



Department of Public Works

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Office of Commissioner of Public Works

January 31, 2019

Member of Common Council  
Council City of Milwaukee  
200 East Wells Street, Room 205  
Milwaukee, WI 53202

**SUBJECT:** Update on the financial impact the implementation of Milwaukee Code of Ordinances Sec. 225-22.5, Lead Service Line Replacement, has on property owners who have had their lead water service lines replaced

To the Honorable Members of the Common Council:

Milwaukee Code of Ordinances (MCO) Sec. 225-22.5, Lead Line Service Replacement, effective January 1, 2017, mandates the replacement of lead water service lines on private property, and established a special assessment for replacement of lead water service lines on private property.

Pursuant to MCO sec. 225-22.5-11, semi-annual reporting is required on the financial impacts of this ordinance on property owners who have had their lead service lines replaced.

As of December 31, 2018, the Milwaukee Water Works has performed a total of 1,531 full lead replacements on service line projects with confirmed leaks, due to a planned infrastructure project, child care and schools, or as an owner-initiated project since January 1, 2017.

Of these 1,531 projects:

- 980 were a result of a leak on the service line
- 343 were full lead replacements at child care centers
- 148 were a result of a planned infrastructure project
- 50 were a result of an owner initiating the project
- 10 were full lead replacements at schools

Additional information related to these projects:

- 1,039 of the leaks and planned infrastructure replacements occurred on service lines to buildings with one to four units, and therefore, the property owners who chose to have a city contractor perform the work qualify for the cost of the private side work to be the lesser of one-third of the average current cost to replace the privately-owned portion of the lead service line, or \$1,600 per property. The total property owner share of the cost for these 1,039 projects is \$1,662,400.
- At the end of 2018, the average cost of replacing a public side lead service lateral was \$5,465, and the average cost of replacing the private side lead service lateral was \$6,026. The public side costs include pavement restoration.
- 74 of the leaks and planned infrastructure replacements occurred on service lines to buildings with more than four units, and therefore, do not qualify for a portion of the cost of private side replacement to be



covered. Property owners who are having a city contractor perform the work are eligible for the full cost of the replacement to be paid for through the special assessment process.

- In addition to the 1,531 completed lead service line replacements, 280 services are either currently being investigated or are scheduled for replacement, as of December 31<sup>st</sup>, 2018.

The process wherein any replacement cost falls to the property owners on their tax bill is as follows:

1. The Milwaukee Water Works will collect, verify, and recommend payment of the contractor's invoice for private side and for public side costs. For one to four family units, the lesser of one-third of the average cost to replace the privately-owned portion of the lead service line, or \$1,600, will be the property owner's share.
2. The Milwaukee Water Works will submit this information to the Department of Public Works Special Assessment Section. The Special Assessment Section will keep track of the invoice and averages throughout the year and will verify their lists to be sure they have accounted for each replacement.
3. All invoices received by August 15<sup>th</sup>/September 1<sup>st</sup> of any given year will be included on the Special Assessment Section's October billing to the affected property owners. Property owners have 45 days to pay in full (for example November 15<sup>th</sup>), or the amount will be equally distributed over the next 10 tax bills. Per MCO, interest will be charged on the balance of the Prime rate + 1% at the end of June of the previous calendar year. For 2017 and 2018, interest rates were 4.5% and 5.25% respectively. The City of Milwaukee Treasurer's Office is responsible for adding the lead service line replacement assessments to the property tax bill. Invoices for 224 lead service line projects were received in time for the October 2017 billing and 448 were received for the October 2018 billing.

Respectfully submitted,



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Commissioner of Public Works

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CC: Karen Dettmer, Public Works Coordination Manager

