

ORDINANCE

An Ordinance to create Section 12.120 of the Manitowoc Municipal Code regulating Private Lead Service Line (LSL) Replacement Financing.

The Mayor and Common Council of the City of Manitowoc do ordain as follows:

Section 1. Section 12.120 is created to read as follows:

“12.120 Private Lead Service Line (LSL) Replacement Financing

(1) PURPOSE. The Common Council finds that the replacement of private lead service lines protects public health and promotes the general welfare of City residents. The purpose of this section is to facilitate loans to property owners to replace private lead service lines by treating principal and interest repayments, fees and other charges for these loans as special charges eligible for inclusion on the tax bill for these properties.

(2) DEFINITIONS.

(a) "Annual installment" means the portion of the private LSL replacement loan amount that is due for a particular year under the private LSL replacement loan agreement.

(b) “Borrower” means a property owner who enters into a private LSL replacement loan agreement with the City to fund the replacement of a private lead service line on the Borrower’s property.

(c) "Loan agreement" means a written agreement among a Borrower and the City as provided in subsection 4.

(d) "Loan amount" means the amount of principal, interest, administrative fees, and other loan charges under the loan agreement to be paid by the Borrower under the private LSL replacement loan.

(e) "LSL” means lead service line.

(f) "Private LSL replacement loan" means a loan made by the City to a Borrower under this section for the replacement of a private lead service line on a subject property.

(g) “Private LSL” means a customer-side water service line, as defined in Wis. Stat. § 196.372(1)(a), constructed of lead or constructed of galvanized material that is or was downstream of lead.

(h) "Subject property" means any property on which a private lead service line replacement has been made and financed through an outstanding private LSL replacement loan.

(3) LOAN APPLICATION AND APPROVAL. A prospective Borrower applying for a private LSL replacement loan must comply with the loan application process established by the City. The City will review and determine whether to approve the loan application.

(4) LOAN AGREEMENT. The City and the Borrower must execute a loan agreement which at a minimum:

(a) Sets forth the total loan amount, the annual interest rate on the loan, the loan term, the amount of each annual installment, and any applicable City fee.

(b) Informs the Borrower that the loan amount shall be considered a special charge, and each year's annual installment shall be levied onto the property tax bill of the subject property as a special charge and be a lien against the subject property pursuant to Wis. Stat. § 66.0627, as amended.

(5) PRIVATE LSL REPLACEMENT LOAN AS SPECIAL CHARGE. A private LSL replacement loan shall be considered a special charge and lien on the subject property. Each year's annual installment shall be levied onto the property tax bill of the subject property as a special charge pursuant to Wis. Stat. § 66.0627, as amended.

(6) COLLECTION OF SPECIAL CHARGES. The City shall follow its customary practice in collecting special charges placed on the tax rolls, including assessing penalties and charging interest, and initiating foreclosure proceedings where appropriate.

(7) SEGREGATED FUND. Special charges collected for private LSL replacement loan repayments shall be placed in a segregated fund and disbursed in accordance with the requirements of the City's funding sources.

(8) RECORD KEEPING. The City shall keep an accounting of private LSL replacement loans and payments received by the City and provide Borrowers with that information upon request.

(9) ADMINISTRATION FEE. The City may establish a reasonable fee to charge a Borrower for administering a private LSL replacement loan and include this fee in the loan agreement.

Section 2. This ordinance shall take effect the day after publication.

INTRODUCED _____ ADOPTED _____

Justin M. Nickels, Mayor

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| Fiscal Impact: | Minimal fiscal impact to create the Private Lead Service (LSL) Replacement Financing ordinance; publication/code update costs. LSL program administration by City will be contemplated within current job responsibilities of selected employees which position costs are factored into existing budget. Administration fee would be additional revenue for the City when applicable. Currently unknown of fiscal impact if property owner defaults; however, there would be recovery safeguards to result in the City being cost neutral. |
| Funding Source: | N/A |
| Finance Director Approval: | /SMA |
| Approved as to form: | /EGN |

This Ordinance was drafted by Eric G. Nycz, City Attorney