



WATER / SEWER LATERAL REVOLVING LOAN FUND (RLF) MANUAL

ADOPTED

August 27, 2019

SECTION 1: REVOLVING LOAN FUND (RLF) PROGRAM OBJECTIVES

The primary purpose of the RLF program is to encourage long-term maintenance of privately-owned water and sewer laterals. The program provides a way for City residents to pay for the cost of repairs to their sewer and/or water services through a voluntary loan program. The cost is placed on the owner's tax bill as a special charge and paid back over several years.

Meet regulatory, environmental, and service responsibilities (Strategic Goal)

- A. Help "Get the Lead Out" by providing a 100% funding mechanism for property owners to replace lead water services on a voluntary basis.
- B. Promote the maintenance and upkeep of sewer laterals including the replacement of clay laterals in order to maintain lateral function and decrease potential sources of I/I.
- C. Provide emergency funding to residential property owners that have a failing or failed water or sewer lateral service and need assistance in paying for a new lateral. Note: This program does not provide funding for a lateral backup or lateral maintenance such as root cutting.
- D. Promote and encourage water and sewer lateral replacements for areas where future water quality regulations from the EPA or DNR may require lateral replacement.
- E. To coordinate private side lateral replacements with public projects when possible.

SECTION 2: REVOLVING LOAN FUND (RLF) PROGRAM PRIORITIES

First priority will be given to those proposed projects that are located within officially approved capital improvement project areas (water / sewer/ street projects). This includes a higher emphasis for projects that eliminate a lead water service. Second priority will be given to those proposed projects that meet an immediate emergency situation where privately-owned water or sewer laterals have failed. Third priority is to provide funding for those that voluntarily replace their privately-owned water laterals outside of a city capital improvement project. Overall funding decisions will be based on the amount of funds available and funding priorities.

SECTION 3: LENDING PARAMETERS - ELIGIBLE APPLICANTS

Eligible applicants include: Residential properties limited to 4 units or less and/or a Licensed Day Care Facility.

SECTION 4: TYPES OF PROJECTS ELIGIBLE FOR RLF FUNDING

Water Laterals: Lead water services, services with lead goose necks, or a failed water service as approved by the Director of Public Works/ City Engineer.

Sewer Laterals: Sewer laterals that are non-code compliant (clay) or that have a deficiency or failed as approved by the Director of Public Works/ City Engineer.

SECTION 5: ACTIVITIES INELIGIBLE FOR RLF FUNDING

The following projects or activities are ineligible for RLF funding:

- 1) Properties that are not current or are delinquent on property taxes, fees, or charges for service.
- 2) Funding for laterals for new homes or commercial/ industrial businesses or expansion projects.
- 3) Funding for initial lateral installations where property has been annexed.
- 4) Funding for laterals for properties outside of the City of Plymouth.

SECTION 6: TYPES OF FINANCING AVAILABLE

All approved lateral projects are funded as a special charge on the property tax bill over several years.

City of Plymouth Capital Improvement Projects: A special charge is placed on the next occurring tax bill. The property owner will have the option to pay the outstanding balance by October 15th of each year to avoid a payment amount going on the tax roll. An initial invoice will be sent prior to placing it as a special charge on the tax bill.

Funding will be provided based on a quote and invoice from an approved licensed plumber. The City will pay the bill and a special charge will be placed on the tax roll in the same manner as a city project upon completion of the work.

Funding will also be available to those properties that have received notice from Plymouth Utilities for a leaking water service or deficient sewer lateral.

SECTION 7: LOAN TERMS AND CONDITIONS

For four or less residential units, the RLF will provide funding up to 100% of the cost of the project. This includes funding for single family homes, duplexes, or multi-family units where the property has no more than a total of four (4) residential units.

Payments are made annually as a special charge on the tax roll. Alternatively, a property owner may payoff the balance of the loan in its entirety at any point during the year until October 15th. Partial payoffs will not be accepted. Partial credit will be given for interest or fiscal charges upon early payoff.

SECTION 8: INTEREST RATES

According to the US Census Bureau, the current median household income (in 2020 dollars - 2016-2020) is \$63,293. Median household income for this program will be updated as the data becomes available. The interest rate for owner occupied units below median household income will be 1%. For those at or above median household income the interest rate will be 2.5%.

If the property is not owner occupied, the interest rate will be 2.5%.

The City of Plymouth is funding the program with defederalized CDBG funding. If supplemental financing is required, the City intends to borrow funds from the State Trust Fund loan program. The interest rates of the State Trust Fund loan program plus 1% will be the applicable fiscal charges to the borrower under this scenario.

SECTION 9: REPAYMENT TERMS & AMORITIZATION SCHEDULE

The amortization schedule will be based on an annual payment and the corresponding amount will be placed as a yearly special charge on the tax bill until the balance is paid off. The repayment or amortization schedule will be 10 years.

SECTION 10: PENALTY FOR NONPAYMENT OF TAXES/SPECIAL CHARGES

Pursuant to municipal code section 3-1-16, there is imposed a penalty of 0.5% per month or fraction of a month, in addition to the one percent interest imposed on any delinquent special charges included on the tax roll.

SECTION 11: SUPPLEMENTAL FINANCING

RLF loans are limited to financing 100% of a lateral project. Evidence of availability of supplemental financing may be required prior to advance of RLF funds if other site work and/ or building work is required. The RLF loan will not fund landscaping. However, the RLF loan will finance road repairs in the case of a sewer lateral that requires the road to be excavated and repaired.

SECTION 12: APPLICATION PROCESS

The City of Plymouth Clerk's Office will accept and consider applications for loans from the RLF program. The Clerk's Office with the assistance of the City Administrator / Utilities Manager and Director of Public Works/City Engineer will develop and maintain a RLF application for the program.

RLF funding for projects outside of a city capital improvement project will require a completed and approved application form prior to work being done. The applicant will be required to provide a cost estimate with their initial application. The application will be reviewed and approved by the City Administrator / Utilities Manager and City Clerk -Treasurer.

For project areas that are part of a city capital improvement project, information will be shared as part of a public informational meeting and related project correspondence.

SECTION 13: APPLICATION SELECTION PROCESS

Funding will be limited to the funds available under the program and also based on the priorities identified by the Common Council and RLF program manual. The Common Council may authorize subsequent financing to support the program through additional action.

SECTION 14: CLOSING AND DISBURSEMENT PROCESS

All work must be inspected by the building inspector and the inspector must sign the application before payment will be issued to the plumber.

SECTION 15: NONDISCRIMINATION

It is the policy of the City of Plymouth to ensure that all citizens have equal opportunity to participate in and receive the benefits of services, programs, or activities of the City including this RLF program.

The City does not discriminate in its programs or activities on the basis of race, color, national or ethnic origin, ancestry, age, religion or religious creed, disability or handicap, sex or gender (including pregnancy, sexual harassment and other sexual misconduct including acts of sexual violence such as rape, sexual assault, sexual exploitation and coercion), gender identity and / or expression (including a transgender identity), sexual orientation, military or veteran status, genetic information, or any other characteristic protected under applicable federal, state or local law.

SECTION SIXTEEN: AMENDMENTS

Amendments to this RLF plan will require the approval of the Common Council.

SECTION SEVENTEEN: CERTIFYING OFFICIAL

This RLF manual has been approved by the Plymouth Common Council by resolution 23 of 2019. The undersigned verifies that such action has been taken.



Brian E. Yerges, City Administrator/Utilities Manager