



AGENDA

President and Board of Trustees

Village of Arlington Heights

Committee-of-the-Whole

Board Room

33 S. Arlington Heights Road, Arlington Heights, IL

May 13, 2024

7:00 PM

I. CALL TO ORDER

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL OF MEMBERS

IV. NEW BUSINESS

V. OTHER BUSINESS

VI. PUBLIC COMMENTS

- A. Lead Service Line Replacement Program - Policy Discussion

VII. ADJOURNMENT

Any member of the public wishing to speak will be given the opportunity to do so. If the item is on the Agenda, that opportunity will be while that Agenda item is being discussed. Any member of the public wishing to speak on an item not on the Agenda will be given the opportunity during the Other Business portion of the meeting. Please limit comments to three minutes.

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact Erin Mercado, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, emercado@vah.com or (847)368-5793.



Committee-of-the-Whole
5/13/2024

Item: Lead Service Line Replacement Program- Policy Discussion

Department: Public Works

Staff would like to provide an update to the Village Board on its ongoing efforts to fund, plan for, and implement lead service line replacements within the Village. There are new updates on state regulations and potential new federal regulations that impact both the timing and funding of this project. While Public Works has been removing lead service lines since last year, at this time, we would like to get feedback and general direction from the Village Board on certain proposed elements of the plan that are works in progress such as:

- Cost sharing on private water lines
- A process for handling cases when a hardship exists
- The terms of a repayment process
- The timing of replacements
- Retro-activity of replacements
- Impact of the Plumbing Code

STAFF RECOMMENDATION

Discussion of the Lead Service Line Replacement Program at the May 13th Committee of the Whole Meeting.

ATTACHMENTS:

Description	Type
Lead Service Inventory - Public Information - Village Website	Memorandum
Meter Replacement and Lead Service Line Replacement Program Updates	Memorandum



VILLAGE OF ARLINGTON HEIGHTS

INC. 1887

Date: April 12, 2024

To: Randy Recklaus, Village Manager

From: Cris Papierniak, Director of Public Works

Subject: Lead Service Inventory – Public Information – Village Website

Background

On January 1, 2022, the State Lead Service Line Replacement and Notification Act went into effect. Included in this Act is the requirement that all community water suppliers in the State must submit a draft replacement plan. This replacement plan establishes the current inventory of known lead service lines in the municipality and sets forth a schedule for replacement over an established number of years, based on the number of lead services identified.

Staff has been working with a consulting engineer to develop this long-term plan that meets all the requirements established by the Illinois Environmental Protection Agency (IEPA). Included in the plan is the Lead Service Line Inventory, which is an IEPA developed spreadsheet that the Village is required to complete and post on a public website. To this end, staff has been working to develop a webpage www.vah.com/LeadInformation accessible by the public that provides information on the Village's efforts toward removing lead services in the community, and meets the requirements of the IEPA.

The purpose of this memorandum is to notify the Village Board that this inventory will be available to the public, along with an interactive map www.vah.com/WaterServiceMaterial that will allow residents to help determine if they have a lead service line. To provide certainty in the Village inventory, included in the Water Meter Replacement Project, is the inspection of each water service as it enters the home by an Illinois licensed plumber. This will provide the Village with the 100% accuracy in the information that is required to be provided as part of the Final Replacement Plan that is due to the IEPA in April of 2027.

Future discussions related to the lead service line replacement program are anticipated in the near future where State and Federal regulations will be discussed further, along with funding, schedule, and resident assistance programs. Until those conversations are concluded, it is recommended that residents seeking additional information and guidance be directed to Public Works staff for assistance and consistency in direction.

Please do not hesitate to contact me should you have additional questions regarding this information.



VILLAGE OF ARLINGTON HEIGHTS

INC. 1887

Date: May 2, 2024

To: Randy Recklaus, Village Manager

From: Cris Papierniak, Director of Public Works and Engineering

Subject: Meter Replacement and Lead Service Line Replacement Program Updates

CC: Tom Kuehne, Director of Finance
Mary Ellen Juarez, Assistant Director of Finance
Rob Horne, Assistant Director of Public Works
Maria Saundle, Customer Service Supervisor

Purpose of this Report:

The purpose of this report is to provide an update to the Village Board on both the Water Meter Replacement and the Lead Service Line Replacement Projects. Both of these projects are significant multi-year commitments for the Village and began earlier this year. This information will also serve to guide Village Board discussions resulting from a presentation proposed for the May 13, 2024, Committee of the Whole meeting.

Background:

In September of 2022, staff provided insight to the Board about the benefits of implementing a system-wide residential water meter replacement program. The Village currently maintains 18,538 residential meters throughout the Village. This type of program is typically done no-less-than every twenty years to leverage new reading technologies, improve meter accuracy, and reduce unaccounted for water losses. The last time a comprehensive meter replacement program was completed, was between 2004 and 2006, and incorporated an Automated Meter Reading (AMR) system from Itron Technologies.

In conjunction with the Meter Replacement Program, we will also be collecting data that will assist as part of the Lead Service Line Replacement Program, which is explained later in this memorandum.

SCHEDULING & INSTALLATION PROCESS

The Village Board approved a contract with Professional Meters, Inc. (PMI) to manage and install all of the residential meters over the entire program. Staff has had weekly meetings with the team at PMI and are pleased with their ability and willingness to work collaboratively on this project with the Village's team.

PMI provides project managers, data managers and installers to oversee the Village's meter conversion project. They are responsible for resident mail notifications, customer service, scheduling and coordinating resident appointments and professional

qualified installers to perform the meter replacement and inspections. They are utilizing their own proprietary installation tracking system to help manage and track the Village's meter change-out program.

The contractor supplies experienced, professional and courteous licensed plumbers to perform the required meter installations and inspections. They are well-versed in the required data collection technologies required by the Village. Additionally, all licensed plumbers will be required to go through a thorough background check, conducted by the Village's Police Department, and will be supplied with Village-issued identification cards to provide all residents with deserved piece of mind when coordinating their appointments.

Residents have the opportunity to coordinate all of their appointments through PMI, either by phone or web portal, which is explained in the initial resident letter which was provided to all Village residents earlier this year. To date, the contractor has been able to replace 1,867 meters, which represents approximately 10% of the program. The contractor has another 1,787-meter replacement appointments already scheduled. Based on the 5,000 mailings sent to date, the contractor indicates they are experiencing a response rate of approximately 82%, which is unexpected and is much higher than anticipated. This is a credit to our residents, the contractor efforts, and consistent outreach efforts.

COORDINATED APPROACH & PUBLIC OUTREACH

Part of the benefit to the timing of the meter replacements, is that the IEPA has mandated that all communities provide an absolute inventory of the lead service lines present in their community. In compliance with the regulations, staff has provided the required annual draft report each year to the IEPA, which is required to be finalized in April of 2027. Staff is accomplishing this task by requiring each plumber to identify the water service material when they change the meter. As such, staff is coordinating known lead zones to be prioritized during the change out process, and is working closely with the Finance Department to coordinate replacements to align with billing cycles when possible.

For the project to run smoothly, having accurate information for the residents will be critical. Staff is working with our consulting project manager to develop a variety of different information streams to regularly reach out to residents regarding this project. Village staff developed a dedicated project page www.vah.com/meters on the Village's website that provides project details and answers frequently asked questions. Staff is working with the Village's Communication and Outreach Manager to regularly reinforce and remind residents about the program. Staff will also make this information available in public buildings and at special events.

SERVICE INVENTORY & NOTIFICATION

As discussed, the contractor is required to determine what type of material the water service is made up of when they perform the meter replacement. This information is being cataloged for inclusion in the annual report submitted to the IEPA. *As part of this inspection, the IEPA has mandated that the property owner must be notified within 15 days of the inspection, if they have a lead or galvanized pipe serving their property. By design, the contracted plumber will NOT inform the resident of the service material type during the appointment.* In an effort to maximize productivity by the contractor and to ensure accuracy, the resident will receive proper notifications directly from the Village of Arlington Heights Public Works and Engineering Department, within the required time frame.

This notification will comply with the IEPA regulations and provide additional insight into the Lead Service Replacement Program and options for replacement available to the resident. Public Works staff will be required to distribute this notification to all residents that have had a lead or galvanized service line identified in their home, annually, until the service line is replaced, which is an intentionally intended encourage compliance.

Staff wants to stress this point, as we believe it is important for the Village Board to understand that there will likely be a significant increase in resident feedback as a result of these requirements. As this interest increases, the demand for Village assistance will become more prevalent. Many area communities have rebate programs for their residents, so staff investigated what some of these communities offer and use as criteria when developing a refund program, which is provided below under FINANCING AND REBATES.

LEAD SERVICE LINE REPLACEMENT PROJECT

Since 2021, the Village has been making a concerted effort to begin to reduce its lead line inventory. Through years of water main repairs, staff has developed a fairly comprehensive understanding of where the majority of the lead services are concentrated within the community and have actively worked to eliminate them. In general, most of the known lead service lines reside south of Palatine Road and north of Central Road, based primarily on the age of the developments.

The IEPA is requiring that the Village of Arlington Heights ensure that all lead service lines within the Village are replaced by 2044, though potential new USEPA regulations accelerate that time from requiring completion by 2037, which is the framework staff utilized in developing funding requirements. According to the IEPA, the interpretation of the law places the entire responsibility for ensuring the replacement of the entire water service on the Village.

Staff continues to develop a long-term program that aligns with EPA mandates and maximizes the time afforded through those mandates. Based on the current pricing climate and the mandates as currently interpreted, staff is anticipating annual costs of approximately \$4 million/year for thirteen (13) years. The current program (2023 through 2026), is funded by approximately \$11 million in the Lead Service Line Replacement Fund, which is anticipated to address approximately 1,400 of ~3,800 lead water services.

FINANCING AND REBATES (Private service lines)

On October 27, 2023, the IEPA held its bi-annual symposium at William Rainey Harper College in Palatine, to speak about new regulations associated with potable water in the State. In addition to this regularly scheduled update, the IEPA also used the opportunity to provide clarity for many of the lead replacement laws and provide clarity on their interpretation of those regulations that had become murky since the law's inception.

Based on the IEPA's interpretation of the law, it is the Village's obligation to ensure that entire lead service lines are removed and replaced. If the Village decides that this financial burden is to be assumed by the resident, then the Village must provide a financing mechanism to enable the lead to be removed, so the resident can get financial assistance, or pay over time.

In conjunction with this requirement and to avoid concerns that may arise, the Village has to adopt a formal policy that establishes, that if; "a homeowner chooses to not replace their

service, either at their own cost, or through the financial mechanism offered by the Village, then a waiver must be signed". The recourse to not signing a waiver would be shutting off the water to the home. The IEPA made it very clear that the primary goal of this law, and their enforcement of it, is to make certain that every avenue is exhausted to ensure that all lead service lines are eliminated, despite any financial concerns or challenges.

This means that when the Village identifies a lead service line on the public side of the right-of-way, the Village is required to do everything within its power to enable the lead service to be replaced. Some municipalities, who do not have rebate programs, have offered a payment plan or zero/low-interest loans for residents to pay the Village over time for their share of the water service replacements. Ultimately, however, it is the IEPA's contention that funding or lack there-of is not a valid consideration for not removing lead services from the system. Instead, the IEPA has indicated that funding concerns are not an acceptable solution, *stating; the water provider simply needs to raise its rates*. They also clarified that the only time a waiver can be executed is if the resident is offered a financing option, chooses to not accept it and doesn't allow the Village on their property.

At the Board's direction, Staff surveyed other comparative communities to determine what types of financing/rebates were practiced. As part of the survey, factors considered include population, location, disadvantaged funding qualification, and number of services to understand any consistency among municipalities and their funding levels. In general, we found that the Village's geographical neighbors are not faced with comparable challenges. For comparative purposes, the Villages Schaumburg and Rolling Meadows have no lead service lines, and the Villages of Mount Prospect and Palatine have ~300 and ~700 lead services respectively. Each of those communities are providing \$10,000 for residents to replace their service lines, because comparatively, the funding impact is minimal over time. There were numerous communities in our survey that provided comparable data to evaluate the Village against. However, for comparison purposes, the City of Highland Park is the most similar based on number of lead service lines versus total service lines. They provide a rebate of \$3,000 and \$5,000 respectively, but also require the resident to replace the water service all the way from the house to the water main. As a reminder, per Village Code, Village of Arlington Heights residents are only responsible for the portion of water service from their house to the b-box, in the parkway.

Based on this research and factors specific to the Village, staff is proposing a rebate program that funds 50% of the private side water service replacement (with a maximum of \$2,500) for those residents who choose to participate in the replacement program.

It is anticipated that the rebate would ultimately increase the cost of the project by approximately \$6,000,000 (2,300 services by \$2,500/service). Staff estimates the cost of the portion of water service that extends from the b-box to the meter inside the home to be approximately \$5,500. In an effort to encourage resident participation and to achieve compliance with EPA regulations, this rebate would cover approximately 1/2 of the costs associated with replacing the private portion of the lead or galvanized water service. As a reminder, this rebate would be in addition to the Village paying 100% of the costs required for the replacement of the public side of the water service (water main to the b-box), which is generally estimated at approximately \$9,400/service, for budgeting purposes. As a result of the newly revised mandates, the total costs, including inflationary escalators, but not reimbursements or potential grants, is anticipated to exceed \$54 million by the end of the program (2037)

In general, there will be two different resident payment scenarios that will take place in conjunction with this program that are briefly summarized below.

1. The first funding scenario is for emergency repairs or for residents who choose to have their service replaced outside the limits of the planned lead service line replacement or water main replacement construction projects. In these cases, residents will go through an application and no-fee permitting process, contract the work to be completed (*Village Staff or a selected contractor will replace the Village-owned portion of the service*), pay the contractor, and after the work is inspected, the Village would reimburse the resident 50% or \$2,500, whichever is lowest.
2. The second funding scenario is related to those replacements that are planned as part of a larger capital project, such as the lead line replacement project or the water main replacement project. In these cases, residents will be notified in advance and encouraged to participate in the replacement of their service. If they choose to participate, the Village contractor will complete 100% of the work in compliance with EPA and Village requirements. Then, the Village will invoice the resident for their share of the cost to replace the service line between the b-box and the meter inside the home. This invoice will equal the net of 50% of the private water line replacement cost, up to a maximum of \$2,500.

In both cases, residents who are unable to pay in a single lump sum will have the opportunity to take advantage of a payment plan that will allow them to pay off their percentage balance over time. While residents will be encouraged to pay their balance upfront, Staff is recommending this opportunity be capped at 36 months maximum, which will serve as a zero-interest financing option for residents who are unable to pay their share in a single payment.

If a resident is unable to pay for the new service, but wants to participate, they will have the opportunity to see if they qualify for financial assistance under a program similar to those managed by the Health and Human Services Department. If they qualify under those conditions, the Village may choose to defer requiring the reimbursement and place a lien on the resident's home. This will enable the Village to be made whole when the property sells. In the event that a resident either does not agree to pay any portion of the replacement costs, or refuses to allow the Village into or onto their property to make the replacement, the resident will have the option of signing a waiver. This waiver will be kept on file with the Village and the resident will be notified annually that they have a lead or galvanized service line, per Federal requirements.

If the resident refuses to sign the required waiver, the IEPA is strongly recommending that the Village institute a water shut-off policy to encourage residents to either sign the waiver or replace the service. Staff will work with the Village Attorney to develop a policy that enables the waiver to be used in lieu of replacing the lead service line to meet the Village's needs and also meet the requirements established by the IEPA.

Staff will be working on developing the several program policies, applications, and procedures necessary to implement these participation programs. In addition to the waiver policy referenced above, staff will also develop funding policy that addresses items discussed and determined during the May 13th, Committee of the Whole meeting, to provide guidance necessary to consistently and accurately implement a residential assistance

program. The draft policies will be developed with direction and input provided by the Village Manager, Director of Finance, and Village Attorney, and will be brought to the Village Board for further consideration and approval.

Once these policies and processes are established, staff will engage in an aggressive outreach and resident notification campaign to notify residents about the program, their options, and an approximate time to anticipate replacement of their service line.

Staff Recommendation

Staff will be seeking consideration and direction on the lead service line replacement program and policies as defined above at the May 13, 2024 Committee of the Whole meeting.