

## Draft Working Papers

### Overview of Issues

#### Proposed Expansion of New Berlin Lake Water Service Area

##### A. Environmental Considerations & Compact Compliance

1. Proposed expansion of Lake Water Service Area is a "good fit" for straddling community exception to inter basin transfers. This proposal is subject to DNR approval via the water supply planning process.
2. The conditions included in the draft amended agreement are Compact-compliant.
3. No property would receive water from Lake Michigan unless it is connected for MMSD sewer service.
4. All wastewater from Lake Michigan will be returned to the Lake via MMSD interceptors.

##### B. Requested Service Area Expansion & Related Potential Development

1. See revised map.
2. New Berlin has amended its original WSA expansion from 1,574 acres to 1,113 acres, a decline of 461 acres.
3. Development projections are overstated because no reduction to available acreage has been taken for either infrastructure or storm water management. In addition, a 20-year period for "build out" is used, which is likely to be shorter than the actual full build out period.

#### Development Projections for Proposed Expansion to Water Service Area

Category	Acreage	Projected Property Value at Build Out	Other Information
Manufacturing	88	\$24.2 million	Assumes 4:1 land/building ratio
Shopping center, retail sales & service, auto-oriented, office, business center	82	\$268.1 million	Assumes 2:1 land/building ratio
Residential (if A-1 & A-2 rezoned)	922	\$198.75 million	<ul style="list-style-type: none"><li>• 518 homes</li><li>• A-1 &amp; 2 rezoning would be to low density residential</li></ul>
Residential (without AG rezoning)	394	\$145.9 million	<ul style="list-style-type: none"><li>• 412 homes</li></ul>

4. At full build-out these projections equate to about a 10.3—11.5% increase in property value over 20 years. At a stable tax rate, the annual increase to total combined tax capacity for all local jurisdictions would be between ~ \$390,000 and \$440,000.

### **C. Potential Development, New Connections, & Financial Considerations**

1. Value of Lake water to existing development and potential growth
2. "New connections" used as a proxy for growth. Residential Equivalent Connections (RECs) used to convert all types of growth into a single metric.
3. Possible payment approaches
4. Proposed \$1.5 million payment applies to existing development and as a "pre-payment" for future growth
  - ~ 5% of New Berlin's general fund budget for the City
  - ~ 33% of 2007 New Berlin water utility operating revenues

### **D. Economic Development Cooperation Provisions**

1. Apply M-7 code of ethics including "non-poaching" provisions
2. Annual meeting of Mayoral designees on workforce issues and access to employment

### **E. Competitive Issues Related to Negotiations**

1. "Tripartite" nature of New Berlin politics
2. Feasibility of other alternatives
3. Cost impact to New Berlin water utility
4. Politics and economics

### **F. Competitive Issues Related to Development & Regional Impacts**

1. Milwaukee manufacturing and regional manufacturing absorption
2. Regional multiplier: development is not a zero sum game
3. State aid impacts as a partial equalizer
4. Public health issues in New Berlin
5. Water service amended agreement provides strong incentives to limit consumption to agreed-on levels.