

Attachment 4

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Date: July 28, 2010

To: Members of the Southeastern Wisconsin Regional Planning
Commission's Environmental Justice Task Force

Re: Socio-economic impact analysis of Regional Water Supply Plan

Following the Environmental Justice Task Force meeting of July 8, 2010, in response to questions raised and discussions that occurred at that meeting, the UW-M Center for Economic Development prepared an insert to be included in Chapter 4 of the socio-economic impact analysis (SEI) of the Regional Water Supply Plan, and completed Chapter 7, "Summary and Conclusions."

We urge that the EJTF carefully review the report, the new insert and the completed Summary and Conclusions, before considering approval of the document. In particular, we urge that if the report is approved, the EJTF ensure that explicit recognition is given to the fact that the report was limited in scope in a number of ways, including as a result of assumptions made in the underlying Regional Water Supply Plan. Accordingly, *in the event the report is accepted or adopted by the Task Force, we recommend that any resolution of approval include the following caveats and limitations:*

1. The SEI conclusions are expressly predicated upon technical and scientific information stating that existing groundwater sources in southeastern Wisconsin, if properly managed, are of sufficient quantity and quality to support projected development through the year 2035, and thus that there are reasonable alternatives to the supply of Lake Michigan water to other communities until at least 2035.
2. The SEI is unable to address the sustainability of groundwater supplies beyond the year 2035.

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3. **The SEI does not assess the potential socioeconomic impacts of any changes in, or variations from, existing land use, transportation, or other regional plans.**
4. **The SEI confirms that serious socioeconomic disparities exist between the urban communities of Kenosha, Milwaukee and Racine and the suburban communities being studied for the provision of Lake Michigan water, and that these disparities are projected to continue through at least 2035.**
5. **The SEI recognizes that provision of Lake Michigan water to the suburban communities requires the development of intergovernmental cooperative agreements between the providing community and the receiving community, and such agreements should be used to ameliorate regional socioeconomic disparities.**
6. **The SEI finds that while developers do not view the source of water supply as a potential constraint on development, “the costs associated with providing water and other infrastructure” are generally viewed as impacting development. (Chapter 7, p. 3)**
7. **The SEI does not provide answers regarding potential socioeconomic impacts that may exist – or conclude that no socioeconomic impacts would exist - should the actual cost differences among the water supply options turn out to be greater than the amounts stated in Waukesha’s diversion application.**

For each of these assumptions and limitations, we include below additional information and supporting reasoning, and specific quotations from the UW-M report, with page references, for your convenience.

1. **The SEI conclusions are expressly predicated upon technical and scientific information concluding that existing groundwater sources in southeastern Wisconsin, if properly managed, are of sufficient quantity and quality to support projected development through the year 2035, and thus that there are reasonable alternatives to the supply of Lake Michigan water to other communities until at least 2035.**

The data compiled [in the RWSP] by these studies currently provide the latest, most thorough examination about what is known of the groundwater supply in southeastern Wisconsin. The science concludes that southeastern Wisconsin is currently a water-abundant Region, and suggests that the provision of Lake Michigan water to suburban communities is not essential as existing groundwater sources, *if properly managed*, are of sufficient quantity and quality to support *projected* development through the year 2035. No other studies of which we are aware contradict the conclusions of the WGNHS, USGS, DNR, SEWRPC, and other agencies. (Chapter 7, p.2)

2. The SEI is unable to address the sustainability of groundwater supplies beyond the year 2035.

Little is known about the sustainability of groundwater supplies beyond the year 2035 because existing studies do not extend beyond that year. Existing studies base their projections about the sustainability of groundwater supplies on current land use plans, which can be altered. (Emphasis added) (Chapter 7, p. 2)

3. The SEI does not assess the potential socioeconomic impacts of any changes in, or variations from, existing land use, transportation, or other regional plans.

SEWRPC's land use plans are purely advisory in nature, and actual development patterns in the region, especially in suburban and exurban areas, have often been inconsistent with SEWRPC's land use plans, transportation plans, and other recommendations.

4. The SEI confirms that serious socioeconomic disparities exist between the urban communities of Kenosha, Milwaukee and Racine and the suburban communities being studied for the provision of Lake Michigan water, and that these disparities are projected to continue through at least 2035.

A recent U.S. census report found that the Milwaukee-Waukesha region is, overall, the most racially segregated region in the United States for African-Americans, and in the top third of segregated regions for Latinos.

The [SEI] data indicate that over the past 50 years, there has been an outward migration of population and jobs from the large lakeshore manufacturing cities to the outlying counties, suburbs, and exurbs. The loss of a manufacturing-based economy and the movement of economic and development activity inland created a negative impact on jobs and income in the historic central city areas. Data indicate that a significant increase in the number and percent of low-income persons or families living at or below the poverty level has occurred in the cities of Kenosha, Milwaukee, and Racine, while it has declined in many of the selected suburban communities. Racial and ethnic minority and low-income populations have been disproportionately affected, and these populations have become increasingly concentrated in the cities of Kenosha, Milwaukee, and Racine. (Chapter 7, pp. 2-3)

... These trends are likely to continue regardless of source of supply. (Chapter 7, p. 5)

5. The SEI recognizes that provision of Lake Michigan water to the suburban communities requires the development of intergovernmental cooperative agreements between the providing community and the receiving community, and such agreements should be used to ameliorate regional socioeconomic disparities.

The implementation of this recommendation [for provision of Lake Michigan water] presumes the development of an intergovernmental cooperative agreement and water service purchase agreement in which two or more communities have to be in agreement over the amount of water to be provided and the delineation of the water service area. This recommendation allows for the possibility that existing regional socio-economic imbalances could be rectified through an intergovernmental cooperative agreement.

The SEI itself notes the importance of addressing these issues before evaluating the provision of Lake Michigan water to the suburban communities:

These issues need to be addressed prior to an evaluation of each of the six recommendations under the RWSP. (Chapter 7, p. 4)

6. The SEI finds that while developers do not view the source of water supply as a potential constraint on development, “the costs associated with providing water and other infrastructure” are generally viewed as impacting development. (Chapter 7, p. 3)

The SEI evaluation of the city of Waukesha’s diversion application states that based on the cost differentials in the application, “it appears unlikely at this time that the difference in overall cost between the Lake Michigan option and a groundwater option would result in significant socio-economic impacts.” (Chapter 7, p. 6) The insert prepared by UW-M CED for Chapter 4 indicates that the stated cost differentials in the application are approximately \$20 million in capital costs and \$1 million/year in operating and maintenance costs. According to the analysis, cost differentials of this magnitude would not be likely to significantly impact development patterns in either Waukesha or Milwaukee. (Chapter 4 Insert, pp. 1-3; Chapter 7, pp. 6-7

7. The SEI does not provide answers regarding potential socioeconomic impacts that may exist – or conclude that no socioeconomic impacts would exist - should the actual cost differences among the water supply options turn out to be greater than the amounts discussed in Waukesha’s diversion application:

Although the preferred alternative as set forth under the RWSP promotes the change in supply from groundwater to strictly Lake Michigan water (Alternative 4), questions have arisen regarding whether or not cost differences between the alternatives set forth in the Waukesha Water Utility diversion application would have any differential socio-economic impacts, particularly if either of Waukesha’s groundwater alternatives would need to be implemented. It is impossible to answer this question definitively, since existing cost estimates are based on assumptions that may change over time. (Emphasis added) (Chapter 4 Insert, p. 3)

Your consideration is appreciated.


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