



# Waukesha Water Utility

SERVING WAUKESHA SINCE 1886

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June 19, 2012

Alderman Robert J. Bauman  
Chairman, Public Works Committee  
Common Council, City of Milwaukee  
200 E. Wells Street  
Milwaukee, WI. 53202

Dear Chairman Bauman:

We are in receipt of your letter dated June 15, 2012 requesting additional information from the Waukesha Water Utility by June 19 by 9:00 AM. We are happy to provide you with this information, which supplements the information we provided six months ago at the Milwaukee Common Council's request.

As you know, we have already had productive discussions with both the City of Racine and the City of Oak Creek and are confident that at least one of these suppliers will arrive at an "agreement in principle" with us by our deadline. However, we would like to reiterate our hope that the City of Milwaukee chooses to enter into negotiations with the Waukesha Water Utility because of the benefit that could accrue to both of our communities.

The benefits to Waukesha are clear – a healthy, sustainable supply of drinking water that does no harm to the environment because the water is returned to the lake. However, a simple analysis shows that the benefits to the City of Milwaukee are just as clear. According to the excellent analysis prepared by the City of Milwaukee Legislative Reference Bureau "City of Waukesha Wholesale Water Sales" (March 2012):

*Capacity is not an issue in a potential agreement for Milwaukee to sell water to Waukesha. The Milwaukee Water Works processed and sold 34 billion gallons of water in 2008, roughly 25% of the utility's 138.7 billion gallon capacity, and sales have been declining. Milwaukee has more than 100 billion gallons of unused water-processing capacity, so an annual sale of 4 billion gallons of water to Waukesha represents only a 4% drawdown of Milwaukee's unused capacity.*

**(Emphasis added.)**

Presently, the utility's existing customer base is paying 100% of the cost for a utility that is only utilizing 25% of its available capacity to obtain revenue. **Adding Waukesha as a customer to the Milwaukee Water Works (MWW) will immediately make Waukesha the number one customer in water volume (based on 2008 MWW statistics) and add \$3 million annually to the revenue of the utility with virtually no corresponding cost.** That is a direct savings to each and every ratepayer in Milwaukee.

The water revenue number does not include any Payment in Lieu of Taxes (PILOT) contributions that may go to the city's general fund as a result of our negotiations. Like the PILOT payments made by Milwaukee Water Works to the city's general fund (over \$10 million in 2010), any PILOT payments made as a result of our agreement would act as direct property tax relief for Milwaukee residents or may be used to fund police, fire, library or other popular public services. In a time where municipal governments are searching high and low for a way to fund city services, this windfall would certainly be welcomed by citizens and policy-makers alike.

A fair examination of the possible benefits of a potential water sale agreement between our two communities would lead to the conclusion that refusing to even begin negotiations would be a detriment to the people of Milwaukee, Waukesha and southeast Wisconsin.

The following responses correspond to the list of items requested in your June 15 letter:

#### **Comprehensive Housing Plan**

1. An explanation of how specific facets of Waukesha's housing plan have created affordable housing opportunities, and how specific affordable housing opportunities so created have resulted in greater racial, age and income diversity.

#### **RESPONSE:**

**On June 13, 2012, we supplied the Milwaukee City Clerk with information for the file related to our population in affordable housing units throughout our community. The data provided in "Tenant Statistical Reporting" spreadsheets provides demographic data for those living in public housing and Section 8 housing. A simple comparison of the data against the overall demographic data from the City of Waukesha clearly indicates that the population within affordable housing is less affluent and more culturally diverse than the city as a whole. For example, while the population of African Americans in the city as a whole is 2.35%, the population of African Americans in affordable housing hovers in the range of 14%. We would direct your attention to this already submitted information as a response to question 1.**

2. A description of any current housing plans designed to create additional affordable housing opportunities in the future, and how these additional housing opportunities are expected to foster greater racial, age and income diversity.

**RESPONSE:**

In response to question 2, we would first direct you to aforementioned excellent report prepared by the City of Milwaukee Legislative Reference Bureau titled "City of Waukesha Wholesale Water Sales," dated March 2012. Pages 13 and 14 of the report indicate that, on February 7 of this year, the City of Waukesha voted to rezone a parcel of land so that MSP Real Estate Incorporated could pursue an affordable housing project of 125 units utilizing the Low Income Housing Tax Credit (LIHTC) program. In their "Plan of Operation/Project Summary" (attached) MSP specifically cites Chapter 5 of the City of Waukesha's Comprehensive Plan as a reason that they have pursued this affordable housing project. Specifically, they point to sections of the plan where the city identified "Housing Concerns and Weaknesses" and "Implementation Recommendations" as reasons that they pursued their project in Waukesha. Included among these is the specific recommendation identifying a "need for increased availability of affordable housing." There can be no better evidence to demonstrate that our housing plan has promoted the building of affordable housing units than that of an actual affordable housing developer citing our plan as a reason they have chosen our community to pursue this recent project.

For another example, the City of Waukesha wrote a proposal in 2009 for an NSP grant that would facilitate the creation of 14 new housing units and offer home ownership opportunities to low- to moderate-income families. The City was awarded the grant and has begun implementing its plan. The city purchased a 2.12 acre site and cleared the site, which was the former site of a YWCA, using the NSP grant. The City platted the property into 11 lots, built an alley, installed utilities to each lot using TIF funds and named the new subdivision Dunbar Oaks. The City has set aside 12 of the 14 proposed units for low- and moderate-income families. To date, four of the 14 units are complete and two additional are currently under construction. Two of the units have been purchased by families below 50% of the median area income level and one unit has been purchased by a family between 80% and 120% of the median area income level. On the remaining 11 units to be sold the City has set the following income limitations:

- 2 units below 50% median income
- 4 units between 50% & 80% median income
- 3 units between 80% & 120% of median income
- 2 units without income controls.

The Dunbar Oaks neighborhood is an example of the proactive approach the City has taken to create new affordable housing in the City of Waukesha. The current supply of housing in the City of Waukesha is well diversified, more so than any other Waukesha County community. The City is committed to maintaining this diversified housing stock so that all its residents have a variety of housing options. The amount of affordable housing found in City of Waukesha far exceeds that found in any other Waukesha County community.

With regard to future projects (such as the projects described above) providing greater diversity, we would direct you to the response to question 1 above: the affordable housing population in Waukesha is both more economically and culturally diverse than the population at-large. Therefore more units should continue to contribute to greater diversity.

3. A breakdown of what percentage of current assisted and affordable housing residents in Waukesha are under age 30, what percentage are between 30 and 65, and what percentage are over 65.

**RESPONSE:**

As referenced in the response to question 1, the City of Waukesha has provided our “Tenant Statistical Reporting” documents for affordable and assisted housing within the city. These reports provide average age data for male and female residents. They do not break down the age data in the categories you requested. Therefore, the data in the three categories you are requesting is not available.

**Comprehensive Transportation Plan**

1. A declaration that Waukesha’s subsidy extending Milwaukee County Transit System’s Route 10 to Brookfield Square, Waukesha Transit’s Route 1 service to Brookfield Square and Waukesha Transit’s Route 901 has expanded and improved public transportation between job opportunities in the City of Waukesha and Milwaukee City residents.

**RESPONSE:**

As we have previously said, our detailed Comprehensive Plan has as a main goal improving the links between the unemployed and available jobs. We do not request information from riders about the purpose of their use of our transportation and

would not have any historical data for comparison. However, it is highly likely that many of our users are riding the bus for transportation to jobs and calls to our transit office from users support that conclusion. As requested, we have included a “declaration” from our transportation manager.

2. A description of any public transportation plans, other than the proceeding, designed to further expand or improve public transportation links in the future between Waukesha and Milwaukee.

**RESPONSE:**

**Waukesha has no unilateral plans at this time to expand services, especially in light of recent cuts in state transit aids.**

3. Public transportation service data such as ridership, passengers per bus hour, passengers per revenue mile, and total bus revenue hours for the Waukesha transit system in general and for the routes that you believe connect persons living in the City of Milwaukee with job opportunities in the City of Waukesha for the time frame 2000 through the present. This data is critical to our ability to assess whether your transportation plans have actually resulted in the expansion and improvement of public transportation between the City of Milwaukee and the City of Waukesha.

**RESPONSE:**

**We have previously provided you with a “comprehensive public transportation plan” as is required by D-3 of file # 080457. We also have provided you with complete 2011 ridership data from the Waukesha County Transit System that serves our community. We are providing you with additional detail that is responsive to your request from previous years, to the extent it is available.**

**Information from other Political Subdivisions**

**RESPONSE:**

**In the past year, we have responded to multiple questions from the City of Milwaukee about our service area boundaries. Despite our repeated attempts to clarify the matter, the same questions continue to be raised. It’s important to make clear that the request we are making of the City of Milwaukee is to negotiate for a supply of water to the service area, which is defined by the Southeast Wisconsin Regional Planning Commission (SEWRPC), not the Utility. That service area is currently pending**

before the Wisconsin Department of Natural Resources (DNR) for approval as part of our application for Great Lakes water. We are presently discussing proposals with the City of Oak Creek and the City of Racine for a Lake Michigan water supply to this service area. A change in the service area can only be made by SEWRPC or the DNR – not the Utility – and would cause unacceptable delays in our approval process. Therefore, a motion by the Milwaukee Common Council to negotiate a water sale for a service area that is inconsistent with the SEWRPC determination will amount to a refusal to negotiate.

However, we do understand that within the parameters of negotiations, Milwaukee may want to propose different terms for water service to other political subdivisions within the service area. As long as those terms are consistent with state law, including Wisconsin Public Service Commission regulations, we are open to such discussions in the context of actual negotiations.

In an effort to once again clarify the rules and regulations surrounding water service areas please consider the following:

- The City of Waukesha did not and does not choose the water service area that is served. 2007 Wisconsin Act 227 (the Wisconsin Compact implementation law that was formally supported by the City of Milwaukee), states that “an areawide water quality planning agency designated by the governor under ch. NR 121, Wis. Adm. Code, shall delineate the proposed water supply service areas.” §. 281.348(3)(cm), Stats. In the case of Waukesha and Milwaukee, this planning agency is the Southeast Wisconsin Regional Planning Commission (SEWRPC). Neither the City of Milwaukee nor the City of Waukesha has the authority to change that service area.
- When planning a water service area, the agency must consider whether the “plan will effectively utilize existing water supply storage and distribution facilities and wastewater infrastructure to the extent practicable.”
- The DNR “may not limit water supply service areas based on jurisdictional boundaries” except to prevent water from going outside of counties that straddle the subcontinental divide.
- Water supply plans must meet the needs of the entire service area to be approved by the DNR.
- Each of the four communities outside of the City of Waukesha included in the SEWRPC designated service area is included for logical reasons that further the letter and spirit of the Compact law.
  - o The portions of the Town of Delafield (1,200 acres) and the Town of Waukesha (11,500 acres) are included because they are also included in the sewer service area for the Utility. (See above reference to utilization of existing wastewater infrastructure.)
  - o A portion of the Town of Genesee (2,930 acres) is included because the Wisconsin DNR has identified a potential public health hazard due to

failing septic systems. Including this area in the service area will help solve this potential public health crisis.

- A portion of the City of Pewaukee (500 acres) is included due to a legally binding border agreement between our two communities.
- None of the four communities that are included in the service area has adopted either a housing plan or transportation plan. As is allowable by the State of Wisconsin Smart Growth law, these communities adopt the Waukesha County Comprehensive Plan as their planning document. We have previously provided you with that planning document. Separate housing and transportation plans for these communities do not exist and therefore are not included.

We trust that this information, coupled with the other responses we have provided over the past six months, satisfies your request. We must stress that negotiations with any potential water suppliers must be completed this summer in order for Waukesha to keep our application moving forward and to comply with our court-ordered deadline on radium compliance. If negotiations are not authorized by Milwaukee now, it is very unlikely that they can be completed with your city this summer, taking into account the Milwaukee Common Council's August recess. If negotiations are not authorized, our communities and our region will lose out on a potentially ground-breaking opportunity to engage in a true example of regional cooperation with clear benefits to all parties. As we have from the beginning, Waukesha stands ready to engage in good faith negotiations with Milwaukee in an effort to reach a mutually beneficial outcome.

Thank you for scheduling this matter before the Public Works Committee for a hearing and vote. We will be prepared to offer a presentation of the facts and answer any questions that the Common Council may have.

Sincerely,



Daniel S. Duchniak, General Manager  
Waukesha Water Utility

cc: Mayor Tom Barrett  
Members, Milwaukee Common Council

Attachments:

Letter from Robert Johnson, Transit Director  
MSP "Plan of Operation/Project Summary"  
Waukesha Route Reports 2011  
2010-11 Transit Statistics  
Waukesha Transit 2000-2010