BRAINERD PUBLIC UTILITIES
8027 Highland Scenic Rd • P.O. Box 373 • Brainerd, Minnesota 56401
Business Office: 218.829.8726 ■ ***Repair Service:*** 218.829.2193
www.bpu.org

Financing for Private Water and Sanitary Sewer Service Line Replacements

BPU_POL_2026-01

Latest Revision/Effective Date: October 27, 2026

Original Adoption Date: October 27, 2026

I. Purpose

This policy sets the criteria under which the Public Utility may finance improvements to privately owned water and sanitary sewer service lines. Eligible improvements include replacing private water service lines from the curb stop to the meter, and replacing sanitary sewer service lines from the mainline connection (including the connection itself) to the connection point on the customer's property.

II. Scope

This policy applies only to private water service lines one inch or less in diameter and private sanitary sewer service lines that serve residential properties.

III. Definitions

Customer: The property owner or account holder responsible for water or sanitary sewer service to the property.

Curb Stop/Curb Box: The shutoff valve, and the box that provides access to it, located at or near the property line. The curb stop marks the division between utility-owned and customer-owned water infrastructure.

Licensed Contractor: A plumber or utility contractor who is licensed and approved by the City to work on water and sanitary sewer service lines.

Private Sanitary Sewer Service Line: The customer-owned pipe that connects a property to the public sewer main, typically four or six inches in diameter. It includes the wye or saddle connection at the main, the lateral pipe extending from the main to the property, and the connection point on the customer's property.

Private Water Service Line: The customer-owned pipe, one inch or less in diameter, that runs from the curb stop to the water meter inside the residence.

Public Water Service Line: The utility-owned pipe and fittings, one inch or less in diameter, that connect the private water service line to the public water main. It includes, but is not limited to, the corporation stop, the pipe between the corporation stop and the curb stop, and the curb stop/curb box.

Water Service Line: The full pipe connecting a property to the public water main, made up of the public water service line and the private water service line.

IV. Policy Statement

Customers own, and are responsible for maintaining and repairing, the Private Water Service Lines and Private Sanitary Sewer Service Lines serving their properties. When a private service line fails, the Customer is expected to complete repairs promptly to protect public health, prevent property damage, and avoid water loss or sewer backups that can affect neighboring properties and the public system.

The Utility recognizes that Customers may face challenges that delay repairs. These may include physical challenges, such as frozen ground or lines located beneath driveways or structures; logistical challenges, such as limited contractor availability; and financial challenges, such as the cost of excavation and replacement.

To help Customers address these challenges, the Utility may finance improvements to a Private Water Service Line or Private Sanitary Sewer Service Line when the Utility finds that the line has experienced a physical or operational failure. Qualifying failures include, but are not limited to:

- leaks or breaks in the service line;
- severe or recurring blockages that prevent normal use of the service; and
- deterioration, collapse, or other defects that make the line unable to function as intended.

The Utility will determine whether a failure qualifies for financing based on an inspection or other evidence it considers reliable. Financing is offered at the Utility's discretion and is subject to the eligibility requirements, application procedures, and repayment terms established in this policy. Approval of financing does not transfer ownership of, or responsibility for, the private service line to the Utility.

V. Procedures

1. Notification of Failure

When a Customer notifies the Utility of a failure in their Private Water Service Line or Private Sanitary Sewer Service Line, Utility staff will request information about the failure and about any investigation completed by a Licensed Contractor. This information may include, but is not limited to, inspection records, photographs or video of the failure, quotes for the repair work, and any other documentation the Customer can gather that helps describe the nature, location, and extent of the problem. This information allows the Utility to confirm that the failure is located on the private portion of the service line and that the proposed repair is appropriate.

2. Application for Financing

For the Utility to consider financing repairs to a Private Water Service Line or Private Sanitary Sewer Service Line, the Customer must submit the following to the Utility Business Office for review:

a. Contractor Quote

A written quote from a Licensed Contractor that itemizes the labor hours, materials, and any incidental work required to complete the repair in accordance with City standards. Incidental work may include excavation, restoration of disturbed areas, permits, and other costs directly related to the repair. The quote should identify the contractor's name, license information, the property address, and the scope of work.

b. Proof of Income Eligibility

To qualify for financing through the Utility, the Customer's household income must fall at or below the Low-Income threshold published by the U.S. Department of Housing and Urban Development (HUD) for Crow Wing County, based on household size, for the year in which the repair is proposed. The Low-Income threshold is defined as 80% of the median household income in Crow Wing County for that year. Income must be verified with the household's most recently filed federal income tax return (IRS Form 1040) for the prior tax year. If a tax return is not available or does not accurately reflect current household income, the Customer may submit other documentation acceptable to the Finance Manager. The Finance Manager may request additional information as needed to verify eligibility.

c. Eligibility Review

The Finance Manager or their designee will review the submitted materials to determine whether the Customer meets the eligibility requirements and whether the quoted repair is eligible for financing. The Customer will be notified of the determination. If any information is missing or incomplete, the Customer will be contacted and given the opportunity to provide it.

d. Agreement of Assessment

If the Customer is found eligible, the Finance Manager or their designee will prepare and provide a draft Agreement of Assessment and Waiver of Notice of Hearing, Hearing, Irregularity and Appeal. The agreement will outline the quoted cost of the improvement, the term of the assessment, and the interest rate. Assessment terms typically range from five to seven years, with an interest rate comparable to the rate on the City's most recent bond issuance.

By signing the agreement, the Customer consents to having the repair cost specially assessed against the property and waives the notice, hearing, and appeal procedures that would otherwise apply to a special assessment. The Customer must sign and return the agreement to the Utility Business Office before any repair work is authorized.

3. **Repair and Payment**
   Once the agreement has been fully executed, the Customer may notify the Contractor to proceed with the repair. The Contractor shall submit the invoice for the completed work directly to the Utility for payment. The Utility will pay the Contractor and levy the cost as a special assessment against the property, beginning in the following calendar year, according to the terms of the executed agreement.

VI. Roles and Responsibilities

Finance Manager. The Finance Manager or their designee is responsible for administering this policy in its entirety. This includes reviewing applications for financing, verifying income eligibility, notifying Customers of eligibility determinations, preparing the Agreement of Assessment and Waiver of Notice of Hearing, Hearing, Irregularity and Appeal, processing Contractor invoices for payment, and levying the resulting special assessments.

Customer. The Customer is responsible for coordinating with a Licensed Contractor to investigate the service line failure, obtaining a quote for the repair work, and submitting all information and documentation required under this policy to the Finance Manager. The Customer is also responsible for signing and returning the assessment agreement before authorizing the Contractor to begin work.

VII. Compliance and References

Income eligibility under this policy is determined using the Low-Income Limits published annually by the U.S. Department of Housing and Urban Development (HUD) for Minnesota, based on household size. The Utility will apply the limits in effect on the date a Customer's application is received.

VIII. Associated Forms and Attachments

Agreement of Assessment and Waiver of Notice of Hearing, Hearing, Irregularity and Appeal.

IX. Review and Update Schedule

This policy will be reviewed bi-annually by the Public Utilities Commission.
Revised: October 27, 2026

X. Approval and Authority

The Brainerd Public Utilities Commission approved this policy on October 27, 2026.