

## Report to Civic Works Committee

**To:** Chair and Members  
Civic Works Committee

**From:** Kelly Scherr, P.Eng., MBA, FEC  
Deputy City Manager, Environment and Infrastructure

**Subject:** Renewal of the Lead Service Extension Replacement Loan Program

**Date:** July 27, 2021

## Recommendation

That, on the recommendation of the Deputy City Manager, Environment and Infrastructure, the proposed amending by-law to the “By-law to provide for a Lead Service Extension Replacement Loan Program” for owner-occupied dwellings of three or less dwelling units”, attached as Appendix “A”, **BE INTRODUCED** at the Municipal Council meeting on August 10, 2021.

## Executive Summary

### Purpose

The purpose of this report is to extend the amending by-law for the Lead Service Extension Loan Program.

### Context

The Lead Service Extension Loan Program provides financial assistance to the owners of owner-occupied dwellings consisting of three or less dwelling units who wish to have their lead water service extension lines replaced. The program expired on December 31, 2020. It is supported through an existing reserve fund with an adequate uncommitted balance (approximately \$118,000) to provide assistance to qualified loan applicants. Due to continued concerns regarding lead water piping, and the continued public demand for assistance, it is being recommended that the program be extended to accommodate all qualified loan applicant requests.

## Linkage to the Corporate Strategic Plan

This recommendation supports the following 2019-2023 Strategic Plan areas of focus:

- Leading in Public Service:
  - Trusted, open, and accountable in service of our community;
  - Exceptional and valued customer service; and
  - Leader in public service as an employer, a steward of public funds, and an innovator of service.
- Strengthening Our Community:
  - access to the services and supports that promote well-being, health, and safety in their neighbourhoods and across the city
- Building a Sustainable City:
  - London’s infrastructure is built, maintained, and operated to meet the long-term needs of our community

# Analysis

## 1.0 Background Information

### 1.1 Previous Reports Related to this Matter

The reports listed below can be found at [www.london.ca/d.aspx?s=/Meetings/ccminutes.htm](http://www.london.ca/d.aspx?s=/Meetings/ccminutes.htm) :

- Renewal of the Lead Service Extension Replacement Loan Program, November 3, 2015, Environment & Transportation Committee, Agenda Item #20;
- 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.

## 2.0 Discussion and Considerations

### 2.1 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, concurrently replaces the lead piping located on City property, at no additional cost to the homeowner.

As stated in previous reports, 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 90 applications have been approved and processed through the Lead Service Extension Loan Program since its inception (September 2007). The City has replaced approximately 5,500 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, although there continues to be interest to access this service. The average loan amount for program participants has been approximately \$2,000. Despite

the low uptake, this service continues to be warranted due to public health interest and reliance on the program.

### **3.0 Financial Impact/Considerations**

The Lead Service Extension Loan Program is supported through the Lead Service Replacement Program Reserve Fund which has an uncommitted balance of approximately \$118,000 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, along with the loan repayments being made to the reserve fund, it is anticipated that the existing reserve fund balance will be sufficient to carry the program for approximately the next decade.

Loan amounts are subject to interest charges. For an average loan of \$2,000, at the current interest rate charge, this would result in approximately \$200 in interest paid by the homeowner to the City over the course of the ten-year loan.

### **4.0 Key Issues and Considerations**

Since the expiration of the Lead Service Extension Loan Program on December 31, 2020, there has been continued interest from citizens who wish to partake in the loan program. Given that the existing reserve fund has sufficient funding, and in order to provide benefit to those who have requested assistance in 2021, it is recommended to allow retroactive cost coverage for these applications.

## **Conclusion**

It is recommended that the Lead Service Extension Loan Program be extended to continue providing financial assistance to qualified loan applicants as requested, and that cost coverage be extended retroactively to January 1, 2021. Interest in the program is low, but consistent. It is prudent to continue the program to provide financial assistance to those seeking it, recognizing the associated public health interest and utilizing the funds available to this program.

**Prepared by:** John Simon, P.Eng., Division Manager, Water Operations

**Submitted by:** Scott Mathers, MPA, P. Eng., Director, Water, Wastewater, and Stormwater

**Recommended by:** Kelly Scherr, P. Eng., MBA, FEC  
Deputy City Manager, Environment and Infrastructure

**Appendix 'A'** Lead Service Extension Replacement Loan Program By-law

**CC:** Scott Koshowski, P.Eng, Water Operations Engineer  
Jason Davies, CPA, CMA, Manager III, Financial Planning & Policy