

Milwaukee Water Works

January 25, 2021

To the Honorable, The Common Council
City of Milwaukee
200 East Wells Street, Room 205

Re: Semi-annual report on the financial impacts of lead service line replacements

Dear Council Members:

Milwaukee Water Works (MWW) has opened Common Council file number (CCFN) 201264 to report on the following semi-annual reports at the January 27, 2021 Public Works Committee meeting, as required by Milwaukee Code of Ordinance (MCO) sec. 225-22.5-11.

Attached please find the report on the financial impacts of lead service line replacement on property owners who have had their water service lines replaced for the period January 1, 2017 through December 31, 2020. The status of service line replacements, testing results of lead in water, emerging technologies for remediating lead in water, and ongoing plans for addressing the lead-in-water issue for the period January 1, 2017 through December 31, 2020 will be communicated under CCFN 201264. This particular semi-annual period brought specific challenges to the lead service line replacement program as MWW staff and contractors adjusted to constraints presented by the COVID-19 pandemic.

Please feel free to contact me if you have any questions.

Sincerely,



Karen Dettmer, P.E.
Superintendent
Milwaukee Water Works

KD:AS:mmp

Milwaukee Water Works

January 25, 2021

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

SUBJECT: Update on Lead Service Line Replacements conducted per Milwaukee Code of Ordinances sec. 225-22.5

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 certain 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 service lines replaced. As of December 31, 2020, the Milwaukee Water Works had performed a total of 3,441 lead service line replacements on projects with confirmed leaks, due to a planned infrastructure project, at child care facilities and schools, or as an owner-initiated project, since January 1, 2017.

Of these 3,441 projects:

- 2,282 were a result of a leak or failure on the service line
- 519 were replacements at child care facilities
- 531 were a result of a planned infrastructure project
- 97 were a result of an owner initiating the project
- 12 were replacements at schools

Additional information related to these projects:

- 2,649 of the leaks and planned infrastructure replacements occurred on service lines to residential buildings with one to four units. Of these, 1,949 property owners were required to have their privately owned section of the lead service line replaced and chose to have a city contractor perform the work, qualifying for the cost of the private side work to be limited to the cost share specified by MCO 225-22.5-9, which is adjusted annually by the City Clerk. The property cost share was limited to \$1,600 for properties identified between January 1, 2017 and February 29, 2020 and was adjusted to \$1,754 as of March 1, 2020. The remaining 180 properties were not eligible due to either opting out of hiring a city contractor and therefore paying full cost or their privately owned section was not lead and there was no cost for replacement.
- As of December 31, 2020, the average cost of replacing a public-side lead service line was \$5,490, and the average cost of replacing the private-side lead service line was \$5,863. The public-side costs include pavement restoration.



- 164 of the leaks and planned infrastructure replacements occurred on service lines to commercial properties or residential properties with more than four units, and therefore, did not qualify for a portion of the cost of the private-side replacement to be covered by the city. Property owners who are having a city contractor perform the work are eligible for the full cost of the replacement to be paid through the special assessment process.
- In addition to the 3,441 completed lead service line replacements, 414 services were either in investigation or had been scheduled for replacement, as of December 31, 2020.

The process wherein any replacement cost falls to the property owner 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 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 (currently \$1,925), or \$1,754 as of March 1, 2020, 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 payment.
3. All invoices received by August 15th/September 1st of any given year will be included in the Special Assessment Section's October billing to the affected property owners. Property owners have 45 days to pay in full (for example November 15th), 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 2018, 2019, and 2020 interest rates were 5.25%, 6.00%, and 6.50% respectively. The City of Milwaukee Treasury's Office is responsible for adding the lead service line assessments to the property tax bill. Invoices for 224 lead service line projects were received in time for the October 2017 billing, 448 were received for the October 2018 billing, 726 were received for the October 2019 billing, and 484 were received for the 2020 billing.

Please feel free to contact me if you have any questions related to this report.

Thank you,



Karen Dettmer, P.E.
Superintendent
Milwaukee Water Works

KD:AS:mmp