

COW
5-15-17

17-0513

CITY OF MANITOWOC

Resolution/Ordinance No. 17-0513

**Resolution Authorizing Execution of the
Department of Natural Resources
Principal Forgiven Financial Assistance Agreement**

WHEREAS, the City of Manitowoc (the "Municipality") wishes to undertake a project to replace private lead service lines at residences, Pre-K thru 12 schools and licensed day care centers, identified as DNR No. 5191-08 (the "Project"); and

WHEREAS, the Municipality has applied to the Safe Drinking Water Loan Program (the "SDWLP") for financial assistance in the form of a loan made by the SDWLP to the Municipality of which all the principal will be forgiven at the time that loan disbursements are made to the Municipality, pursuant to the DNR Financial Assistance Agreement; and

WHEREAS, the SDWLP has determined that it can provide a loan with principal forgiveness in an amount up to \$350,000 that it has identified as being eligible for SDWLP funding;

NOW, THEREFORE, the City Mayor and City Clerk/Deputy Treasurer are authorized by and on behalf of the Municipality to execute the Principal Forgiven Financial Assistance Agreement that contains the terms and conditions of the SDWLP award for the Project. The Principal Forgiven Financial Assistance Agreement is incorporated herein by this reference.

Passed: _____

Approved: _____

Justin M. Nickels
Mayor

Attest: _____
Jennifer Hudon
City Clerk/Deputy Treasurer



Document #: 1.0	Title: Private Lead Service Line Replacement Plan for 2017	Owner: Water Systems Manager
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Revision #: 0	Revision Date: 04/26/2017	Revision Date:
Effective Date:	Approved By:	Approval Date:
Location:		

BACKGROUND

The non-compliance of current lead regulations in Flint, Michigan in 2016 has raised concerns within the EPA and WDNR on lead water services and in particular the potential for increased lead levels when fixing a leaking lead service or when only a partial lead water service of lead material is replaced. Due to the non-compliance of the lead action level in Flint, Michigan the AWWA and several other organizations have issued policy statements that the goal of all water utilities must be to remove all lead material water service lines. The EPA is expected to issue new rules in 2017 on lead water services.

The WDNR has developed a pro-active approach and allocated \$14.5 million of State Fiscal Year (SFY) 2017 Safe Drinking Water Loan Program (SDWLP) to Principal Forgiveness (PF) funds for municipalities to use these funds for replacing lead service lines (LSL) that will result in the complete replacement of the LSL. MPU applied and qualified for principal forgiveness funding for \$350,000 in 2017 for the replacement of private LSLs (\$50,000 of which can only be used for schools or licensed daycares). In the MPU water system, the water service is owned 100% by the property owner from the watermain to the home.

EXISTING CONDITION

- a. MPU has approximately 4,200 lead service lines.
- b. MPU is required to collect a lead and copper sample from (30) private residences every three years to ensure compliance with the lead and copper action level.
- c. MPU has been in compliance with the lead and copper action level, primarily due to the use of polyphosphate being used for corrosion control – a method allowed by EPA.

PLAN FOR 2017 (2018 if DNR Principal Forgiveness Financial Assistance is available)

In response to WDNR funding, MPU must establish a private LSL replacement program in the most cost effective manner for both MPU and the property (home) owner.

1. Archaeological/Historical Review

All federal grant programs must pass an Environmental Review, including an archaeological/historical review. MPU hired Old Northwest Research (Cultural Resource Management (CRM) firm, Bob Fay, Two Rivers) to perform a records review and



MPU Standard Operating Procedures

literature search to locate and identify known archaeological/burial sites and historic properties within the proposed lead service line replacement area. All human burial sites are protected under Wis. Stats. 157.70, and consultation with the Wisconsin Historical Society is required. Should a property owner qualify for grant funds to replace a LSL with a known archaeological/burial site on their property, MPU must coordinate all activities to ensure compliance with all Wisconsin Historical Society and cultural resource requirements.

2. Pre-Qualified Plumbers

The MPU PLSL program is classified by the WDNR as a Municipal Program with a prequalified list of plumbers. Under this option the municipality issues a Request for Qualifications (RFQ) in order to prequalify plumbers/contractors for participation in the private LSL replacement program. Homeowners contract directly with a plumber from the prequalified list and then are either reimbursed by the municipality or the municipality can pay the plumber directly on the homeowner's behalf. To date, MPU has received five (5) plumber applications to become prequalified in the LSL program. A final list will be provided to the property owners.

3. Lead Service Education

- a. A press release regarding the WDNR LSL grant program, and how properties can inspect and determine if they have a lead service line or not. This will be published in May 2017.
- b. Educate the property owner that the entire water service line (watermain to meter setting) is owned by the property owner.
- c. A web portal has also been developed, for properties to report back their findings.
- d. Approximately 4,200 properties suspected to have a lead service line will receive a letter to provide information on the available WDNR grant funds to assist in the LSL replacement and how they can apply for the program details in May 2017.
- e. The press release, web portal, and letters will be made available after the WDNR has approved the MPU LSL program.

4. WDNR Position on Use of Grant Funds

WDNR has adopted a policy that to be consistent across the state that no water utility is allowed to use grant funds from the watermain to the curb stop. Hence, MPU will require the property owner to pay up to a maximum of \$700 towards the replacement of the lead service line from the watermain to the curb stop, with MPU paying the remainder of the street portion cost. WDNR grant funds will be used for the portion of a lead service line replacement from curb stop to home. MPU will allow the property owner the option of: (a) make a one-time payment of \$700 or (b) a 60-month installment plan at \$11.67 per month on the water bill at zero (0) percent interest.



5. Prioritization of Funds Disbursement

The available grant funds will be prioritized as follows to be cost effective for both home owner and MPU:

- A. First priority will be given to schools and licensed daycares as WDNR has approved \$50,000 to be set aside for these specific entities.
- B. Watermain Replacement Projects:
 - The property owner contribution for water service on watermain replacement projects from the watermain to curb stop will not exceed \$700.
 - 100% grant contribution from curb stop to the home with exception of landscaping (as this varies for each home).
 - The WDNR grant program can only be used for the full replacement of a LSL; if a property does not agree to contribute from watermain to curb stop, they do not qualify for the 100% grant contribution from the curb stop to the home.
- C. Homeowners requesting lead service line replacement:
 - The property owner contribution from watermain to curb stop will not exceed \$700.
 - MPU will contribute up to \$2,500 for the street repair of a lead service line replacement.
 - 100% grant contribution for the lead service line replacement from the curb stop to the home with exception of landscaping will be as follows:
 - Each year, MPU will receive applications for lead service line replacements with a deadline to submit the application by July 15.
 - Grant funds available after the watermain replacement projects will be prioritized as follows:
 - (i) Properties (homes) that have children six years old or younger, with preference given to a higher number of children under age six and lead level exceedances.
 - (ii) Homes where lead test results show exceedance of lead action level set under current EPA regulations.
 - (iii) Lottery system for all other applications.
- D. WDNR grant funds will be tracked for each fiscal year, and the grant funds disbursement program will cease when the grant funds are exhausted.

6. Forms

- a. Properties applying for the replacement of a LSL are required to complete an application and agreement with MPU, pre-qualified plumber, and homeowner.

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MANITOWOC PUBLIC UTILITIES

1303 South 8th Street P.O. Box 1090 Manitowoc, WI 54221-1090 920-683-4600 FAX 920-686-4348 www.mpu.org

April 26, 2017

Honorable Mayor Justin Nickels
And Members of Manitowoc Common Council
Manitowoc City Hall
900 Quay Street
Manitowoc, WI 54220

Re: Private Lead Water Service Line Replacement

Honorable Mayor and Members of Council:

Manitowoc Public Utilities has been awarded \$350,000 (\$50,000 must be set aside for schools and licensed daycares) to replace private lead service lines at residences, schools and daycare centers by Department of Natural Resources (DNR). MPU had applied to the Safe Drinking Water Loan Program for the WDNR's Principal Forgiveness Financial Assistance Program in 2016.

MPU Commission has been discussing an overall lead water service line replacement program since October 2016. At the April 24, 2017 meeting, Commission reviewed the program and recommends the following:

- Approve the attached resolution as required by the Principal Forgiveness Financial Assistance Program on or before May 22, 2017.
- Update the applicable City Code and/or Ordinance to reflect the following before June 30, 2017:
 - a. A lead or galvanized water service when leaking is not permitted to be repaired and must be replaced from watermain to the home.
 - b. A home owner must replace a lead water service from curb stop to the home when street portion is replaced on a watermain replacement project.
 - c. Provide financial assistance through a low or no interest loan to the property owner when replacing a lead water service line from watermain to the home with MPU Commission determining from time to time the share of property owner which shall not exceed 25% of the total cost.

Attached is the background information and plan for private lead service line replacements in 2017.

Your approval is requested. Please feel free to call me at (920) 686-4351 for additional information.

Respectfully Submitted,

Nilaksh Kothari

Nilaksh Kothari, P.E.
CEO & General Manager

Attachments

cc: Steve Corbeille, Finance Director, City of Manitowoc
Attorney Kathleen McDaniel, City Attorney
Rob Michaelson, Water Systems Manager, MPU
MPU Commission