Private Lead Service Line Replacement Program Workshop

Presented by:
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>Pipe Material</th>
<th>Diameter (inches)</th>
<th>First of Year</th>
<th>Added During Year</th>
<th>Adjustments Increase or Decrease</th>
<th>End of Year</th>
<th>Utility-Owned Water Service Lines</th>
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<td>Copper</td>
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### Lead? May Contain Lead? Does Not Contain Lead?

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.

<table>
<thead>
<tr>
<th>Pipe Material (a)</th>
<th>Diameter (inches) (b)</th>
<th>First of Year (c)</th>
<th>Added During Year (d)</th>
<th>Removed or Permanently Disconnected During Year (e)</th>
<th>Adjustments Increase or (Decrease) (f)</th>
<th>End of Year (g)</th>
<th>Utility Owned Service Lines Not in Use at End of Year (h)</th>
<th>Replaced During Year Using Financial Assistance from Utility (h)</th>
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## Revised Lead & Copper Rule

### CURRENT TIER CRITERIA

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<th>BUILDING TYPE</th>
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<tr>
<td>Tier 1, 1st priority</td>
<td>Single-Family</td>
<td>Lead Service Line or Gooseneck</td>
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<tr>
<td>Tier 1, 2nd priority</td>
<td>Single-Family</td>
<td>Copper with Lead Solder</td>
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<tr>
<td>Tier 2</td>
<td>Multi-Family, other</td>
<td>LSL – Any Pb Solder - 1983-4</td>
</tr>
<tr>
<td>Tier 3</td>
<td>Single-Family</td>
<td>Copper with Lead Solder</td>
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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

Cathy Wunderlich

https://www.dhs.wisconsin.gov/lead/health-effects.htm
www.cdc.gov/nceh/lead/prevention/health-effects.htm
Questions?
GREG FARMER
Safe Drinking Water Loan Program Coordinator
Wisconsin Department of Natural Resources
GregoryM.Farmer@wisconsin.gov

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


Private Lead Service Line (LSL) Replacement Program
Priority Evaluation and 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


State of Wisconsin
Department of Natural Resources
Bureau of Community Financial Assistance, CF/2
101 S. Webster St., PO Box 7921
Madison, WI 53707-7921
dnr.wi.gov

Safe Drinking Water Loan Program (SDWLP)
Private Lead Service Line (LSL)
Replacement Program Application
Form 8700-382 (08/20)

Instructions

This form may be signed electronically, pursuant to Wis. Stat. Chapter 137. By typing your name, you are expressing intent to sign this form and attesting that all information provided is true and accurate to the best of your knowledge. If you decline to sign this form electronically, you must physically sign this form. If not signing electronically, print the form, sign on the last page, and scan it.

Applications should be submitted via email, along with any required attachments, to: DNRLSLfunding@wisconsin.gov. The maximum email size allowed is 25 MB.
Timeline

- PERFs/Applications may be submitted starting September 8
- Awards made January 2021
- Disbursement requests submitted throughout 2021, payable on 2nd and 4th 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?
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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 archaeological/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
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 before proceeding with construction

• If you have questions, please email Kevin.Olson@Wisconsin.gov
Questions?
RICHARD (RJ) PIRE
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Division of Water Utility Regulation and Analysis
Public Service Commission of Wisconsin
Richard.Pire1@wisconsin.gov
State of Wisconsin

2017 Senate Bill 48
Date of enactment: February 21, 2018
Date of publication*: February 22, 2018

2017 WISCONSIN ACT 137

AN ACT to renumber and amend 66.0627 (3) (d); to renumber 62.69 (2) (f), 66.0627 (8) (a), 66.0627 (9) (b), 66.0627 (11) (b); and to create 66.0627 (8) (a) and 66.0809 (3) (f) 2., 196.29 (8), 196.37 (6) and 196.372 of the statutes; relating to water public utility financial assistance and political subdivision loans for lead-containing customer-side water service lines.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 62.69 (2) (f) of the statutes is amended to read:
62.69 (2) (f) All water rates for water furnished to any building or premises, all payments owing on loans provided as financial assistance under s. 196.372 (2) to the owner of any building or premises, and the cost of repairing meters, service pipes, stops or stop boxes, are a lien on the lot, part of lot or parcel of land on which the building or premises is located. If any water rates, these loan payments, or bills for the repairing of meters, service pipes, stops or stop boxes remain unpaid on October 1, the unpaid rate, loan payments, or bills shall be certified to the city comptroller on or before November 1, and shall be placed by the comptroller upon the tax roll and collected in the same manner as other taxes on real estate are collected in the city. The charge for water supplied by the city in all premises where meters are attached and connected shall be at rates fixed by the commissioner of public works and for the quantity indicated by the meter. If the commissioner of public works determines that the quantity indicated by the meter is materially incorrect or if a meter has been off temporarily due to repairs, the commissioner shall estimate the quantity used, and the determination is conclusive. No water rate or rates duly assessed against any property may be remitted or changed except by the common council. Under this paragraph, if an unpaid charge or bill is for utility service furnished and metered by the waterworks directly to a mobile home unit in a licensed mobile home park, the delinquent amount is a lien on the mobile home unit rather than a lien on the parcel of real estate on which the mobile home unit is located. A lien on a mobile home unit may be enforced using the procedures under s. 779.48 (2).

SECTION 2. 66.0627 (8) (a) of the statutes, as affected by 2017 Wisconsin Act 70, is amended to read:
66.0627 (8) (a) A political subdivision may make a loan, or enter into an agreement regarding loan repayments to a 3rd party for owner-arranged or lease-arranged financing, to an owner or lessee of a premises located in the political subdivision for a brownfield revitalization project or for making or installing an energy efficiency improvement, a water efficiency improvement, or a renewable resource application to the premises.

(3m) If a political subdivision makes a loan or enters into an agreement under this paragraph, par. (6), or (a), the political subdivision may collect the loan repayment

* A. 911.11, Wisconsin Statutes. Effective date of acts: “Every act and every portion of an act enacted by the legislature over the governor’s partial veto which does not expressly prescribe the time when it takes effect shall take effect on the day after the date of publication.”
Wisconsin Stat. §196.372

- Allows for use of utility funds to provide financial assistance for replacement of customer-side LSLs

- “Customer-side water service line” means the portion of a water service line owned by a property owner

- "Financial assistance" means a grant, loan, or combination thereof

- The municipality must adopt an ordinance that allows the utility to provide financial assistance and requires property owners to replace customer-side water service lines containing lead
• The utility-side water service line and the water main pipe that are connected to the customer-side water service line must meet one of the following conditions:
  1. Do not contain lead
  2. The lead-containing portion of the utility-side water service line or water main pipe is replaced at the same time as the customer-side water service line is replaced

• The utility must receive Commission approval in order to provide financial assistance
Wisconsin Stat. §196.372, cont.

• Commission may approve a program if it is not unjust, unreasonable, or unfairly discriminatory

• Commission may not approve a program unless both of the following are met:
  – Grants do not exceed 50% of the customer-owned LSL replacement cost
  – Loans are not forgiven by the utility or municipality

• Commission may not approve a program unless one of the following is met:
  - If utility provides financial assistance as a percentage of the cost of replacing the customer-side LSL, the percentage must be the same for each owner in a customer class
  - If utility provides financial assistance as a specified dollar amount, the amount must be the same for each owner in a customer class
Utility Applications to Provide Financial Assistance for Replacement of Lead-Containing Customer-Side Water Service Lines

- Commission has approved 7 utility applications under Wis. Stat. § 196.372
- Application filing requirements: Comment period was open until 9/4/2020 in docket 5-AFR-1600

https://apps.psc.wi.gov/
Application Checklist for PSC Approval of Financial Assistance Programs for Replacement of Customer-Side Lead-Containing Service Lines (LCSLs)

Section 196.372 of the Wisconsin Statutes authorizes water public utilities to provide financial assistance to the owner of property to which water utility service is provided for the purpose of assisting the owner in replacing customer-side lead-containing service lines (LCSLs) (Wis. Stat. § 196.372(2)).

The statute requires that the Commission review an application from a water public utility to determine if the proposed financing program administered by the water public utility is "unjust, unreasonable, or unfairly discriminatory." Wis. Stat. § 196.372(3). Because the statute relates only to financial assistance provided by the water public utility, it is important that the program described in the utility’s application be limited to financial assistance the water public utility alone will provide. Application materials should not include information about financial assistance provided by any related municipality. For example, do not include information about municipal charges or assessments. Accordingly, please provide information answering the following application questions with respect to financial assistance provided by the water public utility only.

1. Utility Contact Information: Name, title, address, phone, and email.

2. A description of the proposed financial assistance to be provided by the water public utility only. Wis. Stat. §196.372(3)(a).

3. A description of the water public utility’s method for funding the financial assistance. Wis. Stat. §196.372(3)(a). Please include only the water public utility’s funding method.

4. A description of the water public utility customers that would be eligible for financial assistance. In answering this question, the water public utility applicant should review and be mindful of the requirements in Wis. Stat. §196.372(3)(e)(3)(a)-(b) that each owner in a class of customers must be treated the same, as well as the general requirement that the program cannot be unjust or unfairly discriminatory. Wis. Stat. §196.372(3)(e)(1).

5. A certification that any grants provided by the water public utility as financial assistance to an owner will be limited to no more than one-half of the total cost to the owner of replacing the LCSL. Wis. Stat. §196.372(3)(e)(2)(a).

6. A certification that any loan provided by the water public utility as financial assistance will not be forgiven. Wis. Stat. §196.372(3)(e)(2)(b).

7. If the water public utility intends to provide financial assistance as a percentage of the cost to replace a LCSL, a certification that the percentage is the same for each owner in a class of customers. Wis. Stat. §196.372(3)(e)(3)(a). If a utility does not
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

- Brian Powell – Green Bay Water Utility
- Jim McDonald, Scott Ahl, & Ross Blaha – City of Two Rivers, Public Works Dept.
- Justin Berrens – City of Waupaca
City of Waupaca Lead Service Line Program

- Population 6,070
- 8 square miles of jurisdiction
- 60 miles of water main
- 535 Lead Lines
Municipal project seen as most cost effective

- Failing roadways
- Undersize water mains (4-inch)
- Lead goose necks on galvanized or copper
- Public water main and services anyways.
Recent projects have been successful and involved public participation.

• Surprisingly, some people resist participating.

• Public Information Meetings really help.
Proper specifications are extremely important

• Wage rates
• American Steel
• Permitting
• Sidewalks
• Restoration
• Cooperation among contractors
Questions / Discussion
Thank you!

- A follow up email will be sent to registered attendees

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