

SUBJECT

BOARD RESOLUTION NO. 21-216

Pertaining to an application to the Minnesota Public Facilities Authority for a loan to partially finance the replacement of private property lead services for a value of \$250,000.

BACKGROUND INFORMATION

In an effort to explore financing options for the replacement of lead water services in private property, Board staff has been in discussion with the Minnesota Public Facilities Authority (“MPFA”) which resulted in an opportunity to apply for a forgivable loan as a pass-through from the federal PFA Drinking Water Revolving Fund.

The average cost of a SPRWS lead service replacement in 2020 was \$4,300. There are an estimated 28,000 lead water services inside private property in the City of St. Paul. Of these, an average of 160 are replaced by contractors hired by the property owners each year. Annually about 70 of those property owners finance those replacements through the Board’s Lead Service Replacement Assessment Program.

In order to encourage more lead water service replacements inside private property, and provide incentive with additional financial assistance, Board staff is requesting approval to make application to MPFA for a \$250,000 forgivable loan. The conditions of this loan require matching funds from the Board. Staff intends to have those matching funds refunded to the Board by the benefitting property owners, either in cash or by assessment to property taxes. The total program funding will be \$500,000.

A program on how the funds will be administered will be brought before the Board for approval once the funds have been approved by the MPFA.

RECOMMENDATION

Board approval is recommended.