



**COUNCIL AGENDA ITEM: 25-010-O**

**MEETING DATE:** May 27, 2025

**SUBJECT/TITLE:** Ordinance authorizing the issuance, sale, and delivery of taxable grant anticipation revenue notes in an amount not to exceed \$19,825,965 of the City of Duluth for the improvement of the municipal water utility upon terms and conditions to be provided by resolution of the City Council and pledging revenues for the payment thereof.

**SUBMITTED BY:** Jen Carlson, Finance Director

**RECOMMENDATION:** Approve

**BOARD/COMMISSION/COMMITTEE RECOMMENDATION:** N/A

**PREVIOUS COUNCIL ACTION:** City Council approved resolutions 25-0300,0306,0307,0308,0309,0310,0311 authorizing applications to the Minnesota Public Facilities Authority for forgivable loans from the Drinking Water Revolving Fund for construction of the 2025 lead service line replacements.

**BACKGROUND:** This ordinance authorizes the issuance of taxable grant anticipation revenue notes in an amount not to exceed \$19,825,965 for water system improvements, including replacement of lead service lines, and are payable primarily from a grant from the Minnesota Public Facilities Authority and net revenues of the municipal water utility. The Minnesota Public Facilities Authority is empowered to provide grants and zero percent loans for eligible costs. The loans will be repaid by a debt grant issued from the State of Minnesota, ensuring that the notes are fully forgivable for the city.

**BUDGET/FISCAL IMPACT:** This program saves the City tens of millions of dollars. The EPA's Lead and Copper Rule Revisions require public water systems to inventory and replace lead service lines. By participating in the State of Minnesota's forgivable loan program, the City's investment in replacing lead service lines is fully paid by a combination of forgivable loans and grants from the State of Minnesota.

**OPTIONS:** Approve or the City will be responsible for funding these expensive capital improvements.

**NECESSARY ACTION:** Approve

**ATTACHMENTS:** N/A