unique needs. These dollars have a catalytic affect in addressing the shortage when combined with other dollars and resources.”

- Diana Anderson, President, Southwest Initiative Foundation

The Initiative Foundation, based in Little Falls, launched pilot partnerships in four communities: the Greater St. Cloud area, Todd County (Long Prairie, Clarissa and Staples-Motley), Little Falls and Mora. In each one, the foundation helped convene key stakeholders and identify the primary assets and challenges the community faces in expanding quality, affordable child care. It then helped the community develop goals and an action plan to address the need, while also supporting the plan’s implementation. Each community received a challenge grant of $10,000, with an aim to leverage private and public sector matching support, with the goal of creating at least 75 new child care slots in each community.

The Southern Minnesota Initiative Foundation (SMIF) has used its past state appropriation to provide technical assistance to providers looking to expand child care opportunities in a community. For example, in Gaylord, SMIF partnered with the local faith communities to identify ways to retrofit an existing building to be used as a child care facility. Once the building needs were identified, the foundation assisted the community in developing and implementing a capital campaign to raise the funds necessary to build out the facility and expand child care opportunities.
Help alleviate Greater Minnesota’s housing shortage

3 bills, 3 three ways to help bring more housing to Greater Minnesota

Last fall, the Greater Minnesota Partnership (GMNP) and Coalition Greater Minnesota Cities (CGMC) conducted a survey of their members in which nearly 87% of respondents said housing was a “very high” or “high” concern in their community. The partner organizations then held meetings in Greater Minnesota to learn more about the specific challenges local leaders face in regards to housing. High construction costs and aging housing stock were among the top barriers they cited. This legislative session, the GMNP and CGMC have teamed up to support three bills that aim to encourage construction and increase the availability of housing across Greater Minnesota.

Greater Minnesota Fix-Up Fund
SF 4102/HF 4166
Allocates $5 million in state funding to establish a new program to provide grants of up $200,000 to assist cities in rehabilitating dilapidated housing. Grants would help cities preserve their existing housing stock by renovating neglected or run-down houses or buildings.

Greater Minnesota Housing Public Infrastructure Grant Program
SF 4103/HF 4165
Allocates $2.5 million in state bonding to create a grant program for public infrastructure needed to increase housing availability. Under the program, cities could receive a grant of up to $16,000 per single-family lot or $50,000 per multi-family lot to help provide sewer, water, roads or other critical infrastructure needed to expand or increase available housing lots.

Greater Minnesota Workforce Housing Development Fund
SF 3784/HF 3877
Allocates $2 million to this existing grant program administered by the Minnesota Housing Finance Authority and also makes the program more useable for Greater Minnesota communities by allowing grants of up to 50% of the project costs, as opposed to the current requirement that grants must not exceed 25% of the cost.
Municipal wastewater facilities don’t create this problem, but they want to be part of the solution.

Municipal wastewater treatment facilities are not sources of PFAS; they do not produce or manufacture PFAS, nor do they use PFAS in the course of treating wastewater. However, as receivers of PFAS through outside sources, municipal facilities want to get ahead of this problem, but the state needs to provide tools for them to do so.

With no way to effectively treat for PFAS, prevention is key.

There is currently no technologically feasible way for wastewater treatment facilities to fully and effectively treat for PFAS. For facilities to contribute to PFAS reduction, the efforts must come in the form of source control.

Cities want to partner with state agencies to tackle PFAS.

Local governments want to partner with Minnesota Pollution Control Agency and Minnesota Department of Health to proactively address concerns over PFAS. In 2020, we are seeking $500,000 in state funding to create the Municipal PFAS Source Reduction Initiative. This three-pronged approach will:

1. **Study the sources.** Conduct research to better identify the sources of PFAS, both domestic and industrial, that are conveyed to municipal wastewater treatment plants.

2. **Develop source reduction strategies.** Identify ways to prevent PFAS from entering municipal wastewater treatment plants and the environment in Minnesota.

3. **Create guidance documents and educational materials.** The publication of guidance documents for wastewater professionals and informational materials for the public will be vital in helping local governments implement reduction measures while educating their residents and businesses. Materials are needed to inform the public on products that contain PFAS and habits that result in their disposal, as well as to clarify how PFAS are used and how they end up in the environment.

**What are PFAS?**

Per- and polyfluoroalkyl substances (PFAS) are a class of bioaccumulative, pervasive and persistent chemicals.

Due to their widespread use in household and industrial products, PFAS have entered the environment and human bodies, giving rise to serious public health concerns.

PFAS have been found in numerous products, including some varieties of:

- **Firefighting foam**
- **Non-stick cookware**
- **Stain-resistant carpet and rugs**
- **Water-resistant clothing and gear**
- **Cosmetics**
- **Food wrappers and packaging**