



# Lead Service Line Replacement Program Authorization

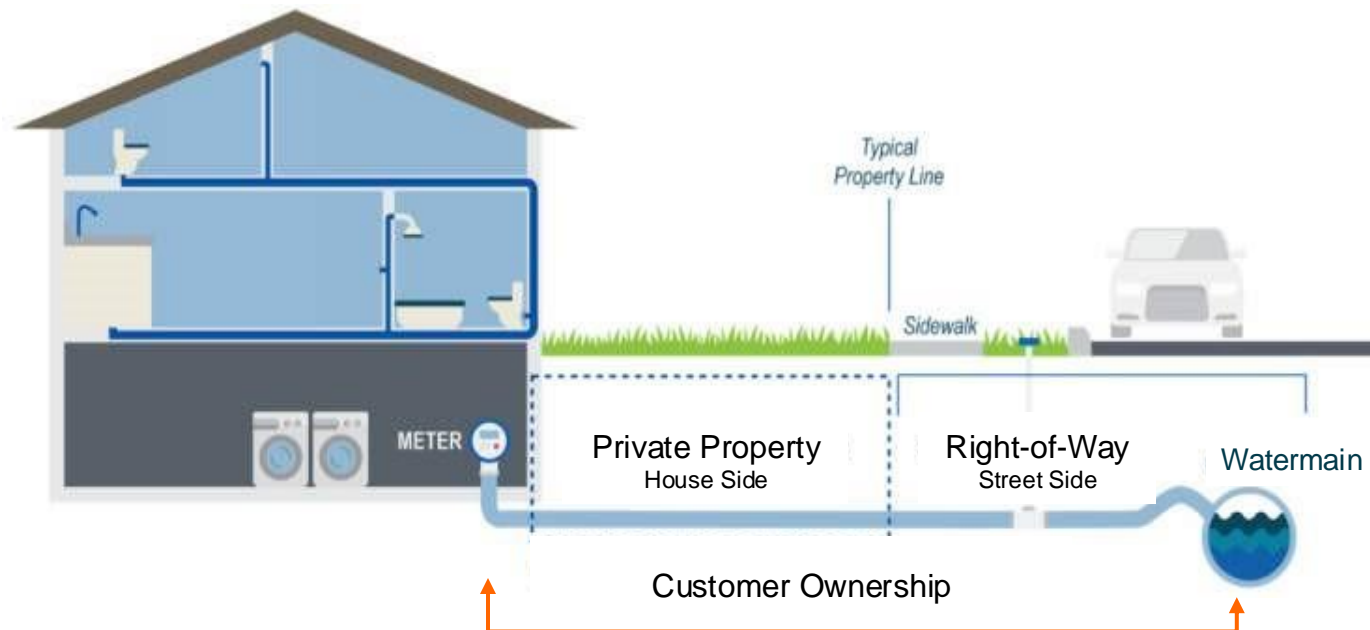
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Rochester Public Utilities Board Meeting  
Regular Agenda Item 4.B.  
January 21, 2025



# Public Purpose for Lead Program

- ❑ Reduce customer exposure to lead from privately owned water service connections, involving approximately 3 percent of services.
- ❑ Compliance with the federal Lead and Copper Rule to replace lead and galvanized water services throughout the distribution system by the year 2037.

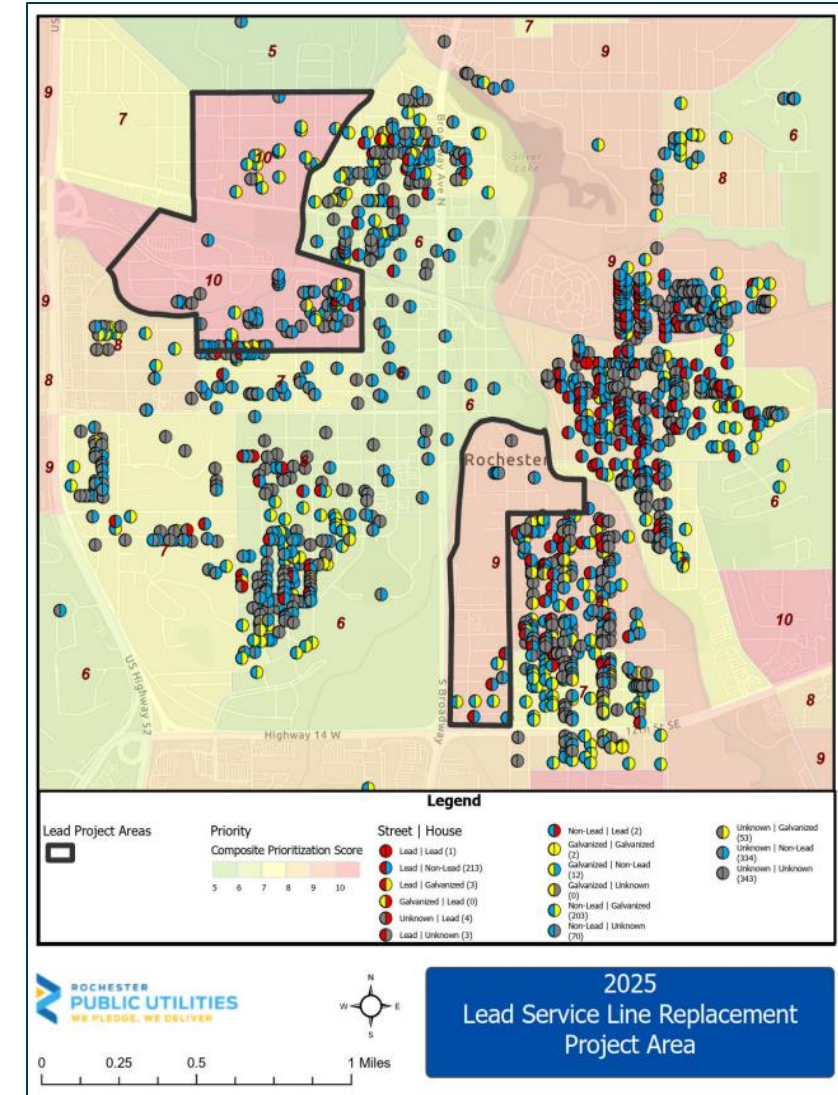




# LSLR Scope and Funding

- Staff is reviewing historical construction records for all 42,000 water services to confirm pipe material.
- Identified 225 lead services and 285 galvanized services
- Records are inconclusive for approximately 800 services within the system at this time.

RPU WATER SERVICE REPLACEMENT GOALS		
PROGRAM YEAR	LEAD AND GRR SERVICE REPLACEMENTS AND INVESTIGATIONS	TOTAL ESTIMATED PROGRAM BUDGET
2025	80	\$1.0M to \$1.5M
2026	300	\$4.2M to \$6.0M
2027	440	\$6.2M to \$9.1M
2028	490	\$7.0M to \$10.1M
<b>TOTAL</b>	<b>1310</b>	<b>\$18.5M to \$26.7M</b>





# Master Grant Agreement

Establishes the overall terms and conditions for receiving grant funding from the Minnesota Public Facilities Authority.

- **Reimbursement** based grant payment process.
- **“Project Costs-Construction”** eligible expenses include planning, design, engineering, construction, and site restoration.
- **“Project Costs-Non-Construction”** eligible expense include water testing, public engagement, and temporary lead abatement.
- RPU responsible for **compliance** with federal funding requirements.
- Funding will provide a **grant** for the privately owned portion of LSL. Publicly owned portions of LSLs are replaced using a combination of grant funds and zero interest loan, but service lines are privately owned in Rochester.



## State of Minnesota Lead Service Line Replacement Program Master Loan (Bond Purchase) and/or Grant Agreement

This Master Loan (Bond Purchase) and/or Grant Agreement (“Master Contract”) is between the State of Minnesota, acting through its Chair of the Public Facilities Authority (“Authority”) and the \_\_\_\_\_ (“Recipient”). The Authority and Recipient may be referred to jointly as “Parties.”

### RECITALS

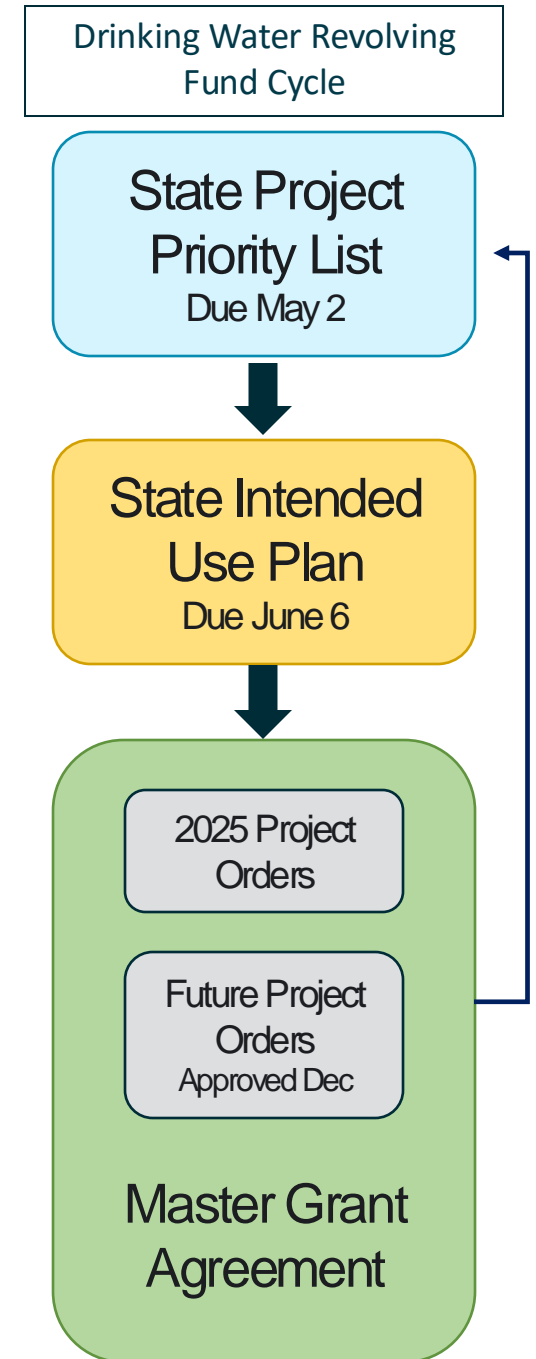
1. Pursuant to Minnesota Statutes § 446A.04, Subd. 6a: the Authority may make and contract to make loans and grants to eligible recipients to finance projects that the eligible recipient may construct or acquire. The Authority may acquire or contract to acquire notes and bonds issued by eligible recipients to finance those projects.
2. Pursuant to Minnesota Statutes §§ 446A.077 and 446A.081 the Authority is empowered to enter into this Master Contract and subsequent Project Orders to provide grants and zero percent loans to eligible recipients for eligible costs under the Authority’s Lead Service Line Replacement Program.
3. The Authority will issue a “Project Order” pursuant to this Master Contract to encumber specific loan and/or grant dollar amounts for each Project.
4. The Recipient represents that it is duly qualified and agrees to perform all services described in this Master Contract and all Project Orders to the satisfaction of the Authority. Pursuant to Minnesota Statutes § 16B.98, Subd. 1, the Recipient agrees to minimize administrative costs as a condition of this Master Contract. For this Master Contract, no administrative costs will be allowed without prior Authority approval.
5. The Recipient agrees to comply with the grants management policies and procedures created pursuant to Minnesota Statutes § 16B.97, Subd. 4(a)(1).
6. The Recipient acknowledges that payments by the Authority to the Recipient under this Master Contract may be made from federal funds obtained by the Authority through Section 1452 of the Safe Drinking Water Act as amended. The Recipient is responsible for complying with all federal requirements imposed from time to time on these funds and accepts full financial responsibility for any requirements imposed by the Recipient’s failure to comply with federal requirements. Exhibit A contains a not necessarily complete list of federal requirements.



# Project Orders for Grant Funding

Documents funding commitment and project specific scope and budget for lead projects ready for delivery.

- Identifies specific **addresses** for lead service line replacements within the project boundary.
- Establishes the **project term** with start and completion dates.
- Establishes total **grant obligation** for a project, including “construction” and “non-construction” costs.
- Provides Pro Forma loan schedule, although funding for RPU is a **grant** due to private service ownership.





# Recommended Board Action

Adopt Resolution authorizing the lead service line replacement program through the following actions.

1. Approve **Master Loan and/or Grant Agreement** document with the Minnesota Public Facilities Authority, subject to review and approval by the General Manager and City Attorney.
2. Approve the Lead Service Line Replacement Program **Project Order** document , subject to review and approval by the General Manager and City Attorney.
3. Authorize staff to **proceed with execution** of the 2025 Lead Service Line Replacement Project within the approved budget.