



Attachment 1
Progress Report on the Socio-Economic
Impact Analysis of the
Preliminary Draft of the Regional Water Supply Plan
by Southeastern Wisconsin Regional Planning Commission

Presented to SEWRPCs Environmental Justice Task Force

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Impact on Low-Income Households: Key Findings

- Recommendation: Source of Supply
 - *Existing Utilities to Remain on Current Supply*
 - For the 27 existing utilities slated to remain on Lake Michigan supply, and the 42 existing utilities to remain on groundwater supply, it is anticipated that the recommendations to remain on the current source of supply will have no financial impact on low-income households.
 - Based on Public Service Commission oversight and regulation, rates and additional charges are devised to shield existing ratepayers from subsidizing infrastructure needed to serve new development, and usually, a utility will do this by assessing an impact fee for new customers.
 - Any costs associated with future facilities level planning or service area expansion will continue to be assessed by the Public Service Commission, in accordance with the development of rate structures.

A background image showing a city skyline with various buildings and structures under a clear sky.

Impact on Low-Income Households: Key Findings

- Recommendation: Source of Supply
 - *Existing Utilities to Change Source of Supply (and potential provider utilities)*
 - Nine utilities recommended for conversion from groundwater to Lake Michigan as source of supply
 - Include part of City of Brookfield Municipal Water Utility (area east of the subcontinental divide), City of Cedarburg Light and Water Commission, Village of Germantown Water Utility, Village of Grafton Water and Wastewater Commission, City of Muskego Public Water Utility, City of New Berlin Water Utility, Village of Saukville Municipal Water Utility, the City of Waukesha Water Utility, and Yorkville Utility District No. 1
 - Five utilities recommended as potential Lake Michigan providers
 - Kenosha Water Utility, Milwaukee Water Works, City of Oak Creek Water and Sewer Utility, City of Port Washington Water Utility, City of Racine Water and Wastewater Utility
 - Based on PSC oversight and regulation, rates and additional charges are devised to shield existing ratepayers from subsidizing infrastructure needed to serve new development, and usually, a utility will do this by assessing an impact fee for new customers.
 - Any costs associated with future facilities level planning or service area expansion will continue to be assessed by the Public Service Commission, in accordance with the development of rate structures – this includes both wholesale and retail rate structuring.

A background image showing a panoramic view of the Milwaukee skyline, including various skyscrapers and buildings under a clear sky.

Impact on Low-Income Households: Key Findings

- Recommendation: Source of Supply
 - *Existing Utilities to Change Source of Supply (and potential provider utilities)*
 - Besides purchasing water, each of the nine utilities recommended for conversion from groundwater to Lake Michigan as source of supply need to assess the costs of converting the infrastructure which include:
 - Possible additional infrastructure needed to “hook up” with Lake Michigan provider
 - Additional costs that would be incurred to mothball existing wells
 - Return flow to Lake Michigan (Great Lakes Compact)
 - » With the exception of City of Waukesha Water Utility, each of the above 8 utilities currently return flow to Lake Michigan, either directly or through the MMSD
 - Part of the decision to switch five of the nine selected utilities was based on a number of factors including the Milwaukee Water Works excess capacity which has helped keep production costs low.
 - Utilities recommended to engage in purchasing water from Milwaukee Water Works include City of Brookfield Municipal Water Utility (area east of the subcontinental divide), Village of Germantown Water Utility, City of Muskego Public Water Utility, City of New Berlin Water Utility, and the City of Waukesha Water Utility

A background image showing a panoramic view of the Milwaukee city skyline, including various skyscrapers and buildings under a clear sky.

Impact on Low-Income Households: Key Findings

- Recommendation: Source of Supply
 - *Existing Utilities to Change Source of Supply*
 - Past trends indicate that a significant increase in the number and percent of low-income or families living at or below the poverty level has occurred over the past 40 years in the cities of Kenosha, Milwaukee, and Racine while it has declined in many of the selected suburban communities. As it appears that growth is not likely to be constrained by water supply source, it is unlikely that a change in water source, would have any impact on these trends within the existing or projected service areas.
 - There would likely be a net benefit to low-income homeowners, based on a potential to decrease water rates. It is expected that the water rates in the communities served by a Lake Michigan supplier, including both retail and wholesale customers, could be reduced if the provider utilities service area and customer base were to expand. The reason for this is that the fixed costs of the providers make up the greatest portion of the rates (typically 70 percent or more) and would be distributed over a larger base, therefore resulting in reduced rates for all customers. This would tend to result in a benefit for those areas with a higher percentage of lower income populations, particularly with Milwaukee Water Works which has excess capacity and therefore would not have to invest in additional facilities planning or infrastructure.

A background image showing a city skyline with various buildings and structures under a clear sky.

Impact on Low-Income Households: Key Findings

- Recommendation: Source of Supply
 - *Existing Utilities to Change Source of Supply*
 - Most importantly, this scenario requires the development of a water service purchase agreement between the provider and receiving utilities. Each new purchase agreement, is an opportunity for provider and receiving utilities to engage in some form of intergovernmental negotiation, for example to receive some form of additional payment up front for water services, as a way to trade municipal services, or a way to devise some form of intergovernmental agreement
 - Under any purchase agreement, both the receiving and providing community would have to be in agreement regarding the proposed delineated service area and the amount of water allocated to serve that area.
 - Any negotiated upfront fees would also be distributed among the receiving utility's consumers within their rate structures
 - Any new users within the proposed service areas would be subject to an impact fee to hook onto the existing system, and would have to be factored into the rate structures for both the receiving and providing utilities.

A background image showing a panoramic view of the Milwaukee skyline with various buildings and a clear sky.

Impact on Low-Income Households: Key Findings

- Recommendation: Source of Supply
 - *New Utilities*
 - 2 new proposed utilities to purchase Lake Michigan water
 - The Village of Elm Grove and a small portion of the northwest area of the Village of Caledonia
 - 21 new proposed utilities to utilize groundwater (self-supplied systems)
 - Under the RWSP, the development of a new utility requires both a local need and a local initiative – basically the plan states that these 23 areas meet certain criteria that indicate that they may potentially benefit from a municipal system, but it is up to the locals to decide if they wish to do so which would likely only occur if there is a pressing environmental need or issue that demonstrates that they should be on a municipal system (demonstrated local initiative otherwise they should remain on private well water).
 - Although none of the 23 proposed areas are considered to have high concentrations of low-income households, there are most likely low-income households located within each of the proposed areas, and the development of new water utility systems could have financial impacts on those low-income homeowners. It is suggested that utilities or communities should be sensitive to the needs of low-income property owners and provide assistance through grants or low- or no-interest loans for low-income property owners to pay for hooking onto the system.

Land Use Analysis: Key Findings

- Housing and Land Use Patterns (Chapter 5 forthcoming)
 - Comparison of household occupancy based on household income in 2000 indicates that lower income households (both owner-occupied and rental) are concentrated in the City of Milwaukee, but also are in the Cities of Racine, Kenosha, and Waukesha
 - Comparison of household occupancy and tenure for 2000 indicates that owner-occupied units in most of the selected communities is between 55 and 65%, and rental unit occupation is between 35 and 45% for “selected communities”
 - Milwaukee has significantly fewer owner-occupied units (42%), while wealthier communities like Muskego, Brookfield, and Elm Grove have significantly higher owner-occupation rates (over 80%)
 - Land uses within the existing utility service areas for the selected communities are at or nearly at build-out conditions
 - Within the projected service areas, land available for development varies – some communities would continue to be at build-out conditions, while others have considerable lands to develop – evaluation is on a case by case basis

Land Use Analysis: Key Findings

- Evaluating Land Uses
 - Identification of “developable” and “water serviceable” lands – unused urban or rural lands or agricultural lands - within the existing and projected service areas
 - SEWRPCs regional land use data, local or county projected land use data (Smart Growth or master planned land uses)
 - Development of criteria for developable lands
 - Not all unused lands are developable
 - Not all developed or developable lands are appropriate for water utility service
 - Currently evaluating land uses within existing service areas for each of the 14 selected communities
 - Within each of these communities existing service area boundaries, there is very little existing room for development
 - The amount of land available for development within the projected service areas varies, depending upon the utility. Further refinement of the delineated boundaries would be required under a water service purchase agreement.

Land Use Analysis: Key Findings

Summary of Developable Lands Within the Projected 2035 Water Service Areas

Utility	Total Acres Within Projected Utility Service Area	Current Developed and Serviceable Acres within the 2035 Service Area	Total Non-Serviceable Acres within the 2035 Service Area*	Developable and Serviceable Lands within the 2035 Service Area	
				Acres	%
Kenosha Water Utility	20,263	13,287	2,733	4,242	20.9
Milwaukee Water Works	70,922	60,566	7,805	2,551	3.6
City of Oak Creek Water and Sewer Utility	15,853	8,507	2,581	4,765	30.1
City of Port Washington Water Utility	5,103	2,475	871	1,756	34.4
City of Racine Water and Wastewater Utility	26,229	15,682	2,705	7,842	29.9
City of Brookfield Municipal Water Utility	14,914	12,493	1,747	674	4.5
Proposed Lake Michigan Portion	7,547	6,669	632	246	3.3
City of Cedarburg Light and Water Commission	4,969	3,089	933	947	19.1
Elm Grove Area	2,089	1,883	197	9	0.4
Village of Germantown Water Utility	10,836	5,595	1,681	3,559	32.8
Village of Grafton Water and Wastewater Commission	4,987	2,826	1,363	798	16.0
City of Muskego Public Water Utility	9,901	5,518	2,538	1,845	18.6
City of New Berlin Water Utility	14,972	9,554	4,572	1,045	7.0
Lake Michigan Service Area Portion	8,883	5,184	3,013	686	7.7
Village of Saukville Municipal Water Utility	2,772	1,339	788	645	23.3
City of Waukesha Water Utility	32,209	16,659	13,380	1,789	5.6
Caledonia Area	324	81	25	217	67.0
Yorkville Utility District No. 1	809	390	221	198	24.5

*Area includes environmental corridors and isolated and natural resource areas, existing and planned parks and open space lands, all existing suburban and rural residential density developed lands, and all lands planned for suburban and rural residential development under the adopted Waukesha County Comprehensive Plan.

Quantitative Analysis: Key Findings for Waukesha Water Utility

- See attached Map of Waukesha Water Utility Service
- Existing Service Area (Year 2009 conditions)
 - Total Acres within Existing (Year 2000) Service Area = 11,243 acres
 - Total Developed Lands Served by Water = 10,129 acres
 - Total Non-Developable Lands (Environmental Corridors, Parks and Open Space) = 1,045 acres
 - Total Developable Lands within Year 2000 Service area = 69 acres (less than 1 percent of land within existing service area, Waukesha is currently at build-out conditions)
- Projected Service Area (Year 2009 conditions)
 - Total Acres within Projected (Year 2035) Service Area = 32,209 acres
 - Total Developed Lands = 16,659 acres (6,000 additional acres of developed land that would be serviceable by water)
 - Total Non-Developable, Non-Serviceable Lands (Environmental Corridors, Parks and Open Space) = 13,316 acres
 - Developed very low-density residential lands that would not be served under current Smart Growth and RLUPs = 2,076 acres
 - Lands slated for very low-density residential development that would not be served under current Smart Growth plan = 2,070 acres
 - Total Developable Lands within Year 2000 Service area = 1,789 acres (approximately 5.6 percent of the land within the proposed service area)

Land Use Analysis: Preliminary Assessment

- Land Use Patterns
 - Preliminary Assessment: based on CED's land use analysis, review of PSC regulations and water rates, review of Smart Growth directives, review of USGS groundwater analysis, historic low income patterns, and feedback from Focus Groups
 - *What impact, if any, would implementation of the recommendations have on housing (land use) patterns in the Region?*
 - *By delineating service areas that support or enable the development of infrastructure, it encourages wiser land use decisions. In order to provide and pay for water utility infrastructure, communities have to get those densities up, and its proven that higher density development is more cost effective for everyone, and encourages a wider variety of housing choice, benefitting lower income families.*
 - *There are issues or concerns regarding socio-economic impacts that could arise at the local level*
 - » Smart Growth Planning
 - » Local Ordinances (including zoning and subdivision ordinances)
 - » Impact fees
 - » Water Purchase Agreements
 - » Intergovernmental Agreements

Public Outreach:



- First Round of Focus Groups (Stakeholders = Developers, Planners, Utility Managers)
 - Roundtable discussion: Provide information regarding the plan recommendations (source of supply) and gain feedback on impact on development
 - Goal was to get between 5 and 7 participants at each session – a total of 29 participants
- Second Round of Focus Groups (Stakeholders = community advocates, environmental advocates, politicians)
 - Information session on the recommendations along with preliminary results from the SEI, followed by question/answer and SWOT analysis
 - How will RWSP recommendations impact low-income, minority, and disabled populations?
 - Goal was to get between 5 and 7 participants at each session – a total of 30+ participants

Public Outreach: SWOT Analysis

- **SWOT Analysis**

- A guided brainstorming technique that allows participants to focus on identifying

- **S**trengths
- **W**eaknesses
- **O**pportunities, and
- **T**hreats

that may arise from any of the recommendations or be an unforeseen consequence of any of the recommendations

- Participants were asked to provide their input on the 6 major recommendations in light of potential socio-economic issues to develop the SWOT

Public Outreach: Key Findings from Second Set of Focus Groups

- Second Round of Focus Groups Helped CED to Identify 8 Cluster Areas of Concerns and Questions
 - Great Lakes Compact and Diversion Issues
 - Job Growth and Migration
 - Racial Segregation
 - Financial Impacts on Low-Income Households
 - Urban Sprawl and Controlling Development
 - Regional Cooperation
 - Return Flow Issues
 - Groundwater Infiltration and Quantity Issues
- Most of these issues have been incorporated or discussed within the SEI analysis

Public Outreach: Key Findings from Second Set of Focus Groups

- Great Lakes Compact and Diversion Issues

There seems to be significant concern and uncertainty regarding the legal aspects and constraints that would be needed for one of the recommendations (specifically the Waukesha Water Utility diversion).

- Concern was expressed that the Great Lakes Compact should be the starting point in the discussion of the proposed diversions, and that any recommendation concerning the diversions should have been made under the narrowest interpretation. The narrowest interpretation of the Compact basically requires the demonstration of a water needs “emergency” or “crisis” for diversion, but the findings of the plan indicate that there is no eminent or dire need or crisis. (So why recommend diversion for some of the Selected Communities?)
- Concern was also expressed regarding legal aspects specific to the Great Lakes Compact, in light of the current State regulations as well as Waukesha’s diversion application. The Wisconsin DNR has yet to codify any possible regulations that would provide guidance for a diversion. The proposed Waukesha diversion will set a precedent, as it will draw water out of the basin; how will the lack of regulatory codes, much less a lack of legislation impact this diversion?

Public Outreach: Key Findings from Second Set of Focus Groups

- Job Growth and Migration
 - Participants expressed concerns that the sale of Lake Michigan water to outlying communities would spur job and population growth over the divide, to the detriment of the City of Milwaukee.
 - It was suggested that groups such as the Sustainable Water Supply Coalition, spearheaded by MMAC and the Waukesha County Chamber of Commerce et al, are supporting water to Waukesha because there may be some job migration impact from Milwaukee to Waukesha. Additionally, there was an accusation that the switch in water supply source was the cause of the New Berlin Business Park “taking” 42 businesses away from Milwaukee when it developed.

Public Outreach: Key Findings from Second Set of Focus Groups

- Financial Impacts on Low-Income Households
 - If Milwaukee were to negotiate a water sale to other communities, then that would have a positive fiscal impact on Milwaukee, including low-income minority populations.
- Racial Segregation
 - Concern was raised that the CED projections do not indicate a significant amount of projected racial integration in Waukesha County.

Public Outreach: Key Findings from Second Set of Focus Groups

- Urban Sprawl and Controlling Development

Within the discussions and feedback, there has been a considerable amount of anger and frustration expressed towards SEWRPC, policy makers, and elected officials regarding the perceived inability or unwillingness to stop “sprawl” development. It is perceived that the growth and development within these areas has been to the detriment of the socio-economic welfare of the City of Milwaukee.

- Comment: Having known about quantity and quality water problems, policymakers, elected officials and SEWRPC have allowed for decades and decades irresponsible growth. Why didn't the communities with known water problems stop growing or pause their development until they had resolved their water problems? Why didn't SEWRPC recommend that the communities with known water problems stop growing?
- Comments: SEWRPC is supposed to be a common organization that helps the Milwaukee area, but there is such an emphasis on the planning activities/development in the outlying areas that it seems to deemphasize or neglect the needs of the people in Milwaukee.

Public Outreach: Key Findings from Second Set of Focus Groups

- Urban Sprawl and Controlling Development (cont'd)
 - Comment: Now that there is good information on locations of sustainable water supplies, planners/officials should now ensure that future development occurs in the areas where there are sustainable supplies, as opposed to allowing development to occur wherever—including not encouraging it in known infiltration areas.
 - Concerns were expressed regarding the expanded service area that SEWRPC recommended for the Waukesha Water Utility; the proposed service area provides considerable room for growth (both jobs and people).
 - Comment: Even though Waukesha is undertaking water conservation, the amount of water that is being sought in their diversion application is about twice their current daily usage.

Public Outreach: Key Findings from Second Set of Focus Groups

- Regional Cooperation

In the discussions, the provision of water was viewed as an opportunity to engage in regional cooperation, possibly to resolve some of this region's greatest challenges including transportation, jobs, and affordable housing.

- The significant and historic lack of regional cooperation between the suburbs (between those communities proposed for diversion) and the City of Milwaukee is viewed as a weakness with the plan (unclear if it's a weakness in plan implementation or just a weakness that the plan does not provide guidance for regional cooperation).
- Policy decisions (particularly those surrounding housing and transit) made by the suburbs have often been to the detriment of City of Milwaukee which has borne the brunt of concentrated poverty and low-income populations, while a consistent lack of transit access to jobs in the suburbs or low-income housing opportunities have ensured that low-income, transit dependent populations are limited in their ability to participate in most of the suburban job growth. There is some concern that these regional cooperation issues were not addressed directly within the RWSP.

Public Outreach: Key Findings from Second Set of Focus Groups

- Regional Cooperation
 - Comment: Why should Milwaukee help its suburban neighbors by providing a resource that could spur additional growth and therefore continue to compound the problem?
 - It was recognized that water is a way for the City of Milwaukee to leverage regional cooperation in order to help resolve some of the city's pressing socio-economic problems, particularly transportation, housing, and jobs. This is an opportunity for Milwaukee to gain some concessions from Waukesha and to allow a door to be opened toward regional cooperation for solving some of the region's most pressing socio-economic problems particularly those in the City of Milwaukee, and as the City goes, so does the region (what's good for Milwaukee is good for the region, and vice versa).

Public Outreach: Key Findings from Second Set of Focus Groups

- Regional Cooperation
 - A comment was made regarding the importance of regional cooperation or cooperative efforts between potential provider and purchasing communities. The lack of prior negotiation or cooperation between the City of Waukesha and the City of Milwaukee is perceived as a significant problem and a potential obstacle to any water negotiation. For example, the provider City of Milwaukee Water Works has had a long-term relationship with New Berlin as a purchaser when it negotiated for its diversion – and it still faced considerable scrutiny. With Waukesha, this would be a first-time negotiation, therefore no precedence or relationship.
 - A comment was made regarding the concept of tax-based sharing as a way to develop or facilitate an agreement for water provision that would benefit the provider community. Tax-based sharing is another alternative to intergovernmental agreements, for the provision of water and would go along with the water service purchase agreement. This concept supports the resolution passed by the City of Milwaukee Common Council that if Milwaukee were to sell water to Waukesha, Waukesha would need to participate in contributions to an entire variety of public services such as transportation, affordable housing, job development, and environmental protection.

Public Outreach: Key Findings from Second Set of Focus Groups

- Return Flow Issues

Concern about the return flow, the quality of water surrounding the return flow, and potential impacts that the return flow may have on the environment was expressed.

- If return flow is (as proposed by the Waukesha Water Utility) to be returned as treated effluent, it is water that has pollutants and nutrients in it and may potentially cause erosion if it is to be dumped into an existing stream.
- *Question that needed to be clarified: a concern was mentioned regarding an issue specific to MMSDs inability to treat water that has radium contamination. Does MMSD currently take return water from communities with known radium or other contamination issues? Would the MMSD be treating return flow groundwater in addition to the returned Lake water based on this recommendation (for example, Brookfield), and does it require improvements to its treatment facility to reduce potential groundwater contaminants?
 - SEWRPC: MMSD does currently take limited amounts of return water from communities with known radium or other contamination issues. Based on EPA and DNR standards, concentrations are very low, and therefore this is not considered an issue.

Public Outreach: Key Findings from Second Set of Focus Groups

- Groundwater Infiltration and Quantity Issues
 - Comment: From the plan and the studies, it seems that switching some of the communities within the Lake Michigan basin from groundwater to Lake Michigan water along with protecting recharge areas would provide some environmental benefits to both the ground and surface waters, including slowing or stopping the reversal of groundwater flow away from the Lake Michigan basin.
 - Does the recommendation for the enhanced rainfall infiltration include a water quality monitoring component to ensure that we're not introducing pollutants or contaminants into the groundwater supply?
 - Several participants raised the concern that this plan only goes to the year 2035 and that instead, should the planning efforts be extended out to 50 or 100 years?

Strategy for Socio-Economic Impact Analysis of Regional Water Supply Plan

Waukesha draft application for Lake Michigan water supply diversion

- Results of the public outreach forums indicate a need for CED to address or clarify some of the concerns that were directly related to the current Waukesha Water Utility diversion application
 - SEI analysis will address any relevant differences or discrepancies with respect to water supply alternatives between RWSP and Waukesha's application for a diversion
 - Within the diversion, Waukesha refers to the RWSP to provide evidence that continued reliance on groundwater is not a feasible long-term strategy for the City of Waukesha
 - The diversion considers the City of Waukesha's water supply needs beyond 2035

Public Outreach: Upcoming Open Houses

- Open House Schedule

Tuesday, March 9th 7pm
Heartlove Place
3229 N. MLK Drive
Milwaukee

Thursday, March 11th - 7pm
Frame Park Schuetze Recreation Center
1120 Baxter Street
Waukesha

Monday, March 15th - 7pm
Goodwill Waukesha
1400 Nike Drive
Waukesha

Thursday, March 18th - 6pm
Independence First
540 S. 1st Street
Milwaukee

- These open house meetings will be formatted to provide information on both the six recommendations set forth under the RWSP and the general findings and conclusions that the SEI is setting forth. Opportunities to gain additional public feedback and comments will be made available.

Thanks for your input!

- Questions?
- Further information regarding the socio-economic impact analysis and comments can be made at <http://www4.uwm.edu/ced/sewrpc/index.cfm>
- Please contact Kate Madison directly at cmadison@uwm.edu or at (414) 229-6155