Stoughton Utilities

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Serving Electric, Water & Wastewater Since 1886

Date: September 23, 2021

To: Stoughton Finance Committee

From: Jill M. Weiss, P.E.
Stoughton Utilities Director

Subject: Funding of Private Lead Service Line Replacements Completed by Property Owners in 2019

At the September 1, 2021 meeting of the Stoughton Committee of the Whole, there was discussion about reimbursing property owners who replaced their privately-owned lead service line and paid for these expenses out of pocket. This topic was also discussed at the September 21, 2021 meeting of the Stoughton Utilities Committee. It was the consensus of the Stoughton Utilities Committee that Stoughton Utilities and the City of Stoughton should not fund the costs of lead service lines replacements that occurred prior to 2020.

The section of the water service lateral from the curb stop valve located in the public right of way to the water meter located inside the dwelling is privately-owned, and the individual property owners are responsible for the costs associated with installation and maintenance. As a regulated public utility, Stoughton Utilities is currently prohibited by the Wisconsin Public Service Commission from using funds collected through utility rates to perform work on private property, including replacing privately-owned water service laterals.

In 2020, Stoughton Utilities began discussions with the Wisconsin Department of Natural Resources (WDNR) on grant funding opportunities that would cover the private property owners' costs associated with a lead service line replacement project. The goal of this project would be to replace 100% of the existing lead service lines in the City of Stoughton.

At the time of preliminary grant discussions with the WDNR, a street and utility reconstruction project was in progress and the utility was replacing the publicly-owned lead service lines in several neighborhoods. Property owners in these neighborhoods were encouraged to replace their private lead service lines at their own expense, with the knowledge that a grant was being pursued and reimbursement was possible. The WDNR agreed to allow the costs of reimbursing these homeowners in the grant application, and the property owners proceeded with their private projects with the understanding that reimbursement was possible, but not guaranteed.

Since no other reimbursements were included in the application, the awarded WDNR grant does not allow for reimbursement of private service line replacements that occurred prior to 2020.

During the Stoughton Utilities Committee's discussion, the possibility of using funding from the American Rescue Plan Act (ARPA) funds that were received by the City of Stoughton was considered to reimburse property owners for 2019 replacements. Committee members stated that there were many other requested uses for these funds that would benefit the larger community. Accordingly, the Stoughton Utilities Committee concluded that the city should not use ARPA funds for lead service line replacement reimbursements completed in 2019.

Mayor Swadley joined the meeting at 5:35 p.m.

Status Update: Lead Service Line Replacement Program: Stoughton Utilities staff presented and discussed recent efforts that have occurred as part of the ongoing 2021 citywide lead service line replacement project of public and privately-owned lead service lines. Staff informed the committee that lead service lines have been replaced at approximately at approximately 80% of the addresses with lead service lines. The goal remains to be 100% lead free as of the end of the year.

Staff informed the committee that the contractor has stated they are on pace for an October completion, ahead of the November 15 substantial completion and December 15 final completion deadlines. Staff will be submitting the final remaining addresses to the contractor this week, including the non-residential properties that were just approved for ARPA funding. Staff provided information on pending pay requests and grant reimbursement applications, ongoing restoration efforts, and restoration plans as we plan for the autumn and winter months. Discussion followed.

Updates regarding the ongoing construction project will be posted to stoughtonutilities.com/lead and stoughtonutilities.com/construction as they are made available by the contractor.

Funding of Private Lead Service Line Replacements Completed by Property Owners in 2019: Stoughton Utilities staff informed the committee that a request had been raised at the September 1, 2021 meeting of the Stoughton Committee of the Whole to have the Stoughton Utilities Committee explore the possibility of reimbursing property owners who replaced their privately-owned lead service line in 2019 and paid for the replacement out of pocket.

Staff reminded the committee that the section of the water service lateral from the curb stop valve located in the public right of way to the water meter located inside the dwelling is privately-owned, and the individual property owners are responsible for the costs associated with installation and maintenance. Staff also reminded the committee that as a regulated public utility, Stoughton Utilities is currently prohibited by the Wisconsin Public Service Commission from using funds collected through utility rates to perform work on private property. Further, the funding grant awarded by the Wisconsin Department of Natural Resources does not allow for the reimbursement of costs associated with private service line replacements that occurred prior to 2020 and that were not included in the grant application. Discussion followed.

The consensus of the committee was to not fund replacements that occurred prior to 2020, whether using utility or ARPA funding. The committee directed staff to provide a verbal report of the discussion and the committee's consensus to the Stoughton Finance Committee when the topic is included on their agenda.

Wastewater Treatment Facility and Sanitary Sewer Collection System 2020 Compliance Maintenance Annual Report (CMAR) – DNR Responses: Stoughton Utilities staff presented an update to our annual CMAR filing, which was approved by the Utilities Committee and Common Council in June. The Wisconsin Department of Natural Resources (DNR) has received and approved our filing, providing favorable comments, and no further action is needed until the 2021 CMAR filing to occur in June 2022. Discussion followed.

Stoughton Utilities Staffing: Stoughton Utilities staff presented the current organizational chart and discussed recent recruitment and hiring efforts, including the onboarding of a Journeyman Lineman and two Apprentice Lineworkers in the Electric System Division, and a recently accepted offer of employment to another Journeyman Lineman. Also discussed was the status of the Utilities Finance Director vacancy and ongoing recruitment and advertising for the position. Staff also informed the committee that strategic planning efforts continue, and staff is looking at retention and recruitment strategies, organizational restructuring, updates to current position