



## Executive Summary

City Council Business Meeting

<b>AGENDA ITEM:</b>	Resolution 2026-0323-07 Application To The Drinking Water Revolving Fund For The Replacement Of Lead Service Lines
<b>PREPARED BY:</b>	Matt Bauman, Assistant City Engineer
<b>RECOMMENDED ACTION: 1 Motion</b>	<b>1. Approve Resolution 2026-0323-07 Application To The Drinking Water Revolving Fund For The Replacement Of Lead Service Lines</b>

### Summary

The lead service line replacement project is funded by a grant administered through the Minnesota Public Facilities Authority (PFA). The attached resolution is a required step to complete the application process for accessing the funds.

To comply with federal requirements governing the distribution of Drinking Water Revolving Fund dollars, the State of Minnesota must allocate a portion of the program funding as loans, even though all eligible project costs are ultimately intended to be covered with grant funds. Under this structure, the publicly owned portion of each lead service line replacement will be financed through a 0% interest general obligation (GO) bond issued by the City when the project is ready for funding. The privately owned portion of each service line replacement will be funded directly with grant dollars. From the City's perspective, reimbursement will occur through standard draw requests, with the State managing disbursements from the separate loan and grant funding sources based on the public/private cost split. Upon project completion, the State will retire the City's GO bond using grant funds, ensuring that the City does not retain long-term debt and does not make any payments on the bond.