
Overview of Lead Service Line Replacement Program

Water Quality Task Force
December 9, 2016

Program Goals

- Full replacement of lead service lines
- Make replacement simple, equitable and affordable for property owners
- Manage full replacements within the City's financial and legal constraints

Lead Service Line Replacement Program: Key Elements of File 160742

- Require replacement of private portion of lead service line when:
 - Privately owned or utility owned portion of a lead service lines leak; or
 - The utility owned portion of a lead service line is replaced
- City-funded cost share and special assessment financing for eligible property owners
- Prohibition on partial lead service line replacement
 - When leaks are encountered on utility owned or privately owned portion of lead service line, the entire service line will be replaced
- Prioritize replacement of lead service lines serving daycares and schools in 2016-2018

Lead Service Line Replacement Program: Financing

- Estimated average cost to replace lead service line - \$10,000 to \$12,000
 - Estimated cost to replace utility portion: \$5,500 to \$6,500
 - Funded through revenues from water sales
 - Significant rate increases required due to declining consumption, accelerated water main replacement program, and lead service line replacement
 - Estimated cost to replace portion owned by property owner: \$4,500 to \$5,500
 - Majority of properties with lead service lines eligible for City cost share and special assessment financing

Lead Service Line Replacement Program: Financing

- 1-4 unit residential properties eligible for cost share and special assessment financing
- For City cost share and special assessment financing the property owner must:
 - Sign “Hold Harmless” agreement
 - Grant temporary construction easement
 - Agree to have private side work performed by City approved contractor
 - Allow access into home to connect new service to meter
- When these conditions are met:
 - The City will fund 2/3 of the cost of replacing the private portion (approximately \$3,400)
 - Property owner pays for the lesser of \$1,600 or 1/3 of the average annual cost of replacing the private portion
 - Property owner’s special assessment would be approximately \$167 annually for 10 years, or ten installments of less than \$17 each year
 - No penalty for early payment of special assessment

Lead Service Line Replacement Program: 2017 Plan and Revenue Sources

- Replace lead service lines serving 300 daycares and schools
 - \$1.8 million Water Works ratepayer funds (utility side)
 - \$1.6 million Safe Drinking Water funding (private side)
- Replace lead service lines that experience leaks- approximately 300
 - \$1.8 million Water Works ratepayer funds (utility side)
 - \$1 million Safe Drinking Water funding (private side)
 - \$600,000 Special Assessment from property owners (private side)

Lead Service Line Replacement Program: Long-term Outlook

- Estimated cost to replace the utility and privately owned portions of 70,000 lead service lines: **\$500 million to \$770 million** (2016 dollars)
 - \$1 million annual Safe Drinking Water funding uncertain beyond 2018
 - City is pursuing State and Federal funds
 - City cost share funded through property tax levy-supported borrowing in the absence of State/Federal funding
-

Lead Service Line Replacement Program: Long-term Outlook

- In 2018 and beyond, program will be scaled up to include proactive replacement of lead service lines in conjunction with water main replacement or other infrastructure projects
- Replacing all 70,000 lead service lines in 50 years would require replacements to be scaled up to 1,400 per year, resulting in a City cost of ~\$4.5 million per year
- Factors that will affect how quickly the City can scale up the program:
 - Approval of water rate increases
 - Availability of City funding
 - Private sector capacity to perform the work