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FOR COMMUNITY DEVELOPMENT

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DIGEST OF
REPORT OF GOVERNOR'S METROPOLITAN
STUDY COMMITTEE

This summary is intended as a guide to examination of the 126 page report which deserves thoughtful consideration on the part of every citizen of Greater Milwaukee's metropolitan community.

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GOVERNOR'S METROPOLITAN STUDY COMMITTEE

September-December, 1956

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**"The Milwaukee area—the City, the County and the suburbs—
must go forward. Fact-finding and cooperation provide the routes."**

From the Report

Seven private citizens prominent in business, industry, law and education were assigned by Governor Walter J. Kohler in September, 1956, to study the "growing pains" of the Milwaukee metropolitan area—with special reference to water supply and storm water disposal—and to produce "some general conclusions and constructive suggestions" on these and "the many other municipal service problems which affect all people in the Milwaukee metropolitan area."

If there is a single common denominator in the conclusions and recommendations produced by the committee in December, 1956, it would be summarized in the quotation which opens this digest. In each of the fields it studied, the committee found a need for fact-finding unimpeded by the veto of individual interests among the many municipalities which compose the metropolitan complex. It suggested specific fact-finding methods and some solutions for each field. It emphasized that success in finding the facts and then using them to achieve the best solutions of the problems will be attained neither through "economic coercion" nor the use of political power by one faction upon another, but through genuine cooperation based on the recognition of "mutual self-interest."

This digest will first summarize the committee's recommendations in each of the fields it studied—water supply, sewage disposal, local distribution of state taxes,

and inter-community relationships—and then summarize its findings and comments on each.

ON WATER SUPPLY

RECOMMENDATIONS

A The water department of the City of Milwaukee should expand and modernize its plant into the single, comprehensive system which would best and most economically serve the growing metropolitan area, but only after these steps have been taken:

1) The City of Milwaukee should first re-evaluate the 50 year old policy of using its water as a "lever" to force suburban areas into union with the City.

2) The City's 1955 Black & Veatch water survey, specifically limited to the City and its present customers, should be supplemented by a study of needs in the entire metropolitan area, cooperatively sponsored by all affected municipalities.

3) A Citizens' Advisory Water Board should be created by the Common Council and appointed by the Mayor to insure efficient operation of an expanded and modernized plant, although the Common Council would retain ultimate control of expenditures.

B If the City is unwilling to expand its water plant to meet area needs, a metropolitan water district should be considered, under either of these arrangements:

1) A district surrounding but excluding the City of Milwaukee, with a completely independent plant.

2) A district including the City of Milwaukee, and incorporating into its system the wholesale facilities of the present Milwaukee plant.

FINDINGS AND COMMENT

The water needs of a growing, fan-shaped metropolis along the shore of Lake Michigan north and south of Milwaukee place a great responsibility upon the communities which lie between the inland suburbs and the Lake. They also present to the City of Milwaukee the opportunity to become the major wholesale supplier of water for resale at retail by all the existing 19 suburban communities and others which may be formed in the future.

But the City's policy of conditioning water service upon annexation or consolidation is obsolete, and may also be viewed as "economic coercion" to which Americans have always held deep-seated objections.

The City has now acquired virtually all land available through annexation. Continuing the policy of using water service as a political or economic lever may only stimulate suburban communities to create competing water systems, with a resultant loss to the City of some of its present water customers.

The City's problems springing from the suburban movement of business, industry and homeowners are not unique in Milwaukee—they are a country-wide phenomenon. Neither granting nor withholding city water service will solve them. An adequate water supply is important in attracting and holding industry, business and homeowners, but it is only one of numerous factors, including available plant sites, labor supply, competitive manufacturing costs, tax structure, municipal and utility services, transportation facilities, market, union history in the community, business climate, housing, building and land costs, local government, law enforcement, long-range program for improving and developing community, civic awareness of residents, economic balance in the community, educational, recreational, religious and cultural facilities.

It is difficult to believe, as one City official has asserted, that the water system is "the sole advantage in keeping industry here."

If consolidation is to come, and if a greater metropolitan consciousness is to be developed in the Milwaukee area, it must come upon a basis of mutual self-interest, and the best way to stimulate it is through cooperation.

If the City is willing to modify its policy and consider extending service to the metropolitan area, additional fact-finding is in order.

A serious mistake was made when the Black & Veatch survey in 1955 was specifically limited to the City and its present customers. Under cooperative sponsorship with other municipalities, this survey should be extended to cover the water needs of the entire area, to give the citizens facts of which they are now deprived and to form the factual basis for long-range policy.

The committee believes such a survey would indicate the desirability of a single, comprehensive system. It found nothing in its study to show that the City system could not be expanded to a greater area and be operated profitably as a continuing supplemental source of revenue for the City. It believes that the City should have the first opportunity to provide this service.

If the City water system should be expanded into a plant ultimately costing more than 100 million dollars, the City should have the equivalent of a board of directors to advise it, in the form of a Citizens' Advisory Water Board appointed by the Mayor with Common Council approval.

It should be composed of private citizens with backgrounds in business, finance, law, accounting, engineering, medicine and public relations.

It should recommend policy, review performance and provide a forum for discussion of water problems by the City and its customers.

Such an arrangement would help to correct a lack of leadership and direction in the past, resulting in mistakes of consequence which will now cost taxpayers and water users a great deal of money.

The failure to set aside reserves for replacement and expansion, the failure to make regular additions to plant to keep it ahead of the need and the failure to effect a rate increase authorized in 1939 by the Public Service Commission must now all be reckoned with.

The costs of bringing the plant up to the needs even of the present service area were estimated by Black & Veatch at \$49,250,000, of which \$35,257,000 would be required within the next five years, and \$13,993,000 for secondary improvements after 1961. The survey recommended 30-year revenue bonds as the financing method, with the total issue up to 1967 amounting to \$53,250,000. The full effect of the annual financial obligation incurred by the bond issues would not be felt until 1969 and later, when the annual financing charges would be about \$2,930,000 a year.

In petitioning for a permanent rate increase before the Public Service Commission in June, 1956, Harry G. Slater of the City Attorney's office said inadequate rates for a period of 17 years ended in "substantial subsidization by the City of . . . suburban users," but that it was too late now to "recapture the amount which we did not seek and to which we were lawfully and reasonably entitled." He predicted that the interest costs on the construction program which is now necessary "will be with us for the next 35 to 40 years."

Assuming a 3¼ percent rate on the five staggered bond issues for \$53,250,000 proposed by Black & Veatch, the actual interest costs alone would amount to \$29,453,500.

* * *

In the event the City remains unwilling to take the responsibility or the opportunity of serving the entire area, the Legislature could create a metropolitan water district, in one of several forms.

In one form, Milwaukee could continue to operate its own system, and the metropolitan system could be built around it. In another form, the district could take over the City's wholesale facilities and use them in supplying water at wholesale to Milwaukee as well as other participating municipalities. The district would reimburse the City for physical properties taken over, and assume any unpaid City debt incurred in building the wholesale system.

In each form, each municipality would own and operate its own *distribution* system, buying water from the district at wholesale rates subject to supervision by the Public Service Commission, and retailing it to its own citizens at rates fixed by itself.

Policies of the district would be set by commissioners appointed by the governor. The City, if it participated, would be the largest purchaser of water, and could be assured of a proper voice in district policy by a requirement that a majority of the Commissioners live in the City. An extra layer of government might be avoided by combining the water district with the present Metropolitan Sewerage Commission.

While the City would suffer the disadvantage of losing profit from retail sale of water to all but its own citizens under a district plan, its advantages would include a) Freedom from the responsibility of operating and financing a large scale operation; b) Recovery of

capital invested in physical properties taken over by the district, to be applied to other purposes or the reduction of taxes; c) A proper voice in district policies.

ON SEWAGE DISPOSAL

RECOMMENDATIONS

A) Legislation proposed by the Metropolitan Sewerage Commission to broaden the area it serves should be enacted.

B) The construction program of the Commission, envisaging the expenditure of \$35,344,000 in new plant and interceptors by 1965 and another \$16,190,000 during the following 35 years, should be completed expeditiously.

C) Better cooperation should be extended to the Commission by both the City and the suburbs.

FINDINGS AND COMMENT

Without benefit of engineering talent, the committee was unable to pass upon the adequacy and efficacy of the construction program of the Metropolitan Sewerage Commission. But its investigation led the committee to believe that steps taken and projected represent constructive moves toward protecting the health of the people in this area from any dangers arising from sewage pollution.

All of the reports indicated that the cost of eliminating pollution completely would be prohibitive. Even with a complete separation of the sanitary sewers from those accumulating surface waters, there would still be some pollution from surface waters alone. As pointed out by Dr. E. R. Krumbiegel, Health Commissioner of the City of Milwaukee, the purification methods used by the City in its water system guarantee the supply of safe drinking water.

Although the 35 year history of the Commission has been one of City-suburban harmony, there is room for improvement in the cooperation extended to the Commission by both City and suburbs.

The City, for its part, has not always taken the opportunity while re-paving to replace combined sewers with separate sanitary and storm sewers. While this is admittedly costly, the committee believes the taxing machinery provides a means of collecting these costs over a period of years.

Some of the suburbs have much to do, although much has been done, in complying with the State Board of Health order of November 4, 1955, pertaining to reduction of sanitary sewage discharge into surface waters, and the reduction of volume discharged from sanitary and combined sewers into main or intercepting sewers by controlling storm and clear water additions.

The committee report contains a comprehensive review of the legislative and construction programs, submitted by J. F. Friedrich, Commission chairman.

ON LOCAL DISTRIBUTION OF STATE TAXES

RECOMMENDATION

A Local Government Tax Study Commission, on a state-wide basis, should be created by the Legislature to re-evaluate the formula controlling the return of state income and utility tax shares to the municipalities where they are collected. This Commission should supplement the work of the State Committee on Revenue Sources and the Wisconsin Committee on Industrial Development.

FINDINGS AND COMMENT

Sharp differences expressed by city and suburban representatives on the soundness and fairness of the state's present method of sharing utility and income taxes with municipalities seem sufficient in themselves to justify a re-examination of the system.

The city cited reports that the state is subsidizing suburban districts with tax shares which bear two-thirds or more of municipal costs in eight Milwaukee County communities; from one to two-thirds in eight others, and less than one-third in the remaining four, which include the City. This places the City at a disadvantage in maintaining its tax base and holding industry or homeowners. The City claims the system works to the economic and political detriment of the entire community, and eventually the state.

The suburbs maintain that City complaints about tax sharing are an attack on the historic sources of revenue for suburban communities, and that the City seeks to "start the State of Wisconsin on the road to crushing the suburban philosophy." The suburban position reminded the committee that the state tax shares are in fact returns to the people who paid the tax in the first place. In the suburbs, it pointed out, many costs must be borne by property taxes upon the homeowner, since the suburbs lack the industrial and business components included in the tax base of the City.

The committee stressed that it had no intention of anticipating what the results of a study might be, but it believes the subject could stand exploration, and only good will come from bringing out the facts for all to see.

It noted that the formula determining how tax shares are distributed has been changed 15 times in the last 45 years, and it observed that no formula is sacred—all are subject to periodic revision when the occasion warrants it.

ON INTER-COMMUNITY RELATIONSHIPS

RECOMMENDATION

To be created by the Legislature but confined in membership to persons from the Milwaukee vicinity, a permanent Citizens' Study Commission should be set up to study and make recommendations on governmental problems in the Milwaukee metropolitan area, other than tax problems with state-wide implications. This Commission should have the following characteristics:

1) The governor should appoint 15 private citizens as members, broadly representative of all areas and types of government within Milwaukee County, and possibly including Waukesha and Ozaukee Counties. No attempt should be made to maintain any specified "balance" in the membership of the Commission—the quality and not the address of the member should be the controlling consideration.

2) The Commission should have an initial budget of \$100,000, and about \$30,000 annually thereafter. It should maintain full-time professional and clerical staff, and use part-time professional consultants when needed. Commission members would receive no compensation.

3) The Commission should be authorized to accept appropriations from businesses and foundations, provided they are publicly recorded and do not obligate the Commission to reflect the views of the donors.

4) It should have the power to appoint ancillary technical committees of public officials, who shall not be members of the Commission nor have a vote in its deliberations.

5) It should control its own agenda. Subjects for study should be introduced by participating communities or by the commission upon its own motion, with no veto power allowed to individual communities.

6) It should have the power when necessary to subpoena witnesses and documents.

7) It should have the power to explore the composition and function of all autonomous commissions and authorities within the Milwaukee area, and to make recommendations about them.

8) It should report to the Legislature as well as the communities under its scrutiny, to provide a factual

background now often lacking when the Legislature is called upon to deal with Milwaukee area matters.

FINDINGS AND COMMENT

In the present climate of public opinion, the Milwaukee metropolitan area needs a local study commission, composed of local people but empowered by the Legislature to surmount the special interests of individual communities as it examines area problems in the interest of the whole.

This application of the home rule principle to the metropolitan area would avoid the "too far—too fast" effects which might result from a state-wide examination of metropolitan problems and the immediate consideration of structural reorganization.

Changes of consequence may be in the offing, but neither the people nor the Legislature are prepared, at this time, to consider major structural changes of local governments in metropolitan areas.

It is true, however, that voluntary efforts to come to grips with a variety of inter-community problems, as in the Committee of 21, have often failed to provide even the facts, much less solutions, because of the veto power held by individual participating communities. Little can be accomplished if studies are avoided on controversial matters, and are confined only to innocuous areas.

In the proposed Citizens' Study Commission, the committee sought to blend the qualities of state authority and local orientation which should make it acceptable and still enable it to function effectively. Its aims, in dealing with all metropolitan problems, should be to illuminate:

A) Methods of providing certain common services on an area-wide basis, effectively and efficiently.

B) Fair sharing of costs, between the various municipalities and the unincorporated areas.

C) Maximum of local expression, participation and control.

Milwaukee and Wisconsin are not alone with their knotty metropolitan problems. There are 174 similar areas throughout the country where similar problems are being attacked in a variety of ways. A conservative approach through study will enable the Milwaukee area to reap the benefit of trial and error in more venturesome communities and states.

Patterns will surely develop, and with the benefits of facts developed locally, the people of Milwaukee and Wisconsin will be able to pick and choose. At this point, they should ask the Legislature only to "help us help ourselves" by creating the necessary local study commission, which could achieve these ends:

A) Enable the people of the Milwaukee area to get the facts.

B) Provide a forum for the airing of inter-community problems.

C) Set the stage for cooperation and compromise—those essential elements in every political solution.

D) Enable the Legislature to build up a body of facts so that if and when the time comes for structural changes in local government, it will know what to do.

E) Shield the Legislature from a variety of local problems which now wind up in Madison when they should be solved at home.