Overview

This bill authorizes home rule charter and statutory cities to conduct programs to provide replacement heating equipment to property owners whose district heating service is discontinued. The bill outlines methods of contracting and paying for the installation of related improvements.

1 District heating system.
   Subd. 1. Application. New statutory provisions in the bill apply to cities owning and operating a district heating system either directly or by a utility commission, which are discontinuing the district heating system in whole or in part.
   Subd. 2. Supercedes other law. New statutory provisions in the bill supercede any contrary provisions in charter or law.
   Subd. 3. Supplemental to other law. New statutory provisions in the bill are supplemental to other powers in charter or law.

2 Policy; purpose.
   Subd. 1. Findings. Legislature finds it in public interest to authorize cities to provide replacement heating and install energy conservation equipment for owners of property whose district heating service is discontinued.
   Subd. 2. Public purpose. Funds spent under new statutory provisions in the bill are for a public purpose.

3 Definitions.
   Subd. 1. Application. Definitions in this section apply to the new statutory provisions in the bill.
   Subd. 2. City. Includes any city, however organized, acting either through its city council or public utility commission.
   Subd. 3. Replacement heating system improvement. Includes furnaces, boilers, and similar
equipment, and related equipment, duct work, and control mechanisms for providing heating, ventilation, and air conditioning.

**Subd. 4. Energy conservation improvement.** Includes, but not limited to, insulation, storm windows and doors, thermal windows, caulking and weatherstripping, and thermostats or lighting controls, up to a cost of $20,000 if recommended by an energy audit. Term does not include creation or conversion of energy from renewable resources.

**Subd. 5. Program.** Means a statement of goals, procedures, eligibility standards, and financing for installing improvements described in subdivisions 3 and 4.

**Subd. 6. Improvement.** Includes improvements under both subdivisions 3 and 4.

### Program.

**Subd. 1. After notice and hearing.** Program adopted by resolution of city council after reasonable notice and hearing.

**Subd. 2. Elements.** Requires program to contain at least the following:
- kinds of properties eligible for assistance
- procedures for accomplishing improvements
- methods of financing improvements
- city agency responsible for program

**Subd. 3. Delegation.** Allows city council to delegate conduct of the program to public utilities commission or board.

### Installing the improvements.

**Subd. 1. Methods.** Authorizes city or property owner, subject to city approval, to contract for work and materials. Authorizes city to contract with an owner for the owner to install an improvement, but it may not pay an owner for the owner's labor.

**Subd. 2. Inspection and certification.** Program may provide for city inspection of improvements made.

**Subd. 3. Competitive bids.** City must comply with competitive bidding laws when contracting for work and materials.

### Payments; financing.

**Subd. 1. Financing.** Financing may include one or more of the methods below.

**Subd. 2. Cash.** City may contract for property owner to pay cash after installation of improvements, if owner deposits 90 percent of improvement price with the city or secures written commitment from a financial institution to lend full amount of price.

**Subd. 3. Promissary note.** City may accept promissary note from a property owner at the interest rate specified by the program, payable within ten years.

**Subd. 4. Lien as security.** Lien on the real property on which improvements are made secures payments under subdivisions 2 and 3. City may certify entire amount due to the county auditor for collection if payment not made according to terms.

**Subd. 5. Special assessments.** At request of property owner, unpaid cost of installing an improvement may be special assessed against the property. Ordinance allowing special assessment under this subdivision is not required, and cost must be paid within ten years.

### Financing; obligations.

**Subd. 1. Bonds; other obligations.** City may issues bonds to finance cost of installing improvements.

**Subd. 2. Revenue obligations.** Revenue bonds may be issued payable solely from revenues to
be derived from special assessments and payments by owners, which must be pledged to payment of the bonds.

**Subd. 3. General obligations.** General obligation bonds may be issued payable from revenues to be derived from special assessments and payments by owners, which must be pledged to payment of the bonds. In order for general obligations to be issued, pledged revenues must equal at least 105 percent of the amount necessary to pay principal and interest when due.

8 **City of Virginia.** Provides that city of Virginia is considered compliant with statutory provisions for discontinuing steam heat.

9 **No local approval; effective date.** Local approval not required since bill is permissive. Effective the day after final enactment.