

State of Wisconsin
DEPARTMENT OF NATURAL RESOURCES
101 S. Webster Street
Box 7921
Madison WI 53707-7921

Scott Walker, Governor
Daniel L. Meyer, Secretary
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November 30, 2017

Grant Trigger
Chair, Great Lakes-St. Lawrence River Basin
Water Resources Council
RACER Trust
500 Woodward Ave., Suite 2650
Detroit, WI 48226

Jason Travers
Chair, Great Lakes-St. Lawrence River Basin
Water Resources Regional Body
Director of Natural Resources—Policy Branch
Ministry of Natural Resources and Forestry
300 Water St. 2nd Floor South
Petersborough, ON C9J 8M5

Subject: Notice to Great Lakes-St. Lawrence River Basin Water Resources Council and Regional Body regarding Water Supplier for City of Waukesha related to Final Decision 2016-1

Dear Mr. Trigger and Mr. Travers:

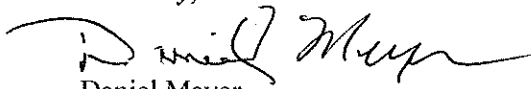
Attached is a letter from the City of Waukesha (Waukesha) regarding Final Decision 2016-1 (Decision) of the Great Lakes-St. Lawrence River Basin Water Resources Council (Council). The Decision approved Waukesha's request for a diversion of Lake Michigan water from the Great Lakes Basin subject to conditions. The Application from Waukesha proposed that water would be withdrawn from Lake Michigan by the City of Oak Creek (Oak Creek). After the Decision was issued, the City of Milwaukee (Milwaukee) approached Waukesha with a proposal to supply water pursuant to the Decision.

The letter from Waukesha outlines the benefits of obtaining water from Milwaukee and includes a resolution from the Milwaukee City Council as evidence of support to supply water to Waukesha. Wisconsin has reviewed the documents relating to the Application, including its Technical Review and preliminary final Environmental Impact Statement, and concludes that there would be no adverse impact to the environment caused by changing the source of Lake Michigan water from Oak Creek to Milwaukee. Before the diversion can be implemented, Wisconsin's Public Service Commission needs to approve of Milwaukee as the water supplier and Wisconsin's Department of Natural Resources needs to issue various permits and grant final approval for the diversion, which will include approval of the water supplier.

There is no reference to the source of Lake Michigan water in the findings or conditions of the Decision. The proposed change in water supplier from Oak Creek to Milwaukee does not appear to be material to the Decision and would not affect any of the conditions specified in the Decision. Nevertheless, Wisconsin felt it was important to notify the Council of this change and to allow for discussion of this by the Council.

We appreciate your consideration and discussion of this notification during the December 8, 2017, meeting of the Regional Body and Council.

Sincerely,


Daniel Meyer
Secretary

Attachment

c: Dave Naftzger, Executive Director, Conference of Great Lakes and St. Lawrence Governors and Premiers
Peter Johnson, Deputy Director, Conference of Great Lakes and St. Lawrence Governors and Premiers

November 29, 2017

Daniel Meyer, Secretary
Wisconsin Department of Natural Resources
101 S. Webster Avenue - AD/8
Madison, WI 53703

Re: City of Waukesha Great Lakes Water Supply Source

Dear Mr. Meyer;

On June 21, 2016, the Great Lakes-St. Lawrence River Basin Water Resources Council approved the City of Waukesha's application for a diversion of Great Lakes water from Lake Michigan, subject to conditions contained in the Final Decision. That decision did not require or specify a particular water supplier of Lake Michigan water.

Three potential Lake Michigan water suppliers were referenced in the application materials submitted to the Compact Council: Milwaukee, Oak Creek and Racine. See, Waukesha's "Environmental Report for Water Supply Alternatives" (October 2013) Section 2.2.1.; ROD 1931,1936 and Section 6.2.1.3 ROD 2171-72; and the DNR's "Preliminary Final Environmental Impact Statement" (January 2016) Section 2.3.2. ROD 196-199. Although Oak Creek appeared to be the preferred water source at the time of the Final Decision, the Compact Council did not condition the approval on Oak Creek.

Subsequent to the Final Decision in the summer of 2017, Milwaukee approached Waukesha with a proposal to supply water. The Milwaukee proposal had a \$40 million dollar cost savings to Waukesha as a result of a shorter pipeline route. It also had a significantly lower water charge given large excess capacity in the Milwaukee system. The result would be an average savings for Waukesha residents of approximately \$200 per year. As a result, Waukesha and Milwaukee entered into negotiations which are now nearly completed.

The Milwaukee resolution approving the contract is attached, and was considered and approved by the full City Council on November 28, 2017. The Waukesha Water Commission has recommended approval of the contract which will be considered by the Waukesha City Council on December 5, 2017.

The contract with Milwaukee does not change the return flow discharge point or otherwise impact any of the conditions contained in the Final Decision. As a result, we do not believe it requires formal action by the Compact Council. However, we would request that the Compact Council be informed of this development and acknowledge that no further action is required at this time.

Sincerely,



Daniel S. Duchniak, P.E.

General Manager

cc: Cheryl Heilman, Wisconsin Department of Natural Resources
Shawn Reilly, Mayor, City of Waukesha
Brian Running, City Attorney, City of Waukesha
Paul Kent, Stafford Rosenbaum LLP

City of Milwaukee

Office of the City Clerk

200 E. Wells Street
Milwaukee, Wisconsin 53202
Certified Copy of Resolution

FILE NO: 171126

Title:

Substitute resolution authorizing the proper City officials to execute an agreement between the City of Milwaukee and the City of Waukesha for the sale of water at wholesale.

Drafter:

Milwaukee Water Works

TDM:tdm

November 16, 2017

1048-2016-2324:244945



I, James R. Owczarski, City Clerk, do hereby certify that the foregoing is a true and correct copy of a(n) Resolution Passed by the COMMON COUNCIL of the City of Milwaukee, Wisconsin on November 28, 2017.



James R. Owczarski

November 29, 2017

Date Certified



Legislation Text

File #: 171126, **Version:** 1

171126
SUBSTITUTE 1

ALD. BOHL

Substitute resolution authorizing the proper City officials to execute an agreement between the City of Milwaukee and the City of Waukesha for the sale of water at wholesale.

This Resolution authorizes City officials to execute an agreement for wholesale water service to the City of Waukesha.

Whereas, The Common Council of the City Milwaukee, in Resolution File No. 120230, directed the City of Milwaukee negotiating team to commence negotiations with the City of Waukesha regarding a possible water service agreement and intergovernmental agreement relating to the sale of water to the City of Waukesha; and

Whereas, In a Final Decision dated June 21, 2016, the Great Lakes-St. Lawrence River Basin Water Resources Council approved the City of Waukesha's application for an exception to allow a diversion of Great Lakes water from Lake Michigan, subject to conditions contained in the Final Decision; and

Whereas, The Final Decision established and defined the "Approved Diversion Area" permitted to be served with water from Lake Michigan; and

Whereas, The City of Waukesha desires to purchase water from the City of Milwaukee at wholesale; and

Whereas, The City of Milwaukee wishes to provide adequate water supply to the City of Waukesha at rates approved by the Public Service Commission of Wisconsin; and

Whereas, The City of Milwaukee has facilities to ensure that the City of Waukesha and other wholesale customers receive an adequate supply of water and continues to incur the obligation to maintain those facilities; and

Whereas, Negotiations between the parties have resulted in the Agreement between the City of Milwaukee and the City of Waukesha for the Purchase of Water at Wholesale attached to this file; now, therefore be it

Resolved, By the Common Council of the City of Milwaukee, that the proper City officials are hereby authorized and directed to execute the Agreement between the City of Milwaukee and the City of Waukesha for the Purchase of Water at Wholesale in substantially the same form as the agreement attached to this file; and be it

Further Resolved, That the Milwaukee Water Works file, with the Public Service Commission of Wisconsin, a fully executed copy of the agreement.

Milwaukee Water Works
TDM:tdm
November 16, 2017
1048-2016-2324:244945