

Council Agenda Item 26-0469R



MEETING DATE: May 26, 2026

SUBJECT/TITLE: RESOLUTION AUTHORIZING APPLICATION TO THE MINNESOTA PUBLIC FACILITIES AUTHORITY (MPFA) FOR A FORGIVABLE LOAN FROM THE DRINKING WATER REVOLVING FUND FOR CONSTRUCTION OF THE "2026 HIGH-PRIORITY LEAD SERVICE LINE REPLACEMENT" PROJECT (PFA PROJECT 1690011-30, CITY PROJECT 2320) AS DESCRIBED IN THE LOAN APPLICATION.

SUBMITTED BY: Jon Maruska, Senior Engineering Specialist, Public Works and Utilities, Engineering Division

RECOMMENDATION: Approve

BOARD/COMMISSION/COMMITTEE RECOMMENDATION: N/A

PREVIOUS COUNCIL ACTION: March 23, 2026: Council approved a contract with JMF Construction Inc. for construction of the "High Priority Lead Service Line Replacement Phase 2 Blanket Project".

BACKGROUND: The Environmental Protection Agency's Lead and Copper Rule Improvements require water systems to replace all lead water services by the end of 2037. The State of Minnesota is distributing State and Federal funds designated for lead service replacement through the MPFA. The Federal funding requires a partial matching loan; the State funding can be used to immediately repay the required loan. Duluth is currently listed on the MPFA funding Intended Use Plan and is eligible to apply for up to \$15,525,000.

Duluth plans to replace approximately 1,250 lead water services in 2026. As part of this effort, the City has established a high-priority lead replacement program to urgently replace lead water services that serve a daycare or child-care facility, serve a concentrated population of persons vulnerable to the effects of lead, present an immediate or severe health risk, are actively leaking, were unable to be replaced in a previously completed LSLR project area, were partially replaced or otherwise disturbed, or are in a corridor with planned pavement surface improvements. The City will submit an application for the amount of \$3,069,000 to fund the High Priority Lead Replacement Program for 2026 and into 2027.

BUDGET/FISCAL IMPACT: An application will be submitted to the MPFA for \$3,069,000 to fund high-priority lead service line replacements. The MPFA program for lead service line replacements offers a combination of grants and forgivable loans which will result in not cost to the City.

OPTIONS: Approve or cease lead replacement projects for 2026.

NECESSARY ACTION: Approve to apply for lead service line replacement funding.

ATTACHMENTS: PFA Application 1690011-30.