

Milwaukee Water Works

Safe, Abundant Drinking Water.

July 11, 2018

Members of the Common 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:

Sec. 225-22.5 of the Code, 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 sec. 225-22.5-11 of the Code, which requires semi-annual reporting on the financial impacts of this ordinance on property owners who have had their water service lines replaced. The Milwaukee Water Works is submitting the following report for the period January 1, 2017 through June 30, 2018.

As of June 30, 2018, the Milwaukee Water Works has fully replaced a total of 1,015 lead service line projects with confirmed leaks, or due to a planned infrastructure project, or as an owner-initiated project since January 1, 2017.

Of these 1,015 projects:

- 710 were a result of a leak
- 236 were full replacements at child care centers
- 30 were a result of a planned infrastructure project
- 37 were a result of an owner initiating the project

Additional information related to these projects:

- 652 of the leaks occurred on service lines to buildings with one to four units, and therefore, the property owners who are having 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 652 projects is \$1,043,200.



- At the end of 2017 the average cost of replacing a public side lead service lateral was \$9,100 and the average cost of replacing the private side lead service lateral was \$6,632. The public side costs include pavement restoration.
- 44 of the leaks occurred on service lines to buildings with more than four units and do not 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. Property owners who are having a city contractor perform the work are only eligible for the full cost of the replacement to be paid for through the special assessment process.
- In addition to the 1,015 completed lead service line replacements, an additional 317 services are either being investigated or are scheduled for replacement.

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. Per sec. 225-22.5 of the code, 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 invoices and averages throughout the year and will verify their lists to be sure they have each one accounted for.
3. All invoices received by August 15th/September 1st of any given year will be included on the Special Assessment Section's October billing to the affected property owners. Those property owners will have 45 days to pay in full (for example November 15th), or the amount will be spread out over the next 10 tax bills. By City ordinance the interest charged on the balance is the Prime rate +1% at the end of June of the previous calendar year. For 2017 and 2018, these interest rates are 4.50% and 5.25%, respectively. The City of Milwaukee Treasurer's Office is responsible for adding the lead service line replacement debt to the property tax bill. Invoices for 224 lead service line projects were received in time for the October 2017 billing, the next billing will be in October 2018.

Respectfully submitted,



Jennifer Gonda
Superintendent

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