

Milwaukee Water Works

Safe, Abundant Drinking Water.

January 29, 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 Ordinance 160742 has had on property owners who have had their lead water service lines replaced

Dear Common Council Members:

On December 13, 2016, the Common Council adopted Ordinance #160742 mandating the replacement of lead water service lines on private property, and establishing a special assessment for lead water service lines on private property.

On July 31, 2017, the Common Council adopted Ordinance #170527 stating that prior to January 31, 2018 and every six months thereafter, the commissioner of public works, or the commissioner's designee shall submit to the common council a report on the financial impacts of implementation of this section on property owners who have had their water service lines replaced under this section.

As of December 31, 2017, the Milwaukee Water Works has fully replaced 610 lead service line projects with confirmed leaks, or due to a planned infrastructure project, or as an owner-initiated project.

Of these 610 projects:

- 432 were a result of a leak
- 144 were full replacements at child care centers
- 24 were a result of a planned infrastructure project
- 10 were a result of an owner initiating the project

In addition,

- 402 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. The total property owner share of the cost for these 402 projects is \$643,200.



- 38 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. These 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 610 completed lead service line replacements, an additional 109 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 Ordinance 160742, 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. That 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's Section 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 in the previous calendar year. For 2017 and 2018, those interest rates are 4.50% and 5.25%, respectively. The City of Milwaukee Treasurer's system will be responsible for adding that debt to the property tax bills. Invoices for 224 lead service line projects were received in time for the October 2017 billing.

Respectfully submitted,



Jennifer Gonda
Superintendent

JG:sls