

FRESHWATER

2024 Legislative Focus – Bonding for Public Facilities Authority

Background

With a successful bonding bill, the 2024 Legislature can address aging drinking water, stormwater and wastewater infrastructure urgently needed by communities across Minnesota.

The Minnesota Public Facilities Authority (PFA) provides financing and technical assistance to help communities build public infrastructure that protects public health and the environment and promotes economic growth. We encourage the Legislature to encourage the PFA to develop processes for low-income communities to access the state revolving fund.

Freshwater supports \$109 million in investments to the Public Facilities Authority.

The PFA administers and oversees the financial management of three revolving loan funds and other programs that help local units of government construct facilities for clean water, drinking water, and transportation infrastructure projects. We support funding to the PFA clean water and drinking water programs.

Infrastructure investment signals commitment to a baseline quality of life for all Minnesotans

Approximately 80 percent of Minnesotans are served by community water systems, while 20 percent of the population relies on private wells for drinking water. Although drinking water systems in large communities have consistently met federal standards, far less is known about the private wells on which many people in rural Minnesota rely.

Meanwhile much of the drinking water infrastructure in the state is over 50 years old. Some system components are closer to 100 years old and reaching the end of their useful life. The US EPA estimates the 20-year drinking water infrastructure need for Minnesota is over \$7.5 billion.

The 2023 capital investment of \$500 was a critical start in addressing this issue. But there is still a backlog of needs across the state, and inflation is eating away at infrastructure dollars.

The ASCE 2022 report card identified a need of \$236 million a year to address this growing backlog. While the Infrastructure Investment and Jobs Act (IIJA) provided \$680 million over five years, there is still a significant gap in funding needs.

The 2024 Local Units of Government requests for infrastructure within the Governor's bonding proposal topped \$2.9 Billion, with \$1.3 Billion for metro and \$1.6 Billion for non-metro communities.

Infrastructure needs include capital investments, and operations and maintenance costs.

The 2024 Legislature has the opportunity to continue to address this critical infrastructure need in Minnesota by passing a robust bonding bill that includes \$109 for the PFA in the Governor's Budget. Specifically:

- \$39 million for the State Match for federal grants to the state Clean Water Revolving Fund and Drinking Water Fund.
- \$23 million for the Water Infrastructure Funding Program.
- \$18.5 million for the Point Source Implementation Grant Program.
- \$18 million for the Emerging Contaminants Grant Program.
- \$10 million for Lead Service Line Replacement Grant Program.

In addition, Freshwater supports:

- The PFA to continue developing processes to allow disadvantaged communities to have better access the state revolving fund.
- The development of additional Technical Assistance (TA) programs, to help communities submit applications for these grants and loans.
- Increased inclusion of green infrastructure and climate resilience efforts in projects.
- The Infrastructure Resiliency Task Force.
- Minimal earmarks for infrastructure and capital projects, only used when other funding programs aren't available.
- The creation of separate programs for funding of operations and maintenance and renewal efforts within infrastructure, as opposed to new capital projects only.