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TO:	CHAIR AND MEMBERS CIVIC WORKS COMMITTEE MEETING ON NOVEMBER 3, 2015
FROM:	JOHN BRAAM, P. ENG. MANAGING DIRECTOR ENVIRONMENTAL & ENGINEERING SERVICES & CITY ENGINEER
SUBJECT:	RENEWAL OF THE LEAD SERVICE EXTENSION REPLACEMENT LOAN PROGRAM

RECOMMENDATION

That, on the recommendation of the Managing Director, Environmental & Engineering Services and City Engineer, the proposed amending by-law to the “By-law to provide for a Lead Service Extension Replacement Loan Program Pilot Project for owner-occupied dwellings of three or less dwelling units”, attached as Appendix “A”, **BE INTRODUCED** at the Municipal Council meeting on November 10, 2015.

PREVIOUS REPORTS PERTINENT TO THIS MATTER
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The reports listed below can be found at
www.london.ca/d.aspx?s=/Meetings/ccminutes.htm :

- Extension of the Lead Service Extension Replacement Loan Pilot Program, August 23, 2010, Environment & Transportation Committee, Agenda Item #20;
- Extension of the Lead Service Extension Replacement Loan Pilot Program, August 11, 2008, Environment & Transportation Committee, Agenda Item #2;
- Facilitating Replacement of Lead Services – Lead Service Extension Replacement Loan Program, July 9, 2007, Environment & Transportation Committee, Agenda Item #5.

BACKGROUND

Purpose:

The purpose of this report is to extend the amending by-law for the Lead Service Extension Loan Program, which provides financial assistance to the owners of owner-occupied dwellings consisting of three or less dwelling units who wish to have their lead service extension lines replaced. The program will expire on December 31, 2015. Due to continued concerns regarding lead water piping, it is being recommended that the program be extended to December 31, 2020.

The proposed amending by-law would make the following changes to the Lead Service Extension Replacement Loan Program Pilot Project implementing by-law:

- The amendment will extend the program from the end of 2015 until the end of 2020.

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Background:

The water in London’s Distribution System has very low to undetectable levels of lead, but many homes built before 1953 are connected to the distribution system by lead water services. The water service is the pipe that conveys water from the City’s watermain to the plumbing in the customer’s house. Water services run across both public and private property. The public portion runs from the watermain to the property line, and the private portion runs from the property line to the building. As water travels through lead service pipes, it has the ability to uptake lead; and in some cases, the lead levels can exceed the Provincial Standard. Complete lead service replacement is the most effective method of reducing lead levels in drinking water.

The Lead Service Extension Loan Program was created to provide financial assistance for the replacement of lead water services for owner-occupied homes. When a property owner chooses to replace their lead service extension (located on private property), the City works in conjunction with them to replace the lead piping located on City property, at no additional cost to the homeowner.

As stated in previous reports, the Civic, Administration is continuing to employ a three-pronged approach to address elevated lead levels in the drinking water of Londoners with lead service pipes:

- education and awareness;
- replacement of lead services; and
- adjustments to the water treatment process at the regional water supply system facilities.

Approximately 50 applications have been approved and processed in the Lead Service Extension Loan Program since its inception in September 2007. The City has replaced approximately 4,000 water services (public portion) during the same time period, through various Capital Works projects, and by one-off individual customer requests. Many homeowners have replaced their portion without utilizing the City’s financial assistance. The average loan amount for program participants has been approximately \$1,885. Despite the low uptake, this level of customer service is deemed warranted due to the public health interest in this area.

Financial Impacts:

The Lead Service Extension Loan Program has a previously approved budget to provide loans to qualified applicants. The loan amounts are transferred to the applicant’s tax roll, providing the City a convenient method to collect repayment of the loan over a ten-year period. At the current application processing rate, it is anticipated that the existing budget will be sufficient to carry the program to the proposed December 31, 2020 expiration date.

Loan amounts are subject to interest charges. This recommendation will also adjust the interest rate charged, decreasing it to 3.55% from 5% previously. For an average loan of \$1,885, at the current interest rate charge, this would result in approximately \$390 in interest paid to the City by the homeowner over the course of the ten-year loan.

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Summary:

It is recommended that the Lead Service Extension Loan Program be extended until December 31, 2020. Interest in the program is lower than anticipated; however, it is prudent to continue the program to provide financial assistance to those seeking it, recognizing the associated public health interest, and noting that there are sufficient funds remaining in approved budgets.

Acknowledgements:

This report was prepared with assistance and input from Scott Koshowski (Water Operations) and David Mounteer (Legal & Corporate Services).

PREPARED BY:	RECOMMENDED BY:
JOHN SIMON, P.ENG. DIVISION MANAGER, WATER OPERATIONS	JOHN LUCAS, P.ENG. DIRECTOR - WATER AND WASTEWATER
REVIEWED & CONCURRED BY:	
JOHN BRAAM, P.ENG. MANAGING DIRECTOR OF ENVIRONMENTAL AND ENGINEERING SERVICES AND CITY ENGINEER	

“Attach”: Appendix ‘A’ – A By-law to amend By-law No. A.-6123-196

cc: Scott Koshowski, Environmental Services Engineer, Water Operations
 Daniel Huggins, Water Quality Manager, Water Operations
 David Mounteer, Assistant City Solicitor, City Solicitor’s Office

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Appendix 'A'

Bill No.
2015

By-law No.

A By-law to amend By-law No. A.-6123-196, as amended, entitled "A By-law to provide for a Lead Service Extension Replacement Loan Program Pilot Project for owner-occupied dwellings of three or less dwelling units."

WHEREAS section 5(3) of the *Municipal Act, 2001* S.O. 2001, c.25, as amended, provides that a municipal power shall be exercised by by-law;

AND WHEREAS Council considers it to be in the interests of the Municipality to continue the Lead Service Extension Replacement Loan Program Pilot Project until December 31, 2020;

NOW THEREFORE the Council of The Corporation of the City of London enacts as follows:

1. Schedule "A" of By-law No. A.-6123-196 is amended by:
 - (a) deleting the year "2015" in the fifth line of the section entitled "Purpose" and replacing it with the year "2020";
 - (b) deleting "5%" in the last sentence of the fourth paragraph of the section entitled "Loan Details" and replacing it with "3.55%";
 - (c) deleting the year "2015" in the last line of the second last paragraph of the section entitled "Loan Details" and replacing it with the year "2020";
 - (d) deleting the year "2015" in the third sentence of paragraph 1 of the section entitled "Application Procedure" and replacing it with the year "2020".

3. This by-law shall come into force and effect on the day it is passed.

PASSED in Open Council on November 10, 2015

Matt Brown
Mayor

Cathy Saunders
City Clerk

First reading - November 10, 2015
Second reading - November 10, 2015
Third reading - November 10, 2015