

REPORT OF ACTION

UTILITY COMMITTEE

Project No. N/A

Type: Lead Water Service Replacement

Location: Core Neighborhood Areas

Date of Hearing: 7/15/2026

<u>Routing</u>	<u>Date</u>
City Commission	7/20/2026
Project File	

Troy Hall, Water Utility Director, presented the attached memo recommending a \$4,000 cash credit to homeowners to replace the water Lead Service Line (LSL) during an Emergency Sewer Line Replacements. In these instances, the LSLs would be on a schedule to replace them in a future year by 2029 under our larger Lead Service Line Replacement (LSLR) project, This would be at no charge to the homeowner. The \$4,000 is intended to offset the upcharge for LSLR when the sewer line is replaced. The funding for the cash credit will come from the Rehab & Renewal budget line for Water Utility. It is in the City of Fargo/Water Utility best interest to replace an many LSLs as possible with the new EPA Lead & Copper Rule Improvement (LCRI) beginning in late-2027. There are several considerations and reasons for recommending the cash credit as noted in the attached memo.

MOTION:

On a motion by Tom Knakmuhs, seconded by Brenda Derrig, the Utility Committee voted to approve a \$4,000 cash credit to homeowners to replace Lead Service Lines during Emergency Sewer Line Replacement retroactive to May 15, 2026.

<u>COMMITTEE:</u>	<u>Present</u>	<u>Yes</u>	<u>No</u>	<u>Unanimous</u>
				<u>X</u>
				<u>Proxy</u>
Chad Peterson, City Commissioner				
Brenda Derrig, Assistant City Administrator		X		
Susan Thompson, Finance Director				
Brian Ward, Water Plant Supt.				
Mark Miller, Wastewater Plant Supt.		X		
Bruce Grubb, Temp. Asst. City Administrator		X		
James Hausauer, Water Recl. Utility Director		X		
Troy Hall, Water Utility Director		X		
Ben Dow, Public Works Operations Director		X		
Tom Knakmuhs, City Engineer		X		
Dan Portlock, Water Utility Engineer				
Scott Olson, Solid Waste Utility Director		X		

ATTEST:


Troy B. Hall
Water Utility Director

C: Josh Boschee, Mayor
Commissioner Strand
Commissioner Gullickson
Commissioner Turnberg



Water Treatment Plant
435 14th Avenue South
Fargo, ND 58103
Office: 701.241.1469 | Fax: 701.241.8110
www.FargoND.gov

MEMORANDUM

July 10, 2026

To: Utility Committee

From: Troy B. Hall, Water Utility Director *TBH*

Re: Assistance to Homeowners with Lead Service Lines during Emergency Sewer Line Replacements

Water Utility staff is requesting the water utility to provide homeowners a \$4,000 cash payment to replace Lead Service Lines under Emergency Sewer Line Replacement conditions. In 2026, there have been some instances of homeowners with Lead Service Lines needing to complete emergency sewer replacement. Typically, the water service lines and sewer lines were installed in the same trench, making it difficult to replace the sewer piping without damaging the water service line. Also, these homes would be on our list for Lead Service Line Replacement (LSLR) by 2029.

We are also using federal program to receive 66.5% loan forgiveness (grant) funding for LSLR. The LSLR grant program under the United State Environmental Protection Agency (EPA) has strict requirements for eligibility and to receive reimbursement. The federal LSLR program is administered by the North Dakota State Revolving Fund (SRF). It is very apparent to water utility staff over the past year that emergency sewer line replacement and the federal LSLR program are not compatible nor cost efficient in trying to make them work together. This has been frustrating for some homeowners, knowing they are on the list for future LSLR at no cost.

Compliance with SRF requires a State Historic Preservation Office (SHPO) review of the property and three contractor quotes, among several other requirements. In using SRF for emergency sewer line replacement situations, there will be delays, added cost for construction, and added work for others in collecting/reviewing SRF documentation.

One other significant factor is new EPA Lead & Copper Rule Improvements (LCRI) starting in October, 2027. The LCRI will be complex and require significant staff time. It is in the City of Fargo's best interest to remove as many Lead Service Lines as possible over the next few years.

As a solution under emergency sewer line replacement situations, water utility staff is recommending to provide homeowners a \$4,000 cash credit to offset the cost of LSLR under emergency conditions. The water utility would need verification that the water service line is replaced. This cash credit to homeowners would not be under the federal SRF program and would not receive SRF reimbursement.

Plan of Financing

Funding for the \$4,000 cash credit to homeowners is requested to come from the water utility renewal and rehabilitation budget line. This is an annual budget line for the water utility. As an additional financial note, the average bid price for 2026 water service line replacement was \$10,982.91 per water service line. With the loan forgiveness terms of 66.5% grant under the SRF program, the water utility will pay back about \$3,679.27 per water service line in an SRF loan. The

cost per service line replacement will go up significantly if not part of a bid package pool of water service lines, especially with the additional SRF documentation requirements. The \$4,000 seems reasonable to cover the LSLR for the homeowner and helps accomplish the water utility goal for future LCRI regulations.

SUGGESTED MOTION:

Approve water utility staff to provide a \$4,000 cash credit to homeowners to replace Lead Service Lines along with emergency sewer line replacement. With approval, this will be retroactive to May 15, 2026, and allow up to \$48,000 total from the water utility budget for 2026.

Your consideration in this matter is greatly appreciated.