



MEMORANDUM

LEGISLATIVE REFERENCE BUREAU

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To: Ald. James A. Bohl, Jr.
From: Tea Norfolk, Legislative Fiscal Analyst – Lead
Date: December 7, 2016
Subject: Possible funding sources for private-side lead water service line replacement

This memo is in response to your request to identify possible funding sources to help homeowners pay for replacement of the private-side portion of lead water service lines.

Community Development Block Grant

A) Whether any potential funds could offset costs on private-side work

Community Development Block Grant (CDBG) funds are only available to residents who are income eligible. Each resident would need to be individually assessed for income eligibility. CDBG could not create a block grant specifically for water service line replacement. Instead, a department, such as Department of Public Works (DPW) or Department of Neighborhood Services (DNS) or another City department, would need to act as the provider. DPW and DNS currently administer CDBG funds for other housing-related projects, and to use these funds specifically for lead service line replacement, the funds would need to be administered by one of these departments.

B) Whether block grant funding could be applied to workforce development component

At the time of this writing, no CDBG funds have been identified that could be applied to the workforce development component of this work.

C) Other considerations

CDBG funds require overhead that increase costs of using those funds. Some of the overhead includes prevailing wages and requirements to fix other issues on the property if there are aspects of the property that do not meet federal

standards. A CDBG-funded renovation project can cost approximately 20-30% more than funding the project from another source, such as self-funding.

CDBG funds are also a finite source. When allocating CDBG funds to a particular project, those funds are being taken away from another project that would have otherwise had those funds allocated to it.

Lead water service line funds are specifically allocated by the state and federal governments. The Health Department, for example, has received \$40 million in lead abatement grants, and even those do not allow for payment of lead service line replacement. Those funds are specifically allocated for paint abatement. In order to use funds for water service line replacement, federal rules and grant rules would need to be amended.

Federal money from the Wisconsin Department of Natural Resources for lead service line replacement is targeted toward water system improvements. The State determines allocation of these funds. Currently, this is the source the City will rely on for 2017-18 lead service line replacement.

Creating a New Lead Remediation Fee

The City Attorney's Office is preparing an opinion in answer to this portion of the request.

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