



Department of City Development

Redevelopment Authority
City Plan Commission
Historic Preservation Commission
NIDC

Rocky Marcoux
Commissioner

Martha L. Brown
Deputy Commissioner

July 24, 2008

Ald. Robert Bauman
City Hall, Room 205

Dear Ald. Bauman:

I am responding to your letter of July 21, 2008, to Commissioner Rocky Marcoux, regarding the proposed amendment to the agreement that governs the sale of water to New Berlin by the City of Milwaukee. The amendment would extend the amount of land area to which Milwaukee water is distributed by the City of New Berlin's water utility under an existing agreement with Milwaukee.

You asked that the Department prepare a report responding to the eight water sale criteria established in previous Common Council resolutions. As you are aware, material previously submitted to the Common Council by the Department and the Legislative Reference Bureau addresses these criteria. I am happy to summarize and expand upon that information.

- 1) Is the proposed sale the result of a water shortage or water contamination public health crisis in the community or area to be served?

According to the LRB report (p. 3 and attachment 3 to the report), the proposed sale results from water quality concerns "including excessive levels of radium, salinity and iron." The Wisconsin Dept. of Natural Resources has ordered the city of New Berlin to reduce the level of potentially cancer-causing radium to comply with standards set by the federal Safe Drinking Water Act.

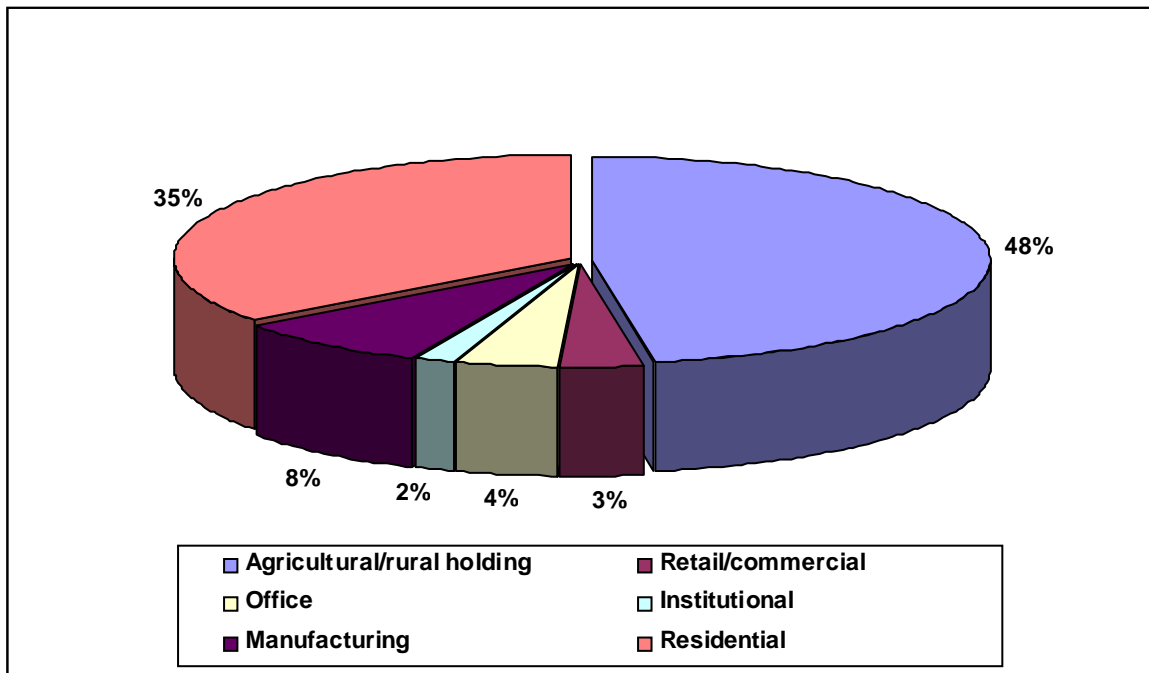
- 2) Is the area to be served fully developed or primarily undeveloped?

The area to be served (known as the "middle third" of New Berlin) is partially developed. The area contains approximately 1900 homes (LRB report, p. 8), additional undeveloped areas that are zoned for residential development, and approximately 175 acres that could be developed for non-residential uses (DCD memo and LRB report, attachment 4, attachment 5).

- 3) Is the area to be served primarily residential or business?

Primarily residential (see LRB memo, attachment 5).

4) Is future expansion of the area to be served contingent upon the availability of City of Milwaukee water?



The area to be served comprises multiple land uses, and the development potential of each is affected differently by the proposed amendment to New Berlin's water sales agreement. The chart above illustrates the types of land use permitted for developable land within the proposed service expansion area. (Attachment 5 in the LRB report contains detailed data.)

The City of New Berlin relies on an aquifer for the majority of its water, but the water supplied from this source has excessive levels of radium. The City of New Berlin is under Wisconsin Dept. of Natural Resources orders to comply with U.S. Environmental Protection Agency standards with respect to radium levels in drinking water. The development of the residential areas, which are most dependent on the availability of high-quality drinking water, will be most affected by the ability of the City of New Berlin to comply with these orders. Consultants to New Berlin have identified a number of options for compliance; New Berlin believes that pursuit of Lake Michigan water is the most cost-effective and environmentally-friendly option. (LRB report, p. 3 and attachment 3).

The water sale decision will have no impact on the development of land reserved for agriculture and rural holding (48% of developable land).

With respect to industrial, office and commercial development, we anticipate minimal impact from the water sale. Certain types of manufacturing do, of course, use large quantities of water in the manufacturing process. However, many water-reliant industries use non-potable water. Water quality, rather than water supply, is the salient issue in the New Berlin case. The water quality problem will be solved in some fashion, and development will occur, with or without the water sale.

- 5) Will the sale have a potential negative economic impact on the City due to lost opportunities for attracting new business and jobs to Milwaukee?

It is our experience that employers searching for a new location consider a wide variety of factors when making site selection decisions. The highest-ranking issues are generally the availability of a qualified workforce, the cost of doing business (including health care costs and taxes), and the quality of education at all levels. While the sale of additional water to New Berlin may “level the playing field” with Milwaukee with respect to one element of the local infrastructure, we envision very few, if any, situations for which the availability of Lake Michigan water rather than groundwater will be the deciding factor for business location decisions.

As the DCD memo notes, industrial development in the four-county metropolitan area (Milwaukee, Waukesha, Ozaukee and Washington Counties) absorbs about 425 acres of land annually. The 88 acres of industrially-zoned land that will receive Milwaukee water under this proposal represents only about *20% of one year's demand* for such property. The city of Milwaukee typically absorbs between 7% and 15% of the regional demand annually.

We also would note that many individuals seeking employment do not limit their search to the municipality in which they live. Many Milwaukee residents work in companies in New Berlin, and many New Berlin residents work at jobs located within the Milwaukee city limits.

- 6) Has the City of New Berlin adopted a comprehensive plan according to the provisions of Sec. 66.1001, Wis. Stats.?

New Berlin is currently in the process of updating its comprehensive land use plan in accordance with Wisconsin's “Smart Growth” law. “Smart Growth directs compliance by January, 2010, and final adoption of New Berlin's comprehensive plan is scheduled for late 2009.” (LRB report, p. 7).

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- 7) Has New Berlin adopted a comprehensive housing strategy integrating affordable housing opportunities to encourage racial and income diversification?

A memorandum submitted by the City of New Berlin (LRB report, attachment 6) does not directly say that the City has adopted such a strategy, although it indicates that the city's Smart Growth plan will include an affordable housing strategy. The memo also details its arrangement with the Waukesha Housing Authority to operate a HUD Housing Choice voucher program within the city limits, and indicates that the city participates in the "HOME" Consortium to provide rental subsidy and home purchase and home repair assistance to low-income households.

You have shared with the department an email from Ms. Karyn Rotker of the American Civil Liberties Union that questions New Berlin's commitment to affordable housing because many of the city's rent vouchers and affordable units are used by low-income elderly residents rather than families.

- 8) Has New Berlin adopted a comprehensive public transportation strategy that links low-income people from Milwaukee County to suburban job opportunities?

New Berlin has a transportation plan, prepared by Ruekert/Mielke in 2004, which acknowledges the importance of retaining fixed route transit service to serve the northeast portion of the city because of high employment and residential densities. (LRB report, p. 5) However, the needs of Milwaukee County residents are not paramount in New Berlin's plan. We would note that Smart Growth plans also are required to contain a transportation element.

At present, Milwaukee residents who work in New Berlin's employment centers have limited public transit options. A rider may take a Milwaukee County Transit System bus to Brookfield Square shopping center, and then transfer to Waukesha Metro Transit route #218 to the New Berlin Industrial Park. Other routes are discussed in the LRB report (p. 5).

I hope this information proves helpful.

Sincerely,

Martha Brown
Deputy Commissioner

C: Members of the Common Council