

EPA approves \$116 million in low-cost loans to Waukesha for Lake Michigan water supply project

Don Behm, Milwaukee Journal Sentinel

Published 9:09 a.m. CT Nov. 2, 2018 | Updated 9:09 a.m. CT Nov. 2, 2018



(Photo: Photo courtesy: Milwaukee Water, Milwaukee Journal Sentinel)

The City of Waukesha will receive \$116 million in low-cost federal loans to help finance 41 percent of the cost of constructing a Lake Michigan water supply by 2023, officials said.

The U.S. Environmental Protection Agency announced Thursday that Waukesha was one of only 39 projects in the nation approved this year for \$5 billion of low-interest loans under the Water Infrastructure Finance and Innovation Act.

City and federal officials will negotiate terms of the loan, from interest rate to a repayment schedule, over the next six months, Waukesha Mayor Shawn Reilly said.

The loan has a 35-year repayment period and there is an option for a five-year delay in the start of payments.

"This is great news for Waukesha," Reilly said. "This will be the lowest interest rate available."

The \$286 million project's financing plan calls for closing on the federal loan in early 2020 so that the funds become available at the start of construction, according to Dan Duchniak, general manager of the Waukesha Water Utility.

The utility expects to seek bids for the work in late 2019 and to award contracts and begin construction in early 2020.

RELATED: [Waukesha alerts hundreds of property owners in three communities to field work along route of lake diversion pipeline](https://www.jsonline.com/story/news/local/milwaukee/2018/04/23/waukesha-calls-hundreds-property-owners-supporting-cast-hundreds-start-field-work-along-lake-water-d/529650002/)
(/story/news/local/milwaukee/2018/04/23/waukesha-calls-hundreds-property-owners-supporting-cast-hundreds-start-field-work-along-lake-water-d/529650002/)

RELATED: [Not Flint: Waukesha testing pipes and water quality in advance of switching to Lake Michigan supply](https://www.jsonline.com/story/news/local/milwaukee/2018/09/10/waukesha-tests-lake-water-prevent-flint-mich-style-health-crisis/1196637002/)
(/story/news/local/milwaukee/2018/09/10/waukesha-tests-lake-water-prevent-flint-mich-style-health-crisis/1196637002/)

Waukesha is seeking an additional \$163 million in State of Wisconsin low-cost loans that would finance nearly 58 percent of the costs of the project. Those loans are expected to be received over the next three to five years, Duchniak said.

Waukesha Water Utility customers started paying for the project this year as the city completes planning and design steps and goes after the more than 80 local, state and federal permits required before construction can start.

Buy Photo



Milwaukee Mayor Tom Barrett (left) and Waukesha Mayor Shawn Reilly share a toast with glasses of Milwaukee water, as they announced that they have negotiated an agreement for the Milwaukee Water Works to provide a Lake Michigan water supply to the Waukesha Water Utility at a press event held at Discovery World on Milwaukee's lakefront. (Photo: Michael Sears / Milwaukee Journal Sentinel)

The Milwaukee and Waukesha city councils last year approved a 40-year agreement that will pipe Lake Michigan water across the subcontinental divide to Waukesha beginning in 2023. Milwaukee will deliver Waukesha up to an average of 8.2 million gallons a day by mid-century, under the agreement.

RELATED: [Milwaukee wrestles Waukesha water deal away from Oak Creek \(/story/news/local/milwaukee/2017/10/30/milwaukee-wrestles-waukesha-water-deal-away-oak-creek/803230001/\)](https://www.jsonline.com/story/news/local/milwaukee/2017/10/30/milwaukee-wrestles-waukesha-water-deal-away-oak-creek/803230001/)

RELATED: [Great Lakes governors approve Waukesha water request \(/story/news/local/waukesha/2016/06/21/great-lakes-governors-approve-waukesha-water-request/86220734/\)](https://www.jsonline.com/story/news/local/waukesha/2016/06/21/great-lakes-governors-approve-waukesha-water-request/86220734/)

In June 2016, delegates for the governors of the eight Great Lakes states unanimously approved the city's request for a lake water supply coupled with returning fully treated wastewater to the Root River, where it would flow downstream to the lake.

Connecting to Milwaukee's water supply and returning fully treated wastewater to the Root River, a lake tributary, will cost an estimated \$286.2 million. The costs are about equally split between delivering lake water to Waukesha, at \$140 million, and sending an equal volume back to the lake, at \$146 million.

Read or Share this story: <https://www.jsonline.com/story/news/local/milwaukee/2018/11/02/epa-approves-116-million-low-cost-loans-waukesha-water-project/1851639002/>