

Great Water Alliance: Federal financing means big savings for water ratepayers, Mayor says

Posted on Thursday, Aug 13, 2020

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(WAUKESHA) A federal loan for the city's Lake Michigan water supply project is "fantastic news" for water customers, according to Waukesha Mayor Shawn Reilly.

"Ratepayers will save almost \$1 million per year over the 38-year life of the loan because of the exceptional interest rate and a flexible repayment schedule," Reilly said.

The closing of the loan was announced in Waukesha this afternoon by Andrew Wheeler, administrator of the U.S. Environmental Protection Agency (EPA), along with Reilly.

The \$137.1 million loan has a historic low interest rate of only 1.16% over the 38-year term. The project is planned for completion in 2023, with principal payments on the loan from 2024 through 2058, which follows a three-year grace period during construction. Projects of regional or national significance can apply the loans under the Water Infrastructure Finance and Innovation Act (WIFIA).

The mayor said the pipeline to bring Lake Michigan water to Waukesha from Milwaukee will have a useful life of 100 years. "Safe and sustainable water is essential for the health of our city. Because of the long term of this loan, future water users will share in those infrastructure costs, reducing the impact on current residents and businesses," he said.

"I want to thank Administrator Wheeler, the EPA, Congressman Jim Sensenbrenner, Congressman Bryan Steil, Senator Tammy Baldwin and Senator Ron Johnson for

their help in providing this financing. Years of work went into this effort,” Reilly said. “We also had the strong support of the Common Council, the Waukesha County Business Alliance, and many area businesses and community groups along the way.”

The estimated \$286 million project, dubbed the Great Water Alliance (greatwateralliance.com), will construct the pipelines and other infrastructure needed to bring Lake Michigan water to Waukesha and then recycle it back to a Lake Michigan tributary after use and treatment. Waukesha Water Utility General Manager Dan Duchniak said, “Our current groundwater supply is severely depleted and contains natural contaminants, such as radium. The project will provide a new water supply that is reliable for the long term.”

Reilly said the return flow pipeline is being financed by Clean Water Fund loans from the state, which also carry a low interest rate. “We are grateful for the continuing support of Sen. Chris Kapenga, Rep. Scott Allen and Rep. Adam Neylon, who amended state law several years ago to allow a 30-year repayment of state loans instead of 20 years, allowing costs to be fairly shared among users,” he said.

Duchniak said bids were recently awarded for the 23.5-mile return flow pipeline, which came in \$20 million under budget. Construction is expected to begin in September 2020. Bids for the 12-mile water supply pipeline should be awarded by the Waukesha Common Council on September 1, he said.

Reilly noted that his agreement to purchase water from Milwaukee instead of other Lake Michigan suppliers will also help ratepayers, saving average households approximately \$200 per year. “We are pursuing every option we can to keep water rates reasonable in Waukesha,” he said.

The water project had won approval under the Great Lakes Compact in 2016. “We met the strict requirement for bring water to a location outside of the Great Lakes Basin,” Duchniak said. “All ten Great Lakes states and Canadian provinces agreed that Lake Michigan water was our only reasonable water supply alternative.”