

**Frequently Asked Questions - December 4, 2020
Lannon Water System Expansion**

PRIVATE PROPERTY WORK AND AGREEMENT (PVW)

PVW.1. Why is there no dollar amount listed in the property owner agreement I was asked to sign?

The County and the Community Foundation are paying the contractor directly. Therefore, there is no dollar amount specified in that contract. Rather, there is a scope of work that details what the contractor is and is not authorized to do.

In the property owner agreement, Payment Options are covered in Section VII and reads as follows (emphasis added):

*“The cost associated with the work described in Section V is approximately \$7,000 to \$10,000. **The VILLAGE has secured grant funds** through the Waukesha County Community Development Block Grant program and the Waukesha Community Foundation's Village of Lannon Quarry Fund to pay these costs except for 50% of the well abandonment cost. **The CONTRACTOR will be paid directly by these entities for the work described herein.**”*

“Any work items that the OWNER may ask or direct the CONTRACTOR to complete that are not expressly covered herein will be the responsibility of the OWNER for payment directly to the CONTRACTOR.”

If you want the contractor to do the work indicated **at no cost to you**, you must sign and return the contract.

PVW.2. If the water main project falls through, and Mid City has done work on my property, will I be liable for the costs of Mid City's work?

No. The Community Development Block Grant has been secured. The County recognizes that there is a risk in them spending money to pay Mid City to do some work ahead of the water main arriving. However, the grant award is large enough to cover the work items that can be completed prior to new water main arriving. As outlined in the property owner agreement, Waukesha County will pay the Contractor directly. The only costs the property owner will be responsible for are scope items that the property owner asks Mid City to complete above and beyond the scope of the agreement. This is addressed in the property owner agreement, Section V, Payment Options as follows (emphasis added):

*“The cost associated with the work described in Section V is approximately \$7,000 to \$10,000. **The VILLAGE has secured grant funds** through the Waukesha County Community Development Block Grant program and the Waukesha Community Foundation's Village of Lannon Quarry Fund to pay these costs except for 50% of the well abandonment cost. **The CONTRACTOR will be paid directly by these entities for the work described herein.**”*

PVW.3. If I don't sign and return the agreement, will I be helping to stop the project?

No. You will be communicating that you do not want the Village's contractor to do the private property work at no cost to you and that you will pay for the \$7,000 to \$10,000 of private property work on your own.

The mandatory connection ordinance and special assessments require the property owner to connect to the system. The agreement does not impact the ordinance or the assessment.

The agreement is an opportunity for you to authorize Mid City to do the work on your private property at no cost to you. If you do not sign and return the contract, the ordinance will still require you to connect, but it will be at your own cost with your own contractor. You will be responsible for connecting to the municipal water system within six months from the time that a water main is installed adjacent to your property.

PVW.4. If I sign the agreement, but don't communicate with the contractor or let them access my property, will I be helping to stop the project?

No. Failure to provide access is a clear breach of contract. If the contract is breached, the property owner will be responsible for completing the work at your own cost. Section IV of the agreement covers Access to the Property and is shown below (emphasis added).

"The OWNER acknowledges that the CONTRACTOR will require access to the PROPERTY to complete the private plumbing work. Access inside the building at the point where the proposed service pipe will enter into the building will be required. The CONTRACTOR will provide the OWNER with a 48-hour advance notice of the work. It is the responsibility of the OWNER to provide access to the CONTRACTOR on the date and time scheduled and to remain present during the scheduled work. Work will normally be done Monday to Friday between 7 A.M. and 5 P.M. If the OWNER fails to provide access to the inside of the building, this AGREEMENT shall be canceled, and the OWNER will be responsible for connecting to the municipal water system within six months from the time that a water main is installed adjacent to the PROPERTY. If the AGREEMENT is cancelled, the OWNER will be responsible for all associated plumbing costs (approximately \$7,000 to \$10,000) and will not be eligible for grant monies covering the private property costs. Further, this AGREEMENT shall be automatically canceled if ownership of the PROPERTY has changed since the execution of this AGREEMENT, in which case a new AGREEMENT must be executed by the new OWNER. Inclement weather may require the CONTRACTOR to reschedule a new and mutually agreed upon date and time."

PVW.4. Why did I have to sign the property owner agreement by November 9, 2020?

The County is funding this through their Blight Prevention and Elimination objectives. They have spending limits on what can be spent each year. To that end, the Contractor needs to complete some work this calendar year. The Village put that date in the agreement (which is January 8, 2021 for commercial properties) in order to get the work going and to comply with the contractor's schedule.

PVW.5. What is the final deadline for returning the residential property owner agreement and what happens if I don't return it?

The final deadline for returning the agreement has been extended to December 18, 2020. If you do not return the agreement, the Village will assume that you are doing the work at your own cost and with your own contractor. Should you decide to sign and accept the terms of the agreement after December 18, 2020, the Village cannot guarantee that funds will be available as the contractor may incur additional costs due to loss of efficiency or additional coordination, for which you may become liable.

PVW.6. Am I being forced to sign the property owner agreement under duress?

In the Village's opinion, No. The Village wanted to do everything within reason to minimize up-front costs for folks, so the Village applied for and was awarded these grants. The property owner agreement is for the private property work and the agreement says if you sign it, you're allowing the Village's contractor to do the work indicated at no cost to you and their invoices will be paid directly by the County and the Community Foundation.

If you don't sign the agreement, you are free to complete the work at your own cost. However, know that you will have 6 months to connect from the time the water main shows up. The County and the Community Foundation cannot write out checks to individuals which is why the agreement is set up to pay the contractor directly.

GRANT OBLIGATIONS AND ELIGIBILITY (GE)

GE.1. The letter I received says the true cost is \$60,000 but I will only owe \$15,000. Are the grant funds in place? I am not signing the property owner agreement until the grants are in place!

The grant funds are already in place. Please sign and return your property owner agreement for the private work portion of the project. The Village is accountable to providing residents true and accurate information. When the letters were sent out indicating that the true cost has been reduced from \$60,000 to \$15,000, those funds have already been secured. There is no income eligibility requirement for the funds that reduce the cost from \$60,000 to \$15,000.

The USDA-RD grant has been obligated by the USDA as of April 2020 and is in an earmarked account that cannot be used for other purposes. This \$3.5 million dollar grant is actually in the form of "principal loan forgiveness." Of the \$8.5 million dollars of USDA-RD loan and grant, the Village only has to borrow \$5 million and the USDA will pay the contractor directly for the final \$3.5 million with no grant money passing through the Village's hands. Essentially, the USDA is giving the grant in the form of a 40% discount. The Village's interim financing for the \$5 million loan is in place with the Village's Bank and operates as a construction line of credit. When the interim financing is spent, the USDA refinances the loan and takes over payments to the contractor for the remaining \$3.5 million.

The Waukesha County Community Development Block Grant has been awarded and the Village entered into an intergovernmental agreement dated July 31, 2020 with Waukesha County for the County to use the awarded funds to pay the Contractor directly (\$848,000).

The Waukesha Community Foundation's Village of Lannon Quarry Fund has been obligated. The Village entered into an agreement with the Community Foundation dated July 13, 2020. The Quarries entered into PUD Agreements with the Village of Lannon that were approved by the Village Board at the June 25th joint Plan Commission and Village Board meeting. The quarries are required to deposit \$4.56 million dollars to the Waukesha Community Foundation once the contract for the installation of new water mains is awarded. The money is expected to be deposited late February or early March.

GE.2. I make more than \$60,000 per year. Am I going to have to pay \$60,000 to connect to water?

The only portion of this project that has an income eligibility component is the DNR Well Abandonment Grant. That's the \$920 component of this project. The USDA grants, Community Foundation Grants, and the County's CDBG Grant do not have income eligibility requirements.

So, if you received a letter that said you'll be special assessed \$15,000, that is what you'll be special assessed. If you received a letter saying you'll owe a \$7,800 impact fee, that's what you'll owe. In addition, you are responsible for coming up with 50% of the well abandonment cost (50% = \$920). The DNR well abandonment grant is an option for those who make less than \$65,000 per year to cover that portion.

GE.3. What was the other USDA grant referenced in the letter that said it is income based?

The Village already has funds obligated that reduce your water main cost to either a \$15,000 special assessment or a \$7,800 impact fee. The Village recognizes that even that can place a financial burden on folks so additional information was provided for an additional USDA-RD Safe Homes program that individuals can seek on their own to help with the special assessment and impact fee costs even further.

OVERALL COSTS (OC)

OC.1. How much is this project costing the Village?

This project has a few aspects. The Village's portion of the project is \$8.9M for the new water mains and the well source. The Village has secured the following funding obligations that reduce the project cost as follows:

- \$8.9M Cost for USDA-RD Project (New Water Mains and Well Source)
- (\$3.5M) USDA Grant for Water Main Work*
- (\$0.5M) Community Foundation Well Acquisition*
- (\$0.3M) Community Foundation Connection Fee Offsets*
- (\$0.25M) Village Connection Fees for Well Acquisition*
- (\$1.8M) Community Foundation Special Assessment Reductions*
- \$2.55M Balance to be Special Assessed to 170 properties (\$15,000 each)

OC.2. Why are some people charged \$7,500 and what if I can't pay it?

The \$7,500 is for people that already have access to existing water mains and haven't connected to them yet. Village Boards of the past decided those costs would be charged to people when they connect to the system.

If for some reason people cannot afford to pay the \$7,500, the Village Board approved a 5-year payment plan at 3.5% interest. Charges would be collected monthly.

Note that the actual impact fee is \$7,468 if paid in 2020, and \$7,692 if paid in 2021.

OC.2. Why am I charged \$15,000 and when is it due?

Folks who are getting new water main or new water infrastructure installed are being special assessed for the public improvements. That \$15,000 special assessment will be put on your tax bill over a 20-year period at an interest rate of 2.25%. The annual payments come out to about \$940 per year on your taxes.

By the way, Lannon's taxes are so low that adding this special assessment brings the gross taxes in line with Sussex, Germantown, Butler, and Menomonee Falls.

WATER BILL (WB)

WB.1. What will my water bill be each year?

Your bill for drinking water will be about \$50 per month, or \$150 per quarter for the average home. That amounts to about \$600 per year.

The Village's current water usage charge is \$5.80 per 1,000 gallons, or \$0.006 per gallon.

WB.2. What will the total water and sewer bill be each year?

Sewer and water together will end up being about \$100 per month, or \$300 per quarter, or \$1,200 per year for a typical home.

WB.3. I water my garden and wash my car a lot; how much is all that use going to cost me?

The combined water and sewer usage charge will be about \$15 per 1,000 gallons (or \$0.015 per gallon). Let's say you use 100 gallons per week to water your garden. That means you could water your garden for 10 weeks for \$15, or \$1.50 per week.

WB.4. I own a business and I use a lot of water; can I keep my well?

The Village's mandatory collection ordinance does allow for a business to keep a well as part of commercial production. In order to be granted this, the business must apply for a conditional use permit. The well must comply with current well codes including the 1959 DNR Special Village of Lannon Well Casing Requirements and be tested for bacteria twice per year. If the well fails, the property owner will be responsible for closing the well at your own cost.

Before pursuing this route, consider this: The combined usage cost of municipal sewer and water will be \$15 per 1,000 gallons. At \$0.015 per gallon, please consider the cost effectiveness of using municipal water versus the financial liability of demonstrating you have a code compliant well, paying the extra plumbing cost to separate the internal plumbing (municipal source) from the external plumbing (private well source), testing the water quality twice per year, keeping up with

the mechanical equipment maintenance and replacement cost, and ultimately bearing the cost of abandoning the well if it fails water quality tests.

If you would like to pursue this option, please contact Village Engineer Ben Wood at 414-271-0771 or ben.wood@strand.com.

WATER QUALITY (WQ)

WQ.1. Why am I being forced to connect? My well is fine!

The Village has documented SEVERAL historic bacteria issues related to bacteria in the shallow aquifer.

- 1955: Water quality concerns prompt a Village-wide survey
- 1959: DNR feels the issues related to Lannon's geology are of such a concern that they institute a "Special Lannon Well Casing Area" requirement to mitigate bacteria issues in the ground water
- 1962-1965: WDNR conducts "Investigation of the Safety of Private Water Supplies Lannon, Wisconsin"
- 1965: WDNR concludes that the preferred action is to develop a public water supply to protect public health
- 1986: WDNR publishes "A Report on a Groundwater Investigation in Southeastern Lisbon Township and the Village of Lannon" and recommends municipal water and sewer for both communities
- 1996: 40 homes tested positive for coliform and E.coli bacteria. Additional tests indicated the presence of nitrates and volatile organic compounds (VOCs) in some private wells.
- 1997: Municipal sewer is installed throughout Lannon to mitigate bacteria sources in the groundwater
- 2012-2018: Village Engineer fields approximately 1 call per year from a distressed homeowner whose well quality failed repeatedly, stalling home closing.
- 2018: Lannon Elementary and several surrounding private wells test positive for E.coli bacteria.

The reality is that the geology of Lannon is always susceptible to bacteria contamination. The cracks in the bedrock allow contamination to flow in several directions.

Overall, this is an issue of blight prevention and that is why the USDA and the County are funding this project at such high levels. The affluent new-construction properties will always have access to safe, reliable drinking water. The older housing stock in the Village needs this too.

WQ.2. What chemicals are in the Village's municipal water?

The Village pumps water out of the aquifer and the only chemical added is chlorine. By the time municipal water reaches your property, the chlorine level is approximately 0.1-0.6 parts per million. The Village knows this because it has 10 different sampling sites throughout the Village that are tested each month.

For more information, please contact Village Engineer Ben Wood at 414-271-0771 or ben.wood@strand.com.
