

**MINUTES
COMMITTEE-OF-THE-WHOLE
PRESIDENT AND BOARD OF TRUSTEES
VILLAGE OF ARLINGTON HEIGHTS
BOARD ROOM
MONDAY, MAY 13, 2024 7:00P.M.**

BOARD MEMBERS PRESENT: President Hayes; Trustees: Baldino, Bertucci, Dunnington, Grasse, LaBedz, Schwingbeck, Shirley and Tinaglia

BOARD MEMBERS ABSENT: None

STAFF MEMBERS PRESENT: Randy Recklaus, Village Manager; Chris Papierniak, Director of Public Works; Rob Horne, Assistant Director of Public Works; Scott Schweda, Superintendent of Utilities; Mary Ellen Juarez, Assistant Director of Finance and Kim Peterson, Recording Secretary

SUBJECTS:

A. Lead Service Line Replacement Program – Policy Discussion

Other Business

Adjournment

President Hayes called the meeting to order at 7:00 PM. The Pledge of Allegiance was recited.

New Business

A. Lead Service Line Replacement Program – Policy Discussion

Mr. Recklaus advised that there are two new mandates that the Village replace all of the lead service lines connecting the water mains to residential properties. This is required by both the state and federal government and is somewhat of a moving target, as the new proposal for federal regulations is more stringent than the state regulations that has a faster timeline, therefore the Village has had to update their plan. Mr. Recklaus advised that tonight's discussion will include an update on the Village's ongoing efforts to fund, plan for, and implement the replacements and the significant impact this will have on the Village's finances for the next several years. Staff will be looking for feedback through a series of motions they have prepared and presented tonight.

Mr. Horne advised that he will be discussing the Lead Service Line Replacement Program and the development of policies that will help the Village stay aligned with

IEPA regulations. Mr. Horne stated that this is a significant financial commitment and is a multi-year program that could last up to 13 years.

Mr. Horne began the discussion with a quick background regarding the Water Meter Replacement Program. In September of 2022, Staff provided insight to the Board about the benefits of implementing a system-wide residential water replacement, which the Village Board eventually authorized the replacement of over 18,000 residential water meters. The program started on March 1st of this year, and to date, there have been over 2,300 meters replaced and over 1,500 meters that are scheduled to be replaced. Public Works and Finance worked together to develop a strategic and systematic replacement process, which included the implementation of a utility billing software as part of ERP. Mr. Horne reminded residents that they can schedule their meter installation appointment online at schememymeter.com or calling the phone number on the notification. Mr. Horne advised that all of the installers are Illinois state licensed plumbers, have passed thorough background checks by the Police Department and have Village ID's. The installers will not go door to door and solicit work. Mr. Horne advised that Staff made a concerted effort to have the licensed plumbers do a visual inspection of the service line coming into the home, as the IEPA requires a 100% inventory of all of the residential services and the material that is made up of these by April 15, 2027. Based on the current schedule and if everything goes as planned, by April 2025, Staff should have all the information they need.

Mr. Horne stated that the law is called the Lead Service Line Replacement and Notification Act and it is the notification portion of this law that's driving the development of these policies. Mr. Horne advised that once the plumber has identified that there is either lead or galvanized pipe in the home, Staff has 15 days to notify the resident that they have lead in their home. Mr. Horne stated that any home purchased after 1998, the seller was required to disclose whether they had a lead service line in their home.

Mr. Horne explained how a single service, which runs from the water main to the meter, is made up of two components, the Village side, or the public side, which is Village's responsibility to maintain, and the private, or residential side, which extends from the shut off valve in the right-of-way up to the water meter, which is the resident's responsibility. Staff has estimated that the entire service will cost about \$14,500, with the public side costing about \$9,500 and the private side about \$5,000. The prices are better now, but once it's 2027 and the regulations go into effect statewide, the prices are anticipated to go up.

Mr. Horne advised that the mandates and requirements are prompting the need for these policies. The first requirement is the 15-day notification. It is important the Village has policies in place, so that when the Village goes into the lead concentrated areas, that clear and consistent information is given to the residents. Mr. Horne explained the waiver process and how it is designed to protect personal property rights. Another notification requirement is any legal repair. The Village is now required to notify a resident, after the Village has repaired a leak and replaced the Village's portion, that they have 30 days to do it themselves. There needs to be a policy in place that shows some sort of financing system in place to help them do the work. An

additional notification requirement is resident initiated replacement. If a resident wants to replace their lead service line while the Village is not currently working in their area, the law currently reads that they have to give the Village 45 days' notice that their replacing it, and once this is done, the Village has 30 days to replace their own. Without any kind of language that sets parameters, the Village could experience problems with having to replace services at the demand of residents instead of an organized program. Lastly, any water main work, if there are not policies in place when the Village goes to activate the water main, the IEPA can withhold the final approval.

Mr. Horne explained how the Village is now required to replace the public side after a leak is detected and also require the resident to participate in the replacement, unless they sign a waiver. Mr. Horne advised that there are a lot of steps that must be taken before the waiver can be signed. Trustee LaBedz asked who has to take these steps, which Mr. Horne advised it is the Village, because they are the water supplier. The goal of the IEPA is to eliminate lead service lines period. Mr. Horne explained how Staff has developed and continually refines a long-term plan, that constantly evolves and changes and will be evaluated every year. It is a 13-year plan that includes lead service line replacements performed by Public Works staff, who replaced 100 public service lines in 2022 and 2023, saving the Village about \$650,000 each year. Staff is distributing all the public side only services throughout the life of the program so that in house staff can be leveraged to do that work and potentially save \$3 - \$5 million over the life of the program.

Mr. Recklaus advised that when this program was proposed and Staff looked at realistic projections of cost increases, they believe this will end up costing the Village around \$54 million. Mr. Recklaus explained that this is a good example of why the Village maintains the reserves they do and why they maintain bonding capacity when debt expires. The Village has been really fortunate to have surpluses in the general fund the last few years, and because they knew this was coming, they took \$13 million from the surplus and deposited it in this fund. In addition, capital improvement bonds, in the amount of \$11 million, have been added to this fund. Even with these additions to this fund, the Village is experiencing real difficulty in finding ways to fund this program. Our Village has one of the highest percentages of lead service lines because of when our community was developed and what was state of the art at that time. Most of the communities that have a similar amount as we do, qualify for benefits from the state and federal government. The income levels in Arlington Heights are too high to qualify for any state aid, so our Village is generally on its own. The Village can pursue zero interest loans for some of this amount and can pursue grant funding from congressional leaders, but any additional help will not make up this gap. The vast majority of this will have to come from local funding, including looking at bonds that will be expiring in 2029 and 2034. Mr. Recklaus advised that the current projections do not include a property tax increase, but it does defer a lot of other projects that the Village will have to find funding for. The Senior Center renovation will be most significantly impacted by this program. Mr. Recklaus advised that there are several things that will help chip away at these costs, including when a teardown occurs and a new home is built, the owners of that property will be responsible for replacing the lead service line, the Public Works Department will do as many of these replacements as possible in-house, and getting grants from our congressman, state

senators and house representatives. The cost projections are a guess and the project could cost more than what Staff thinks it will, could cost less, the Village could find money along the way that could help, there could be another surplus, but in the end, it will take a lot of creativity and belt tightening and the impacts will have cascading effects on the capital budget for the next several years.

Mr. Papierniak advised that the only unknown is going to be the inflationary factor and when every community is looking for copper and contractors, there will be a lot of pressure on costs and wages, which is the unknown. Mr. Papierniak stated that technology is continuing to improve and Public Works' efficiency will improve over time. Mr. Recklaus advised that he and Tom Kuehne have discussed what an appropriate level of general fund draw down would be to use for this that won't put the Village at risk.

Mr. Horne stated that the IEPA has made it very clear that a water supplier has the right to require the resident/user to pay a portion of the service line expense. Mr. Horne explained how one of the motions covers a rebate system of 50% or up to \$2,500 maximum. Trustee Bertucci asked if residents can hire any plumber or is there a list for them to choose from, which Mr. Horne advised that the contractors will be required to provide a price for replacing the private side lead service line before they begin replacing the public side service line, although residents can hire someone else to do the work, and then finance would reimburse them after Staff inspects the work and verifies that the contractor was paid. Trustee Bertucci stated that he is concerned that unscrupulous plumbers might try and get residents to hire them and then charge more than what they should be charged. Mr. Horne advised that Staff will have a small list of plumbers who understand the Village's process and who are in good standing with the Village. Mr. Recklaus advised that the Village understands this might be a hardship for some, so they will be offering a payment plan to residents, and in extreme cases, if the resident qualifies and agrees to it, the Village could put a lien on a resident's property where they would pay the Village back when the home sells. Mr. Papierniak advised that with these options, the Village believes they are following the intent of the law, which is to replace the lead service lines.

Mr. Horne advised that this will be a huge public outreach effort and once Staff gets some understanding of the policies and procedures, they will use all available tools, including social media, the Village's website, informational videos and informational flyers to get the message out. Additionally, this program is going to take a huge amount of administrative coordination in planning out the construction projects at least a year in advance, so that residents will have ample time if they want to participate in the program, to prepare for the expense. Mr. Papierniak explained that all of the Village's programs the last few years have been based on this concept, although the notification process has always been to alert residents of the inconvenience, not the financial obligation. Mr. Papierniak stated that the water is safe right now and asked Mr. Schweda to explain the process. Mr. Schweda advised that ortho poly phosphate is treated in the water, and since 1991, the Village has been sampling the water and has never had any samples come back over the limits than what they're supposed to be. Mr. Papierniak stated that there still might be lead solder in the homes even after the service lines are replaced, therefore they will still continue to treat the water so that it continues to be safe.

Trustee Shirley asked for an explanation of how the ortho poly phosphate works, which Mr. Schweda advised that it is designed to coat the inside of the lead pipe, to prevent it from flaking off inside the pipe.

President Hayes asked if Staff has a copy of the waiver, which Mr. Horne advised that the waiver is from IDPH and they can provide him with a copy. President Hayes asked Mr. Horne if in addition to waiving personal property rights, it also waives personal injury rights, which Mr. Horne explained that the main purpose of the waiver is to not call into question personal property rights. It doesn't waive personal rights, although Staff is working with the Village's attorney to develop a temporary construction easement, which will allow the Village access to the home to do all of the work for that project. Mr. Recklaus advised that when a resident signs a waiver, it means they are not participating in the program. President Hayes explained that if a resident voluntarily waives their right to have this done, or have the Village do it, it would seem that they would be waiving their right to sue the Village for personal injury that they obtain as a result of lead in their home. Mr. Recklaus advised that they will get more information on this, but it is Staff's understanding that a resident would have no more ability to sue the Village then as they do now.

Trustee Tinaglia discussed the overhead sewer program and asked how many were done, which Mr. Recklaus advised it was around 200. Trustee Tinaglia asked how many lead service lines need to be replaced, which Mr. Horne advised that the number is just under 4,000 and they are mostly located between Palatine Road and Central Road. Trustee Tinaglia asked what the total service line replacement cost will be and what the homeowner's responsibility is, which Mr. Horne advised the total cost is approximately \$14,500, with the resident's expense being around \$5,000. Mr. Papierniak stated that this cost estimate is strictly structural concrete repair, materials and labor, bringing the service in and connecting it to a new meter. If the resident has a finished basement with extra amenities, these costs are not included. Trustee Tinaglia asked what the Village reimbursed for the overhead sewer program, which Mr. Recklaus advised that it was \$7,500, although that number has grown over the years and it is up to \$11,000 now. Mr. Horne advised that the major difference is the overhead sewer program is by choice and this program is by mandate and there is a deadline. Trustee Tinaglia asked if the contractor will be doing a dig in the parkway or street and then direct boring to the house, which Mr. Schweda advised that the contractor and Public Works staff are currently doing directional boring. Trustee Tinaglia asked if the state mandate allows the Village to leave the old line in the ground, which Mr. Schweda stated it does. Mr. Horne advised that the total number of full services, from the main to the meter, is about 2,300, and Staff anticipates lower costs when it comes to the whole service, as opposed to private side only. Trustee Tinaglia asked if this includes commercial or multi-family homes, which Mr. Horne advised that about 98% of the services are in single family homes, but the mandate includes everyone.

Trustee Grasse asked about a basic replacement and how long it takes, which Mr. Horne advised that it takes about half to a full day depending upon what's involved.

Trustee LaBedz asked about the waiver and if she read it correctly that a homeowner could run the risk of having their water service shut off. Mr. Horne advised that this is

not a mandate, but a very strong policy recommendation that water suppliers are asked to implement by the IEPA and EPA, so that residents either agree to participate in the program or sign the waiver. If you don't sign the waiver, the potential to have the water shut off is there. Mr. Papierniak advised that this will likely become a mandate. Trustee LaBedz asked if copper is the replacement metal, which Mr. Horne stated it is. Trustee LaBedz advised that it is really important for a project this big that the Village needs to make sure that information regarding this program on the Village's website is easy to find. Trustee LaBedz asked if this program will have an effect on the Capital Improvement Plan and what Staff recommends, which Mr. Recklaus advised that there is no question this impacts the plan and it will until 2037.

Trustee Schwingbeck asked if the \$54 million total includes the private side as well, which Mr. Recklaus advised it does. Trustee Schwingbeck discussed the waiver issue and the fact that even if a resident chooses to not have anything replaced, their water is still safe, which Mr. Papierniak stated that is correct. The waiver is essentially a resident maintaining their property rights and waiving the federal program. Mr. Papierniak advised that numerous residents have already stated that they are not interested. Trustee Schwingbeck asked if the Village will be checking wells for lead service lines, which Mr. Papierniak advised they will not be, as the Village is not the water supplier. Trustee Schwingbeck asked if when the Village is doing the public side can a resident request to have their private side done, which Mr. Papierniak advised that the Village's intention is to have the whole line replaced, which is why they give residents a year's notice.

Trustee Bertucci asked what materials are used for solder now, which Mr. Horne advised that he is not sure, but it is not lead. Trustee Bertucci asked if based on the cost projections, what the confidence level is that these numbers will maintain throughout, which Mr. Papierniak stated that they are conservative on their original estimates and they use an inflationary factor, therefore his confidence level is solid. Ms. Juarez advised that they used three percent increases and the zero percent interest loans are an option. Mr. Horne explained another strategy they might use is to potentially work with their engineer to see if they can come up with a multi-year contract for the contractor and lock them in at rates related to labor.

Trustee Dunnington stated that she is very happy to hear that the Village will be giving residents at least a year's notice. Trustee Dunnington asked about those residents who will need to have their private side line replaced, if anyone can qualify for the payment plan, which Ms. Juarez advised that anyone can utilize the payment plan and it would be over three years. Trustee Dunnington asked about residents who are on a fixed income and cannot afford the payment plan, if there are any other options for them, which Mr. Horne advised they would propose using a similar program to that administered by the Health and Human Services Department and if they qualify based on their income, the Village can use a lean process on the property, and when the property is sold, the Village would be reimbursed that money. Mr. Horne doesn't believe this will be widely used. Trustee Dunnington asked what the proposed amount for the Senior Center renovations was, which Mr. Recklaus advised that it was around \$20 million. Mr. Recklaus stated that he will be meeting with James McCallister and the Senior Center Manager to discuss contingencies, as they may have to rethink their plans. Mr. Recklaus advised that the Village has to first look at public

safety, second is if they have a legal obligation to do something, third at existing services and then lastly at new services. Mr. Recklaus stated that the Village has many creative people on their team and they will look to see if they can do something with that project, as they are certainly not abandoning it.

Trustee Baldino advised that solder is mostly tin and the lead has been replaced with silver or copper. Trustee Baldino asked about the sampling process the Village uses when having the water tested, and if they drop the bottles off for the residents to collect the sample and then pick them up. Mr. Schweda advised that this is the process the Village uses and it has to be done first thing in the morning. Mr. Papierniak stated that the process has to be approved by the IEPA, and the Village is allowed to have a primary and secondary resident to do the collecting. An instruction sheet comes with it and the resident is given a \$15 credit on their water bill. Trustee Baldino advised that the EPA's procedures for drinking water sampling are incredibly involved and he doesn't want the Village to have questionable data, but as long as the IEPA is involved, he is comfortable with the process.

Trustee Schwingbeck asked about the rebate program and if it is an across-the-board program, which Mr. Recklaus advised that it will be offered to all residents.

Trustee Shirley asked if residents will be paying \$8 million, which Mr. Recklaus stated that is correct. Trustee Shirley confirmed that the Village is not picking up this cost because only certain homes are affected, which Mr. Recklaus advised that some homeowners have already replaced their lead service line, and it is only a limited number of homes that will receive a subsidy from the Village. Trustee Shirley asked if the capital grants for \$700,000 are Northwest Water Commission, which Mr. Recklaus advised they are, but they are not sure how much longer those will go beyond this year, possibly one more year. Trustee Shirley asked if there is way to accelerate the process and get a jump on the cost that will inevitably go up, which Mr. Recklaus advised that the sooner the Village could get this done, because the cost will continue to go up, the less money overall that it will cost. Mr. Papierniak advised that the Village has already transferred surplus money into the service line replacement fund and has already replaced almost 400 service lines. Mr. Horne advised that Staff will be reevaluating their water main replacement program to see if they can integrate some of the water replacement into lead service areas to possibly reduce costs. Trustee Shirley asked if this financing program impacts the water rates, which Mr. Recklaus stated no, the Village's water rates will not increase to pay for this directly.

Mr. Horne discussed the four motions Staff is proposing, starting with the first one that recommends a reimbursement of 50% or \$2,500 for eligible costs associated with a private service line replacement. As part of this motion, Staff will develop a policy that establishes what qualifying items are and what residents can seek reimbursement for. They will also establish program prioritization and plan the projects out accordingly. Another component they will put in the proposal is if a resident is required to replace their service as part of a construction project and requires a building permit, they will not qualify for this reimbursement.

Mr. Horne explained that the second motion is to establish that they can have a payment process for residents who would like to use it and if a resident chooses to do

a replacement, they can ask a resident to go through the permit process, if it's not related to a construction project, and the Village will waive any fees.

Mr. Horne explained that the third motion allows the use of property liens in lieu of payment for residents who qualify for income assistance through the Health and Human Services Department.

Mr. Horne advised that the fourth motion requires residents to either participate in the program or sign a waiver, and if they don't do either of those things, they could get their water shut off.

Trustee Schwingbeck asked when there is a lien on someone's property, would that affect their ability to get another loan, which Mr. Recklaus advised that because it is a lien on their home, if they want to use collateral on their home to get that loan, it could affect them. Mr. Papierniak advised that a resident would have to agree to do this, therefore it is a voluntary lien on the property. Trustee Schwingbeck wants to be sure that the Village communicates the pros and cons of this option and isn't doing anything that could potentially hurt the homeowner if they want to apply for a credit card or loan. Mr. Recklaus indicated this is a last resort and is voluntary.

Trustee LaBedz asked about part B of motion four and if the water will be and not maybe shut off, which Mr. Recklaus explained that the IEPA is strongly encouraging municipalities to take a policy that forces them to do it.

Trustee Tinaglia asked what the estimate for a private line service replacement is, which Mr. Horne advised it is \$5,000, assuming it is a full-service replacement. If it is a private side only replacement, the cost could be as high as \$8,000. Trustee Tinaglia asked if Staff is asking the Board if the reimbursement amount is the right number or if this is a policy they should endorse, which Mr. Recklaus stated yes, they would like the Board to approve the amount, 50% or \$2,500, that Staff is recommending. Mr. Horne explained that based on their research, the reimbursement program and payment plan option the Village is offering, is probably one of the best, compared to what other communities are doing for their residents.

Trustee Dunnington asked with the \$54 million budget, how much would it increase if the Village paid for all of the private lines, which Mr. Papierniak stated \$8 - \$10 million, which would be a significant increase.

Cyril Kabat, Arlington Heights resident, advised that his concern is that just because there is an area of the city that has a problem with lead, that the whole city shouldn't be responsible. Mr. Kabat referred to the information provided about the lead service line replacement program on the Village's website and stated that it is a lot of information that is very confusing. Mr. Papierniak advised that a lot of the requirements the Village is using for the lead service line are requirements for the EPA. Mr. Papierniak stated that all residents are encouraged to call Public Works to verify if they have a lead service line on the private side. Mr. Recklaus stated that after tonight's meeting, the information provided on the website will be a little more clear and will be even clearer once they get closer to the program launch.

President Hayes stated that these motions make a lot of sense and that he will have to defer to Staff as they are the experts.

Trustee Grasse moved, seconded by Trustee Schwingbeck that the Committee-of-the-Whole recommend to the Village Board of Trustees to direct Staff to develop a funding a policy that provides 50% or \$2,500 (whichever is less) for eligible costs associated with a private service lines for residents who participate in the lead service line replacement program retroactive to January 1, 2024.

Upon a voice vote, the motion passed unanimously.

Trustee Baldino moved, seconded by Trustee Dunnington that the Committee-of-the-Whole recommend to the Village Board of Trustees to direct Staff to include in the funding policy for the lead service line replacement program that permits residents the opportunity to; a) participate in a payment plan for up to 36 months as part of their water bill for expenses related to eligible costs associated with their private service line replacement, and, b) to authorize a no-fee building permit as part of the service line replacement.

Upon a voice vote, the motion passed unanimously.

Trustee LaBedz moved, seconded by Trustee Baldino that the Committee-of-the-Whole recommend to the Village Board of Trustees to direct Staff to develop a policy that allows the use of property liens in lieu of payment for residents that qualify for income assistance through programs similar to those managed by the Health and Human Services Department.

Upon a voice vote, the motion passed unanimously.

Trustee Bertucci moved, seconded by Trustee LaBedz that the Committee-of-the-Whole recommend to the Village Board of Trustees to direct Staff to develop a policy that requires residents to either; a) participate in the replacement program with the incentives and payment assistance offered, b) sign a waiver to participate as required by the IEPA, or if a resident fails to do either, the Village will be forced to shut off water service to the home.

Upon a voice vote, the motion passed unanimously.

Trustee Bertucci advised that the word "or" should be inserted between letters a and b of the fourth motion, which Staff agreed with.

Other Business

Adjournment

Trustee LaBedz moved, seconded by Trustee Schwingbeck, to adjourn the meeting at 8:39 p.m. Upon a voice vote, the motion passed unanimously.