



**TWO
RIVERS**
WISCONSIN

PUBLIC WORKS

Engineering Division

1717 E. Park Street

P.O. BOX 87

Two Rivers, WI 54241-0087



Memorandum

Department of Public Works

Date: March 18, 2024

To: City Council
Greg Buckley, City Manager

From: Matthew Heckenlaible, Public Works Director / City Engineer

Re: Private Lead and Galvanized Iron (Lead) Service Line Replacement Funding

Money is available from the Safe Drinking Water Revolving Loan Program to assist with the replacement of private lead and galvanized iron (lead) water service lines. Two Rivers can receive SDWLP funds as a loan.

Two Rivers receiving SDWLP funds as a loan must provide security for the loan. Security may be provided as a general obligation pledge or a revenue pledge. Typically, a revenue pledge is provided from a municipality's water utility charges. However, Public Service Commission approval under Wis. Stat. ss. 196.372 is needed to provide a revenue pledge based on water utility revenues for a SDWLP loan used to fund private lead service line replacements.

Two Rivers now has another option for providing a revenue pledge to secure a SDWLP loan to fund private lead service line replacement.

Wisconsin Statute ss 66.0627(8)(ag) permits a municipality to establish a loan program for property owners to replace private lead service lines. Going forward, the Wisconsin Department of Natural Resources and the Wisconsin Department of Administration will accept a municipality's pledge of these loan repayments as security for the SDWLP loan.

A municipality is authorized to collect loan repayments under Wis. Stats. Ss. 66.0627(8)(ag) by placing a special charge on the property owner's tax bill. Special charges are then collected like taxes.

In order to use this alternative, the City needs to adopt an ordinance establishing a loan program under Wis. Stats. Ss 66.0627(8)(ag). It is important that this loan program be established and administered by the City of Two Rivers and not the Two Rivers Water Utility. Because this is a municipal program and water utility funds will not be used, Public Service Commission approval is not required for use of this alternative.



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The City of Two Rivers may provide a property owner with a grant to cover a portion of the cost to replacing their private lead service line and a loan to cover the remainder of the costs. Any grant funding can originate from awarded SDWLP principal forgiveness (which we did not receive), or from other municipal funds, such as American Rescue Plan Act (ARPA) funds.

A loan agreement between the City and the property owner will be required to be executed that sets forth the amount of the loan, the interest rate, the length of the term and collection of loan repayments as a special charge on the property owner's tax bill.

Two Rivers will use the loan repayments from the property owners to pay off the city's SDWLP loan for private lead service line replacements. Stated another way, the source of repayment pledged to the city's SDWLP loans will be the revenues of the municipality's loan program (that is, the loan repayments received from the property owners).



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