

LEAD SERVICE LINE REPLACEMENT
Proposed mandate and cost-share structure
CCFN 160742

CCFN 160742 will create two tools to begin the systematic removal of lead service lines in Milwaukee: a mandate for full service line replacement in certain situations, and partial coverage of owner costs by the city.

Goals of mandate and cost-share

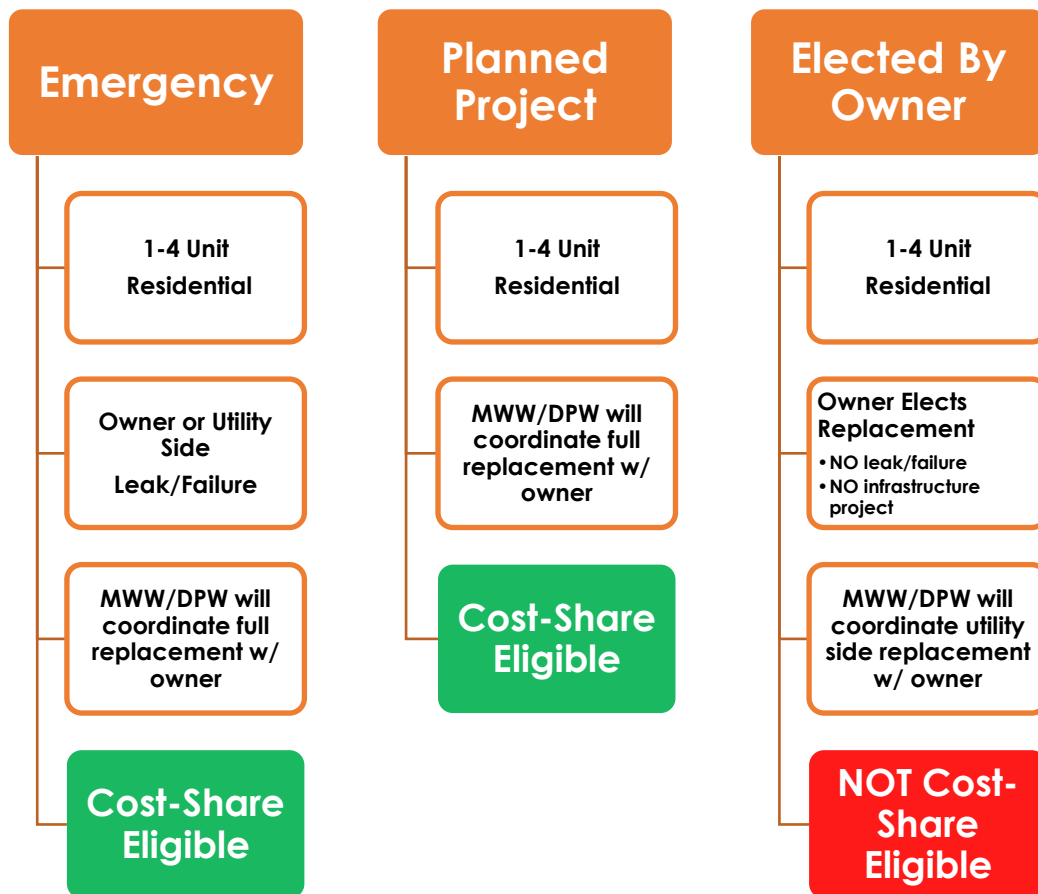
- Combine public health principles and infrastructure planning
- Create a system for **full** removal of all lead service lines
- Maximize value and effectiveness of limited funding
- Manage cost and make contracting simple for owners
- Set clear and simple expectations with owners and residents

Lead service line replacement will be mandatory for **ALL** owners, but **only** when:

- LSL fails, leaks, or is otherwise damaged
- A planned infrastructure project affects the property

Milwaukee Water Works will pay 100% of the cost for the "utility side".

Residential (1-4 unit) property owners can access a cost-share for the "private side" of the LSL in both of those situations, if they coordinate with the city.



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CCFN 160742 Ordinance Changes for Lead Service Line Replacement Program

Key Elements

- Ordinance addresses both "utility" AND "private" side
- Builds on existing city policies and experience working with owners and residents:
 - Assessable public works (sidewalks, alleys, sewers)
 - Lead abatement orders
 - Automated water meter replacement
- Gives owners options for replacement
- Mandate for full replacement of lead service lines **only** when:
 - leaks or failures are discovered, or
 - when Water Works replaces utility-owned portion of lead service line for any reason
- For those properties, city will cover 2/3 cost of replacing privately owned portion of LSL for owners of 1-4 unit residential properties if:
 - Owner elects to have city contractors perform work
 - Owner signs waiver/hold harmless agreement, allows temporary easement
- Delayed billing will be available, assessments set by resolution annually

Full Replacement Is Required

- Repair or partial replacement of lead service lines is prohibited
- If Water Works replaces the utility owned portion of a lead service line, the property owner must replace the privately owned portion of the lead service line - and vice versa
- When a leak is discovered in a lead service line, or a water infrastructure project is planned, upon receipt of the written notice the property owner has 45 days (10 days for leaks) to:
 - Replace privately owned portion of LSL at property owners expense by contracting with a licensed contractor; or
 - Elect to have city contractor replace privately owned portion of LSL, with property owners meeting certain criteria eligible for city cost-share

Making Compliance Easy

- Cost-sharing ensures affordability when replacement is required
- Complex underground work and permitting makes evasion difficult
- Tenants should never be "stuck" between owner and city
- Goal of the mandate is full replacement, **not** fines or penalties
- DNS commissioner may use citations or orders to incentivize compliance, where appropriate:
 - Citations issued daily: \$100/day, capped at \$1,600 or equivalent to owner cost
 - Discontinuation of water service

City Cost-Share

- MWW pays 100% utility side cost, financed via water rates (estimated +\$40/yr by 2018)
- City pays 2/3 of owner cost using Federal funds via DNR (2017-18)
- Owner, under mandate, pays remaining 1/3 via assessment

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Eligibility Criteria

- Property is a 1-4 unit residential property, AND
 - Property owner agrees to have work performed by a city contractor
 - Property owner signs a hold harmless agreement
 - Property owner executes temporary construction easement and allows access into residence as needed
 - Property owner waives 10-day notice
- Eligible property owners shall pay the lesser of \$1,600 or 1/3 of the cost to replace the privately owned portion of the lead service line
 - Property owners may finance their financial obligation with special assessment financing payable over 10 years
 - Assessable cost based on “pooled” average cost to give owners uniformity. DPW/Water Works will set the assessed cost and owner share by resolution each year

COMMON SCENARIOS FOR REPLACEMENT

Scenario #1

- Owner of a single family residential property with a lead service line notices low water pressure and calls MWW. MWW utility investigators determine that there is a leak in the utility owned portion of the service line. The utility investigator provides the property owner notice of the full replacement requirement and informs the property owner how to qualify for the city cost-share. The property owner signs the hold harmless agreement, grants the temporary construction easement, agrees to have city contractors perform the work, and waives the 10 day notice. The privately owned and utility owned portions of the lead service line are replaced by city contractors. The property owner is assessed over 10 years for the lesser of \$1,600 or 1/3 the cost of replacing the privately owned portion of the service line.

Scenario #2

- Owner of a single family residential property is notified that in 3 months a water main replacement project is occurring in front of the property, and is informed about the full replacement mandate. The property owner chooses to select their own contractor to replace the privately owned portion of the lead service line, with the understanding that they will not be eligible for the city cost-share or special assessment financing. Work is coordinated between city contractors and the private contractor hired by the property owner, so that water service can be restored as soon as practicable. The property owner and their contractor handle payment terms.

Scenario #3

- Owner of a 6-unit apartment building is notified that in 3 months a water main replacement project is occurring in front of the property, and is informed about the full replacement mandate. The property owner may elect to have the city contractor replace the privately owned portion of the lead service line with special assessment financing but no city cost-share, or may choose a licensed contractor to perform the work.

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Scenario #4

- Owner of a single family home elects to replace their lead service line proactively, without indications of a leak on their side or the utility side. The Water Works will coordinate replacement for their side of the line with the homeowner to ensure full replacement. The homeowner will NOT receive a cost-share NOR use of assessments for this cost, and is responsible for their own contractor's work and compliance with the ordinance and MWW rules.