



OFFICIAL NOTICE AND AGENDA

of a meeting of a City Board, Commission, Department, Committee, Agency, Corporation, Quasi-Municipal Corporation, or sub-unit thereof.

JOINT MEETING: FINANCE COMMITTEE & WAUSAU WATER WORKS COMMISSION

Date/Time: **Tuesday, May 9, 2023 at 5:15 PM**
Location: **City Hall (407 Grant Street) - Council Chambers**
Finance Members Lisa Rasmussen, Doug Diny, Carol Lukens, Michael Martens, Sarah Watson
WWW Members Katie Rosenberg, Dawn Herbst, Jim Force, Joe Gehin, John Robinson

AGENDA ITEMS

Joint Item:

- 1 Presentation by Community Infrastructure Partners (CIP) utilizing Performance Contracting for the Lead Service Line Replacement Program

Adjourn Wausau Water Works Commission
Katie Rosenberg, WWWC Chair

Finance items :

- 2 Minutes of the previous meeting(s): (4/25/23)
- 3 Discussion and possible action regarding ARPA funding requests and related budget modification
- 4 Discussion and possible action on parking lot lease with JSAF I, Inc. – 610 and 614 N. 1st Street
- 5 Discussion and possible action on sole source request of DPW / GIS (Pictometry International Corporation)
- 6 Discussion and possible action on budget modification summer workcamp
- 7 Discussion and possible action Federal Building facilities loan and related budget modification
- 8 Discussion and possible action approving Second Amendment to Planning Option with Gorman & Co. for 415 S. 1st Avenue
- 9 Discussion and possible action on Resolution Providing for the Sale of \$17,550,000 Note Anticipation Note, Series 2023A
- 10 Discussion and possible action regarding Capital Projects Carryovers and related budget modification
- 11 Discussion and possible action approving Accepted Offer to Purchase County Materials property at 103, 105, 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks and related budget modification (Brodek)

CLOSED SESSION pursuant to s. 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: relating to approval of accepted Offer to Purchase properties located at 103, 105, 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks

RECONVENE into Open Session, to take action on Closed Session item

Adjourn Finance Committee
Lisa Rasmussen, Finance Chair

NOTICE: It is possible and likely that members of, and possibly a quorum of members of the Committee of the Whole or other committees of the Common Council of the City of Wausau may be in attendance at the above-mentioned meeting. No action will be taken by any such groups.

Members of the public who do not wish to appear in person may view the meeting live over the internet, live by cable TV, Channel 981, and a video is available in its entirety and can be accessed at <https://tinyurl.com/WausauCityCouncil>. Any person wishing to offer public comment who does not appear in person to do so, may e-mail mary.goede@ci.wausau.wi.us with "Finance Committee public comment" in the subject line prior to the meeting start. All public comment, either by email or in person, will be limited to items on the agenda at this time. The messages related to agenda items received prior to the start of the meeting will be provided to the Chair.

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**UPDATED
DRAFT**

**City of Wausau
Wisconsin Water Works
Lead Service Line Replacement Plan**

City of Wausau

March 2023



Table of Contents

Executive Summary	1
Section 1 Introduction	1-1
1.1 Overview.....	1-1
1.2 Federal Lead and Copper Rule Revisions (LCRR) Related to LSLR	1-1
1.2.1. Create a Material Inventory.....	1-1
1.2.2. Develop a LSLR Plan	1-2
1.2.3. Limit Partial LSLR.....	1-2
1.2.4. New Lead Limits for Mandatory LSLR	1-2
1.3 State LSLR Requirements	1-2
1.4 Other Lead Service Line Replacement Programs in Wisconsin	1-3
Section 2 Utility Background	2-1
2.1 System Background	2-1
2.2 Lead and Copper Rule Compliance	2-1
Section 3 Service Line Material Inventory.....	3-1
3.1 Existing Inventory	3-1
3.1.1 Public-Side Inventory	3-2
3.1.1.1 Review of Public-Side Inventory	3-2
3.1.2 Private-Side Inventory.....	3-3
3.1.3 Next Steps for Inventory Development.....	3-3
3.1.3.1 Document What Is Known About the Inventory.....	3-3
3.1.3.2 Add Source Tracking and Multiple Source Records to the Inventory.....	3-4
3.1.3.3 Set Up a Material Assignment Assumption Algorithm for Unknown Private-Side Materials	3-4
3.2 General Strategies to Identify Unknowns.....	3-5
3.2.1 Machine Learning Model.....	3-5
3.2.2 Interior Verification	3-7
Section 4 Lead Service Line Replacement Prioritization	4-1
4.1 Replacement Goals.....	4-1
4.2 Leaks and Breaks	4-2
4.3 Integration with CIP Projects	4-2
4.4 Prioritized Block LSLR.....	4-2
4.4.1 Sensitive Populations	4-3
4.4.2 Environmental Justice Analysis	4-4
4.4.3 Prioritization Components.....	4-5
4.4.3 Individual Prioritized Locations.....	4-6
4.5 Customer Initiated	4-6
4.6 Pilot Program	4-6
Section 5 Funding Opportunities and Strategies	5-1
5.1 Federal Grant Opportunities.....	5-1
5.1.1 WIIN.....	5-1

5.1.2 CDBG	5-2
5.1.3 The American Rescue Plan Act (ARPA).....	5-2
5.1.4 The Bipartisan Infrastructure Law (BIL)	5-3
5.2 State Grants	5-3
5.2.1 WI DNR Private LSLR Program	5-3
5.3 Infrastructure Loans.....	5-4
5.3.1 WIFIA.....	5-4
5.3.2 Safe Drinking Water Loan Program	5-5
5.4 City Revenue.....	5-5
5.4.1 Water Rates.....	5-5
5.4.2 Special Assessments.....	5-6
5.4.3 Special Utility District.....	5-6
5.4.4 TIF.....	5-6
5.5 Bonds	5-6
5.6 Private Side Replacement.....	5-7
Section 6 Communication and Outreach Strategy	6-1
6.1 Outreach Before Participation.....	6-1
6.1.1 Communication Methods.....	6-2
6.1.2 Critical Messages	6-2
6.2 Communication with Residents Eligible to Participate	6-3
6.2.1 Participating Residents.....	6-3
6.2.2 Non-Participating Residents.....	6-4
6.3 Communication After Construction	6-4
6.3.1 Sampling Requirements	6-4
6.3.2 Flushing	6-5
6.3.3 Program Feedback.....	6-5
Section 7 Construction and Implementation	6-1
7.1 Program Timeline	6-1
7.2 Construction.....	6-1
7.2.1 Open Cut.....	6-2
7.2.2 Trenchless Technologies.....	6-3
7.3 Post-Construction	6-11
7.3.1 Restoration.....	6-11
7.3.2 Hazardous Waste Identification and Removal	6-12
7.3.3 Pre-Construction Sampling.....	6-12
7.3.4 Post-Construction Sampling.....	6-12
7.3.5 Filter Distribution and Flushing.....	6-13
7.4 Data Management and Program Tracking	6-13
7.4.1 Data Collection Requirements	6-13
7.4.2 Program Dashboards.....	6-14
7.4.3 Additional Program Tracking.....	6-15
7.4.3.1: 120 Water.....	6-15
7.4.3.2: leadCAST by Trinnex.....	6-16
7.4.3.3: BlueConduit	6-17
7.4.3.4: Esri's Lead Service Line Inventory Solution	6-18

List of Figures

Figure 2-1. Wausau lead compliance data since 2014.....	2-2
Figure 4-1. Summary of Annual LSLRs in Each Program	4-1
Figure 4-2 Overall LSLR Prioritization Map.....	4-3
Figure 4-3 Census Tracts with a High Percentage of Children and Low Income.....	4-4
Figure 4-4 Map of Environmental Justice Areas.....	4-5
Figure 4-5 Proposed Pilot LSLR Project.....	4-7
Figure 5-1. Distribution of Service Line Ownership	5-1
Figure 6-1. Communication Strategies Through the Phases of the LSLR Program	6-1
Figure 7-1: Standard Open Cut in Street with Steel Plating.....	7-3
Figure 7-2: Pipe Pulling General Set-Up.....	7-4
Figure 7-3: Example of a Horizontal Boring Tool	7-6
Figure 7-4: Horizontal Boring Example Setup.....	7-6
Figure 7-5: Surface Launched HDD Set-Up.....	7-7
Figure 7-6: Pit Launched HDD.....	7-9
Figure 7-7: Portable HDD – Basement Buddy	7-9
Figure 7-8. Flow chart to be used in determining construction method for each home.....	6-11
Figure 7-9. Example of the program tracking dashboard software available from CDM Smith.....	6-14
Figure 7-10. Example of the program tracking dashboard software available from CDM Smith.	6-15

List of Tables

Table 1-1. LSLR Programs in Wisconsin.....	1-3
Table 3-1 Current (as of October 2022) WWW Service Line Material Inventory.....	3-1
Table 3-2 Public and Private Service Line Material Inventory.....	3-1
Table 3-3 Public Service Line Material Inventory.....	3-2
Table 3-4 Private Service Line Material Inventory	3-3
Table 4-1 Number of LSLR Opportunities as Part of Planned Water Main Replacements and Street Reconstruction Projects.....	4-2
Table 4-3 Breakpoints for Assigning Priority Scores	4-5
Table 5-1: Comparison of Financing Options	5-4
Table 7-1: Comparison of Trenchless Construction Methods	6-10

Appendices

Appendix A Example Door Hangers

Appendix B Post-LSLR Flushing Instructions

Appendix C Other Outreach Examples – Middlesex Water Company

Executive Summary

Revisions to the federal Lead and Copper Rule (LCR) will require utilities to collect lead compliance samples from the fifth liter of water from the tap, and will implement a 90th percentile 10 ppb lead trigger level. Exceeding this trigger level (while staying below the current 90th percentile 15 ppb action level) will require the development of a lead service line replacement (LSLR) plan. Individual properties that exceed 15 ppb of lead in the 5th liter sampled will also be required to be investigated and may need to have the lead service line (LSL) replaced by the utility. CDM Smith was retained by the City of Wausau, Wisconsin Water Works (WWW) to assist with updates to the service line material inventory and the development of a lead service line replacement program to prepare for compliance with the LCR revisions.

As the first step in developing an LSLR program, CDM Smith reviewed WWW's existing inventory and identified areas for improvement. The inventory includes material data for most services, identifying 8,000 LSLs in the system, but the source of this data or validation is not typically recorded. CDM Smith recommends validating this data and recording details about how material assumptions were made to better refine subsequent assumptions.

As part of developing the LSLR plan, CDM Smith has outlined factors to be used when determining the prioritization of properties for lead service line replacements. This prioritization is based on environmental justice analysis and protecting high-risk populations. Additional replacements will be conducted with other planned infrastructure work and as emergency leaks and breaks arise in the system.

Based on conversations with WWW, the average cost for replacing a lead service line from the water main to the meter is \$10,000. For 8,000 LSLs, WWW's program is anticipated to cost approximately \$80 million over 15 years. Funding and financing options are available at the state and federal level that could help WWW reduce the cost of the overall program through grants (such as CDBG or WDNR grants) or spread the financial burden of the program over a more manageable period of times with loans (such as the State Drinking Water Loan Program).

In addition to financing, encouraging participation can be one of the greatest challenges of an LSLR program. Strategies for meaningful outreach require clear and thorough messaging available at appropriate times throughout the program. CDM Smith has outlined messaging to deliver specifically before the program begins to inform the public, during the program to encourage participation, and after the program to educate residents about flushing and minimizing exposure to lead through drinking water.

CDM Smith also presents strategies for construction and program implementation logistics. Overall, the schedule over the course of the program will include fewer-than-average replacements as the program ramps up for the first few years, followed by peak program years replacing about 700 lines per year, and finishing with a few years of fewer annual replacements as homes that faced challenges to replacement in previous program phases are addressed.

Section 1

Introduction

This section reviews current industry practices for the development of lead service line replacement (LSLR) programs. This section also discusses current Federal and State regulations and legislation related to lead service lines.

1.1 Overview

The purpose of this report is to provide strategies for Wausau Water Works (WWW) to remove the lead service lines (LSL) from the distribution system. WWW has retained CDM Smith to develop a plan for a lead service line replacement (LSLR) program. A LSLR program is highly dependent on details that are unique to each water system. Using experience from developing LSLR programs for a variety of other systems and information about Wausau's water system, CDM Smith designed an LSLR program to meet the needs of the community and to support WWW in proactively responding to new legislation surrounding public health and lead. The developed plan is outlined in this report along with the options and background information considered for each aspect of this plan.

1.2 Federal Lead and Copper Rule Revisions (LCRR) Related to LSLR

While the current Federal LCRR does not require all utilities to begin replacing LSLs, the law has several requirements to put utilities on the path towards LSLR. Additionally, the federal government has announced that additional revisions to the LCR are expected by October 2024, and these changes are widely anticipated to be stricter than the current LCRR.

The primary requirements of the LCRR related to LSLR for community water systems are:

- 1) Create a material inventory
- 2) Develop a LSLR Plan
- 3) Limit partial LSLR
- 4) New lead limits for mandatory LSLR

Compliance with the new LCRR is set for October 16, 2024.

1.2.1. Create a Material Inventory

All community water systems must develop a service line material inventory and develop a plan for LSLR. The service material inventory must be made publicly available. The inventory must be updated and shared annually or triennially, based on the system's tap monitoring schedule. Residents must be notified annually if they are served by an LSL and provided information regarding the health effects of lead and what they can do to mitigate their risk.

1.2.2. Develop a LSLR Plan

The LSLR plan has to include strategies for identifying unknown service line materials, procedures for completing full LSLR, a strategy for communicating with residents for LSLR, a goal replacement rate in the event of an exceedance, flushing procedures, a prioritization strategy, and a strategy for funding and financing LSLR. Any galvanized steel service lines that were downstream of lead (or may have been downstream of lead, but status is unknown) must also be included.

1.2.3. Limit Partial LSLR

When a utility is replacing a portion of a LSLs as part of planned work, utilities must offer to replace the private side of the LSLs at the same time as the public side work. However, utilities are not required to pay for the private-side work. Similarly

When a customer initiates an LSLR, the system has 45 days to replace the public-side of the LSL (or 180 days with an approved extension).

Lead goosenecks must be replaced whenever the utility encounters them in the course of planned or unplanned work.

1.2.4. New Lead Limits for Mandatory LSLR

Under the existing LCR, utilities that exceeded the action level of 15 ppb had to replace 7% of their LSLs annually. The new LCRR establishes a trigger level of 10 ppb where if the system's 90th percentile lead exceeds the trigger level, the utility proposes a replacement goal and it is approved by the state. If the 90th percentile lead is above the 15 ppb action level, the system will be required to replace 3% of LSLs annually, based on a 2-year rolling average. While this replacement rate is less than the previous LCR target of 7% replacements, the definition of what counts as a LSLR is stricter. Unlike the original LCR, however, partial LSLR, identifying a service as not being lead, and testing a service line as being below 15 ppb for lead all will not count towards required LSL replacement rate goals. Therefore the new LCRR is anticipated to result in more full LSLR than the previous LCR even with a lower replacement goal.

When evaluating if a utility is likely to exceed the 10 ppb trigger level or 15 ppb action level, utilities must consider that the LCRR also shifts the compliance sampling from lead service lines from the first liter to the fifth liter. This change is intended to capture the worst-case scenario for the lead concentration in drinking water by collecting water that has stagnated in the service line, and utilities with lead service lines typically find that their 90th percentile for lead will be higher in the fifth than it is in the first liter. Utilities with LSLs should not assume that past 90th percentile results below 10 ppb will mean that they will still be below the trigger limit under the new fifth liter sampling regime. Instead, utilities are advised to take sequential samples, where consecutive one liter bottles are filled until twelve to fifteen samples have been collected, in a selection of homes with lead services to determine how high lead readings can be in the samples in direct contact with the LSL during stagnation.

1.3 State LSLR Requirements

Currently, the State of Wisconsin does not have legislation requiring or regulating LSLR programs but does encourage all Wisconsin water systems to consider LSL removal or to develop a service

line material inventory. Additional guidance and funding are offered by the WI DNR to support water systems in protecting the public from lead. More details about the funding offered by the WI DNR are included in Section 5.

1.4 Other Lead Service Line Replacement Programs in Wisconsin

Many other cities across the nation and in Wisconsin have already embarked on LSLR programs. **Table 1-1** shows a summary of some of the major program details for other utilities in Wisconsin.

Table 1-1. LSLR Programs in Wisconsin

City (Number of LSL)	Private Side Funding/Financing Offered	Program Funding Sources	Notes
Eau Claire (~800 each Public and Private LSL)	Offers \$2,000 rebate	Funding from Wisconsin Department of Natural Resources (WI DNR)	Mandated replacement, must fully replace after partial within 90 days
Elkhart Lake	Offers up to \$6,000 for replacements	Grant, source not available	None
Green Bay	None	\$300,000 from WI DNR in 2018 \$500,000 from WI DNR in 2016, plus \$300,000 from Lambeau Field sales tax	Program completed from 1990's through 2020
Janesville	Offers up to \$5,000 for replacements	Safe Drinking Water Loan Program (SDWLP)	Plans to cover about 100 homes with these funds
Kenosha	50% of cost subsidized, remaining is low interest loan on property tax over 10 years	Given the authority to establish a financial assistance program through Leading-on-Lead Act, funding to come from utility rates	None
Madison (Had 8,000 LSL)	50% of cost (up to \$1,500) subsidized, offered city financing for remainder	Cost \$15.5 million, paid for by revenue generated by renting space on top of water towers to cell phone companies for antennas and from annual capital budget	Mandated replacement, Program completed from 2000 through 2012.
Manitowoc	Low interest loan, up to \$6,000 at 2.5% over 10 years	Safe Drinking Water Loan Program (SDWLP)	Full line owned privately.
Marshfield (225 lines)	Offers up to \$3,000 for replacements	\$500,000 in grant money from the DNR	None

City (Number of LSL)	Private Side Funding/Financing Offered	Program Funding Sources	Notes
Menomonee Falls (200 private, 20 public lines)	Uses principal forgiveness on Safe Drinking Water Loan Program to cover private side replacement	Safe Drinking Water Loan Program (SDWLP)	None
Milwaukee (74,000 LSL)	Owners of buildings with 1-4 dwelling units pay only \$1,600. Otherwise, special assessment financing over 10 years	Water rate revenue, WI Department of Natural Resources, Public Services Commission, State funding, Wholesale of water to other municipalities, City Budget	Ordinance prohibits partial replacements or repairs
Oconomowoc	Grant of \$2,500 and a low interest loan with a local bank payable in equal installments over a five-year period.	Safe Drinking Water Loan Program (SDWLP)	Completing private side replacements left in the past as partials
Oshkosh	Reimbursement of 50% of the cost of replacement up to a maximum of \$1500	\$500,000 principal forgiveness loan from the Wisconsin Department of Natural Resources through the Safe Drinking Water Loan Program	Revised municipal code to mandate full LSLR
Platteville (366 properties with full or partial)	Reimburse replacement cost up to a maximum of \$1,140	\$310,000 principal forgiveness loan from the Wisconsin Department of Natural Resources through the Safe Drinking Water Loan Program	Homeowner selects contractor
Racine	Offers rebate up to \$3,000, remainder can be low-interest loan	Rebate program is fully funded by the state, so lottery is closed to homes with public and private lead because utility cannot fund the public side for those extra homes.	No partials, working to repair old partials through lottery system
Ripon (80 lines)	Reimburse replacement cost up to a maximum of \$5,000	Safe Drinking Water Loan Program (SDWLP)	Ordinance allows residents to apply for financial assistance
Sheboygan	Grant of 50% of total costs up to \$6,000. Remaining cost can use no-interest loan over 36- or 72-months.	Data not available	Full line owned privately. Ordinance requires replacement of lead and galvanized and prohibits partial replacements or repairs
St. Francis	Offers up to \$5,000 for replacements	Safe Drinking Water Loan Program (SDWLP)	Milwaukee completed most public replacements, funding now targets completing partial private side

Section 2

Utility Background

Each utility with lead service lines faces unique challenges to removing these lines and protecting the public from the dangers of lead. The history and current practices of treatment used by Wausau Water Works (WWW) are critical to consider in the development of an effective and efficient LSLR program.

2.1 System Background

WWW provides municipal water and wastewater service to approximately 16,000 customers through over 250 miles of water mains. WWW has over 16,000 service connections, more than 1,700 fire hydrants, 10 booster stations, and 7 water storage tanks totaling 5,750,000 gallons of water storage.

WWW operates the North Plant, the original facility from 1963, and the South Plant, the addition from 1999. The facilities treat ground water coming from six wells along the Wisconsin River to remove iron and manganese. Two of the wells (Well 3 and 6) are treated for VOC removal with air stripping and the remaining well water is treated with gravity aeration to partially oxidize dissolved iron. Hydrated lime is dosed to adjust the pH to 9.5 to 10.0. Polymers are added for coagulation, flocculation, and sedimentation. Carbon dioxide is added to lower the pH back to 8.5. Solids are removed with gravity filtration before clarification and distribution. The water treatment facility treats and distributes 1.5 billion gallons of water each year; about 4.2 million gallons per day.

A previous assessment of WWW's assets advised the construction of a new treatment plant due to deteriorating conditions in some treatment processes, and this new plant began startup with water flowing in July 2022. The new facility is expected to be in operation in 2023.

2.2 Lead and Copper Rule Compliance

In Wausau, lead service lines stopped being installed around 1965, with some records indicating installation of lead service lines as late as the early 1970's. To prevent the release of lead into the water from LSLs remaining in the system, WWW adds sodium silicate as a corrosion inhibitor. This strategy has been largely effective in keeping the 90th percentile lead below the action level in the first liter, with the exception of one exceedance since 2014, as shown in **Figure 2-1**. The figure shows both the current action level (15 ppb) and the trigger level (10 ppb) from the new LCR revisions (LCRR). However, under the new LCRR, these limits will be enforced on the fifth liter, instead of the first liter sample, in properties with LSLs, and lead is typically higher in the fifth liter relative to the first liter. Without sequential sampling results, WWW cannot be sure that they will remain below the trigger limit under the new sampling procedure. If WWW exceeds the trigger level while staying under the action level, the system would be required under the LCR revisions to begin replacing LSLs at an annual replacement rate agreed upon with the WI DNR.

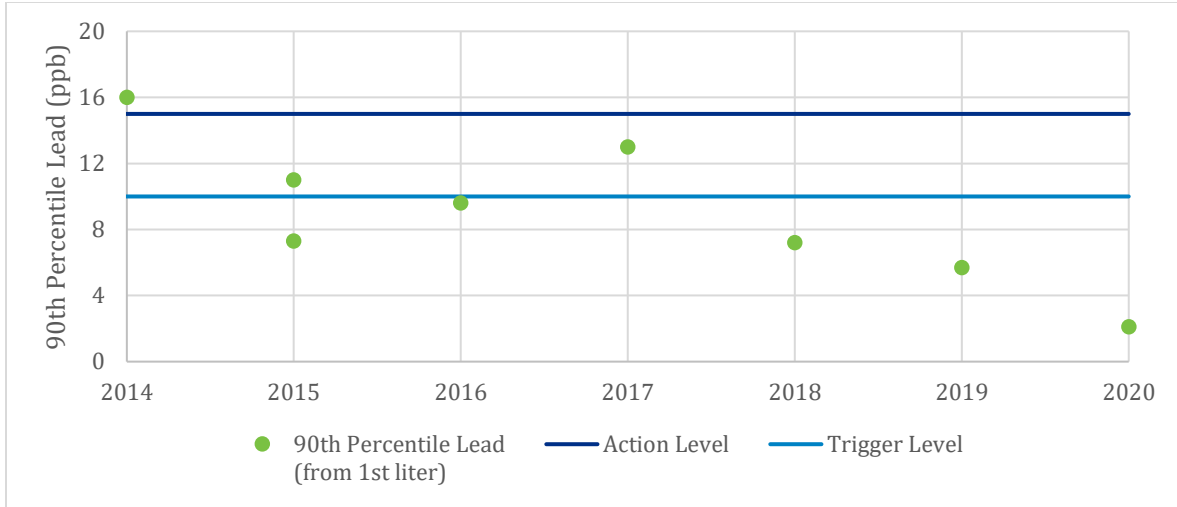


Figure 2-1. Wausau lead compliance data since 2014, with lines denoting the action level and trigger level based on the LCR revisions. Note, the trigger level will be measured on the 5th liter moving forward, and the data shown uses the 1st liter sample.

Section 3

Service Line Material Inventory

Wausau Water Works (WWW) has already developed a service line material inventory. Studying this inventory is the first step in developing a LSLR program and a prioritization plan. Identifying unknown service line materials and confirming LSL locations is necessary to develop accurate replacement rate goals, prioritization plans, and funding estimates.

3.1 Existing Inventory

Wausau Water Works provided CDM Smith with their existing service line material inventory as GIS shapefiles. This included shapefiles for water mains, service laterals, valves, and hydrants, among others. CDM Smith reviewed the data in GIS software and database management systems.

The existing service lateral shapefile contained 15,439 laterals. The service line material type overview is shown **Table 3-1** below. For services with different material on the public and private side, the worst-case material is assigned to the full service line.

Table 3-1 Current (as of October 2022) WWW Service Line Material Inventory

Material	Number of Services
Lead	5,436
Not Lead	2,511
Galvanized	59
Unknown	7,433
Total	15,439

Planning should also consider the expected number of full and partial LSLR since full LSLR will be more expensive than partial LSLR. **Table 3-2** shows the breakdown in public and private side materials to show the anticipated number of full, partial, and potential full/partial replacements.

Table 3-2 Public and Private Service Line Material Inventory

Public / Private Side Material	Number of Services	Summary Replacement	Number of Service Lines
Lead/Lead	480	Full LSLR	543
Lead/Galvanized	63		
Lead/Unknown	3,717	Full or Partial LSLR	3,737
Unknown/Lead	20		
Lead/Not Lead	608	Partial LSLR	1,156
Not Lead/Lead	548		
Unknown/Galvanized	9	Potential Full or Partial LSLR	329
Galvanized/Galvanized	1		
Galvanized/Unknown	3		

Public / Private Side Material	Number of Services	Summary Replacement	Number of Service Lines
Unknown/Unknown	316		
Not Lead/Galvanized	46	Potential Partial LSLR	7,163
Unknown/Not Lead	48		
Not Lead/Unknown	7,069		
Not Lead/Not Lead	2,511	No LSLR	2,511

The existing inventory contained nearly complete data for a handful of important variables for service laterals. Both facility ID and diameter fields are populated for 99% of all service line records, while installation date is populated for 96% of records. The water mains shapefile is less populated. The water mains dataset does not have installation dates for 34% of records, however, all records have the decade of installation field populated.

Approximately 700 of the 15,439 service lateral records in WWW's existing inventory do not have installation dates. Of the 14,745 records that do have installation dates, about 9,000 are listed as post-1970. None of these service laterals installed post-1970 are listed as "unknown" on the public side, but on the private side, nearly 6,000 properties are blank for the material.

For overall program planning, the report is using an expected number of LSLR of 8,000. This represents the approximate number of water services that have diameters less than 1.5 inches (or unknown diameters), installation dates before 1988 (or unknown), and not recorded non-lead on both the public and private side. Of this group, if services with one side listed as non-lead are assumed to result in partial replacements and services with both sides listed as lead, galvanized, or unknown as full replacements, approximately 40% of the 8,000 replacements would be expected to be partial replacements. This estimate will be refined as the inventory is advanced.

3.1.1 Public-Side Inventory

Table 3-3 below shows the breakdown of materials specifically for the public side of the water service lines.

Table 3-3 Public Service Line Material Inventory

Material	Public-Side Services
Lead	4,868
Not Lead	10,174
Galvanized	4
Unknown	393
Total	15,439

3.1.1.1 Review of Public-Side Inventory

As noted in Table 3-1 above, material assignments are available for nearly all of the public side services. Based on discussions with WWW staff, WWW populated the material field (for public

side material) in the service laterals GIS shapefile by digitizing information from over 15,000 tap cards. Since then, materials have been updated from permits and other field verifications. Some materials may have been assumed based on factors such as age.

One challenge with the current inventory is that the source for determining each service line material was not recorded, and so it is not currently known whether each service material in the database was entered from known data, field observation or an assumption was not recorded. If multiple sources (such as a tap card confirmed by a field inspection) were used, the best practice is to maintain both records in the inventory to track that multiple confirmations have been done. Similarly when a record is updated due to a service line replacement, the field confirmation of the original material during construction should be recorded in addition to its current material post-replacement.

Maintaining the data sources for each lateral is important for a few reasons. First, different data will have different degrees of reliability. Knowing that a service line was inspected during a field repair is more reliable than having a historical tap card record. Locations with assumed material based on age and connection size should similarly be tracked to know what percent of the system has field confirmation.

Secondly, maintaining the source provides for the opportunity to validate assumptions. When field inspections are performed, staff should periodically check the field confirmed data against the initial inventory to track data sources turned out to be correct and which ones were incorrect. This practice will both provide increased confidence in the data sources and potentially identify assumptions or data sources that should be considered less reliable.

3.1.2 Private-Side Inventory

The material inventory shown in Table 3-4 is less complete for the private side material.

Table 3-4 Private Service Line Material Inventory

Material	Private-Side Services
Lead	1,048
Not Lead	3,167
Galvanized	119
Unknown	11,105
Total	15,439

However, based on conversations with WWW staff, all materials in the private-side list have been field verified by WWW staff. None of the materials in the column are assumptions.

3.1.3 Next Steps for Inventory Development

The following steps are recommended to improve the public side inventory.

3.1.3.1 Document What Is Known About the Inventory

A memo should be written documenting the current inventory. First, this would include what information was available to develop the inventory, such as the information on tap cards, when field observations were collected, and what permitting records were available.

Next, the document should include what utility staff know about initial lead installation and when lead lines would have been replaced. This would include years that staff believe lead was no longer installed on both the private and public side and what connection sizes would be too large to have been lead pipe. This would also include past construction practices, such as replacing the public side during water main replacements and road rebuilds. It would also include observations, such as the report that meter vaults always being lead service lines. Lastly, if applicable, it should include if certain areas of the system were known to have been constructed differently, such as suburbs that were developed at once and incorporated into the city later or portions that were purchased from another earlier utility.

The last section of this memo should describe what assumptions would have been made in assigning materials to services that did not have tap cards.

3.1.3.2 Add Source Tracking and Multiple Source Records to the Inventory

The current inventory columns should be expanded to include more information about the materials for each service. First, new columns should be added for each potential data source. For example, separate columns for meter inspection material, water main replacement material, work order permit, etc. Typically, for each source, columns will track the material observed, the date of the observation, and the person who observed it. Two columns would continue to be maintained to summarize the estimated public and private materials. Where sources conflict on what a material is, WWW should have a documented procedure for deciding which source to use. For example, a field observation would be considered more valid than a tap card. Attention should be paid when field observations conflict. For example, many utilities have found that if a meter vault has copper pipe showing, the copper pipe may only extend a few inches and be connecting pipe into an otherwise lead service line.

WWW should also consider documenting the existing public side inventory better. This can take a few approaches. First, if there is an earlier version of the inventory saved on a hard drive or as an emailed file from after the tap cards were entered but before all of the field investigation updates, this could be compared to the current inventory to identify which materials were changed. This could help identify both which service lines have had field observations and check how often the tap cards were inaccurate. Second, if WWW staff know that certain programs updated the materials, such as past water main replacements or road repairs, if there are digital records of these past projects, the associated service lines can be marked as having been part of those programs. Services not identified in either process can be marked as assumptions based on existing GIS records and updated going forward when field verifications occur in the course of utility work. If neither of these two options is feasible, the full inventory can be marked now as being based on utility assumptions and going forward, sources would be tracked and updated.

3.1.3.3 Set Up a Material Assignment Assumption Algorithm for Unknown Private-Side Materials

The private-side inventory is currently all field verifications. These records should be used to create a material assignment algorithm. At its most basic, materials can be assigned based on:

- 1) Service line installation year (to identify newer buildings as non-lead with 1986 set as a break point if the end of lead installation is not known)

- 2) Connection size (to identify large connections as non-lead)
- 3) Water main installation year (this helps screen for old water service lines attached to newer properties and, for water mains with very recent installation years, locations where the public side is unlikely to match the private side due to the public side being replaced with the water main)
- 4) Public side material (to also help screen for old water services attached to newer properties and, for old water mains, potential locations where copper was initially installed)

The initial assumptions can be assigned to all of the water services. Locations with field observations can be checked against the assumed material to verify how accurate the assumptions are and see if they should be updated in any locations.

3.2 General Strategies to Identify Unknowns

If WWW is interested in taking additional steps to proactively improve the accuracy and accelerate the completion of the service material inventory, additional lead verification methods, as presented in this section, fall into the following four categories:

- Machine learning model
- Interior verification methods
- Exterior verification methods, and
- Emerging/other verification methods.

A machine learning model can develop a more complex material assignment model than the manually created one described in Section 3.1.3.3. Interior verification methods necessitate that the homeowner provide access to conduct the inspection. Exterior investigation methods can often be performed from outside the property line. Emerging/other verification methods are methods that are not guaranteed to be accurate in all systems or that are not widely available.

The LSL verification methods have varying degrees of accuracy and complexity. Often, the most complex and high-effort verification methods will yield higher accuracy results. This section presents verification methods with advantages and disadvantages for each method and a rating for accuracy (good, better, best) and cost/effort (low, medium, high). With all methods, it is recommended that a public education campaign accompany the inspection program to keep customers informed of what the utility is doing and why. For each verification method described in the following subsections, a table is presented to summarize the advantages and disadvantages of the verification method.

3.2.1 Machine Learning Model

A machine learning model, or predictive model, can help make assumptions about pipe materials at locations with unknown materials. However, it does require some additional verification methods to test and improve the model results.

The following is typical information analyzed by a machine learning model to make predictions about service line materials:

Utility Data Sources

- Number and location (both address and gps coordinates) of connections
- Description of when:
 - LSLs were installed
 - LSLs were banned
 - LSLs were typically replaced by the utility (i.e. water main replacements / leaks / etc) and extents (full vs partial)
 - LSLs are typically required to be replaced by homeowner (i.e. leaks, renovations, additions) and extents (full vs partial)
- Known service line materials from past work (digital or tap cards)
- Building age
 - Alternate proxies: Water main age, water hydrant age
- History of water main replacements
- History of leaks / breaks
- Historical permits for renovations / service line replacements
- Connection size
 - Alternate proxies: metered water usage, account type (i.e. single family / commercial / school / etc.)

Tax Assessor

- Building age
- Proxies for likelihood of high-end initial build materials / LSLR from renovations:
 - Square footage
 - Home value
 - Lot size
 - Number of bathrooms
 - Home materials
 - Owner-occupied / senior-occupied

- Home type

Census Data

- Proxies for likelihood of high-end initial build materials / LSLR from renovations:
 - Census tract income
 - Census tract demographics
 - Census tract homeownership

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Does not require going door-to-door ▪ Can help utilities prioritize where to perform verifications 	<ul style="list-style-type: none"> ▪ Based on assumptions and will have some margin of error ▪ Requires visual validation through other methods described herein ▪ Data may be skewed if system consists of various towns with different installation practices ▪ Data may be skewed if data is not randomly distributed
Accuracy: Medium (Highly depends on quality of the data input) Cost: Low	

3.2.2 Interior Verification

Door-to-Door Inspections

Field staff and/or hired supplementary consultant staff can be used to conduct door-to-door inspections to verify the service line material inside the house. This method can yield more accurate data than a desktop study alone and can also be done while inspecting or replacing meters inside the house.

For door-to-door inspections, employees can be sent to knock on doors, request homeowners to schedule an inspection using an appointment system, or a combination of both. Once the service line is accessed, several visual checks can be conducted. One indication of lead is the presence of shiny gray metal revealed upon scratching the service line. If a visual test is unsuccessful, a lead swab test can also be conducted.

According to Liggett et al. (publication date unknown), engaging the customer could lead to better cooperation when such LSLs would need to be replaced. Door-to-door inspections can provide a human element and allow WWW to connect with customers on a personal level. However, this method is time- and resource-intensive. As previously mentioned, outside contractors may be hired so that fewer WWW staff are not taken away from their current essential work, though it is best practice to have at least one representative of the utility onsite during door-to-door outreach. In addition, this method only provides information on the interior of the private-side service line, which is not always the same as the private-side exterior service line. Occasionally plumbers or homeowners will replace the interior pipe while leaving the existing exterior pipe in place.

Advantages	Disadvantages

<ul style="list-style-type: none"> ▪ In-person relationship building with a customer ▪ More accurate than homeowner-provided photos ▪ Can load information from a mobile app directly into GIS ▪ Opportunity to communicate with customers and empower them to assist in this effort ▪ High response rate when people are home 	<ul style="list-style-type: none"> ▪ Only provides information on the interior private side of the line and the interior material may differ from the private side buried material. ▪ Some interior service line pipes are inaccessible (i.e. crawl spaces) ▪ Method is very time and resource intensive
<p>Accuracy: Better (buried pipe is not confirmed with this method) Cost: Medium</p>	

Homeowner Surveys and Photos

Instead of sending staff to conduct door-to-door inspections, an information gathering campaign can be implemented through monthly bills, postcards, or other customer communications. Such a campaign could be conducted by mail, e-mail, mobile phone application, or phone call/verbal surveys, and would involve a request to the homeowner to provide survey data and corresponding photos related to service line material identification of the interior private-side service line. A survey can be done with a QR code linked directly to a web form that can be filled out on a smartphone with the ability to attach photos. This survey can then be tied to GIS to track and review responses. One disadvantage to this method is that the information provided may not be comprehensive as it was not collected by individuals specifically trained to conduct such inspections. This method, however, is lower cost, lower effort and is often used for initial data gathering.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Provides higher accuracy data than desktop review alone ▪ Does not require in-person meetings, can be done over mail and electronically ▪ Online survey can be linked directly to a database that links to GIS ▪ Opportunity to communicate with customers and empower them to assist in this effort 	<ul style="list-style-type: none"> ▪ Survey and photos may have data inconsistencies ▪ Data must be reviewed by the utility ▪ Only provides information on the interior private side of the line and the interior material may differ from the private side buried material. ▪ Homeowners that do not have readily available internet access may not be able to complete the online survey ▪ Lower response rate than door-to-door inspections but can reach more people
<p>Accuracy: Good (buried pipe is not confirmed with this method) Cost: Low</p>	

Inspection Combined with Water Quality Testing

Free water sampling kits to test for lead in exchange for an interior pipe inspection is an option. When the sample kits are dropped off, utility personnel would perform the inspection. Testing water from a homeowner’s tap can provide valuable information to predict service line material. However, this requires due diligence on WWT’s part to determine service line material in addition to water sampling. Water sampling may provide more confidence about whether a home is fed by an LSL but is a secondary metric and will not provide a comprehensive confirmation of service line material since false negative (i.e. non-detects even with a LSL) are inevitable. Additionally, to conduct water testing, WWT would be required to enter residences, rely on customer water testing, or hire external contractors to conduct the testing. Water sample kits may include several bottles in an effort to capture the water in the buried service line. A local

university may be a good source of labor to help sample, so as to collect valuable and hard-to-obtain water quality data from stagnated lines.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Provides higher accuracy data than inspection alone ▪ Expands data available to the utility and to the homeowner with a water sample ▪ Opportunity to communicate with customers and empower them to assist in this effort ▪ May incentivize homeowner to allow for the replacement over just the inspection alone 	<ul style="list-style-type: none"> ▪ Providing water sampling kits and analyzing for free to customers is costly ▪ Water quality data may be dependent on the quality of testing, if testing is done by the homeowner
Accuracy: Best Cost: High	

Contractor Inspections

Other contractors that conduct interior housework could provide survey data for the lead service line inventory. Working with local plumbing contractors, WWW may form relationships that could yield important information as contractors conduct their work in residences. WWW can request that the town or city plumbing inspector include material observed on the service line when performing work in order to obtain a permit. Forming a relationship with contractors who are already working in residences could be an efficient method of service line material verification.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Potential new data source ▪ No additional effort by utility personnel 	<ul style="list-style-type: none"> ▪ Interior pipe material may differ from buried materials ▪ If partnering with plumbing contractors not directly hired, likely data would not be input directly into GIS ▪ Will not provide a significant number of results quickly but can provide verification over time
Accuracy: Best Cost: Low	

Exterior Verification

Meter Inspections

Water meters for homes are either located in a meter box in the curb outside the house or within the house's basement. For interior water meter inspections, see "door-to-door inspections" above. For meters installed externally, the water meter can provide a convenient area to directly access the service lines. From this location, WWW staff can conduct physical testing to verify the presence of lead piping.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Avoids having to go into the house ▪ Depending on the type of meter box, can provide the buried private-side and utility-side materials 	<ul style="list-style-type: none"> ▪ Method is very time and resource intensive ▪ Pipe attached to meter box may not represent the material of the service line

	<ul style="list-style-type: none"> ▪ Not all meter boxes are the same and the service line pipe material may not be able to be identified without digging a test pit ▪ Meter boxes can be filled with dirt over time and pipe may not be easily accessible
Accuracy: Better Cost: Medium	

Test Pit

Test pitting, or potholing, is one of the most accurate methods of service line verification. Test pitting can be performed by open cut or by hydro-jetting, usually both on the utility-side and the private-side. Since homeowners are more likely to replace the interior service line than the buried service line, the exterior inspections are considered to be more accurate than interior inspections. However, the process is time-intensive, requires restoration on private property and risks damaging either the service line or private property. Test pitting can also disturb LSLs and it is recommended to provide flushing instructions to the residents, and possibly a filter, when disturbing an LSL.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Considered to be the most accurate verification method ▪ Can capture both the buried private-side and utility-side materials ▪ Can be done simultaneously with a replacement program to minimize disturbance ▪ 	<ul style="list-style-type: none"> ▪ Method is very time and resource intensive ▪ Only captures a small section of the buried service line and pipe materials can vary along the line ▪ Conducting test pitting in customer’s yards is disruptive and risks damage to the line or yard ▪ Requires heavy equipment (vacuum truck) ▪ May disturb a lead service line and release lead into the drinking water
Accuracy: Best Cost: High	

Emerging and Other Methods

Cameras/CCTV

CCTV and pipe cameras can be used to provide a visual observation of the interior of the service line. Camera can be inserted at the curb stop or by disconnecting the meter. Video footage can be recorded and analyzed by a field engineer to see if pipe material can be identified. If there is build-up or if a thick scale has formed, the pipe may not be able to be identified. Additionally, if the video shows a pipe is HDPE/PVC, the pipeline can be entered into the lead service line inventory as definitely not a lead service line.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Non-destructive testing method that does not require excavation ▪ Potential to see entire private-side service line including buried section 	<ul style="list-style-type: none"> ▪ CCTV/camera typically used for general pipe condition/leak assessment, and less for pipe material identification ▪ Corrosion or scaling on the pipe may not allow for the pipe material to be identified ▪ Access inside the home would be required if inserting at meter and meters are located inside

	<ul style="list-style-type: none"> ▪ Dismantling the interior meter or some pipe joints would be required to insert the camera if curb stop does not allow for access into the pipe
Accuracy: Better (higher if the pipe wall is visible) Cost: Medium	

LiDAR Scanning

Hitachi carries a hand-held laser analyzer that can identify metal types in exposed piping (Gingras, 2021). The technology is useful where the pipe is already exposed and of an indeterminable material. That said, it would not be useful where the service line is buried, or the surface of the pipe cannot be exposed. The technology would provide further data in the case that a service line in a basement can be accessed and tested. In the case of verifying the material of a buried service line, excavation would be required to provide a surface on which the hand-held laser scanner can scan.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ More accurate the visual inspection alone ▪ Non-destructive testing method that does not require extensive excavation 	<ul style="list-style-type: none"> ▪ Pipe must be exposed so that the hand-held laser analyzer can be used on it requiring interior access or a test pit ▪ Process is time and resource intensive
Accuracy: Better Cost: Medium	

Sound or Magnetic Waves

In December 2018, a team of researchers affiliated with Drexel University affiliated researchers were granted a patent entitled “Identification of Water Pipe Material Based on Stress Wave Propagation”. The technology seeks to provide a non-destructive testing solution for identifying buried pipe materials without digging. The technology holds great promise to provide an efficient, non-invasive LSL identification method but is not yet ready for commercial use. Further studies are required so that the technology provides accurate information that can be utilized in utility service line verification efforts.

Advantages	Disadvantages
<ul style="list-style-type: none"> ▪ Non-destructive testing method that does not require extensive excavation ▪ Does not require going inside the house ▪ May be able to determine if pipe material changes within the service line 	<ul style="list-style-type: none"> ▪ Technology is in development and not yet commercially available ▪ Equipment required to be purchased ▪ Time and resource intensive ▪ May be impacted by traffic or presence of other utilities
Accuracy: Unknown Cost: Medium	

Section 4

Lead Service Line Replacement Prioritization

With approximately 8,000 LSLs to replace and a goal of completing the program in 15 years, WWW will need to be strategic about what LSLs are replaced when in the program. By replacing 533 LSLs annually, WWW can complete their program in the targeted 15 years with an approximate annual cost of \$5.33 million. In the event of a trigger level exceedance, WWW would recommend that the replacement goal rate would remain at this proposed 6.5%, since this already exceeds the Federal LCRR replacement rate requirement of 3% for an action level exceedance.

4.1 Replacement Goals

Following a proposed pilot program in 2023, LSLR will take place across four main programs:

- Replacement following a leak or a breaks
- Replacement alongside Capital Improvement Plan (CIP) projects
- Prioritized block replacements
- Customer Initiated

Figure 4-1 shows a breakdown of how many replacements will be done on the basis of each priority criteria. The majority of replacements are anticipated to be through the CIP projects and prioritized block replacements.

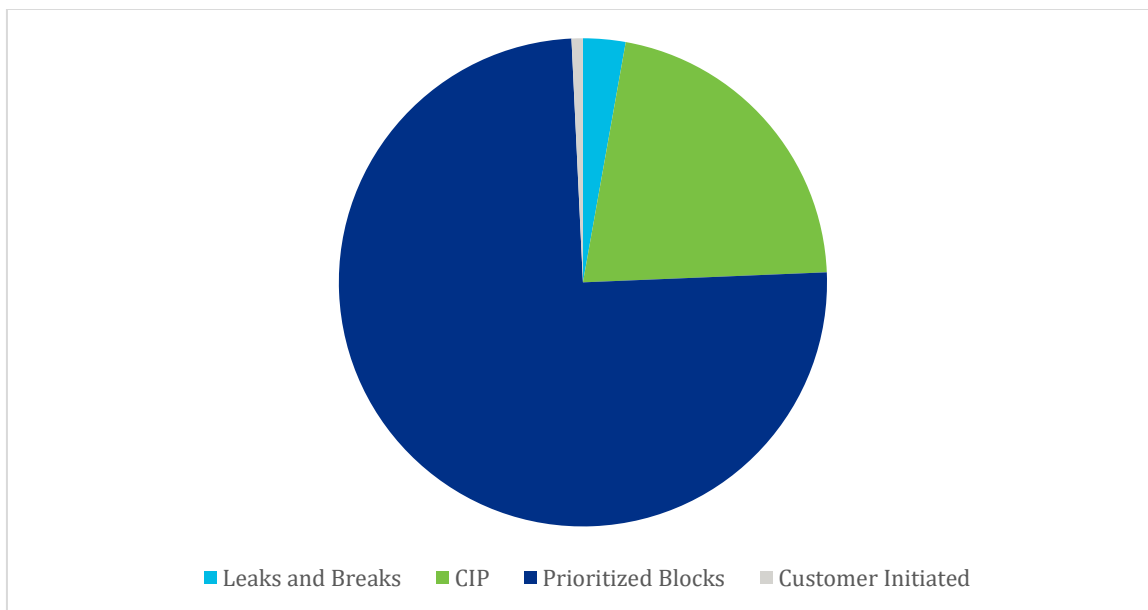


Figure 4-1. Summary of Annual LSLRs in Each Program.

4.2 Leaks and Breaks

Based on discussions with WWW staff, the WWW typically has approximately 10 to 20 leaks and breaks annually on LSLs. This number would be anticipated to go down over time as the number of LSLs in the system is reduced. Leaks and breaks will be replaced as they occur, without limiting the number. Individual years of low or high replacements under this program can be adjusted for by reducing or increasing the number of replacements in other programs the following year.

Prioritization of LSLR would have no impact on the leaks and breaks program.

4.3 Integration with CIP Projects

Under the LCRR, WWW will soon be required to offer full LSLR alongside all water main replacement programs. Replacing the full LSL alongside water main projects is a cost effective way to replace LSLs, since crews are already mobilized to these locations. WWW plans water main replacements approximately four years in advance, and Table 4-2 below shows the number of anticipated LSLs related to the planned water main replacements.

Table 4-1 Number of LSLR Opportunities as Part of Planned Water Main Replacements and Street Reconstruction Projects

CIP Project Year	Estimated Potential Lead Service Replacements
2022	161
2023	71
2024	99
2025	127

Other projects that disrupt the streets, such as street resurfacing, should also consider including LSLR alongside or in advance of the projects in order to improve construction efficiency.

4.4 Prioritized Block LSLR

Each year, after WWW has determined the number of planned LSLR as part of the CIP program and the estimated number of breaks, prioritized blocks will be selected for LSLR to meet the annual target number of LSLR. With between 80 and 170 LSLR anticipated through leaks and breaks and CIP programs, this leaves approximately 360 to 450 annual LSLR under the prioritized block replacement program.

A workshop was conducted with WWW to discuss potential prioritization factors and determine what factors were most critical to meet Wausau's needs. The factors selected below were chosen following discussion with WWW staff and key stakeholders. Figure 4-1 below shows the current prioritization map.

Wausau Lead Service Line Replacement Prioritization Plan

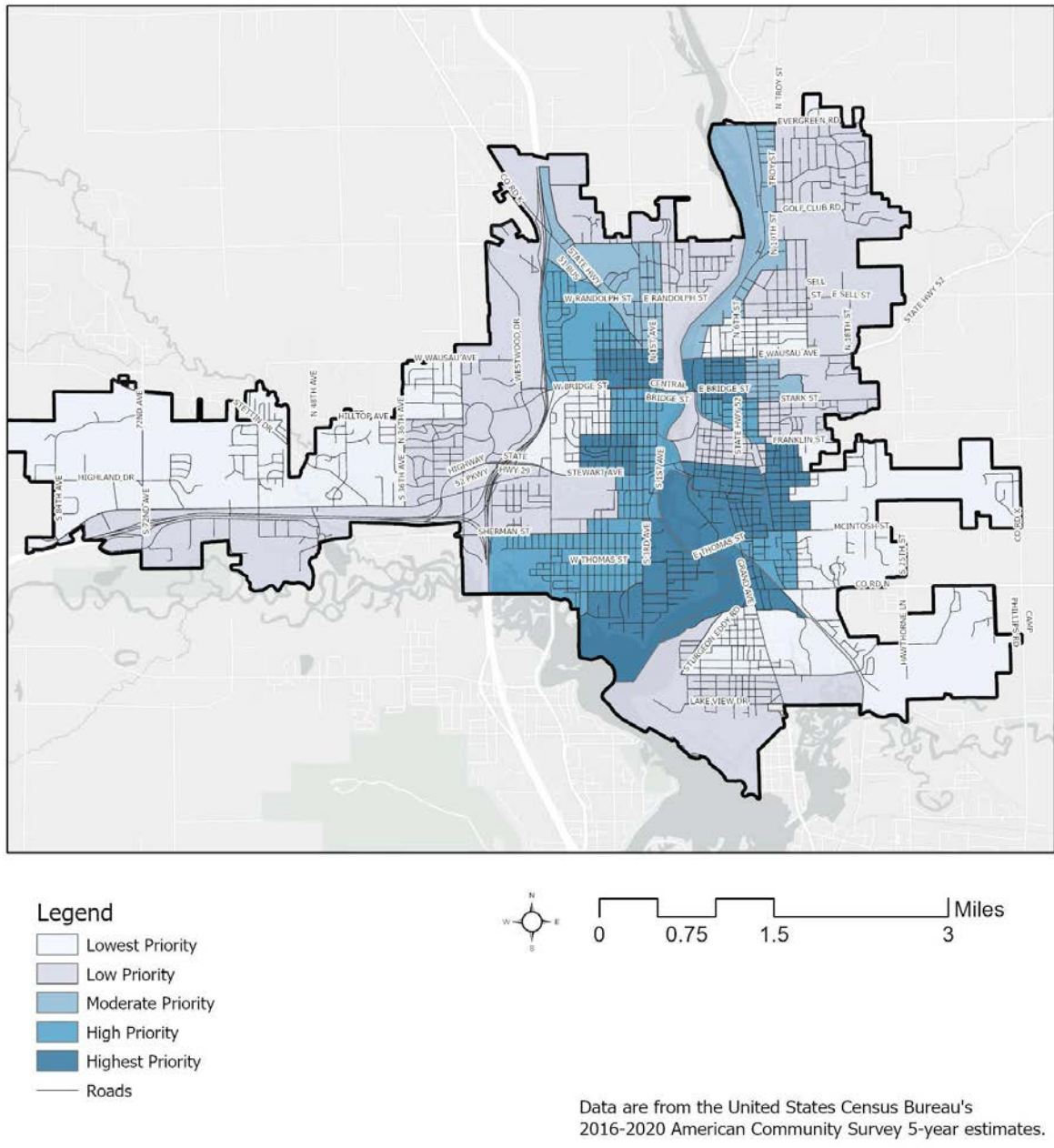


Figure 4-2 Overall LSLR Prioritization Map

4.4.1 Sensitive Populations

Sensitive populations may be deemed to have greater risk of experience the negative health effects of lead either because they are more susceptible to lead's effects or because they may have

greater exposure to lead in their drinking water. Young children are among those that are considered to be more susceptible to the effects of lead.

In identifying areas to be prioritized for early phases of the program, data from the American Community Survey (ACS) 2016-2020 5-year estimates were used. Median Household Income data was used in prioritization to encourage equity in the program, also supported by the Environmental Justice analysis in the next section. Data indicating the percent of the population under 5 years old for census block areas was also used to identify locations that should be prioritized to protect children as a high-risk population.

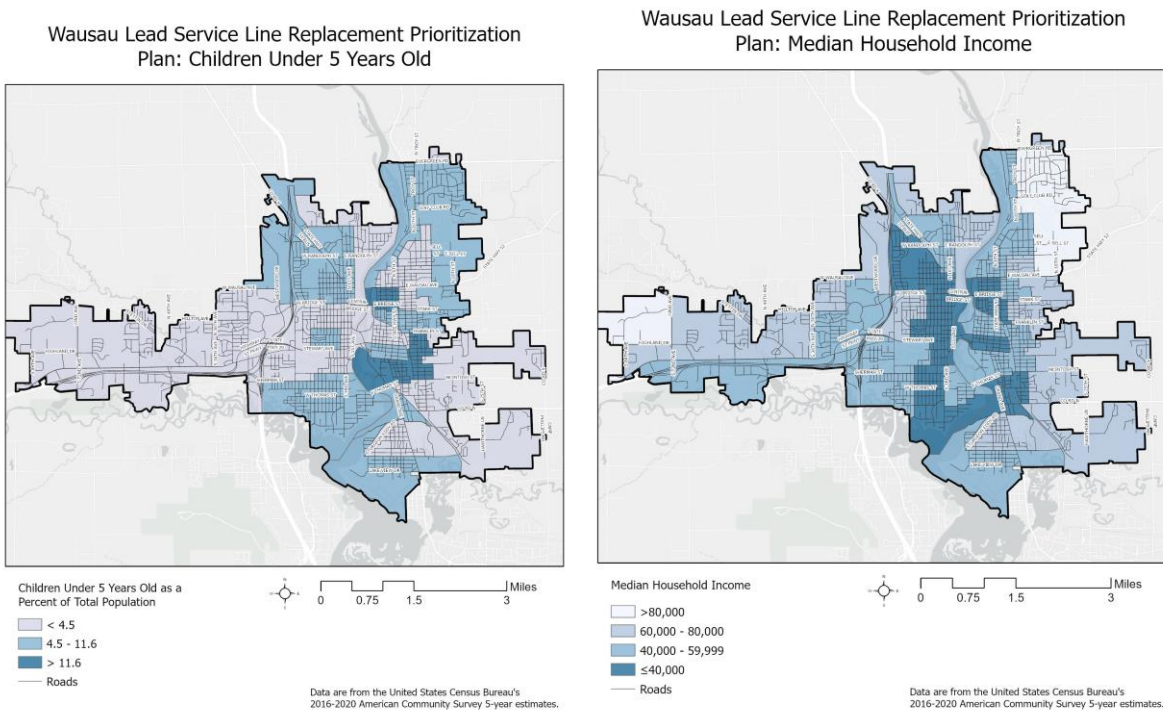


Figure 4-3 Census Tracts with a High Percentage of Children and Low Income

4.4.2 Environmental Justice Analysis

Environmental Justice (EJ) analysis is used to assess the impacts that a project may have on minority and low-income populations and ensure that replacements are targeted towards disadvantaged consumers. EJ is a relative measure, calculated by comparing minority and low-income populations in each individual area unit to those populations of a larger area unit (e.g., each census block group to the study area, county, or state).

The U.S. Census Bureau’s American Community Survey (ACS) 2016-2020 5-Year Estimates were used as source data to determine minority and low-income populations for the city of Wausau. To identify low-income populations, the percentage of households below the poverty level was calculated for each census block group. To identify minority populations, the percentage of individuals belonging to one or more minority groups was calculated for each block group. Then, these two values were used to calculate an environmental justice demographic index. This is the same demographic index used by the Environmental Protection Agency (EPA) as a component of environmental justice analysis. This analysis was then used with other data to develop prioritization for LSLR.

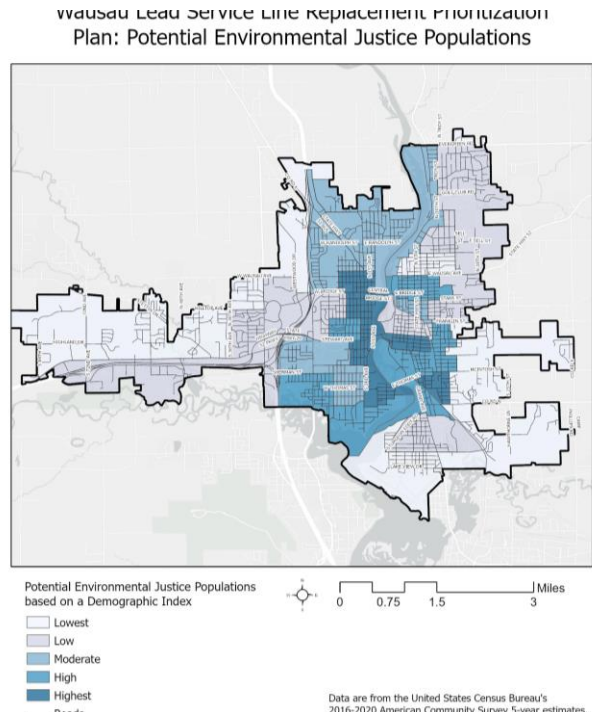


Figure 4-4 Map of Environmental Justice Areas

$$Demographic\ Index = \frac{\% \text{ low income population} + \% \text{ minority population}}{2}$$

4.4.3 Prioritization Components

To calculate the prioritization, each of the above parameters is assigned a score 1 to 5 to normalize the rankings. Without this normalization, factors that naturally involve larger numbers (i.e. home value) would automatically dominate the scoring over parameters with smaller numbers (i.e. percent of population under five). The break points for assigning these scores is shown in Table 2-2 below (with 1 being low priority and 5 being high priority). Each parameter also receives a weighting to represent the importance of that parameter relative to the other parameters.

Table 4-5 Breakpoints for Assigning Priority Scores

Parameter	Resolution	Description	Weight	1	2	3	4	5
Environmental Justice Analysis	Census Block	EPA defined index that includes income and demographic data	1	<=0.17	0.18-0.22	0.19-0.32	0.35-0.59	>=0.6
Percent Children under 5	Census Block	American Community Surveys population data	1	< 4%	n/a	4%-10%	n/a	>10%

Parameter	Resolution	Description	Weight	1	2	3	4	5
Median Household Income	Census Block	American Community Surveys population data	1	>\$80k	\$60k-\$80k	\$40k-\$60k	<\$40k	n/a

Once all components were normalized, they were combined to produce a prioritization score for each census block group in the study area:

Prioritization Score

$$\begin{aligned}
 &= \text{Population Under 5 Years Old (normalized 1 – 5)} \\
 &+ \text{Median Household Income (normalized 1 – 4)} \\
 &+ \text{Demographic Index (normalized 1 – 5)}
 \end{aligned}$$

4.4.3 Individual Prioritized Locations

In order to increase the speed of replacements in highly sensitive locations, such as schools or daycares, these locations are often prioritized for individual replacements as a separate program. Based on discussion with WWW staff, this approach has already been pursued. WWW staff report that all of the schools do not have LSLs and that daycares were offered free LSLR in prior years. Because daycare locations change over time, it is recommended that an on-going program be developed to continually offer new daycares free LSLR.

4.5 Customer Initiated

Under the LCRR, WWW will be required to replace the public side of a LSL whenever a homeowner chooses to replace their private side LSL. WWW does not have control over where and when these LSLRs occur but will still need to reserve resources and be prepared to conduct public side LSLRs on this basis. Where the replacement is part of upsizing the water service, generally done as part of a remodel, the homeowner may continue to be responsible for paying for the full replacement from the house to the water main.

The number of customer-initiated LSLR occurring outside of a home renovation are expected to be minimal.

4.6 Pilot Program

In order to finalize LSLR standard operating procedures and gain local experience in LSLR, a pilot program is proposed for 2023. During the pilot, different construction methods, including pipe pulling, directional drilling, boring, and open cut, can be tested. Outreach strategies, including different outreach materials, would also be developed and piloted to determine which outreach methods is most effective at increasing participation. The data tracking plan would also be tried and refined. Additionally, this pilot effort would be used to better estimate the full LSLR program costs, including both direct construction costs, and program management costs such as engineering, construction supervision, outreach, and water quality testing.

This pilot program is proposed to include two projects, one with individual LSLR and one with LSLR on a block alongside a water main replacement.

For the individual replacements CDM Smith recommends beginning with a program to replace LSLs in daycares. Because daycare facilities continuously host young children, replacements here have a high potential for a health benefit. In Wausau, the Department for Children and Family Services lists 39 licensed daycares in the city. However, not all of these will have lead services. 23 locations are confirmed to not be lead on the public side in the WWW’s inventory. Therefore a program focusing on confirming non-lead in daycares and replacing those with LSLs would be within the scope of a one year pilot.

For a pilot to replace LSLR alongside water mains, the block on Henrietta Street between Bellis Street and 13th street is proposed. This area is part of a CIP block project already and is in the highest priority area.

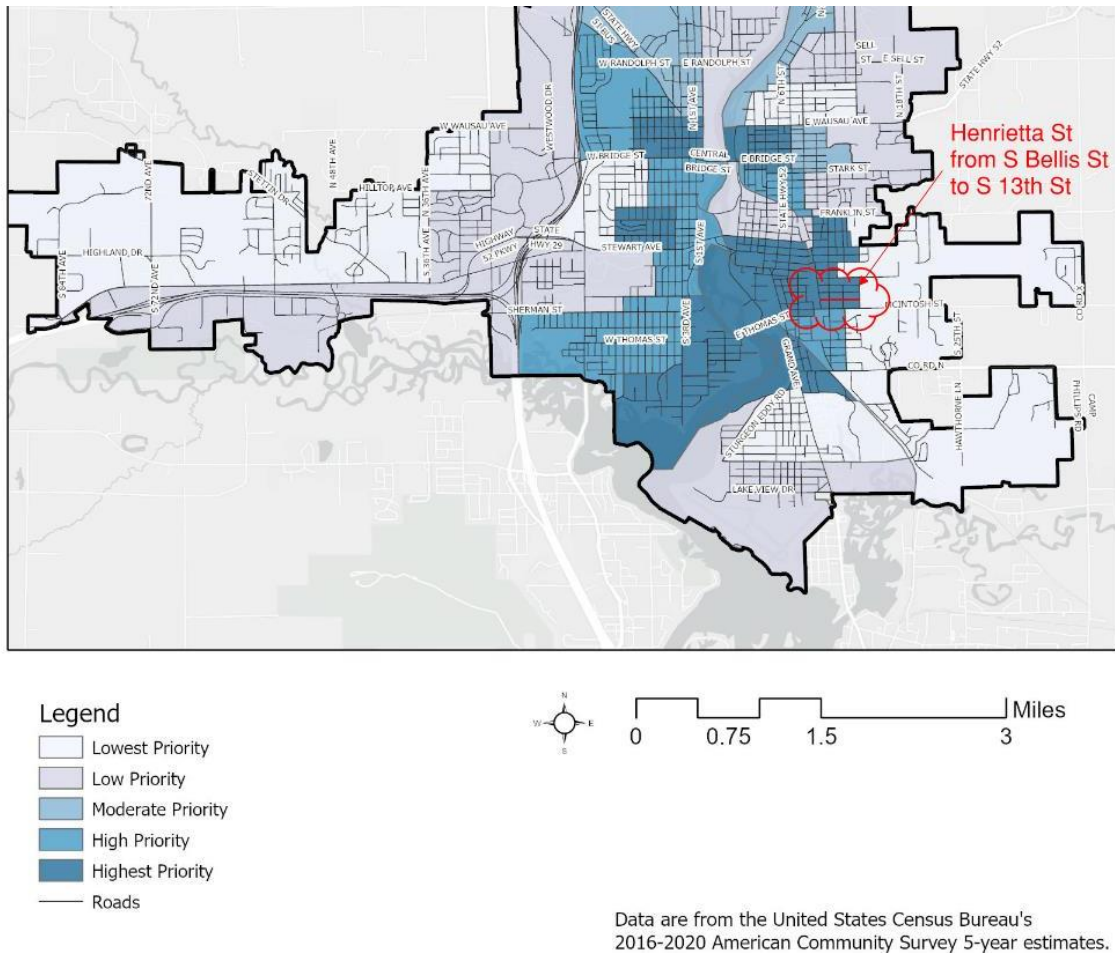


Figure 4-5 Proposed Pilot LSLR Project

Section 5

Funding Opportunities and Strategies

Based on conversations with WWW, the average cost for replacing a lead service line from the water main to the meter is \$10,000. For 8,000 LSLs, WWW's program is anticipated to cost approximately \$80 million¹ over 15 years. This section outlines some options and strategies for funding or financing LSLRs.

In most cities, the ownership of the LSL is split between the utility and the property owner. The property owner typically owns and is responsible for the LSL from the curb stop or property line to the connection into the home as shown in Figure 5-1.

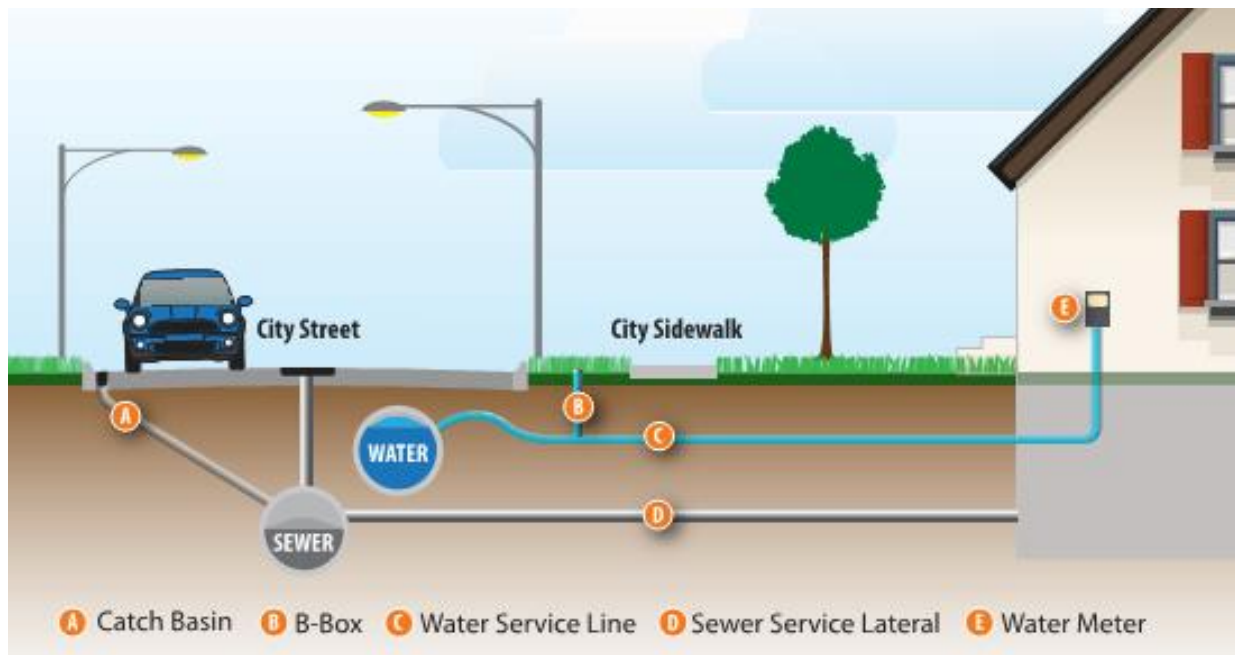


Figure 5-1. Distribution of Service Line Ownership: Property Owner is Responsible from Meter (E) to B-Box (B), City is responsible for B-Box (B) to Water Main

5.1 Federal Grant Opportunities

Funding may be available to WWW to minimize or finance LSLR program costs for WWW. The Federal government offers grants and loans that may be used for replacing LSLs.

5.1.1 WIIN

The federal Water Infrastructure Improvements for the Nation (WIIN) includes grant funding for reducing lead in drinking water, specifically in disadvantaged communities. Two rounds of funding have been allocated nationally through the WIIN program so far. The first round was in

¹ The ultimate program cost may be lower due to approximately 40% of the replacements being partial replacements instead of full replacements (due to a portion of the service line having been previously replaced). However, inflation will increase the program costs over time and additional funding will be needed for program management.

2020 and awarded at a total of \$17.1 million dollars for LSLR. The second round was available in 2022 and totaled \$10 million dollars for LSLR. The first round required a 20% cost share, but this requirement was waived in the second round.

WWW should continue to monitor this program for additional funding rounds. However, both rounds have had limited funding and focused particularly on communities with a history of lead exceedances and disadvantaged communities. Since WWW has not had a lead exceedance since 2014, Wausau is unlikely to be competitive for this grant unless later rounds include more funding and/or change the priorities for the grant.

5.1.2 CDBG

Community Development Block Grants (CDBG) are administered through the U.S. Department of Housing and Urban Development (HUD). These grants are federally funded and distributed on a national level to municipalities and organizations for a wide range of services. There is no required cost-sharing component to this award. The CDBG money is allocated every year, and funds allocated for that year must be spent in that year. If the allocation is not spent in that year, it must be re-applied for in the following year.

In general, at least 70% of the funds must be used to benefit residents of low to moderate income. The target beneficiaries of a project determine how the low to moderate income determination is made. For projects that benefit the public, the area income is the relevant threshold. For these projects, 51% of the area must be low or moderate income. Projects that would benefit the public include water main replacement, road repair, or LSLR for a building that benefits a low-income community. Alternatively, the CDBG funds can be used to benefit individual low or moderate incomes properties. In this case, the individual homeowner must submit an application documenting that they are low or moderate income. Homes that have more than two units are more challenging to document the household income. For a new LSLR program funded with CDBG, it would be recommended to restrict the program to single family or two-flats initially. In order to replace all of the LSLs in a neighborhood block, each individual home would need to document that they meet the income threshold.

The application and income documentation process for using CDBG funds on individual home improvements is extensive. CDBG funds are easier to use on public infrastructure projects, such as water mains, where eligibility can be established at the census block level.

Wausau currently receives \$300,000 annually in CDBG funding. This money can only be used for replacements for low-income residents, and each home must qualify individually for the funding. While the review process for each home to qualify for this funding is time-intensive, this may be a good option to consider for low-income residents to have their LSL fully replaced at no cost to them.

5.1.3 The American Rescue Plan Act (ARPA)

Through the American Rescue Plan Act (ARPA), Wausau received approximately \$15,500,000. However, based on discussions with staff, this funding has been allocated to other needs and will not be available for LSLR.

ARPA funds are a one-time award that was passed as a form of financial relief during the COVID-19 pandemic and are not expected to provide additional rounds of funding.

5.1.4 The Bipartisan Infrastructure Law (BIL)

The Bipartisan Infrastructure Law (BIL) allocated \$15 billion over five years to lead service line replacements. This funding will be administered through the Drinking Water State Revolving Funds (DWSRF). States are required to use 49% of these funds as principal forgiveness grants. Currently, these program limit the principal forgiveness to “disadvantaged communities” as defined by each State, and so specific eligibility for principal forgiveness is still being developed. One limitation of these funds, however, is that all funds from BIL (both loans and principal forgiveness) are only available for full LSL². If a homeowner refuses to participate in the program, replacing the public side of the LSL must be done with other funds.

5.2 State Grants

Starting in state fiscal year (SFY) 2024, and for the following five years, the State of Wisconsin will make more than \$48 million available annually to communities across the State for LSL replacements. This funding was made available to the State through the Bipartisan Infrastructure Law (BIL). Forty-nine percent of the BIL funding must be awarded as principal forgiveness (PF) for disadvantaged municipalities or projects in disadvantaged census tracts – while 51% of the dollars will be distributed through the traditional SRF loan program. An LSL specific evaluation will be used for SRF applications that fund replacements. The specific forms and weighting scales are available on the DNR/SRF website. Included in the weighting is an evaluation of disadvantaged communities/census tracts. The DNR published and Intended Use Plan (IUP) that details how dollars from the BIL and SRF can be used. The IUP establishes the process as described above. The IUP needs to be approved for each of the years covered by BIL funding. Although unlikely, the process could change from one year to the next. WWW should review the IUP, Intent to Apply (ITA), and SRF application process each year to ensure it is following the proper procedure.

The State of Wisconsin will distribute these funds through the State Revolving Fund (SRF) Program. The program can be used to fund:

- Public side LSLs (only when the private side is either also replaced or already non-lead)
- Private side LSLs (only when the public side is either also replaced or already non-lead)
- Engineering and construction management/administration
- LSL inventory

Note that only construction related costs are eligible for PF. Non-construction related costs can be funded through a regular SRF loan. Of the total dollar amount allocated to the State of Wisconsin, \$4 million has been set aside specifically to assist water utilities with completing their LSL inventory.

To qualify for funding each year, WWW will need to submit an Intent to Apply (ITA) for funding by October 30 of the previous year (WWW submitted an ITA in October of 2022 for the 2023

² If the home currently has a partial LSL, replacing the remainder of the LSL is an allowable expense.

SFY). Loan applications, along with plans and specifications, are due by June 30 each year. Funds are awarded in late summer or early fall each year and can be used for work already completed in the same calendar year.

In addition to meeting SRF program deadlines, WWW will need to apply to the Wisconsin Public Services Commission (PSC) to use funds collected by rates to pay for private side LSL replacements. The application process is detailed on the PSC’s website.

Funding that is provided from the SRF program that is backed by the BIL for LSL replacements must comply with federal requirements for construction, namely:

- The project must pass an environmental screening
- The Utility must show a good faith effort to solicit bids from Disadvantaged Business Enterprises (DBEs)
- Compliance with the Davis-Bacon and other related Acts (wage rates)
- Compliance with the Build America Buy America Act (BABA); individual replacements from a pre-qualified list will comply with BABA

5.3 Infrastructure Loans

Debt financing would allow the City to undertake an accelerated LSLR program with a more gradual increase in water rates than funding LSLR out of annual rate revenues. Total federal assistance may not exceed 80% of total project costs, but SRF and WIFIA funds can be used together to provide 100% of the project costs. Table 4-2 shows a broad overview of the difference between two major financing options.

Table 5-1: Comparison of Financing Options

	SRF	WIFIA
Interest	Lowest (< 2%)	Low, based on US Treasury rate
Loan Size	Smaller loans	Focused on larger loans (\$20M minimum)
Matching Requirement	None	51% (can be SRF funds)
Application Costs	Free	Fee for a full application
Loan Amount	Loan issued for a specific contract and specific contract amount	Loan can be issued for a program with multiple disbursements for individual projects
In-House Crews Allowed	No	Yes
Repayment period	20 years	35 years (deferred up to 5 years after substantial completion and flexible repayment schedule)

5.3.1 WIFIA

WIFIA is administered by EPA and provides loans to large water infrastructure projects (projects with eligible costs over \$20 million) that meet its objectives. LSLR projects are eligible for WIFIA funding and in certain circumstances it is possible to combine WIFIA and state funding. The interest rate on WIFIA loans is tied to the Treasury Bond Rate that most closely matches the loan

terms. Borrowers must be able to demonstrate creditworthiness, and there is no principal forgiveness.

The total amount of WIFIA funding is announced annually in a Notice of Funding Availability. WIFIA will fund up to 49% of the total eligible project costs. Eligible costs include costs of construction, rehabilitation, reconstruction, replacement, and preconstruction activities. Application fees and capitalized interest on the WIFIA credit instrument are examples of ineligible project costs. Some costs incurred before the WIFIA application process may be included towards the total eligible project cost. Repayment begins five years after substantial project completion and the final maturity date of the loan for this project would be 35 years after the date of substantial project completion. WIFIA requires that the project scope for the funding application anticipates reaching substantial completion in five years or less.

EPA only issues an invitation to apply to projects that it anticipates can get WIFIA credit assistance (following submission of a letter of interest to the EPA), though it does not guarantee approval. The application process includes an application fee (\$100,000), a credit processing fee (variable), an oral presentation, an assessment of the technical soundness of the project, and development of the term sheet. Creditworthiness will also be further assessed during the application process. The application costs can reach \$2 million, and the majority of these costs are not refundable if an application is unsuccessful.

For the WWW, the WIFIA program likely only makes sense if the program is using WWW crews to perform LSLR. Otherwise, the more complicated and expensive application process is likely not worth it based on the expected project cost over five years.

5.3.2 Safe Drinking Water Loan Program

The Wisconsin Department of Natural Resources (WI DNR) offers a Safe Drinking Water Loan Program (SDWLP) with funding applicable to LSLR. This program offers subsidized loans and further subsidies to reduce the cost of those loans for the design, planning, and construction costs for projects including updating drinking water distribution. As of May 2022, the rates for this loan are 2.035% for loans under 20 years and 2.145% for loans 21-30 years. Applications are accepted year-round for projects not seeking principal forgiveness, but applications must be submitted online by September 30 if the utility is seeking any principal forgiveness.

5.4 City Revenue

Many of the grants and loans listed are competitive and cannot be guaranteed to be available to WWW. Even with these outside funding sources, WWW will likely still need to find a way to pay for most of this program. These options include water rate increases, special assessments, fees associated with special service areas, and other revenue sources.

5.4.1 Water Rates

Some utilities have used water rate increases to fund LSLR programs. Further water rate analysis could be performed to better determine what level of increase would be needed to fund the project. Low-interest loans or bonds could be used to provide short-term funding to allow for a slower increase in water rates to pay for the overall program.

5.4.2 Special Assessments

With the imposition of a special assessment, the total project cost of a specific location would be allocated among benefiting properties. The funds raised from the group of homes would pay for that specific project. A tax lien would be placed on each property and repayment would be equivalent as through property taxes.

There are two main benefits to a special assessment. First, homeowners would not be paying the assessment until their property receives a LSLR. With a water rate or property tax increase, every household begins paying as soon as the project starts even though their property may not benefit for years. Second, grant funding can be directly used for low-income projects so that those homeowners either never pay a special assessment or pay a reduced special assessment. A water rate or property tax increase would be universal, and so while grants could be used to offset the overall program cost, the cost reduction wouldn't be directly targeted at the low-income neighborhoods.

5.4.3 Special Utility District

This would need to be approved by the majority of the area's property owners. The total project cost of a specific location would be divided evenly among participating properties. A tax lien would be placed on each property and repayment would be equivalent as through property taxes. The funds raised from the group of homes would pay for that specific project.

5.4.4 TIF

WWW may be able to use (Tax Incremental Financing) TIF funds for LSLR in the TIF with available funding. As defined by the Wisconsin Department of Revenue³, TIF is a financing option that allows a municipality (town, village or city) to fund infrastructure and other improvements, through property tax revenue on newly developed property. A municipality identifies an area, the Tax Incremental District (TID), as appropriate for a certain type of development. The municipality identifies projects to encourage and facilitate the desired development. Then as property values rise, the municipality uses the property tax paid on that development to pay for the projects. After the project costs are paid, the municipality closes the TID.

Overall, LSLR that fall within TIF zones should review the TIF finances when evaluating funding sources for these replacements.

5.5 Bonds

Sale of municipal bonds may help to finance the LSLR program for WWW. However, the rules regarding whether this money can be used toward private side replacement must be considered.

Municipal bonds may also be used to finance LSLR. Municipal tax-exempt debt can be used for public infrastructure, but not the private side. Taxable debt may be used to finance the private side. In the current market, taxable debt will likely carry an interest rate 2 percentage points higher than tax-exempt debt, but this premium can be very volatile.

³ <https://www.revenue.wi.gov/Pages/SLF/tif.aspx>

Bonds would need to be repaid with either increased taxes or water rates. Bond issuances would only be used to provide capital for the project upfront to delay the tax or water rate increases needed to repay the debt.

5.6 Private Side Replacement

Many funding or financing tools have requirements regarding whether the money can be used on private property or whether it is applicable toward partial lead service line replacements. Since many sources have come to agreement that full lead service line replacement is better than partial lead service line replacement, most funding and financing sources that are focused on LSLR do allow the funds to be used towards replacement of the private side of the lead line. Additionally, providing funding or financing to homeowners for the private side of the LSL is important to maximizing participation and efficacy of the program.

Most utilities with dedicated LSLR programs offer at least some financial support to residents. This may be in the form of a low interest loans, grants for low-income families, or complete coverage of the cost of replacement. The higher the upfront cost is to the property owner, the more likely it is for the property owner to decline to participate in the program. WWW should apply to use the WI DNR private side LSLR funding to maximize program participation. With low program participation, it would be extremely difficult to meet annual replacement goals and remove all LSLs in the targeted 15 years. If the utility is not planning to fully cover the cost of replacement, a loan program or cost-share program may be advisable. WWW currently has a program in place where a property owner can get up to \$4,000 for some construction projects and up to \$6,000 for other replacements. This could potentially bring the average cost of private side replacement from \$10,000 to \$2,000 for the homeowner. Financing through the City may be a viable option for low-income property owners for the remaining LSLR cost.

Section 6

Communication and Outreach Strategy

One of the greatest challenges of a LSLR program is encouraging participation and getting buy-in from residents. Building public trust, conveying critical information, and sharing program details with transparency and accuracy are necessary for the program to be successful. This section proposes an outreach plan to tackle these needs. **Figure 6-1** shows the stages needed for LSLR outreach.

PRE-LSLR RAISE AWARENESS AND ENCOURAGE PARTICIPATION	DURING LSLR COORDINATION AND SCHEDULING	POST LSLR MAINTAINING WATER QUALITY
<p style="text-align: center; color: #4CAF50; font-weight: bold;">OUTREACH GOALS</p> <ul style="list-style-type: none"> • <i>Why lead is dangerous</i> • <i>What homes are at risk</i> • <i>What can be done to reduce lead exposure</i> • <i>Who is responsible for what segments of lead service lines</i> • <i>Options for program participation and risks of opting out</i> • <i>Where questions can be directed and where further information will be published</i> 	<p style="text-align: center; color: #FF9800; font-weight: bold;">OUTREACH GOALS</p> <ul style="list-style-type: none"> • <i>What permitting is required</i> • <i>How financial assistance and funding will be distributed</i> • <i>When LSLR work will be conducted and what disturbances this work may involve (water shut-off, road closure, etc.)</i> • <i>Why homes are selected for prioritized LSLR</i> 	<p style="text-align: center; color: #2196F3; font-weight: bold;">OUTREACH GOALS</p> <ul style="list-style-type: none"> • <i>Why and when flushing is necessary</i> • <i>How to flush your water daily</i> • <i>How to flush your water after a disturbance / LSLR</i> • <i>How to obtain a filter (certified to remove lead)</i> • <i>How to clean faucet aerators</i> • <i>How to provide feedback about the LSLR Program</i>
<p style="text-align: center; color: #4CAF50; font-weight: bold;">OUTREACH METHODS</p> <ul style="list-style-type: none"> • Newspaper ads • Robocalls • Handouts with water bills and at libraries, community centers • Social media • Public meetings and open houses coordinated with community liaisons • Online map of LSL inventory 	<p style="text-align: center; color: #FF9800; font-weight: bold;">OUTREACH METHODS</p> <ul style="list-style-type: none"> • Letters • Flyers distributed door-to-door • Website with replacement steps, frequently asked questions, an application form, and more • Hotline (added to 311 Program) and email account with responders trained to give accurate and consistent answers to frequently asked questions 	<p style="text-align: center; color: #2196F3; font-weight: bold;">OUTREACH METHODS</p> <ul style="list-style-type: none"> • Videos • Demonstrations at public meetings • Door hangers • Closeout documents

Figure 6-1. Communication Strategies Through the Phases of the LSLR Program

6.1 Outreach Before Participation

Public outreach should begin at one year prior to the beginning of LSLR in order to have time to engage and educate the public. If the project start-up date is targeted for 2024, the working sessions to develop the campaign should be occurring in 2023 with a goal of finalizing outreach material and launching the website with downloadable content.

From 12 months out until the date of replacement, outreach should aim to encourage participation and to schedule LSLRs. In this time frame, persons affected by any upcoming water

main work or LSLRs should be given specific information about the project affecting them and when the work will occur. Multiple phases of reminders should be sent out leading up to any work.

6.1.1 Communication Methods

Because the billing system for water is not controlled by WWW, there is not a strong database of contact information existing for all water customers. Bridging this disconnect between the finance department and the utility to create a central database for customer contact information will be an important step in establishing communications with customers about the LSLR program. Such a database should include emails, phone numbers, and names tied to addresses/accounts so that contact information is available for the resident associated with each service line. Methods of reaching individuals include call, text, email, and registered mail.

However, mass communication is also an important part of outreach, especially in initial stages of the program. Methods of reaching large groups within the community include flyers, door hangers, mass mail or email, signage at frequently visited community centers and businesses, connection with community groups and religious centers, presence at community events (like farmer's markets), social media, local news outlets and more. Broad methods of communication should be used to inform people about the program, eligibility for participation, and the benefits available to them for participating. From there questions for more details can be directed to a website, hotline, general email address, and town hall or open house-style events.

Some utilities have found that door hangers typically work best. **Appendix A** gives an example of a door hanger that may be used to notify residents about their options in participating in an LSLR program. However, it's essential to use ALL methods of communication to promote the LSL program in an equitable, inclusive manner and to keep a system updated with contact information.

6.1.2 Critical Messages

For residents to feel engaged and willing to participate in the program, they need to understand:

- Why lead is dangerous and why program participation is important and beneficial to them: The LSLR program should make communication of the possibility, source, and associated risk of lead in drinking water a priority. Residents need to know and understand the effects of lead exposure and those who are at higher risk.
- How LSLs could expose them to lead: Occupants of buildings constructed before the early 1970's may have an LSL. Inform residents that lead is not in the water leaving the treatment plant but can enter their water through lead service lines and/or internal plumbing. Residents need to know that disturbances to their LSL, such as transmission main work or partial LSLRs, can release lead into their water.
- What WWW is doing about lead exposure: Educate residents about how WWW adds corrosion control chemicals at the treatment plant to minimize lead corrosion and is continually monitoring water quality in the distribution system

- What residents can do to minimize lead exposure: This includes participating in the LSLR program, flushing water for five minutes once it has stagnated more than 6 hours, using cold water from the tap for drinking / cooking, replacing leaded-brass faucets, using a filter certified for lead removal, and addressing lead paint, soil and other sources of lead

6.2 Communication with Residents Eligible to Participate

Once through public outreach and education about the program has gotten underway, residents in areas eligible for the first phase of the LSLR program should be notified and encouraged to participate. Documentation for agreeing or refusing to participate needs to be provided and clearly explained to property owners.

To encourage participation in the program and increase the likelihood of meeting annual replacement goals, an ordinance requiring LSLR or prohibiting the repair of LSLs may be considered. Ordinances have been used successfully by other utilities to complete their lead service line replacement programs. The impact of any code or ordinance on residents should be taken into account when mandating replacement to not create inequity or undue disruption to residents. For this reason, most utilities or cities passing such an ordinance either offer a fully funded LSLR or have restricted enforcement or looser requirements built into the ordinance.

An ordinance can be used to require replacement only in the event of a leak, break, or property sale. On the other hand, full LSL replacement may be required of all property owners by a certain deadline. An ordinance could also be used to require participation in any phases of the LSLR program that are scheduled on the block-level, such as paving.

Again, to balance the equity of the program, not putting undue burden on disadvantaged populations, and the efficiency of the program with minimal disruption to residents, broader requirements for LSLR should come with greater financial resources offered for private side replacement. An ordinance requiring LSLR should be written in such a way that it does not take effect until residents have had a reasonable opportunity to participate in the LSLR program.

6.2.1 Participating Residents

WWW or the selected outreach specialists need to first identify a responsible point of contact for each address. Then, communication with the point of contact for each participating home needs to address and document the following:

- Construction scheduling
- The process for replacement participation (what forms are needed and who needs to be present at the home)
- The value of participating in the replacement program
- Who needs access to private property (where and why)
- What restoration will be covered by WWW
- What the resident needs to do to flush water after replacement

On the day of LSLR work, any techniques, findings, communications, complications, etc. should be documented. Contact must be made with the property owners and residents when the work begins and when it is completed.

6.2.2 Non-Participating Residents

Even with financial support or a free LSLR program, there will be residents who decline to participate. If possible, outreach specialists should ask the resident to share why they would like to decline to see if they can provide further information to ease concerns. Residents concerned about being cited for code violations or illegal activity can be informed of what type of inspection will be conducted for the work and what would and would not be included in that inspection. Concerns about needing to miss work to be present for the private side of the LSLR may be addressed with strategic construction scheduling or by permitting a neighbor or family member to be present instead. Even with a full understanding of the scope and purpose of the program, there will be residents who do not participate.

For property owners and residents that decline to participate in the program, this decision needs to be documented via a signed waiver between all parties. This waiver should include language that explains the following:

- “LSLR funding assistance by the City may not be available in the future. By declining to participate in the program, it is not guaranteed that funding or financing will be offered by the City for lead service lines replaced outside of the program offered currently.”
- A warning that the work may result in sediment, possibly containing lead from the service line, in the building's water
- Information concerning the best practices for preventing exposure to or risk of consumption of lead in drinking water, including a recommendation to flush water lines during and after the completion of the repair or replacement work and to clean faucet aerator screens
- Information regarding the dangers of lead exposure to young children and pregnant women

6.3 Communication After Construction

After LSLR work, instructions for maintaining safe water quality must be shared. Following up with property owners and residents after the work is complete could also provide valuable information about what could be improved about the program or even testimonials that could be shared to encourage others to participate.

6.3.1 Sampling Requirements

The proposed Lead and Copper Rule Revisions (LCRR) stipulate the following post-construction sampling for lead service line replacements:

- Partial Lead Service Line Replacement: Any water system that partially replaces a lead service line must offer to collect a follow up tap sample between three and six months

after completion of any partial replacement of the lead service line (40 CFR Part 141 Subpart I 141.84.d.1.iv). Sampling must be in accordance with 141.86.b.

- Full Lead Service Line Replacement (According to 40 CFR Part 141 Subpart I 141.84.e.4): Any water system that conducts a full lead service line replacement must offer to the consumer to take a follow up tap sample between three months and six months after completion. The water system must provide the results of the sample to the consumer in accordance with paragraph (d) of that section.

The LCRR is not finalized yet and may change. The revisions are considering a change in the requirements for sampling, as well. Instead of submitting a first draw liter for lead compliance sampling, utilities may be required to collect the fifth liter after stagnation instead.

Based on the proposed revisions to the Lead and Copper Rule at the federal level, sampling may be required following full and partial LSLRs. This should be communicated to the resident so that they know to expect follow-up contact and who to expect contact from (to avoid scams). Explaining the purpose of this sampling may also increase residents' comfort with the sampling.

6.3.2 Flushing

While an initial flush will be performed by the contractor once construction is complete, the resident should still be instructed in flushing procedures to reduce lead exposure following construction. The flushing procedure should instruct residents to remove all aerators and, beginning in their lowest floor and moving upwards, open all water faucets and taps. The water should be flushed for a minimum of 30 minutes, and then the taps and faucets closed beginning with the first one that was opened and closing in the same order that they were opened. Resident should be instructed to repeat this 30 minute flush every other week for three months. Residents should also be instructed to conduct daily five minute flushes for six months.

At a minimum, residents should be provided a flyer with detailed instructions, as shown in **Appendix B** and allowed an opportunity to ask any questions about this procedure. **Appendix C** shows other examples of flushing and other flyers and outreach materials developed by CDM Smith for Middlesex Water Company's LSLR program.

6.3.3 Program Feedback

Getting feedback from residents about participating in the program can provide useful insights that can be used to improve later phases of the program and perhaps increase participation. A survey or follow up interview may be conducted with residents after replacement is complete to gather helpful information. This survey should be made easily accessible and brief to encourage participation. Such a survey may ask residents for complaints or compliments about the program, about what they wish was done differently, what they were pleasantly or unpleasantly surprised by during the process, or why they chose to participate. Documenting why residents chose not to participate could also provide helpful data.

Section 7

Construction and Implementation

This section outlines the details of implementing the LSLR program.

7.1 Program Timeline

WWW anticipates starting the LSLR program in 2023. Assuming that two LSLs can be replaced per day by a crew and that two crews can be working each day, four LSLs could be replaced daily. With 250 construction working days in the year, WWW could expect to meet its goal of replacing 533 LSLs annually with only one contract per season.

2023 - 2024

- Beginning of program
- Replace homes with highest risk based on prioritization factors
- Implement best practices and make improvements based on lessons learned and participant feedback
- Approximately 200 - 300 LSLRs per year

2025 - 2036

- Peak program years
- Maximize efficiency by focusings on block level, but continue using high risk prioritization data
- Approximately 500 - 700 replacments per year at peak

2037 - 2038

- Program winding down, fewer LSLs remain
- Focus on outreach and cooperation with homeowners who could not be reached or declined to participate in earlier program phases
- Anticipate more effort and less efficiency for these replacements, approximately 100-200 per year

7.2 Construction

Currently, WWW mostly uses trenchless construction methods for service line work. However, the conditions at some properties may require a different type of trenchless construction or even an open cut trench.

7.2.1 Open Cut

Of the methods presented herein, open cut installation results in the greatest disturbance to the property owner and the traveling public. **Figure 7-1** shows a typical open cut trench with steel plating to allow vehicle traffic to continue to travel over the open trench. It can also have the longest duration in project timeline as it requires significant restoration of grassy areas, sidewalk, curb and gutter, and pavement is required. In addition to restoration, trees become a concern for open cut as overhead branches can interfere with equipment and working in close proximity to trees may impact the health of the tree's root system. Therefore, tree trimming and root pruning will be required with the work, and with much of the work being performed in the spring through fall periods, coordinating with forestry departments for tree trimming can add additional delays onto the contractor schedule. When working on private property, homeowners may have extensive landscaping, porches, fences, walkway lights, irrigation systems, and other features that may be disturbed during the work. Repairing these features not only adds additional time into the schedule but also additional cost. When considering open cut, factoring in these other elements typically results in a longer duration of work on a property, thereby potentially agitating the property owner and reducing funds available for actual lead service line replacement. This can lead to property owners becoming upset with the entire process, and the contractor potentially never fully restoring an element to its exact original condition. Both the schedule and the discontent homeowners can lead to potentially negative feedback on lead service line replacement programs.

Even though there can be many negative issues associated with open cut, there are some recommended applications. For example, if distances are relatively short between a watermain and a property, it may be much quicker to replace the LSL using open cut methods. Another example is when other utilities are being crossed such as gas or electric lines. If they are crossed, WWWW personnel can verify that the utility was never compromised if open cut methods were used, but if trenchless is used, the only way that personnel would know if the utility was disturbed is if there was a side effect such as loss of power.



Figure 7-1: Standard Open Cut in Street with Steel Plating

Open cut may also be the only solution if a property owner's sewer drain is found to be broken or otherwise requiring replacement. It may also be the only option in the case the trenchless technology being utilized has failed, and the back-up plan of installing the water service is the use of open cut methods.

If open cut is being considered on a block-by-block basis, this could result in extremely high impacts to residents and the traveling public. Open cut trenches typically cross perpendicular to the flow of traffic, impacting residents walking, traveling by vehicle or biking.

7.2.2 Trenchless Technologies

Trenchless technologies are construction techniques developed to perform subsurface utility work while minimizing surface disruptions, such as to the traveling public, and lowering restoration costs. They are also

generally used to avoid obstacles by maneuvering the trenchless tool while concurrently monitoring its location relative to the obstacle. This method also does not involve continuous trenches. Trenchless technologies are a useful tool for installing water services as well, and they have also been used to install many other types of utilities such as electrical conduit, gas, and fiber optic lines. By reducing the area disturbed at the ground surface, these technologies, when performed by experienced operators, will generally shorten installation timeframes and reduce installation costs. Some general installation differences when compared to open cut include:

- Smaller excavation pits
- Less surface disruption to traveled way & private property
- Control of installation using tools with transmitters and location devices
- More planning and setup
- Shorter installation timeframes

- Reduced overall costs

Pipe Pulling

Pipe pulling, shown in **Figure 7-2**, is where a new water service is pulled behind the old water service being removed. This method of installation has been successful for some communities but unsuccessful for others. Those communities where it has been unsuccessful has been largely due to the water service being coiled or deformed to a non-circular form that does not allow the cable to be inserted. Some of the advantages to this method is that the contractor is using an existing borehole for the new water service to follow the exact alignment of the existing pipe, so the threat of hitting adjacent utilities and other potential issues is greatly minimized. This makes this method efficient, easy to use and train staff on, and minimally disruptive if successful.

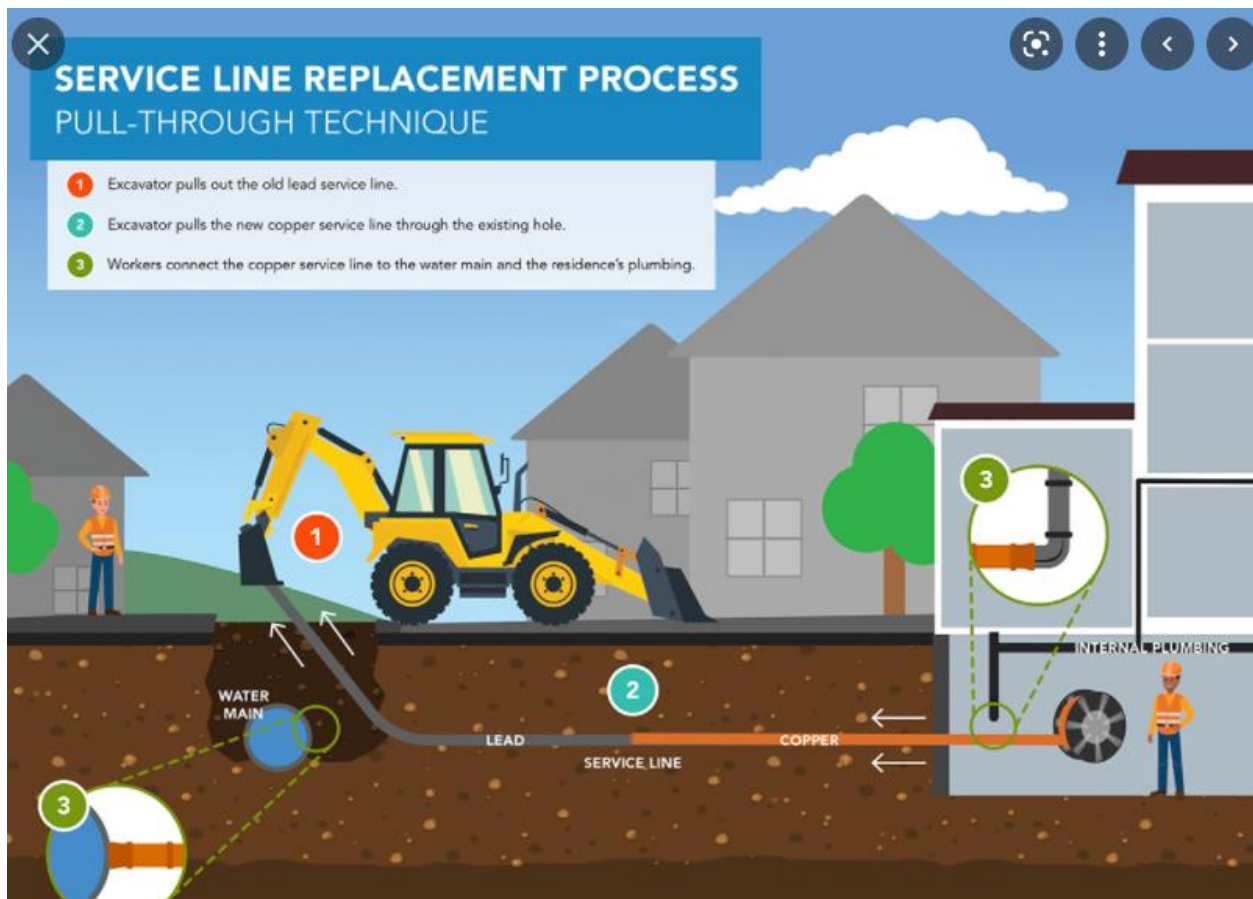


Figure 7-2: Pipe Pulling General Set-Up

Photo Courtesy of Denver Water

However, this method also has potential disadvantages such as the following:

- Existing pipe or cable may rip apart during the removal.
- Cable can not be inserted into the water service line due to the water service line being kinked, profile being elliptical instead of circular, or other reasons.

- Expander at the connection to the new pipe may catch below grade utilities, rock, tree roots, or other items.
- Monitoring of the installation typically only performed by the operator of the equipment that is using feel of touch to determine if they feel any potential issues resulting in resistance. No additional QC is typically incorporated.
- As using the existing service to perform the work, any issues that occur during construction would have to be addressed using another technology (typically open cut) to resolve to restore the home owners service. This can result in un-met expectations by the home owner if they intended trenchless to be utilized to minimize disturbance to their property.
- Pipe pulling installs a new pipe in the exact location of the existing pipe, and does not result in a betterment to the home owners current plumbing.
- Pipe pulling using typical construction equipment such as shown in Figure 7-2 adds unnecessary stresses on the pulling operation. Pipe pulling equipment such as the Kobus Pipe Puller which attaches to the arm of an excavator, is preferred for this type of technology to minimize those additional stresses.

Horizontal Boring

Horizontal boring (also referred to as the Bullet or Moling) is a pneumatic piercing tool which is basically driven by an air compressor.

As shown in **Figure 7-3** the tool is placed at the required elevation and uses equal skin friction on all sides to drive the tool forward. Typically, there are excavated pits placed at uniform intervals up to approximately 30-feet, which limits the distance to short runs thereby increasing control. An example of a typical setup is shown in **Figure 7-4** where the tool is set level at the require elevation and then follows the path to the intended arrival point.



Figure 7-3: Example of a Horizontal Boring Tool
Photo Courtesy of Trenchless Group

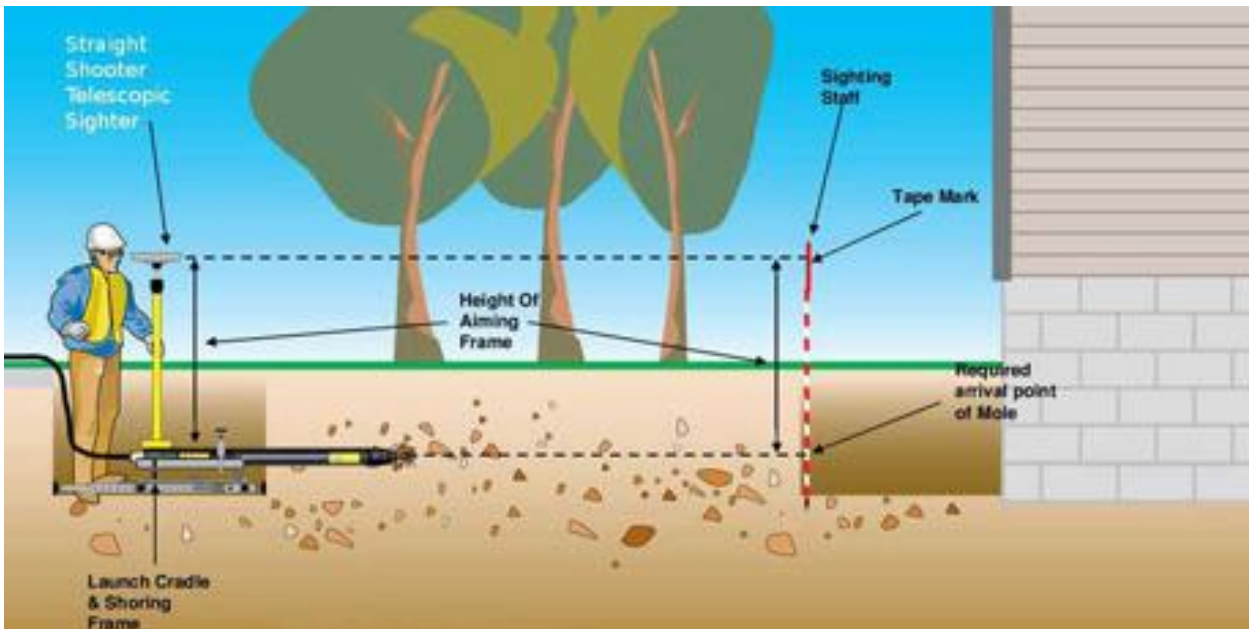


Figure 7-4: Horizontal Boring Example Setup
Photo Courtesy of absoluteleakdetection.co.uk

Disturbances to the property owner with this tool include cutting of the basement wall or floor. The size of the hole will vary. For slab on grade homes, the area removed is generally larger than for basements as a larger area is required to allow personnel to access and install the tool. The cutting of the floor creates concrete dust and associated debris. Therefore, the work areas and work zones need to be controlled to minimize the final area disturbed within the home. There is also the potential for the borehead to divert from its intended alignment, potentially damaging other utilities or site features, or it could travel onto adjacent property. To minimize this possibility, it is important to track the borehead to continuously monitor its location.

The tool is typically recommended where the water service already enters the front of the building. This will minimize the length of the home that the tool travels underneath the floor slab if it come up through the floor, or interior disturbance to basement walls if enters above the floor through the foundation wall.

Local contractors are familiar with this technology, and others can be trained in a relatively short period of time. This allows for contractors to easily ramp up production if there is at least one experienced operator on hand. More contractors are familiar with this trenchless method than the other trenchless methods presented herein.

For water services, the location of the launching pit where the tool is located is typically within the house, and the receiving pit is in the parkway placed at the location of the future valve box. The tool then travels from the launching to the receiving pit.

Surface Launched Horizontal Directional Drilling (HDD)

Surfaced launched HDD utilizes a drill rig located outside of the property. The steerable head is used to drill a pilot hole to a target location located inside the property. The pipe is then pulled from inside the home to the drill rig. Because the equipment is located outside, time inside the property is minimized. **Figure 7-5** shows an example of the surface-launched equipment.



Figure 7-5: Surface Launched HDD Set-Up

Photo Courtesy of WeeklySafety.com

Disturbance from standard HDD consists of the pit to start the drilling and a pit inside the property where the pipe to be pulled is located and the final connection takes place. Typically, the standard HDD technique is precise enough that it can enter the property through a small pit (approximately 2-foot by 2-foot pit). For homes where the water service currently enters in the back of the house, the HDD technique can be used to enter next to the existing interior piping, which makes reconnection easier. Because this technique provides better control of the borehole, it performs better than horizontal boring at avoiding impacts to existing utilities.

While horizontal boring uses a pit to begin the work at the target elevation, the surface launched HDD technique instead drills down at angle from the surface to reach the target depth. Therefore, to achieve a depth of approximately 5 feet below ground surface, the head of the drill rig will need to be offset at least 30 feet horizontally from where the water service needs to be at its final depth. As a result, this method would most likely result in road closure of the street. However, when LSLRs are occurring as part of a wider program alongside water main replacement, the full street would need to be closed for every construction technique to replace water services on both sides of the street.

HDD is not the lowest cost option for sites where horizontal boring could be done, but two specific conditions would make it the most appropriate technique. First, if trenchless construction in the right-of-way is allowed, HDD could likely be used from the water main. This would result in substantial savings by minimizing the amount of pavement and sidewalk demolition and restoration. Instead of needing to excavate and restore a trench within the limits of the roadway, only a smaller pit would need to be dug. Second, HDD would be recommended for properties where the water service enters the back of the house. A horizontal bore would only be able to connect the water service to the front of the house. Using HDD, the borehead can be controlled to enter the home at specific locations, such as the homeowner's utility room, which is typically located at the rear of the house. This would allow for a direct connection to the homeowners interior plumbing without overhead interior copper installed within the home.

Pit Launched HDD

Pit launched HDD is a fairly new technology that requires the excavation of a pit at least one foot deeper than the final pipe elevation. The machine is then lowered into the pit, a pilot/reamed hole is then drilled and advanced using drill rods to an excavation inside the home (receiving shaft), the new pipe is installed to the end of the boring head at the receiving shaft, and a new water service line is pulled back through the hole to the machine. The curb stop/bbox, connection to the watermain, and connection to the interior premise plumbing are performed to complete the installation. This technology reduces the working area required at ground surface when compared to the standard HDD but still provides the control and functionality of a standard HDD machine. The pit launched HDD machine has a smaller overall footprint than surface mounted HDD. This method has similar advanced control features to surfaced HDD but cannot drill for distances as far as the surface mounted units can drill. The unit can be easily rotated in the street using a backhoe that reorients the boring tool to perform water service replacements on both sides of the street from the same excavation. **Figure 7-6** below shows the general setup of the pit launched HDD process and required excavations.

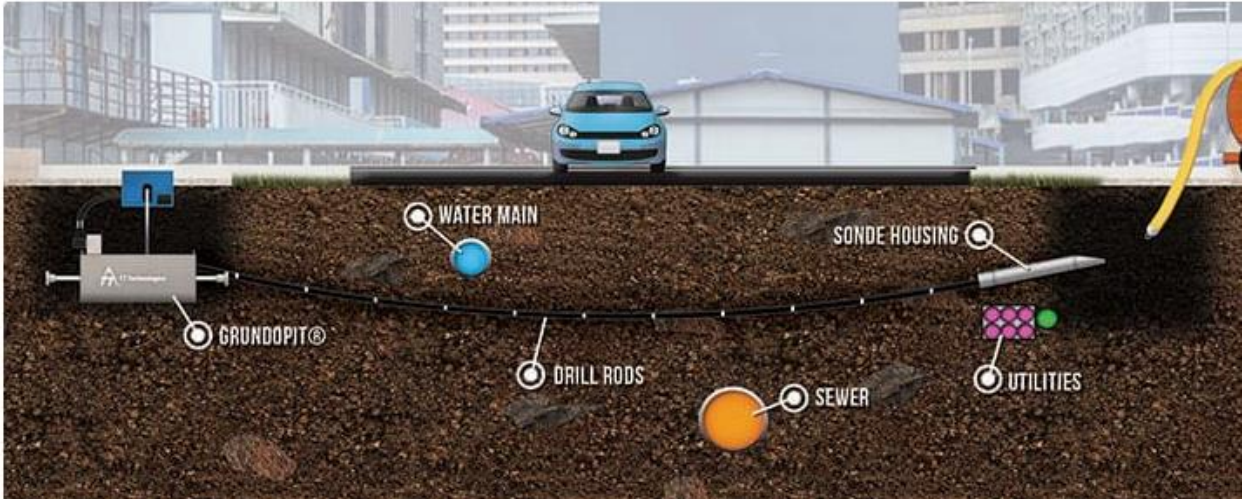


Figure 7-6: Pit Launched HDD
 Photo Courtesy of TT Technologies

Portable HDD

Portable HDD uses an HDD machine that can be transported by a two-person crew either inside a home or into an exterior pit. As with other HDD technologies, the drill head can be navigated in

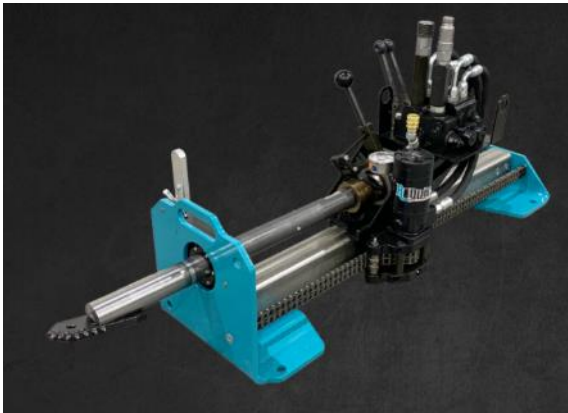


Figure 7-7: Portable HDD – Basement Buddy

various directions to avoid other utilities or obstructions and install the new water service in the proper alignment. An example portable HDD machine is the Basement Buddy shown in **Figure 7-7** below.

Advantages to this unit is that it gives the option of performing HDD from either inside or outside the house. It also has the smallest footprint of any of the HDD machines, easily transportable, and has a drill range of 200-feet (varies by the size of the unit). The drill stem lengths are typically 2-foot long. However, this unit is not typically used by local plumbers at this time.

A summary of the trenchless methods described above, including advantages and disadvantages, is included in **Table 7-1** below.

Table 7-1: Comparison of Trenchless Construction Methods

Technology	Description	Advantages	Disadvantages
Pipe Pulling	Insert cable into water service and pull existing water service out while simultaneously pulling new water service in.	<ul style="list-style-type: none"> ▪ Relatively inexpensive ▪ Minimize risk to impact other utilities ▪ Minimal operating space 	<ul style="list-style-type: none"> ▪ Cable could break resulting in open cut being required ▪ Cannot relocate service to an alternate alignment
Horizontal Boring	Pneumatic piercing tool (also referred to as the Bullet) that cannot be steered or otherwise guided.	<ul style="list-style-type: none"> ▪ Commonly used by local contractors ▪ Relatively inexpensive ▪ Minimal operating space ▪ Lightweight ▪ Can use in a variety of soil conditions 	<ul style="list-style-type: none"> ▪ Cannot steer or maneuver borehead ▪ Not accurate in certain soil conditions ▪ No ability to control if it goes off alignment
Surface Launched Horizontal Directional Drilling (HDD)	Standard directional drilling from surface utilized by many below grade utility contractors.	<ul style="list-style-type: none"> ▪ High level of borehead control ▪ Borehead steerable and maneuverable ▪ Can install water services long distances 	<ul style="list-style-type: none"> ▪ Large amount of working space required ▪ Not typically used for water service installation ▪ High level of training and experience required
Pit Launched HDD	Directional drilling when space limitations exist.	<ul style="list-style-type: none"> ▪ Steering head is maneuverable ▪ Good control ▪ Less work area required than HDD ▪ Potential to do services on either side of the street from the same pit 	<ul style="list-style-type: none"> ▪ Limited pool of contractors ▪ Operators require training
Portable HDD	Directional drilling from inside home.	<ul style="list-style-type: none"> ▪ If need pipe at an angle to avoid an exterior obstruction, and use this technology 	<ul style="list-style-type: none"> ▪ Limited pool of contractors ▪ Operators require training

To encourage efficiency, a standard process for decision making should be applied at all properties. The flow chart below, **Figure 7-8**, shows how the construction method should be determined for each home.

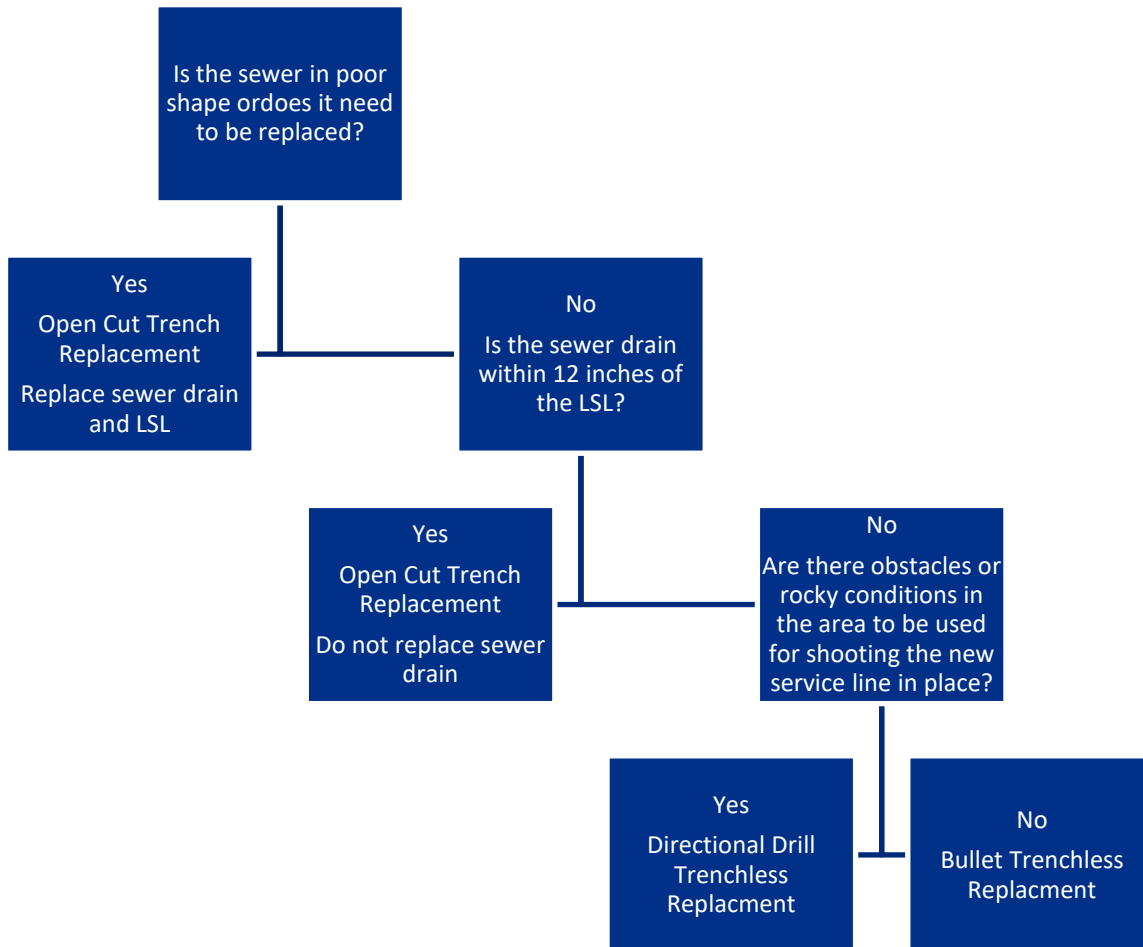


Figure 7-8. Flow chart to be used in determining construction method for each home.

7.3 Post-Construction

7.3.1 Restoration

Restoration costs can vary substantially between properties, depending on landscaping or if the basement is finished. Most programs cap the amount of funding that the utility will pay for private-side restoration. There needs to be clear early communication with the property owners regarding what level of restoration they can expect from the WWW versus what they will need to pay for themselves. Similarly, if the property owner would need to hire their own contractor to perform restoration (for example, to repair drywall) rather than use the contractor performing the LSLR, this should be made very clear to the property owner prior to the commencement of the work. Similar to the LSLR work itself, if restoration costs will be excessively born by the property owner, this will reduce participation. However, the equity of the program will likely be less affected by capped restoration costs because it is unlikely that low-income property owners will have the most expensive landscaping / basements.

For safety and health, restoration will include at least backfilling to grade and replanting grass over any dug areas (sod or seed). Including these items and limiting restoration costs beyond this

will encourage equity by covering items that apply to every property. Before construction, residents may be asked to move any landscaping (brick, pavers, benches, pots, etc.) out of the way of construction areas until work is complete. By having the resident move structures, this can cut down on the liability, time and costs associated with restoration.

Custom landscaping, finished basements, and other installed structures can drive up restoration costs for some property and introduce inequity into how program resources are allocated. Including a limit on the hours or dollars spent on restoration, beyond the required backfilling and grass coverage, for each house may provide a more equitable option. Additionally, this limit should include restrictions on what qualifies to prevent residents from using the restoration funds to install new landscaping or make improvements. A cash allocation for each resident may also be considered to encourage participation from residents with finish basements while avoiding the need for WWW to be involved in interior restoration. Any allocation should be limited, though, to keep the program equitable and keep restoration from driving up the program costs unnecessarily.

7.3.2 Hazardous Waste Identification and Removal

Hazardous waste is a concern when performing construction activities within residential properties, specifically lead based paint (LBP) and asbestos. To address this concern, it is recommended that testing is done prior to the start of construction. The preconstruction site investigation is a good time to take LBP and asbestos samples in the home as the presence of lead and/or asbestos in the work area may be determined. If the results show the presence of lead and/or asbestos, then removal by qualified individuals should be addressed before construction begins.

Another potential encounter with hazardous waste is with the existing lead service line. Although the pipe is made from lead, lead is a recyclable material and can be sold for scrap at any metal processing facility. Because reclamation is preferred over disposal, it is recommended to establish a contact with the nearest recycling facility to minimize transport costs.

7.3.3 Pre-Construction Sampling

The federal ruling included in EPA's 2021 Lead and Copper Rule Revisions does not set forth any requirements for performing pre-construction sampling of lead and copper from a homeowner's water system before replacement. Additionally, current WWW practices do not require pre-construction sampling prior to the disturbance or a lead service line, pre-construction sampling is not considered at this time.

7.3.4 Post-Construction Sampling

The EPA's Revised Lead and Copper Rule Revisions outline post-LSLR sampling requirements in 40 CFR 141.84. WWW will need to implement the following after LSL replacement work:

- The water system must offer to collect a follow up tap sample between three months and six months after completion of LSLR.
- The water system must provide the results of the sample in accordance with 40 CFR 141.85(d).

- For samples that do not exceed 15 ppb of lead, the timing of the notification must be no later than 30 days after the water system learns of the tap monitoring results.
- For samples that exceed 15 ppb of lead, the timing of the notification must be as soon as practicable, but no later than 3 calendar days after the water system learns of the tap monitoring results.
- The collection procedure (outlined in 40 CFR 141.86) requires the collection of the first liter after water has sat stagnant for a minimum of six hours. Pre-flushing is not allowed. The samples must be collected in wide-mouth bottles.
- Additionally, following each LSLR, systems must provide pitcher filters/cartridges to each customer for 6 months after replacement. These items must be provided before the service line is returned to service (outlined in 40 CFR 141.84(e)(3)).

7.3.5 Filter Distribution and Flushing

The federal requirements require filters to be distributed after the disturbance of a LSL such as after a meter replacement or lead connector replacement. All filters distributed to property owners must be certified by an accredited third-party certification body to NSF/ANSI 53 and NSF/ANSI 42 for the reduction of lead and particulate matter. In an emergency repair, filter distribution is required to the impacted property owner until such time the remaining portions of the service line are replaced.

If complete replacement of a lead service line cannot be made due to denial by the property owner, the regulations require the property owner to be fully responsible for installing and maintaining point-of-use filters certified by an accredited third-party certification body to NSF/ANSI 53 and NSF/ANSI 42 for the reduction of lead and particulate matter at all fixtures intended to supply water for the purposes of drinking, food preparation, or making formula. The filters shall continue to be supplied by the property owner until the property owner has replaced the remaining portions of the partial lead service line.

7.4 Data Management and Program Tracking

7.4.1 Data Collection Requirements

Documentation of the work done during a LSLR program is critical for ensuring compliance with federal regulations, updating WWW records, and tracking program progress.

There are multiple documents that will need to be tracked to cover program progress. This includes:

- Right of entry form (signed by homeowners) authorizing WWW to perform the work on private property
- Record drawings showing the location of the newly installed water service
- Outreach documents, including the flushing flyer and lead education material required in the LCRR (examples in Appendix B).

- Documentation of homeowners that refused to replace the private side of the LSLR and documentation of outreach attempts for homeowners that cannot be reached to sign the waiver
- Follow-up lead sampling results and sampling attempts
- Documentation of filter distribution

In order to continually improve the WWW service line inventory, the existing service line material for all homes inspected and receiving replacements should be recorded. This will be used to track the accuracy of the existing inventory and continually update it.

WWW will also need a system for general construction tracking, including shop drawing reviews, construction quantities, requests for information, change orders, and permits.

7.4.2 Program Dashboards

As WWW develops the LSLR program, data tracking will be a key component for monitoring program progress, updating the public and other stakeholders, and evaluating program gaps. A program dashboard is useful to track updates to the inventory, findings at each LSLR site, and progress towards milestones. **Figures 7-9 and 7-10** each show an example of the dashboard available from CDM Smith. This dashboard can help WWW track progress towards various goals in the LSLR program, and between different priority groups or contractors used in the program.



Figure 7-9. Example of the program tracking dashboard software available from CDM Smith.

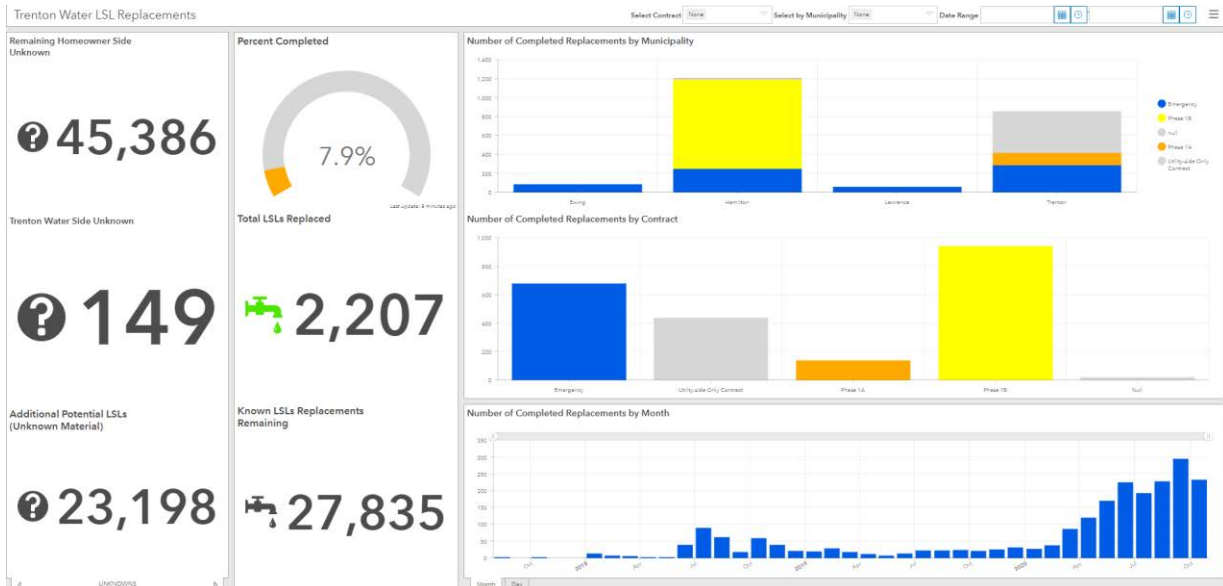


Figure 7-10. Example of the program tracking dashboard software available from CDM Smith.

Components of this dashboard may also be made available to the WI DNR and the public to share success stories, inform residents whether or when they may be eligible for the program, and track legal requirements for inventories and mandated replacement.

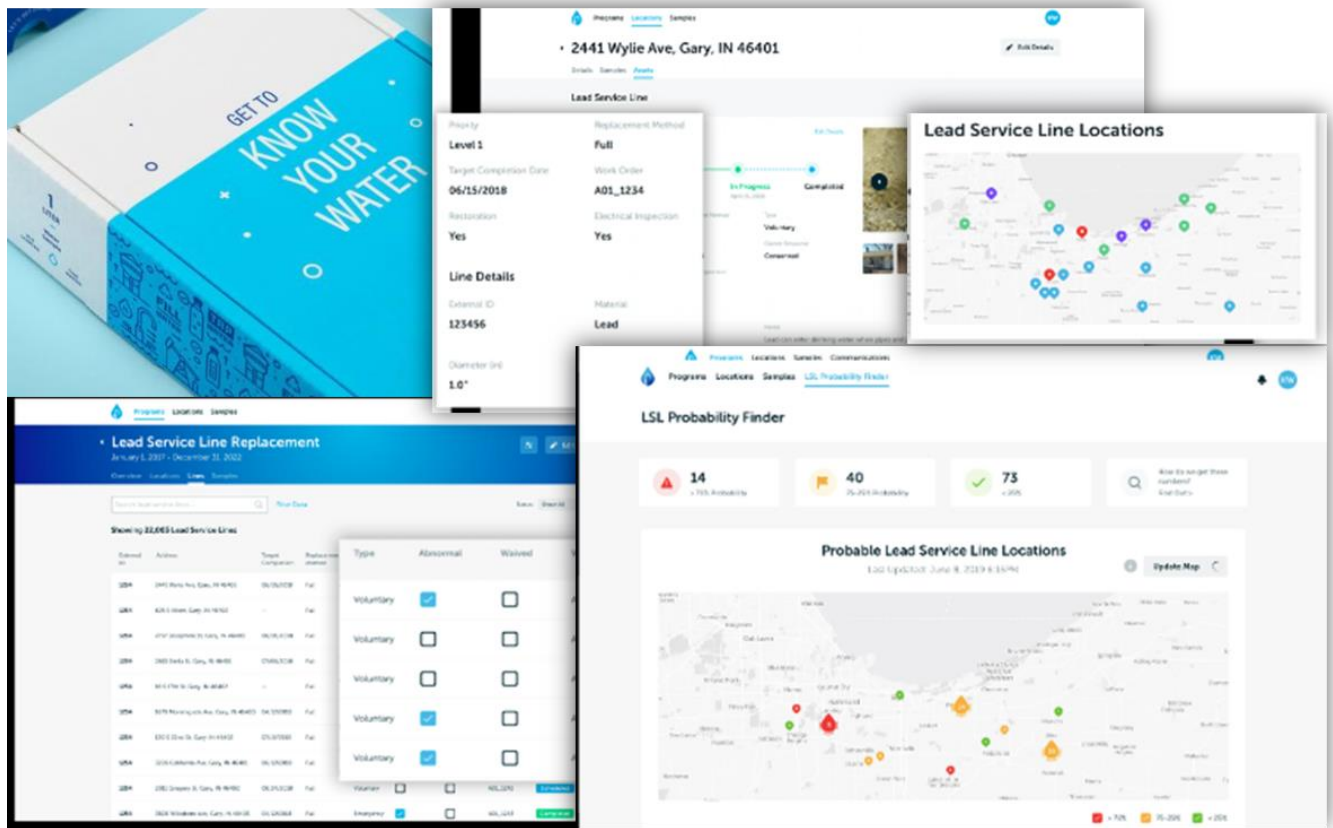
If WWW is only using the system for tracking program progress, dashboards can be built in PowerBI (a Microsoft program), Esri ArcGIS Dashboards, or Google Data Studio. These dashboards are easily customized to track specifically whatever WWW staff is interested in seeing.

7.4.3 Additional Program Tracking

There are several commercial software packages that integrate providing dashboards with more advanced features that can be useful in implementing LSLR programs, such as providing a portal for customers to upload documents related to LSLR or self-report their service line material. Some programs have also integrated shipping water sampling kits for the post-replacement lead sampling. The four main providers specifically for LSLR programs are 120 Water, leadCAST by Trinnex (a CDM Smith subsidiary), BlueConduit, and Esri's Lead Service Line Inventory Solutions.

7.4.3.1: 120 Water

The 120Water platform (<https://120water.com/>) is a software-as-a-service (SaaS) solution hosted in the cloud for full LCRR compliance management; 120 Water started with school and day care tap sampling using an innovative approach to streamline the sampling process. They offer drop-ship sampling kits that can be sent direct to the customer, then to the lab. The results are available in their platform. They also offer inventory management including machine learning and a public map. The 120Water software can meet all the requirements above.

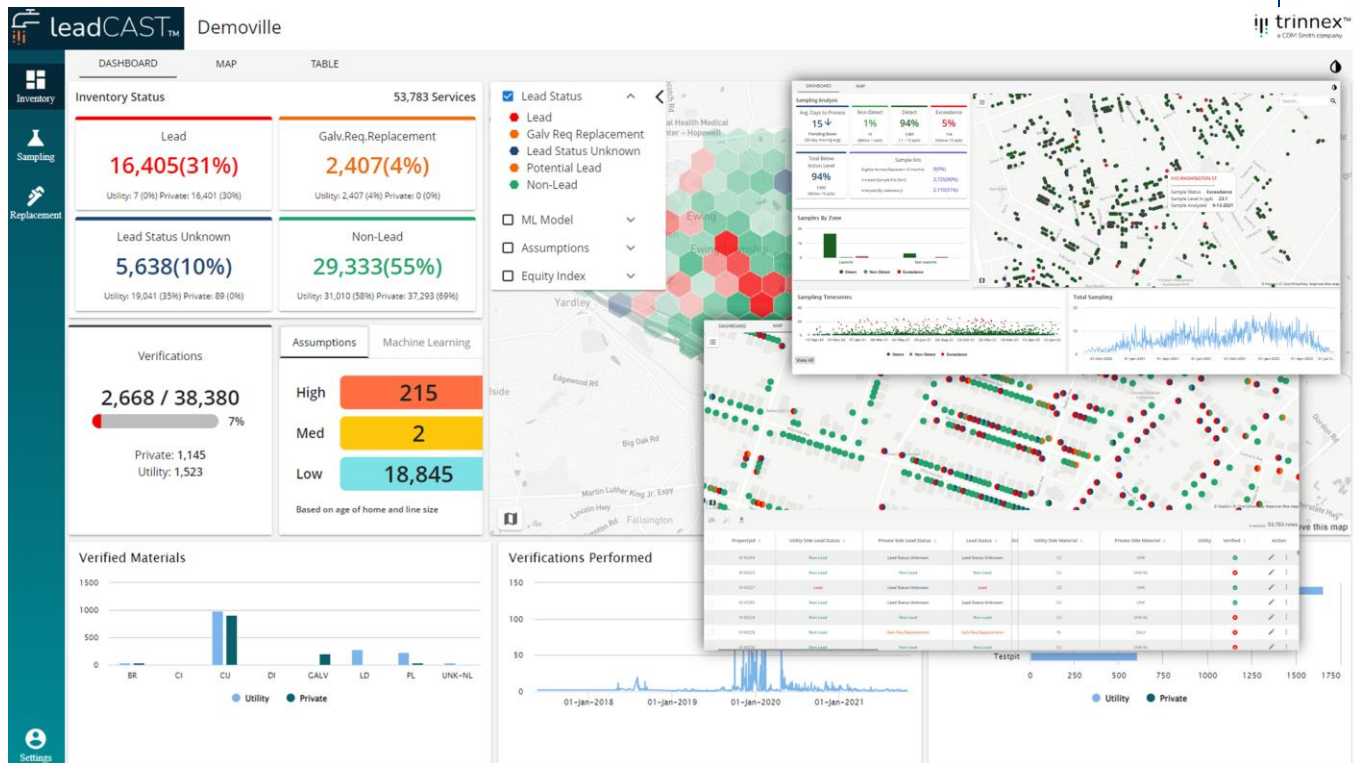


The 120Water platform was used for post-replacement sampling on Newark, NJ’s LSLR program managed by CDM Smith.

7.4.3.2: leadCAST by Trinnex

Trinnex is a wholly owned subsidiary of CDM Smith focusing on purpose-built software for utilities to solve today’s challenges. leadCAST (<https://www.trinnex.io/products/leadcast>) is a (SaaS) management system for LCRR programs and was built using lessons learning for Newark and Trenton’s fast-paced LSL replacement programs. The application was launched in February 2022 and offers inventory management, compliance sampling, public outreach, and compliance sampling. Trinnex has a partnership with SimpleLab to offer automated drop-ship sampling for water sampling.

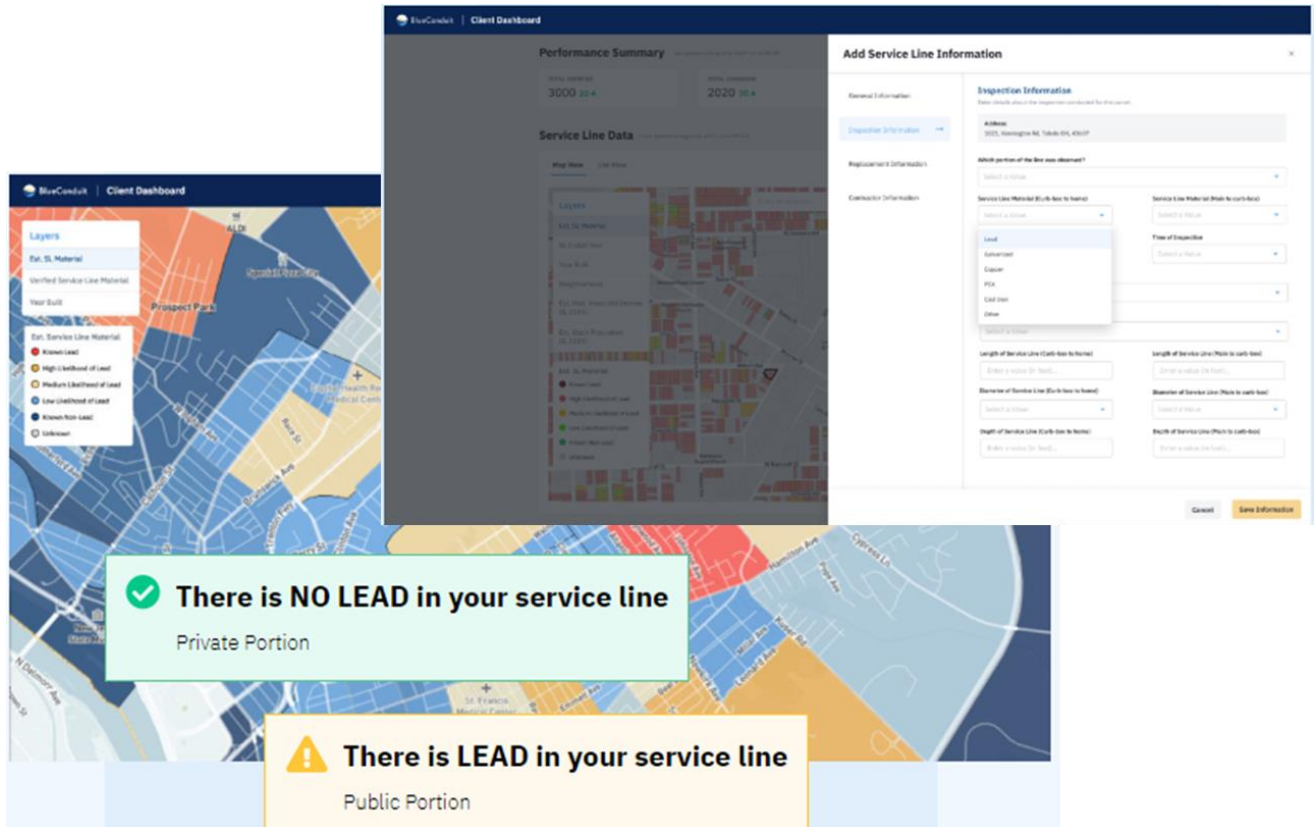
CDM Smith conceptualized leadCAST based on lessons learned from the Newark and Trenton programs and developed by Trinnex. The application has been deployed for a handful of clients.



7.4.3.3: BlueConduit

BlueConduit (<https://blueconduit.com/>) is a SaaS solution hosted in the cloud for full LCRR compliance management. BlueConduit started by performing machine learning models for Flint, MI. The company recently launched a new version of their platform that focuses on inventory management and machine learning and announced a partnership with SimpleLab for drop-ship sampling. BlueConduit pioneered machine learning for identifying LSLs and has the strongest machine learning model of any of the software packages.

BlueConduit's machine learning model is in use for the Trenton, NJ, LSLR program managed by CDM Smith.

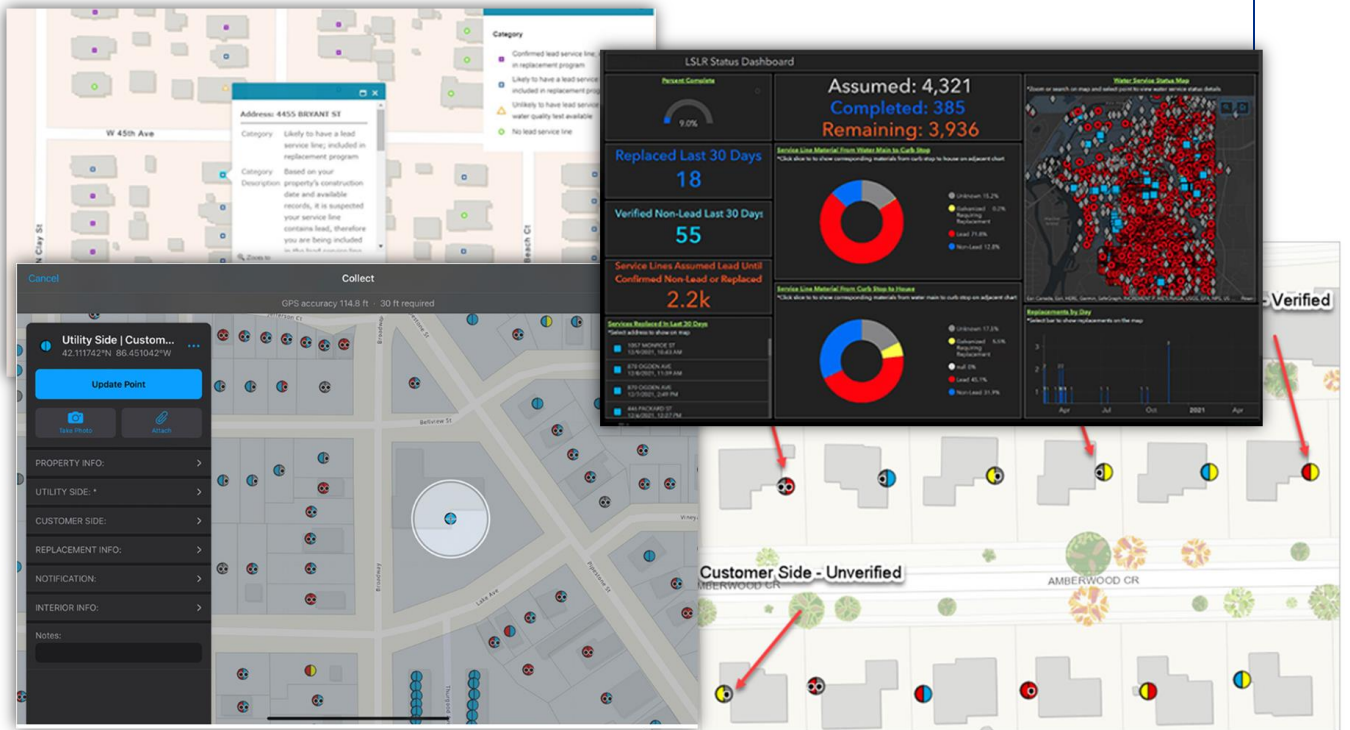


7.4.3.4: Esri’s Lead Service Line Inventory Solution

Esri offers a solution for developing a maintaining a service line inventory within ArcGIS Online (AGO) leveraging several of their existing applications. The solution is deployed to AGO with a template database and preconfigured applications for field collection and reporting using dashboards and their Hub portal. The solution offers a quick way for a utility to develop an inventory from existing GIS and easily integrates the inventory back into the GIS.

The potential limitations are that it requires a GIS expert to set it up and maintain. The solution is also limited to inventory development and does not offer anything for compliance sampling.

Additional information can be found at: <https://doc.arcgis.com/en/arcgis-solutions/latest/reference/introduction-to-lead-service-line-inventory.htm>



CDM Smith has used the data model and field inspection tools as a starting point for clients in the past.

Appendix A

Example Door Hangers



Lead Service Line Replacement Program (LSLR)
www.LeadSafeChicago.org

Interested in replacing your lead service line? Chicago has launched two programs to help!

HOMEOWNER-INITIATED LSLR PROGRAM

Waiver for standard permit fees for LSLR up to \$3,100

The City will waive up to \$3,100 of permit fees for homeowners who hire their own licensed plumber to replace their lead service line.

This program is open to all Chicago properties.

For more informative visit www.lead-safe-chicago.org/lead-service-line-replacement

EQUITY LSLR PROGRAM

FREE lead service line replacement for low-income homeowners

You may qualify if you:

- Own and live in your home
- Have a household income below 80% of the area median income (\$74,550 for a family of four)

Interested in applying? Here's what to do next!

Submit your Equity LSLR Application today!
Complete the online application at www.ChicagoWaterQuality.org/LSLREquity
OR
Call 312-742-2406 to have an application mailed to you to fill out & return to DWM



Scan for Equity Application

Get your water tested for lead for FREE!

Sign up by calling 311 OR at www.ChicagoWaterQuality.org



Scan for Water Testing

REMINDER:

The Middlesex Water Company RENEW Program is coming to your street next week

DATE _____

The **RENEW** effort includes installing **NEW** below-ground meter pits and replacing cast iron water mains and water service lines in your area.

As part of your water main upgrade on your street, we will be digging “test pits”, small holes, where the customer service line starts.

These holes will be used to determine if your customer-owned service line has lead or galvanized (lead-containing material).



The hole will be temporarily closed up the same day. In a few months, once the new water main, new meter pits and new services lines are replaced, the hole will be permanently closed and the area restored it to its former appearance.

The day we dig the hole, information about your service line will be left on your door indicating:

✓ YES
Your service line IS lead or contains lead

⊗ NO
Your service line DOES NOT contain lead

Middlesex Water Company will replace your service line at no direct cost.

Middlesex Water Company will only replace the part of the service line from the main to the new meter pit. We will connect to your existing service line.

For more information

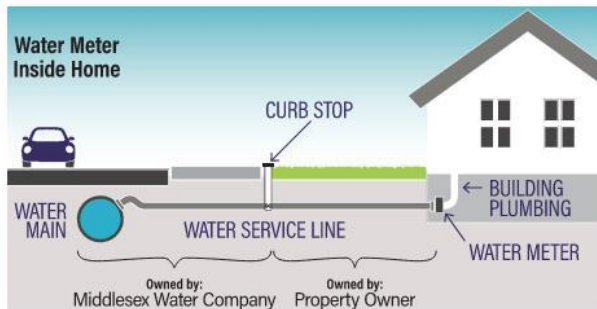
Visit: www.waterfortomorrowmwc.com/renew/ to learn about **RENEW** and lead service lines

Visit: www.middlesexwater.com/customer-care/get-the-lead-out/ to learn about lead service line replacement

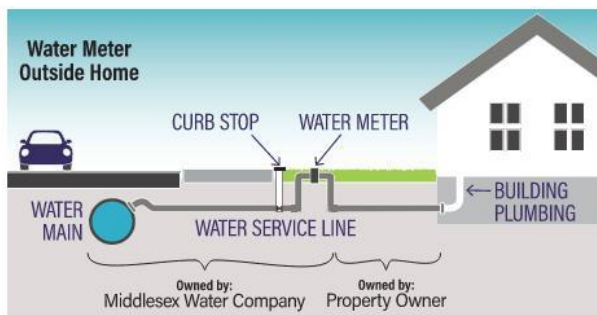
Call: 800-549-3802

Who owns the water service line?

Service line ownership is shared between the Middlesex Water Company and property owners and depends on your water meter location.



If your water meter is located **inside** your home or building, the Middlesex Water Company owns the service line from the main in the street to the curb stop, typically at the property line or in the sidewalk. The property owner owns the service line from the curb stop to the meter inside the home.



If your water meter is in a pit **outside** your home or building, the Middlesex Water Company owns the service line from the main in the street to the meter, including the meter. The property owner owns the service line from the meter to the connection to the plumbing inside the home.

This is the start of Middlesex Water Company's lead service line replacement program. We will replace all lead and galvanized service lines, including those on the customer side, at no direct cost to the property owner.



The Middlesex Water Company **RENEW** Program

DATE

HOUSE NUMBER AND STREET

Today, construction crews dug a test pit (small hole) to identify your service line material in your yard, sidewalk, or driveway where the customer service line starts.

RESULTS

- Yes, your service line is **LEAD**.
Your material is:
 - Lead Galvanized *(may contain lead)*
- No, your service line is **NOT LEAD**.
Your material is:
 - Plastic Copper
 - Other _____

Turn this card over for next steps! 





If your service line **IS NOT lead or galvanized,** you do not have to take action.

You will get a new meter box and the service line owned by the Middlesex Water Company between the new water main and the meter box will be replaced in the coming weeks.



If your service lines **IS lead or galvanized,** Middlesex Water Company will replace it at no direct cost to you in the coming weeks.

To replace your service line, we will need inside access to your house to connect to your home plumbing.

Contact our contractor, **JF Kiely Construction**, to schedule a service replacement.

Scan the QR code or call:



(888)-429-0437

<https://mwc.kielyconnects.com>

For more information

Visit: www.waterfortomorrowmwc.com/renew/
to learn about RENEW and lead service lines

Visit: www.middlesexwater.com/customer-care/get-the-lead-out/
to learn about lead service line replacement

Call: 800-549-3802

Appendix B

Post-LSLR Flushing Instructions

Flushing After your Lead Service Line Replacement

After your lead service line has been replaced, it is important to flush all of the pipes in your house. Flushing will remove any lead that may have entered the pipes in your house during construction. You should flush all interior plumbing the same day or before the next time you use your water. **DO NOT USE** hot water until the initial flushing is completed to prevent lead particles from settling in your hot water tank.



Flushing Instructions

1. Find all the faucets that will drain, including the basement and all floors in your house.
2. Remove aerators and screens whenever possible, including the shower heads, from all faucets you plan to flush. Include the laundry tubs, hose-bibs, bathtubs, and showers as flushing points.
3. After all the aerators are off, open the faucets in the basement or lowest floor in the house. Leave all faucets running at highest rate possible, using cold water.
4. After the faucets are all open in lowest floor, open the faucets on next highest floor of the house. Continue until faucets are open on all floors.
5. After all faucets are opened, leave the water running for at least 30 minutes.
6. After 30 minutes, turn off the first faucet you opened; continue to turn off other faucets in the same order you turned them on.
7. Clean aerators/screens at each faucet. You may need to replace screens/aerators if too old or worn. Conduct a 30 minute flush every other week for three months.

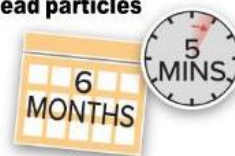


Cleaning Your Aerator

1. Remove faucet aerators and clean out any particles that may have accumulated there. The aerator is usually at the tip of the faucet and can be screwed off to clean.
2. After your lead service line is replaced, clean debris from aerators and screens once a month for six months. After six months, clean debris twice a year.

Daily Flushing

Daily flushes should continue for six months after your lead service line is replaced as lead particles can get into the pipes from construction. Flush water through the plumbing in your house for 5 minutes each morning (or after an extended period of no water usage) before drinking.



NOTE: Taking a shower, running the dishwasher or flushing a toilet will flush your lines.

Filters

Continue to use your point-of-use filters for at least 6 months after a lead service line replacement. Remember to change the cartridges as needed.

Appendix C

Other Outreach Examples – Middlesex Water Company



RENEW Program



Middlesex Water Company (Middlesex Water) is making improvements in your neighborhood to upgrade aging water infrastructure and remove lead service lines. The steps listed below describe the process of getting your lead service line replaced and where we need your help.

Lead and galvanized pipe should be replaced to minimize lead exposure and maintain good water quality

BEFORE YOUR SERVICE LINE IS REPLACED

1 Middlesex Water will be making some water system upgrades on your street. To prepare for construction, we dug a small hole in front of your home and found that **the water service line on your property is made of lead or galvanized steel and needs to be replaced.**

2 Middlesex Water's contractor J.F. Kiely left a door hanger telling you that the water service line needs to be replaced. You will also receive a water filter pitcher, information about lead service line replacements, and a right-of-entry form.



3 Sign the right-of-entry form and schedule your replacement by using the phone number, website link or QR code shown here. The right-of-entry form gives your permission to the contractor to work on your property.

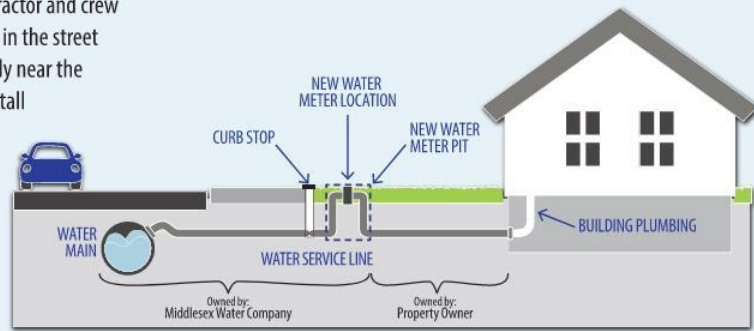


mwc.kielyconnects.com
888-429-0437

DURING YOUR SERVICE LINE REPLACEMENT

4 To get to the pipes underground, the contractor and crew will dig up two 4-foot by 4-foot areas – one in the street and one at the curb stop in the yard, probably near the sidewalk or curb. The contractor will also install a new water meter pit near the curb box.

5 The old service line will be replaced with a copper line. The new line will be connected to the water main in the street at one end and your building plumbing at the other.



6 Once the new service line is installed, the contractor will test the new pipe and run water through to flush out debris and lead particles.



7 The contractor will temporarily patch holes in the yard and street to allow for settling. A contractor will return to install a new water meter inside the new meter pit and remove the water meter inside your home. The holes in the yard will then be restored to pre-work conditions with seeding, concrete, or paving.



Temporary asphalt repair patch in street and/or sidewalk after service line replacement.



Permanent sidewalk repair at the curb stop.



Temporary backfilled holes in your yard are filled with soil and left to settle.



Final yard seeding occurs 3-4 months after the initial patch. Water seeds for best results!

QUESTIONS:

800-549-3802



For more information on the RENEW program, see: waterfortomorrowmwc.com/renew

For more information on Middlesex Water's Get the Lead Out Program, visit: middlesexwater.com/customer-care/get-the-lead-out



RENEW Program



FLUSHING YOUR PLUMBING AFTER YOUR SERVICE LINE REPLACEMENT

Whole Building Flushing Instructions

1. Find all the faucets that will drain, including the basement and on all floors in your house.
2. Remove aerators and screens whenever possible, including the shower heads, from all faucets you plan to flush. Include the laundry tubs, hose-bibs, bathtubs, and showers as flushing points.
3. Open the faucets in the basement or lowest floor in the house. Leave all faucets running at highest rate possible, using cold water.
4. Open the faucets on next highest floor of the house. Continue until faucets are open on all floors.
5. After all faucets are opened, leave the water running for at least 30 minutes.
6. After 30 minutes, turn off the first faucet you opened and continue to turn off other faucets in the same order you turned them on.
7. Clean aerators/screens at each faucet. You may need to replace screens/aerators if too old or worn. Conduct a 30 minute flush every other week for three months.



Cleaning Your Aerator

1. Remove faucet aerators and clean out any particles. The aerator is usually at the tip of the faucet and can be screwed off to clean.
2. After your lead service line is replaced, clean debris from aerators and screens once a month for six months. After six months, clean debris twice a year.



5-Minute Daily Flushing

Continue smaller-scale daily flushes for at least 6 months after your lead service line is replaced. Flush water through the plumbing in your house for 5 minutes each morning (or after an extended period of no water usage) before drinking.



NOTE: Taking a shower, running the dishwasher or flushing a toilet will flush your lines.

USING A PITCHER FILTER

The Environmental Protection Agency recommends using a pitcher filter certified to NSF 53 standards for 6 months after replacing water pipes that have lead.

Follow the manufacturer's instructions included with your filter packaging to know when and how to change the filter cartridge.



SAMPLING AFTER SERVICE LINE REPLACEMENT

Middlesex Water will be contacting you in 3 to 6 months to schedule a time to take a water sample. The results of this free test will confirm if the lead has been flushed out of your new service line.

PLUMBING FLUSHING AFTER SERVICE LINE REPLACEMENT

<p>AFTER NEW SERVICE LINE IS INSTALLED Complete the whole building flushing process, including cleaning faucet aerators</p>	<p>FOR 3 MONTHS AFTER INSTALLATION Perform whole building flushing every other week and clean aerators</p>	<p>FOR 6 MONTHS AFTER INSTALLATION Continue 5-minute daily flushing, use a filter pitcher, and schedule a free water sample test</p>
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QUESTIONS:

800-549-3802



For more information on the RENEW program, see: waterfortomorrowwc.com/renew

For more information on Middlesex Water's Get the Lead Out Program, visit: middlesexwater.com/customer-care/get-the-lead-out

JOINT FINANCE & ECONOMIC DEVELOPMENT COMMITTEES

Date and Time: Tuesday, April 25, 2023 @ 5:15 pm., Council Chambers

Finance Members Present: Lisa Rasmussen, Michael Martens, Carol Lukens, Sarah Watson, Doug Diny

ED Members Present: Sarah Watson, Chad Henke, Tom Kilian, Carol Lukens, Lisa Rasmussen

Others Present: Maryanne Groat, Anne Jacobson, Eric Lindman, Matt Barnes, Ben Bliven, Randy Fifrlick, Brad Lenz, Dustin Kraege, Allen Wesolowski, Gary Gisselman, Katie Rosenberg, Mary Goede

In accordance with Chapter 19, Wisc. Statutes, notice of this joint meeting was posted and sent to the Daily Herald in the proper manner. The Finance Committee was called to order by Chairperson Lisa Rasmussen and Economic Development Committee was called to order by Chairperson Sarah Watson.

No open session discussion of Closed Session item.

CLOSED SESSION pursuant to 19.85(1)(e) of the Wisconsin Statutes for deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive or bargaining reasons require a closed session: relating to approval purchasing properties located at 103, 105, 111 Winton Street and portion of 402-406 Winton Street lying west of the railroad tracks

Motion by Martens, second by Lukens to convene the Finance Committee in Closed Session. Roll Call Vote – Ayes: Diny, Martens, Lukens, Watson, and Rasmussen. Motion carried unanimously.

Motion by Henke, second by Kilian to convene the Economic Development Committee in Closed Session. Roll Call Vote – Ayes: Henke, Kilian, Lukens, Rasmussen, and Watson. Motion carried unanimously.

Finance & ED convened in Closed Session in the Maple Room.

Reconvened into Open Session at 5:53 pm.

Discussion and possible action approving Offer to Purchase County Materials property at 103, 105, 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks and related budget modification.

Finance Committee vote

Motion by Martens, second by Watson to direct staff to move forward with the purchase of the properties. Motion carried 4-1. (*Diny was the dissenting vote.*)

Tom Kilian expressed some apprehensions with this property which apparently had a history of industry and a turpentine company there, and with no idea what our liability or exposure may be at this point without inquiring with the DNR and following the process that may lead to liability exemption, he couldn't support it. He felt that moving forward there needed to be a cohesive, consistent environmental policy on how we approach and address these types of properties.

Lisa Rasmussen commented the entire riverfront as we see it today has come to fruition because as a local unit of government we have not shied away from environmentally challenged properties. She pointed out often units of government are the only ones that are able to secure certain grant funding to remediate areas like this that need some help and could have a productive public person.

ED Committee vote

Motion by Henke, second by Rasmussen to direct staff to move forward with the purchase of the properties. Motion carried 4-1. (*Kilian was the dissenting vote.*)

ED Adjournment

Motion by Henke, second by Kilian to adjourn the Economic Development Committee. Motion carried unanimously. ED adjourned at 5:56 pm.

Finance continued with remaining agenda items.

Minutes of the previous meeting(s): (3/28/23 & 4/11/23)

Motion by Lukens, second by Diny to approve the minutes. Motion carried 5-0.

Discussion and possible action regarding ARPA funding requests and related budget modification

Eric Lindman explained the west Wausau tower is a primary location for some large pumps the utility has that need to be replaced and needs a backup generator. All of the communications for both water and wastewater go through that site, so backup is needed in the event of a power outage where we'd have to bring people in to monitor the water wells and lift stations throughout the city. He noted it was initially budgeted in the 2023 budget, but since we are not borrowing this year, it is an ARPA request, and we also have a request into the DNR for principal forgiveness. He stated there is a long lead time on the equipment so they would like to move forward with it and if any additional funds are received from the DNR they would be used to offset the request. Lisa Rasmussen indicated this request will be rated by the committee for the next meeting.

Discussion and Possible Action to Approve Starting Wage Increases and Promotions at the Beginning of the Pay Period

Rasmussen noted this comes from the HR Committee due to the switch over to Workday for easier tracking.

Motion by Diny, second by Martens to approve. Motion carried 5-0.

Discussion and Possible Action to Classify Newly Created Fleet Analyst Position (Approved in 2023 Budget).

No Discussion.

Motion by Diny, second by Lukens to approve. Motion carried 5-0.

Discussion and possible action on Production Agreement between Wausau School District Board of Education and Administration and City of Wausau

No Discussion.

Motion by Lukens, second by Watson to approve. Motion carried 5-0.

Discussion and possible action regarding budget modification request to reallocate 2022 CIP funds (Police Dept)

Rasmussen stated the memo explains PD would convert some of their office space to use it more efficiently within the confines of their building and will delay the fencing request.

Motion by Watson, second by Diny to approve. Motion carried 5-0.

Discussion and possible action on authorizing the write-off of certain uncollectible delinquent personal property tax accounts from the City's accounting records.

Rasmussen stated this is an annual housekeeping procedure, but the legal department will continue to try to collect the debt.

Motion by Watson, second by Martens to approve. Motion carried 5-0.

Discussion and possible action on Tourism Entity Agreement between the City of Wausau, Room Tax Commission and the Wausau Central Wisconsin Convention & Visitors Bureau, Inc.

Rasmussen explained this is a renewal the city's agreement that has been in place since the new leadership of the CVB. She noted the Director of CVB is invited to the May 9th Council meeting to present on their results. The Room Tax Commission approved it for another year and will discuss a longer term at the next renewal.

Motion by Martens, second by Diny to approve. Motion carried 5-0.

Discussion and possible action on a budget modification for the 48th Ave Sewer Interceptor Replacement Project.

Eric Lindman explained this project is quite complicated because we are dealing with three different railroads and two separate power companies and the design on this has been going on for over two years. The railroads have required us to move the line and to use different materials resulting in additional costs, as well as pay to move electrical. He indicated they were still working on getting the permits and the project has been bid. He estimated almost \$100,000 is due to working with the railroads whose inspectors have to be on site during the project.

Motion by Lukens, second by Watson to approve the budget modification. Motion carried 5-0.

Discussion and possible action on a budget modification for the Riverside Environmental Remediation Project.

Maryanne Groat noted it is proposed to be funded from the Environmental Fund.

Motion by Watson, second by Diny to approve. Motion carried 5-0.

Discussion and possible action closing the McClellan Ramp beginning June 1, 2023

Rasmussen indicated the Walker Parking Report states the ramp is past the end of its life and there would be substantial expense to maintain it and keep it safe to use. The plan is to close it and relocate the parkers and permit holders to other facilities.

Allen Wesolowski, Engineering, stated the ramps were constructed in 1976 and are approaching their 50-year life. Routine maintenance has been done on a three-year cycle. Recently, the condition of the ramp was re-evaluated due to concerns with falling concrete and excessive deterioration. He indicated there is failing concrete, deteriorated waterproofing, joints that are bad, storm sewer drains are bad, and also shoring that would need to be done because of excessive deterioration in the beams and columns. He recommended closing the ramp this year so as not to incur any of those costs.

Rasmussen stated there was ample space in the Jefferson Street ramp to move the parkers to. Maryanne Groat stated the Jefferson Ramp was in the 30% occupancy range and even lower in some of the other ramps.

Michael Martens questioned if the LED lights in the ramp would be saved and Lindman indicated they would be repurposed.

Doug Diny questioned the timeline for taking the structure down. Lindman stated they proposed to take it down in early 2024. Diny questioned if the city would be obligated to put another ramp in that place per the agreement. Anne Jacobson stated they have been in breach of the contract already because a skywalk was never put in. Diny questioned what they envisioned for the property. Lindman stated in the 2024 budget they would propose to pave the gravel lot to the north for parking and after demolition of the McClellan Ramp the property would go back to green space for potential development.

Motion by Watson, second by Martens to approve closing the McClellan Ramp. Motion carried 5-0.

Discussion and possible action regarding a budget modification for Professional Services (grant writing).

Maryanne Groat stated staff discussed all the funds that will be coming down through the Federal government in the near future requiring us to respond, many of them with short turn around. There were not the staff resources to respond to those types of requests, so this would give us funding to reach out to engineering firms or the appropriate expertise to respond to those applications and get them done well to be competitive. The proposal is to take it out of carryover dollars and if we don't use them it would stay in the General Fund.

Motion by Watson, second by Lukens to approve the budget modification. Motion carried 5-0.

Adjournment

Motion by Diny, second by Lukens to adjourn the Finance Committee. Motion carried unanimously. Joint meeting adjourned at 6:25 pm.

CITY OF WAUSAU
AMERICAN RESCUE PLAN - SLFRF APPLICATION
Water Sewer and Broad Band Infrastructure

Water, Sewer and Broadband infrastructure this category is available to address the consequences of deferred maintenance in drinking water systems, treatment of sewage and stormwater along with resiliency measures to adapt to climate change. In addition the funds may be used for broad band investment and cybersecurity investments. Common examples would include:

- * Sewage and Stormwater projects must be eligible under the EPA's Clean Water State Revolving Fund
- * Water projects must be eligible under the EPA's Drinking Water State Revolving Fund
- * Broad band infrastructure must respond to lack of reliable service or affordable service



Project Title	West Wausau Tower Backup Power Supply		
Department	DPWU	Contact Name:	Eric Lindman
Priority 1-6 (low-high)	5 - Urgent		

6=Emergency, 5=Urgent, 4=High Priority, 3 Medium Priority, 2 Low Priority, 1 No Priority

Project Type (Check all that apply)

<input checked="" type="checkbox"/>	Sewage Infrastructure		Broadband Infrastructure
	Stormwater Infrastructure		Cybersecurity Investment
<input checked="" type="checkbox"/>	Water Infrastructure		

PROJECT DESCRIPTION

Provide a description of the project, purchase or service attach additional information if needed

The West Wausau water storage facility has a primary booster pump station and houses critical infrastructure for the water and sewer utility related to city wide communications between facilities. This project would replace the existing booster pumps, install VFD's, install electrical switchgear and a backup natural gas generator to run the booster station, maintain critical communication and data gathering during a power outage. Replacing the pumps and adding variable frequency drives (VFD) allows for a much more economical and smaller generator making the project more economical.

WATER, SEWAGE AND STORMWATER PROJECT- CHECK THOSE THAT APPLY

<input checked="" type="checkbox"/>	Addresses critical health or safety hazard.		This project was identified and deferred on prior years capital/operating budget
<input checked="" type="checkbox"/>	Required to achieve or maintain an adequate level of service		Expands existing service into an undeveloped area.
<input checked="" type="checkbox"/>	Provides new service, facility, system or equipment.	<input checked="" type="checkbox"/>	Repairs, replaces or prevents a breakdown of an existing infrastructure

PROJECT OR PURCHASE JUSTIFICATION

Describe physical condition, demand/capacity, functionality and/or safety concerns or revenue generating potential that justifies the project, purchase or acquisition

The West Wausau water storage facility has a pump station and communication repeater which communicates and relays information for all of our water wells, sewer lift stations, water booster stations throughout the city. The West Wausau Tower controls the drinking water storage throughout the city. The water system is fully automated and the water level in the this water storage facility determines when the water wells are needed to pump water to the system. All of the information that is collected from the distribution system and collection system is relayed from this location to each of the treatment facilities where the data is used with our Supervisory Control and Data Acquisition (SCADA) software. Up until now the city has relied on a portable generators when needed and hope that power would not fail at this location which shuts down the SCADA system.

IMPACT ON DEFERRED IMPLEMENTATION/PURCHASE

Describe how project deferral will impact future asset maintenance, economic growth, quality of service, efficiency or effectiveness, quality of life, safety, financing or other issues.

SCADA is the automation software that controls all of the water and wastewater facilities throughout the City. Should the communications go down and the facilities cannot "talk" to each other then the automation and sensors in the system will not operate. All of these sensors and communication tell the wells when to start for drinking water, when a lift station should pump, when a booster station should start and it tells us when water is running low in the reservoirs. Without SCADA each one of the 26 lift stations, each booster station and all of the water wells will need to be operated by hand.

RETURN ON INVESTMENT

Describe the financial benefits, cost savings or payback of the capital project such as grant funding, cost avoidance, future debt avoidance or operational cost or income benefits

Having back up power supply at this location is essential for ensuring redundancy for both the water and wastewater systems. Reliability and redundancy is essential for utilities to operate and provide safe drinking water and adequate wastewater during emergency events.

WATER, SEWER, STORMWATER AND BROADBAND INFRASTRUCTURE - FINANCIAL DETAIL

DPWU

ONE TIME EXPENSE	2022	2023	2024	2025	2026	Total
Planning /Design						-
LandAcquisition						-
Engineering Study & Data Collection		60,000				60,000
Equipment Purchase & Installation		190,000				190,000
Other(Describe)						-
Total Costs	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000

FUNDING SOURCES

ARPA Funding						-
Donations						-
User Fees						-
Debt Issuance						-
Other Grant Income						-
Other (Describe)						-
Total Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shortfall	\$ -	\$ 250,000	\$ -	\$ -	\$ -	\$ 250,000

ONGOING NEW OPERATIONAL EXP	2022	2023	2024	2025	2026	Total
Staff Costs						-
Contractual Services						-
Supplies/Materials						-
Maintenance						-
Other (Describe)						-
Total Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

FUNDING SOURCES

ARPA Funding						-
Donations						-
User Fees						-
Other Grant Income						-
Other (Describe)						-
Total Funding Sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Shortfall	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

IDENTIFY ONGOING FUNDING SOURCE FOR NEW OPERATIONAL EXPENSES AFTER THE ARPA GRANT PERIOD

DESCRIBE EVENTS OR CIRCUMSTANCES THAT WOULD PREVENT COSTS FROM BEING OBLIGATED BY DECEMBER 31, 2024 AND EXPENDED BY DECEMBER 31, 2026 attach additional information if needed

CITY OF WAUSAU				
ARPA FUNDS EVALUATION CRITERIA				
CRITERIA	POSSIBLE SCORE			West Wausau Tower Back Up Power Supply \$250,000
	0 points	1-5 points	6-10 points	
ALIGN WITH PRIORITIES: How well does the proposal align with the community's funding priorities? Does it support a livable community, fiscally sustainable government, environmentally sustainable community, and an improved & equitable quality of life?	Project is inconsistent with community priorities and does not advance community service.	Project is partly consistent with priorities but does not significantly advance community service.	Project is directly related to the community priorities and community service.	
OTHER FUNDING SOURCES: Are there other federal/state ARPA alternative funding opportunities (such as the federal infrastructure bill) that could replace or supplement the request? Have these other funding sources been considered? Could the project/proposal be phased to accommodate other federal/state ARPA sources?	Alternative funding sources may be available but have not been explored, considered or leveraged.	Alternative funding sources may be available and will be leveraged if possible.	No alternate funding sources exist or alternative funding sources have already been leveraged to maximize the investment.	
TIMELINE : Can the proposal be implemented and completed within the ARPA program deadlines? Obligated by 12/31/2024 and expended by 12/31/2026	Project timeline is not well defined and does not clearly establish a work completion within the timeline. Project completion is near the end the ARPA requirements	Project timeline is lengthy but demonstrates that completion is within the ARPA requirements.	Project timeline clearly demonstrates that work will conclude within the short term (1 year or less).	
COST: While projects funded with ARPA should be impactful best practices indicate the funds should be spread over the qualifying period to enhance budgetary and financial stability. Does the proposal represent a reasonable allocation of resources relative to other community proposals?	Project exhausts all or the majority of funds immediately.	Project ARPA funding request is requires a significant ARPA allocation. However, the project provides for phases which allows for flexibility of unexpected City needs and priorities.	Project ARPA funding request is reasonable to the City overall ARPA allocation. The funding request allows the City to diversify the ARPA investments. Significant projects may be allocated in phases to provide future flexibility of unexpected needs and priorities.	
RESIDENT IMPACT: What portion of the community would benefit from this proposal?	Proposal fails to identify positive impact nor identifies populations benefitted	Proposal demonstrates a positive impact on a material portion of the population 25-75%	Project demonstrates a strong positive impact on a significant portion of the population	
IMPACT ON FUTURE BUDGETS: Will this proposal require ongoing funding? Will it reduce or increase ongoing operating expenses? Will the project produce additional annual revenues?	Project creates a new funding dependency and future tax levy pressure.	Project would have a neutral impact on personnel or other operating costs or revenues. Project is budget neutral.	Project decreases future operating costs, increase operating revenues, eliminates future debt issuance.	
COMPLEXITY AND READINESS: Is the project or proposal complex with multiple phases before implementation can begin? Does the project or proposal require outside approvals or oversight? Does a clear implementation plan exist? What complications could arise to prevent this project from achieving its intended goals?	Project is unable to proceed due to obstacles such as land acquisition, easements, designs and other approvals. Project is not shovel ready.	Minor obstacles, plans or details exist but should not impact a timely implementation.	Project is entirely ready to proceed. No obstacles exist.	
CENSUS TRACT ELIBILITY: Does the proposal/project fall within a census tract or benefit those vulnerable populations and those disproportionately negatively impacted by COVID19?	This project/proposal is not located in a census tract and not designed to benefit those disporportionately negatively impacted by COVID as interpreted by ARPA regulations?	This project/proposal is not located in a census tract but will benefit all citizens including those disporportionately negatively impacted by COVID as interpreted by ARPA regulations?	This project/proposal is located in a census tract or is considered to benefit those disporportionately negatively impacted by COVID as interpreted by ARPA regulations?	
IMPACT OF DEFERRAL: What is the impact of the deferral? Will costs go up? Will the City be out of compliance with mandates or regulations? Are there health and safety risks impacting residents that will remain unaddressed? Does this proposal improve the environmental quality of the city?	Deferral causes limited impact to service or disruptions.	Deferral will have limited impact on regulatory mandates, health and safety risks or environmental qualities.	Deferral will have a detrimental impact on regulatory mandates, health and safety risks or environmental qualities.	
PROJECT PRIORITY AND IMPACT: Regardless of any other scores, do you believe this project should be a priority? Do you believe that the project is transformational for the community? Do you believe that the project will make a big impact?	Low priority, impact, transformational power	Some priority, impact and transformational power	High priority, impact and transformational power	
			TOTAL	0




Office of the City Attorney

TEL: (715) 261-6590
FAX: (715) 261-6808

Anne L. Jacobson
City Attorney

Tara G. Alfonso
Assistant City Attorney

Memorandum

From: Anne Jacobson 

To: Finance Committee

Date: April 26, 2023

Re: Parking Lot Lease with JSAF I, LLC – 610 and 614 N. 1st Street

Purpose: To obtain your approval of a parking lot lease, as Lessee with JSAF I, LLC (JSAF) located at 610 and 614 N. 1st Street.

Facts: The City entered into a lease agreement with McDevco, Inc. on December 5, 2012 for parking at 614 N. 1st Street. The agreement expired January 1, 2022.

The property, along with 610 N. 1st Street, was recently sold to JSAF and they wish to enter into a parking lease agreement with the City. The terms of the lease would be a ten year term with the City agreeing to pay JSAF each year an amount equal to the net real estate tax due for the properties.

Recommendation: Approval.

AGREEMENT FOR LEASE OF PARKING LOT
610 AND 614 N 1ST STREET

THIS AGREEMENT, made this ____ day of _____ 2023 (“Effective Date”), between the City of Wausau, a municipal corporation of the State of Wisconsin, hereinafter referred to as “CITY,” and JSAF I, LLC., hereinafter referred to as “OWNER”;

WITNESSETH:

WHEREAS, OWNER is the owner of properties located at 610 and 614 N 1st Street, Wausau, described in Exhibit A attached hereto and incorporated herein by reference, and shall hereinafter be referred to as “LOT”; and

WHEREAS, OWNER assembled the property for future redevelopment; and

WHEREAS, property is suitable for a parking lot and owner desires the property benefit the central business district until the time of redevelopment; and

WHEREAS, CITY wishes to continue to lease the LOT so as to provide parking to the public, and OWNER will permit the lease of these stalls, all upon certain terms and conditions.

NOW, THEREFORE, the parties hereto agree as follows:

1. This lease shall be a ten-year lease, commencing on the Effective Date, and terminating on the last day of the 120th month thereafter. CITY shall have the exclusive use of the stalls constructed within LOT for the provision of transient and permit parking; and in return, CITY agrees to pay OWNER, as rent each year an amount of money equal to the net real, estate tax due for LOT (inclusive of any special assessments). Such payment to be made by CITY to OWNER fifteen (15) days prior to the real estate tax deadline either in full or on an installment basis of each year commencing on the commencement date hereof.
2. LOT shall be continuously used as a parking lot. No part of LOT shall be used for any purpose which constitutes a nuisance or which is illegal, offensive, termed hazardous by insurance companies, or which may make void or voidable any insurance on the LOT or which may increase the premiums therefore, CITY will keep LOT clean and attractive in appearance at all times.
3. CITY shall maintain all parking appurtenances, the asphalt surface, the concrete bumpers, lighting and landscaping. CITY shall remove snow in LOT and sidewalks abutting the LOT.
4. CITY shall not display, inscribe, print, maintain, or affix any signs, lettering, placards, or other advertising matter or material on LOT without the prior written consent of OWNER provided, however, that metering and permitting signage is acceptable.

Recording Area
Name and Return Address
Office of the City Attorney
City Hall – 407 Grant Street
Wausau, WI 54403
(Charge to City of Wausau)

5. At the termination of this Lease, CITY shall remove all parking meters, and related appurtenances erected by CITY.

6. CITY shall not voluntarily or by operation of law assign, transfer, mortgage, lease, sublet, grant license or rights to a concessionaire or otherwise transfer or encumber all or any part of CITY's interest in this Lease or LOT without the OWNER's prior written consent. Any attempted assignment, transfer, mortgage, use, lease, occupancy, encumbrance, or subletting without such consent shall be void and shall constitute a default under this lease.

7. OWNER shall pay all real estate taxes and special assessments when due.

8. Nothing in this Lease shall be construed so as to authorize or permit any insurer of OWNER or CITY to be subrogated to any right of OWNER or CITY against the other party arising under this Lease. OWNER and CITY each hereby release the other to the extent of any perils to be insured against by either of the parties under the terms of this Lease, whether or not such insurance has actually been secured, and to the extent of their respective insurance coverage for any loss or damage caused by any such casualty, even if such incidents shall be brought about by the fault or negligence of either party or persons for whose acts or negligence the other party is responsible. All insurance policies to be provided under this Lease by either OWNER or CITY shall contain a provision that they are not invalidated by the foregoing waiver. Such waiver shall, however, cease to be effective if the existence thereof precludes either OWNER or CITY from obtaining any such policy.

9. CITY hereby agrees that OWNER shall not be liable for injury to CITY's business or any loss of income or other consequential damages or for damage to the equipment or other property of CITY, CITY's employees, invitees, customers, sublessees, agents, occupants, contractors, public citizens, or any other person in or about LOT, nor shall OWNER be liable for injury to CITY's employees, invitees, customers, sublessees, agents, occupants, contractors, public citizens, or any other person in or about LOT.

CITY shall indemnify, defend and hold harmless OWNER from and against any and all claims arising from CITY's use of LOT, or from the conduct of CITY's business or from any activity, work or things done permitted or suffered by CITY in or about LOT or elsewhere and shall further indemnify, defend and hold harmless OWNER from and against any and all claims arising from any breach or default in the performance of any obligation on CITY's part to be performed under the terms of this Lease, or arising from any negligence of CITY, or any of CITY'S sublessees, agents, customers, invitees, contractors, occupants, or employees and from and against all costs, attorney's fees, expenses and liabilities incurred in the defense of any such claim or any action or proceeding brought thereon; and in case any action or proceeding be brought against OWNER by reason of any such claim, CITY, upon notice from OWNER, shall defend the same at CITY'S expense by counsel satisfactory to OWNER. CITY, as material part of consideration to OWNER, hereby assumes all risk of damage to property or injury to persons, in, upon or about LOT arising from any cause, and CITY hereby waives all claims in respect thereof against OWNER; however, the provisions in this paragraph shall not apply to those cases in which OWNER is negligent.

10. OWNER shall obtain before the Commencement Date, and shall maintain through the expiration or termination of this Lease, a policy of commercial general liability insurance on the LOT with limits of public liability not less than \$1,000,000 for death/ or bodily injury, including personal injury, and property damage liability of not less than \$1,000,000 per occurrence. Such insurance shall not cover any leasehold improvements installed on LOT by or for the benefit of CITY at its expense, or CITY's parking meters or other equipment, or personal property located in LOT.

11. CITY will, at all times during the term of this lease, and at its sole cost and expense, maintain the following insurance in full force and effect:

A. All-risk property insurance covering replacement value of all of CITY’s leasehold improvements, equipment, parking meters and personal property within LOT.

B. Commercial general liability insurance naming OWNER, CITY, and any mortgagee designated by OWNER as the insured, to insure against injury to property, person or loss of life arising out of the ownership, use occupancy, or maintenance of LOT with limits of public liability not less than \$1,000,000 per occurrence. For each year in which this Lease is in effect, CITY shall provide to OWNER and any party designated by OWNER a copy of the insurance policy endorsement or wording showing that OWNER and such other parties have been added as additional named insureds. The policy described in this subsection B shall apply on a primary basis to OWNER even if OWNER has other liability insurance coverage. The policy shall contain a supplemental endorsement covering contractual liability voluntarily assumed by the insured under this Lease.

12. OWNER shall retain right to terminate this lease with a ninety (90) day notice by submitting to CITY a bona fide redevelopment project for a taxable, high grade structure that is compatible in zoning, density and quality with surrounding commercial buildings.

13. This agreement shall run with the land during the ten-year (10-year) lease period and shall be binding upon OWNER, its successors and assigns.

IN WITNESS WHEREOF, the parties hereto have executed this lease on the day and year first above written.

CITY OF WAUSAU BY:

Katie Rosenberg, Mayor

Kaitlyn A. Bernarde, City Clerk

STATE OF WISCONSIN)
) ss.
COUNTY OF MARATHON)

Personally came before me this: ___ day of _____, 20___, the above named Katie Rosenberg, Mayor, and Kaitlyn A. Bernarde, Clerk of the City of Wausau, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Notary Public, State of Wisconsin
My Commission Expires: _____

JSAF I, LLC

By: _____

Name: _____

Title: _____

STATE OF WISCONSIN)
) ss.
COUNTY OF MARATHON)

Personally came before me this· ____ day of _____ 20____, the above named _____, to me known to be the persons who executed the foregoing instrument and acknowledged the same.

Notary Public, State of Wisconsin
My Commission Expires: _____

Drafted by: Joseph M. Mella, Ruder Ware, L.L.S.C., 500 N. 1st Street, Suite 8000, Wausau, WI 54403

EXHIBIT A

Parcel I:

Lot two (2) of Certified Survey Map No. 15024 recorded in the office of the Register of Deeds for Marathon County, Wisconsin, in Volume 67 of Certified Survey Maps on page 106, as Document No. 1495910; being part of Government Lot six (6) in Section twenty-six (26), Township twenty-nine (29) North, Range seven (7) East, in the City of Wausau, Marathon County, Wisconsin; excepting Certified Survey Map No. 18609 recorded in said Register's office as Document No. 1806013, and corrected by Affidavit of Correction recorded in said Register's office as Document No. 1807499; all of Lots three (3), four (4), seven (7) and eight (8) and part of Lots five (5) and six (6), all in Block B of McIndoe and Shuter's Addition to the City of Wausau, Marathon County, Wisconsin; subject to easements of record.

PIN: 291-2907-253-0626

Parcel II:

Outlot two (2) of Certified Survey Map No. 18609 recorded in the office of the Register of Deeds for Marathon County, Wisconsin, as Document No. 1806013; and corrected by Affidavit of Correction recorded in said Register's office as Document No. 1807499; being part of Lots two (2) and nine (9) in Block B of McIndoe and Shuters Addition, and part of Government Lot six (6) in Section twenty-six (26), Township twenty-nine (29) North, Range seven (7) East, all in the City of Wausau, Marathon County, Wisconsin; subject to easements of record.

PIN: 291-2907-264-0237



CITY OF WAUSAU
SOLE SOURCE PURCHASE JUSTIFICATION
REQUIRED FORM PURCHASE OF GOODS OR SERVICES EXCEEDING \$10,000

Purchase of goods or services for no more than \$25,000 may be made without competition when it is agreed *in advance* between the Department Head and the Finance Director. Sole source purchasing allows for the procurement of goods and services from a single source without soliciting quotes or bids from multiple sources. Sole source procurement cannot be used to avoid competition, rather it is used in certain situations when it can be documented that a vendor or contractor holds a unique set of skills or expertise, that the services are highly specialized or unique in character or when alternate products are unavailable or unsuitable from any other source. Sole source purchasing should be avoided unless it is clearly necessary and justifiable. The justification must withstand public and legislative scrutiny. The Department Head is responsible for providing written documentation justifying the valid reason to purchase from one source or that only one source is available. Sole source purchasing criteria include: urgency due to public safety, serious injury financial or other, other unusual and compelling reasons, goods or service is available from only one source and no other good or service will satisfy the City’s requirements, legal services provided by an attorney, lack of acceptable bids or quotes, an alternate product or manufacturer would not be compatible with current products resulting in additional operating or maintenance costs, standardization of a specific product or manufacturer will result in a more efficient or economical operation or aesthetics, or compatibility is an overriding consideration, the purchase is from another governmental body, continuity is achieved in a phased project, the supplier or service demonstrates a unique capability not found elsewhere, the purchase is more economical to the city on the basis of time and money of proposal development.

1. Sole source purchase under \$10,000 shall be evaluated and determined by the Department Head.
2. Sole source purchase of \$10,001 to \$25,000 a formal written justification shall be forwarded to the Finance Director who will concur with the sole source or assist in locating additional competitive sources.
3. Sole source purchase exceeding \$25,000 must be approved by the Finance Committee.

Ongoing Sole Source – 365 days One Time Sole Source Request

1. Provide a detailed explanation of the good or service to be purchased and vendor.
 Pictometry provides digital imagery captured by low flying airplanes. The imagery includes both orthogonal and oblique. Oblique imagery is what makes this product unique because it is acquired at an angle. Specs include a 0.75 inch (or better) ground sample distance (GSD) orthogonal digital images and 1 inch (or better) digital oblique images (4 way) available as a mosaic tile and a mosaic SID digital format. The ability to see structures and features from an angle is an invaluable tool.

2. Provide a brief description of the intended application for the service or goods to be purchased.
 Pictometry imagery is currently used in all of our GIS applications: ArcGIS Pro, ArcMap, and Web App Builder. A Pictometry extension is also used in the mapping product of Central Square (Superion) software for use by Marathon County E911 Dispatch.

Internal users such as city staff are able to utilize useful tools within the imagery to measure area, distance, bearing, elevation and export images in various file formats. Pictometry is used by the following city departments: assessment, attorney, inspections, police, planning, and public works.

Public users are able to download their own separate application for mobile devices in the Google Play Store and Apple Store. Pictometry would also include two end user training sessions.

3. State why other products or services that compete in the market will not or do not meet your needs or comply with your specifications.
 Pictometry was founded in 2000 and was the first company to provide oblique imagery on a large scale. They have acquired technology patents for their services since 2002. Oblique imagery is mostly very unique product. The city did an RFP for this product in 2015 and Pictometry International Corporation was the only company to respond.

4. Describe your efforts to identify other vendors to furnish the product or services.

GIS staff reached out to other vendors and found that Ayres Associates, Sanborn Map Company Inc. and NearMap offer oblique imagery. However, their products were not able to integrate into some of our existing systems; Web App Builder and/or Central Square (Superion). These systems require special plug-ins and widgets for them to operate properly and Pictometry meets those requirements.

5. How did you determine that the sole source vendor's price was reasonable?

The city paid \$49,079.00 for oblique imagery in 2020. However, after the 2020 flight the city then annexed several large tracts of land west of the business park. This annexation has increased the size of the city the project area. The project for 2023 also seeks to increase enhancements in resolution and includes 3D mesh for a more useful product. The imagery for this project is owned by the city and has historical value as well.

6. Which of the following best describes this sole source procurement? Select all that apply.

- Product or vendor is uniquely qualified with capability not found elsewhere.
- Urgency due to public safety, serious financial injury or other. (explain)
- The procurement is of such a specialized nature that by virtue of experience, expertise, proximity or ownership of intellectual property
- Lack of acceptable quotes or bids.
- Product compatibility or the standardization of a product.
- Continuation of a phased project.
- Proposal development is uneconomical.

Department: DPW / GIS

Preparer: Dan Kerntop / GIS Analyst

Vendor Name: Pictometry International Corporation

Expected amount of purchase or contract: \$49,154.18

Department Head Signature:

Date:

Finance Director Signature:

Date:

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE FINANCE COMMITTEE	
Approving 2023 Budget Modifications – Work Camps	
Committee Action:	Approved 5-0
Fiscal Impact:	\$20,000
File Number:	22-1109
Date Introduced:	

FISCAL IMPACT SUMMARY			
COSTS	<i>Budget Neutral</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	<i>Included in Budget:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Budget Source: Economic Development Fund</i>
	<i>One-time Costs:</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<i>Amount: \$20,000</i>
	<i>Recurring Costs:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
SOURCE	<i>Fee Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Grant Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>Debt Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount</i> <i>Annual Retirement</i>
	<i>TID Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
	<i>TID Source: Increment Revenue</i> <input type="checkbox"/> <i>Debt</i> <input type="checkbox"/> <i>Funds on Hand</i> <input type="checkbox"/> <i>Interfund Loan</i> <input type="checkbox"/>		

RESOLUTION

WHEREAS, in April 2022 the Mayor’s office proposed and Finance Committee recommended the City co-sponsor summer 2023 workcamp’s home repair and

WHEREAS, due to an oversight no 2023 budget submission occurred; and

WHEREAS, the Finance Committee has reviewed and recommends the 2023 budget modification to finance the city’s obligation.

*Fund	*Cost Center	Spend Category	change
255 Economic Development Fund	Housing	52460 Building Repair & Maintenance Services	\$20,000.00

NOW THERE BE IT RESOLVED, by the Common Council of the City of Wausau that the proper City officials are hereby authorized and directed to modify the 2023 Budget as outlined above.

Approved:

Katie Rosenberg, Mayor

To: Finance Committee
From: Mayor Katie Rosenberg
Date: April 26, 2022
Re: Group Workcamps Home Repair – Wausau 2023



The City of Wausau was recently approached by John Schmitt, who is the Youth Ministry Coordinator at St Anne’s Church. Every summer their group does a mission trip through Group Workcamps and does home repair work for those in need. Staff met with John and Michael Krantz, from Group Workcamps, to discuss having the City of Wausau included in the location the group will serve in 2023.

At Group Workcamps, hundreds of teenagers from youth groups across the country repair and transform homes. Home repair mission trips are large-sized gatherings with up to 400 teenage participants that focus specifically on residential home repair with the aid of professional adult volunteers. Typically, they work on 50-70 homes during a one week camp for those residents that can’t afford to or physically can’t make the repairs themselves. The types of home repair projects range from painting, to building decks and wheelchair ramps, and other general home repairs.

As a Co-Sponsor, the City would need to provide a minimum of \$20,000 for the purchase of building material supplies. This funding could either be allocated by the City in the 2023 budget or secured from local foundations. This money doesn’t need to be committed until spring of 2023.

During a home repair mission trip, participants generally stay at a local school. We have reached out to the Wausau School District to inquire about using one of their facilities for this project.

In order to participate in the 2023 summer program, the City of Wausau would need to submit an application in early May of 2022 to be included in the Group Workcamp programming in 2023. More information on the program is attach and can be found at their website:
<https://groupmissiontrips.com/trip-types/home-repair>

I recommend that the City direct Staff to submit an application for the City of Wausau to host a one-week Home Repair Workcamp in the summer of 2023.



Thanks for your interest in bringing a Group Workcamp to your community in the summer of 2023.

Group Cares is a non-profit volunteer service organization headquartered in Fort Collins, Colorado. We have partnered with communities across the country and internationally to cosponsor hundreds of volunteer home repair and community service workcamps. Each of our workcamps involves up to 400 teenage young people and their leaders, members of churches from many different Christian denominations from all over America and Canada, who come to the community to volunteer their labor. Our work days are Monday through Friday of a specific week selected by you and the lodging facility.

It's important to note that we do not come to the community to evangelize or proselytize-but simply to work on homes.

During each week-long workcamp, with 400 participants, we can work on 50-70 homes, performing weatherization, light carpentry, interior and exterior painting, porch and wheelchair ramp construction and repair, and other labor-intensive, reasonably simple work. We ask that the work be meaningful in improving the life of the resident and that the resident be financially or physically unable to perform the work on their own. We also ask that residents be home as much as possible during the camp, since having our participants connect with the resident is a very important aspect of our program.

Group Cares could provide up to \$12,000 for building materials, depending on the number of campers attending. We recruit these workers, provide a professional staff to run the camp, and make final arrangements for lodging and food service in a local school or similar facility. We also handle all logistics during the camp, including transportation of work crews, evening programming and all supervision of the campers. A Workcamps professional Project Manager will be helping you throughout the entire process with site selection, work descriptions, budgeting, and preparations. They are your go to person once you decide to conduct a Workcamp.

Essential to our success is the partnership we form with a local Cosponsor. We count on our local Cosponsor's expertise to identify residents in need of home repairs and prepare work descriptions for each project. We also rely on our Cosponsor to partner with us to provide a minimum of \$20,000--exclusively for the local purchase of building materials. These funds for building materials will be leveraged not only by Group Workcamps' funds but also by approximately 12,000 hours of volunteer labor-worth at least \$200,000-to your community.

Finally, we ask that the Cosponsor make initial contact with a local high school or similar facility in which we may take lodging. (We operate during the summer when most schools are out of session). We reimburse the school for the actual costs of our use of the facility, plus provide short-term employment opportunities for cooks and custodians who are typically out of work for the summer.

This may be our most important first step at this point. You see, we've learned that the campers who come to do this work typically spend about a year raising the funds for their trip. This in turn, means I need to prepare a brochure showcasing our locations for 2023 by early May of 2022. So, we'll need to get an agreement in place with a school as soon as possible. As soon as an administrator from the School District is agreeable to discuss this possibility, someone from our staff will come to the community to meet with them and share complete details-or do a presentation to the School Board, if so requested.

In a nutshell, you as a cosponsor organization are responsible for these items:

- Formally agreeing to have \$20,000 available by May 1 of 2023. If funds are contingent on post event grant requirements, arrangements can be made.
- Identify and select 60-80 homes to work on (with guidance from our team).
- Connect with a school representative, explain the program, and set a formal meeting with the decision makers. A Group Cares Developer will meet with you as well.

Group Cares will:

- Provide up to \$12,000 for materials.
- Provide supporting materials, manuals, and training to assist in worksite identification and site description writings.
- Conduct a complete site writing event when work descriptions are completed.
- Finalize an agreement with the school or similar lodging facility.
- Provide a Project Manager assigned to your camp to work with you throughout the process.
- Completely staff the camp with red-shirt volunteers and staff.
- Recruit up to 400 volunteers for the camp.

The basic Needs of a Lodging Facility:

- 25-30 typical classrooms – we sleep on floors with air mattresses.
- Gym with bleachers open all week – we use as evening and morning programs for 400 people. (alternatively, and auditorium can be used if it makes more sense).
- Use of showers and locker rooms – 6 to 10 showers per gender, used in early am, and 3:30-7:30 pm, and 10-11 adult only. Lack of showers is not a deal breaker.
- Use of Cafeteria for morning and evening meals. We pay the cooks, do food ordering with existing school preferred vendors, and provide staff person to help.
- Office space with landline and internet access – centrally located for our staff, not for campers to gather.
- Shop or large room for materials/tool storage.

Thanks again for your interest! We look forward to hearing back very soon.

Memo

TO: Finance Committee Members
FROM: Tammy Stratz, Community Development Man
DATE: April 28, 2023
RE: Federal Loft Building

As many of you know, Metro Plains entered into a 50-year ground lease for the old Federal Building located at 317 N. 1st Street in 2011. Due to the historic significance of the parcel, the City was not allowed to sell the property.

Metro Plains was able to obtain WHEDA Low Income Housing Tax Credits (LIHTC) to rehabilitate the building and create affordable housing units. The City also assisted with \$75,000 TID #3 loan to help with the renovations. The term of that loan was at 0% with payments deferred until loan is due in full in February 2041. Metro Plains has been paying a lease on the land since they took over ownership of the building. That lease payment equates to \$17,000 for this year.

Metro Plains has approached staff regarding some necessary exterior brick work that has been revealed – which happened sooner than anticipated. Their reserve fund didn't have enough time to save enough money to fund these costs at this time. (See below Sources and Uses chart.) They have tried to obtain a loan through conventional means; however, since they do not own the land, they cannot obtain a mortgage.

Below is a breakdown of the request we have received by Metro Plains:

	SOURCES			
USES	<u>Owner</u>	<u>Bank</u>	<u>City</u>	<u>Total</u>
Acquisition	\$-0-	\$-0-	\$ -0-	Currently owns
Rehab	\$69,973	\$-0-	\$120,566	\$190,539
TOTAL	\$ 69,973	\$-0-	\$120,566	\$190,539

There are two different ways the city can assist with this ask. First, the Community Development Department has the Wausau Rental Rehabilitation Program (WRRP) funds of which can assist with this amount of funding. As mentioned above, the parcel is located within TID #3 of which funds could be utilized towards the loan. There are adequate funds in this TID to assist with this ask.

Staff proposes that we structure the loan with a 2% interest rate (matches that of all other Community Development loans) with a repayment term of either 10 or 15 years. Metro Plains has asked for lease forgiveness during the loan repayment as there would not be enough cash flow to pay for both payments. We did discuss the ability of making the loan payments and then what is needed to equal the annual lease amount, they would make up the difference. For example:

OPTION 1: \$121,000 loan amount at 2% interest with a 96-month (8-year) term to coincide with the life of the tid district. Payments are $\$1,378.24 \times 12 = \$16,538.88/\text{year}$. The lease payment of $\$17,000/\text{year} - \$16,538.88 = \$461.12$ to be paid towards the lease.

OPTION 2: \$121,000 at 2% with a 180-month (15-year) term. Payments are $\$778.65/\text{month} \times 12 = \$9,343.80$. $\$17,000 - \$9,343.80 = \$7,656.20$ calculates out to a $\$7,565.20$ payment towards the lease.

PROS/CONS:

- Using WRRP funds, we do not need to tap into TIF funds; however, there are enough funds in that TID which would not cause a burden to that TID.
- Using TIF funds, we would keep the WRRP funds for projects that may arise that do not have the ability to be funded through TIFs.
- Amortizing the loan over 10 years will allow the loan to be paid off sooner; however, the lease payments will be less over those 10 years.
- Amortizing the loan over 15 years will take the loan longer to be paid off; however, more funding will be going toward the annual lease.

Staff does believe we should assist Metro Plains with the loan. The historical building will revert back to the city when the lease expires in 20 years. Metro Plains have been a superb partner in providing affordable housing choices within the City of Wausau - partnering with Wausau in three different successful LIHTC projects.

If you have any questions, feel free to call me at 715-261-6682 or e-mail me at tammy.stratz@ci.wausau.wi.us.

Thank you.



Office of the City Attorney

Anne L. Jacobson
City Attorney

December 15, 2011

Toni Rayala, Clerk
City of Wausau
407 Grant Street
Wausau, WI 54403

DEVELOPMENT AGREEMENT AND MASTER GROUND LEASE
FEDERAL BUILDING
COUNCIL FILE NO. 98-0412

Enclosed please find original, executed Development Agreement and Master Ground Lease for the Federal Building. Please file the same.

A handwritten signature in cursive script, appearing to read "Lisa".

LISA PARSCH
ADMINISTRATIVE ASSISTANT

Enclosure

cc w/Enc. Maryanne Groat, Finance Director
Heather Wessling, Community Development

98-0412

Document No.

DEVELOPMENT AGREEMENT
Document Title

THIS AGREEMENT made this 31 day of January, 2011, by and between the City of Wausau, Municipal Corporation of the State of Wisconsin, hereinafter referred to as "CITY," and Federal Building Redevelopment Limited Partnership.

WITNESSETH:



DOC # 1609367

WHEREAS, CITY desires to redevelop and preserve the Federal Building located on 317 North First Street, legally described in the attachment hereto (hereafter referred to as either "Property" or "Federal Building"); and

WHEREAS, the CITY issued a request for proposals (RFP) on August 10, 2010 relating to redevelopment of the Property in a manner consistent with the criteria set out in the RFP;

WHEREAS, MetroPlains has been selected as the developer, and will be operating as Federal Building Redevelopment Limited Partnership, with the most comprehensive plan, that was most consistent with the expectations of the RFP;

WHEREAS, Federal Building Redevelopment Limited Partnership is willing to undertake the development with due diligence, planning and related pre-development activities related to redevelopment of the Property and has a significant history working on redevelopment projects;

WHEREAS Federal Building Redevelopment Limited Partnership has agreed to convert the Property and construct therein 20 loft-style apartments with gallery space ("Project");

WHEREAS CITY agrees to lease the Property to Federal Building Redevelopment Limited Partnership as long-term, as the deed restricts the CITY from selling the Property to any third party;

WHEREAS, the Property has been identified as blighted and in need of redevelopment in the *Amendment To The Project Plan for Tax Increment District Number Three (TIF #3)* which was adopted by the Wausau Common Council in August, 2000; and

WHEREAS, the Project will contribute significantly to several elements of the City of Wausau *Community Development Block Grant (CDBG) 5 year Consolidated Plan* by providing quality, affordable housing opportunities for low/moderate income persons, reducing neighborhood blight, stimulating additional private sector investment in the Central Business District and meeting an identified strategic plan high priority housing need within the City; and

WHEREAS, in order to complete the Project, Federal Building Redevelopment Limited Partnership has a need for financial assistance from CITY in an amount not to exceed \$75,000.00 ("Loan"); and

WHEREAS, CITY is willing to provide said funding in connection with the Project, pursuant to the terms of this Agreement:

NOW, THEREFORE, it is agreed as follows:

1. DECLARATION OF AREA IN NEED OF REDEVELOPMENT.

The Wausau Common Council by resolution dated January 25, 2011 has determined that the Property is in need of redevelopment, preservation and restoration.

Recording Area

Michael J. Sydow

Name and Return Address

Office of City Attorney
407 Grant Street
Wausau, WI 54403

(\$31 charge to City of Wausau)

30-

PIN: 291-2907-253-0490



2. 20-UNIT AFFORDABLE HOUSING DEVELOPMENT.

Federal Building Redevelopment Limited Partnership agrees to redevelop and convert the Property into 20 apartment units in conformance with a general development plan, subject to CITY approval, Department of Interior approval and zoning approval as residential in a Conditional Use in the Central Business District ("Development Plan").

3. FINANCING ASSISTANCE.

Subject to the provisions of this Agreement, CITY shall loan Federal Building Limited Partnership, for a 30-year period, zero percent (0%) interest, \$75,000.00 from TIF # 3 for blight elimination, environmental testing and cleanup, site preparation, infrastructure, and utilities/services. Such funding shall be provided as set forth in the Development Plan, and the terms of such funding shall be evidenced by appropriate loan documents acceptable to CITY.

4. TIME LINE FOR DEVELOPMENT.

Redevelopment of the Property is contingent upon issuance of WHEDA tax credits for the Project, which is expected June 1st 2011. In the event Metro Plains receives said tax credits, the Project would commence July 1, 2011 and be completed by June 1, 2012. Should WHEDA choose not to award the tax credits in the 2011 cycle, Metro Plains may re-apply for credits to be awarded June 1, 2012. In the event Federal Building Redevelopment Limited Partnership receives said tax credits, then the developer shall commence the Project by July 1, 2012 and complete it by June 1, 2013 consistent with the Development Plan. Notwithstanding the foregoing, if Federal Building Redevelopment Limited Partnership does not receive the applicable tax credits by June 1, 2011, the CITY reserves the right to accept other development proposals or to submit another Request for Proposals (RFP), whereupon this Agreement shall terminate.

5. PARKING COMMITMENT.

The CITY shall designate 5 spaces abutting the Federal Building as guest parking and an additional 2 spaces for handicapped guest parking.

Additionally, the CITY shall make available for lease parking spaces within five hundred (500) feet of the Property (e.g., the Center Mall Ramp and/or Jefferson Street ramp) at the rate of \$23.80/per month/per space including sales tax. The number of parking spaces reserved hereunder for tenants of the Property shall be thirty (30). For any parking spaces leased by Federal Building Redevelopment Limited Partnership or tenants of Federal Building Redevelopment Limited Partnership after the first ten (10) years of the Lease term, the rent for each parking space shall be adjusted to fair market rent. Fair market rent shall mean that net monthly basic rent per parking space that a willing user would pay and the CITY would accept in an arms-length, bona fide transaction for space.

6. LEASE AGREEMENT/DEVELOPMENT PLAN.

This Agreement is contingent upon Federal Building Redevelopment Limited Partnership entering into a Ground Lease Agreement acceptable to the CITY and providing the Development Plan acceptable to the CITY and Parking Space Agreement acceptable to CITY. The Ground Lease shall have a term of fifty (50) years and require annual payments of \$14,000.00 for the first lease year adjusted two percent (2%) in each lease year thereafter. This Agreement is further contingent on the parties receiving all applicable governmental or regulatory approvals for the Project.

7. NATIONAL REGISTER'S DEFINITION OF HISTORICAL ELEMENTS TO BE PRESERVED.

The CITY upon agreement with the NATIONAL PARK SERVICE shall continue to own and maintain the furniture and may, at its option, store the furniture in the re-constructed Federal Building or at another location for preservation purposes.



8. ENVIRONMENTAL.

CITY shall provide an environmental assessment, at the cost of the CITY, in order to evaluate requirements to remove asbestos and conduct lead abatement activities during reconstruction. Federal Building Redevelopment Limited Partnership shall be responsible for the bidding and costs associated with clean-up but may apply for grants and funding, with the assistance of the CITY, if necessary to complete environmental clean-up.

Federal Building Redevelopment Limited Partnership agrees to provide to CITY with street right-of-way and access easements or restrictions as may be deemed necessary in the CITY's judgment for the Project. Such matters shall be included in the Development Plan.

9. INDEMNIFICATION.

Federal Building Redevelopment Limited Partnership agrees to indemnify and hold CITY, its employees, agents, officers and officials, whether hired, appointed or elected, free and harmless from and against any and all judgments, damages, losses, costs, claims, expenses, suits, demands, deaths, actions and/or causes of action to which they may be exposed (collectively "Claims") by reason of death of or injury to any person, or by reason of damage to real or personal property, or by reason of any other liability imposed by law, including such Claims arising from Federal Building Redevelopment Limited Partnership's activities under the Agreement or in connection with the Project. Federal Building Redevelopment Limited Partnership shall provide insurance coverage and bonding acceptable to CITY in connection with the foregoing indemnity.

10. COMPLIANCE.

Federal Building Redevelopment Limited Partnership agrees that it is in compliance with and shall continue to comply with all federal and state laws and regulations necessary for receipt of the Loan and for construction of the Project, including without limitation:

Historic and preservation laws, requirements and regulations pertaining to the Property and the Project;

Title VI of the Civil Rights Act of 1964 which provides that no persons in the United States shall on the ground of race, color, or national origin be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance;

Section 109 of the Housing and Community Development Act of 1974, as amended which requires that no person in the United States shall on the ground of race, color, national origin or sex be excluded from participation in, or be denied the benefits of, or be subjected to discrimination under, any program or activity funded in whole or in part with community development funds made available pursuant to the Act;

Section 3 of the Housing and Urban Development Act of 1968, which provides to the extent feasible, opportunities for training and employment shall be given to lower income residents of the project area; and

Fair Labor Standards Provisions which govern responsibilities for workers employed in connection with federally-assisted construction (and in some instances equipment related) projects, including the Davis-Bacon Act.

11. APPLICABLE LAW: INTERPRETATION.

This Agreement shall be interpreted and applied in accordance with and governed by the laws of Wisconsin.

12. BINDING EFFECT.

This Agreement shall inure to the benefit of and shall be binding upon CITY and Federal Building Redevelopment Limited Partnership and their respective successors and assigns. This Agreement, however, may not be assigned by Federal Building Redevelopment Limited Partnership without the prior written consent of the CITY.



The parties, however, recognize that Federal Building Redevelopment Limited Partnership may assign its rights hereunder to an entity established by it for the purpose of carrying out its responsibilities hereunder.

13. AMENDMENT, CHANGES, AND MODIFICATIONS.

This Agreement may be amended or any of its terms modified only by written document duly authorized, executed and delivered by CITY and Metro Plains.

14. FURTHER ASSURANCES AND CORRECTIVE INSTRUMENTS.

CITY and Metro Plains agree that they will, from time to time, execute, acknowledge, deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

15. EXECUTION AND COUNTERPARTS.

This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute one and the same instrument.

16. TERMINATION.

Unless otherwise provided herein, Federal Building Redevelopment Limited Partnership shall satisfy the contingencies set forth herein, including specifically the execution of a Ground Lease acceptable to the CITY and finalization of approval by the CITY of the Development Plan for the Project by no later than June 1, 2011. In the event Federal Building Redevelopment Limited Partnership fails to timely satisfy said contingencies by said date, the CITY on written notice may terminate this Agreement. In the event of termination, Federal Building Redevelopment Limited Partnership shall reimburse the CITY for the costs of its obligations under this Agreement.

17. NO PRIVATE RIGHT OR CAUSE OF ACTION.

Nothing contained herein shall be interpreted or construed to create any private right or any private cause of action by or on behalf of any person not a party hereto, except as may be provided in this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day and year first above written.

CITY OF WAUSAU:

By: James E. Tipple
James E. Tipple, Mayor

By: Toni Rayala
Toni Rayala, Clerk

FEDERAL BUILDING REDEVELOPMENT LIMITED PARTNERSHIP:

By: Rob McCready
Rob McCready, Co-President

EXHIBIT "A"
Legal Description

Parcel Identification No.: 291-2907-253-0490 # 7660

Part of Block 8, Plat of the Village of Wausau (Original Plat of the City of Wausau), Sections 25 and 36, Township 29 North, Range 7 East, City of Wausau, Marathon County, Wisconsin, described as follows:

Commencing at the intersection of the south line of said Block 8 and a line 29 feet easterly of and parallel with the easterly line of Lot 1; said Block 8, the point of beginning.

Thence westerly along said south line of Block 8 to the easterly right-of-way of North First Street; thence northerly along said easterly right-of-way to the southerly right-of-way of Jefferson Street; thence easterly along said southerly right-of-way to a line 29 feet easterly of and parallel with the east lines of Lots 1, 4, 7 and 8, said Block 8; thence southerly along said parallel line to said south line of Block 8, the point of beginning.



R 1609367 5 5

DOC# 1609367

MASTER GROUND LEASE

STATE OF WISCONSIN - MARATHON COUNTY
RECORDED
12/02/2011 3:00:40 PM
MICHAEL J. SYDOW, REGISTER OF DEEDS



DOC# 1609366

Michael J. Sydow

Recording Area

Name and Return Address

Office of the City Attorney
City Hall - 407 Grant Street
Wausau, WI 54403

(\$30 Charge to City of Wausau)

PIN: 37.291.4.2907.253.0490 #7660

98-0412



DOC# 1609366

MASTER GROUND LEASE

THIS MASTER LEASE (this "Lease") is made as of the 1st day of February, 2011, by and between City of Wausau, Wisconsin, a Municipal Corporation of the State of Wisconsin ("Landlord") and Federal Building Redevelopment Limited Partnership, a Wisconsin limited partnership, or its designee, qualified to do business in Wisconsin ("Tenant").

RECITALS

- A. Landlord owns a fee simple interest in the Premises (hereinafter defined).
- B. The parties desire to enter into this Lease with respect to the Premises which defines their respective rights, duties, and liabilities relating to the Premises.

NOW, THEREFORE, WITNESSETH in consideration of the mutual promises and covenants contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

**SECTION 1
DEFINITIONS**

For purposes of this Lease, Landlord and Tenant hereby agree that the following terms shall have the indicated meanings:

Additional Rent: All obligations, sums of money or charges required to be paid by Tenant under this Lease other than Annual Rent, whether or not such other obligations, sums or charges are designated "Additional Rent."

Annual Rent: Fourteen Thousand Dollars (\$14,000.00) during the first year of this Lease. Annual Rent shall increase each Lease year thereafter on the anniversary date of the Commencement Date by two percent (2%) of the prior year's Annual Rent. For example, Annual Rent in year two of the Lease would be \$14,280.00; Annual Rent in year three of the Lease would be \$14,565.50, etc.

Building: The Wausau Federal Building located at 317 North First Street, Wausau, Wisconsin.

Code: The United States Internal Revenue Code.

Commencement Date: July 1, 2011.

Development Agreement: That Agreement dated 1/3/2011 made by MetroPlains Partners, LLC, approved by resolution of the City of Wausau Common Council dated 1/25/2011.

(Federal Building Redevelopment Limited Partnership)



Event of Default: An event set forth in Section 13.

Governmental Authorities: All federal, state, county and local governmental or legislative bodies or units, the Secretary of the Interior, the Wisconsin State Historic Preservation Office, and all other public officials, agencies, municipalities, and counties having jurisdiction with respect to the Premises.

Hazardous Material: Any hazardous or toxic substance, material, or waste under applicable law or regulation, now or hereafter existing, including, but not limited to, those substances, materials, and wastes now or hereafter listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, or such substances, materials and wastes that are or become regulated under any applicable federal, state, or local law, ordinance, or regulation including, but not limited to the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA" or "Superfund"), the Clean Air Act, and the Clean Water Act.

Historic Requirements: All laws, regulations and requirements, now existing or hereafter established or created by any of the Governmental Authorities relating to historic aspects of the Premises or the preservation thereof, including requirements pursuant to Section 47 of the Code and requirements of the U.S. Department of Interior and the State Historic Preservation Office.

Impositions: A charges and obligations relating to or arising from the Premises, including, without limitation, all taxes, license, and permit fees, charges for public utilities of any kind, including utilities supplied by Governmental Authorities and utilities supplied by private companies, and obligations for any and all other governmental charges, general and special, ordinary and extraordinary, unforeseen as well as foreseen, of any kind and nature whatsoever, further including, but not limited to, assessments for sidewalks, streets, sewers, water, or any public improvements, and any other improvements or benefits which shall, during the Term hereof be made, assessed, levied, or imposed upon, or become due and payable in connection with or a lien upon, the Premises, or any part thereof, or Improvements thereon, or upon this Lease. The Impositions shall not include any tax incurred by Lessor as a result of receipt of Annual Rent.

Improvements: All permanent improvements, including the Building, apartment dwelling units, and commercial space, if any, now or hereafter located on the Premises.

Landlord's Address: 407 Grant Street, Wausau, Wisconsin 54403, or as hereafter designated in writing by Landlord.

Landlord's Interest: Landlord's fee simple right, title and interest in the Premises.

Lease: This Master Ground Lease, as amended pursuant to the terms hereof.

Legal Requirements: All laws, statutes, ordinances, orders, rules, regulations and requirements of all federal, state and local governmental or quasi-governmental entities, subdivisions, agencies,



authorities or instrumentalities and the appropriate offices, departments, and boards thereof applicable to the Premises.

LIHTC Requirements: All restrictions and requirements relating to occupancy, rents and operation of the Premises, including those set forth in Section 42 of the Code, and the applicable requirements of the state housing credit agency, requiring that all residential units (other than the manager's unit) be rented to qualified tenants, whose income is at or below 60% of the imputed area median gross income, at rents, as adjusted for utility costs, not to exceed 30% of such imputed median gross income or such lesser amount as may be approved by the State Housing Credit Agency (the "HCA").

Loan Documents: All documents evidencing or securing any Mortgages encumbering Tenant's leasehold interest in the Premises.

Mortgages: The mortgages or deeds of trust encumbering Tenant's leasehold interest in the Premises.

Mortgagees: The holders of the Mortgages.

Notice of Default: A notice served by Landlord upon Tenant, Tenant's Designated Member and any Mortgagee upon the occurrence of a default by Tenant under Section 13.

Notices: All notices, requests, demands, or other communications which may be or are required or permitted to be served or given under this Lease.

Plans and Specifications: The final plans and specifications for rehabilitation of the Improvements approved by Landlord, which shall be consistent with the Development Plan referenced in the Development Agreement.

Premises: The property legally described in Exhibit A hereto, including the Improvements thereon.

Rent: All Annual Rent, Additional Rent and all other charges and costs hereunder payable by Tenant to Landlord under this Lease.

Sublease: The residential sublease agreements for the Premises from time to time entered into by Tenant with its Subtenants, the form and substance of which shall be subject to reasonable approval of Landlord.

Sublessee or Subtenant. A tenant under any Sublease.

Taking: The acquisition by authority of any Governmental Authority in the legal and valid exercise of its power of eminent domain or by private purchase in lieu thereof by such Governmental Authority.



Tenant's Address: 1600 University Avenue, Suite 212, St. Paul, MN 55104-3825, or as hereafter designated in writing by Tenant.

Tenant's Designated Member: The equity investor in Tenant (or a representative thereof) designated by Tenant's Investor Members to receive Notices.

Tenant's Investor Members: The equity investors in Tenant.

Tenant Limited Partnership Agreement: The Amended and Restated Limited Partnership Agreement or Limited Partnership Agreement of Tenant dated on or before the Commencement Date.

Term: The period commencing on the Commencement Date, which is defined previously as July 1, 2011, and ending on the fiftieth anniversary of the Commencement Date, unless earlier terminated in the Event of Default.

When used herein, the singular shall apply to the plural, the plural to the singular, and the use of any gender shall apply to all genders.

SECTION 2 DEMISE OF PREMISES

Landlord leases to Tenant and Tenant leases from Landlord pursuant to the terms, covenants and conditions set forth herein, the Premises together with the Improvements now existing or hereafter located thereon, for the Term. Tenant hereby accepts the Premises, including the Improvements and the Building, in "AS IS" condition.

SECTION 3 RENT

(a) Beginning on the Commencement Date and on the anniversary date thereof for each year during the Term, Tenant, without deduction, set-off, recoupment, counterclaim, or demand, shall pay the Annual Rent for the applicable year to Landlord at Landlord's Address.

(b) Tenant, as Additional Rent, covenants and agrees, commencing on the Commencement Date and at all times thereafter during the Term, to pay, as the same become due and payable and before any fine, penalty, interest, or other charge which may be added thereto for the non-payment thereof, all Impositions excluding therefrom so such thereof as is properly allocable to periods before or after the Term. The parties agree to send promptly to the other party copies of any notices in respect of the Impositions.

(c) Tenant shall have the right, if Tenant disputes the amount or validity of any Impositions upon the Premises or Improvements thereon (whether in respect of the amount of tax assessment or otherwise) to contest and defend against the same, and in good faith diligently to conduct any necessary proceedings to prevent and avoid the same; provided, however, that such



contest shall be prosecuted to a final conclusion as speedily as is reasonably possible. Any rebate made on account of any Impositions paid by Tenant shall belong and be paid to Tenant. Landlord agrees to render Tenant reasonable assistance in contesting the validity or amount of any Impositions, including joining in the execution of any reasonable documents, or the signing of any reasonable protests or pleadings, which Tenant may file, provided Tenant shall reimburse Landlord for the reasonable time of its staff, together with costs reasonably incurred by Landlord in connection therewith. In no event at any time shall Tenant allow any lien, charge, encumbrance or other blemish against Landlord's Interest in the Premises, except as expressly agreed to in writing by Landlord, and during any proceeding or contest relating to the Impositions, Tenant shall (by payment of such disputed Impositions, if necessary) prevent any foreclosure of, or any divesting thereby, of Landlord's Interest in the Premises, and shall further (by the payment of such disputed Impositions, if necessary) prevent the public sale or enforcement of any lien for such Impositions.

(d) If any rights or obligations of Tenant hereunder (whether relating to payment of Annual Rent, Additional Rent, payment of Impositions, or any other obligation of Tenant under this Lease) relate to a period in part before the Commencement Date, or in part after the date of termination of the Term, appropriate adjustments and prorations shall be made, except that in the case of early termination by reason of an Event of Default, nothing herein shall prohibit or be deemed to bar recovery by Landlord for such Rent, charges and obligations arising after said early termination.

SECTION 4
TERM

The Term of this Lease shall commence on the Commencement Date.

SECTION 5
TENANT'S OPERATING COSTS

In addition to the Annual Rent and Additional Rent, Tenant shall pay all costs arising or pertaining to operation and use of the Premises during the Term.

SECTION 6
USE OF PREMISES

(a) Tenant shall convert the Premises in compliance with the Plans and Specifications and use the Premises solely as a twenty (20) unit residential apartment complex. Landlord agrees to provide seven (7) parking spaces as designated parking for the Building site in the adjacent public parking area located south and east of the Premises ("Adjacent Public Parking Lot"). Five (5) of the spaces shall be designated for resident or guest use and two (2) spaces shall be designated for handicapped use. Landlord shall be responsible for snow removal for the Tenant's parking spaces located in the Adjacent Public Parking Lot. Tenant shall not have the right to use any of the remaining parking spaces located in the Adjacent Public Parking Lot and shall include in its Subleases provisions prohibiting Subtenant's usage of such remaining spaces. Further, in



this regard, Landlord and Tenant have provided for additional Subtenant parking pursuant to that certain Parking Space Agreement bearing even date herewith, the terms of which are incorporated herein and included as a part hereof.

(b) From and after the Commencement Date, Tenant shall not commit or allow waste on the Premises and not use or allow use of the Premises for any unlawful purpose, or in violation of any certificate of occupancy, or for any purpose that may constitute a nuisance, public or private, nor suffer any dangerous article to be brought on the Premises unless safeguarded as required by law. From and after the Commencement Date, Tenant agrees to promptly comply with all applicable statutes, regulations, rules, ordinances, orders, and requirements of all Governmental Authorities, including those relating to Hazardous Material, Historic Requirements, Impositions, Legal Requirements, LIHTC Requirements, and the Americans with Disabilities Act of 1990. Tenant shall be responsible for the design, construction and rehabilitation of the Premises in compliance with requirements of present and future Legal Requirements, including those established by the Governmental Authorities. The parties agree to give notice promptly to each other of any notice from any Governmental Authorities relating to the Premises, including any notice pertaining to air and water quality, Hazardous Materials, waste disposal, air emissions, other environmental matters, or otherwise restricts the use or occupancy of the Premises for the purposes described in Section 6(a). Tenant may, in good faith, dispute the validity of any complaint or action taken pursuant to or under color of any of the foregoing, defend against the same, and, in good faith, diligently conduct any necessary proceedings to prevent and avoid any adverse consequence relating to same. Tenant agrees that any such contest shall be prosecuted to a final conclusion as speedily as possible, and Tenant will save Landlord harmless with respect to such Legal Requirements and actions required by any Governmental Authorities.

(c) From and after the Commencement Date, Tenant shall work diligently and exercise its best efforts to complete the construction and rehabilitation of the Premises pursuant to the Plans and Specifications within 12 months after the Commencement Date.

(d) Tenant shall engage in leasing activities relating to the Premises at all times in compliance with Legal Requirements, including the LIHTC Requirements. Further, Tenant shall at all times maintain and operate the Premises in full accordance with Legal Requirements, including Historic Requirements and in compliance with regulations issued by the Department of Housing and Urban Development, including laws and regulations relating to nondiscrimination (the "Housing Requirements").

(e) Tenant shall engage a property manager reasonably knowledgeable and experienced in matters relating to Legal Requirements, including LIHTC Requirements, Housing Requirements and Historic Requirements.

SECTION 7 MAINTENANCE AND REPAIR

From and after the Commencement Date, Tenant, at Tenant's sole cost and expense, shall keep the Premises and the Improvements structurally sound and in good order and condition,



reasonable wear and tear excepted. All such repairs shall be equal in quality to the original work. Landlord shall have no responsibility whatsoever relating to maintaining the structural integrity of the Premises, including the Improvements, or the maintenance or repair thereof.

SECTION 8
RIGHT TO ENTER

Landlord, at all times during the Term, shall have reasonable access to the Premises, Except in the case of emergency, access to the Premises shall be at reasonable times and upon reasonable advance notice. Landlord further shall have the right to store existing furniture in the Premises in the storage area described in Exhibit B hereto.

SECTION 9
CONSTRUCTION AND ALTERATION OF IMPROVEMENTS

(a) Except as provided for in the Plans and Specifications, neither Tenant nor any Sublessee shall have the right to make material changes, additions, or alterations, structural or otherwise, to the Improvements without the prior written consent of Landlord, which consent shall not be unreasonably withheld, conditioned, or delayed. Any such changes, additions and/or alterations shall be in compliance with Legal Requirements, including Historic Requirements and LIHTC Requirements, and the requirements of applicable Governmental Authorities, in addition to such other requirements Landlord reasonably imposes in connection therewith. Any such work consented to by Landlord shall be performed in a good and workmanlike manner, in accordance with all applicable laws, statutes, ordinances, and codes, and without deviation or change in the plans in any material respect as approved by Landlord.

(b) Neither Tenant nor any Sublessee shall have authority, express or implied, to create or place or permit to be created or placed any lien or encumbrance, of any kind or nature whatsoever upon, or in any manner to encumber or bind Landlord's Interest in the Premises. Tenant covenants and agrees to pay promptly all sums legally due and payable by Tenant or any Sublessee on account of any labor performed, or on account of any material supplied, on or to the Premises as to which any lien is or legally can be asserted against either Landlord's Interest in the Premises or Tenant's leasehold interest hereunder.

(c) Tenant shall not permit any Subtenant to alter the Premises in any manner, without the prior written approval of Landlord.

SECTION 10
INSURANCE

(a) Tenant, at its sole cost and expense, but for the mutual benefit of Tenant, its Mortgagees, and Landlord, as named additional insureds, as their interests may appear, shall maintain: (1) for the Premises "all risk" property insurance, issued by insurers authorized to do business and in good standing in the State of Wisconsin and rated A or better by A.M. Best & Company, in an amount equal to the full replacement cost of the Improvements or such lesser



amounts as Landlord and Tenant shall mutually agree to be reasonably necessary for the protection of their respective interests in the Premises under this Lease; and (2) public liability insurance with coverage in amounts not less than \$1,000,000.00 annual aggregate coverage and \$1,000,000.00 per occurrence. Tenant may satisfy the insurance requirements imposed upon Tenant under this Lease through a blanket policy of insurance.

(b) Except to the extent claims result from any negligent or intentional act of Landlord or its agents or employees, Tenant agrees to defend, indemnify and hold Landlord harmless against any and all third party claims against Landlord relating to the Premises, including claims for (1) personal injury or death and property damage arising from the Premises, intentional or negligent acts of Tenant, its agents, contractors, employees, servants, Sublessees or invitees, or the occupancy or use by Tenant or its Sublessees of the Premises, or by Tenant's agents, contractors, employees, servants, Sublessees or invitees; (2) the lien of any contractor for labor or materials supplied in connection with the construction, repair or replacement of any Improvements; and (3) any lien, penalty, cost, expense or liability arising in connection therewith; and (4) together with attorney's fees and costs reasonably incurred by Landlord in defending any such claim or liability. Tenant's liability insurance policy shall include contractual liability coverage insuring Tenant's obligations under this Section. Tenant's obligations under this Section shall survive expiration or termination of this Lease.

(c) Subject to applicable Legal Requirements, including Historic Requirements, in the event that the Premises or any portion thereof is destroyed or not otherwise available for occupancy for more than thirty (30) days as a result of the occurrence of fire or other casualty event:

(i) If insurance proceeds received as a result of such casualty event are in the judgment of both Landlord and Tenant sufficient to rebuild an economically feasible project, then Tenant shall cause such proceeds to be used for reconstructing the Premises or part thereof, beginning no later than sixty (60) days following the payment of such insurance proceeds; and

(ii) If insurance proceeds received as a result of such casualty event are in the judgment of both Landlord and Tenant not sufficient to rebuild an economically feasible project or part thereof, or the casualty occurs during the last two (2) years of the Term, then Tenant shall demolish and raze completely the damaged Improvements, including removing all basements and foundations, filling excavations, clearing the Premises, returning the surface to grade, and leaving the Premises safe and free of hazards and debris, and any insurance proceeds then remaining (other than proceeds payable for items other than the Improvements) shall be allocated and paid to Landlord and/or Tenant pursuant to Section 11(d) and this Lease shall terminate effective as of the date of such payment.

(d) Tenant shall deliver certificates of insurance policies required hereunder to Landlord prior to the Commencement Date and within thirty (30) days after Tenant's receipt of updated, renewed or new policies issued to Tenant during the balance of the Term. Each such



certificate shall contain a clause or endorsement stating that the insurance may not be terminated except after thirty (30) days written notice to Landlord.

SECTION 11 CONDEMNATION

The following provisions shall apply if all or part of the Premises is permanently acquired by the power of eminent domain or any similar governmental power or any other acquisition in lieu of condemnation:

(a) If there is a Taking of the entire Premises, this Lease shall terminate as of the date title vests in the condemning authority.

(b) If a material part of the Premises is taken, either party, on thirty (30) days notice to the other party, may terminate this Lease as of the date title vests in the condemning authority or the date the Premises become unusable for the purpose described in Section 6(a), whichever occurs first. To exercise notice hereunder, the notifying party must give the other party written notice of termination within thirty (30) days after the nature and extent of the Taking have been finally determined.

(c) If an immaterial part of the Premises is taken, the Lease shall continue, and condemnation proceeds, at the option of Landlord, shall be retained by it or be used by Tenant to restore the Premises as near as reasonably possible to the condition that existed before the Taking.

(d) Except as provided in Section 11(c), the proceeds of any Taking affecting the Premises shall be determined and allocated as set forth below. Landlord and Tenant shall mutually appoint an appraiser whose responsibility shall be, using the amount of the condemnation award as fair market value, to determine the fair market value of the Premises valued at the date of condemnation in two components: (i) the fair market value of the Premises without Tenant's improvements made under the Plans and Specification and (ii) the value of Tenant's improvements made under the Plans and Specifications. Landlord shall receive from the condemnation award an amount equal to the fair market value of the Premises valued as of the date of condemnation, excluding therefrom the value of Tenant's improvements made under the Plans and Specifications, and Tenant and its Mortgagees, as their interests may appear, shall receive from the condemnation award the value of Tenant's aforesaid improvements.

Tenant shall be entitled to any separate payments available for relocation or business replacement, to the extent they do not reduce payments available under (a)-(c) above.

SECTION 12 ASSIGNMENT AND SUBLETTING

(a) Tenant may assign Tenant's interest in this Lease only with Landlord's prior written consent, which shall not be unreasonably withheld. No such assignment or subletting, however,



shall relieve the Tenant from Tenant's obligations hereunder unless Landlord specifically agrees to release Tenant in writing .

(b) Tenant shall not enter into any Sublease of any portion of the Premises, the occupancy of which either singularly or in the aggregate with other Subtenants of the Premises, cause the Premises to be deemed "tax exempt use property" under applicable law or Section 47(c)(2)(B)(v) of the Internal Revenue Code of the United States of America. Further, the terms and provisions of Subleases shall at all times after the Commencement Date require Subtenants to be in compliance with Tenant's obligations hereunder, as well as the Legal Requirements, including the requirements of Governmental Authorities, Hazardous Material, Historic Requirements and LIHTC Requirements.

SECTION 13 EVENTS OF DEFAULT

(a) Any one or more of the following events shall constitute an "Event of Default" by Tenant hereunder:

(i) If default is monetary in nature, including failure to timely pay any Rent, the failure to cure same within thirty (30) days from the date of Notice of Default; or

(ii) If default shall be made by Tenant in the material performance of, or in compliance with, any other terms, covenants, or conditions contained in this Lease, and the same is not cured within ninety (90) days from the date of Notice of Default from Landlord to Tenant; or

(iii) Default by Tenant under any of the Loan Documents or Mortgages pertaining to the Premises and entered into by Tenant, which default continues beyond the applicable period provided for the cure thereof.

(iv) Tenant's abandonment of the Premises for a period of 180 days after written notice thereof from Landlord to Tenant specifying the basis for Landlord's claim that an abandonment has taken place; however, surrender of all or any part of the leasehold interest of Tenant to mortgagee or to a permitted assignee or subtenant or such other party or parties succeeding to Tenant's interest hereunder, shall not constitute an abandonment.

(v) The appointment of a receiver to take possession of the Premises or of Tenant's leasehold estate or of Tenant's operations with respect to the Premises for any reason, including assignment for the benefit of creditors or voluntary or involuntary bankruptcy proceedings.

(vi) An assignment by Tenant for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Tenant under any law for the purpose of adjudicating Tenant a bankrupt; or for extending time for payment, adjustment, or satisfaction of Tenant's liabilities; or for reorganization, dissolution, or arrangement on



account of or to prevent bankruptcy or insolvency; unless the involuntary assignment or involuntary proceeding, and all consequent orders, adjudications, custodies, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within 60 days after the assignment, filing, or other initiating event.

(vii) Tenant's failure to operate the Premises as multifamily housing in accordance with this Agreement and with LIHTC Requirements and Housing Requirements, subject to cure rights permitted by the State housing credit agency.

(b) Whenever Landlord serves upon Tenant a Notice of Default, Landlord agrees to contemporaneously serve such Notice of Default upon any Mortgagee and Tenant's Designated Member. The parties recognize that a Mortgagee or one or more of Tenant's Investor Members may exercise Tenant's cure rights hereunder.

SECTION 14
CURING OF DEFAULT

With respect to an Event of Default (other than an Event of Default under Section 13(a)(i)), if such default cannot, by due diligence, be cured within the period of time specified in Section 13, provided Tenant commences curing of such default within the period specified in Section 13 and Tenant diligently exercising best efforts to cure such default, Tenant shall be entitled to a reasonable additional period of time to effectuate cure.

SECTION 15
LANDLORD'S PERFORMANCE

Landlord may undertake to cure any breach by Tenant hereunder. If Landlord undertakes such cure, Tenant shall be responsible for all Landlord's costs relating to Landlord's cure, including reasonable attorney's fees and costs, which cure sums shall bear interest from the date of expenditure by Landlord at the rate of twelve percent (12%) per annum. Any such expenditures by Landlord hereunder shall not be deemed a waiver by Landlord of Tenant's breach. Further, such expenditures further shall be considered Rent and constitute a monetary breach for purposes of the notice requirements under Section 13(a)(i). Accordingly, Tenant shall have thirty (30) days from the date of the applicable Notice of Default under Section 13(a)(i) to pay Landlord in full for Landlord's cure expenditures plus interest thereon.

SECTION 16
LANDLORD'S REMEDIES

(a) Upon the occurrence of any Event of Default pursuant to Section 13 of this Lease, Landlord may take whatever action at law or in equity, including specific performance of the provisions of this Lease or injunction against its violation, as may appear necessary or reasonable to enforce performance or observance of any covenant, condition, agreement, or obligation of Tenant under this Lease, and may, in addition to such remedies: (1) terminate this Lease and, at Landlord's option, recover from Tenant all unpaid Rent to the date of termination, with interest



at twelve percent (12%) per annum; (2) reenter the Premises without termination of the Lease and Tenant's right to possession, and enforce Landlord's rights and remedies under the Lease; (3) with or without termination of this Lease or Tenant's right of possession, cure Tenant's default and thereafter enforce its rights pursuant to Section 15; (4) without termination of the Lease, terminate Tenant's right to possession of the Premises. No payment, performance, or act of compliance by Landlord of or with any of Tenant's obligations under this Lease shall constitute a waiver or cure of Tenant's default, or render Landlord liable for any loss or damage resulting from any such payment, performance or act of compliance. Landlord's remedies shall be cumulative, and Landlord's election to pursue any remedy expressly provided for herein shall not be deemed to exclude or waive any other remedy allowed by law or in equity.

(b) In the Event of Default, Landlord shall be entitled to recover against Tenant its reasonable legal fees and costs.

SECTION 17
LANDLORD'S WARRANTIES

Landlord warrants that so long as Tenant shall not be in default hereunder beyond any applicable cure period, Tenant shall quietly hold, occupy, and enjoy the Premises and all rights relating thereto during the Term, without hindrance, ejection, or molestation by Landlord or any party claiming by, through, or under Landlord.

SECTION 18
ESTOPPEL CERTIFICATES

Landlord agrees at any time and from time to time, within 10 days after reasonably requested by Tenant in writing, to execute, acknowledge, and deliver, without charge, to Tenant, or to any person designated by Tenant, a statement in writing certifying: (i) that this Lease is in full force and effect and has not been modified, assigned, subleased, supplemented, or amended except by such writings as shall be stated; (ii) that no Notice of Default of this Lease has been served on Tenant (or if Landlord has served such notice, that the default has been cured or the termination has been revoked, if such be the case); (iii) that Landlord has no claims against Tenant hereunder (or, if Landlord has any such claims, specifying the same); and (iv) the dates to which the Annual Rent and Additional Rent have been paid by Tenant.

SECTION 19
PASSTHROUGH ELECTION

(a) Landlord hereby agrees, that if it is deemed the owner of the Premises, to cooperate with Tenant to file an election (the "Election") with respect to the Building, to pass through the Federal Historic Credit pursuant to Section 47 of the Internal Revenue Code (the "Federal Historic Credits") relating to the Premises to Tenant pursuant to the provisions of Section 50(d) of the Code and Section 1.484 of the Treasury Regulations. Tenant shall be responsible for preparation and timely submission of the Election.



(b) It shall be Tenant's responsibility to assure that the Election complies with all requirements of the Code and the Treasury Regulations and is filed by Tenant on or before the respective due dates (including any extensions of time) of Tenant's tax returns for the years in which the qualified rehabilitation expenditures ("QRE") pursuant to Section 47 of the Code, incurred in connection with the rehabilitation of the Building are first placed in service.

(c) Tenant shall prepare and submit, on behalf of Landlord with Landlord's cooperation, to the National Park Service the Secretary of the Treasury and/or the Internal Revenue Service (or any other governmental authority designated for such purpose), on a timely basis, any and all requests for approval, reports, information returns and other certifications and information required:

(i) to ensure that the rehabilitation of the Building (as such term is defined in the Tenant Limited Partnership Agreement) will qualify for Federal Historic Credits;

(ii) to pass through Federal Historic Credits to Tenant; and

(iii) subject to the provisions of this Lease, to avoid recapture of Federal Historic Credits under Section 50 of the Code or reduction of Federal Historic Credits under Section 49, Section 50(b)(3) or Section 168(h) of the Code.

SECTION 20
NOTICES

All Notices shall be in writing and shall be sent by a nationally recognized next-business-day courier service or facsimile (with evidence of receipt) to Landlord or Tenant at the respective address set forth in Section 1. Either party, a Mortgagee or Tenant's Designated Member may, by notice given as aforesaid, change its address for all subsequent Notices. Notices shall be deemed given on the next business day following the day when transmitted in accordance herewith.

SECTION 21
RECORDING

The parties hereto agree that a Memorandum of this Lease shall be recorded in the land records of Marathon County, Wisconsin to document this Lease.

SECTION 22
WAIVER OF JURY TRIAL

Landlord and Tenant waive trial by jury in any action or proceeding brought by either of the parties hereto against the other or on any counterclaim in respect thereof on any matters whatsoever arising out of, or in any way connected with, this Lease, the relationship of Landlord and Tenant, Tenant's use or occupancy of the Premises and/or any claim of injury or damage under this Lease.



SECTION 23
NO PARTNERSHIP

Landlord shall not be construed or held to be a partner or associate of or joint venturer with Tenant in the conduct of Tenant's business, it being expressly understood and agreed that the relationship between the parties hereto is and shall at all times remain, during the Term, that of landlord and tenant.

SECTION 24
NO WAIVER

No failure by Landlord or Tenant to insist upon the performance of any term, covenant, or condition of this Lease or to exercise any right or remedy consequent upon a default or Event of Default hereunder, and no acceptance of full or partial payment of Annual Rent or Additional Rent during the continuance of any such default or Event of Default shall constitute a waiver of any such default or of such term, covenant, or condition. No waiver of any default or Event of Default shall affect or alter this Lease, but each and every term, covenant, and condition of this Lease shall continue in full force and effect with respect to any other then existing or subsequent default or Event of Default hereunder.

SECTION 25
APPLICABLE LAW, CONSTRUCTION OF LANGUAGE OF LEASE

This Lease is made pursuant to, and shall be construed and enforced in accordance with, the laws in force in the State of Wisconsin. All provisions of this Lease shall be construed to be "conditions" and "covenants" as though language specifically expressing or imposing covenants and conditions were used in each separate provision of this Lease.

SECTION 26
COVENANTS RUN WITH THE LAND

The parties hereto covenant and agree that all of the terms, covenants, conditions, agreements, rights, privileges, obligations, duties, specifications, and recitals in this Lease contained shall be construed as covenants running with the land, and as extending to, inuring to the benefit of, and binding upon Landlord and Tenant and their personal representatives, successors, and assigns to the same extent as if said personal representatives, successors, and assigns were herein named as original parties hereto, all to the end that this Lease shall bind the owner and holder of any interest whatsoever in or to the Premises and the Improvements thereon during the term; provided, however, that no rights shall accrue to any personal representative, successor, or assign of Tenant not permitted under Section 12.

SECTION 27
NO BROKER

The parties hereto covenant and agree with each other that no person is entitled to a



brokerage commission, finder's fee, or other similar form of compensation in connection with the execution of this Lease. Each party agrees to hold harmless the other for any action or claim by a person alleging entitlement to such a fee and claiming through that party.

SECTION 28
HOLDING OVER

Should Tenant hold over in possession of the Premises after the expiration of this Lease, Tenant shall be deemed to be occupying the Premises from month to month, subject to such occupancy's being terminated by either party upon at least thirty (30) days' written notice, as though this Lease had continued. Such occupancy shall be subject to all of the terms, covenants, and conditions of this Lease insofar as the same may be applicable to a month-to-month tenancy. Nothing in this Section excludes Landlord's rights of re-entry or any other right hereunder.

SECTION 29
CAPTIONS

The captions appearing in this Lease are inserted only as a matter of convenience and do not define, limit, construe, or describe the scope or intent of the Sections of this Lease nor in any way affect this Lease.

SECTION 30
CALCULATION OF TIME

In computing any period of time prescribed or allowed by any provision of this Lease, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is a Saturday, Sunday, or a legal holiday, in which event the period runs until the end of the next day which is not a Saturday, Sunday, or legal holiday. Unless otherwise provided herein, all notice and other periods expire as of 5:00 p.m. on the last day of the notice or other periods.

SECTION 31
SEVERABILITY

If the application of any term or provision of this Lease whether in whole or in part is held invalid or unenforceable in general or in any instance, the remainder of this Lease shall not be affected by such holding and shall be fully valid and enforceable.

SECTION 32
LANDLORD'S WORK: ENVIRONMENTAL ASSESSMENT

The Landlord, at Landlord's sole cost and expense, will provide an environmental assessment to Tenant in order for Tenant to evaluate the requirements to remove asbestos and conduct lead abatement as part of Tenant's rehabilitation of the Premises. The parties acknowledge and agree, however, that Tenant shall be solely responsible for all environmental remediation



necessary in connection with rehabilitation and conversion of the Premises.

SECTION 33
COUNTERPARTS

This Lease may be executed in multiple counterparts or in duplicate, and when so executed by all parties shall constitute one agreement.

SECTION 34
TOTAL AGREEMENT

This Lease contains the entire agreement between the parties and cannot be changed or modified except by a written instrument subsequently executed by the parties hereto.

SECTION 35
TIME OF THE ESSENCE

Time is of the essence in all provisions of this Lease to be performed by or on behalf of Tenant.

SECTION 36
THIRD PARTY RIGHTS

Notwithstanding anything to the contrary set forth elsewhere in this Lease, Landlord and Tenant hereby acknowledge and agree that Tenant's Investor Members shall be deemed third-party beneficiaries of the provisions of this Lease which entitle the Tenant's Designated Member to receive Notices hereunder and the Tenant's Investor Members to exercise Tenant's right to cure hereunder. Nothing herein, however, shall require Landlord to name any of Tenant's Investor Members in any legal proceedings instituted by Landlord under Section 16.

SECTION 37
OWNERSHIP OF IMPROVEMENTS

All improvements made by Tenant pursuant to the Plans and Specifications shall remain the property of Tenant until the end of the Term. At the end of the Term, Tenant's improvements shall be the property of Landlord. Tenant, however, shall have the absolute and unrestricted right (but not the obligation) to remove any or all of its personal property or trade fixtures as defined under applicable law prior to the end of the Term. Personal property and trade fixtures which are not removed prior to termination shall thereafter become the property of Landlord.



IN WITNESS WHEREOF, Landlord and Tenant have caused this Lease to be executed, under seal, as of the date and year first above written.

LANDLORD:

CITY OF WAUSAU

By: James E. Tipple

MASTER TENANT:

Federal Building Redevelopment Limited Partnership

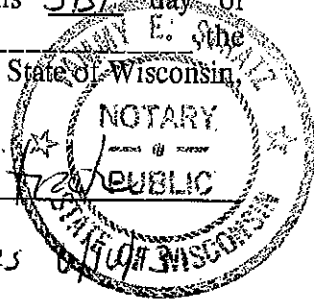
By: MetroPlains Partners, LLC, its General Partner

By: Robert G. McCready
Robert G. McCready,
Co-Chief Manager/Co-President

STATE OF WISCONSIN }
COUNTY OF MARATHON } SS

The foregoing instrument was acknowledged before me this 31st day of January, 2011 by James E. Tipple Mayor of the City of Wausau, a municipal corporation of the State of Wisconsin, on behalf of said corporation.

Tammy E. Steff
Notary Public
My Commission Expires 1/31/15



STATE OF MINNESOTA }
COUNTY OF Anoka } SS

The foregoing instrument was acknowledged before me this 1st day of February, 2011 by Robert G. McCready, the Co-Chief Manager/Co-President of MetroPlains Partners, LLC, a Minnesota limited liability company, on behalf of said company.

Leah M. Skoey
Notary Public

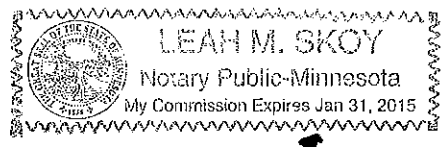




EXHIBIT "A"
Legal Description

Parcel Identification No.: 291-2907-253-0490

Part of Block 8, Plat of the Village of Wausau (Original Plat of the City of Wausau), Sections 25 and 36, Township 29 North, Range 7 East, City of Wausau, Marathon County, Wisconsin, described as follows:

Commencing at the intersection of the south line of said Block 8 and a line 29 feet easterly of and parallel with the easterly line of Lot 1, said Block 8, the point of beginning.

Thence westerly along said south line of Block 8 to the easterly right-of-way of North First Street; thence northerly along said easterly right-of-way to the southerly right-of-way of Jefferson Street; thence easterly along said southerly right-of-way to a line 29 feet easterly of and parallel with the east lines of Lots 1, 4, 7 and 8, said Block 8; thence southerly along said parallel line to said south line of Block 8, the point of beginning.

EXHIBIT "B"
"Storage Area"

Historic furniture in the courtroom, including pews, desks,
memorbilia remains the property of the City of Wausau.



R1609366 20 20

DOC# 1609366

PLANNING OPTION AGREEMENT

THIS PLANNING OPTION AGREEMENT (this "Agreement") is made and entered into as of the 8th day of December 2021, by and between the **CITY OF WAUSAU**, a Wisconsin municipal corporation established pursuant to Chapter 66, Wis. Stats., having its office at 407 Grant Street, City Hall, Wausau, Wisconsin 54401 (hereinafter "CITY") and **GORMAN & COMPANY, LLC**, a Wisconsin limited liability company, with its principal address of 200 Main Street, Oregon, Wisconsin 53575 (hereinafter "DEVELOPER").

WITNESSETH:

WHEREAS, CITY owns certain real property and improvements located at 415 S. 1st Avenue, Wausau, Wisconsin, known as "Westside Battery" and with Pin No. 291-2907-264-0970 (the "Property"); and

WHEREAS, DEVELOPER has requested a period of time to complete all desired due diligence necessary to determine the physical and financial feasibility of certain redevelopment activities at the Property (the "Project"); and

WHEREAS CITY desires to see the Property redeveloped in order to generate economic activity and tax base for the community; and

WHEREAS, depending on a determination by both parties of the economic and land use compatibility of the proposed Project, CITY is willing to negotiate a sale of the Property to DEVELOPER.

NOW, THEREFORE, for good and valuable consideration, the parties mutually agree and state as follows:

1. **Planning Option.**

- (a) CITY hereby grants to DEVELOPER (and any entity that is approved by the City of Wausau as a successor or assign) an exclusive period from the date hereof through December 31, 2022 to complete, at DEVELOPER's sole cost, any desired due diligence and feasibility studies relating to the Property and the Project (the "Planning Option"). With this Agreement, the City hereby approves Lutheran Social Services of Wisconsin and Upper Michigan, Inc., as an assign of DEVELOPER. The price of the Planning Option shall be Ten Dollars (\$10.00). The Planning Option may be extended for an additional period of six (6) months upon written notice to CITY prior to expiration for an additional fee of Ten Dollars (\$10.00) (such fee is non-refundable except as set forth below).

- (b) CITY, during the period of the Planning Option or any extension thereof, agrees not to sell the Property and agrees that DEVELOPER has exclusive rights to the purchase and development of the Property during such period.
 - (c) During the Planning Option, CITY will provide DEVELOPER with reasonable access to the Property for purposes of completing customary due diligence; provided however, that: (i) any destructive or invasive testing shall require CITY'S advance written consent; (ii) prior to conducting any activities on the Property, DEVELOPER agrees to provide CITY with proof of liability insurance reasonably acceptable to CITY; and (iii) DEVELOPER agrees to promptly repair any damage DEVELOPER causes. CITY shall make available all known environmental reports in CITY'S possession.
 - (d) During the Planning Option, CITY shall make good faith efforts to coordinate the public agency participation in planning, obtaining data from public records as may be available, reviewing and commenting on aspects of the proposed development in a timely manner.
2. **Development Agreement Negotiations.** Upon a determination by DEVELOPER that the Project is feasible, DEVELOPER shall have the option to provide CITY with written notice of DEVELOPER'S intent to proceed prior to the expiration of the Planning Option. Upon the delivery of such notice, the parties agree to negotiate in good faith for a period of not less than sixty (60) days to arrive at a binding development agreement between the parties relating to the Project (the "Development Agreement"). The terms and conditions of the binding Development Agreement are subject in all respects to negotiation and mutual agreement, and neither party shall be obligated to enter into such agreement. If after such negotiation period no binding Development Agreement has been completed, this Agreement shall self-terminate. The following is the current, non-binding understanding as to the potential structure of the Project:
- (a) The Project will be consistent with DEVELOPER'S previous written response to CITY'S Request For Proposal process.
 - (b) CITY will transfer the Property to DEVELOPER in its "AS-IS" condition for \$100,000 pursuant to the terms of an executed Development Agreement.
 - (c) The Project will be compliant with existing zoning. This Agreement does not supersede existing zoning and it does not guarantee or imply that any proposed uses that are not currently permitted by existing zoning will be authorized or that the regular design review processes can be avoided.

- (d) CITY's obligations under the Development Agreement will be conditioned upon, among other items, evidence of Project financing, review and approval of DEVELOPER's construction plans, and approval by the City of Wausau Common Council in all respects.
- (e) If the parties enter into the Development Agreement before the expiration of the Planning Option, all payments made to CITY for the Planning Option shall be applied to costs associated with the transfer of title to DEVELOPER or other costs or expenses to be paid to CITY under the Development Agreement. If the Development Agreement is not agreed to by the parties, the DEVELOPER shall forfeit all development rights to the Property.


3. **Termination.** In the event DEVELOPER determines that the proposed Project is not feasible, or otherwise does not desire to move forward, DEVELOPER shall terminate this Agreement by providing CITY with written notice thereof. In the event DEVELOPER provides no notice to proceed prior to the expiration of the Planning Option, this Agreement shall automatically terminate. CITY shall have the option to terminate this Agreement, with or without cause, upon at least thirty (30) days' written notice and, if without cause, CITY shall refund any payments made to CITY for the Planning Option.

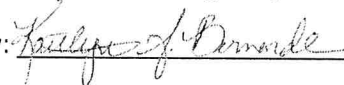
IN WITNESS WHEREOF, this Agreement has been duly executed as of the date first above written.

CITY

CITY OF WAUSAU

a Wisconsin municipal corporation

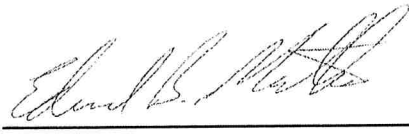
By: 
Katie Rosenberg, Mayor

By: 
Kaitlyn Bernarde, Clerk

DEVELOPER:

GORMAN & COMPANY, LLC

a Wisconsin limited liability company

By:  _____

Ted Matkom, Wisconsin Market President

FIRST AMENDMENT TO PLANNING OPTION AGREEMENT

This Amendment (“Amendment”) to the Planning Option between the City of Wausau, a municipal corporation of the State of Wisconsin (“CITY”) and Gorman & Company, LLC (“DEVELOPER”) is made this _____ day of _____, 2022.

WHEREAS, the City of Wausau and Gorman & Company, LLC entered into a Planning Option for the property located at 415 S. 1st Avenue on December 8, 2021 (“Option”); and

WHEREAS, the Option expires on December 31, 2022; and

WHEREAS, the Option may be extended for an additional six (6) months for an additional fee of \$10; and

WHEREAS, the DEVELOPER wishes to extend the Option but for a period longer than six (6) months given the WHEDA tax credit delay.

NOW, THEREFORE, in consideration of the mutual covenants set forth below, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree to amend the Option as follows:

1. As to paragraph 1.(a), Planning Option. The Option shall be extended to December 31, 2023 for an additional \$10.


To the extent not amended above, the remainder of the terms in the Agreement remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

CITY OF WAUSAU BY:

GORMAN & COMPANY, LLC BY:

Katie Rosenberg, Mayor



Brian Swanton, President/CEO

Kaitlyn A. Bernarde, Clerk

SECOND AMENDMENT TO PLANNING OPTION AGREEMENT

This Second Amendment (" Second Amendment") to the Planning Option between the City of Wausau, a municipal corporation of the State of Wisconsin ("CITY") and Gorman & Company, LLC ("DEVELOPER") is made this ___ day of May, 2023.

WHEREAS, the City of Wausau and Gorman & Company, LLC entered into a Planning Option for the property located at 415 S. 1st Avenue on December 8, 2021 ("Option"); and

WHEREAS, the City of Wausau and Gorman & Company, LLC entered into an Amendment to the Option November 16th, 2022.

WHEREAS, the parties agree to enter into a Second Amendment to reflect a modification of the Purchase Price.

NOW, THEREFORE, in consideration of the mutual covenants set forth below, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree to amend the Option as follows:

1. As to paragraph 2.(b), of the Option. The Purchase Price shall be modified from \$100,000 to \$1.
2. Developer agrees to pay for the costs incurred by the City of Wausau, including tipping fees, to demolish the building currently existing on the site.

To the extent not amended above, the remainder of the terms in the Agreement remain unchanged and in full force and effect.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

CITY OF WAUSAU BY:

GORMAN & COMPANY, LLC BY:

Katie Rosenberg, Mayor

Brian Swanton, President/CEO

Kaitlyn A. Bernarde, Clerk

Resolution No. 23-0510

RESOLUTION PROVIDING FOR THE SALE OF A
\$17,550,000 NOTE ANTICIPATION NOTE, SERIES 2023A

WHEREAS the City of Wausau, Marathon County, Wisconsin (the "City") is presently in need of an amount of approximately \$17,550,000 for public purposes, including paying the cost of providing interim financing for granular activated carbon (GAC) treatment improvements and equipment at the water treatment plant (the "Project"); and

WHEREAS it is desirable to borrow said funds through the issuance of note anticipation notes pursuant to Chapter 67, Wisconsin Statutes.

NOW, THEREFORE, BE IT RESOLVED by the Common Council of the City that:

Section 1. Issuance of the Note. The City shall issue its Note Anticipation Note, Series 2023A in an amount of approximately \$17,550,000 (the "Note") for the purposes above specified.

Section 2. Sale of the Note. The Common Council hereby authorizes and directs the officers of the City to take all actions necessary to negotiate the sale of the Note. At a subsequent meeting, the Common Council shall take further action to review the proposals that have been received, approve the details of the Note and authorize the sale of the Note.

Section 3. Term Sheet. The City Clerk shall cause a Term Sheet concerning this issue to be prepared by Ehlers & Associates, Inc.

Section 4. Reimbursement. The Common Council hereby officially declares its intent pursuant to Treasury Regulation Section 1.150-2 to reimburse any expenditures made in connection with the Project prior to the issuance of the Note with the proceeds of the Note in an amount not to exceed \$17,550,000.

Adopted, approved and recorded May 9, 2023.

Katie Rosenberg
Mayor

ATTEST:

Kaitlyn Bernarde
City Clerk

(SEAL)

PRELIMINARY TERM SHEET DATED MAY 10, 2023

City of Wausau, Wisconsin (the "City")
Marathon County

\$17,550,000* Note Anticipation Note, Series 2023A (the "Note")

Proposals Due: Proposals must be received by email to bondsale@ehlers-inc.com no later than 12:00 PM, CT on June 8, 2023.

Proposal Consideration: Proposals will be considered by the Common Council, at a meeting to be held on June 13, 2023, at 6:30 PM.

Purpose: The Note is being issued to provide interim financing for Granulated Activated Carbon treatment improvements and equipment at the Water Treatment Plant until Wisconsin Department of Natural Resources Safe Drinking Water Fund Loan Program proceeds and grants are available.

Authority: Wisconsin Statutes, Section 67.12(1)(b),

Security: The Note is a valid and binding special obligation of the City, issued in anticipation of the City issuing bonds to secure a Safe Drinking Water Fund Loan (the "Loan") issued to the State of Wisconsin, which is expected to occur in Spring of 2024. The Note does not constitute a general obligation of the City, and no lien is created upon the Project or the water system as result of the issuance of the Note. The Note is payable only from (a) any proceeds from the issuance and sale of the Note which are set aside to pay interest on the Note, and (b) proceeds to be derived from the issuance and sale of general obligation promissory notes which the City has covenanted to issue, the proceeds of which are pledged for the payment of the principal of and interest on the Note.

As authorized and permitted by Section 67.12(1)(b) , Wisconsin Statutes, in the event such monies are not sufficient to pay the principal of and interest on the Note when due, if necessary, the City will pay such deficiency out of its annual general tax levy or other available funds of the City; provided, however, that any such payment shall be subject to annual budgetary appropriations therefor and any applicable levy limits; and provided further, that neither the resolution authorizing the Note (the "Resolution") nor any such payment shall be construed as constituting an obligation of the City to make any such appropriation or any further payments.

Date of Note: June 29, 2023

Delivery Date: June 29, 2023

Maturity: July 1, 2024

<u>Year</u>	<u>Amount*</u>	<u>Interest Rate(s)</u>
2024	\$17,550,000	_____%

*Preliminary, subject to change.

Estimated Sources and Uses*

Sources			
	Par Amount of Note	\$17,550,000	
	Estimated Interest Earnings	<u>\$327,542</u>	
	Total Sources		\$17,877,542
Uses			
	Project Costs	\$17,839,542	
	Costs of Issuance	<u>38,000</u>	
	Total Uses		\$17,877,542

*Preliminary, subject to change.

Interest: Interest will be payable at maturity. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

Optional Redemption: The Note will be subject to call and prior payment on any date after the settlement date in whole or in part of the option of the City in integral multiples of \$1,000, at a price of par plus accrued interest. In the event that only a portion of the Note is redeemed, the remaining outstanding principal amount of the Note must be at least \$100,000 unless or until the Note is redeemed or paid in full.

Form of Note: The Note will be in typewritten form, registrable as to principal and interest.

Not Qualified Tax-Exempt Obligations: The Note will NOT be designated as a “qualified tax-exempt obligation” pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended, which permits financial institutions to deduct interest expenses allocable to the Note to the extent permitted under prior law.

Financial Disclosure: The City will offer to provide its financial data annually to the Lender upon request.

Rating: The City has not requested a rating for the Note. *A rating may not be requested without contacting Ehlers and receiving the permission of the City.*

Offering Documents: Offering documents shall take the form of this Preliminary Term Sheet and the attached Proposal Form. No continuing disclosure will be provided with respect to the Note.

Costs of Issuance: Financing and legal costs will be paid for out of the proceeds of the Note.
Legal Opinion: An opinion as to the validity of the Note and the exemption from taxation of the interest thereon will be furnished by Quarles & Brady LLP, Milwaukee, Wisconsin, bond counsel to the City, and will accompany the Note.

Resale of Note: The Lender shall agree to purchase the debt instrument for investment and not with a present view to the distribution, transfer or resale thereof. The Lender intends to hold and book the Note as a loan in its loan portfolio; the Lender acknowledges that the use of the word “Note” in the name of the debt instrument is for convenience only and is not intended to indicate that the instrument is a security within the meaning of the Securities Act of 1933. The Lender shall be required to hold such Note for its own account and for an indefinite period of time and shall be required to certify that it does not intend

to dispose of all or any portion of such Note and understands that transfer of such Note is restricted.

Lender: To be determined.

Registrar/Paying Agent: The City Finance Director shall be designated as the registrar/paying agent.

Bond Counsel: Rebecca Speckhard; Quarles & Brady LLP, Milwaukee, Wisconsin

Municipal Advisor: Ehlers
N19W24400 Riverwood Drive, Suite 100
Waukesha, WI 53188

Municipal Advisors: Brian Roemer Philip Cosson
Phone No. (262) 796-6178 (262) 796-6161
E-mail Address: broemer@ehlers-inc.com pcosson@ehlers-inc.com

Disclaimer:

No proposing firm representative or third-party solicitor shall contact the City's elected officials regarding this request for proposal while it remains open. Violation of this provision will be deemed grounds for immediate disqualification of a proposal and may be considered in future requests for proposal.

The City reserves the right to reject any and all proposals, and may waive any defect, irregularity, or informality contained in a proposal. The City reserves the right to select the proposal deemed most advantageous to the City, in its sole discretion, and to negotiate directly with any respondents. Preparation and submission of a response to this request for proposals is at the sole expense and risk of the responding firms, and it is understood by the selected firm that no fees or other compensation will be paid if the proposed financing is abandoned or does not close. If deadlines are modified or addenda to this request for proposal are prepared, all parties shall be notified contemporaneously.

PROPOSAL FORM

Common Council
City of Wausau, Wisconsin (the "City")

June 13, 2023

RE: \$17,550,000* Note Anticipation Note, Series 2023A (the "Note")
DATED: June 29, 2023

For all or none of the above Note, we will pay you \$_____ (not less than \$17,550,000) plus accrued interest to date of delivery for such Note, maturing on July 1 in the year below and bearing interest as follows:

_____ % due 2024

The City reserves the right to increase or decrease the principal amount of the Note on the day of sale, in increments of \$1,000.

Interest on the Note will be payable on July 1, 2024.

The Note will be subject to call and prior payment on any date in whole or in part at the option of the City in integral multiples of \$1,000, at a price of par plus accrued interest to date of redemption upon 30 days prior written notice to the Lender. In the event that only a portion of the Note is redeemed, the remaining outstanding principal amount of the Note must be at least \$100,000 unless, or until, the Note is redeemed or paid in full.

The Lender shall agree to purchase the debt instrument for investment and not with a present view to the distribution, transfer or resale thereof. The Lender intends to hold and book the Note as a loan in its loan portfolio; the Lender acknowledges that the use of the word "Note" in the name of the debt instrument is for convenience only and is not intended to indicate that the instrument is a security within the meaning of the Securities Act of 1933. The Lender shall be required to hold such Note for its own account and for an indefinite period of time and does not intend to dispose of all or any portion of such Note and understands that transfer of such Note is restricted.

The City has not requested a rating on this issue. *A rating may not be requested without contacting Ehlers and receiving the permission of the City.*

This proposal is for consideration and acceptance by the Common Council on June 13, 2023, and is conditional upon delivery of said Note to us within 40 days of award. Delivery is anticipated on or about June 29, 2023. The Note will be in typewritten form, registrable as to principal and interest. The City Finance Director shall be designated as the bond registrar/paying agent.

Submitted by:

Name of Institution: _____

Submitted By: _____

Title: _____

Signature: _____

The City reserves the right to waive any informalities in any proposal and select the proposal deemed most advantageous, in its sole discretion.

The foregoing offer is hereby accepted by and on behalf of the Common Council of the City of Wausau, Wisconsin, this _____ day of _____, 2023.

By: _____

By: _____

Title: _____

Title: _____

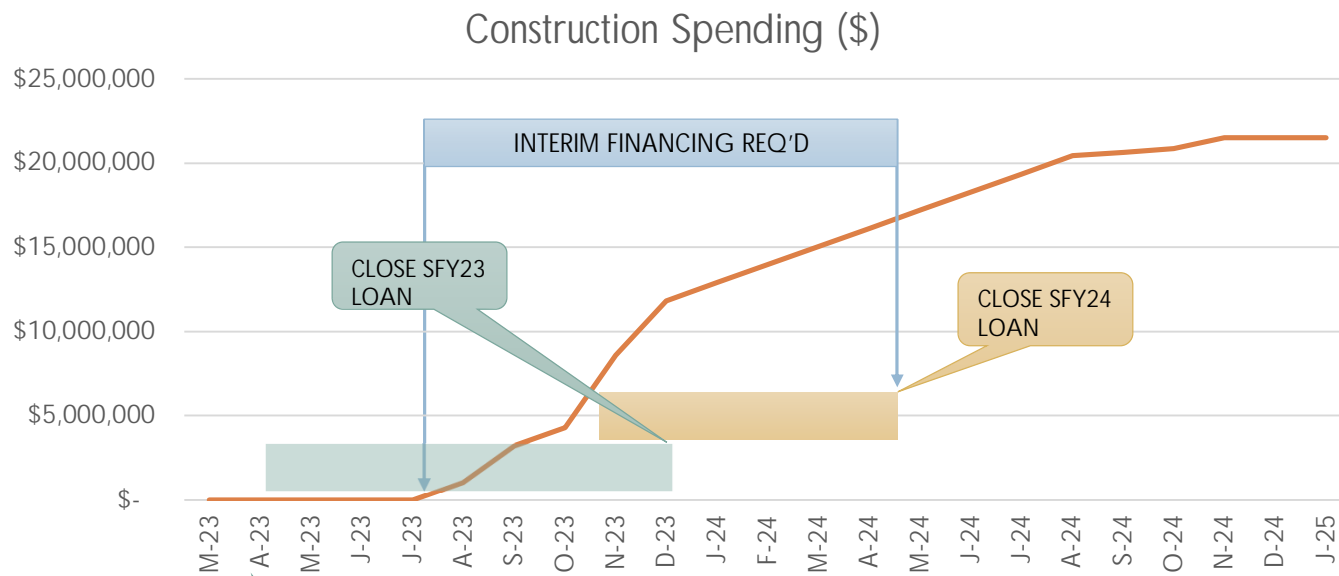


Water GAC Financing Plan

May 9, 2023 Council Meeting

City of Wausau, WI

Construction Spending v. Funding Schedule



SFY23 SDWLP FUNDING EC ONLY
 MAX. PROJECT PF \$5 M
 TOTAL PF \$12.8 M
 LOAN AVAILABLE

SFY24 SDWLP FUNDING EC, BIL, REG. SDWLP
 MAX. PROJECT PF > \$5 M ?
 TOTAL PF > \$30.1 M
 LOAN AVAILABLE

Municipalities allocated EC PF in SFY23 2023, that also apply for SFY24, will have the opportunity to choose which PF allocation they use.

Financing Options

- Need Interim Financing: Anticipation Note(s)
 - ✓ Pledge: Special Obligation (not technically Rev or GO)
 - NAN
 - ✓ Maturity: 1-year (July 1, 2024); prepayable anytime
 - ✓ Unique structure: interest due at maturity to make interest payment program eligible; "private placement"
 - ✓ Mkt Doc: Drafted terms with help of Bond Counsel & Municipal Advisor
 - ✓ Sale Method: City to decide on requested list of underwriters to distribute terms/RFP

Financing Options

- Alternatives: STFL, AN through other sale method
- Sale Method reviewed at 3/28/23 Joint WW Commission and Finance Committee Meeting
- Distribution List from City
 - ✓ Based on discussion with staff
 - ✓ Bidders on similar transactions in last 5 years

Oppenheimer & Co.	Dairy State Bank
Hutchinson	Midwestone Bank
Jefferies	Johnson Financial Group
Peoples State Bank	Northwestern Bank
PNC Bank, NA	Sterling Bank
Chase Bank	Bankers' Bank
US Bank	Forward Bank
Wells Fargo	First State Bank
BMO Harris	Bremer Bank
Bank of Alma	National Exchange Bk
Huntington Securities	Bank First
CCFBank	Incredible Bank
	Baird

City of Wausau, WI

\$17,550,000 Note Anticipation Notes

SINGLE PURPOSE

Dated June 29, 2023

Sources & Uses

Dated 06/29/2023 | Delivered 06/29/2023

Sources Of Funds

Par Amount of Bonds	\$17,550,000.00
Est Int Earnings	327,542.00
Total Sources	\$17,877,542.00

Uses Of Funds

Municipal Advisor	18,000.00
Bond Counsel	20,000.00
Deposit to Project Construction Fund	17,839,542.00
Total Uses	\$17,877,542.00

City of Wausau, WI

\$17,550,000 Note Anticipation Notes

SINGLE PURPOSE

Dated June 29, 2023

Debt Service Schedule

Date	Principal	Coupon	Interest	Total P+I	Fiscal Total
06/29/2023	-	-	-	-	-
07/01/2024	17,550,000.00	5.150%	908,846.25	18,458,846.25	18,458,846.25
Total	\$17,550,000.00	-	\$908,846.25	\$18,458,846.25	-

Yield Statistics

Bond Year Dollars	\$17,647.50
Average Life	1.006 Years
Average Coupon	5.1500000%
Net Interest Cost (NIC)	5.1500000%
True Interest Cost (TIC)	5.0846418%
Bond Yield for Arbitrage Purposes	5.0846418%
All Inclusive Cost (AIC)	5.3058026%

IRS Form 8038

Net Interest Cost	5.1500000%
Weighted Average Maturity	1.006 Years

Moving Forward

- City approves the interim financing sale process and distribution list at May 9th meeting
- City sends Term Sheet to distribution list May 10th
- Requests responses (bids) by June 9th
- City awards interim financing June 13th
- Close June 29th
- Donahue and Financing Team continue to work with SDWF Program until closure

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE FINANCE COMMITTEE	
Approving Modification of the 2023 Budget –Capital Project Funds for projects in process and other obligations	
Committee Action:	Approved
Fiscal Impact (2022):	This action will modify the 2023 budget by re-establishing projects in process in the budget and fund other contractual obligations from the 2022 budget \$4,484,030
File Number:	21-1109
Date Introduced:	May 23, 2023

FISCAL IMPACT SUMMARY		
COSTS	<i>Budget Neutral</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>
	<i>Included in Budget:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <i>Budget Source: 2022 Budgets</i>
	<i>One-time Costs:</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <i>Amount: \$4,484,030</i>
	<i>Recurring Costs:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <i>Amount:</i>
SOURCE	<i>Fee Financed:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> <i>Amount: Funded from Tax Levy, grant income, debt proceeds or TID Funds</i>
	<i>Grant Financed:</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <i>Amount:</i>
	<i>Debt Financed:</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> <i>Amount \$1,142,370 Annual Retirement \$135,000 new issue</i>
	<i>TID Financed:</i>	Yes <input type="checkbox"/> No <input type="checkbox"/> <i>Amount:</i>
	<i>TID Source: Increment Revenue <input type="checkbox"/> Debt <input type="checkbox"/> Funds on Hand <input type="checkbox"/> Interfund Loan <input type="checkbox"/></i>	

RESOLUTION

WHEREAS, the Finance Committee has received a request to carry forward certain 2022 budget appropriations for replacement reserves, unfinished projects and contractual obligations and non-lapsing committed fund balances as outlined in Exhibit A, thus modifying the 2023 budget, and

WHEREAS, your Finance Committee has reviewed and recommends the list of non-lapsing and committed funds as noted in Exhibit A

WHEREAS, the Finance Committee has reviewed the requests and recommends carry forward appropriations and the modification of the 2023 budget presented in Exhibit A, and

BE IT RESOLVED, by the Common Council of the City of Wausau that the proper City Officials be and are hereby authorized and directed to modify the 2023 budget as presented.

Approved:

Katie Rosenberg Mayor

**2022 PROJECT RESERVATIONS AND FUND CARRYOVERS
TO MODIFY THE 2023 BUDGET**

140 & 150 CAPITAL PROJECTS FUND

STREET IMPROVEMENT PROJECTS

	2022 Modified Budget	2022 Expenses	2023 Budget Modification
150-236592190 Engineering Professional Services	\$ 65,000		\$ 65,000
140-300298215 WI DOT Projects	550,000	388,550	161,450
TOTAL CARRYOVER			\$ 226,450

The carryover will fund final DOT street project bills. The state project completions can have excessive billing delays. Engineering services is available for professional services ancillary to projects.

METRORIDE CAPITAL

	2022 Modified Budget	2022 Expenses	2023 Budget Modification
150-237598300 Fare Box Upgrades	\$ 592,375	\$ -	\$ 592,375
150-237598300 Service Truck Replacement	44,175	-	44,175
TOTAL CARRYOVER			\$ 636,550
150-237588416 Grant Income	\$ (636,550)		\$ (636,550)

The Farebox and Service Truck will be funded by Grant Income.

AIRPORT PROJECTS

	2022 Modified Budget	2022 Expenses	2023 Budget Modification
150-237598418 Airport Facilities Crack Sealing	\$ 157,500	\$ -	\$ 157,500
150-237598418 Airport Facilities - Door Replacement	185,000		185,000
150-237598418 Airport Facilities - FBO Building	1,000,000		1,000,000
150-237598449 Airport Facilities - Fuel Farm Upgrades East Hangar Area	29,692	824	28,868
150-237598418 Airport Facilities Terminal Upgrades Engineering	75,000	-	75,000
TOTAL CARRYOVER			\$ 1,446,368
State Grants	\$ (1,417,750)		\$ (1,417,750)

This carryover represents unspent local share project costs related Jet A Fuel Farm upgrade and Tank monitor system performed by the State in December 2020; the relocation of the KAUW ASOS Equipment and the east hangar development area. These projects are managed by the State of Wisconsin and also experience extended close out. The Crack Sealing and Terminal Upgrade engineering services are 2021 projects. The local share is funded by tax levy.

PARK PROJECTS

	2022 Modified Budget	2022 Expenses	2023 Budget Modification
150-237598409 Park Department - Playgrounds	\$ 25,526	\$ -	\$ 25,526
150-237598425 Park Department - Rolling Stock	317,582	123,378	194,204
240-460098191 Park Department - Small Project	205,245	172,603	32,642
TOTAL CARRYOVER			\$ 252,372

This carryover will complete park capital projects and rolling stock which was delayed due to covid supply chain issues.

**2022 PROJECT RESERVATIONS AND FUND CARRYOVERS
TO MODIFY THE 2023 BUDGET**

		2022 Modified		2023 Budget
		Budget	2022 Expenses	Modification
TECHNOLOGY PROJECTS				
150-237598426	Law Enforcement Software	\$ 142,089	\$ 22,009	\$ 120,080
140-300598290	ERP Implementation	534,269	433,106	101,163
150-237598434	Computer Equipment - Data Center Refresh and CISCO Switch Replacment	151,100	3,274	147,826
150-237598438	Computer Software - Municipal Court, Special Assessment and TIPPS Software	106,519	16,399	90,120
TOTAL CARRYOVER				\$ 459,189

The carryover provides funding for the completion of a variety of software projects:
 Law Enforcement Software is nearly complete. Final payment will occur when all aspects of the project have been delivered.
 Municipal Court and Special Assessment: Both of these projects are critical as they currently are obsolete and located on hardware that must be retired. Municipal court software has been implemented, The Special Assessment software contract was signed March 2022. We expect implementation this spring.
 These projects were funded by Tax Levy.

		2022 Modified		2023 Budget
		Budget	2022 Expenses	Modification
FACILITIES				
140-300298458	Public Works Facility	1,150,000	7,630	1,142,370
NET CARRYOVER				\$ 1,142,370
Debt proceeds				\$ (1,142,370)

To fund preconstruction costs related to the DPW motor pool facility. These funds were included in the 2022 budget. The project will require additional borrowing.

NET FUND 140 and 150 CAPITAL IMPROVEMENTS FUND CARRYOVERS **\$ 966,629**

FUND 141 TAX INCREMENT DISTRICT NUMBER THREE

		2022 Modified		2023 Budget
		Budget	2022 Expenses	Modification
141-3428968290	Professional Services	\$ 46,920	\$ 5,163	\$ 41,757
TOTAL FUND 141 TID NUMBER THREE				\$ 41,757

Provide for planning studies related to redevelopment of city properties.

FUND 148 TAX INCREMENT DISTRICT NUMBER ELEVEN

		2022 Modified		2023 Budget
		Budget	2022 Expenses	Modification
149 352298240	Sidewalks and Trails	\$ 350,000	\$ 71,026	\$ 278,974
TOTAL FUND 148 TID NUMBER TEN				\$ 278,974

Carryover over of the 2023 budget to complete the Business Campus trail development.

NON-LAPSING FUNDS

In addition to the above carryovers the following funds are considered non-lapsing and committed:

- | | |
|--|------------------------------|
| 121 Grants Fund | 150 Capital Improvement Fund |
| 122 HUD Mortgage Program Fund | 151 Room Tax Fund |
| 123 DLAD Mortgage Program Fund | 152 Public Access Fund |
| 124 HCRI Fund | 153 Recycling Fund |
| 125 Economic Development Fund | 157 OJJDP Grant Fund |
| 126 Federal Rental Rehabilitation Fund | 158 ARPA Fund |
| 127 WRRP Rehabilitation Fund | 161 Water Utility Fund |
| 128 Environmental Fund | 163 Sewer Utility Fund |

**2022 PROJECT RESERVATIONS AND FUND CARRYOVERS
TO MODIFY THE 2023 BUDGET**

129 Hazardous Materials Funds	164 WATS Fund
130 Debt Service Fund	165 Parking Fund
132 Home Grant Fund	166 Airport Fund
133 Home Program Income Fund	167 Animal Control Fund
134 Home Rental Rehab Fund	170 Motor Pool Fund
135 Home Administration Fund	171 Insurance Fund
136 Neighborhood Stabilization Fund	173 Employee Benefits Fund
137 WRRP Administration Fund	174 EMS Grant Fund
140 Capital Projects Fund	175 Employee HRA Fund
138 Housing Stock Improvement Fund	177 400 Block Fund
141 Tax Increment District Number Three Fund	180 Cemetery Trust Fund
144 Tax Increment District Number Six Fund	181 Other Trust Fund
145 Tax Increment District Number Seven Fund	186 Incubator Fund
146 Tax Increment District Number Eight Fund	180's and 800's All Trust and Agency Fund
147 Tax Increment District Number Nine Fund	
148 Tax Increment District Number Ten Fund	
149 Tax Increment District Number Eleven Fund	
241 Tax Increment District Number Twelve Fund	

Interoffice MEMORANDUM

To: Maryanne Groat, Finance Director
From: Jamie Polley, Parks, Recreation and Forestry Director
Subject: 2022 Carryover Requests
Date: May 8, 2023

The Parks, Recreation, and Forestry Department respectfully requests permission to carryover the following funds from the 2022 budget to the 2023 budget:

\$194,204 150 – 237598425 Parks – Rolling Stock

In 2022, the Park Dept ordered an F150 Truck, Aerial Lift Chasis and Body, and a Bobcat 72” sweeper bucket for a total of \$119,090. The anticipated delivery dates for these vehicles are in 2023. County Park CIP Rolling Stock is funding the other 50% of the expense for the purchase of these three items.

\$11,380 141 – 342898290 Other Capital Improvements

\$70,000 in funding was established in this account in 2020 for vegetative management and the Mill Building design on Barker Steward Island. The Finance Committee approved the remaining funds to be utilized to complete the Mill Building design. If any funds are remaining the funds will be used toward the purchase of materials, expense of contractor (goats), and chemicals for the project.

\$19,630 150 – 237598406 Park Improvements

This is the balance left in the 2020 Playground Equipment replacement project. This full amount should be carried over to 2022. \$14,104 of the fund balance is allocated towards the completion of the dog park and the remaining balance will be used to assist in funding various play equipment expenses in City parks.

\$32,642 240 - 460098191 City Parks Small Projects

This is the balance left in the 2022 county small projects fund due to previous projects and material delays.

CITY OF WAUSAU, 407 Grant Street, Wausau, WI 54403

RESOLUTION OF THE COMMON COUNCIL	
<p>Approving City’s accepted Offer to Purchase for 103, 105, 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks and related budget modification</p>	
Committee Action:	<i>Pending</i>
Fiscal Impact:	\$1,200,000.00
File Number:	Date Introduced: May 9, 2023

FISCAL IMPACT SUMMARY			
COSTS	<i>Budget Neutral</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	
	<i>Included in Budget:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Budget Source</i>
	<i>One-time Costs:</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<i>Amount: \$1,200,000</i>
	<i>Recurring Costs:</i>	Yes <input type="checkbox"/> No <input checked="" type="checkbox"/>	<i>Amount:</i>
SOURCE	<i>Fee Financed:</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<i>Amount:</i>
	<i>Grant Financed:</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<i>Amount:</i>
	<i>Debt Financed:</i>	Yes <input type="checkbox"/> No <input type="checkbox"/>	<i>Amount</i> <i>Annual Retirement</i>
	<i>TID Financed:</i>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	<i>Amount: \$1,200,000</i>
	<i>TID Source: Increment Revenue</i> <input type="checkbox"/> <i>Debt</i> <input type="checkbox"/> <i>Funds on Hand</i> <input type="checkbox"/> <i>Interfund Loan</i> <input type="checkbox"/>		

RESOLUTION

WHEREAS, acquisition of the parcel located at 103, 105 and 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks (“Property”) is strategic from a riverfront development perspective, because it is the lone north riverfront parcel not currently owned by the City, and sits to the north and south of Winton Street west of N. 3rd Street; and

WHEREAS, the acquisition would also accommodate a road extension (N. River Drive) and the extension of the River Edge trail with access to Gilbert Park; and

WHEREAS, your Finance Committee and Economic Development Committee, met jointly on April 25, 2023, and gave direction to staff in closed session to negotiate an accepted offer for the purchase of the land located at 103, 105, 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks, subject to Council approval; and

WHEREAS, the City reached an accepted offer with 406 Winton Street, LLC (“Seller”), on May 4, 2023, for the purchase of the subject Property for \$1,200,000.00, subject to several contingencies:

- Accepted Offer subject to Common Council approval
- Financing Commitment Contingency by a budget modification approved by the Common Council
- Seller to provide at closing Warranty Deed to the land being sold to the City in satisfaction of the Land Contract by which the Seller is purchasing the property to

- be conveyed to the City
- Seller agrees to cooperate fully in good faith in whatever actions are required by law to assist the City in its pursuit of moving the private railroad crossing located on the Seller's property to a northerly location acceptable to the City which would connect its trail system

WHEREAS, an amendment to TID 3 was approved by Council on April 25, 2023 which included the acquisition of the Property; and

WHEREAS, your Finance Committee, at their May 9, 2023 meeting, considered and recommends a budget modification to supplement the 2023 budget

*Ledger Account/Summary	*Fund	*Cost Center	Revenue Category	Spend Category	Project	Change
49100:Proceeds from Long Term Debt	403 Tax Increment District Three	Economic Development	49120 Proceeds from Notes		County Concrete Land Acquisition Redevelopment	\$1,200,000.00
60000:Capital Outlay	403 Tax Increment District Three	Economic Development		58210 Land - General	County Concrete Land Acquisition Redevelopment	\$1,200,000.00

NOW, THEREFORE, BE IT RESOLVED, by the Common Council of the City of the Wausau, that the purchase of land located at 103, 105, 111 Winton Street and that portion of 402-406 Winton Street lying west of the railroad tracks be approved contingent upon, if necessary, Seller to construct a graded gravel trail as indicated on the map incorporated into the Offer to Purchase and the Seller acquiring private railroad crossing North of current location at a point acceptable to the City; and, that the proper City officials are authorized to close this transaction within 30 days of such proof being provided to the City.

BE IT FURTHER RESOLVED that the proper City officials are authorized to process the budget amendment as proposed.

Approved:

Katie Rosenberg, Mayor