Private Lead Service Line Replacement Program Workshop

Presented by:

September 2, 2020
MATTHEW MARCUM
Project Manager Supervisor
Wisconsin Department of Natural Resources
MatthewR.Marcum@wisconsin.gov
Questions are encouraged

Type your questions into the “Chat” feature

“Raise Hand” and your microphone will be unmuted by moderator when called on
Phone Commands

• For those joining by phone, the following commands can be entered using your phone's dial pad:
  – *6 - Toggle mute/unmute
  – *9 - Raise hand
Objectives

- Get the lead out!
- Increase program awareness and participation
- Clarify details prior to PERF and application submission
Presenters

• Becky Scott, DNR Federal Liaison & Policy Analyst
• Cathrine Wunderlich, DNR Public Water Engineering Section Chief
• Greg Farmer, DNR SDWLP Coordinator
• Katherine Miller, DOA Capital Finance Officer
• Kevin Olson, DNR Program Specialist
• Denise Schmidt, PSC Division Administrator
BECKY SCOTT
Federal Liaison & Policy Analyst
LSL Replacement Program Leader
Wisconsin Department of Natural Resources
rebecca.scott@wisconsin.gov
Program Overview

• Water Infrastructure Financing Transfer Act (WIFTA) allows one-time transfer of funds from the CWFP to the SDWLP for lead remediation. Must be awarded as Principal Forgiveness.

• Allowable transfer is $63.8M, plus funds released from previous 2-year LSL replacement program will be added.

• Any municipality that has reported private lead service lines (LSLs) to the PSC is eligible to apply.

• Funds must be awarded to municipality, not the water utility. No debt is incurred.
Determining Award Amounts

• Awards will be made for one construction season at a time.
• Awards will be based on the following factors:
  – Estimated # of LSLs that can be removed in one construction season
  – Average cost of LSL removal in your municipality
  – Whether cost-sharing by property owners will be required (a municipal decision)
  – Participation in PSC-approved program
    – in this instance we will work with the municipality to come up with an equitable sharing of costs.
Eligible Materials

- Private side lead service lines (LSLs)
- Private side lead goosenecks
- Private side galvanized service lines if the line is, or has previously been, downstream of lead components

- Project must result in **full** LSL replacement from watermain to connection point inside property
Eligible Property Types

- Residential properties, including multi-family buildings and buildings that contain both business and residential occupants
- Pre-K-12 Schools
- Child Daycares
- Non-residential properties connected to a watermain being replaced with SDWLP funding if at least 50% of LSLs on the block are otherwise eligible for funding.
Eligible Costs for Reimbursement

- All necessary construction costs for the removal of the private LSL.
- Up to $5,000 for engineering & administrative support is only available for small systems (municipal population under 3,300).
- Up to $5,000 for costs related to developing a mandatory replacement ordinance is available to all applicants.
- Private LSL replacements completed in 2020 (meeting all program requirements) & in future years, excess costs from previous year.
Questions?
CATHY WUNDERLICH
Public Water Engineering Section Chief
Wisconsin Department of Natural Resources
cathrine.wunderlich@wisconsin.gov
### Materials Inventory

#### Utility-Owned Water Service Lines

<table>
<thead>
<tr>
<th>Year Ended: December 31, 2019</th>
<th>Utility No. 3280 - Madison Water Utility</th>
<th>Page 1 of Schedule W-22</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Utility-Owned Water Service Lines</td>
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</table>

#### Privately-Owned Water Service Lines

<table>
<thead>
<tr>
<th>Year Ended: December 31, 2019</th>
<th>Utility No. 3280 - Madison Water Utility</th>
<th>Page 1 of Schedule W-29</th>
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</table>

**Lead? May Contain Lead?**

- W-22
- W-29

Cathy Wunderlich
Materials Inventory

Privately-Owned Water Service Lines

- The privately owned service line is the pipe from the curb stop to the meter.
- Explain all reported adjustments in columns (f) as a schedule footnote.
- Report in column (h) the number of privately-owned service lines included in columns (g) which are temporarily shut off at the curb box or otherwise not in use at end of year.
- Separate reporting of service lines by diameter and pipe material.

Eligible Service Lines:

1 + 748 + 18 + 2 = 769

<table>
<thead>
<tr>
<th>Pipe Material</th>
<th>Diameter (inches)</th>
<th>First of Year</th>
<th>Added During Year</th>
<th>Removed or Permanently Disconnected During Year</th>
<th>Adjustments Increase or Decrease</th>
<th>End of Year</th>
<th>Utility Owned Laterals Not in Use at End of Year</th>
<th>Replaced During Year Using Financial Assistance from Utility</th>
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</thead>
<tbody>
<tr>
<td>Lead</td>
<td>0.750</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Copper</td>
<td>0.750</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ductile Iron, Lined (late 1960’s to present)</td>
<td>1.000</td>
<td>1</td>
<td></td>
<td>(1)</td>
<td></td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Galvanized</td>
<td>1.000</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lined Cast Iron (mide-1950’s to early 1970)</td>
<td>1.000</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Lead</td>
<td>1.000</td>
<td>685</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td></td>
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<tr>
<td>Other Metal</td>
<td>1.000</td>
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<td></td>
<td></td>
<td></td>
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<tr>
<td>Copper</td>
<td>1.000</td>
<td>3,691</td>
<td>(192)</td>
<td></td>
<td></td>
<td>8</td>
<td></td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Steel</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>10</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PVC</td>
<td>1.000</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>11</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unknown - May Contain Lead</td>
<td>1.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>12</td>
<td></td>
<td></td>
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<tr>
<td>Copper</td>
<td>1.250</td>
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<td>Copper</td>
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<td></td>
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<td></td>
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<tr>
<td>Unknown - May Contain Lead</td>
<td>1.500</td>
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<td></td>
<td></td>
<td></td>
<td>15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ductile Iron, Lined (late 1980’s to present)</td>
<td>2.000</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>16</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Cathy Wunderlich
# Revised Lead & Copper Rule

## CURRENT TIER CRITERIA

<table>
<thead>
<tr>
<th>BUILDING TYPE</th>
<th>MATERIAL</th>
<th>YR CONSTRUCTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tier 1, 1st priority</td>
<td>Single-Family, Lead Service Line or Gooseneck</td>
<td>Any</td>
</tr>
<tr>
<td>Tier 1, 2nd priority</td>
<td>Single-Family, Copper with lead solder</td>
<td>1983 or 1984</td>
</tr>
<tr>
<td>Tier 2</td>
<td>Multi-Family, Other, LSL – Any Pb Solder - 1983-4</td>
<td></td>
</tr>
<tr>
<td>Tier 3</td>
<td>Single-Family, Copper with lead solder</td>
<td>Before 1983</td>
</tr>
</tbody>
</table>
Public and private services reported as ‘unknown’ are considered lead services for purposes each of listed items:

- Consumer notifications
- Targeted public education
- Calculating the required number of service line replacements under an ALE.
Public Health & Safety

There are no safe levels of lead
Low to moderate levels of lead exposure have a life-long effect → lead service lines are the largest contributor of lead in drinking water

Lead poisoning can cause:

• Brain damage resulting in
  – Reduced IQ, attention span and memory loss
  – Learning disabilities
  – Developmental delays
  – Poor balance, coordination, motor skills

• Harmful health effects
  – Reproductive disorders- delayed puberty, testicular dysfunction, abortion, preterm delivery, low birth weight
  – Kidney and heart disease, hypertension

https://www.dhs.wisconsin.gov/lead/health-effects.htm
www.cdc.gov/nceh/lead/prevention/health-effects.htm

Cathy Wunderlich
Questions?
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Safe Drinking Water Loan Program Coordinator
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KATHERINE MILLER
Capital Finance Officer
Wisconsin Department of Administration
KatherineC.Miller@wisconsin.gov
Construction Contracting

• Pre-qualified List of Contractors
  – Municipality issues Request for Qualifications to develop list of prequalified contractors for homeowners to contract with directly
  – Municipality develops forms and internal procedures for agreements with contractors and homeowners

• Municipally-Bid Contract
  – Municipality bids construction contract to complete the replacements

• Solicitation of DBEs Required
Priority Evaluation Ranking Form


Part 3: Evaluation Question

1. Has your municipality enacted an ordinance that requires each owner of a property that is serviced by a customer-side water service line containing lead to replace that customer-side water service line under certain circumstances?

   - Yes  - No

   If yes, please attach a copy of the ordinance and proof of enactment.
Application

Timeline

- PERFs/Applications may be submitted starting September 8
- Awards made January 2021
- Disbursement requests submitted throughout 2021, payable on 2\textsuperscript{nd} and 4\textsuperscript{th} Wednesdays.
- Projects Closed out by December 31, 2021
FAA

• Financial Assistance Agreement

• PF-Only Resolution

• Bond Counsel Not Required
Disbursements

Submit DNR Form 8700-366

Please make sure most to use most recent form.

Awards are for calendar year only.

1. All invoices and required form MUST be submitted to DNR by December 31st.
2. Strongly encourage invoices and form to be submitted by December 10th.
3. Work completed in current year and not invoiced before December 31, will need to be held until following year awards are executed.
Disbursement Reminders

• Invoiced Amounts
  Administratively burdensome if less than $10,000

• Wire Transfer Fees
  Always charged by intermediary banks
  Often charged by local banks
  Reduce fees with one account
Disbursement Reminders

• Dates for Submitting
  – 2\textsuperscript{nd} Friday = 4\textsuperscript{th} Wednesday
  – 4\textsuperscript{th} Friday = 2\textsuperscript{nd} Wednesday next month

• Expend funds within three business days.
Questions?
BECKY SCOTT
Federal Liaison & Policy Analyst
LSL Replacement Program Leader
Wisconsin Department of Natural Resources
Rebecca.Scott@wisconsin.gov

KEVIN OLSON
Program Specialist
Wisconsin Department of Natural Resources
Kevin.Olson@wisconsin.gov
Why Adopt a Mandatory LSL Replacement Ordinance?

- Adopting a mandatory LSL replacement ordinance is not required but is strongly encouraged.
- Experience has shown that many people refuse to have their LSL replaced even when 100% of the cost is covered.
- Ordinance is a tool to keep LSL replacements going after grant $s are gone.
- Up to $5,000 is available to all applicants for ordinance development.
- No model ordinance or template available. Contents of ordinance is local decision.
Federal Requirements

- Davis-Bacon & Related Acts – applies in certain situations.
- American Iron & Steel – this applies but has no impact on private LSL replacements.
- DBE solicitation – applies when bidding, issuing RFQ, or subcontracting.
- Taxability of grant funds – these are not taxable funds for homeowner based on IRS’ “General Welfare” exception.
- Environmental Review required.
Davis-Bacon Applicability

- Davis-Bacon & Related Acts requirements always apply to municipally-bid contracts.
- Davis-Bacon does not apply to contracts <$2,000.
- Davis-Bacon does not apply when a homeowner contracts directly with a plumber from a prequalified list and the property is owned in the name of an individual(s).
- Davis-Bacon does apply to properties owned in the name of a business or nonprofit.
- Davis-Bacon does not apply to businesses with no "employees" where all work is being performed by business owners.
Environmental Review... Why?

• The LSL replacement program is a subprogram of the SDWLP, so like any other SDWLP-funded project, a NEPA-like review is required

• The environmental effects of a project are assessed through the National Environmental Policy Act or NEPA.
Environmental Review

• Categorical Exclusion Definition

• Categorical Exclusion and LSL replacement
  – Location
  – Level of impact
NEPA

• LSL replacement activities generally fall under the categorical exclusion class of review; however, a preliminary review is still required to eliminate the possibility of extraordinary circumstances.

• Extraordinary circumstances range from the presence of a federally endangered species or the project area intersecting an archaeologica/historical resource.
Preliminary Review

• A preliminary review consist of several required components:
  – Endangered resource review
  – Archeological/historical review
  – Waterway, Floodplain and Wetland review
Endangered Resources Preliminary Assessment

- NHI Public Portal
- Endangered Resources Review (ERR)
Archeological/Historical Resources Preliminary Review

• Topo map(s) from Surface Water Data Viewer
  – Project area delineated
  – 1:24,000
  – Section, Town, Range Activated
  – Digital Topographic Map Background

Kevin Olson
Water Resources Preliminary Assessment

- Waterway, Floodplain and Wetland from Surface Water Data Viewer
  - Project area delineated
  - 1:24,000
  - Wetland & Wetland Indicators layer
Preliminary Assessment Other Documents

• Additional documentation may include:
  – Reports
  – Correspondence
  – Permits
  – Reviews from other WI agencies/DNR Program/Federal agencies
Environmental Review Conclusion

• Applicants and associated project partners will receive an email detailing the outcome of your environmental review which include any recommendations, requirements, and next steps
Odds and Ends

• Submit locations in chunks

• Wait until the review is completed proceeding with construction

• If you have questions, please email Kevin.Olson@Wisconsin.gov
Questions?
DENISE SCHMIDT
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Public Service Commission of Wisconsin
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RICHARD (RJ) PIRE
Water Policy Advisor
Public Service Commission of Wisconsin
Richard.Pire@wisconsin.gov
Utility Applications to Provide Financial Assistance for Replacement of Lead-Containing Customer-Side Water Service Lines

• Commission has approved 8 utility applications under Wis. Stat. § 196.372
• Application filing requirements: Comment period open until 9/4/2020 in docket 5-AFR-1600

https://apps.psc.wi.gov/
Application Filing Requirements

- The municipality must have adopted an ordinance that allows utility to provide financial assistance and requires property owners to replace customer-side water service lines containing lead.
- Financial assistance program must not be unjust, unreasonable, or unfairly discriminatory.
- Grants must be limited to no more than one-half the total replacement cost.
- Any loan provided cannot be forgiven by the utility or municipality.
- The percentage or dollar amount provided must be equal for each owner in a class of customers.
PSC Accounting Information: Financial Assistance Programs

**DNR Principal Forgiveness Program**
- All money flows through Accounts 415-416 (Merchandise and Jobbing)
- Operating Income Statement should not include any of these costs

**PSC Approved Program**
- Grant Program: Account 664
- Loan Program: Account 124
- Administrative Costs: Account 664
- All costs should be recorded in subaccounts
Questions?
Panel of Previous LSL Participants

- Justin Hewitt – Green Bay Water Utility
- Phil Wesner – City of Ashland
- Jim McDonald, Scott Ahl, & Ross Blaha – City of Two Rivers, Public Works Dept.
Questions?
Thank you!

- A follow up email will be sent to registered attendees

More details:
https://dnr.wisconsin.gov/aid/documents/EIF/privateLSLreplacementFundingProgram.html