It's Raining Money

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Unprecedented circumstances = unprecedented funding

Why?

- Largest state budget surplus in history.
- Pent-up demand for bonding (last bonding bill 2020!).
- Two major federal spending bills providing grants and requiring matches (IIJA, IRA).
- DFL Trifecta looking to invest (spend).

What?

- Largest bonding bill in history.
- One-time funds and some ongoing allocated to programs benefitting our cities.

What does it mean for CGMC cities?

- More resources for traditional programs such as LGA and PFA infrastructure.
- New programs such as lead line inventory and replacement; public safety aid.
- Applications for existing programs will largely stick to same timeline.
- Agencies working on RFPs for new programs to roll out late summer/fall.
- Commerce and other agencies still determining how some federal funds will be used.

Local Government Aid

- $80 million increase
- Updated formula
- No inflation adjustment

New Public Safety Aid

- $210 million for cities
- One-time money
- Distributed based on population
- Paid on or before December 26, 2023
- Can be used for police, fire, first responders

Uses can include:

- Community prevention, intervention and engagement programs.
- Mental health crises response.
- Victim services.
- Training programs.
- First responder wellness.
- Equipment and personnel costs.

Cannot be used for:

- Employer contributions to the Police and Fire Plan (if you received police state aid in 2022).
- Costs associated with alleged misconduct.
- Armored or tactical vehicles.
- Tear gas and other chemical munitions.
- Construction or improvements to a police station or related facilities.

New Local Cannabis Aid

- 20 percent of the revenue generated by the gross receipts tax must be deposited in local government cannabis aid account.
- 50 percent to counties and 50 percent to cities.
- Distributed proportionally based on the number of cannabis businesses located in that city as compared to the number of businesses located in all cities.
- Paid annually beginning in 2024.

Environment – New and Improved Water Infrastructure

$240 million to match federal funds for Lead Line Inventory and Replacement

- EPA mandated inventory due October 2024
- First round of inventory grants to roll out soon (RFP closed July 20).
- Lead line replacement $ will follow typical MDH/PFA process.
  - MDH Project Priority List
  - PFA IUP
- Priority projects to include imminent health threat, targeting children with elevated levels and schools/daycare centers, low-income areas, coordinated home and public replacement, and coordination with water main replacement

Environment – New and Improved Water Infrastructure

$224 million to PFA for grant and loan programs

- Funding for existing programs:
  - $41 million to match federal dollars for revolving loans.
  - $87 million for Water Infrastructure Funds (WIF).
  - $96.3 million for Point Source Implementation Grant Program.
- Same application process
  - Project Priority List (MPCA or MDH)
  - Intended Use Plan (PFA)
  - PSIG List application (MPCA) (Due July 31!)

Get those pollutants out!

- **PFAS drinking water remediation**
  - $25 million for grants and agency work to plan, design, and prepare solutions to PFAS pollution in drinking water.
- **PFAS source reduction**
  - $4.42 million for grants to identify sources of PFAS and to reduce and prevent PFAS pollution.
- **Chloride reduction**
  - $1.3 million for chloride reduction.

Sustainability and Resiliency

Climate Resiliency and Water Infrastructure Grants:

- $100.5 million total for grants to local governments aimed primarily at areas of stormwater inadequacy or vulnerability to impacts of climate change.
  - $49 million is dedicated to planning and implementing projects that will help adapt to the changing climate.
  - 40% of funding must be used in environmental justice areas (which includes many places in greater Minnesota)

Local Climate Action Grants = $5 million

- Assist local governments in adapting to extreme weather events.
- Reduce local contributions to climate change.
- 65% reserved for Greater Minnesota in first year!

Sustainability and Resiliency

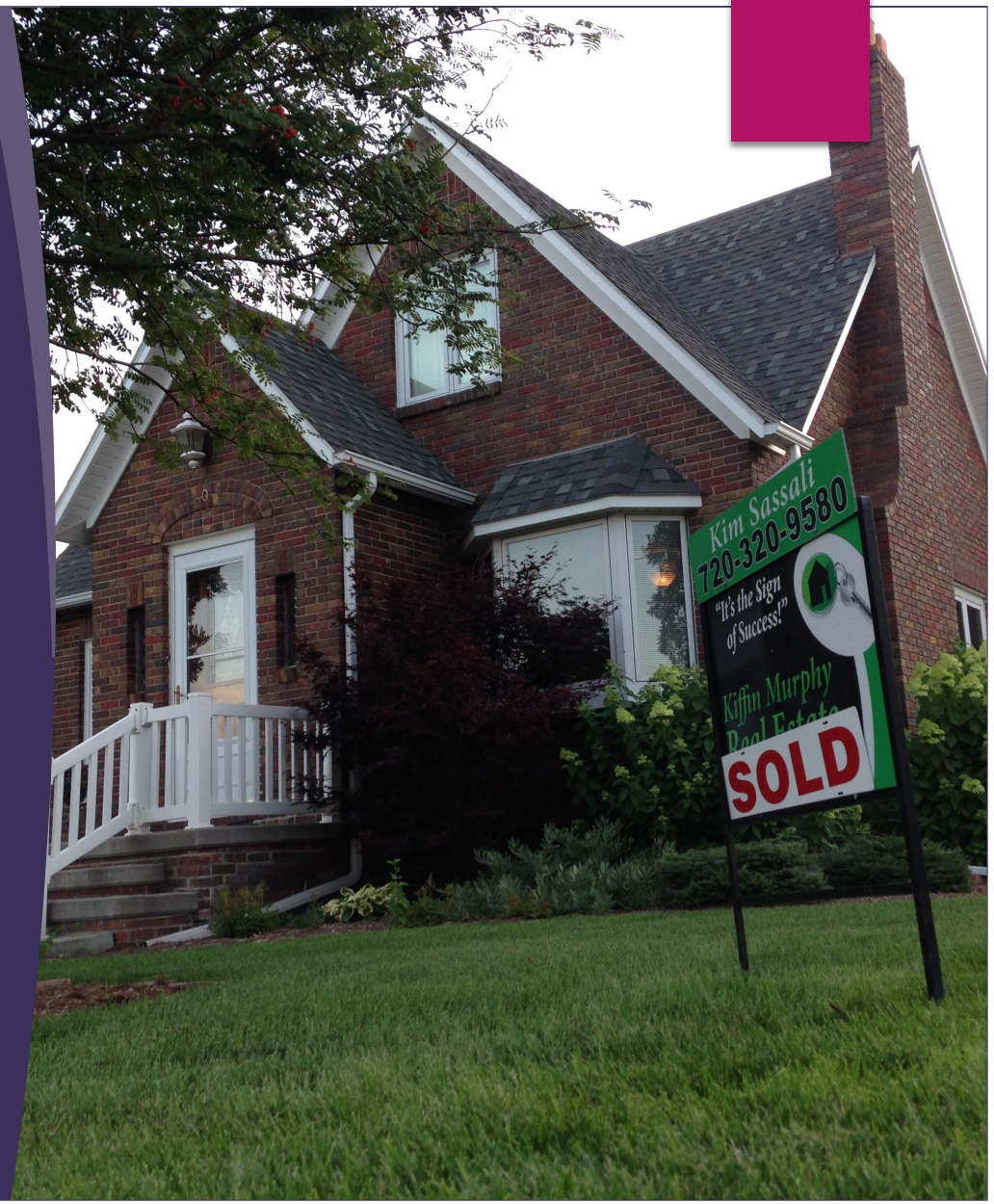
- **Community Tree Planting Grants = $10 million**
  - Remove and plant shade trees on public land.
  - Replace trees lost to fort pests, disease.
  - Establish more diverse tree canopy.
  - Must used trees bred for Minnesota climate!
    (No palm trees!)
- **Minnesota ReLeaf Program = $16 million**
  - Enhance community forest ecosystem health and sustainability

Energy and Matching Grants

- Minnesota State Competitiveness Fund: $115 million
  - $100 million to match federal grants under IIJA and IRA. Local governments second on priority list.
  - Funds available for RDCs and other similar groups to provide technical and grant writing assistance.
- Commerce and other agencies receiving additional funds that will be rolled out over next several months.
- Solar on Public Buildings: $5 million
  - Local governments in Xcel territory are eligible.

Local Housing Aid

- ***New*** program designed for Greater Minnesota.
- One- and two-tier cities.
- Tier-one cities with population over 10,000 will receive an amount based on formula.
  - $4.5 million in FY 24 and 25, then drops to $2 million per year.
- Tier-two cities under 10,000 will need to apply for grants through a program developed by the commissioner.
  - $2.25 million in FY 24 and 25, then drops to $1 million per year.
  - Grants of at least $25,000.



Local Housing Aid

- Qualifying projects include:
  - Emergency rental assistance.
  - Support to nonprofits.
  - Development of market rate residential rental properties outside of metro area.
  - Construction, acquisition, rehabilitation, demolition, financing, interest rate reduction for homeownership and rental projects.
    - 115% of median household income for homeownership projects.
    - 80% of median household income for rental projects.

- **Reporting required annually beginning 2025.**

Workforce Housing

- *New* Greater Minnesota Housing Infrastructure program.
  - $8 million.
- $39 million for Greater Minnesota Housing Development Fund.
- $120.8 million for the Challenge Grant.
- $60 million for Workforce Homeownership Program.

Child Care

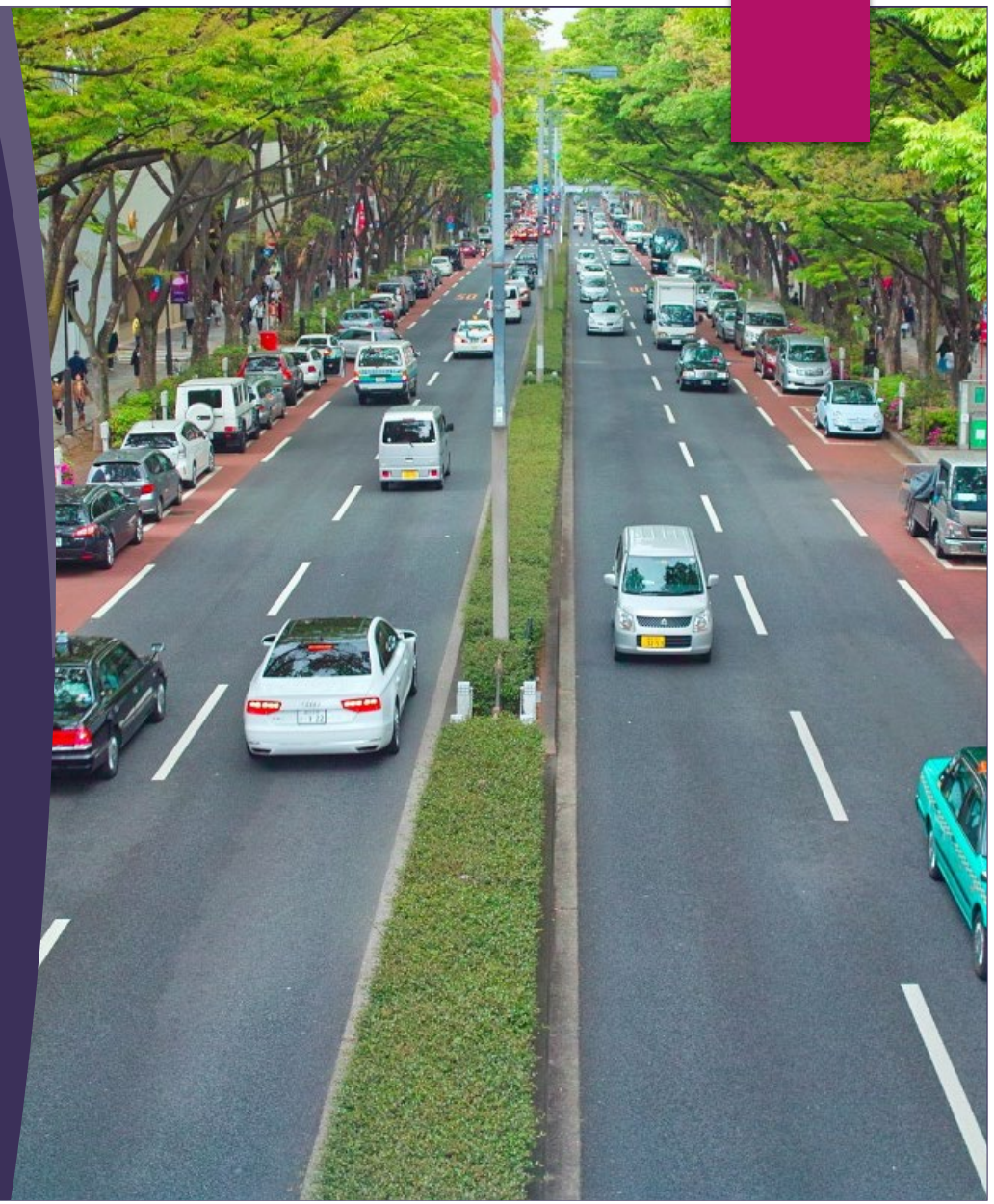
- *New* Office of Child Care at DEED.
- $13 million for DEED childcare grant program.
- $7 million to the six Initiative Foundations.
- $900k in grants for Greater Minnesota childcare facilities.

Economic Development

- **Broadband Grants**
  - $125 million in state money, $652 million from the feds. (IIJA)
  - State money supports 100/20 Mbps service, federal money supports 20/3 Mbps
- **Business Development Public Infrastructure Grants**
  - Grants to cities to facilitate public infrastructure needed to support additional private development.
  - $10 million in bonding and $4.5 million General Fund increase.

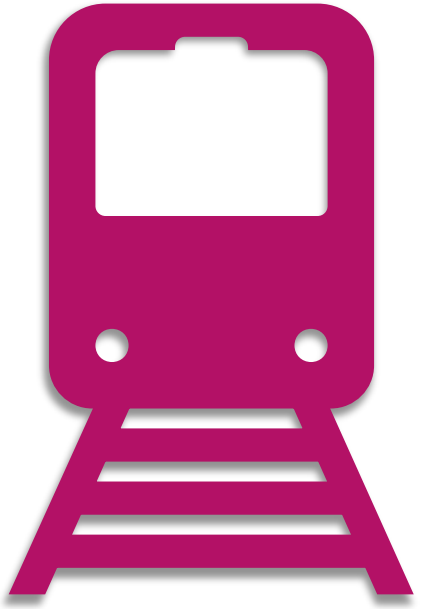
Transportation

- ***New*** ongoing dedicated funding for small city streets:
  - Cities under 5,000.
  - Phases up to $25 million a year by 2027.
- ***New*** Larger City Assistance Account funded at $13 million per year:
  - Cities over 5,000.
  - Allows more flexibility than Municipal State Aid.
- Both funded by new 50 cent retail delivery fee and auto parts sales tax dedication.



Transportation

- $103 million for Local Road Improvement Program.
- $85 million for Local Bridge Replacement Program.
- Corridors of Commerce $145 million in bonding; $25 million per year cash, improved regional balance.
- *New* federal grant writing technical assistance for local governments:
  - Up to $30,000 per grant.
- Municipal State Aid:
  - *New* revenues phasing up to $40 million per year from increased tab fees, gas tax, and motor vehicle sales tax.



PARKS AND TRAILS FOR EVERYBODY

Local Parks & Trails Matching Grants $6 million + to DNR Programs

Local Trail Connections, Outdoor Recreation, Regional Trail

Applications open in January, due February/March time frame

Greater Minnesota Regional Parks & Trails Grants $28 million +

Must be designated by Commission

Designation applications accepted year round

Funding applications typically due July 31

Skate Parks $4 million

Open to public

Concrete parks only

What are you going to do with the money?

INTERACTIVE DISCUSSION TOMORROW!

Thank You!

Questions?

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