

Strategy for the Replacement of Lead Service Lines on Private Side

ISSUE

The City of Saskatoon (City) does not have a standard approach to replacing lead service connections on private property where the City-owned portion of the lead service line (LSL) has previously been replaced. This report presents options and a recommendation for a standard approach. What should the City require of property owners whose water service line is lead on the private side only? If the City requires owners to replace private side only lead service lines, should the City subsidize, share costs, or financially assist the property owner?

BACKGROUND

History

In September 2020, the Administration reported to City Council providing an update on the LSL replacement program. Identified in that report was a need for City Council's decision on policy for the replacement of "private side only" LSLs.

Water service connections are small diameter pipes that connect dwellings to the water main in the street. Saskatoon has approximately 71,500 total water service lines. Approximately 5,300 LSLs were installed between the early 1900s and early 1950s.

Prior to 2010, when the City was replacing LSLs, property owners were given the option of replacing the portion of the LSL from the property line to the house. Many homeowners chose to coordinate the replacement of their portion of the LSL with the City's work, but some did not. This resulted in approximately 350 locations where the City-owned portion of the LSL (in the public right-of-way) was replaced; however, the portion of the LSL located on private property was not replaced. This is referred to as a "private side only" LSL. There are approximately 3,200 remaining LSLs where the portion of the service line within the City right-of-way is lead and the private side is either also lead or may have been previously replaced with non-lead material.

The City sets and enforces standards for the construction, maintenance, repair, and replacement of service lines of public utilities. Pursuant to Section 22 of *The Cities Act*:

"The owner of a parcel of land is responsible for the construction, maintenance, repair and replacement of a service connection of a public utility located above, on or underneath the parcel of land, unless otherwise determined by the city."

In 2010, the City made changes to how it handles the replacement and repair of water service connections that are made of lead. City Council approved a policy mandating that any time an LSL is disturbed (cut into for repair or replacement), the entire connection from the water main in the street to the water meter in the house must be replaced. The replacement of the LSL from the property line to the water meter and any associated work within the house is at the property owner's expense. This policy was

put in place at the recommendation of the Administration based on a study that showed increases in lead concentrations in water at locations where a lead line had recently been disturbed.

Prior to this policy, the property owner would have been given the option of whether or not they wanted the private side of the service line replaced. If they did not, only the portion in the City right-of-way would be replaced. The City's current practices for lead line replacement are outlined in Bylaw No. 8880, Private Sewer and Water Service Connection Bylaw, 2010.

In 2016, City Council approved the Long-term Lead Service Line Replacement and Water Main Capacity Improvement Strategy, which is a coordinated program of water main capacity improvements and accelerated LSL replacements. This program was developed to replace all LSLs while also addressing water main capacity improvements. The anticipated completion date for the LSL replacement program is by the end of 2026. Roadway and sidewalk work are also coordinated with this underground renewal strategy.

Current Status

LSLs are typically replaced under the following scenarios:

- 1) When the adjacent cast iron water mains are replaced;
- 2) When the LSL is leaking and requires an emergency replacement; and
- 3) When the LSL is located under a City right-of-way that is scheduled for roadway treatment.

The LSLs identified for replacement are either full lead lines (those that are lead from the water main to the house) or City side only lead lines (those that are lead only from the water main to the property line). Lead lines that are private side only (from the property line to the house) are not identified for replacement under scenarios 1 and 3 above.

Under scenario 2, if the leak is on the private side of an LSL, the property owner is responsible for replacement of the line. In past cases, to financially assist the property owner with these costs, the City has allowed the property owner to defer these costs to their property taxes and the City paid the contractor. This past practice is the basis for the details of Option 1 below.

When a full LSL replacement is scheduled, property owners can choose to hire a licensed water and sewer contractor on their own to replace their portion of the service line or use the licensed water and sewer contractor retained by the City. If the property owner elects to use the contractor retained by the City, replacements are cost shared between the City and the property owner, with the City paying 60% and the property owner paying 40%. In recent years, the property owner's costs have typically been approximately \$3,500 for their portion of the full LSL replacement. Property owners can pay the contractor directly or they may elect to enter into an agreement with the City to defer the cost of the LSL replacement onto their taxes over one-, three-, or five-year

periods. Residents who fall under the federal low-income cut-off definition can defer their costs over a ten-year period.

Property owners who want their LSLs replaced ahead of schedule can do so at their own cost. The property owner will be reimbursed for the City's portion of the connection replacement at the end of the year in which the work was completed.

There is no current approach to ensuring the replacement of the private side LSLs where the City previously replaced the portion in the City right-of-way.

OPTIONS

Option 1 – Require property owners to replace private side only LSLs at their own expense, with the costs eligible to be deferred to their property taxes.

This option closely aligns with the City's current policy for service line replacements.

Property owners would be required to have their private side only LSL replaced by January 1, 2027. The City would obtain a contractor for the work and property owners would have the option to use the City contractor or obtain their own contractor for the work. If the property owner uses the City contractor, they would be eligible for the tax deferral program. It is estimated this work would cost property owners \$7,500 to \$9,000. Allowing homeowners the option to defer all costs allows the City to obtain a contractor for the work and pay the contractor in full and the contractor is not required to obtain payment directly from the homeowner.

Advantages:

- Under this option, the property owner is entirely responsible for work on their property but is able to participate in a cost-deferral program similar to property owners who are having a full-service line replacement on a City-funded program.
- This option aligns with the City's goal of replacing all LSLs by the end of 2026.
- This option would have no net cost effect on the City's capital budgets and would have only a minor administrative cost to manage tax deferral documents and communication to property owners to coordinate replacements. No extra staff would be required for these tasks.

Disadvantages:

- Property owners with a private side only LSL would incur a larger cost for replacement than owners who are having a full LSL replacement on a City funded program.

Option 2 – Require property owners to replace private side only LSLs at their own cost, with no eligibility to defer payment of any of the costs to their property taxes.

This option would have property owners fully responsible for costs of work on their property, similar to Option 1; however, it would not provide an option for owners to defer a portion of their costs to their property taxes.

Property owners would be required to obtain their own contractor for the work and would be required to have the work completed prior to January 1, 2027. It is estimated this work would cost property owners between \$7,500 and \$9,000.

Advantages:

- This option aligns with the City's goal of replacing all LSLs by the end of 2026.
- This option would have no cost to the City's capital budgets.

Disadvantages:

- Under this option, property owners replacing a private side only LSL are not given the same opportunity to defer costs that owners with full LSLs are given under the City-funded LSL replacement program. This option would create a dual system where some owners would be able to defer costs for work on their own property and other owners would not.
- Property owners with a private side only LSL would incur a larger cost for replacement than owners who would be having a full LSL replacement using a City-funded program.
- Communication and enforcement of this option would require additional resources which are not currently in place.

Option 3 – Require property owners to replace private side only LSLs and costs be shared between the owner and the City.

This option would have the City coordinate the replacement of private side only LSLs and costs would be split 60/40 between the City and the property owner. The City would openly tender the work and have it completed prior to January 1, 2027.

Using an estimate of \$7,500 to \$9,000 for the replacement of a private side only LSL, the City would incur \$4,500 to \$5,400 per LSL replacement and the property owner would incur \$3,000 to \$3,600.

Advantages:

- This option aligns with the City's goal of replacing all LSLs by the end of 2026.
- Costs to property owners would be more in line with typical owner costs for a full LSL replacement. This would result in less resistance from owners and improve perception of the program.

Disadvantages:

- The City would be paying for work on private property that in the past has always been the responsibility of the property owner.
- This option would have a capital cost to the City of approximately \$4,500 to \$5,400 per LSL replacement (60% of total estimated costs per replacement) for a total of approximately \$1,575,000 to \$1,890,000 to replace all 350 private side only LSLs.

- This option would necessitate a bylaw amendment, since Bylaw No. 8880, Private Sewer and Water Service Connection Bylaw, 2010, only contemplates cost-sharing in cases where the work is performed by a City contractor who is also replacing the City portion of the LSL [sub clause 10.1(3)(b)(ii)].

Option 4 – No requirement for property owners to replace private side of LSL.

This option would allow the property owner to not replace the LSL on their property, which is standard practice in some jurisdictions but has not been permitted in Saskatoon since 2010.

Advantages:

- No costs to the City or property owners.

Disadvantages:

- This option contradicts the City's current policy for enforcing full lead replacements and contradicts the City's goal of replacing all remaining LSLs by the end of 2026. Not enforcing replacement of private side only LSLs may create a precedent which would affect the City's full LSL replacement program.

RECOMMENDATION

That the Standing Policy Committee on Environment, Utilities and Corporate Services recommend to City Council:

That Option 1 – Require property owners to replace private side only LSLs at their own cost, with the costs eligible to be deferred to their property taxes, be approved.

RATIONALE

Option 1 meets the City's goal of replacing all LSLs by the end of 2026 and provides property owners with a means to defer the costs they would incur in a similar fashion to existing LSL replacement programs.

The other options either contradict City goals and policy or incur significant costs to the City for work that the City has traditionally not funded. In addition, many of these properties (current or previous owners) would have had the opportunity to participate in the cost sharing program in the past and would have chosen not to.

FINANCIAL IMPLICATIONS

There are financial implications due to administrative costs of tax deferrals and property owner communication with the recommended option that can be funded through the LSL budget line. The property owner is responsible for the full cost of replacement which is the majority of the cost. If the property owner elects to use the deferred payment plan, the property owner would be charged the standard administration fee based on the selected deferral period.

ADDITIONAL IMPLICATIONS/CONSIDERATIONS

Testing has found that when drinking water sits unused in lead pipes, lead levels are likely to be higher than recommended.

Many municipalities across Canada permit the partial replacement of LSLs and, therefore, do not require the owner to replace the private portion.

COMMUNICATION ACTIVITIES

Every year, the City ensures all households with lead connections receive a pamphlet containing information about how connection replacements are coordinated and what they can do to reduce their exposure to lead.

Pending approval of Option 1, starting in 2021, property owners with a private side only LSL will receive further information on the requirement to replace their lead line prior to January 1, 2027, as well as their options for replacement and cost deferrals. This approach gives property owners nearly six years from now to have the work completed. A deferral opportunity will be provided to private side only LSL property owners each year until the end of the program, including the 2026 construction season. In January 2026, a final notice will be delivered requiring the private side only LSL replacement be completed within one year. During this final year, the City will utilize Bylaw No. 8880 and follow the current practice for final notice that is utilized for full LSL replacements to achieve the goal of replacing all LSLs by the end of 2026. Information will also be included on the [Saskatoon.ca/lead](https://saskatoon.ca/lead) web page.

Report Approval

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