City of WHITEWATER	Public Works Item
Meeting Date:	June 11, 2024
Agenda Item:	GO Bonds for LSL Replacement
Staff Contact (name, email, phone):	Brad Marquardt, bmarquardt@whitewater-wi.gov, 262-473-0139

BACKGROUND
(Enter the who, what when, where, why)

Staff is working with Strand Associates to complete a Safe Drinking Water Loan (SDWL) application for the replacement of Lead Service Lines (LSL), also known as lead water laterals. The SDWL would provide financial assistance to the City and private property owners for the replacement of the LSL. On the private side, the City is eligible to receive up to 100% principal forgiveness. However, the exact percentage won't be known until all applications throughout the State are received. One question on the applications asks how the City will pay for the private side expenses before being reimbursed. There are three options: General Obligation Pledge, Water Rate Revenue Pledge, or Alternative Revenue Pledge. See the attached email from Justin Bilskemper of Strand outlining the three options.

PREVIOUS ACTIONS – COMMITTEE RECOMMENDATIONS
(Dates, committees, action taken)

N/A

FINANCIAL IMPACT
(If none, state N/A)

The financial impact will not be known until the City receives official notice from the DNR of our application status. The estimated cost to replace the private side LSL is $1,350,000.

STAFF RECOMMENDATION

Staff discussed these three options with the Finance Department. Since the likelihood is good that we will receive 100%, or close to, principal forgiveness, we believe using the General Obligation Pledge is the preferred option. Even if we receive 90% principal forgiveness, the borrowing would only be $135,000. The General Obligation Pledge does not require PSC approval, ordinance adoption, nor a repayment loan program. There are approximately 170 locations throughout the City.

Staff would like confirmation from the Committee that use of General Obligation debt, if needed, is acceptable.

ATTACHMENT(S) INCLUDED
(If none, state N/A)

1. Strand email
2. Private LSL Map