

TOO MUCH GOVERNMENT TOO LITTLE BUSINESS

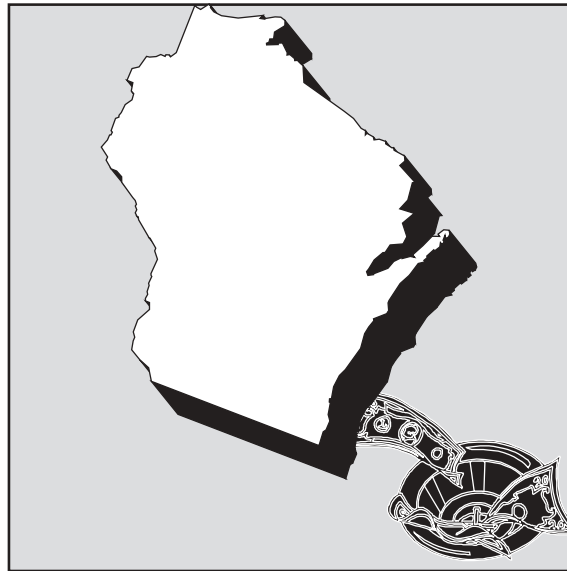
MARK KASS

There has been a lot of talk and grandstanding in recent months by community leaders about regional cooperation in the Milwaukee area as, for the first time in recent memory, the leaders of the seven counties that make up southeastern Wisconsin are actually working together.

The effort, being led by the Metropolitan Milwaukee Association of Commerce (MMAC) and the Greater Milwaukee Committee, is a five-year, \$12 million plan to bring together the leaders of Milwaukee, Waukesha, Washington, Ozaukee, Racine, Kenosha, and Walworth counties to increase economic development and draw new businesses to the area.

The group even has a logo and name (Milwaukee 7) aimed at showing the rest of the state and the nation that the community leaders can get behind the effort, even though it has Milwaukee as its name. The highlighting of Milwaukee has been a sore spot in past attempts at regional cooperation.

And while most political observers admit that any regional cooperation is better than the acrimony and border wars the Milwaukee area has seen in the past several decades, some contend that the effort will not cure all the ills that impact the



Milwaukee area or draw new businesses to southeastern Wisconsin.

Business leaders still contend that the community must address two major issues before any significant change occurs in national business perceptions of the Milwaukee area—high taxes and ever-escalating health care costs.

“They can hold hands and talk about how great it is to work together, but with our high level of taxes, it is going to be hard to convince businesses to move here from other areas of the country,” said a political observer. “You have to get people to look at consolidation.”

Milwaukee County Executive Scott Walker was very blunt in his assessment of the marketing effort.

“You can put lipstick on a pig, but it's still a pig,” Walker told the Milwaukee Rotary Club in late October.

Walker, who is running for governor, believes the effort to market the seven-county region will be severely hampered unless health care, labor, and government costs are controlled.

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Health care costs are 55% higher than the national average in the Milwaukee area, forcing employers to reduce spending in other parts of their business in order to compete against businesses in other parts of the country.

Walker was heavily criticized for his remarks, but even members of the MMAC have admitted more needs to be done than setting up a web site and coming up with a catchy slogan.

"All the attractive marketing we do of our region will be of little use unless the economic reality of the region is equally attractive," Steve Baas, MMAC's governmental affairs director, wrote in an opinion piece in the October 29, 2005 *Milwaukee Journal Sentinel*.

Governmental Layers

The biggest issue facing the southeastern Wisconsin region is the level of property taxes that residents and businesses must pay. Business leaders constantly complain about the multiple layers of government that exist in southeastern Wisconsin.

For example, in Milwaukee County, there are 19 municipalities; in Waukesha County, there are 37 municipalities; while in Ozaukee County there are 16 municipalities. Add in county governments and state government and businesses face multiple layers of bureaucracy that add costs and red tape in seeking approval for projects.

And none of that takes into account the more than 30 school districts in southeastern Wisconsin that have their own taxing powers, along with the Milwaukee Metropolitan Sewerage District and the technical college system.

Consider that each Milwaukee County community has its own police department, recreation department, health department, and, in most cases, a library, rather than sharing any of those services. They each have a mayor or village president and a common council or village board to oversee the municipality. In the city of Franklin alone, more than \$75,000 is spent annually on salaries and expenses for a part-time mayor and six aldermen.

The amount of infrastructure spending is overwhelming.

For example, several years ago, the city of Franklin spent \$9 million to build a new police station. A year later, the city of Oak Creek spent \$11 million to build a new police station. Around the same time, Greendale municipal leaders built a \$4 million public safety building and village officials in Hales Corners are currently considering replacing their police station.

All of these communities are within five miles of each and could easily serve the other community if consolidation was considered. However, a proposal to just consider consolidating the police dispatch services for Franklin and Hales Corners went nowhere when it was discussed several years ago.

Add in county government, which has many of the same departments and a large governing board. In Milwaukee County alone, almost \$1 million is spent annually on salaries alone for the 19-member County Board.

"On my 10-minute drive from South Milwaukee to Milwaukee, I go through four communities," Tim Sullivan, president of Bucyrus International, a South Milwaukee manufacturer, told a crowd at *The Business Journal's* Power Breakfast in September. "It is an inefficient way to run a community."

Sullivan has first-hand experience dealing with the multiple layers of government as he recently put together a deal to allow his company to expand in South Milwaukee. However, he had to deal with governmental officials at the city, county, and state level to get the deal done.

Bucyrus announced plans to invest as much as \$95 million to renovate its sprawling manufacturing complex in South Milwaukee. Bucyrus management considered relocating its plants due to high operating costs in southeastern Wisconsin, Sullivan said. Houston topped the list of cities Bucyrus considered.

Bucyrus was also at the center of another recent attempt to get regional cooperation, unfortunately this one failed.

Sullivan pushed South Milwaukee to consider an offer from Milwaukee Mayor Tom Barrett to buy water from the city of Milwaukee, rather than spending more than \$6 million to upgrade its own water system. Sullivan rejected the argument that South Milwaukee would lose local control if they bought water from Milwaukee.

"From our standpoint, we're obviously a company that uses a lot of water in the city of South Milwaukee, and we want the most economical and logical solution," he said.

Losing local control is an "attitude we have to overcome here in southeastern Wisconsin to get our costs down," he said.

Past Efforts

There have been attempts over the past decade for municipalities to look at sharing services, but most have failed due to territorial objections that normally follow any call for consolidation.

The most successful has been the North Shore Fire Department, which was formed in 1995 and serves Whitefish Bay, Shorewood, Brown Deer, River Hills, Fox Point, Glendale and Bayside.

The communities cover about 25-square miles and have a combined population of about 62,000. The merger has resulted in better service, lower fire insurance rates and other savings for the communities and has been widely lauded as an example of communities working together.

But even that effort hit a major roadblock this fall when Glendale threatened to pull out after complaining it was paying more than its fair share of the department's costs. City officials are concerned that within three years, Glendale will be paying almost 40% of the tab and that major capital expenses, such as a new fire station, are looming.

Municipal officials are working with state legislators to try to come up with a solution to keep Glendale in the fire pact.

In Waukesha County, Delafield and Oconomowoc are talking about merging their fire departments. They've even taken the next step of reaching out to other surrounding communities, such as Dousman, Nashotah, Hartland, the villages of Oconomowoc Lake and Chenequa, along with the towns of Oconomowoc, Summit and Delafield.

"There's no reason why we need to have our little kingdoms," Delafield Mayor Paul Craig said in the November 17, 2005 *Milwaukee Journal Sentinel*. "We need to work together."

Delafield and Oconomowoc officials have determined a merged department would save the cities a total of \$10.7 million over 25 years.

But some efforts have not been so successful. The city and village of Pewaukee failed in an attempt to merge their communities. In Milwaukee County, plans for Cudahy and South Milwaukee to share fire

services ended after Cudahy officials voted down the idea, citing cost concerns.

Regional Resentment

There is also some early grumbling about the regional marketing effort, giving some evidence that the cooperation may not last that long.

Just two weeks before Barrett and the leaders of the seven counties in the Milwaukee area announced the regional economic development initiative, Barrett and Milwaukee County Executive Scott Walker led a letter-writing campaign to the federal Bureau of Indian Affairs opposed to the plan for a development at the Dairyland Greyhound Park site in Kenosha.

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Kenosha and Racine officials are big supporters of the Menominee Indian Tribe of Wisconsin's plan for an \$808 million casino, hotel and entertainment complex. The rub is that the Kenosha casino is opposed by the Forest County Potawatomi, who operate the Potawatomi Bingo Casino in the Menomonee Valley near downtown Milwaukee. The Potawatomi group has the support of Barrett, Walker, Milwaukee Common Council president Willie Hines and Visit Milwaukee.

"It was unusual timing to say the least," said a political source. "On one hand, they're saying, 'Let's work together.' But on the other hand, they are trying to block economic development in two of the main players' areas."

Patrick Curley, Barrett's chief of staff, said Barrett was just protecting a major economic investment in the Milwaukee area that provides thousands of jobs to city residents and up to \$12 million in payments to the city and the county.

"The mayor's first job is to protect the city of Milwaukee and its businesses and that is what he is doing," Curley said. "He is a big supporter of regional cooperation and is pleased with the movement in that area in recent weeks."

Racine County Executive William McReynolds said he was disappointed by Barrett's and Walker's opposition to the Kenosha casino. He said it would create more than 3,300 jobs.

"We need the jobs in Racine County and the casino could be very beneficial to our residents," he said.

The casino debate is not the only issue that is dividing the region.

"Waukesha County representatives were upset that Governor Jim Doyle allocated funds in the 2005-'07 state budget for the rebuilding of Interstate 94 between Milwaukee and the Wisconsin-Illinois border, putting it ahead of any work planned for the congested Zoo Interchange," McReynolds said.

"The Zoo Interchange is located in the center of an area that is vital to the economic growth of our region," said state Sen. Ted Kanavas (R-Brookfield). "If you want more companies to relocate to southeastern Wisconsin, you have to provide the infrastructure for growth."

Several political observers said the regional approach will only work if elected officials can put aside their individual communities' needs in favor of what is best for the region. But that is difficult when they face re-election every four years by residents who want improvements in their own communities.

"You have to try and balance what is best for the region and what is best for your community," said Wauwatosa Mayor Theresa Estness. "I know that having a strong city of Milwaukee helps Wauwatosa. And I know that I can help the region by having a strong business climate and getting businesses to locate here."

Milwaukee and Wauwatosa recently competed with Glendale for Manpower Inc.'s new corporate headquarters, which is currently in Glendale. Manpower executives decided in mid-December to move from Glendale to a new building that will be built along the Milwaukee River in downtown Milwaukee. The city is providing a \$25 million tax incremental financing district to help finance the move.

"You have to work hard to try and make a deal work, if not in Wauwatosa, then in another Milwaukee community," Estness said. "The other option could be that they move to another state, which would be terrible for the region."

But some community leaders and municipal officials believe public assistance was not necessary in Manpower's case because the company never threatened to leave the Milwaukee area. The employees working at the Glendale headquarters, which has a Milwaukee mailing address, will just move to the new headquarters.

Glendale officials were unhappy about a major corporation being wooed from their city.

"I really have mixed feelings on this one because you are talking about the second-largest public company in the state that had record earnings last year," said Richard Maslowski, Glendale's city administrator. "That is a lot of money to be offering for a move of about five miles."

Other Regions

Community leaders have held up other communities as examples where consolidation and regional cooperation have worked to

lower taxes and recruit businesses. They cite Minneapolis, Philadelphia and Sacramento, where regional cooperation has become common between bordering communities.

In Minneapolis, local governments share their tax bases by pooling revenue attributable to growth in property value and use the resulting revenue to provide regional amenities.

"We need to identify regional champions and set a vision for the region," said Jeffrey Browne, president of the Public Policy Forum. "It can no longer be everyone for themselves."