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Title: RESOLUTION AMENDING ENERGY LOAN PROGRAM GUIDELINES AUTHORIZING LOANS FOR PRIVATE WATER AND SANITARY SEWER REPAIR OR REPLACEMENT.

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RESOLUTION AMENDING ENERGY LOAN PROGRAM GUIDELINES AUTHORIZING LOANS FOR PRIVATE WATER AND SANITARY SEWER REPAIR OR REPLACEMENT.

CITY PROPOSAL:

WHEREAS, pursuant to the authority of Laws of Minnesota, 1981, Chapter 223 (the "Act"), the city of Duluth established the Energy Loan Program (the "Program") for the purpose of making loans to property owners in the city to enhance energy conservation in the city which set forth various kinds of projects as defined therein to fulfill that purpose; and

Whereas, pursuant to Laws of Minnesota, 2002, Chapter 398, Section 10, the Act was amended to authorize the city to use excess Program funds for "other conservation programs" if all program bonds had been retired, no more bonds were to be issue and available funds were in excess of market demand for Program loans as the program exists; and

WHEREAS, the city has determined that all program bonds have been retired, nor more bonds were to be issue and available funds were in excess of market demand for Program loans as the program exists.

RESOLVED, that the city council finds that there is a need for the city to provide assistance to property owners to fund the repair or replacement of leaking and broken private water services and private sewer services and that the repair or replacement of such services will constitute energy conservation measures by reducing the cost of treating water in the city's water treatment system and will reduce problems caused by the escape of such water from the city's water system into the environment and will reduce the cost of sanitary sewage treatment by reducing I and I and will protect the environment by reducing the escape of sewage into the environment; and

RESOLVED FURTHER, that Section 1.02 (a) of the Energy Loan Program Guidelines Phase IV, adopted pursuant to Resolution No. 90-1022, is hereby amended to read as follows:

(a) To identify homes within the City where significant energy waste exists and can be reduced by a project of improvement which includes energy conservation projects ("Project Loans") including but not limited to insulation of floors, walls, and/or roofs (including necessary roof modification and including insulation of walls externally with necessary exterior wall covering and façade improvement), weatherstripping, temperature controls, energy efficient storm windows and doors, repair or replacement of leaking or broken private water services, repair or replacement of leaking or broken private sewer services, and other necessary façade improvements, furnace and cooling modifications, or conversation to cheaper or more plentiful energy

sources, at a capital cost estimated to be recoverable within ten years from energy cost savings;

STATEMENT OF PURPOSE: The purpose of this resolution is to amend the Energy Loan Program Guidelines to authorize the loan of Program funds to repair or replace private water and sewer serves.

The Program as originally developed was aimed at the more obvious home energy needs of property serving the more low and moderate income population of the City. The Program has been in place since the 1980's and has been the source of funding for many, many needed energy improvements. However, the rate of utilization has decrease over the years and funding in the Program now exceeds the demand for it for the originally contemplated class of improvements.

However, there is a continuing need to find assistance for the repair or replacement of private sewer and water services. Many private sewer services are broken or leak, causing direct environmental problems as well as allowing I & I to enter the system, increasing the costs of treatment and occasional exceedances of system capacity. And there are a number of water services that are also in need of repair and replacement. The loss of water from them increases the cost of treatment as well as cause problems to neighboring properties. In the case of properties serving low or moderate income households, the cost of the needed repairs at market rates often exceed the ability of the property owners to pay for them.

In 2002 the legislature authorized the city to expand the scope of the loan programs to utilize excess funds to fund other conservation programs. This amendment to the Program guidelines would authorize the use for these sewer and water service projects. The loans would be for a term of ten years and bear interest at a rate of 4.9 percent.