

PLANNING AND ECONOMIC DEVELOPMENT COMMITTEE

10-0038R

RESOLUTION AUTHORIZING A FIRST AMENDMENT TO THE COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG) PROGRAM DULUTH LATERAL SEWER LINES AGREEMENT WITH THE HOUSING AND REDEVELOPMENT AUTHORITY OF DULUTH (HRA), CONTRACT NO. 20768, RESOLUTION NO. 08-0645, EXTENDING THE TERM AN ADDITIONAL 24 MONTHS.

CITY PROPOSAL:

RESOLVED, that the proper city officials are authorized to enter into a first amendment to an agreement, substantially in the form of that on file in the office of the city clerk as Public Document No. _____, to the CDBG program to assist income-eligible homeowners to repair or replace lateral sewer lines that are contributing to sewer overflows into Lake Superior with the Housing and Redevelopment Authority of Duluth (HRA), extending the term of the agreement to June 30, 2010.

Approved:

Approved for presentation to council:

Department Director

Chief Administrative Officer

Approved as to form:

Approved:

Attorney

Auditor

CD KAH/KO:jle 1/11/2010

STATEMENT OF PURPOSE: The purpose of this resolution is to extend the term of a CDBG agreement with HRA to manage a loan program to assist low and moderate income homeowners to repair or replace their broken lateral lines that are contributing to the overflow from the Duluth sewer system into Lake Superior. The HRA processes homeowner applications for assistance, conducts the bidding process, oversees the work of contractors, completes necessary documentation and implements the project in compliance with CDBG or other program fund requirements.

At the time the agreement was entered into in December 2008, the HRA anticipated assisting 60 homeowners with deferred, zero percent interest loans up to \$6,000, due upon change in ownership of the property or in 30 years, whichever occurs first.

On July 27, 2009, the Duluth City Council approved Resolution 09-0487, adapting guidelines for the private sewer service grant program. This program allows homeowners to apply for a reimbursement grant in the amount of 80 percent of the costs of repairing or replacing lateral sewer lines, up to \$4,000. The HRA and city staff have worked together to coordinate the city's grant program and the HRA's loan program. The HRA loans now cover costs in excess of the city's grant. Therefore, HRA loans are now averaging \$2,000 and the program is expected to assist an estimated 150 households during the extended term of the agreement.