

DRAFT

MWRA Lead Service Line Replacement Loan Program Guidelines Summary

Name and Purpose of New Program

- The MWRA Lead Service Line Replacement Loan Program will be referenced as the “Lead Loan Program” or “LLP” for short.
- The purpose of the Lead Loan Program is to assist member water communities to rehabilitate or replace water service lines so that all lead pipe is fully removed. Financial assistance in the form of interest-free loans will assist in upgrading both community-owned and privately-owned portions of local water systems to reduce the potential for elevated lead levels at customer taps and maintain MWRA’s high water quality conditions throughout the system. The presence of lead service lines connecting homes and businesses to local water mains can lead to elevated lead levels in tap water, especially if water sits stagnant in a lead service for an extended period. MWRA’s stable water quality and effective corrosion control treatment reduce the risk that lead service lines will cause elevated lead levels. However, the risk of elevated levels remains as long as lead service lines are in use.

Eligible Communities

- The 45 full and partial MWRA water communities that are currently eligible for water loans under MWRA’s Local Water System Assistance Program will be included as eligible under the Lead Loan Program. These include 32 fully-supplied communities: Arlington, Belmont, Boston, Brookline, Chelsea, Chicopee, Everett, Framingham, Lexington, Lynnfield Water District, Malden, Marblehead, Medford, Melrose, Milton, Nahant, Newton, Norwood, Quincy, Reading, Revere, Saugus, Somerville, South Hadley Fire District #1, Southborough, Stoneham, Swampscott, Waltham, Watertown, Weston, Wilbraham, and Winthrop; and 13 partially-supplied communities: Bedford, Canton, Dedham/Westwood Water District, Marlborough, Needham, Northborough, Peabody, Stoughton, Wakefield, Wellesley, Wilmington, Winchester, and Woburn.
- Five special case communities are not eligible for Lead Loan Program funds: Cambridge which receives MWRA water on an emergency-only basis; Lynn which receives MWRA water only for the GE plant; as well as Clinton, Leominster (emergency only), and Worcester (emergency only) that draw untreated (raw) water from the Wachusett Reservoir.

Pool of MWRA Loan Funds

- The approved \$100 million in loan funds will be provided as a pool of funds available to all eligible communities to draw from beginning in FY17 via a financial assistance application process for local lead service line identification/removal projects. Staff anticipate applications under the Lead Loan Program will begin with smaller projects and ramp up as communities develop their individual programs, enhance existing inventories/records, and engage individual

customers via outreach and education. Future EPA requirements may stimulate lead service line removal work over the next few years.

- Each individual community should develop and establish a lead service line removal program that fits its own needs and circumstances with the goal of removing both public and private lead service lines. Current estimates of the number and location of lead service lines may change as more detailed inventories by communities are conducted. Current estimates are not reliable enough for use in designating funds.

Eligible Projects

- Community projects to identify and replace water service lines so that all lead pipes are fully removed from both the public and private portions of the service line will be eligible under the Lead Loan Program. As part of the application process, the community will be required to describe how they will address private lead service lines.
- Community projects/programs that provide a homeowner incentive for lead service line replacement will be eligible.
- While the Program's major objective is funding construction projects that will replace the public and private portions of lead service lines; related records research, house to house inspection/inventories, database development, development of outreach/education materials, planning, design, and construction inspection costs required to implement appropriate local projects are also eligible for loan assistance.
- Related community costs incidental to the lead service line removal project such as police details, Bond Counsel costs, etc. are also eligible. For force account work such as summer interns or contract employees, only direct labor costs (not including overhead or overtime costs) will be eligible.
- MWRA Lead Loan Program funds will not be used for replacement or upgrade of plumbing inside homes or buildings beyond the normal service line connection from the water main to the building that generally terminates a short distance inside the foundation wall at the water meter.

Enhancements to the Existing Local Water System Assistance Program (LWSAP)

- Under the LWSAP, participating communities are required to acknowledge the MWRA recommended *Community Water System Maintenance and Improvement Programs* as part of the Financial Assistance Application Process. The current recommended programs include:
 - a. Unidirectional Flushing Program
 - b. Distribution System Improvement Plan
 - c. Water Quality Testing
 - d. Cross Connection Control Program Development

This acknowledgement is intended to make sure that communities understand that implementing maintenance programs, combined with water system rehabilitation projects, will help maintain high water quality in the distribution systems and at the customer's tap.

- With implementation of the new Lead Loan Program beginning in FY17, MWRA will expand the recommended *Community Water System Maintenance and Improvement Programs* to cover lead service line replacements. Under both the LWSAP and new Lead Loan Program application process, communities will need to acknowledge the MWRA recommended components for a “**Community Lead Service Line Replacement Program.**” The recommended program incorporates at least the following:
 1. Community will clearly establish that it is their goal to fully remove all lead pipe from both publicly-owned and privately-owned water service line connections;
 2. The lead removal program will include replacement of lead gooseneck connections when encountered during construction or targeted for replacement;
 3. Community will commit to a comprehensive lead service line inventory program to compile a listing of properties with full or partial lead service lines that will be made available to the public via web page or other similar public access vehicle (subject to disclaimer for accuracy based on best available information);
 4. Community will target proactive outreach to customers with lead service lines to provide educational information regarding the risks of lead exposure and information encouraging the customer to participate in the community lead service line replacement program so that the privately-owned portion is replaced concurrent with the publicly-owned portion;
 5. Communities will maintain ongoing proactive outreach to customers with known privately-owned lead service lines; and,
 6. Communities will include a unit cost bid item for public and private portion service line replacement in all water pipeline projects so that a mechanism exists for full removal of lead service lines.

- The EPA continues to review the Lead and Copper Rule and is expected to propose a number of substantial changes. As revisions to the Lead and Copper Rule evolve, MWRA will modify (as needed) its recommended *Community Water System Maintenance and Improvement Programs* to be consistent with EPA regulation regarding lead service line replacements.

Annual Reporting to MWRA’s Board of Directors

- MWRA staff will provide an annual progress report to the Board of Directors detailing funds distributed, progress on local projects, what is working, what may need improvement, and recommendations for program enhancements that make sense.

Financial Assistance Application, Distribution, and Loan Repayment Process

- The financial assistance application, staff review, funding distribution, and loan repayment process currently used for both the Local Water System Assistance Program and the Local Infiltration/Inflow Financial Assistance Program will be generally followed for the Lead Loan Program. Loan funds will be available beginning in FY17 and distribution of funds will be targeted to the middle of each fiscal quarter (mid-August, November, February, and May). The initial date for determining community project costs that may be eligible to receive funding is July 1, 2016.

- Binding commitments to provide financial assistance for local lead service line replacement projects will be issued by MWRA in the form of a Financial Assistance Agreement. The Financial Assistance Agreement will stipulate all applicable terms and conditions of the loan funding provided by MWRA for the community's project, including, but not limited to: scope of work, schedule, project inspection and reporting, audit and closeout provisions; etc.
- Appended to the Financial Assistance Agreement will be a separate Loan Agreement. The Loan Agreement process includes: (1) an opinion of the community's Bond Counsel stating that the loan is a valid general obligation of the municipality; and (2) a Water Bond (or similar instrument approved by MWRA) prepared by the community's Bond Counsel that stipulates the loan repayment schedule. Community loan repayments will be interest-free over ten years.
- Once a proposed project has been approved and an award amount designated, MWRA and the community will cooperatively schedule execution of the Financial Assistance and Loan Agreements and distribution of loan funds on or about one of the quarterly funding distribution dates. Lead Loan Program funds will be distributed by MWRA's Treasury Department via electronic fund transfer into a specific community Massachusetts Municipal Depository Trust (or similar) account.

Staff Tracking of Funds and Progress Reporting

- Lead Loan Program fund balances in the designated Massachusetts Municipal Depository Trust account, utilization of the funds, and interest will be tracked by MWRA.
- Communities will need to submit progress reports to MWRA showing eligible cost spending to account for the funds distributed plus earned interest. MWRA staff will make periodic inspections of some community projects. When projects are complete, community representatives will execute project closeout forms certifying the appropriate use of funds.
- The community, the community's engineer(s), and the community's contractor(s) are required to maintain books, records, documents, and other evidence directly related to the performance of all work receiving funding under the Financial Assistance Agreement in accordance with generally accepted professional practice and appropriate accounting procedures and practices. MWRA may audit these records up to seven years after completion of the project.

Continued Coordination with MWRA Advisory Board

- With overall community water system needs in mind, MWRA staff will continue to work closely with the Advisory Board to develop sound recommendations for future enhancements to both the new Lead Loan Program and the existing Local Water System Assistance Program.

Community	September 2015
MWRA System	6.22 Ppb

Number of Services	Estimated Lead Services
Community Estimate in Black MWRA Estimate in Red	

Arlington	2.59
Bedford	
Belmont	3.81
Boston	7.75
Brookline	3.06
Cambridge	
Canton	
Chelsea	11.6
Dedham/Westwood	
Deer Island TP	0.798
Everett	1
Framingham	2.84
Lexington	1.42
Lynnfield	1.57
Malden	18.5
Marblehead	6.75
Marlborough	
Medford	6.22
Melrose	15.7
Milton	13.7
Nahant	1.61
Needham	
Newton	3.04
Northborough	0.986
Norwood	7.6
Peabody	
Quincy	5.3
Reading	4.3
Revere	3.2
Saugus	2.6
Somerville	10.3
Southborough	2.52
Stoneham	11.1
Stoughton	
Swampscott	2.06
Wakefield	
Waltham	2.6
Watertown	2.42
Wellesley	
Westboro State Hospital	1.52
Weston	2.29
Wilmington	
Winchester	
Winthrop	14.6
Woburn	
Chicopee	3.8*
South Hadley F. D. #1	5.4*
Wilbraham	1.4*
TOTAL	

12,585	0
4,613	0
7,745	1
87,638	5,013
10,527	100
15,486	0
7,162	0
5,100	330
13,304	0
8,126	100
18,147	4
14,145	50
1,427	0
11,815	5,205
8,065	0
10,303	1,238
14,706	2,231
8,200	772
8,473	51
1,634	0
10,192	157
25,071	1,161
4,234	0
8,649	36
13,539	5,687
23,750	1,310
7,992	249
12,000	21
9,331	0
14,423	2,298
3,210	0
6,250	13
7,387	0
5,485	0
8,410	30
13,732	0
9,165	0
8,324	1
3,613	0
7,469	0
7,215	0
4,480	1,400
11,447	2
16,527	0
4,827	0
3,347	0
519,270	27,460

* Most recent data from 2012/2013