



Communication from Milwaukee Water
Works and Department of
Administration-Budget on establishing a
program to facilitate lead service line
(LSL) replacements

July 15, 2020 Public Works Committee

Common Council File #200371

LSL Replacement Financial Evaluation

- Common Council File #191432 directed MWW and Budget Office to evaluate financial impacts of expanding City's cost share for lead service line replacement.
- Options available:
 - Utilize rate revenue through Act 137
 - Expand the current city subsidy to include owner initiated

Utilizing Rate Revenue

- Petition Public Service Commission
- Mandate replacement of all LSLs via Ordinance
- Flexible timeline for completion of replacements
- Allows utility to fund:
 - 50% grant for private-owned section (\$2,727)
 - 50% loan for private-owned section (\$2,727)
 - MWW always pays 100% of utility-owned section
- Will require a rate increase for commercial and residential properties
- May allow additional grant from City, not utility

Utilizing Rate Revenue

Cost Categories	Total Costs
MWW-Public 100%	\$393,466,715
Property Owner Grant 50%	\$201,348,045
Property Owner Loan 50%	\$201,348,045
Total	\$796,162,805

Possible Rate Increases	Current Rate	20 Years	30 Years	40 Years	50 Years
3.8%-5.7% ROR	-	20%-28%	16%-24%	14%-22%	13%-21%
Av. Quarterly Bill (15 CCF)	\$60.15	\$72.18- \$76.75	\$69.95- \$74.53	\$68.81- \$73.38	\$67.97- \$72.72

Note: Average cost of LSL replacement as of date of report: \$5,454 for private section, \$5,329 for utility section

Expand Current Subsidy

- Expand cost subsidy to include owner initiated via Ordinance change
- Current ordinance funds
 - Limits property owner to lesser of 1/3 average cost of private-owned section (\$1,818) or \$1,754 as special assessment/loan
 - Remainder (\$3,700) paid by the City as grant
 - MWW always pays 100% of utility-owned section

Note: Average cost of LSL replacement as of date of report: \$5,454 for private section, \$5,329 for utility section

Lead service line financial incentive: City LSL Subsidy Expansion

Cost Categories	Total Costs
MWW-Public 100%	\$393,466,715
Property Owner Private- \$1,754 subsidy	\$129,506,590
City Contribution-Private	\$273,189,500
Total	\$796,162,805

	20 Years	30 Years	40 Years	50 Years
Number of Lines per Year	3,692	2,461	1,846	1,477
MWW-Public 100%	\$19,673,336	\$13,115,557	\$9,836,668	\$7,869,334
Property Owner-Private- \$1,754	\$6,475,330	\$4,316,886	\$3,237,665	\$2,590,132
City Contribution-Private	\$13,659,475	\$9,106,317	\$6,829,738	\$5,463,790
Total	\$39,808,140	\$26,538,760	\$19,904,070	\$15,923,256

Thank you.