

Tentative deal would send more Milwaukee water to New Berlin

But council members question suburb's approach to regional issues

By DARRYL ENRIQUEZ and LARRY SANDLER
 denriquez@journalsentinel.com

Posted: July 23, 2008

Milwaukee and New Berlin have fashioned a draft agreement that allows Milwaukee Water Works to sell the Waukesha County community additional Lake Michigan water for a one-time fee of \$1.5 million, along with the as yet unknown cost of treating and transporting water.

With the state's passage of the Great Lakes Water Compact, the way was likely cleared for New Berlin to acquire additional Lake Michigan water to serve residential and commercial interests in the central part of the community.

New Berlin must return used water to Lake Michigan through sewerage district pipes so that there is no loss of water volume to Lake Michigan.

A key part of the agreement is the \$1.5 million payment. Ald. Michael Murphy, chairman of the Milwaukee Common Council's Finance & Personnel Committee, said Wednesday that he sees that money as Milwaukee's share of the increased industrial tax base that New Berlin could realize from expanding water service to the middle third of the suburb.

The proposal is scheduled for discussion at the Milwaukee council's Public Works Committee at 10:30 a.m. Tuesday in Room 301B at City Hall.

Because of the complexity of the issue, Ald. Bob Bauman, chairman of the committee, said he plans to take testimony at his panel's meeting Tuesday, then delay action until September, after the Common Council's August recess.

Murphy and Bauman have been skeptical about water sales to suburbs, citing concerns about urban sprawl and about suburbs reaping the benefits of their proximity to the city without sharing in its social costs.

In New Berlin's case, Murphy says he will back the deal because New Berlin is an existing customer.

It straddles the boundary of the Great Lakes basin and has to deal with radium contamination of its groundwater.

But Bauman remains opposed, saying New Berlin and Waukesha County generally have not helped support regional institutions such as the Wisconsin Center District and the Milwaukee Public Museum. Both he and Murphy voiced frustration with what they characterized as anti-Milwaukee positions staked out by two New Berlin Republican state lawmakers, Sen. Mary Lazich and Rep. Scott Gundrum.

Murphy and Bauman also are laying the groundwork to toughen Milwaukee's negotiating position when other Waukesha County communities seek Milwaukee water.

New Berlin Mayor Jack Chiovatero, who was not available for comment Wednesday, had not yet scheduled the matter to go to the council. Water Works Superintendent Carrie Lewis also was unavailable Wednesday.

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Milwaukee could clog water deal

New Berlin mayor insists development is unlikely

Sean Ryan , sean.ryan@dailyreporter.com

July 18, 2008

Milwaukee aldermen disagree as to how much the city can influence New Berlin's development plans as part of a deal to sell water to the suburb.

Milwaukee proposed a 20-year agreement with New Berlin to provide water to a 1,100-acre area in the center of the city. On top of the water rates, which Milwaukee estimates will run \$960,000 a year, New Berlin will pay \$1.5 million by the end of 2009 and sign an agreement stating the two cities won't poach companies from each other.

There's a fine line in this deal, said Milwaukee Alderman Jim Bohl. Milwaukee could price itself out of a deal if it pushes New Berlin too hard on development or transportation issues because Racine and Oak Creek are waiting in the wings.

"What it boils down to is this much: We can, as a country, talk about all we want to do in terms of extracting concessions from others in terms of North Korea or Iran, but you have to deal with the realities," he said. "There are some things that are beyond your control, and the same is true here."

But Alderman Robert Bauman, chairman of Milwaukee's Public Works Committee that will consider the agreement July 29, said the city should push for more. He wants a monetary commitment to create bus routes connecting Milwaukee workers with employers in the expanded water-service area and a commitment to housing that workers can afford.

If New Berlin doesn't agree, Bauman welcomed the city to turn to Oak Creek or Racine.

"I'm not going to sell them the bullets to shoot back at me," he said. "They can buy bullets from someone else, and, I might add, that it will cost more."

New Berlin Mayor Jack Chiovatero said he is being as straightforward as possible with Milwaukee.

"He's a little skeptical," Chiovatero said of Bauman. "But he's just protecting his people. That's fine."

Chiovatero said New Berlin doesn't need water for development; it needs water for resident safety because the federal government has deemed the suburb's underground sources contaminated. Bohl agrees.

Chiovatero said he doesn't want concerns over development to enter water sale discussions because most of the land in the service area is developed already. He said most of the developable land in the area is zoned for one house per five acres, and he agrees with residents that voted to zone it that way.

According to a Milwaukee Department of City Development report, there are 175 developable acres in the proposed service area, and the 88 acres zoned for industrial could generate 5,668 jobs if developed.

"We have never, ever had an issue with development because of water," Chiovatero said.

Milwaukee Water Works foresaw no big increase in water usage in the new area because of water conservation measures and the small amount of developable land, said Water Works Superintendent Carrie Lewis. The expanded service area would get about 3.6 million gallons on the average day, compared to 3.9 projected in 2035.

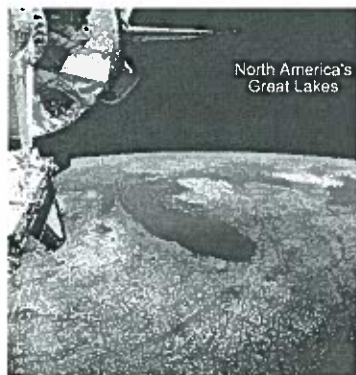
Bohl said he wants the water agreement to create a partnership because growth in the region creates opportunities for both communities. He said the draft deal could gain approval July 29 so the full Common Council could consider it the following day.

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THE POLITICAL ENVIRONMENT

JAMES ROWEN HAS WRITTEN FOR NEWSPAPERS AND SERVED AS A SENIOR MAYORAL STAFFER IN MADISON AND MILWAUKEE, WISCONSIN. THIS BLOG DISCUSSES POLITICS, THE ENVIRONMENT AND THEIR FREQUENT INTERCONNECTIONS IN WISCONSIN AND ACROSS THE GREAT LAKES. AND, SOMETIMES, OTHER THINGS.

THE GREAT LAKES



Conserving Water And
Fighting Sprawl Will
Preserve The Great Lakes
And Its Extensive Watershed
(NASA Photo)

OBAMA FOR PRESIDENT



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BLOGNETNEWS

WEDNESDAY, JULY 23, 2008

Milwaukee Water Would Flow To New Berlin Growth Area; Transit There From Milwaukee Called "Inadequate"

A City of Milwaukee report in a package of materials provided to the Common Council for a July 29th committee vote on whether to sell Lake Michigan water to central New Berlin says the destination could see thousands of new jobs, but has inadequate transit connections to Milwaukee.

The report indicates that the area in New Berlin's middle third to which Milwaukee water would be delivered could eventually see more than 5,600 new jobs, but says the employment situation there is "constrained by inadequate public transportation."

Bus service from Milwaukee is currently provided by Milwaukee County Transit Service Route #10 as far west as Brookfield Square - - a 55-minute ride from downtown Milwaukee - - then by a contracted bus operated by Waukesha's transit system through Wisconsin Coach Lines to the New Berlin Industrial Park, for example.

The Coach service has a \$3.50 round-trip fare; the Milwaukee County transit round trip to Brookfield Square is \$4.50.

That \$8.00 daily cost can drop to \$6.70 with the purchase of Milwaukee transit weekly passes or Wisconsin Coach ticket ten-packs.

A round trip ride from downtown Milwaukee to the New Berlin Industrial Park on both bus lines is more than two hours, not including layover time at Brookfield Square.

Full schedule and fare information is here.

Milwaukee County's bus Route #6 formerly went directly to the New Berlin Industrial Park, but that service ended in 2004.

WI

2

BLOG ARCHIVE

▼ 2008 (900)

▼ July (107)

There's a "Banned
From State Street
List"

Milwaukee Water
Would Flow To New
Berlin Growth Ar...

Louisiana Blogger
Corrects Record
About Katrina Oi...

New Berlin Housing
Information In
Water Sale
Docum...

New Berlin Transit
Cost And Related
Issues, In Mor...

Milwaukee Water
Could Help Create
Thousands Of
New...

Clean Wisconsin
Reminds Us That
Coal Is Not Clean

Sales Tax Referendum
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Michael Savage On
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About A Dynamic...

On Gard! Cong. Steve
Kagan Shows Up On
Endangered ...

Drunk Driving
Homicide
Convictions Still
Yielding ...

Water Sale Agreement
To New Berlin Is
Insufficient...

The complete City of Milwaukee jobs' analysis report, with the transit discussion, is here.

What's important about the report is that Milwaukee has several existing Common Council resolutions that, as a matter of policy, tie potential out-of-community water sales to a broader agenda.

That agenda includes transit, affordable housing and other regional improvements that Milwaukee believes will help alleviate social and economic pressures in southeastern Wisconsin that fall disproportionately on the state's biggest city.

It's Milwaukee's way of trying to leverage water sales towards a broader regional agenda.

Does the proposed agreement meet those expectations?

Some of these issues will be aired at a Common Council Public Improvements committee meeting at 10:30 a.m. at City Hall.

The potential water sale, if approved by Milwaukee and New Berlin, would include a yearly meeting between the cities on employment and job access issues, along with a no-raiding pledge and a \$1.5 million one-time payment to Milwaukee.

Milwaukee will have to decide if the deal adequately links the water sale to regional issues, such as access to jobs and affordable housing: New Berlin currently has 80 such units in its jurisdiction, nearly all of them targeted to seniors, not low-income families.

Records filed with Milwaukee by New Berlin also indicate the possibility of 1,119 new housing units being built in the acreage to which Milwaukee water would be delivered.

First year wholesale water revenues to Milwaukee would be \$966,000; infrastructure costs to the Milwaukee Water Works would be about \$6.8 million.

Further details on the possible water deal are here.

POSTED BY JAMES ROWEN AT 12:22 AM

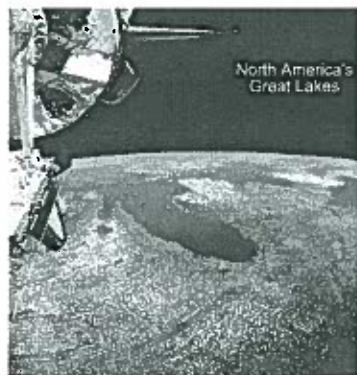
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THE POLITICAL ENVIRONMENT

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THE GREAT LAKES



Conserving Water And
Fighting Sprawl Will
Preserve The Great Lakes
And Its Extensive Watershed
(NASA Photo)

OBAMA FOR PRESIDENT

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BLOGNETNEWS

MONDAY, JULY 21, 2008

Water Sale Agreement To New Berlin Is Insufficient, Premature

Props to Gretchen Schuldt for publishing the first details of proposed agreements between Milwaukee and New Berlin to send Lake Michigan water to the so-called middle portion of New Berlin that is outside of the Great Lakes Basin.

The key elements of the plan, in addition to recurring revenues from the sale of water, would include a one-time \$1.5 million payment to Milwaukee's general fund, proposed by Aids. Michael Murphy and James Bohl, an annual meeting to discuss employment and job access issues, and a pledge by both communities against raiding each other's businesses.

\$1.5 million is equal to a one-time bonus of about 18 months of first-year revenue to Milwaukee from New Berlin for the Lake Michigan diversion, according to information submitted to the Common Council by the Milwaukee Water Works.

That first year revenue is expected to be \$996,000, the documents show.

That rate is based on what the Public Service Commission permitted to be charged for an earlier diversion Menomonee Falls - - a wholesale rate of that the utility calls a "commodity charge" \$0.668 per 1,000 gallons of water. (p. of the document).

Or looked at another way, \$1.5 million is a premium equal to an upfront annual payment of \$75,000 per year covering the 20 year agreement, (see p. 7).

That payment presumably could be used for anything from tax relief to housing, transit or other needs that Milwaukee has justifiably felt it has managed without sufficient regional cooperation.

WI

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More about that below.

BLOG ARCHIVE

▼ 2008 (900)

▼ July (107)

There's a "Banned
From State Street
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Milwaukee Water
Would Flow To New
Berlin Growth Ar...

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New Berlin Transit
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Endangered ...

Drunk Driving
Homicide
Convictions Still
Yielding ...

Water Sale Agreement
To New Berlin Is
Insufficient...

Sources at City Hall say that without strong objections at a July 29th Common Council committee Public Works committee meeting, the plan is likely to win approval.

My view is that adoption is premature, for the reasons stated below, and remember - - *New Berlin is not in a water crisis* - - so there is time to consider and produce more information that would inform and improve a final, better plan.

Documents included in a package of resolutions and reports to be considered by the council committee indicate that substantial communications have taken place between Milwaukee and New Berlin negotiators.

What is missing is an answer to this question:

Given that the water can spur development in New Berlin, and that water is a finite resource under known social and physical pressures, and given that this will be only the first of many diversion-and-water-sale applications, has the water's true value been calculated and recognized in the proposed agreements?

This question has been given some consideration, as the one-time \$1.5 million payment is on the table separate from per-gallon water-sale charges, and infrastructure costs.

But what is the origin of the \$1.5 million figure, and what is it intended to cover?

And given the potential development benefit to accrue to New Berlin from this new, fresh water delivery, frankly, *is it enough?*

Documentation submitted in both New Berlin's diversion application made to the State of Wisconsin, and included in the council committee packet, indicate that New Berlin's growth plans show a potential 1,119 units of new housing (p. 8 in that highlighted document) in the area to which the diverted water would go.

[Update: that link was not working, but has been corrected by the city. The housing data also appears on p. 21 of the New Berlin diversion application, here.]

6.5% of the new, probable construction is expected to be multi-unit housing of some type, though it is not clear from the documentation if any of those

Milwaukee County Continues To Miss The Transit Boo...	units are for the typical residents of affordable housing - - low-income and elderly persons.
Good-Bye Midwest Airlines' Options, Hello...Detroi...	More about affordable housing in a moment.
One Wisconsin Community Deals Head-On, And Positiv...	Even in today's depressed housing market, \$1.5 million could equal the value of less than a handful of new housing units in the area to which the new supply of Lake Michigan water will be directed.
One Wisconsin Community Deals Head-On, And Positiv...	And what about added tax base to service that new housing - - industry, commercial properties, and retail shops?
Al Gore's Alternative Energy Plan Deserves Serious...	So \$1.5 million is a lot of money, but you have to consider its complete context.
Open Records' Fee Abuses Keep Public Records Priva...	I think the negotiators should go back to the table and come up with a different number that is based on water's relationship to tax-base development and sharing - - a big piece of the true-value concept.
Feingold Supports Plans To Rid Great Lakes Of Inva...	Since this will be the first diversion sale under the framework of the Great Lakes Compact, thus precedent-setting, the water-value question should be answered before applications and sales are approved in Wisconsin and the region.
SEWRPC Documents Posted, As Promised; Why Doesn't ...	Here is another question that should be examined:
The Proliferation Of "Thug" Describing Some Black ...	Does the proposed sale meet existing City of Milwaukee policies, which call for the existence of affordable housing programs in the purchasing communities <i>as a prior consideration</i> ?
Does This Mean WisDOT Will Engineer Light Rail?	And there is a related requirement expressed in city policy - - "...that any diversion request include an analysis of the impact of such diversion on land use, transportation and economic development, and how comprehensive planning, including conservation planning can mitigate negative effects.'
Milwaukee County Board Chair Supports A Sales Tax ...	(Council resolution 040646, adopted unanimously 9/21/04).
Milwaukee County's \$20+ Million Question To SEWRPC...	Is Milwaukee satisfied that the sale and related agreements meet that broad planning and land-use expectation?
An Eight-Year Mistake Coming To An End, But First....	The documents state that New Berlin currently provides 80 units of affordable housing, or about 6% of the 1,300 provided throughout Waukesha County.
More Evidence That Shutting The St.	This data and the data below are at this link, pages 9-10.

Lawrence Seawa...	The City of Waukesha leads with 811, then New Berlin with 80, Menomonee Falls, 78, Hartland, 72, Sussex, 50. Pewaukee, 46 and Brookfield, 45.
Greg Kowalski Discloses WisDOT Deficiencies In A Ro...	No other community has more than 40; Butler has three, Elm Grove has one.
Milwaukee Scores High On Cities' Walkability Ranki...	The data do not differentiate between affordable housing for senior citizens and for low-income families or individuals not seniors.
Brian Fraley Needs To Read Before He Blogs	And you wonder why housing and economic justice advocates say it's unacceptable that the Southeastern Wisconsin Regional Planning Commission hasn't written a regional housing plan with affordable housing recommendations since 1975?
The Road To Sprawlvill, Chapter XVIII: Beating Th...	[Again, this document had been taken off the city's website, but is back as of Tuesday.]
San Diego Has - - Gasp! - - A One- County Regional ...	To some, this will be a matter of semantics, but does Milwaukee consider 80 existing units sufficient in a city that borders Milwaukee?
Development (sic) Has Destroyed The Chesapeake Bay...	Also consider the cost to the Milwaukee Water Works of upgrading its pumps and other equipment to push water past the subcontinental divide.
Legislators' Conservation Scorecard Released: Spec...	Documents indicate that the Milwaukee Water Works has been planning infrastructure expenditures separate from New Berlin's application that total \$6,850,000, and those improvements, given their location, will allow the utility to deliver water to New Berlin.
Nice Tribute To Former Madison Alderman Betty Sm...	Even if these scheduled improvements are totally coincidental to the New Berlin plan, shouldn't it bear some portion of those costs, since without them, Lake Michigan water cannot get to New Berlin unless it built a separate intake system of its own, or paid Oak Creek or Racine to pump it.?
Reports Show Little Improvement Since 1996 In SEWR...	Maybe infrastructure cost-sharing needs to be another piece of the agreement?
Memo To The State Patrol	And what happens when the City of Waukesha comes forward with a diversion application that could call for six times as much diverted water than what New Berlin wants?
Change Is Everywhere - - Except In Highway Plannin...	If New Berlin isn't charged some or all of the Milwaukee infrastructure cost, neither will Waukesha and the growing number of other communities who will be lining up for a water deal, and will not want to pay one cent beyond what New Berlin was charged.
Cousins Center, Open Space Preserved By Cardinal S...	And who would blame them?
Bush Fake "Initiative" On Offshore Oil Drilling Me...	
There's A Winner In SEWRPC Renaming Search	

County's Decline Fits Scott Walker's Private Secto...	Every car purchaser, home buyer and government official knows a signed agreement is tough to renegotiate and then amend.
Gov. Schwarzenegger Rips Pres. Bush On Global Warm...	That's why you get all the questions out on the table at the beginning, and make the best eventual deal you can.
Bush Administration Snoozed, Country Suffered Repe...	I think the negotiators have approached some of the regional issues with the one-time payment concept.
Gretchen Schuldt Reorganized Her Blog	But questions about its sufficiency aside, the negotiators have not addressed the full water value issue.
When You Need A Firefighter, Call The WMC	It's a big, important, historic issue. Perhaps both parties need to engage some independent expertise.
Sierra Club Backs Obama, His Energy Plan	It's not a new idea.
Official US Report Says ANWR Oil Savings Is 75 Cen...	An attorney for the City of Waukesha Water Utility suggested it years ago as a way for New Berlin to eventually win Lake Michigan water from Milwaukee.
Conservative Cleric Addresses Global Warming	So we're at the beginning of a process, not a decision-point. One final thought:
The Great Lakes Compact Is A Win For Water Bottler...	Basic social issues in the region that are related to water and its development potential are not being studied by the water supply advisory committee created by the Southeastern Wisconsin Regional Water Commission.
City of Franklin Is Among The "Most Growing," Says...	
Immigrants Add Value Antarctic Ice Melting, Even During Its Winter	From its beginning, that study was aimed at nuts-and-bolts, cost-benefit analyses. Who has excess water-pumping and treatment capacity? Milwaukee.
SF To Encourage Drivers' Cell Phone Usage	Who has excess water needs? Some suburbs.
More Ammunition For A Downtown UWM Campus	What's the solution most likely to be recommended by SEWRPC: Meet the requirements of the Great Lakes Compact, have Milwaukee deliver Lake Michigan water to buyers, and continue to validate regional sprawl away from Milwaukee that has been enabled by SEWRPC master land-use plan.
Unconventional Wisdom: Forbes Likes Milwaukee	The lack of a big-picture analysis creates further need for Milwaukee and New Berlin to go several steps further and frame this proposed water sale as the regional model that it will surely become.
The US Continues To Fumble Clean Air	

Policy

How To Hurt Public
Support For
Passenger Rail?

New Berlin is under a consent decree to provide cleaner water to its customers, but the authorities have extended the deadlines because the city was making good faith efforts to come up with a solution.

How Big Is Your
Bubble, Mr. Bush?
Ziegler Hands WMC,
Allies A \$265 Million
Tax Gift

Knowing that Lake Michigan was a likely supply option down the road, New Berlin deferred the purchase of expensive filtration equipment that could have already been in place and removing naturally-occurring radium in its well water.

Madison Monastery
Going Green

It preferred the Lake Michigan option.

More Drunk Driving
Tragedy On
Wisconsin's Roads

Heavy rainfall in both 2007 and 2008 has helped New Berlin avoid severe supply problems.

CNN Discovers The
Downside Of
Canadian Tar Sand
Ex...

This means both Milwaukee and New Berlin have time to get more information for consideration, and to deliver that information to their constituents and people across the Great Lakes region, all of whom, given that these waters are held in common trust, are on a definite "need-to-know" basis.

Stop Calling Them
Freeways

The Overhead Wire:
Cool Blog Title,
Solid Content

POSTED BY JAMES ROWEN AT 7:00 AM

McCain Does Not Have
A Bill Richardson
Moment

2 COMMENTS:

Immigration Irony:
McCain May Not Be
A Citizen Who...

Gretchen said...

Thanks for the mention on your post.

WMC Charges Its Free
Speech Violated - -
In A Publ...

Double-check that \$996,000 figure, though. It's part of the Water Works puzzling math on this topic. If you look at the column for the "middle third," it shows a water volume sale that is lower than than for the "eastern third." That can't possibly be a combined amount.

Scott Walker's
Wrecking Of County
Parks Rivals His...
Assembly GOP Takes
An Early Hit

But if you look at the service charge and fire protection amounts, those do look like total combined amounts for the "middle third" and "eastern third."

Its Own Data Give
SEWRPC That
Country Club Feel

I think Water Works may have made a couple math errors.

JULY 21, 2008 6:27 AM

Pitching Urbanism Is
Getting Easier For
John Norqu...

Kori said...

What if instead of the \$1.5 million agreement between New Berlin and Milwaukee, the City were to require the adoption of an inclusionary zoning ordinance (requiring a % of new housing development to be affordable) of

Stop The Presses!
People Like Living In

Milwaukee
Biofuels, Yes; Corn-
Based Ethanol, No.
Belling 'Defended'
Summerfest For
Eliminating Blac...
T. Boone Pickens, New
Wind Power
Devotee, Should
B...
The G-8 Is Dinking
Around With
Climate Change
The Weaknesses Of
Local Conservative
Talk Radio
Affordable Housing
Near Pabst Farms?
Madison More
Attentive To Ozone
Reduction Than
Mil...
Denver's Light Rail,
Progressive
Planning, Has Mil...
The WMC Is Feeling
The Heat
Obama's Midwest
Charter Plane Makes
Unscheduled La...
Support For Great
Lakes Compact Does
Not Guarantee...
David Maraniss Has
Written Another
Great Book
C.C. Sabathia's Signing
Shakes The City
Massive Exodus From
US Highways
Predicted: Is Wisc...
Northern Counties
Want Rail Hookup
To Twin Cities
Fewer Fireworks

communities it sells water to?

With a "20% affordable" inclusionary zoning ordinance, New Berlin would create over 200 affordable housing units (based on the development plan which projects the creation of 1100 new housing units).

This still falls short of the community's fair share of affordable housing, but if the policy were included in all water sale agreements, we might make a dent in the extreme inequity that exists.

JULY 22, 2008 2:13 PM

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Not enough from New Berlin

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Milwaukee Rising

Based on the city's west side; covering Milwaukee and beyond.

« [New lane markings recommended for Wells, State Streets](#)
[Confusion on the Water front](#) »

More water sales to New Berlin on tap

New Berlin would pay Milwaukee \$1.5 million for the right to buy Lake Michigan water and a much larger portion of New Berlin would get Milwaukee water than does now, under agreements to be considered by the Milwaukee Common Council.

About one-third of the suburb now receives Milwaukee water, and the proposed deal would add the middle third of New Berlin to the Water Works' customer base. Click [here](#) and go to page 10 to see a map of the expanded service area.

"This area is outside the Great Lakes Basin but is within the MMSD service area; water is returned to Lake Michigan," according to a Water Works feasibility study of the proposal.

The deal will provide economic benefits to Milwaukee water customers of an estimated \$1.60 to \$4.50 per residential account per year, the study said.

"Future water rate increases would proportionately increase the amount of the benefit," the study said.

The maximum amount flowing to the suburb would increase from 4.8 million gallons per day to 6.3 million gallons per day. The proposed agreement also sets hefty charges of \$10,000 to \$30,000 per hour for excessive demand by New Berlin.

"This is intended to be an incentive to New Berlin to use various storage and well pumping combinations as well as emphasize their conservation efforts," the Water Works study said.

The \$1.5 million New Berlin payment to Milwaukee would go to the city's general fund and would be in addition to regular water rates that go to the water utility, according to a resolution introduced by Aldermen Michael Murphy and Jim Bohl.

Under a proposed agreement between the two communities — a sort of side agreement to the actual water sales proposal — representatives from Milwaukee and New Berlin will meet once a year to talk about "opportunities to improve the availability of skilled workers in both communities and to improve the access of workers in each community to job opportunities."

The two communities also promise not to "promote, encourage, offer economic incentives to, or otherwise solicit businesses to relocate from the City of Milwaukee to the City of New Berlin, or the City of New Berlin to the City of Milwaukee."

Both the water sales agreement and the \$1.5 million payment are scheduled to be considered by the Common Council's Public Works Committee on July 29.

Tags: [Bohl](#), [Common Council](#), [Murphy](#), [New Berlin](#), [Water](#), [Water Works](#)

This entry was posted on Saturday, July 19th, 2008 at 11:33 am and is filed under [Common Council](#), [News](#), [Water](#). You can follow any responses to this entry through the [RSS 2.0](#) feed. You can [leave a response](#), or [trackback](#) from your own site.

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Milwaukee Rising

Based on the city's west side; covering Milwaukee and beyond.

« [More water sales to New Berlin on tap](#)
[Hank Aaron extension getting electeds' attention](#) »

Confusion on the Water front

Did the Water Works get its math right? It doesn't look like it, but maybe I'm missing something.

Here is sentence and table from the Water Works feasibility [report](#) regarding selling [more water to a larger piece](#) of New Berlin.

Based on an average day demand of 3.5 MGD, estimated annual revenues to Milwaukee Water Works for the combined existing and proposed service area are summarized in the following table:

Annual Revenue from Water Sales to New Berlin			
	Eastern Third		Middle Third
	2007 (actual*)	2008 (estimated)	First full year of service (estimated)
Service Charge*	115,530	231,060	429,600
Fire Protection*	25,710	51,420	102,840
Water Sold	419,182	461,854	434,000
Total	\$530,422	\$744,334	\$966,440

The report also says that the commodity charge is the result of 3.5 MGD multiplied by 365 days per year multiplied by the wholesale rate of \$0.668 per 1,000 gallons.

I did the math and came up with water sales of \$853,370. The Water Works table, though, shows a total of \$895,854 for the water sold to the eastern third of New Berlin sold in 2008 and the amount projected for the middle third's first full year. Why the \$42,484 difference? It's not explained.

Later in the report, Water Works also cites the \$853,370 figure, but says that the entire amount will be realized only through sales to the middle-third section of New Berlin. That amount actually is what is expected from the entire New Berlin sales area.

From the report:

This method assumes that the anticipated additional revenue from water sold in the "middle third" of New Berlin would have reduced the 2007 rate increase by a proportionate amount. The revenue requirement identified by the Public Service Commission of Wisconsin for the Water Works' 2007 rate case was \$4.0 million. This method assumes that the additional estimated revenue of \$855,370 from the "middle third" of New Berlin would have reduced the revenue requirement by 21% to \$3.1 million. The calculation assumes that the 6% rate increase that satisfied the \$4.0 million revenue requirement would have been reduced to 4.7%, saving the average residential customer \$1.60 per year.

The daily average demand for the entire New Berlin area proposed to receive Milwaukee water would be 3.6 million gallons to 3.9 million gallons. The Water Works uses 3.5 million gallons per day in its calculations, presumably to be conservative in its revenue estimates. By attributing all the revenue to the middle third area, Water Works could be overstating by 100% the economic benefit of the expansion to Milwaukee water customers. Instead of \$1.60 annually for each residential account (no big whoop to begin with), the benefit of the expansion could be as little as 80 cents.

Unless, of course, I'm totally missing something.

Tags: [New Berlin](#), [Water](#), [Water Works](#)

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