



Tom Barrett
Mayor, City of Milwaukee

July 29, 2008

To the Honorable, the Common Council
of the City of Milwaukee

Honorable Members of the Common Council:

I want to express my full support for the amended Water Services Agreement and companion Intergovernmental Cooperation Agreement with New Berlin.

As you know, New Berlin is an existing customer of the Milwaukee Water Works and under the Great Lakes Compact, a straddling community to the Great Lakes Basin. Much of the infrastructure for water delivery is already in place and the Milwaukee Water Works has an approved plan for infrastructure improvements to the utility's southwest quadrant service area. The amount of additional water provided under this agreement is relatively small, approximately 1.8 million gallons per day which would bring New Berlin's total daily intake to approximately 3.5 million gallons per day.

Throughout the negotiations, we took great pains to ensure that the health and quality of Lake Michigan would not be compromised. There will be no co-mingling of ground water with Lake Michigan water. New Berlin will cap the radium producing wells and will be allowed use of those wells in dire emergency situations only. All water within the Lake Water Service area will be returned to the basin through the MMSD infrastructure.

New Berlin has agreed to abide by all conservation measures that will result from the enactment of the Great Lakes Compact. New Berlin has also agreed to a substantial "Excess Service Charge" that will be levied should New Berlin exceed the daily maximum usage.

As part of the companion Intergovernmental Cooperation Agreement, New Berlin has agreed to pay a Regional Benefits payment in the amount of \$1.5 million. This one-time fee was designed to reflect the value of Milwaukee's high quality Lake Michigan water for current and future users.

I believe the proposed water sale is a win-win for Milwaukee and New Berlin. Milwaukee receives a payment for the value of the water sale, water utility revenues and a "non-poaching" provision under which both parties agree not to initiate efforts to relocate an existing firm from the other community. New Berlin residents will receive healthy water from a high-quality, dependable source.

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It is of critical importance to the City of Milwaukee and to our water customers that our infrastructure and rates remain competitive. The Milwaukee Water Works has excess capacity and our costs do not remain flat. Reasonable and environmentally sound water sale agreements benefit the residents of Milwaukee.

We must also work together to insure that our water infrastructure and investments are not undermined by overbuilding water treatment capacity and water delivery systems within the region. This is an issue that the State's Public Service Commission, Department of Natural Resources and Legislature must address sooner than later.

I understand there will be critics from Milwaukee, New Berlin and well-intended groups and individuals who would like to see other issues addressed in the agreements.

As a City and a region, we can't allow history to keep us from moving forward. There are critical issues we must confront together. Now is not the time to erect new walls when we still have old ones to knock down. I hope you will join me in supporting this historic agreement, the first under the guidelines of the Great Lakes Compact.

Sincerely,

A handwritten signature in black ink, appearing to read "Tom Barrett", with a large, sweeping flourish extending to the left.

Tom Barrett
Mayor