



A copper service line will replace a lead service line on this residential street in Lansing. In the background is a lead service line that's been removed. *Image taken and courtesy of Lindsey Scullen of Michigan Radio*

# POLICY BRIEF: FINANCING LEAD SERVICE LINE REPLACEMENT IN MICHIGAN

## Background

In 2018, Michigan adopted a revised Lead and Copper Rule to protect public health in the state by reducing lead exposure through drinking water. The updated Rule reduces the “lead action level,” revises water sampling protocols, and requires the replacement of all lead service lines (LSLs) within 20 years. Although it is currently unknown exactly how many LSLs will require replacement, it has been estimated that there are up to 500,000 LSLs remaining in the state. Estimates for total replacement costs range from \$499 million<sup>1</sup> to \$2.5 billion<sup>2</sup>.

As part of a project led by the University of Michigan’s Water Center and funded by the C.S. Mott Foundation, we have explored some of the challenges associated with financing LSL replacement under the revised Lead and Copper Rule. Guided by the input and priorities of our cross-sectoral Advisory Council, we have prepared the following reports to highlight policy approaches that are particularly relevant to Michigan. These reports include:

- Using the state Drinking Water Revolving Fund to facilitate LSL replacement
- Replacement of LSLs funded through increased water fees: A case study of Grand Rapids, MI
- Replacement of LSLs through state grants and water fees: A case study of Eau Claire, WI

## Summary of Lessons Learned

- 1. Additional funding will likely be critical to allow communities to achieve full LSL replacement in the required time frame without burdening vulnerable residents:** Existing funding and financing programs are unlikely to be sufficient to support the replacement of all LSLs within 20 years

---

<sup>1</sup> [http://dmbinternet.state.mi.us/DMB/ORRDOcs/RIS/1684\\_2017-008EQ\\_ris.pdf](http://dmbinternet.state.mi.us/DMB/ORRDOcs/RIS/1684_2017-008EQ_ris.pdf)

<sup>2</sup> [http://blogs.mml.org/wp/inside208/files/2018/03/CoalitionComment\\_DraftMichiganLCR\\_13March2018.pdf](http://blogs.mml.org/wp/inside208/files/2018/03/CoalitionComment_DraftMichiganLCR_13March2018.pdf)

## CONTACTS

University of Michigan project contact

**Sarah Mills**

[sbmills@umich.edu](mailto:sbmills@umich.edu)

**Stephanie Leiser**

[schmidts@umich.edu](mailto:schmidts@umich.edu)

without significant water rate increases in certain communities. While other states and local governments have implemented successful LSL replacement programs, most do not have specified time frames.

- 2. State legislative action authorizing the use of utility revenues for funding full LSL replacements may help expedite the replacement process:** State legislative action would proactively resolve legal uncertainty regarding whether local water utilities can use revenues from ratepayers to pay to replace the private portion of the LSL, helping avoid lawsuits that could delay implementation of LSL replacement. States like [Wisconsin](#) and [Indiana](#) have adopted such legislation, allowing communities to immediately move forward with projects.
- 3. The Drinking Water Revolving Fund provides an existing policy framework that can facilitate LSL replacement projects throughout the State:** Federal law gives states considerable flexibility in designing their DWRF programs to meet their unique needs and priorities. Within the DWRF program, there are several policy variables that may be adjusted to encourage greater use of the DWRF for LSL replacement, including use of the DWRF for private-side LSL replacement.
- 4. A proactive local role will ensure that LSLs are replaced in a cost-effective manner:** Local governments and utilities should take the lead in planning LSL replacements rather than relying on residents to volunteer for replacement. Relying on volunteers requires “hopscotching” around the community and fails to take advantage of cost savings associated with replacing multiple LSLs at once in a specific area.
- 5. More resources for citizen/resident engagement will likely help local governments realize cost savings:** States and local utilities have often had difficulty persuading residents of the importance of LSL replacement. Investing in a variety of different ways to educate and engage citizens would facilitate compliance and allow projects to be planned and completed with minimal disruption.