

WI  
Δ  
Met  
l:  
1956

MILWAUKEE METROPOLITAN  
SURVEY COMMITTEE

A Report to the Governor of  
The State of Wisconsin

December, 1956

TABLE OF CONTENTS

- I. Letter of Transmittal to Governor Kohler dated December 14, 1956.  
Letter from Governor Kohler to Mr. Robert E. Dineen dated September 12, 1956.
- II. Summary of Recommendations with Comments.
- III. Part I - Water; Recommendations, Comments, Data, Discussion.
- IV. Part II - Sewage; Recommendations, Comments, Data, Discussion,
  - Exhibit A - Mr. Robert E. Dineen's Letter of October 19, 1956 to Mr. J. F. Friedrich, Chairman, Sewerage Commission of the City of Milwaukee.
  - Exhibit B - Mr. J. F. Friedrich's Reply to Mr. Dineen dated November 2, 1956.
  - Exhibit D - Resolution of Milwaukee Common Council dated November 27, 1956 Containing Letter of Mr. Dineen from Mayor Zeidler and Others Embodying the City's Comments on Mr. Friedrich's Letter of November 2, 1956.
- V. Part III - Legislatively Sanctioned Local Commission to Study Problems of the Milwaukee Metropolitan Area; Recommendations, Comments, Data and Discussion.
- VI. Part IV - Legislatively Sanctioned State-Wide Commission with State-Wide Membership to Study Distribution of State Tax Revenue to Local Governments; Recommendations, Comments, Data, Discussion,
  - Exhibit C - Letter to Mr. Robert E. Dineen dated November 20, 1956 from Hon. Frank P. Zeidler, Mayor; Hon. Martin E. Schreiber, President, Common Council; Hon. W. J. Mattison, City Attorney; Hon. Virgil H. Hurless, City Comptroller; Hon. Jos. J. Krueger, City Treasurer.
  - Exhibit I - Letter from Municipal League of Milwaukee County dated December 6, 1956.
- VII. Part V - Concurrent Recommendation by the Wisconsin Legislative Committee on Urban Development;
  - Exhibit E - Report of the Committee on Urban Development dated November 27, 1956.
  - Exhibit J - Letter from Governor Walter J. Kohler to Senator Walter J. Merten dated September 12, 1956.
  - Exhibit K - Proposed Bill of the Governor's Study Committee on Problems of Urban Development.

## TABLE OF CONTENTS

### VIII. Other Exhibits:

#### F. Water Utility Data

1. Suburban Population Served.
2. Agency Operating Water Utility.
3. Suburbs Served, Number of.
4. Water Bills.
5. Suburban Water Rates - Additional Charges.
6. Suburban Water Sales - Wholesale or Retail  
and Suburban Water Distribution System.
7. Financial Analysis.

#### G. Role of Milwaukee City and County in Wisconsin.

#### H. Metropolitan Sewerage District of Milwaukee County - Communities in District, Payrolls, etc.

## GOVERNOR'S METROPOLITAN STUDY COMMITTEE

## LETTER OF TRANSMITTAL

Hon. Walter J. Kohler  
 Governor of Wisconsin  
 State Capitol  
 Madison, Wisconsin

My dear Governor:

Your September 12, 1956 letter, confirming appointment of our Committee, suggested that we survey as to the Milwaukee metropolitan area:

1. Water

- a. The existing facilities for...the supplying of water for domestic and industrial purposes.
- b. The existing plans for the expansion or construction of such facilities.
- c. The extent to which plans for such facilities by the various municipal bodies are presently coordinated.

2. Sewage

Same as 1a, b, and c.

3. Study Commission

You expressed confidence that, "even in the limited time available, (we) will be able to arrive at some general conclusions as to the necessity for the establishment of an agency for co-ordinated planning for municipal services which are rendered throughout metropolitan areas in the state."

4. Other municipal service problems in the Milwaukee metropolitan area.

You suggested that we obtain information; by a questionnaire to the various governmental units; by a review of bills in the last session of the legislature for studying metropolitan problems; and by use of the files of the Citizens' Governmental Research Bureau.

Since our appointment we have held a number of meetings and have examined a considerable body of materials. We have met with representatives of the City of Milwaukee including the Mayor, the Common Council, City Comptroller, Superintendent of Water Works, spokesmen for the County, the suburbs, the Committee of 21, the Chairman, Chief Engineer, and the Counsel for the Metropolitan Sewerage Commission of Milwaukee County, and civic organizations.

Hon. Walter J. Kohler

We desire to express our appreciation for the courtesy and consideration which was extended to us by all those with whom we came in contact.

We have utilized the sources suggested in your letter of appointment, and as you indicated, the files of the Citizens' Governmental Research Bureau contain much information of aid to us in our survey and report.

Lack of time did not permit us to make an extended analysis of the many problems confronting the Milwaukee metropolitan area, and lack of funds prevented us from employing professional engineering talent.

Therefore, we have taken a broad look at the overall problem and have centered our attention on (1) water, (2) sewage, (3) the need for a permanent study commission, and (4) an ancillary problem - the effect on local communities of the present state system of sharing taxes.

We believe that:

1. In answer to the several points in your letter of appointment:

"The existing facilities for the supplying of water for domestic and industrial purposes are inadequate;

"The existing plans for the expansion or construction of such facilities are restrictive as to area;

"The plans for such facilities by the various municipal bodies are presently uncoordinated and unrelated."

We believe that:

The basic and first step in dealing with existing facilities and plans and their coordination is in promptly arranging for a complete metropolitan area-wide engineering survey for our water supply needs and their solution under the aegis of the Commission hereafter recommended.

We believe that:

Improved efficiency in the conduct of the City water problems could be obtained through the creation by the Common Council of a Citizens' Advisory Water Board.

We believe that:

2. The proposed program for plant and service-boundary expansion, as outlined in the November 2, 1956 letter from the Chairman of the Metropolitan Sewerage Commission of Milwaukee County (attached) appears to be sound, although due to lack of funds we did not have the benefit of independent advice from consulting engineers of our own choice and for that reason, our conclusions must necessarily be qualified.

Hon. Walter J. Kohler

We believe that:

3. A permanent Milwaukee metropolitan area study commission with a citizen membership selected from the locality should be created in the forthcoming session of the State Legislature.

We believe that:

4. A state-wide commission with a state-wide membership should be created by the Legislature at the next session to study the distribution of state revenues to local governments.

The reasons for these conclusions, and our findings of fact, are set forth in the body of this report and exhibits.

We trust that this report will fulfill the hope expressed in your letter of appointment: "facilitate the solution of coordinating not only the present Milwaukee area storm sewer and water supply problems, but also the many other municipal service problems which affect all people in the Milwaukee metropolitan area."

Robert E. Ulinen

George A. Parkinson

George P. Ettenheim

W. B. Scholl

Joseph F. Hill

Henry Kuchumovitch

James S. Thompson

OFFICE OF THE GOVERNOR  
MADISON, WISCONSIN

September 12, 1956

Mr. Robert Dineen  
2406 East Lake Bluff Boulevard  
Shorewood, Wisconsin

Dear Mr. Dineen:

This will confirm your appointment to the Committee recently constituted by me to review the existing plans pertaining to storm water disposal and water supply for the Milwaukee metropolitan area. I am grateful for your willingness to serve as a member of this group.

The circumstances which led me to appoint this Committee are outlined in the enclosed Memorandum. These circumstances appear to me to call for coordinated planning, to the end that the supply of water and disposal of storm water for the rapidly expanding population of the Milwaukee metropolitan area shall be not only adequate but also economical. It is for this reason that I suggest as to the Milwaukee area that the Committee survey:

1. The existing facilities for the disposal of storm water and the supplying of water for domestic and industrial purposes.
2. The existing plans for the expansion or construction of such facilities.
3. The extent to which plans for such facilities by the various municipal bodies are presently coordinated.

Manifestly the survey suggested above cannot be exhaustive and the report of your Committee be in my hands by December 15, 1956 as requested. However, I am confident that your

Mr. Robert Dineen

-2-

September 12, 1956

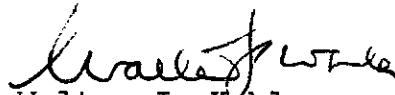
Committee, even in the limited time available, will be able to arrive at some general conclusions and offer constructive suggestions as to the necessity for the establishment of an agency for coordinated planning for municipal services which are rendered throughout metropolitan areas in the state.

A considerable amount of information regarding the present and proposed plans in respect to storm water disposal and the water supply of the Milwaukee metropolitan area might be obtained by a questionnaire addressed to the various governmental units in Milwaukee County. I believe your Committee will also be aided by a review of the Bills introduced in the last session of the Wisconsin Legislature with their various proposals for studying metropolitan problems. It is my understanding that the files of the Citizens Governmental Research Bureau also contain much information which will aid your Committee in its survey and its report.

Again I wish to thank you for accepting this responsibility, which I sincerely hope will facilitate the solution of coordinating not only the present Milwaukee area storm sewer and water supply problems, but also the many other municipal service problems which affect all people in the Milwaukee metropolitan area.

With good wishes,

Sincerely yours,



Walter J. Kohler  
G o v e r n o r



SUMMARY OF RECOMMENDATIONSWater

Recommendation: (A) We recommend to the City of Milwaukee a re-evaluation of its stated basic water policy, namely, that to obtain City water, a suburb must become a part of the City.

Comment: The City has now acquired virtually all land which could be obtained by annexation. Further expansion can come only through consolidation or merger. As a consequence, this 50 year old policy needs re-examination in the light of present day realities.

The problem of sharing revenue derived from a return of state taxes is of vital importance to both the City of Milwaukee and the suburbs - and what helps one hurts the other and vice versa. We have recommended later in this report a re-examination of this specific problem by a Commission created by the Legislature. In so doing, we recognize (a) that when a business moves from the City to the suburbs, the City loses tax revenues and (b) that the movement of such a business may be influenced by the adequacy of the water supply.

But since we know that the movement of industry and business is influenced by many considerations, we do not believe that all of the City's problems in this area spring from a single source, namely, possible defects in one phase of the state's tax system. Nor do we believe that the City's problems in this area can be solved - or that it is even appropriate to attempt to solve them - by using the City water as a lever, political or economic. The City Water Department is a public utility assured by law of an adequate return on its investment by the Public Service Commission. The Water Department should provide a continuing and supplemental source of revenue for the City. The sharing of revenue derived from a return of state taxes and the furnishing of an adequate supply of water to the City, the suburbs,

and the Milwaukee metropolitan area are related problems but little progress has been made in their solution. We believe that more progress might be made by considering them independently at this stage.

Recommendation: (B) We recommend at the earliest date - on a cooperative basis between the City and the suburban communities under the aegis of the Commission hereafter recommended - an area-wide study of the water problem by a competent firm of engineers to establish a factual base for long-range policy.

Comment: The water needs of Milwaukee metropolitan area citizens must be supplied at a reasonable cost. At this stage, fact-finding is the first step.

Recommendation: (C) As a part of a re-examination of its basic water policy, we recommend the creation by the Common Council of a Citizens' Advisory Waterworks Board, appointed by the Mayor, subject to confirmation by the Common Council.

Comment: Such a Board as we visualize it should be composed of representative citizens of the community with business, financial, legal, accounting, engineering, medical, and public relations backgrounds. Its purpose should be to (a) recommend policy to the Common Council, (b) review performance of the City Water Works, and (c) to provide a forum for discussions of water problems by the City and its customers, including the suburbs. Since the Common Council is essentially a legislative body rather than an administrative group, the existence of such a Board should help free the Common Council from unnecessary detail and simplify the formulation of policy without interfering with the Council's prerogatives to determine the actual policies and to control expenditures.

Recommendation: (D) Early completion of the necessary steps to modernize the City's water facility.

### Sewage

Recommendation: (A) We recommend the enactment of legislation at the state level broadening the area now served by the Metropolitan Sewerage Commission so as to make the functioning of the Commission more effective.

Recommendation: (B) We recommend the expeditious completion of the program outlined by the Milwaukee Sewerage Commission in its letter of November 2nd incorporated herein.

Comment: Since we did not have the benefit of engineering talent in our studies, we express no opinion as to whether the recommendations contained in that letter represent an adequate solution to all of the problems confronting the Commission. We recommend those that have been presented to us as desirable steps toward a complete program for the improvement of the present situation.

### State Sanctioned Local Study Commission

Recommendation: We recommend action by the Legislature in setting up the appointment and financing of a fifteen member Citizens' Study Commission, the members of which are to be selected from the Milwaukee area with adequate representation from both the City and suburban areas, to study governmental problems of the Milwaukee metropolitan area, other than tax problems with state-wide tax implications.

Comment: This is a recommendation for application of the home rule principle to the metropolitan area as distinguished from home rule for the City of Milwaukee and home rule for the individual suburbs. A list of typical problems suitable for consideration by the recommended Commission will be found later in this report.

As intercommunity problems multiply and become more acute for the various metropolitan areas throughout the state, there may in time be need for the Legislature to consider structural changes in the local governments making up metropolitan

complexes. It is conceivable that changes of consequence may be in the offing; what has happened in Toronto, Canada and Dade County, Florida may be straws in the wind. But as we see it, the time has not yet arrived in Wisconsin or in the Milwaukee metropolitan area when either the people or the Legislature are prepared to consider major structural changes of local governments in metropolitan areas. On two previous occasions, the voters rejected the proposed Dade County change; the Toronto plan, generally conceded to be the boldest and most imaginative of its kind, is still regarded as an experiment. For these reasons, we believe the appointment at this time of a Commission with a state-wide membership and scope for such a purpose would be premature.

On the other hand, we recognize the existence of a variety of intercommunity problems in various metropolitan areas throughout the state and particularly in the Milwaukee metropolitan area, the largest of its kind in the state. Some of the problems are common problems; some are peculiar to the individual communities. Some are acute; others are long-range. Ideas on solutions and priorities will differ. Some communities are more self-reliant than others. Some will try to solve their own problems on a cooperative basis; others will turn to the state for help.

At this stage, we believe the appropriate procedure in the Milwaukee metropolitan area is the creation of a state sanctioned Commission with local membership to look at local problems through local eyes. Its main assignment would be to get the facts and to determine what problems can be solved locally through cooperation before turning to the Legislature for help.

At this point we ask the Legislature only to help us help ourselves by creating the Commission. This Commission would report its findings to the Legislature

as well as to the communities in this complex. With the benefit of a body of facts - accumulated over an extended period by an impartial Commission - the Legislature and, equally important, the public at large, would be in an improved position to consider structural changes if and when the need therefor arose.

Like the pre-trial conferences which have been so successful in our courts, the Commission would offer a continuing mechanism that would enable the City, the suburbs and the County government to sit down at the conference and fact finding table before a group of fellow citizens acting as impartial arbiters. Any community or the Commission on its own motion would be able to propose problems for exploration; on the other hand, no community would have the right to veto explorations of any relevant subject. The Commission would be the judge of its agenda.

Since the representatives of the various agencies of local government in the metropolitan complex are men of good intentions, we believe that only good could come from the recommended device. By this act, the Legislature will have set the stage for the cooperation and coordination so urgently needed in the Milwaukee metropolitan area. And by insisting that problems of the Milwaukee metropolitan area get a good airing at home before they were presented at Madison, the Legislature would free itself from many problems presented simply because there was no adequate local forum.

State-Wide Study Commission on the Local  
Distribution of State Shared Taxes

Recommendation: As a supplement to the inter-related state-wide studies of (a) the State Committee on Revenue Sources and (b) the Wisconsin Committee on Industrial Development, both authorized by the 1955 Legislature, we recommend the creation

of a Local Government Tax Study Commission on a state-wide basis whose duties shall include re-evaluation of the present formula for the distribution of state shared taxes.

Comment: In recommending this supplemental tax study, we in no way mean to anticipate what the results of such a study would be. The subject is an important one both for the City and the suburbs. We recognize that changes which may help the City may hurt the suburbs and vice versa, but in our opinion, that does not justify a refusal to re-examine the problem. We simply express the belief that the subject could stand an exploration and that only good can come from bringing out the facts for all to see.

W A T E R

Recommendation: (A) We recommend to the City of Milwaukee a re-evaluation of its stated basic water policy, namely, that to obtain city water, a suburb must become a part of the City.

Comment: The City has now acquired virtually all land which could be obtained by annexation. Further expansion can come only through consolidation or merger. As a consequence, this 50 year old policy needs re-examination in the light of present day realities.

The problem of sharing revenue derived from a return of state taxes is of vital importance to both the City of Milwaukee and the suburbs - and what helps one hurts the other and vice versa. We have recommended later in this report a re-examination of this specific problem by a Commission created by the Legislature. In so doing, we recognize (a) that when a business moves from the City to the suburbs the City loses tax revenues and (b) that the movement of such a business may be influenced by the adequacy of the water supply.

But since we know that the movement of industry and business is influenced by many considerations, we do not believe that all of the City's problems in this area spring from a single source, namely, possible defects in one phase of the state's tax system. Nor do we believe that the City's problems in this area can be solved - or that it is even appropriate to attempt to solve them - by using the City water as a lever, political or economic. The City Water Department is a public utility assured by law of an adequate return on its investment by the Public Service Commission. The Water Department should provide a continuing and supplemental source of revenue for the City. The sharing of revenue derived from a return of state taxes and the furnishing of a adequate supply of water to the City, the suburbs, and the Milwaukee metropolitan area are related problems but little

progress has been made in their solution. They believe that more progress might be made by considering them independently at this stage.

Recommendation: (B) We recommend at the earliest date - on a cooperative basis between the City and the suburban communities under the aegis of the Commission hereafter recommended - an area-wide study of the water problem by a competent firm of engineers to establish a factual base for long-range policy.

Comment: The water needs of Milwaukee metropolitan area citizens must be supplied at a reasonable cost. At this stage, fact-finding is the first step.

Recommendation: (C) As a part of re-examination of its basic water policy, we recommend the creation by the Common Council of a Citizens' Advisory Waterworks Board, appointed by the Mayor, subject to confirmation by the Common Council.

Comment: Such a Board as we visualize it should be composed of representative citizens of the community with business, financial, legal, accounting, engineering, medical, and public relations backgrounds. Its purpose should be to (a) recommend policy to the Common Council, (b) review performance of the City Water Works, and (c) to provide a forum for discussions of water problems by the City and its customers, including the suburbs. Since the Common Council is essentially a legislative body rather than an administrative group, the existence of such a Board should help free the Common Council from unnecessary detail and simplify the formulation of policy without interfering with the Council's prerogatives to determine the actual policies and to control expenditures.

Recommendation: (D) Early completion of the necessary steps to modernize the City water facility.

#### Some History

First a word as to the history of the Water Department; in 1871, the Wisconsin Legislature passed an act creating a board of seven Water Commissioners for the



City of Milwaukee. Seven distinguished citizens were designated in the act - Alexander Mitchell, John Plankinton, Edward H. Brodhead, Edward O'Neill, Guido Pfister, Frederick Pabst and George Burnham. They were authorized to construct and carry on a waterworks for the City of Milwaukee. The Legislature provided that no member of the Board should ever receive a salary; nor should he hold any other office in the City; nor should he be appointed to any office in connection with the Board of Water Commissioners; nor should he be interested in any contract or agreement with the City made in connection with the Board.

#### Who Owns the Water

Title up to the center line of Lake Michigan rests in the State of Wisconsin which holds the waters of the Lake for the benefit of the citizens of the state (City of Milwaukee vs. State, 193 Wis. 423).

#### Milwaukee Water Works: a Public Utility

In 1927, the Supreme Court of Wisconsin held that the City of Milwaukee in the operation of the waterworks was conducting a public utility which was subject to the jurisdiction of the Wisconsin Public Service Commission. In Pabst Corporation vs. Milwaukee, 193 Wis. 522, 528-9, the court said:

"The function of a city in selling and distributing water to its citizens is of a private nature.' Piper v. Madison, 140 Wis. 311, 314, 122 N.W. 730. In fixing the rates to be charged to the citizens of Milwaukee the common council was acting for the city in its private or proprietary capacity. The fixing of the rates was a necessary part of the business management of the private or proprietary undertaking on which the city embarked when it established its own water plant." (page 356)

In 1954, the court reaffirmed this position in Milwaukee vs. Public Service Commission, 268 Wis. 116, 120, stating:

"The water system of the City of Milwaukee is a public utility subject to regulation as in any other public utility, Pabst Corp. v. Milwaukee (1926), 190 Wis. 349, 208 N.W. 493; Flottum v. Cumberland (1940), 234 Wis. 654, 291 N.W. 777; and it is well established that in maintaining and operating such system the city is acting in its

proprietary capacity. Milwaukee E. R. & L. Co. v. Milwaukee (1932), 209 Wis. 656, 245 N.W. 856; De Pere v. Public Service Comm. (1954), 266 Wis. 319, 63 N.W. (2d) 764."

In addition to supplying its own citizens, the City supplies water to six of its suburbs. The names of those suburbs, the dates when the City started to sell them water, and the approximate number of their customers are set forth below:

<u>Name</u>	<u>Date</u>	<u>Number of Customers (December 31, 1955)</u>
West Allis	1905	11,942
Fox Point	1931	1,327
Whitefish Bay	1931	4,681
Shorewood	1905	3,548
(St. Francis West Milwaukee)	1900	1,845 1,251
South Milwaukee	1911	1,893

#### Emergency Increase in Rates

According to the records of the Public Service Commission, the City's water plant represents an initial investment of approximately \$53,000,000. In the most recent proceeding, its plant after depreciation was valued at \$32,000,000 for rate making purposes. In 1939, the Public Service Commission authorized the City to increase its rates by 25%. The City did not take advantage of this opportunity. Between 1939 and 1955, the residents saved or the City lost - depending upon the viewpoint - over \$13,000,000 because of this decision. In May 1956, the City filed an application with the Public Service Commission for an emergency increase of 25% plus a permanent rate increase of not less than an additional 25%. The Public Service Commission held that an emergency did exist with respect to the Milwaukee water utility and granted a temporary emergency increase of 25%.

#### Black and Veatch Preliminary Report

The basis for the rate increase was a study made by Black & Veatch, a firm of consulting engineers from Kansas City, Missouri. This study showed that due to

the growth of the City and the number of people served by the Water Department, the system had become inadequate and overtaxed. It said that the system was presently unable to supply adequate water service at peak consumption. It said that the system was unable to finance a major construction program at its former rates. It pointed out that the equipment at the North Point Pumping Station was generally forty to fifty years old and could not be operated as economically as modern pumping equipment. It called attention to numerous complaints in recent years due to low pressure in the southern part of the system.

It said that the net income, depreciation funds, and water main assessments have not been sufficient in recent years to pay for replacements of worn out plants and to construct adequate additions to serve new customers. At the close of 1955, the Water Department as a result of inadequate earnings and heavy expansion requirements was forced to borrow working funds from the City general fund to the extent of \$1,742,688. The rate of return on the investment of the Water Department during the last five years was less than 2.5% a year.

Black & Veatch's recommendations were based on the continued wholesale service to four suburban towns, West Allis, Fox Point, Whitefish Bay, and Shorewood. It also stated that the area expected to be added to the water service area by 1975 includes the Towns of Granville and Greenfield and a portion of the Town of Franklin. It recommended completely new supply facilities to be located on the south side of Milwaukee including a major pumping station to serve the southern area.

It is also recommended an all new electric pumping station at North Point, a major high service pumping station in the south part of the City, plus two major booster stations to serve the Granville and Greenfield areas.

Estimated Cost

The estimated cost of the improvement program is \$49,250,000. Of this amount \$35,257,000 is considered as required in the immediate program for completion within the next five years. The secondary improvements after 1961 were estimated to cost \$13,993,000. It recommended as the financing method the sale of 30-year revenue bonds, payable solely from Water Department revenue. The total recommended bond issues up to 1967 would amount to \$53,250,000. It expressed the hope that these bonds could be sold at a cost not to exceed 3-1/4%. The full effect of the annual financial obligation incurred by the bond issues would not be felt until 1969 and later years. At that time the annual financing charges would amount to approximately \$2,930,000 a year. The engineers recommended three rate increases based on the 1939 rates; (1) 1956 interim rates - 25% (22.6%), (2) 1956 first stage increase - 50%, and (3) 1960 second stage increase - 80%. In their report, the engineers stated that they did not take into consideration a matter which is essentially a policy matter for the City of Milwaukee, namely a return at a reasonable rate to the City based on investment. They stated that if such a return is desired, the tables would require modification.

Added Cost Due to Delay

There has been considerable speculation upon the added cost flowing from the delay in expanding the waterworks. Opinions as to this cost have varied but there is general agreement that it represents a sizable amount. Using the Engineering News Record's construction cost index of 1913 as 100, the percentage of increase between 1940 and 1955 was 172.7%; between 1947 and 1955 it was 59.8%. Here is one estimate presented to our Committee:

"Black & Veatch estimate the present day costs of the recommended improvements at \$49,250,000 - \$35,257,000 of which is considered as required in the immediate program and \$13,993,000 for after 1961. It has been said that the immediate program recommended by Black & Veatch should have been foreseen and initiated as early as 1946, and completed by now. Had the City of Milwaukee pursued this program over the last ten years instead of postponing it until now - when it is admittedly confronted with an emergency - it would have saved about 20% in construction costs and 56% in interest rates.

"In addition, had rates permitted by the 1939 Public Service Commission order been put into effect at the beginning of 1940 the City would have had some \$8.5 million in revenue that could have been applied to construction costs, which would have further reduced capital charges. As it now stands the improvements recommended by Black & Veatch will cost approximately \$20 million, or 56% in excess of what they would have cost had the City charged rates permitted by the Public Service Commission and not delayed expansion of the waterworks system."

At the end of World War II, the Common Council recreated the Department of Abstracting and Annexation which "initiated a long range program seeking to annex large areas of contiguous territory" (see 1946 Annual Report of the City of Milwaukee, pages 17, 45). As subsequent Annual Reports of the City show, the City under this program increased its area in square miles as follows: (1947) 45.12; (1948) 48.27; (1950) 49.14; (1951) 49.95; (1952) 52.50; (1953) 55; (1954) 67.58; (1955) 72.16.

This particular projection raises two questions:

- A. That if principles of good planning had been followed, should not the City - simultaneously with the formulation of the long range program to increase its area by annexation - have devised a comparable and effective long range plan to expand the Water Department so that the two programs would be coordinated?
- B. That if it was appropriate for the City to make a 20 year forecast in 1956, was it not equally appropriate to have made a 20 year forecast in 1946 or in any other year? Anticipating increases in population and increased demands for services and devising plans to meet them is a continuing responsibility year in and year out for any efficiently conducted utility.

In this connection, attention is directed to a statement made on June 19, 1956 before the Public Service Commission of Wisconsin. The Commission was considering the City's emergency application for an increase in water rates. The statement was made by Mr. William L. Patterson in support of the City's application. Mr. Patterson is one of the principals of Black & Veatch, the consulting engineers employed in 1955 to review the City's water problem. In delicate and diplomatic language, Mr. Patterson conceded that the City had failed to keep abreast of the times - and that this failure was going to cost the City money. He said:

"It appears pertinent to emphasize that, through deferred recognition of water utility needs, the Milwaukee water works are in need of a return higher than that which would be reasonable for a utility which had through reasonable foresight provided new plant improvement currently through the years of growth. In this case, the City should be\*\*\*\*"

Mr. Harry G. Slater, the attorney representing the City before the Public Service Commission on December 5, 1956, made similar representations. He said in part:

1. The emergency increase previously granted by the Commission permitted "at least partially sound financial operation by the Water Department."
2. That inadequate rates for a period of 17 years ended in "substantial subsidization by the City of....suburban users" and that it was too late now to "recapture the amount which we did not seek and to which we were lawfully and reasonably entitled."
3. "The last major program undertaken by Milwaukee to enlarge its water works ended in 1924 with the construction of the Riverside Pumping Station." Since that time, the improvements to the system have consisted of the construction of the Filter Plant and the extensions and additions to the distribution systems.

4. That the interest costs necessary to finance the "vast construction program will be with us for the next 35 to 40 years." (On the Black & Veatch estimate of five staggered 30 year bond issues totaling \$53,250,000 at 3-1/4 per cent - which includes an extra \$4,000,000 for 1956 construction - the actual interest costs alone will amount to \$ 29,453,500

City's Policy

An historical appraisal of the City's policy from an academic source is that given by Dr. Charles D. Goff, Assistant Professor of Political Science, at the University of Wisconsin, at the Reuss hearings on November 7, 1955. He said:

"Individual suburban residents and corporations were permitted to connect their water pipes to the city of Milwaukee water mains from 1873 to 1905, provided they paid for the pipe and the cost of installing such an extension and paid a 25-percent higher meter rate than residents of Milwaukee. The first Milwaukee-suburban contract to supply water to a suburban municipality was signed with North Milwaukee in 1902 at a water rate of 6 cents per hundred cubic feet. West Allis and the village of Shorewood signed similar contracts shortly afterward.

"The first general resistance by the Milwaukee Common Council to its original policy of permitting suburban individuals, corporations, and districts to get water from the city of Milwaukee dates from 1906. The common council concluded as early as 1906 that it was proving unwise to extend water to suburban users because after receiving their connection with Milwaukee water mains suburban users then tended to oppose annexation to or consolidation with the city of Milwaukee because the suburban user then possessed most of the advantages that could be obtained by being a part of the city without having to pay the central city's higher taxes.

"The first threat of Milwaukee's suburban municipalities to build their own water plants rather than pay higher water charges to Milwaukee started in 1921. West Allis started what has proven to be a long parade of such threats. In 1921 West Allis considered drilling its own artesian wells in protest against a Milwaukee Common Council policy of refusing to supply water to new suburban customers unless such persons would promise to petition for annexation of their property to the city of Milwaukee. West Allis fought a long series of legal battles with the city of Milwaukee from 1927 to 1941 over the question of whether Milwaukee could raise the rates for water when authorized to do so by the Wisconsin Public Service Commission. West Allis finally settled its account with Milwaukee on July 25, 1941, by paying approximately \$56,000 of arrearage in its water bill.

"The village of Shorewood fought a similar series of legal battles with the city of Milwaukee from 1927 to 1932 to avoid paying a 10-cent rate per hundred cubic feet which the Wisconsin Public Service Commission had authorized. Shorewood in 1932 paid an overdue water bill to the city of Milwaukee of approximately \$75,000.

"A third series of legal battles between Milwaukee and some of the adjacent towns were fought over the question of whether Milwaukee could be compelled to extend water service into adjacent towns. This question was decided by the Wisconsin Supreme Court in 1942 in *Milwaukee v. Public Service Commission* (241 Wis. 249 (1942)), the court holding that the city of Milwaukee didn't have the duty as a public utility to extend its service into an unincorporated town beyond the limits of the holding out evidenced in its contract. Despite this moderately favorable decision, the city of Milwaukee had more than 100 different lawsuits brought against it from 1942 to 1952 by suburban individuals, corporations, or



"municipalities who either objected to water rates or wanted to compel Milwaukee to supply water to them. Milwaukee didn't win 1 out of 10 of these cases. Milwaukee officials found that the normal course of such disagreements was that their refusal to supply water was overruled by the Wisconsin Public Service Commission, whose finding in turn was normally upheld by the Wisconsin courts.

"The legal question of whether a warrantable distinction can be drawn between a public and a privately owned utility's responsibility to provide service on demand provided a fair return is realized on its overall operations may or may not be moot. The Wisconsin Public Service Commission has generally required Milwaukee to extend service on demand. Milwaukee's officials, on the other hand, have developed a deep skepticism over the years of the possibility of a favorable decision at the hands of the Public Service Commission or the Wisconsin courts. They appear to feel, further, that the question of extension of service by a public utility is seriously complicated by the difficult and involved economic problem of the deteriorating tax base of the central city in this metropolitan area. Where extensions of utility service to suburban customers would tend to promote further deterioration of the central city's tax base while resulting in advantage only to suburban areas, Milwaukee officials have contended that the central city should have the right to control the policy of expansion of its water utility so that the end financial result would not be to penalize permanently the provider of the service even though such service extension might provide an immediate profit to the utility.

"It is difficult for a nonlegal scholar to predict whether Milwaukee's dissent of today might be a majority opinion in the America of tomorrow. It is possible to state categorically, however, that Milwaukee-suburban legal strife on water issues during the past 50 years, particularly the losing struggles of Milwaukee to prevent extensions of suburban service, have contributed measurably to a deep embitterment of intermunicipal relations in the Milwaukee metropolitan area."

#### Official Policy of the City

The City's official policy is succinctly stated in Mayor Zeidler's letter of November 20, 1956, page 4, paragraph 4, (Exhibit C).

"The City is opposed to the creation of additional agencies of government imposed atop existing units. The City recognizes its responsibility and duty for providing full city services within its boundaries. This is its Charter obligation. No other unit is necessary or proper to perform any of these functions. Communities deficient in facilities should either correct these lacks within their own framework or unify for all purposes with an existing unit prepared to meet the municipal burden."

#### Evaluation of City's Water Policy

##### Annexation Lever Obsolete

This Committee believes that the City should re-evaluate its long-term water policy. When the present annexations are disposed of, the City will have annexed all the

land in the County not incorporated in other cities or villages. If the City is to expand any further, it must be done via the consolidation route unless, of course, the Legislature required the creation of a metropolitan government, patterned possibly on the borough system. Certainly, a policy based on the withholding of water unless the area consented to annexation has outlived its usefulness.

The next question is this. Is the cost to the suburbs of providing their own water prohibitive, so prohibitive that they have no choice except to consent to consolidation with the City of Milwaukee no matter what their preference may be? Evidently some of them think not; they are now making plans for their own systems.

#### Development of "Metropolitan Consciousness"

\*Later in this report in another setting we cite the following excerpt from a study by the University of Michigan. It is worth repeating:

"Cooperative arrangements and structural reorganization are not mutually exclusive solutions. Cooperative arrangements bear somewhat of an evolutionary relationship to structural reorganization. Cooperative techniques can be utilized without arousing too much opposition; they involve common action in working out a solution.

"They develop intricacies of governmental interdependence. They should, if handled properly, increase the feeling of metropolitan consciousness. In most areas with deep-rooted traditions of local independence, functional consolidation must precede structural reorganization. As the web of functional interdependence grows, a metropolitan consciousness may develop to the point where actual structural integration becomes possible."

To us it seems that at this stage if any of the suburbs are to consolidate with the City of Milwaukee, such a consolidation must take place upon a basis of mutual self-interest; there must be a desire to consolidate and there must be advantages for all concerned - at least enough advantages to offset the disadvantages. If we are to develop greater metropolitan consciousness, the best way to stimulate it is through cooperation.

#### City's Handling of Water an Impediment to Consolidation?

Later in this report, we shall summarize the complaints which have been made in connection with the City's handling of the water problem. Many of these complaints are admittedly well founded. The question has been asked; would the city be on sounder grounds in pressing for consolidation if it were able to demonstrate that its handling of the water problem merited the approval and commendation of its customers, both in the City and the suburbs?

\* See contract dated November 12, 1956 between City of Glendale, Village of Whitefish Bay and Village of Fox Point.

In many other areas of local government the City of Milwaukee has done a creditable job. Its handling, up to now, of the water situation is not a fair example of its handling of other municipal services. Nevertheless, there is some substance to the point that in view of its recent record in the handling of the water situation, the City has not impressed many citizens of the suburban areas as to the advantages of consolidation.

#### Importance of Water

In our discussions with the City officials, great stress was laid upon the importance of an adequate water supply at reasonable prices as an inducement to bring new industry to the City of Milwaukee. The desire to hold down the price of water both to residential customers and to business users is in itself commendable. And we share the City's point of view that water is an important item. In his 1956 book, "Water for the Cities," Nelson M. Blake quoted a statement made by Dr. Leonard A. Scheele, Surgeon General, United States Health Service:

"The domestic use of water is universally classified as the most important beneficial use of that resource. Water is essential to life - the life of a city as well as the life of a human being. Without water, a community faces the same fate."

In commenting on water problems, Mr. Blake had this to say:

"No one with faith in the problem solving genius of modern science doubts that a solution will be found (to the nation-wide water shortage) ... But the history of the urban water supply suggests that something else will be necessary. Science can solve the technical problems, but will municipal statesmanship show itself capable of intelligent planning? And will citizens, harassed by threats of foreign war and domestic conspiracy, retain enough time and patience to consider problems more prosaic, perhaps, but no less vital to their future welfare?"

Other Factors

We have been at pains to emphasize our recognition of the importance of an adequate supply of good water to any community so what we say hereafter will not be misunderstood. But in choosing a plant location, water is only one factor. A partial list of additional factors includes the following: 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.

Defective Tax Structure Offsets Value of Water

From our own experience in the business community, this Committee knows that a sizable number of businesses have been passing up Milwaukee and Wisconsin as a site for future plants and have been locating in other states. A number of Milwaukee businesses have elected to build plant additions in other states. While some may be unwilling to admit it, the fact of the matter is that the existing tax structure is a powerful deterrent. In many of our nearby states, there is an ample water supply with a much more favorable tax climate. There is recognition of this fact in Milwaukee. One of the City officials said, "Our water system today is the City's sole advantage in keeping industry here. It is not our duty to extend City water to other areas so they can take industry away from us."

Frankly, the members of this Committee are reluctant to believe that Milwaukee, the 13th largest city in the United States has reached the point that in competing with its suburbs it has only a single advantage to offer - water.

Movement to Suburbs Country-Wide

The truth is that the movement of both residents and industry to the suburbs is a country-wide phenomenon. People and businesses want space not available within the core of the city. The problem is not unique with Milwaukee. Granting or withholding City water will not stop it. If the City refuses to extend its water services, the suburbs will supply themselves. No City policy can stop that. And if and when such a process is completed, the City as a public utility will have lost potential customers and for that matter, present customers too. Already, two of the suburbs, For Point and Whitefish Bay, are considering the discontinuance of the purchase of water on a wholesale basis from the City. All over America water systems are being operated profitably. In many communities they are operated by private water companies. The wrong decision at this time could result in the creation of many other water suppliers with possible loss of revenue to the City which could be used to reduce the burden of real estate taxes. Because of the exhaustion of the possibility of further annexation and the threat of the creation of other water systems, we think the City is under compulsion to re-examine its basic policy and to do it now.

Complaints

In the course of our hearings, the committee **heard** a good deal of criticism on the City's handling of the water problem. The criticisms are summarized herewith. The list is not all-inclusive and no effort was made to put the complaints in the order of priority. We shall defer our comments on the accuracy and fairness of the complaints until later.

1. In times of peak demand there has been inadequate water pressure in various parts of the City and in the suburbs. Actual cases of zero pressure were recorded as far back as 1952.
2. This shortage of water and pressure increased the fire hazard. Lewis Loeft, Assistant Fire Chief of the Milwaukee Fire Department, reported that upon one occasion there was no water in the hydrants south of Oklahoma Avenue. To get action they had to declare an emergency in that particular portion of the City. To cope with this situation the City had to acquire some tank trucks. They stated that the City had finally reached the point where it had 11,200 gallons of water on wheels as a fire-protective measure. He said that if an uncontrollable fire had broken out during these periods of zero water pressure, great damage could have been done to the community.
3. Authorization to start the Black & Veatch study was not obtained until three years after the danger was pointed out.
4. There is still disagreement on how much water rationing there will be in the future even if all of the recommendations of Black & Veatch are carried into effect.
5. The rates charged by the City have been inadequate. The City failed to utilize a 25% increase authorized by the Public Service Commission in 1939. This has prevented the accumulation of reserves. The City is now confronted with a vast building project, at a cost estimated by the engineers at \$55,000,000. Due to the delay, costs have increased and interest rates have gone up. What at first looked like bargain rates for the City will turn out to be very costly indeed.
6. Suburbs which have long bought water from the City have become annoyed with the political approach taken by the City and are in the process of exploring the installation of their own water systems. Customers of the City water utility, present and potential, have become alienated.
7. The organizational setup of the waterworks is poor. The Common Council is a legislative body - not an administrative body and is not setup to properly handle the affairs of the waterworks. After allowance for depreciation the City has over \$32,000,000 invested in the waterworks. An operation of that size ought to be conducted on a business basis. Furthermore, it is a business mistake to tie in the operation of the waterworks with the City's political objectives. The City needs a water commission created by the Common Council and the members of which are appointed with the

Mayor by and with the advice of the Council. Such a group could devote themselves to a continuing review of water policy rather than having that policy determined as a sideline by the Common Council.

8. A metropolitan water district should be created under the supervision of a non-political board. The City should be fairly and adequately compensated for its share of the water plant and should be given a dominant position - representation wise - on the new board. Suburbs, of course, should also be represented.
9. A preliminary report of Black & Veatch states that the report does not take in consideration "a matter which is essentially a policy matter for the City of Milwaukee" namely a return at a reasonable rate to the City based on investment. The City reports that for the year of 1955 the Water Department has been operated at a return of only 2.34% on its investment of over \$32,000,000.
10. When the Black & Veatch report was authorized at a cost of \$73,000 the City limited its coverage to the City and its present customers approximating 86% of the population of Milwaukee County. At that time the City knew that other suburbs were seeking City water, notably, Wauwatosa, yet Wauwatosa was purposely excluded from the study. The City is entitled to an adequate return on its investment by law and the more customers it serves the greater the return. Authorization for a complete survey would have given the City all the facts to make an intelligent long-range appraisal of the situation. Should it operate a large scale utility for the entire area and use the return from such a utility to lessen the burden of real estate taxation in the City? The City's decision to limit in advance the scope of the Black & Veatch survey was based on prejudice rather than the desire to ascertain the facts.
11. The City has been blowing hot and cold in connection with dispersal of plants for civil defense purposes. The Common Council adopted a resolution advocating dispersal of plants, and, at the same time, it is adopting a policy designed to secure a concentration of plants within the city limits. The two policies are in conflict unless the entire metropolitan area problem is solved.

One of the City's chief representatives has been commendably forthright in discussing the problem. Mr. Lloyd D. Knapp, Commissioner of Public Works, testified on June 19, 1956 before the Public Service Commission of Wisconsin in connection with the City's application for an emergency increase in water rates. Mr. Knapp stated:

"The physical plant of the Milwaukee Water Works is no longer adequate to provide reasonable service to its customers. Since World War II, the City of Milwaukee has more than doubled in area and has greatly increased its population. The suburbs served by our Water Works, namely, Shorewood, Whitefish Bay, Fox Point, West Allis, West Milwaukee and St. Francis, have also increased



"greatly in population, and most of them have also increased in area. In this period of time we have seen the service gradually decline. Milwaukee had no sprinkling restrictions until 1948, but each year since then has seen more rigorous regulations imposed, until June, 1956, when Mayor Zeidler was obliged to ban all sprinkling for three successive days. Pressures at the hydrant of 15 lbs. per square inch were commonplace. Many people were thankful if the pressure was even 5 lbs. per square inch.

"Our 1956 budget says the proposed water improvement program is necessary to provide adequate pressure of 10 p.s.i. This is indicative of the poor service provided, whereas it is generally recognized in the waterworks field that minimum pressures should be from 35 to 40 p.s.i.

"During 1953, again in 1955, and still again in 1956 numerous areas throughout the city suffered from extremely low pressures during hot weather. Some areas have low pressure at all times. Many residents were without any water for hours at a time. People in upstairs apartments were obliged to carry water from the basement or from some neighboring home at a lower elevation in order to have enough for the barest necessities. Fire protection was woefully inadequate. The newspapers, during these periods, gave adequate accounts of the day to day situation. Detailed testimony will be given covering these service failures."

It seems to be generally conceded that the City's water problems have been brought about not only by growth of population of the City and the suburbs but also because of the annexation policy so vigorously pursued by the City over the years. For instance, at the same hearing, Mr. Elmer W. Becker, Assistant Superintendent of Public Works, stated:

"\* \* \* Of the total area of the City supplied with water, approximately 13 square miles constitute the low service area and approximately 52 square miles constitute the high service area. An additional 29 square miles of the city\* is not yet served with water, but will be served in the future."

#### Our Evaluation of the Criticisms

##### A Mistake of Consequence

In the writing of this report, we have not sought to conduct a post mortem to fix responsibility on any particular segment of the City Government. We are all agreed - and it seems to be generally conceded throughout the area - that there was a failure to keep abreast of the City's growth and the need for water, particularly in view of the expanded annexation policy adopted in 1946.

\*Acquired by annexation.

Beneficent though its purpose may have been, it now develops that in selling water at an inadequate rate, the City was not doing a favor for the water users. The economy was misdirected. The fact that the building and financing program was not kept ahead of the growth will now cost the taxpayers and users of this utility a great deal of extra money. The estimates of the extra cost run into the millions. For the purpose of this report it is unnecessary to fix the amount. We can only say that a mistake of consequence was made.

#### A Major Difficulty

The Common Council is essentially a legislative body rather than an administrative organization. Its efforts are spread over a wide area. For instance, the six man committee on public utilities covers water, street railway system, railways, telephones, electricity, gas, taxi cabs, etc.

#### Delay

We believe there is substance to the charge that there has been a lack of leadership and direction in handling the water problem. Consider the delay in ordering the Black & Veatch report. As far back as 1952, there were complaints of zero water pressure in the southern area of the City. That was a red flag that something was wrong. Yet three years went by before the decision was made to have some competent outside engineering talent take a look at the situation.

#### Vision - or Lack of Vision?

We believe that another major mistake was made by the Common Council in unduly limiting the area of the Black & Veatch survey to the residents of Milwaukee and to the residents of suburbs which now are served by the City Water Department. In the resolution authorizing the Black & Veatch study, the City said it wanted a "thoroughgoing independent and impartial survey" to

"ascertain whether or not the present plant is adequate to meet current needs and to determine the expenditure required to expand the present plant to meet the demands which can reasonably be anticipated in the next 20 years." The Common Council in its resolution directed the study to cover "both current and prospective needs of such Water Department." They said it should be "extensive and thorough-going." One of its objectives was to "take a visionary look at the future and estimate the amount of annual expansion which should be undertaken by the utility each year thereafter, taking into account anticipated growth in area, population."

This question has been put to our Committee: Is it logical for a public utility to pay an engineering firm \$73,000 for a survey looking 20 years ahead - and then frame their instructions in such a way that they can only look part-way? If the City's hopes of consolidation with the suburbs were well founded and had possibilities of practical realization, an area-wide survey was absolutely necessary. With the fruits of the survey, the City would have been in a position to point out to the suburbs - if it were a fact - that here was an area in which consolidation with the City could be mutually advantageous for all concerned.

Instead the City limited the study in advance, stating as a reason, that its first responsibility was to take care of those it was serving. It has since said that its full efforts for many years to come would be needed to supply its present customers. This point of view is not confirmed by the Black & Veatch report. There is no suggestion in the report that it was impractical or impossible to supply water needs in a greater area. The Superintendent of the City Waterworks, Mr. Arthur Rynders, stated that if the

administration could settle the policy and provide the finances, there was no reason why the waterworks could not be expanded.

We have concluded that the City's inability to furnish the water to a greater area is not the real reason. It is an unwillingness to do so and is a further manifestation of the policy which has been followed for half a century.

#### A Serious Mistake

The Black & Veatch program gave the City an opportunity to get the facts. The arbitrary limitation of the survey does not promote public confidence in the ability of the City to provide services to an enlarged area. We have regretfully concluded that the limitation of the Black & Veatch study was a serious business mistake.

#### Breach of Contract or Economic Coercion?

One of the contentions advanced by the City deserves comment. The City has been asked this question repeatedly; if the City is willing to supply water to West Allis,

Whitefish Bay, Shorewood, Fox Point, etc., why is it not willing to supply water to other politically contiguous units in Milwaukee County? The City claims that when it agreed to furnish water to certain communities many years ago, it laid down a requirement that the communities had to agree to become a part of Milwaukee. To prove this point, it cites a provision in its 1911 contract with West Milwaukee. In that agreement, the Village of West Milwaukee was required to signify its intention in writing as a condition precedent to obtaining city water to "support any steps taken toward annexing the Village to Milwaukee." Apparently, no such steps were ever taken.

We have examined the provisions in the contracts with other communities - West Allis (1905), Shorewood (1905), Whitefish Bay (1931), Fox Point (1931). They simply provide that if they ever become a part of Milwaukee by annexation, consolidation, or otherwise, the City will obtain title to their local distribution systems without cost.

Our attention has not been called to a single contract in which a community agreed - flatly and unequivocally - that in exchange for City water it would become a part of Milwaukee. However, the absence of such a clearcut provision is understandable when we remember what the Public Service Commission has said on this subject. In 35 P.S.C.W.R. 328, there was the following Finding of Fact:

"23. That the refusal of the city to continue to furnish water to applicants is due to its desire to force annexation of the area in question to the city of Milwaukee; that it has been the policy of the city of Milwaukee since 1943 to resist all applications for water service by persons residing outside of the city and to extend service only to areas when annexed."

In commenting on this, the Public Service Commission said:

"No reason for abandonment which would not be available to a privately owned utility can properly be urged by a municipal utility. For the city to insist upon the annexation of the area as a condition precedent to the continuance of service therein is therefore an untenable position. Such a reason cannot be accepted by the Commission as it is wholly unrelated to the statutory obligations of a public utility. It may be

"that a municipally operated utility should be given the power to discontinue a service until areas presently served become annexed, but until the legislature so directs, this Commission cannot permit an abandonment on such grounds."

It is surely significant that although this point has been an issue for almost 50 years, no court has ever required any community to become a part of the City of Milwaukee because it obligated itself to do so contractually as a quid pro quo for city water. The reason seems to be fairly simple; in America, we have deep seated objections to economic coercion of this type, particularly when efforts to apply it are made by a public utility.

Opportunity for Improvement

It is still not too late to utilize the Black and Veatch study. They have asked for an extension of time to complete their survey.

(A) If - upon reconsideration - the city decided to explore the possible advantages of operating a water utility supplying the entire metropolitan area, it could complete the survey itself.

(B) If - upon reconsideration - the city decides that:

- (a) It wants to operate a water utility in a more limited area, and
- (b) It is willing to make the fruits of the Black and Veatch survey available to the other communities in the county, these communities could prorate the cost of completing the study among themselves.

With this information, informed decisions on how to supply water for the balance of the area could be made.

Future Growth

One thing is certain: the future growth of Milwaukee and its suburbs will be akin to an outstretched fan with the shores of Lake Michigan representing the flat portion of the fan. Milwaukee and the north and south suburbs fronting along the lake will lie athwart the route of the more western communities to Lake Michigan water. Existing communities will grow; new communities will be formed; and the water needs of all of them will grow. This places a very great responsibility on the communities which lie between the outlying suburbs and the Lake. The City of Milwaukee has the opportunity to be the major wholesale supplier of water for resale at retail for all of the existing 19 communities and others which may be formed. Confronted with a comparable choice, Chicago elected to serve 54 suburban communities; Cleveland 62 and New York City 50. Since the city, for reasons of efficiency and economy, advocates on a long range basis the incorporation

of all 20 communities of Milwaukee County into a single unit of government, it cannot very well argue that it would be efficient and economical to set up for these communities 20 separate water systems with separate intakes, filtration plants, etc. Indeed, in 1920 the city, confronted with a somewhat comparable problem, decided it would not be efficient and economical to create a multiplicity of separate sewerage systems.

#### Black & Veatch Survey

To make intelligent decisions, an over-all survey is needed. It would be unfortunate in making such a survey not to use the fruits of the Black and Veatch study. It has been estimated that that survey covers 86 per cent of the population of the county. It seems strange that despite all of the engineering surveys of water made in various parts of Milwaukee County, no engineering firm has ever made a complete survey of the entire County.

Millions of dollars are going to be spent on water systems in this County. They are not going to be paid for by the handful of people who are discussing this problem. The public at large will pay for them - year in and year out - in water bills. Confronted with these vast and sustained expenditures, it will be an unhappy day for Milwaukee County if the first opportunity in decades to get all of the facts on water is not utilized.

#### Some Very Tentative Thinking

Since this Committee had to operate over a comparatively brief period of time, without independent engineering advice, it is believed that any preliminary thinking must necessarily be of a very tentative nature. On the basis of the information that we have before us, we believe that the solution of Milwaukee County water problem will sift down into three broad alternatives:



1. Expansion by the City of its plant to serve:
  - a. The entire county; and later
  - b. The entire metropolitan area.
2. A Metropolitan Water District:
  - a. Serving the entire metropolitan area, including the area now served by the Milwaukee City Water Works; or
  - b. Serving the entire area, with the exception of that served by the Milwaukee Water Works.
3. Separate systems by:
  - a. Individual communities;
  - b. Several communities combined to form systems of their own.

The engineers tell us that all other things being equal and up to a point, the larger the system the more economical it is.

#### The Fundamental Question

Upon these hypotheses we have been asked to make some general observations, including a key question; if your committee could write the ticket, what would you do? Our ideas - we repeat - necessarily very tentative - follow:

1. Complete the Black and Veatch study.
  - a. First extending it to cover the entire county, and
  - b. Later extending it to cover the entire metropolitan area.
2. If such a survey shows that a single comprehensive water system is the most efficient and economical way to provide water for the area, we would recommend, as our first choice, that the City Water Works take on this responsibility. And as a companion step, adopt the following suggestion.

Since the cost of such a plant would ultimately exceed 100 million dollars the present depreciated worth of the existing plant is 32 million dollars, and

Black and Veatch have suggested an estimated expenditure of 53 million dollars more with no provision to cover the balance of the county or the additional territory included within the metropolitan area - we would recommend the creation of a Citizens Advisory Waterworks Board. When a municipality runs a business venture of that magnitude it ought to have the counterpart of a Board of Directors to advise it. Its membership should consist of people whose training, experience, and sense of civic responsibility would enable them to contribute worthwhile counsel for the operation of the venture. The Mayor should have the power to appoint the Board members subject to confirmation by the Common Council. The Board members should come from the City although consideration might be given to the appointment of a minority of the Board members from elsewhere in the metropolitan area. If men of adequate stature were appointed, very little attention would probably be paid to details like boundaries.

The Board's first consideration would be to see to it that the executives and personnel of the waterworks ran it in an economical and efficient way pursuant to sound policy. The Common Council, of course, would retain ultimate control of expenditures. It would be hoped, that, having joined with the Mayor in selecting the Board, they would give very real consideration to its recommendations. This would provide a real opportunity to show that a municipality - as distinguished from an authority - could successfully operate a very large venture crossing over multiple municipal boundaries. If such a cooperative venture were well handled, the other communities might well be encouraged to explore further steps toward a more unified governmental structure.

#### A Metropolitan System?

3. In the event that the city concluded - after studying a comprehensive Black & Veatch report - that it was unwilling to expand its facilities, even though the engineers recommended a single water distribution system for the

county or the area, the next choice would be the creation of a Metropolitan Water District.

- a. Under such a plan Milwaukee could continue to operate its own system and the metropolitan system could be built around it.
- b. A second alternative would be to include as a part of the Metropolitan District the city's wholesale facilities - in much the same way that the Metropolitan Sewerage System was created in 1920.

In effectuating such a program, the legislature could pass an act creating a Metropolitan Water District. It could take several forms. In one, each community would operate its own distribution system, selling water at retail and fixing its own rates. These communities would buy their water from the District which would sell it wholesale. The District would own and operate the intakes, pumping stations, filtration plants, and the trunk lines connecting to the lines of each suburb. The rates charged by the District to the community would be subject to the supervision of the Public Service Commission.

The District would take over as a part of its physical properties the Milwaukee intakes, pumping stations, filtration plants and main trunk lines. The city would continue to own and operate its own water distribution system, selling at retail. It would purchase its water from the District. As in the case of the Metropolitan Sewerage District, the Metropolitan Water District would reimburse the city for the physical properties taken over and assume any unpaid city debt incurred in the construction of the main wholesale system as distinguished from the city's retail distribution system. The cost of present and future expansion by the District would be financed by revenue bonds, freeing the city entirely from any further financial obligations in that direction.

Compensating City for its Plant

It has been suggested that enactment of legislation creating a Water District and the transfer of substantial portions of the physical properties of the city waterworks to the Metropolitan District would be tantamount to "stealing" the waterworks. We can only say that when the City sponsored the transfer of intercepting sewers and the Jones Island plant to the Metropolitan Sewerage District and was fully compensated therefor, no one suggested that this was tantamount to stealing. As a matter of fact, any legislative act depriving the city of its property without fair compensation would be confiscatory and hence, unconstitutional.

City and Suburban Representation

Policies of the District would be determined by Commissioners appointed by the Governor. Since the city would be the largest purchaser of water from the District and since reimbursement to the city for its physical properties would be spread over a period of time - the procedure recommended by the city when the Metropolitan Sewerage District was formed - the city should have a dominant role in the new Metropolitan Water District. This could be achieved by the requirement that a majority of the Commissioners should live in the City of Milwaukee. The suburbs, of course, would also have representatives but of a minority nature. There has been no conflict between the Sewerage Commission of the City of Milwaukee and the Metropolitan Sewerage Commission of the County of Milwaukee, because the decisions have been made on a non-political basis. Political controversy could be eliminated by following the 1871 procedure of requiring that no member of the Commission should be an officeholder and that all Commissioners should serve without pay.

### Financial Advantages

With the Metropolitan Water District operated as a publicly owned, public utility with a top-flight Board and a competent engineering staff and with political decisions ruled out, it is believed that such a utility would have an excellent credit rating and would be able to borrow money when necessary at the most advantageous rate of interest, thereby reducing the cost to the public. It would provide the economies of a large scale operation and would have the capacity to expand as the metropolitan area expanded unhampered by extraneous arguments generated by political boundaries.

From the standpoint of the City of Milwaukee, this plan would have one very real disadvantage; it would lose the profit on all of the water sold outside of the city; it could make a profit on water purchased from the Metropolitan District and sold by the city at retail to its own citizens.

It would have some real advantages for the city:

- a. It would free the city from the responsibility of operating and financing a large scale operation;
- b. Since the city would be fully compensated for all of its physical properties used in the creation of the District, it would provide the city with a return of its invested capital which could be used for other purposes or to reduce taxes.
- c. The city would have a proper voice in the policy-making of the District.

### First Choice for the City

Since the Legislature gave the city the right to construct a water utility by its action of 1871 - and the state holds the water of Lake Michigan for the benefit of the citizens of the state, the Legislature has the right to change the wholesale distribution system - to transfer it from the City to a Metropolitan District. And, since water and sewage both affect the health of all the people in the area,

the Legislature has very great powers in this respect. However, we believe that the City should be given a first opportunity to supply the metropolitan needs.

Some municipalities have combined their water and sewage functions into a single entity of government. It has been suggested that combining a Milwaukee Metropolitan Water District with the Milwaukee Metropolitan Sewerage Commission would eliminate the necessity of forming an extra layer of government and at the same time would facilitate the rendering of these two important municipal services on a unified basis. This is a possibility which should be thoroughly explored as a part of any comprehensive survey.

#### Individual Systems

4. We do not rule out the possibility of a series of separate systems for individual communities. If the over-all survey indicated that, contrary to general belief, there were advantages in such a program, that might be reason for going ahead. Some communities, tired of the wrangling and interminable debate, may decide to go ahead just to get the problem solved; that would be tantamount to an admission that in the Milwaukee area intercommunity efforts to solve the suburban and City of Milwaukee problems are hopeless aspirations. We would not like to see decisions of that type made prior to an area-wide water survey.

#### What Cooperation Could Do

These tentative ideas - all dependent upon the results of the survey - point out what could be done if cooperation could be obtained. We know of no more effective means to set the stage for such cooperation - and to set the stage for the completion of the survey - than the creation of the Commission we have

recommended later. Such a Commission is essential if we are to solve this and other problems facing this area.

## SEWAGE

Recommendation: (A) We recommend enactment of legislation at the state level broadening the area now served by the Metropolitan Sewerage Commission so as to make the functioning of the Commission more effective.

Recommendation: (B) We recommend the expeditious completion of the program outlined by the Milwaukee Sewerage Commission in its letter of November 2nd incorporated herein.

Comment: Since we did not have the benefit of engineering talent in our studies, we express no opinion as to whether the recommendations contained in that letter represent an adequate solution to all of the problems confronting the Commission. We recommend those that have been presented to us as desirable steps toward a complete program for the improvement of the present situation.

## History

### City Sewerage Commission of Milwaukee

The City of Milwaukee sewerage commission was created by state law in 1913. The commission constructed and operates the sewage disposal plant at Jones Island. It builds the intercepting sewers within the city of Milwaukee and maintains the intercepting sewers throughout the metropolitan sewerage district. Sewers which connect from residences or business establishments to the intercepting sewers are under the jurisdiction of the Milwaukee department of public works.

The commission is an independent taxing body. The five members of the commission are appointed by the mayor and confirmed by the common council. There is no limitation on the term of office.

By 1921 it was evident that treatment of the city's sewage at the disposal plant to prevent contamination of the water supply could not be effective unless the suburbs joined with the city in operating a puri-



fication system for the entire drainage district of Milwaukee's three rivers.

#### Metropolitan Milwaukee Sewerage Commission

The 1921 legislature created a metropolitan Milwaukee sewage commission of three members: one appointed by the city of Milwaukee sewerage commission, one appointed by the state board of health, and one appointed by the governor. The governor's appointee must be a resident of the suburbs. There is no limitation on the term of office.

The metropolitan sewerage commission is an independent taxing body and has charge of constructing the main and intercepting sewers in the suburbs which are located in the drainage district. This district includes 16 of the 21 towns, cities and villages in Milwaukee county. It comprises 97% of the assessed valuation of Milwaukee county, contains 98% of the population of the county, and 69% of its total area.

#### Present Investment nearly \$53 millions

\$52,810,000 have been invested in the sewage disposal plant and metropolitan sewerage system. A survey to determine the expansion needs after 1960 was made by Alvord, Burdick & Howson of Chicago.

One chief engineer and general manager, and staff are employed by the two commissions. The number of employees will average about 400 in 1955 and the pay roll will total about \$2,110,000. The compensation of the employees is determined by the sewerage commissions. There is no arrangement to use the technical facilities of the city or the county civil service commissions.

#### Some Further History

The following historical summary was taken from the admitted facts from the Record on Appeal in the case of Thielen vs. The Metropolitan Sewerage Commission (1922); 178 Wis., 34, 189 N.W., 484, the case which established the constitutionality of the act creating the Milwaukee Metropolitan Sewerage Commission.

As suggested earlier, the City of Milwaukee found itself in an anomalous position in 1920. Up to that time, the Milwaukee Sewerage Commission had finished 27 miles of intercepting sewers at a cost of about \$5,000,000. It had commenced the construction of a sewage disposal plant for the City on Jones Island. The work on Jones Island was only partly finished. Up to that point the City had already spent \$2,500,000 and was still confronted with additional expenditures. At that time, the total cost for

the whole system was estimated at \$8,217,000, but - and this is significant - the City realized that since it had no control over pollution outside of the City, one of the main purposes for which this money was being spent was frustrated.

As an earlier and partial solution, the City in 1917 sponsored and secured the passage of a law in Madison allowing small communities surrounding the City to connect their pipes to the City's system. To really solve the problem, the City would have had to build outside of the City large intercepting sewers which would have cost \$3,000,000 more.

In this connection, it must be borne in mind that by a Legislative act of 1913 creating the Sewerage Commission of the City of Milwaukee, the total cost of sewers and plant within the City was paid by the City. To complete the 1920 picture, the Common Council objected to spending all of the money that was necessary to do the job, particularly in view of the amount of construction required outside the City limits.

Confronted with this problem, the City initiated a series of conferences in the fall of 1920 with the suburbs through the good offices of the Milwaukee County Municipal League. In a series of different presentations, the City Engineer, the Chief Engineer of the Milwaukee Sewerage Commission, and the then Mayor all outlined the City's difficulties and sought the aid of the suburbs in securing legislation. A committee, consisting of representatives of the suburbs and the City, drafted the proposed law creating the Metropolitan Sewerage Commission. It became law shortly thereafter.

It is worth noting that Mayor Hoan, in a letter of December 1, 1920 enlisting the support of the suburbs, pointed out that the large intercepting sewers needed in the suburbs to make the City's system function effectively would serve more than one city, village, or town and none of them would be located in any one town, city or village. He pointed out that it would be difficult, if not impossible, to provide a financial scheme by which the cost, operation, and maintenance of the sewers could be divided upon any equitable basis by the cities, villages, and towns served. He also pointed out that some sewers would be built through towns having but little use for them at that time but all of them would have use for them with the growth of the population and industries in the metropolitan district. He stressed the need for the creation of a metropolitan sewerage district to secure the immediate construction of the sewers.

One of the problems confronting the City in 1920 was how to finance its own part of the program without increasing the bonded indebtedness of the City. The remedy suggested at that time was to do so by revenue bonds.

#### Payments For The City's Plant

In this connection, reference should be made to another point urged by the City. It contemplated that when the metropolitan district was transferred, Milwaukee would transfer title to its intercepting sewers and the Jones Island plant to the metropolitan district. The City, of course, would continue to own its own sewage grid just as the other cities would. The idea was that the Milwaukee Sewerage Commission in operating the Jones Island plant would do so as the agent of the metropolitan sewerage district. Originally, the proponents of the law wanted a single metropolitan district. The provision for the continuance of the Milwaukee Sewerage Commission was a political gesture designed to satisfy the Milwaukeeans.

Over the years, this two-pronged approach has worked satisfactorily largely, it is believed, because the members of the Commission were not officeholders. Both the City and the suburbs have been represented and as a consequence, there has been a minimum of politics and friction.

The 1921 statute also provided for the determination of the cost of that part of the sewerage system built by the City of Milwaukee up to the date of the transfer. It provided a 5% charge to be spread over a period of 20 years so that the City could be compensated by the metropolitan sewer district for the money it had already spent on its plant. The City of Milwaukee by a unanimous vote of its Common Council accepted the provisions of the proposed 1921 statute and recommended its adoption by the Legislature of the state.

Looking back 36 years, it may be seen that the City was confronted with an acute health and financial problem. It desperately needed the support of the suburbs and actively enlisted it. The suburbs, too, were confronted in varying degree with the same problem so that it was to the mutual advantage of all concerned to devise an adequate solution. The important thing is that the major responsibility rested upon the City and it took the initiative. It displayed leadership.

Students of the time report to us that it was a citizen who supplied the spark and know-how to make the Metropolitan Sewerage Commission a reality. He was George P. Miller, a leading attorney in the City.

#### Current Problem

Attention has been directed to the Metropolitan Sewerage Commission because of two major complaints - pollution of Lake Michigan waters from which the

City's drinking water comes with attendant pollution of the beaches and flooding of basements due to lack of capacity of the main system. The Committee reviewed these complaints with the following: Chairman, chief engineer, and general counsel of the Metropolitan Sewerage Commission. We discussed the situation with and read the report of Mr. O. J. Muegge, state sanitary engineer. We read the report of Dr. E. R. Krumbiegel of January 17, 1955 on health hazards in Milwaukee due to alleged water pollution. We listened to statements on the subject by officials from the City and the suburbs. We read the testimony of all of the officials and people who appeared before a special subcommittee of the Committee on Government Operations of the House of Representatives on November 7 and 8, 1955. We read the report on intercepting sewers and sewage treatment of the Milwaukee metropolitan area prepared in 1956 by Alvord, Burdick & Howson, engineers of Chicago.

The problem is a large one with many ramifications. To put it in as concise form as possible the Chairman of the Committee by direction of the Committee wrote a letter on October 19, 1956 to Mr. Jacob Friedrich, Chairman of the Metropolitan Sewerage Commission. A copy of that letter is attached marked Exhibit A. A copy of Mr. Friedrich's reply dated November 2, 1956 is attached marked Exhibit B.

Since we did not have the benefit of independent advice from consulting engineers of our own choice, this Committee is in no position to pass final judgment upon the adequacy and efficacy of the program outlined in Mr. Friedrich's letter. It, therefore, follows that the opinion which we shall express in this area must be of a tentative nature. But based upon our investigation, we believe that the steps taken and projected represent constructive steps towards protecting the health of the people in this area from any dangers arising from sewage pollution.

All of the reports make plain that the cost of eliminating completely any pollution would be prohibitive. Even with a complete separation of the sanitary sewers from those accumulating surface waters, there would still be some pollution from the surface waters alone. As Dr. Krumbiegel points out, the purification methods utilized by the City in its water system guarantee the supply of safe drinking water.

We believe that the Metropolitan Sewerage Commission should be encouraged to go on with the program outlined by Mr. Friedrich. It is a long-term one and involves expenditures of large amounts of money. If the evidence presented to us is credible, and we think it is, the city and its suburbs would be best served by the completion of this program of physical improvements.

There are two more items that remain to be discussed. It has been reported to us that the City of Milwaukee in some of its repaving operations has not utilized the occasions to replace the combined sewers with separate sanitary and storm sewers. It has been done in some places and not others. We recognize that the cost of replacing these sewers is sizable. On the other hand, the taxing machinery provides a method of collecting these costs over a period of years. It has been suggested that better coordination between the City, the Milwaukee Sewerage Commission, and the Metropolitan Sewerage Commission is needed.

We also believe that there is room for improvement on the part of some of the suburbs in cooperating with the Metropolitan Sewerage Commission and in complying with the order of the State Board of Health of November 4, 1955. Much has been done; much remains to be done.

One final point; as a result of our hearings, we became convinced it was necessary to increase the physical boundaries of the Milwaukee Metropolitan Sewerage Commission. That must be done by legislation. The Commission has devised a legislative program and it will be introduced in the Legislature at its next session. We believe that this legislation is necessary and will be advantageous to the public. The Commission frankly states to us that strong arguments can be presented for seeking even greater boundaries. However, for practical reasons, they have held the proposed area down. To the extent that such a Committee as ours could evaluate them, we think the practical reasons advanced are sound. It seems manifest that in the future it will be necessary to further expand the boundaries of the metropolitan district but we believe that this move will have to be made a step at a time. Accordingly, we approve the proposed step.

EXHIBIT A

October 19, 1956

Mr. Jacob F. Friedrich  
 Chairman  
 Sewerage Commission of the City of Milwaukee  
 1012 North 3rd Street  
 Milwaukee, Wisconsin

My dear Mr. Friedrich:

Governor's Citizens' Committee

At a meeting of the Governor's Committee held on Friday, October 12, 1956, I was authorized to make the following request to the combined Milwaukee Sewerage Commission and the Metropolitan Sewerage Commission. We would like in summary form a memorandum from your Commission outlining the following:

1. A. A distillation of the complaints received by the Commission on pollution of water and overloading of the system.
- B. A distillation of the directive issued to the Commission by the State Board of Health.

We ask for this data so that the report will reflect an awareness on the part of your Commission to the complaints that have been made.

2. The steps already taken.
3. The steps to be taken with a statement of
  - A. the timetable, and
  - B. the estimated cost.
4. An estimate of the effectiveness of
  - A. the steps already taken, and
  - B. those contemplated.
5. A frank delineation of the conditions which will not be corrected even if all of the contemplated steps are taken. To this should be appended a brief summary of the reasons why the Commission believes that complete relief cannot be provided or is impractical.
6. A summary of the recommended legislation covering the extension of the area in which the Commission functions. As a result of our visit with your group, we understood that the Commission in



Mr. Jacob F. Friedrich

October 19, 1956

considering its recommendations drew a distinction between ideal recommendations as distinguished from practical recommendations. We wish that this memorandum would cover both aspects and the considerations which prompted the Commission at this time not to seek to go the whole way.

Our Committee hopes to have all of its hearings disposed of by November 1st. We would like to devote the month of November and the first two weeks in December to a study of the material which we have collected and to the preparation of our report. We will, of course, want to comment on your program and hence, the earlier we receive this summary from your Commission, the better.

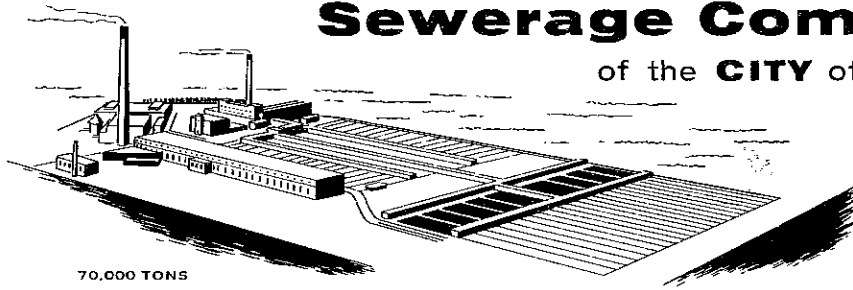
We wish to make two points clear:

1. In asking for pending complaints and criticisms, there is no disposition on our part to minimize or ignore the very real achievements made by the Commission over the years. It is one of the anomalies of our times that achievements are frequently taken for granted and attention is centered only on the shortcomings.
2. We want to thank your Commission for the courtesy, consideration, and cooperation which it has extended to us. What you have done in this area is in the highest traditions of public service.

Sincerely yours,

*Robert E. Dineen.*

RED cp

**Sewerage Commission**of the **CITY** of **MILWAUKEE**

70,000 TONS  
MILORGANITE ANNUALLY



OFFICES AT SEWAGE DISPOSAL PLANT, JONES ISLAND • PHONE BROADWAY 1-2403

P. O. BOX 2079 • MILWAUKEE 1, WISCONSIN

November 2, 1956

Governor's Citizens' Committee  
720 East Wisconsin Avenue  
Milwaukee, Wisconsin

Attention: Mr. Robert E. Dineen  
Chairman

Gentlemen:

The joint Sewerage Commissions acknowledge your letter of October 19, 1956, and the information requested will be stated in the order as outlined by your Chairman.

1. A. A distillation of the complaints received by the Commission on pollution of water and overloading of the system.

Occasional complaints to the Sewerage Commission on pollution of surface waters were, for the most part, very general and were predicated on a knowledge that on occasion, during periods of heavy runoff, diluted raw sewage was by-passed to the watercourses. The complaints were not based on scientific investigation but rather on this knowledge of by-passing imparted by the Sewerage Commission itself. The only organized scientific complaints, based on actual tests, were those which resulted from a comprehensive survey made by the Committee on Water Pollution of the State of Wisconsin and the State Board of Health during the years of 1952 and 1953.

The Committee on Water Pollution report of investigation of pollution of surface waters in Milwaukee County, released on March 12, 1954, generally covered the following alleged health hazards:

1. The public water supply.
2. North and South Bradford Beaches and South Shore Beach.
3. Children and adults coming in contact with polluted watercourses passing through park areas.

## Sewerage Commission of the City of Milwaukee

## Governor's Citizens' Committee

4. Recreational fishing from the breakwater at the Milwaukee Harbor mouth.
5. Flooding of basements in certain sections due to backflow of sanitary sewers through basement drains at times of heavy storm water runoff.

Dr. E. R. Krumbiegel, Commissioner of Health for the City of Milwaukee, in a report released January 17, 1955, comments on the above alleged health hazards, as follows:

1. The public water supply.

"At all times there has been a wide margin of safety existing between the quality of the raw water and the ability of Purification Plant to properly purify the water. In the absence of a catastrophic occurrence, such as might cause all or a large portion of the Sewage Disposal Plant to become inoperative, or such as might result in a major break in a large sewer which would permit large amounts of raw sewage to pour into the lower reaches of one of Milwaukee's rivers, there is no reason to believe that, within the foreseeable future, the pollution of the raw water will increase to a degree which would be incompatible with the ability of the Milwaukee Water Plant to properly purify the water."

2. North and South Bradford Beaches and South Shore Beach.

"The State Board of Health has not established standards for sanitary quality of water at public bathing beaches. The United States Public Health Service has not recommended a nationwide standard for bathing beach water quality, although it has been engaged in research of an epidemiological nature with the hope of ultimately developing definitive standards with assurance of their validity. The American Public Health Association, although it has recommended definite standards for the construction and operation of swimming pools and for the operation of bathing beaches, has refrained from making a recommendation for the adoption of any definite bacteriological standards of quality for bathing beach waters.

The United States Public Health Service, in 1948, studied practically all of the public beaches along

## Governor's Citizens' Committee

the shores of Lake Michigan, extending from the north limits of Milwaukee County to the Indiana-Michigan boundary. On the basis of these studies the sanitary quality of water at the beaches was classified into best, intermediate, and poorest groupings. Based on these three groupings, the official or North Bradford Beach has, for each of the years studied, been in the best water quality class or in the intermediate water quality class. South Shore Beach has, for each of the years studied, been in the upper level of the poorest water quality class or in the lower level of the intermediate water quality class.

South Shore is now the only bathing beach in the City of Milwaukee which constitutes a serious problem, insofar as bathing water quality is concerned. Even though there is no epidemiological or other evidence to indicate that anyone has ever suffered any illness as a result of bathing in the water at that beach, the sanitary quality of the water there must be regarded as undesirable for bathing purposes.

The sanitary quality of the water at South Shore Beach will not be sufficiently improved to make it satisfactory for bathing purposes by taking any action to minimize pollution of the rivers flowing through Milwaukee, unless such action includes a truly complete separation of practically all storm water from the sanitary sewers throughout the entire City of Milwaukee and Milwaukee County Metropolitan Sewerage Districts. Such complete separation would need to be carried out in the older sections of the City now served by combined sewers, as well as in practically all other parts of the City and in the suburbs now served by so-called separate systems. Similar separation of the combined sewer systems in the cities of Cudahy and South Milwaukee would also be required. However desirable such an undertaking might be, the tremendous cost involved could not be justified on a public health basis.

Beach waters in densely populated bathing areas are, at their very best, not very hygienic for bathing. The health of the bathers at South Shore Beach could be best protected by closing

Governor's Citizens' Committee

the beach water to swimming and constructing a swimming pool in close proximity to the now existing bathhouse. The health of bathers at Bradford Beach would likewise be best protected by instituting similar action there. The sand beaches could continue to be used for sunbathing."

3. Children and adults coming in contact with polluted watercourses passing through park areas.

"On the basis of bacteriological standards, as expressed in the State Report for waters used for recreational purposes, the level of pollution in the Milwaukee, Menomonee and Kinnickinnic Rivers is so high as to render them unsatisfactory for recreational uses before the rivers enter the City of Milwaukee and before any of the City's sewers have discharged any material into them. The level of pollution is similarly high at all sample points on the rivers which flow through the City of Milwaukee, even though the sample points are upstream from those locations at which the rivers are subject to pollution via relief overflows from Milwaukee's combined sewers.

Except for one relatively short stretch of parkway along the Kinnickinnic River, there are no parks or parkways along any of the three rivers in the City at any point downstream from the first upstream location at which they have been subjected to the possibility of pollution through combined sewer relief overflows. Separation of the now existing combined sewers in the older portions of the City might be expected to improve the bacteriological quality of the water in the lower reaches of the three rivers, but could not be expected to improve the quality of the waters to a degree which would render them satisfactory for recreational purposes, in accordance with the standards which have been established in the State Report and Hearing Transcript."

4. Recreational fishing from the breakwater at the Milwaukee Harbor mouth.

"There is no demonstrable health hazard associated with fishing in the Milwaukee Harbor waters from

## Governor's Citizens' Committee

the breakwater except for the very real drowning hazard which exists if a fisherman slips or falls into the water."

5. Flooding of basements in certain sections due to backflow of sanitary sewers through basement drains at times of heavy storm water runoff.

"Flooding of basements due to backflow of sanitary sewers through basement drains at times of heavy storm water runoff is an actual and serious health hazard. A program designed to prevent such basement flooding deserves precedence over any program devised solely to reduce the degree of pollution in the watercourses flowing through Milwaukee.

The Sewerage Commissions have employed a very capable consulting engineering firm to determine the most practical methods which could be employed to prevent the backflow of sanitary sewers into basements. Some of the consultants' recommendations have already been effectuated and the Sewerage Commissions have adopted a program directed toward complying with all of those recommendations. The sooner all of the consultants' recommendations are complied with the sooner will the health hazards associated with flooding of basements with diluted sewage be greatly minimized or entirely prevented."

Regarding the overloading of the sewer system, the Milwaukee Sewerage Commission collects, transmits, and treats 97% by volume of the sanitary and industrial wastes contributed by the Metropolitan Sewerage District; the 3% by volume not collected by the System, representing wet weather and thaw periods, is due to the following:

1. The existence of the combined sewer system at the time the Sewerage Commission was created.
2. The customary practice of constructing foundation drains for homes and other buildings and the discharge of these drains to the local sanitary sewer system.
3. Inadequate local storm sewer capacity resulting in flooding of streets and surcharging of the sanitary sewer system.

## Governor's Citizens' Committee

4. Insufficient creek and river capacity for storm runoff.
- B. A distillation of the directive issued to the Commission by the State Board of Health.

The Orders of the State Authorities, issued November 4, 1955, are two separate and distinct directives against the Metropolitan Sewerage District.

Order No. 1 requires the Metropolitan Sewerage District to act directly under its authority to accomplish the following:

- a. Continuation of the planning of improvements needed to eliminate or prevent inadequacies in the intercepting system and treatment plant so as to control to the greatest extent practicable the discharge of sewage solids to the watercourses and presentation of such plans together with construction program to the State Board of Health on or before April 1, 1958.
- b. Operation of intercepting and main sewer system and treatment plant so as to minimize discharge of sewage solids to the watercourses.
- c. The early completion of the plans now being developed providing for more effective grit removal and fine screening and the early installation of such facilities.
- d. Continuation of studies to determine effectiveness of chlorine disinfection of the sewage by-passed at the treatment plant and of the activated sludge plant effluent.

Order No. 2 requires that the Cities of Cudahy, Glendale, Milwaukee, St. Francis, Wauwatosa and West Allis, and the Villages of Bayside, Brown Deer, Elm Grove, Fox Point, River Hills, Shorewood, West Milwaukee and Whitefish Bay, and the Towns of Greenfield and Granville (contested), all within the Milwaukee Metropolitan Sewerage District or receiving contract services from said District having conditions requiring correction, submit to the Metropolitan Sewerage District of Milwaukee County on or before October 1, 1957, a plan and program acceptable to the District, or take action to accomplish:

## Governor's Citizens' Committee

- a. The abatement of the direct or indirect discharge of sewage from any sanitary sewer or from individual premises into the surface waters within the district.
- b. The reduction in volume discharged from sanitary and combined sewers into the main or intercepting sewers to a reasonable amount by controlling storm and clear water additions.

The State Orders further require that the Metropolitan Sewerage District and each city, village, and town in the Metropolitan Sewerage District or receiving contract services from said District, submit general plans and programs to the State Board of Health for approval on or before April 1, 1958.

## 2. The steps already taken.

On March 12, 1951 the Sewerage Commission of the City of Milwaukee acting jointly with the Metropolitan Sewerage Commission of the County of Milwaukee expressed a desire to consider the employment of consulting sanitary engineers to undertake a complete study and to direct investigational work as would be considered appropriate to evaluate the capacity of the main and intercepting sewer system and the sewage disposal works as well as projected sewer extension plans and additional disposal plant requirements.

The joint Commissions received informal proposals for this study from Alvord, Burdick & Howson of Chicago, Illinois; Consoer, Townsend & Associates of Chicago, Illinois; Greeley & Hansen of Chicago, Illinois; and Stanley Engineering Company of Muscatine, Iowa. On November 5, 1951 the joint Commissions engaged the consulting engineering firm of Alvord, Burdick & Howson to study the requirements for sewage collection and treatment in the Milwaukee Metropolitan Area and to advise the Commissions as to the adequacy of the existing facilities for the present and future needs, the present and probable future maturing deficiencies, and the development of a program designed to best meet the conditions of the future.

Under date of April 4, 1956 the joint Commissions received the complete detailed engineering report on intercepting sewers and sewage treatment for the Milwaukee Metropolitan Area, a copy of which is attached hereto.

## 3. The steps to be taken with a statement of

- A. the timetable, and
- B. the estimated cost.



## Governor's Citizens' Committee

The Consulting Engineers in the Summary and Conclusions section of the aforementioned report outline the following table showing the timing and estimated cost of the principal parts of the recommended construction:

<u>Item</u>	<u>Estimated Cost</u>	<u>Construction Period</u>
<u>1957-1965</u>		
Puetz Road Plant	\$3,800,000	1960
Puetz Road interceptor to Kinnickinnic	9,262,000	1958 & 1959
Puetz Road " Kinnickinnic to State	5,895,000	1961 - 1962
Root River - West Allis sewers	4,700,000	1958 - 1960
Other District interceptors	11,687,000	1963 & 1964
Total to 1965	<u>\$35,344,000</u>	
<u>1965 - 1975</u> Intercepting sewers	6,973,000	1967 - 1970
<u>1975 - 1987</u> Intercepting sewers	3,000,000	1977
Puetz Road Plant Addition	3,800,000	1980
<u>1985 - 1995</u> Intercepting sewers	1,734,000	1985
<u>1995 - 2000</u> Intercepting sewers	683,000	1995
Total to 2000	<u>\$51,534,000</u>	

all as indicated on map of Metropolitan Sewerage District and southern part of Milwaukee County showing proposed intercepting sewers and treatment plant locations (first map in report)

## 4. An estimate of the effectiveness of

## A. the steps already taken

## 1. Main and Intercepting Sewers

## (a) Foundation Drains

The Sewerage Commissions jointly, in December, 1953, adopted a resolution prohibiting foundation drains, downspouts, roof drains, floor drains or catch basins receiving unpolluted water, or any other fixtures or appurtenances which do not carry or convey sanitary sewage, from being connected to the sanitary sewer system.

In compliance therewith each city, town, and village in the Metropolitan Sewerage District adopted a local ordinance incorporating the regulations of the Sewerage Commissions on foundation drains, etc.

## Governor's Citizens' Committee

## (b) Watercourse Improvement

In 1951 the State Legislature, at the request of the joint Sewerage Commissions, amended the law to authorize the Commissions to deepen, widen, and improve watercourses in the Drainage District to prevent the flooding of streets and the surcharging of the sanitary sewer systems.

The Commissions started their watercourse improvement program in 1952 and have spent \$847,530.13 on improvements to the Southeasterly Branch of the Kinnickinnic River, Lincoln Creek, and Honey Creek.

## (c) Relief Sewers

The Sewerage Commission of the City of Milwaukee during the past several years has constructed clear water relief sewers to remove air conditioning water and clear processing water from Schlitz Brewery, Blatz Brewery, Boston Store, and Woolworths, thereby removing this volume of water from the sanitary sewer system and discharging it to the Milwaukee River.

## (d) Temporary Pumping Stations

Alvord, Burdick & Howson in their interim report have recommended that in order to relieve the intercepting sewers of excessive flow, temporary pumping facilities be provided in addition to the gravity overflows to the rivers or creeks. The Consultants further state that the flow, which is diverted to the rivers or creeks, consists of mixed storm drainage and sanitary sewage and it is undesirable to use the creeks to transport this type of flow, but on the other hand it is only for a short period of time and it is not practical to provide intercepting sewers and sewage treatment plant facilities adequate in capacity for such a large volume of flow occurring at relatively infrequent intervals and therefore it is preferable to pump the excess flow to the creeks rather than permit it to back up into basements.

## 2. Sewage Disposal Plant Facilities

The Milwaukee Sewerage Commission, during the past several years, has completed or has plans under way for

## Governor's Citizens' Committee

the following projects--all designed to improve plant operation:

- (a) Two automatic mechanically-operated bar screens were installed in the Coarse Screen House to replace two hand-operated bar screens.
- (b) The Commission has purchased a grit pump and has plans developed to install continuous grit removal equipment that would increase the efficiency of the Grit Chamber operations.
- (c) The Commission has purchased and installed a new type of fine screen which has increased the capacity of the screen approximately 30%, and the Commission has included in its 1957 construction program the necessary funds for the replacement of seven of the present older type screens.
- (d) The Commission is currently preparing plans and specifications for the construction of a one million gallon sewage storage reservoir which will be equipped with sludge removal mechanism and which is designed to take the excess storm flow delivered to the plant during periods of heavy rainfall, thereby completely eliminating the by-passing of mixed sewage at the Sewage Disposal Plant. This is a recommendation of Alvord, Burdick & Howson submitted in their detailed engineering report.
- (e) The Commission is preparing plans and specifications for the construction of a return sludge pumping station for the newer East Treatment Plant. This program will eliminate the pumping of return sludge approximately 1/2 mile and will thus furnish fresh return sludge to the East Treatment Plant--all of which is designed to increase the efficiency of bacteria removal. This again is a recent recommendation of Alvord, Burdick & Howson submitted in their detailed engineering report.

## B. Those contemplated.

The joint Sewerage Commissions have purchased the site for a second sewage treatment plant at the east end of Puetz

## Governor's Citizens' Committee

Road, Carrollville, and will follow the recommendations of their Consultants--Alvord, Burdick & Howson--all as submitted in their detailed engineering report on INTERCEPTING SEWERS AND SEWAGE TREATMENT, MILWAUKEE METROPOLITAN AREA, 1956.

5. A frank delineation of the conditions which will not be corrected even if all of the contemplated steps are taken. To this should be appended a brief summary of the reasons why the Commission believes that complete relief cannot be provided or is impractical.

The 3% by volume not collected by the Milwaukee Metropolitan Sewerage System represents wet weather and thaw periods and is caused by two basic problems, namely -

First - Existence of the combined sewer system at the time the Sewerage Commission was created.

Second - The customary practice of constructing foundation drains for homes and other buildings and the discharge of these drains to the local sanitary sewer system.

Alvord, Burdick & Howson have stated, and the Sewerage Commissions concur, that "a storm sewer system adequate to carry off surface water and roof drainage, designed in accordance with the present standards of design of the City of Milwaukee for storm sewers, can be constructed to serve the area now served on the combined plan for approximately 127 million dollars. However, this cost does not reflect all of the inconvenience and business losses which would occur as a result of the adoption of a construction program of this magnitude. We believe that the complete separation of the sanitary sewage from the storm flow is desirable but should be accomplished in an orderly manner and on a less drastic basis. As it becomes necessary to replace or enlarge storm sewer facilities or provide new storm sewers, considerable progress could be made in separating the two types of sewage if all of the new work were designed and constructed on a separate basis. With the adoption of such a plan as a matter of policy the condition of the streams could be steadily improved without the City of Milwaukee or the Sewerage Commission becoming involved in a huge duplicate sewer construction program exorbitant in cost, which might never be completely effective, and at best would be useful only during those relatively infrequent and short periods when storm flow separation in addition to that now accomplished might be desirable. In addition, it seems to us that a program of this magnitude would be likely to seriously interfere with the construction of those storm flow relief facilities which are badly needed in areas which do not have adequate drainage."

## Governor's Citizens' Committee

They have further stated, "this problem can be better solved by evolutionary process of separation of wastes than by the more revolutionary process of immediate construction."

On the matter of foundation drains, over the years it became common practice to connect foundation drains to the sanitary sewer system and since the tremendous expansion of building in the Milwaukee Metropolitan Drainage Area, the foundation drains have become one of the major factors contributing to the surcharging of the local separate sanitary sewer system.

After a thorough investigation, Alvord, Burdick & Howson have stated, "the City's engineers have estimated that to separate the roof and foundation drain water from the sanitary wastes on the private property would cost 70 million dollars."

To summarize--Alvord, Burdick & Howson have submitted the following cost figures to remedy the two problems mentioned above in the City of Milwaukee only:

Separation of the combined sewers-----	\$127,000,000
Loss to commercial and industrial establish- ments due to interference with their operation-----	\$ 30,000,000
Separation of roof and foundation drain water-----	\$ 70,000,000

Total estimated cost \$225,000,000 to \$250,000,000

The Consultants have stated, "we believe such an expenditure to be an uneconomic use of the taxpayers' money. At best, its expenditure could reduce the pollution reaching the rivers by only two or three per cent. The cost would be four to five times as great as the total cost of all interceptors and treatment plant to date, which have removed about 95% of the pollution load."

6. A summary of the recommended legislation covering the extension of the area in which the Commission functions. As a result of our visit with your group, we understood that the Commission in considering its recommendations drew a distinction between ideal recommendations as distinguished from practical recommendations. We wish that this memorandum would cover both aspects and the considerations which prompted the Commission at this time not to seek to go the whole way.

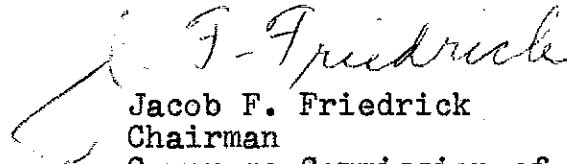
## Governor's Citizens' Committee

Alvord, Burdick & Howson have recommended that legislation be introduced to expand the Metropolitan Sewerage District to include the remainder of Milwaukee County not at present in the Metropolitan Sewerage District as well as to provide sewerage service by contract for those areas outside of Milwaukee County-- all as indicated in red and blue on the attached Exhibit A. The joint Commissions have adopted a resolution approving this recommendation.

The large area indicated in yellow embraces the entire Milwaukee River drainage basin lying north of the territory to be served by the proposed Metropolitan Sewerage District and covers approximately 700 square miles. This area encompasses many small cities, towns, and villages with relatively limited population density which poses many sanitary, engineering, and financial problems.

Because of the rapid fringe development in the area contiguous to the present Milwaukee Metropolitan Drainage District, the joint Sewerage Commissions have recommended that the area indicated in blue and red requires first consideration in the expansion of the Metropolitan Sewerage District, involving the expenditure of approximately 52 million dollars.

Yours truly,



Jacob F. Friedrich  
Chairman  
Sewerage Commission of the  
City of Milwaukee

RDL/hp  
Encs.

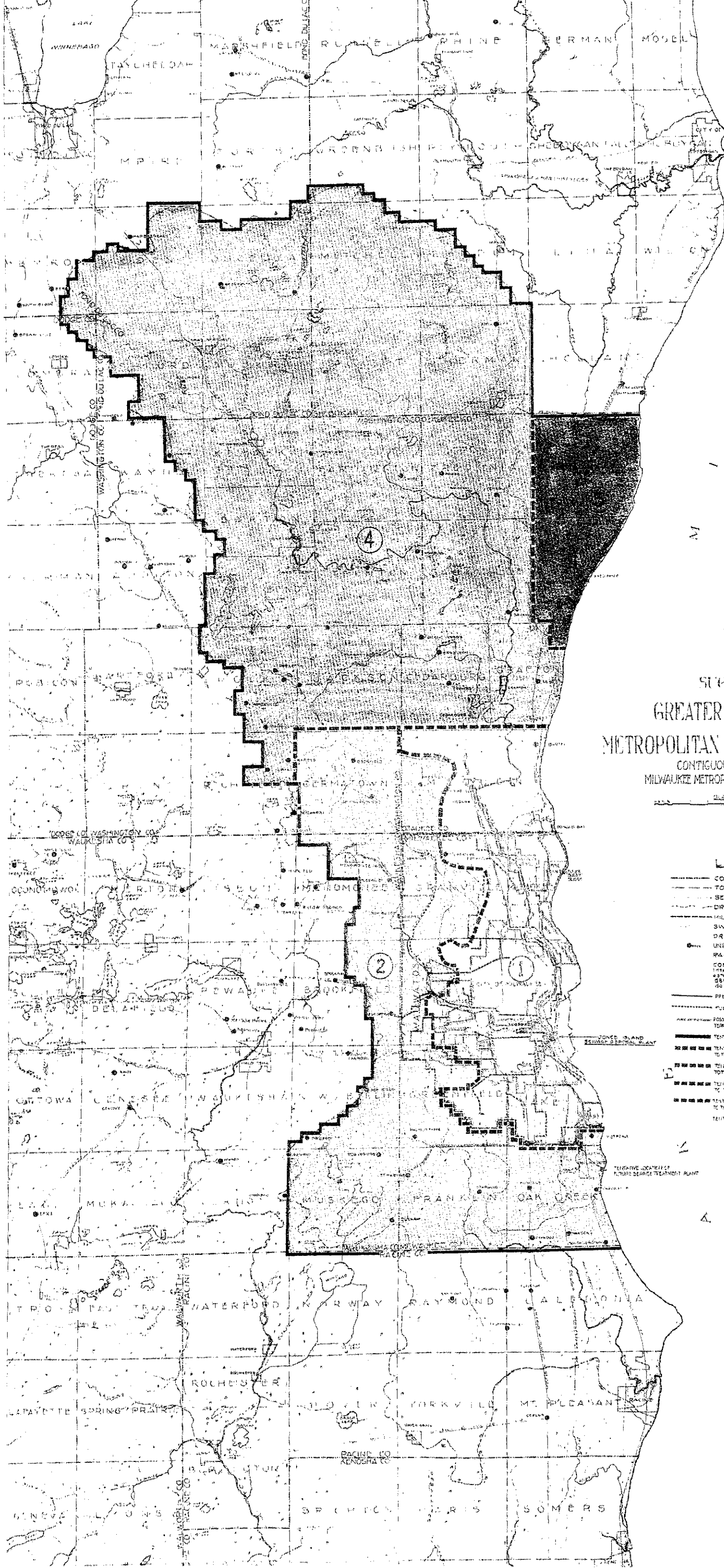


SUGGESTED  
 GREATER MILWAUKEE  
 METROPOLITAN DRAINAGE DISTRICT  
 CONTIGUOUS TO THE PRESENT  
 MILWAUKEE METROPOLITAN SEWERAGE DISTRICT.

Scale bar showing 0 to 1 mile.

LEGEND

- COUNTY LINES
- TOWNSHIP LINES
- SECTION LINES
- DRAINAGE BOUNDARIES
- MILWAUKEE METROPOLITAN SEWERAGE DISTRICT LIMITS
- SWAMP AREAS
- DRY RUN
- UNINCORPORATED VILLAGES
- RAILROAD LINES
- CONTOUR LINES AT 100 FEET INTERVALS
- ESTD LINES AS SHOWN ON 1891-1900 CITY OF MILWAUKEE MAPS
- PRESENT MILWAUKEE METROPOLITAN SEWER SYSTEM
- PROPOSED MILWAUKEE METROPOLITAN SEWER SYSTEM (STANDARD)
- POSSIBLE EXTENSION OF METROPOLITAN SEWER SYSTEM TO SERVE CONTIGUOUS TERRITORY TO THE PRESENT MILWAUKEE METROPOLITAN SEWERAGE DISTRICT
- TENTATIVE BOUNDARY OF GREATER MILWAUKEE METROPOLITAN DRAINAGE DISTRICT
- TENTATIVE BOUNDARY OF DISTRICT ULTIMATELY TRIBUTARY TO THE JONES ISLAND SEWAGE TREATMENT PLANT
- TENTATIVE BOUNDARY OF DISTRICT ULTIMATELY TRIBUTARY TO THE FUTURE FORT WASHINGTON SEWAGE TREATMENT PLANT
- TENTATIVE BOUNDARY OF DISTRICT ULTIMATELY TRIBUTARY TO THE FUTURE 35 MILLION GPD WASTE TREATMENT PLANT
- TENTATIVE BOUNDARY OF DISTRICT ULTIMATELY TRIBUTARY TO THE FUTURE 60 MILLION GPD SEWER SEWAGE TREATMENT PLANT
- TENTATIVE LOCATION OF PROPOSED FUTURE RELIEF SEWER



SEWERAGE DEPARTMENT OF THE CITY OF MILWAUKEE  
*[Signature]*  
 Planning Engineer  
*[Signature]*  
 1914

EXHIBIT A



FRANK P. ZEIDLER  
MAYOR

OFFICE OF THE MAYOR  
MILWAUKEE

STANLEY BUDNY  
EXECUTIVE SECRETARY

ALBERT M. DAVIS  
ASSISTANT SECRETARY

\* \* \*  
ARTHUR SALTZSTEIN  
ADMINISTRATIVE SECRETARY  
\* \* \*

November 27, 1956

Mr. Robert E. Dineen,  
Chairman, Governor's  
Citizens' Committee,  
720 East Wisconsin Avenue,  
Milwaukee 2, Wisconsin.

Dear Mr. Dineen:

After having carefully studied your letter dated October 19, 1956, to Mr. Friedrich, of the Sewerage Commission of Milwaukee, and his reply dated November 2, 1956, we submit the following comments.

Question 1. A. A distillation of the complaints received by the Commission on pollution of water and overloading of the system.

The question of pollution was thoroughly discussed in the reply but no information was given relative to overloading of the system. Testimony given by Mr. Edmund Hirsch, Engineer-in-Charge of our Sewer Construction Division, before the Water Pollution Committee indicated that in the five-year period from 1949 to 1954, inclusive, some 14,000 homes in the separate sewer area of the City of Milwaukee had backwater one or more times. An additional 6500 homes in the combined sewer area had backwater during this period. It was further estimated that an additional 14,000 homes in the suburbs may also have had backwater. No estimate was made as to backwater in the suburbs which are served by combined sewers. These figures will illustrate the severity of the overloading of the sewer system during periods of storms and thaws. It should be noted, however, that this backwater condition in the combined sewer area is not caused by the overloading of the Metropolitan Interceptor System. It should also be noted that some of the backwater complaints in the separate system are due to overloading of the local sewers rather than the overloading of the interceptors. It is believed, however, that a great majority of the backwater complaints were due to overloading of the Metropolitan sewers.

Question 5. A frank delineation of the conditions which will not be corrected even if all of the contemplated steps are taken. To this should be appended a brief summary of the reasons why the Commission believes that complete relief cannot be provided or is impractical.



Mr. Robert E. Dineen

November 27, 1956

In the reply, the Commission cites two problems:

First -- Existence of the combined sewer system at the time the Sewerage Commission was created.

Second -- The customary practice of constructing foundation drains for homes and other buildings, and the discharge of these drains to the local sanitary sewer system.

- - - - -

To summarize: -- Alvord, Burdick and Howson have submitted the following cost figures to remedy the two problems mentioned above in the City of Milwaukee only.

- - - - -

Total estimated cost -- \$225,000,000 to \$250,000,000.

We wish to point out that these figures represent only the overall cost of separating the combined sewer system in the City of Milwaukee. We know of no estimate which covers the elimination of the existing foundation drain water from the sanitary sewers in the separate sewer area. Without question, this item would also total up to many, many more millions of dollars.

We wish to point out that several serious attempts have been made by the City of Milwaukee to separate the storm and sanitary sewage in combined areas. One of those attempts was in 1956. The results have been, on the whole, quite unsuccessful. There is at present no apparent legal means to force abutting property owners to undertake the work and expense of rebuilding their individual plumbing systems to actually accomplish the separation. Neither is there any apparent legal means by which the City can enter private property and accomplish the work with its own contractors or workers. Many owners, therefore, simply refuse to cooperate.

Mr. Hirsch also testified that only 1.76% of the sewage flow in our combined sewers in an average year overflows into the rivers and lake. This figure is in close agreement with an estimate of 1.9% made in a report dated April 21, 1911, by Alvord, Whipple and Eddy. We concur in the opinion of the consultants that such an expenditure (\$225,000,000 to \$250,000,000) is an uneconomic use of the taxpayers' money. It is far more important to construct such combined relief sewers as will eliminate basement flooding, with its resultant expense, inconvenience, and health hazards, which is the program currently being followed by the City of Milwaukee.

It is the opinion of the Commissioner of Public Works that more raw sewage reaches our rivers and the lake as a result of overflows directly or indirectly from the separate system of sanitary sewers than comes from the combined systems. There are no specific calculations or investigations to

Mr. Robert E. Dineen


November 27, 1956

prove this, but nevertheless it is his considered opinion. Our combined system is practically static; in fact, slight reductions have been made from time to time. On the other hand, the extent of the sanitary system in both the City and Suburbs has been increasing tremendously, with a continuing increase in quantities overflowing into the water courses.

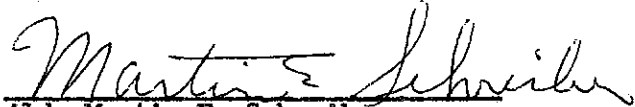
Here, too, we believe that our first efforts should be pointed toward the elimination of basement flooding by building overflows or pumping as needed. Our long range efforts should be pointed toward the elimination of storm water from the sanitary sewer system. Such an effort will be more effective in reducing pollution than the costly separation of sanitary and storm sewage in our combined system.

Order No. 2 of the Water Pollution Committee directs the City of Milwaukee and the other municipalities to submit a plan and program for the abatement of sewage discharge from any sanitary sewer into surface waters and for the reduction in volume discharged from sanitary and combined sewers by controlling storm and clear water additions. The Sewerage District has hired Alvord, Burdick and Howson to study and recommend the necessary steps to the various municipalities so that they might more readily prepare such plans and programs.

Yours truly,



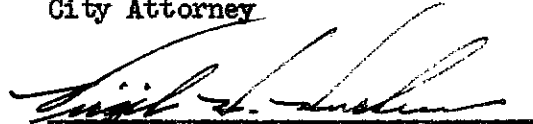
Frank P. Zeidler  
Mayor



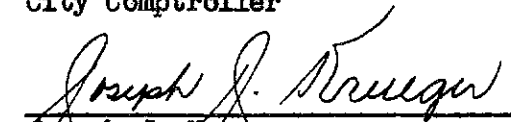
Ald. Martin E. Schreiber  
President of the Common Council



Walter J. Mattison  
City Attorney



Virgil H. Hurless  
City Comptroller



Joseph J. Krueger  
City Treasurer

STATE SANCTIONED LOCAL STUDY COMMISSION

Recommendation: We recommend action by the Legislature in setting up the appointment and financing of a fifteen-member Citizens' Study Commission, the members of which are to be selected from the Milwaukee area with adequate representation from both the City and suburban areas, to study governmental problems of the Milwaukee metropolitan area, other than tax problems with state-wide tax implications.

Comment: This is a recommendation for application of the home rule principle to the metropolitan area as distinguished from home rule for the City of Milwaukee and home rule for the individual suburbs. A list of typical problems suitable for consideration by the recommended Commission will be found later in this report.

As intercommunity problems multiply and become more acute for the various metropolitan areas throughout the state, there may in time be need for the Legislature to consider structural changes in the local governments making up metropolitan complexes. It is conceivable that changes of consequence may be in the offing; what has happened in Toronto, Canada and Dade County, Florida may be straws in the wind. But as we see it, the time has not yet arrived in Wisconsin or in the Milwaukee metropolitan area when either the people or the Legislature are prepared to consider major structural changes of local governments in metropolitan areas. On two previous occasions, the voters rejected the proposed Dade County change; the Toronto plan, generally conceded to be the boldest and most imaginative of its kind, is still regarded as an experiment. For these reasons, we believe the appointment at this time of a Commission with a state-wide membership scope for such a purpose would be premature.

On the other hand, we recognize the existence of a variety of intercommunity problems in various metropolitan areas throughout the state and particularly in

the Milwaukee metropolitan area, the largest of its kind in the state. Some of the problems are common problems; some are peculiar to the individual communities. Some are acute; others are long-range. Ideas on solutions and priorities will differ. Some communities are more self-reliant than others. Some will try to solve their own problems on a cooperative basis; others will turn to the state for help.

At this stage, we believe the appropriate procedure in the Milwaukee metropolitan area is the creation of a state sanctioned Commission with local membership to look at local problems through local eyes. Its main assignment would be to get the facts and to determine what problems can be solved locally through cooperation before turning to the Legislature for help.

At this point we ask the Legislature only to help us help ourselves by creating the Commission. This Commission would report its findings to the Legislature as well as to the communities in this complex. With the benefit of a body of facts - accumulated over an extended period by an impartial Commission - the Legislature, and, equally important, the public at large, would be in an improved position to consider structural changes if and when the need therefor arose.

Like the pre-trial conferences which have been so successful in our courts, the Commission would offer a continuing mechanism that would enable the City, the suburbs, and the County government to sit down at the conference and fact finding table before a group of fellow citizens acting as impartial arbiters. Any community or the Commission on its own motion would be able to propose problems for exploration; on the other hand, no community would have the right to veto explorations of any relevant subject. The Commission would be the judge of its agenda.

Since the representatives of the various agencies of local government in the metropolitan complex are men of good intentions, we believe that only good could come from the recommended device. By this act, the Legislature will have set the stage for the cooperation and coordination so urgently needed in the Milwaukee metropolitan area. And by insisting that problems of the Milwaukee metropolitan area get a good airing at home before they were presented at Madison, the Legislature would free itself from many problems presented simply because there was no adequate local forum.

#### The Need for a Study

1. The Committee of 21 pointed out thirty problems which crossed political boundaries in the Milwaukee metropolitan area and hence, could fall within the competence of a Study Commission.
2. The Milwaukee Common Council pointed out sixteen problems from the same list of thirty that, in its opinion, fell in the same category.
3. The City, the County, and the suburbs all designated members to serve on the Committee of 21.
4. The Mayor and the Common Council are agreed that a state-wide study of metropolitan problems is needed.\*
5. This Committee, as a result of its own inquiry, is convinced that a mechanism - a forum - is needed to study pertinent local problems which cross political boundaries in this area.

There is nothing unique about this composite thinking. As we show later - in the report from the California Legislative Committee - the problem is national in scope. Today there are one hundred million people living in 174 great metropolitan

\*See Exhibit E; the Resolution of the Common Council adopted November 27, 1956.

areas, 24 of which cross state lines. The number, population, and size of these areas are constantly increasing. We have included in this report a partial list of metropolitan areas which have already tackled the problem by sponsoring the appointment of commissions. We think the Wisconsin Legislature should sanction a comparable study of the Milwaukee metropolitan area.

So there is general agreement on the need for a Commission. The next question is; what is holding it up? To the extent that they lend themselves to summarization, here are the points of difference:

#### The Points of Difference

1. The City wants a state study. It is concerned about the "objectivity" of other local "officials."
2. The suburbs object to a state study. They want a local study.
3. There is disagreement as to whether a study Commission should consist (a) exclusively of officials, (b) exclusively of citizens, or (c) a mixture of both.
4. The City favors consolidation of all units of government within the County with the City - or at least it favors steps leading to such a result.
5. The suburbs object to consolidation - they want to preserve their autonomy.
6. The City is opposed to functional consolidations, such as a Metropolitan Water District; it is opposed to such consolidations whether temporary or long-term.
7. The suburbs favor functional consolidations where indicated.
8. The City objects to the present state law authorizing the distribution of state collected tax moneys as between the City and the suburbs.

9. The suburbs do not want any change in this system - at least one which would reduce their revenues.
10. Few, if any, of the parties want studies in any area if they might conceivably develop facts at war with their own positions or with what they presently believe to be to their advantage. The Committee of 21 - a voluntary organization - has encountered difficulties because such unwanted studies have been met with a veto - implied threats to withdraw from the Committee. Little can be accomplished if studies are avoided on controversial matters and are confined only to innocuous areas.

#### A Hard Fact

One thing is certain; if neither the City nor the suburbs yield, if both stick resolutely to their positions, nothing can be achieved. A spirit of give and take must be developed. Since the various participants are essentially men of good will, it is our belief that the impasse can be overcome by legislative leadership in furnishing for all the participants a common forum with fact finding powers.

#### The General Problem

The general problem confronting Metropolitan areas was aptly described in 1851 by a report of the Assembly Committee of the California Legislature. Rather than use our own phraseology, we will quote from this report:

"The basic problem in providing efficient administration of even the minimum requirements and needs of urban populations in most metropolitan areas remains substantially unsolved.....Municipal boundaries have not kept pace with urban expansion, so that an increasing share of property values are located beyond the boundaries of the central city of the metropolitan area.

"Taking the metropolitan area as a whole, this centrifugal population flow leaves a blighted area at the center accompanied by uncontrolled spreading residential peripheral growth.

"The increasing strain on the tax structure of the central city is constantly adding to the pressure placed on the state government for more shared taxes and aids. Crowded school rooms, playgrounds and

hospitals make the need for additional services and facilities more urgent than ever, but a large part of the tax base to support such services is located in suburban fringe area communities beyond the City's jurisdiction.

"Taking an average metropolitan area as a whole, the social and economic problems which face its municipal divisions are largely the same for all. Localities differ greatly in their ability to pay for the necessary services needed by their populations. Differences in size, density and character of the communities result in varying demands for different kinds of services. However, they all require certain basic functional services such as police protection, fire protection, health service, water supply, garbage and sewage disposal, building inspection, zoning regulation, and others.

"Nearly all discussions of the metropolitan problem point out that criminals, fires, contagious disease, etc. are no respecters of political boundaries. Thus, there is a serious lack of balance between the need for metropolitan administration of these functions and the ability of existing political units to satisfy those needs.

"As the suburbs continue to grow, the possibility of securing voluntary consolidations with the central city grow more and more remote. Many reasons have been advanced to explain this opposition, but it is generally agreed that the two uppermost ones are the fear of higher tax rates, and the desire for autonomy in local affairs.

"The remedies proposed over the years remain substantially the same: they are still (1) outright annexation to the central city; (2) city-county consolidation or city-county separation; (3) metropolitan consolidation on the borough plan; and (4) the organization of special metropolitan districts; and (5) functional consolidation or simplification".

Recognizing the deep-seated opposition characteristically displayed by suburbs to consolidation with any city, the Bureau of Government of the University of Michigan in a study of "Governmental Organization in Metropolitan Areas" had this to say in 1951:

"Cooperative arrangements and structural reorganization are not mutually exclusive solutions. Cooperative arrangements bear somewhat of an evolutionary relationship to structural reorganization. Cooperative techniques can be utilized without arousing too much opposition; they involve common action in working out a solution.

"They develop intricacies of governmental interdependence. They should if handled properly, increase the feeling of metropolitan consciousness. In most areas with deep-rooted traditions of local independence, functional consolidation must precede structural reorganization. As the web of functional interdependence grows, a metropolitan consciousness may develop to the point where actual structural integration becomes possible".



There are three basic objectives in dealing with these problems. These are: -

- a. Provision of 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, as to function(as) administered on the area-wide basis.

The dilemma is how to develop solutions which will meet ALL three criteria!

#### MILWAUKEE area

The need: It is hardly necessary to document the need for some alleviation of the problems and tensions of metropolitan government in the Milwaukee area. So long as these problems are approached in an atmosphere of emotionalism, it is unlikely that any satisfactory solutions will be achieved. At present there is great need for factual data on which informed judgments can be made as to solutions which will meet the three basic objectives cited above: certain common services to be provided effectively and efficiently; fair sharing of costs; maximum of local control.

The need was admirably stated in the WHEREAS clauses of a resolution adopted by the Common Council of the City of Milwaukee on April 20, 1954 in connection with the creation of a permanent Committee of 21 representatives selected from the suburbs, the City of Milwaukee, and the County of Milwaukee; the original temporary committee had been very effective in bringing about the needed cooperation for the new expressway system.

"File No. 53-2080

"Resolution relative to organizing a permanent committee of 21 representatives selected from the suburbs, the City of Milwaukee and the County of Milwaukee.

"WHEREAS, Frequently problems arise which are of mutual concern to the several governments of the suburbs, the City of Milwaukee, and the County of Milwaukee; and

"WHEREAS, It is essential that there be a mutual understanding among such governments to the end of their full cooperation may be had at all times in studying such governmental problems; and

"WHEREAS, The solution of governmental problems in an efficient and harmonious manner is a matter of vital concern to the taxpayers who support such governments, so that economies may be practiced, efficiency increased, and an exchange of information and experience had concerning municipal operations; and

"WHEREAS, Heretofore a committee of 21 was set up for the purpose of dealing with matters related to expressways, and such committee has functioned efficiently and has been representative of the several governments of the suburbs, the City of Milwaukee, and the County of Milwaukee; and

"WHEREAS, It is the desire of the Common Council of the City of Milwaukee, that a permanent committee of 21 be established, representative of such several governments, to study and consider problems and other municipal matters which are of mutual interest and concern to the residents of such local governments;"

Illustrative of the subjects which the Common Council felt might conceivably fall within the ambit of a permanent study committee were the following 16 items; see resolution of Common Council adopted on the 20th day of April in 1954:

1. Sanitary sewers and sewage disposal.
2. Drainage and storm sewers.
3. Refuse collection and disposal.
4. Planning of land use and of public facilities; and zoning.
5. Police protection.
6. Fire protection.
7. Civil defense.
8. Public Schools.
9. Educational facilities and services other than schools, including library and museum.
10. Assessment and collection of taxes.
11. Personnel administration.
12. Administration of justice, including courts.
13. Social welfare services (other than institution operation).
14. Hospitals and eleemosynary institutions.
15. Jails, lockups, and correctional institutions.
16. Prevention of juvenile delinquency.

The Committee of 21 in its list included the above 16 plus 14 additional subjects:

1. Water supply and distribution.
2. Construction and maintenance of highways, expressways (or similar arteries), and streets.
3. Engineering services.
4. Building, electrical, plumbing, and related inspection services.
5. Public health protection.
6. Park, forestry, and recreation facilities and services.
7. Administration of elections.
8. Purchasing.
9. Street lighting.
10. Lakefront and harbor development, control, and management.
11. Air pollution regulation.
12. Financial management, including debt management.
13. Conservation of older areas, redevelopment, slum clearance, and public housing.
14. Public transportation facilities and services.

Subsequently, the Common Council took the position that any study of inter-community problems should be made not by the County government through the Committee of 21 but should be conducted on a state-wide level. Thus, it will be seen that while there is disagreement as to how such a study shall be conducted, there is no disagreement as to the need for one.

There is hardly a major community in the nation in which the metropolitan problem is not critical. Examples of study commissions elsewhere are summarized herewith:

<u>CITY</u>	<u>AUTHORIZED, SPONSORED, OR FINANCED BY</u>
Pittsburgh, Pa. (1951)	Pennsylvania Legislature
Atlanta, Georgia (1949)	Georgia Legislature
Nashville, Tennessee (1951)	Tennessee Legislature University of Tennessee Vanderbilt University
Indianapolis, Indiana (1951)	Indiana Legislature
Miami, Florida (1953)	City Commission University of Miami
Toledo, Ohio (1954)	City ordinance
Cincinnati, Ohio (1953)	Charitable Foundation

Dallas, Texas	Business Executives' Research Committee
Kansas City, Missouri (1956)	Chamber of Commerce
Los Angeles, California	Charitable Foundation University of California

#### Function of a Metropolitan Planning-Study Commission

Such a Commission would be an official group of private citizens from all parts of the metropolitan area. They - through a professional staff - would gather the facts and make such recommendations as they deemed proper in order to increase the efficiency of the pattern of public administration in the area. Today, many people make guesses as to what, if anything, should be done. It is facts that are needed.

#### Relation to the Legislature

Only the Legislature, with the approval of the Governor, has the power to make any desired alterations in the physical or functional structure of the metropolitan area. Therefore, this proposed Commission should report to the Legislature, to the Governor, and, of course, to the local municipalities within the metropolitan area. The existence of such a Commission should be helpful to the State Legislature which now must act on matters affecting the metropolitan area with little, if any factual basis for action. Since the Commission would report to the Legislature as well as to the local communities and since it would be important that the Legislature have respect for the Commission and give weight to its recommendations, the Legislature should provide for the creation of such a Commission and should help provide for the cost of the Commission's staff and other expenses.

The Commission should be authorized to accept appropriations from businesses and foundations, providing the same are a matter of public record and do not in any way obligate the Commission to reflect the individual point of view of the donors.

### Composition of the Commission

The Commission should be broadly representative of all the areas and types of government within Milwaukee County. It might well include representatives of Waukesha and Ozaukee Counties. It should have the power to appoint ancillary technical committees of public officials who shall not be members of the Commission and who shall be without vote.

The Commission must be so organized that all elements of the metropolitan area recognize it as a fair and impartial body.

Genuine cooperation between Milwaukee, the County, and the suburbs will be necessary before there can be definitive solutions to common metropolitan problems. Officials of the various communities cannot alone expect to initiate cooperative action; effective cooperation will need to develop simultaneously among the citizens themselves living in Milwaukee and in the suburban municipalities.

Appointments would be made by the Governor with a maximum of fifteen members. The Commission will be useful only if its membership is of such caliber as to command the respect of the entire metropolitan area and it will achieve results only on issues where it secures a large measure of unanimity on the basis of its factual studies. Hence, it would be best for the Governor to make the appointments regardless of the legal residence of the persons nominated, i.e., without attempting to maintain any specified division as between the number of residents living in Milwaukee and the number of residents in the suburban communities. It will be the quality of the Commission member that counts, not his address.

### Duration

Although some problems are immediate and call for prompt solutions, it can hardly be expected in the normal course of events that hurried solutions will prove satisfactory or permanent. Many of the problems are long range in nature. Crises will

arise from time to time. For this reason, it would be desirable to have effective fact finding machinery already available to deal with both new and recurring problems.

Furthermore, the Legislature might well conceive it to be advantageous to have in existence a respected standing body which would upon request of the Legislature analyze bills affecting the Milwaukee metropolitan area to facilitate their consideration by the Legislature and its committees.

Since the Wisconsin Legislature meets every other year, we recommend that the Commission have a life of at least two years and would further recommend consideration of the reconstituting of the Commission every two years if it has demonstrated its worth.

#### Cost

Based on experience elsewhere and in view of current problems, the initial cost for a two-year period would approximate \$100,000. After that, the annual budget requirements - once the basic data are available - would approximate \$30,000. The Commission members themselves would receive no compensation.

The funds would be required for the full time professional and clerical staff and a number of part-time professional consultants in various fields plus the cost of publication and dissemination of the findings, special assistance and reports to the Legislative committees, and consulting services to the local municipalities.

One hundred thousand dollars is about 1/20th of 1% of the current budgets of the various cities, towns, villages, school districts and county government in Milwaukee County.

### The Veto

As a part of our studies, we examined the operations of the Committee of 21. Its proponents recognized that to be effective, it needed Legislative sanction and a bill to achieve that was introduced in the 1955 Legislature. It failed of passage. Thereafter, the proponents attempted to achieve through voluntary cooperation the benefits which would have flowed from Legislative sanction. The Committee has been hampered in its operations because of the actual or threatened use of the veto. In this connection, we noticed a phenomenon not necessarily peculiar to this area - a tendency to resist any study which might conceivably bring out facts at war with the points which seemed to be of advantage to some particular municipality or group.

In this process, the idea that a study could develop facts which would lead to a fair and reasonable solution to the problem - even though it might cause a change of the status quo - is sometimes ignored. All too often, the situation is accompanied by a number of ill considered public utterances in which the motives of each side are challenged and impugned and the whole episode interlarded with name calling.

### Power to Determine Scope of Study

If we are to come up with any kind of a solution to these local problems, the Commission must have the authority to determine the scope of its studies and no municipality should have the power to veto it. And to implement this point of view, the Commission should have the power where necessary to subpoena witnesses and documents.

The Commission should also have the power to explore the composition and functioning of all autonomous commissions and authorities within the Milwaukee area and be authorized to make recommendations about them and particularly to make them as responsible as possible to the will of the community or communities they serve.

The Governor should have the power to remove any member of the Commission for cause.

#### Precedents for Citizens' Commission

There are direct precedents for the appointment of citizens' commissions in dealing with problems in this area. In 1871, in the act creating the Board of Water Commissioners of the City of Milwaukee, the Legislature provided that no member of the Board shall ever receive any salary, that no person holding any office in the City for which he is entitled to receive a salary should be eligible as a member of the Board, and that the acceptance of any such office should operate as a resignation of his office as a member of the Board. The Legislature even went further and in the act named the seven commissioners, each a leading citizen of the community. As an added safeguard, it provided that no member of the Board should ever be appointed to any office connected with the Board. They were precluded from having any interest, direct or indirect, in any agreement made by the City.

In 1913, the Legislature provided in any act dealing with sewage that the appointees to the Sewerage Commission should not hold any public office. Here the power to appoint was given to the Mayor subject to confirmation by the Common Council.

#### An Important Distinction

In stating the kind of a Commission we seek and the scope of the area we seek to have conferred, we think that we are equally obligated to point out the kind of a Commission we do not seek and an area which we do not seek to cover. The paragraphs which follow will point up this distinction.



Statistics on Metropolitan Areas

At the outset we have pointed out that metropolitan problems exist throughout the nation. There are 174 of these areas in the United States. The U.S. Census calls them Standard Metropolitan Areas. Over 60 per cent of the population of the country lives in them. As far back as 1950, these 174 metropolitan areas with a land area of only 7 per cent of the nation contain 71 per cent of the manufacturing employees of the United States, 74 per cent of the proprietors, and 79 per cent of those in wholesale trade. Between 1950 and 1955, 97 per cent of the national growth, made up 11.5 million people, took place in these metropolitan areas. Twenty four of them cross state boundaries.

These areas are a by-product of the automobile, good roads, and high wages and short hours for industrial and other workers. It is said today that it is not power, rail connections, nor raw materials that are the chief determinants for the selection of new factory and industrial expansions. Many industries move to these areas because they represent a mass metropolitan market and they can draw on their labor reserves.

Utilizing Trial and Error

The governmental problems created by this development will increase and will demand solutions, some at the local level and some at the state level. The President of the United States has appointed to the White House staff a Special Assistant to the President on Intergovernmental Affairs and the Bureau of the Budget has assigned him in a staff capacity for work particularly in the metropolitan areas.

These problems will be tackled all over the country in a variety of ways. Before the job is done, many solutions will be devised - some good - some bad - some in between.

One way to tackle the problem is to plunge in with a study Commission with a state-wide membership and state-wide scope. The City urges this approach. We disagree with it - it goes too far - too fast. We suggest a more conservative approach - one that will enable us to get the facts at the local level, for our own benefit locally and for the long-range benefit of the Legislature. Furthermore we will reap the benefit of trial and error of the more venturesome communities and states which will come up with the earlier and perhaps less well considered solutions. Patterns will surely develop and with the benefit of the facts developed locally, we can pick and choose. Super metropolitan governments may become the thing. On the other hand, they may become discredited. Why disrupt our local communities with studies aimed at making changes in the structure of government before we have the facts locally and more solutions nationally as guides?

#### Public Servants and Taxpayers

Most of the discussions on this subject have been confined to our public servants. This is not said in criticism. They live with problems of this kind and the public expects them to be leaders. But people are rooted to their homes and local communities. The public - the people who pay the taxes and elect the officials - should have a clear idea as to all the implications of any development which changes traditional concepts. This is a big subject. The public needs information and education over a sustained period of time; otherwise, it will not be ready to make the decisions which only it can make.

#### The More Conservative Course

These are the considerations which make us cool on a statewide study and prompt us to recommend the more conservative course - that of local studies by local people. At this stage, we only ask the state to help us help ourselves by creating, through a legislative act, the necessary Commission. A state sanctioned

local Commission of this type will enable the people in the Milwaukee area to get the facts. It will provide a forum for the airing of intercommunity problems. It will set the stage for cooperation and compromise - those essential elements in every political solution. It will enable the Legislature to build up a body of facts, so that if and when the time comes when changes in the structure of local government may be needed, it will know what to do. It will not have to start out at the eleventh hour to examine the situation. And if only moderate changes are needed - or no changes at all - it can avoid error. The Commission will shield the Legislature from a variety of local problems which wind up in Madison when they should be solved at home.

#### Cooperative Fact Finding

We recommend a Commission patterned after the pre-trial conferences which have been so successful in our courts. The three traditional parties - the City, the County, and the suburbs - could sit around the conference and fact finding table with an impartial group of fellow citizens acting as arbiters. There could be no claim that any group had "stacked" the Commission. With a Commission composed of a broad and responsible group, the stage would be set for cooperation. We have been impressed with the fundamental honesty of our public servants. But from time to time we have been dismayed by their lack of harmony. We believe that this type of Commission would enable the Milwaukee area to approach its problems constructively and objectively and that the people in this area as a whole would welcome such an approach. The Milwaukee area - the City, the County, and the suburbs - must go forward. Fact finding and cooperation provide the routes - and this is the way to achieve those objectives.

STATE-WIDE STUDY COMMISSION ON THE LOCAL  
DISTRIBUTION OF STATE SHARED TAXES

Recommendation: As a supplement to the inter-related state-wide studies of (a) the State Committee on Revenue Sources and (b) the Wisconsin Committee on Industrial Development, both authorized by the 1955 Legislature, we recommend the creation of a Local Government Tax Study Commission on a state-wide basis whose duties shall include re-evaluation of the present formula for the distribution of state shared taxes.

Comment: In recommending this supplemental tax study, we in no way mean to anticipate what the results of such a study would be. The subject is an important one both for the City and the suburbs. We recognize that changes which may help the City may hurt the suburbs and vice versa, but in our opinion, that does not justify a refusal to re-examine the problem. We simply express the belief that the subject could stand an exploration and that only good will come from bringing out the facts for all to see.

A Conflict in Approach

In this section of the report, we have set forth two letters, one from the City of Milwaukee dated November 20, 1956 signed by various City officers, and a second dated December 6, 1956 from the Municipal League of Milwaukee County. The Committee received other letters but the contents of these two letters are typical of the cleavages in opinion between the City and the suburbs on the soundness and fairness of the state's present method of sharing utility and income taxes. These sharp differences, in our opinion, justify a re-examination of the system.

The letter from the Municipal League of Milwaukee County states that tax and revenue problems are the assignment of the Governor's Committee on Revenue Sources and adds that the recent report of that Committee made no recommendation on re-distributing taxes. Upon inquiry we find that the Committee on Revenue Sources

addressed itself primarily to the sources of revenue generally rather than the narrower question of the redistribution of these particular taxes to the communities within a County area.

Synopsis of Statutory Changes in the  
Wisconsin Law

Section 71.14(2) of the Wisconsin Statutes dealing with income taxes provides the basis for the present distribution of the taxes in question. The present distribution is 40 per cent to the state, 10 per cent to the County, and the balance to the town, city, or village from which the income was derived. This general system has been on the statute books since 1911. In the original law, the figures were 10 per cent to the state, 20 per cent to the County, and 70 per cent to the town, city, or village; they remained in effect until 1925.

The statute also contains a provision that when the amount apportioned to any city, town, or village exceeds two per cent of the equalized value of all taxable property of the city, town, or village, the excess shall be apportioned and paid to the County, to be distributed and paid to all of the several towns, cities, and villages of the County according to the school population therein. The two per cent figures has been changed a number of times over the years. For instance, it was two per cent in 1917. It was reduced to .7 of one per cent in 1931 and remained that way until 1936. Then it was raised to one percent until 1943 with another variation related to the termination of World War II.

An examination of the legislative history of this statute shows that it has been changed fifteen times in 45 years, an average of once every three years. These changes in the various formulae prove what every experienced person in government knows, namely, that no formula is sacred and that all are subject to periodic revisions when the occasion warrants it.



FRANK P. ZEIDLER  
MAYOR

OFFICE OF THE MAYOR  
MILWAUKEE

November 20, 1956

STANLEY BUDNY  
EXECUTIVE SECRETARY

ALBERT M. DAVIS  
ASSISTANT SECRETARY

\* \* \*  
ARTHUR SALTZSTEIN  
ADMINISTRATIVE SECRETARY  
\* \* \*

Governor's Milwaukee Metropolitan Survey Committee  
c/o Robert E. Dineen, Chairman  
Northwestern Mutual Life Insurance Co.  
Milwaukee 2, Wisconsin

Gentlemen:

The primary problem confronting the City of Milwaukee is a financial one arising out of the fact that Milwaukee is the central city in a complex metropolitan area. The situation in the Milwaukee metropolitan area is similar in kind to that in other Wisconsin state cities and villages. A like problem faces other urban areas in the United States, namely, a fragmented political organization is imposed over an area that is essentially a unit for all other purposes. As a result of its political pattern, the area's financial resources are not available to meet area-wide problems. The City of Milwaukee, as the central and major portion of the area, suffers the most from this situation because of its inability to spread the costs of its municipal services equitably over all of the people who benefit from them, and because of the state tax structure which both deprives it of certain logical major sources of revenue and places it in economic competition with state-subsidized tax colonies.

Despite the claims sometimes made by some suburban representatives, no saving in governmental costs is achieved by the "Balkanization" of this area. If a reasonable level of municipal services is rendered, the same total cost of metropolitan government will exist whether or not the area is subdivided into small independent units or unified. If anything, an unintegrated governmental structure probably costs more in total than would an integrated one. However, political splintering of a unified area has obviously resulted in unequal distribution of costs, levels of service, and tax burdens.

The similarity of total costs in the City and its suburbs is shown in the following table:

TABLE I  
1956 Budgets Per Capita\*

	<u>School Budgets</u>	<u>Civil Government Budgets</u>	<u>Total</u>
City of Milwaukee	\$ 47	\$ 96	\$ 143
Suburban Governments	71	74	145

\* Bulletin No. 8, Vol. 44, Citizens' Governmental Research Bureau, April 6, 1956, p. 2.

What this table indicates is that while the detail of governmental expense varies in different parts of the metropolitan area, the total expenditure is relatively similar. It is noteworthy that total per capita budgets in the City and the suburbs are almost the same in spite of the fact that the City of Milwaukee provides a far greater number of services than do the suburbs, including many that are of direct benefit to the entire metropolitan area.

Unfortunately, while total costs may be similar in the City and its suburbs, the tax burden to support such costs is not. In many cases, high-cost, low-tax suburban governments exist solely because of the state shared tax structure. Thus, while costs in suburban areas may be equal to or higher than those in the City of Milwaukee, the property tax burden in the central city is higher than in most surrounding territories, largely because of the state's methods of sharing utility and income taxes. These methods, while basically sound, break down within metropolitan areas. Here they have a tendency to encourage further disintegration of the governmental structure by making it possible for a few suburbs to be formed and exist on a virtually tax-free basis. This has compounded the metropolitan problem beyond that found in other states.

The following tables indicate the effects of the present state shared tax arrangements in Milwaukee County, which are the root of the tax inequities and the resulting irritations that beset the area. Table II indicates the ratios of state shared utility and income taxes to property taxes levied in Milwaukee County.

TABLE II

State Shared Utility and Income Taxes Received by Communities  
in Milwaukee County Per \$1.00 of Property Taxes Levied

	<u>City of Milwaukee</u>	<u>4th Class Cities, Villages, or Incorporated Towns</u>	<u>All Other Suburbs</u>	<u>Total - Suburbs</u>
<u>Taxes Levied For:</u>				
Local Government Purposes Only	\$ 0.64	\$ 7.80	\$ 1.13	\$ 2.12
Local and School Purposes	0.31	0.81	0.36	0.52

November 20, 1956

In order to eliminate the most obvious inequities, the Common Council's Special Committee on Taxation and Financial Matters has suggested to the Governor's Committee on Revenue Sources that a ceiling on these state shared taxes be established equal to 50 percent of the property taxes levied by any municipality for local and school purposes.

The Citizens' Governmental Research Bureau has pointed out that of the 20 municipalities in Milwaukee County, 8 have over two-thirds of their municipal expenses financed from state shared taxes, 8 more have between one-third and two-thirds so financed, and only 4, including the City of Milwaukee, have less than one-third so financed. The dollar amounts upon which the above ratios are based are as follows:

TABLE IIIComparison of Property Taxes Levied with State Shared TaxesReceived by Local Governments in Milwaukee County (1956 Purposes)

	<u>City of Milwaukee</u>	<u>4th Class Cities, Villages, or Incorporated Towns</u>	<u>All Other Suburbs</u>	<u>Total - Suburbs</u>
Local Municipal Property Tax Levy*	\$26,906,147	\$ 663,673	\$ 3,795,579	\$ 4,459,252
School Property Tax Levy*	<u>28,006,146</u>	<u>5,723,817</u>	<u>7,961,298</u>	<u>13,685,115</u>
Total Local and School Levy	<u>\$54,912,293</u>	<u>\$6,387,490</u>	<u>\$11,756,877</u>	<u>\$18,144,367</u>
State Shared Util- ity and Income Taxes	<u>\$17,178,526</u>	<u>\$5,179,070</u>	<u>\$ 4,275,608</u>	<u>\$ 9,454,678</u>
Percent of County Total	(Shared Taxes 64.5% Population 74.3%)	19.4% 8.5%	16.1% 17.2%	35.5% 25.7%

\*Source: Citizens' Governmental Research Bureau.

The slight disparities in the cost and the great disparity in the property tax burden of local government between the City and many of its suburbs place the City at a disadvantage in seeking to retain, let alone improve, its industrial and commercial tax base. If industries and merchants in certain suburbs have lower tax costs,



November 20, 1956

their competitors in less favorably situated communities are thereby placed at a competitive disadvantage if their other costs are the same. For the state to finance such intrastate tax competition between its citizens represents a policy badly in need of revision.

A further unfortunate effect within the metropolitan area of the state shared tax system has been on the owners of residential property. The tendency has been growing for the metropolitan area's political divisions to reflect people's economic ability. Persons in lower income brackets tend to reside in older areas concentrated in the central city and a few suburbs, while upper income groups have been gravitating to the remaining suburban areas. Hence, the greatest amount of property tax relief in the form of state shared income taxes has followed the latter group to their new suburban locations. In effect, the areas with the ability to pay the highest property taxes have been granted the greatest amount of relief therefrom, while the highest property taxes are actually levied against the central city and those few suburbs containing persons of relatively lower income. The inequities here are obvious. A side effect of this regressivity in property tax relief has been to discourage home ownership among the very people for whom such ownership has generally been considered to be socially and economically desirable.

Thus, the state subsidized suburban "tax abatement district" feeds on the area around it to the economic and political detriment of the entire community and eventually the state.

If Milwaukee is to choose a course of progress and renewal rather than stagnation and decay, it needs the resources produced by growth. If this growth is to be healthy, it must be "balanced," taking in both revenue-producing and service-requiring areas. The present situation, with a few major exceptions, has resulted in many of the former becoming annexed to or incorporated as suburban communities, with the latter left to Milwaukee.

The City is opposed to the creation of additional agencies of government imposed atop existing units. The City recognizes its responsibility and duty for providing full city services within its boundaries. This is its Charter obligation. No other unit is necessary or proper to perform any of these functions. Communities deficient in facilities should either correct these lacks within their own framework or unify for all purposes with an existing unit prepared to meet the municipal burden.

Milwaukee's basic need is to be able to share the costs of metropolitan government in an equitable manner with that portion of the metropolitan area outside its boundaries. All of the resources of the area must be made available to meet all the local governmental needs of the area.

November 20, 1956

To fulfill its needs, the City requires:

- A. That areas suitable for well-planned growth in which the development of a balanced community can be continued be kept available.
- B. That where a suburb that presently enjoys a tax advantage wants a major service from the City, it should be required to consolidate with the City in order to maintain a sound balance between costs and revenue sources.
- C. That no special districts or county-wide functional consolidation of any service occur since they will serve to perpetuate present revenue and property tax inequalities. While such changes would appear to spread costs, they do not affect the basic unbalance of revenue.

It follows that any action that will be taken to promote, extend, intensify, or prolong the present inefficient, wasteful political disorganization of the metropolitan area must be opposed by Milwaukee not only as detrimental to its interests but as a matter of vital necessity to its continued fiscal soundness.

It is important to clarify certain common misconceptions concerning the extension of water by the City of Milwaukee. In the past, the City has never held out to service any area beyond its boundaries with two exceptions: first, many years ago the City granted water to certain suburbs distant from the City limits upon the theory that when they became contiguous, they would unite with the City for all purposes, and second, during the war service was granted to limited areas to assist in essential war production.

Today engineering studies indicate that it would be impossible to expand City water service to substantial additional areas within the next few years. The City is expending its full efforts to serve its present area and such additions as may be made through regular growth. It is responsible for these areas and will meet its full duty to serve them. Because of engineering and construction demands for this program, the needs of the entire area could not be met by the City under any circumstances for many years.

It might appear that extension of water service, spreading Milwaukee's efficient system of public education, or certain other service extensions might solve problems in certain suburban areas. From a business point of view, it might even produce a short-run profit in certain instances. However, the City administration is of the opinion that the long-term effects of extending the City's advantages without extending its disadvantages, or of solving problems in the suburbs without receiving an equalizing solution to problems in the central area, represent poor public policy not only from its own standpoint but from the point of view of the entire area and the entire State of Wisconsin.

November 20, 1956

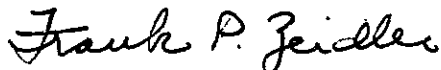
In view of the fact that some suburbs might well disappear or suffer a financial loss if actions were taken to resolve the metropolitan problem by a sound redistribution of revenues, it cannot be expected that officials of such units, or their paid representatives, would be completely objective if they participated in a locally administered study that might result in such loss or dissolution. The City of Milwaukee has therefore favored a state study of this problem of metropolitan government. The State is in a position to view the matter objectively and can take constructive action necessary to remedy the present situation which has arisen principally as a result of the operation of state law. If such a state study of this problem is made, it is our opinion that the problems relating to specific services will fall into their proper perspective and make their solutions apparent.

Because of the inequitable tax burden placed upon City property owners, the City is breaking down at the seams of its resources. This is happening to numerous other major cities in the state and nation and ultimately has a seriously detrimental effect upon the state. We are certain your committee will recognize the basic importance of this fact.

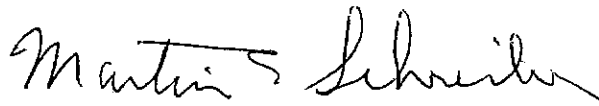
The City administration wishes to thank your committee for the opportunity to submit our points of view to you in this important matter. Please be assured of our continued cooperation.

Respectfully submitted,

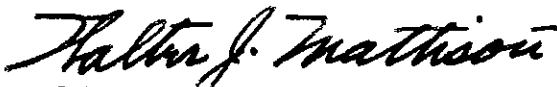
CITY OF MILWAUKEE




Frank P. Zeidler  
Mayor



Martin E. Schreiber  
President, Common Council



Walter J. Mattison  
City Attorney



Virgil H. Hurless  
City Comptroller

  
Joseph J. Krueger  
City Treasurer

Transmitted Pursuant to Common Council Resolution File No. 56-2547,  
Adopted November 13, 1956, Copy Enclosed.

Dec 6, 1956

Mr. Robert E. Dineen,  
Chairman, Governor's Citizens' Committee,  
% Northwestern Mutual Life Insurance Company,  
Milwaukee 2, Wisconsin

Dear Sir:

This letter is in reply to your courteous invitation of November 21, 1956, addressed to Mr. George Schmus, Secretary of the Municipal League of Milwaukee County, wherein you requested the comments of the League or its members on the resolution of the Milwaukee Common Council.

We understand that the assignment of your committee was to study and report upon water and sewer problems in the Milwaukee metropolitan area, later supplemented by authorization to examine related problems to the extent necessary for a sound determination of the water and sewer question.

At the outset, we believe fundamental recognition of this fact is required: the furnishing of water is not a governmental function, but a proprietary or private one. The Milwaukee water utility is a public utility providing a basic commodity similar to light, gas, or mass transportation with a similar basic obligation to serve the public. This public water utility happens to be operated by the City of Milwaukee rather than a private corporation. However, the City voluntarily entered into the utility field and should not be permitted to evade the obligations of a utility to further a controversial governmental philosophy.

We also submit this fact for initial recognition: the Milwaukee water utility, for political reasons, has been operated in violation of sound business principles for over 17 years. The rate order of the Public Service Commission of October, 1939, authorized rates requested by the city designed to produce a 4% rate of return. The Supreme Court of Wisconsin stated that 5-1/2% would have been reasonable. However,

Mr. Robert E. Dineen,  
Chairman, Governor's Citizens' Committee

December 6, 1956  
Page Two

the city not only waived the difference between 4% and 5-1/2%, but in addition, charged the full 4% rates to the suburbs only, and deliberately charged Milwaukee users 25% less for a nominal return of between 1% and 2%. Fox Point v. Public Service Commission, 242 Wis. 97. This considered squandering of a fair rate of return from the great majority of the utility's customers sapped the financial vitality of the utility and helped load the cost of the utility's capital improvements upon the Milwaukee tax base, contributing substantially to the alleged tax ills detailed and distorted throughout the resolution.

Since the function of providing of water is proprietary and the water department is a public utility with an obligation to serve the public, and since the metropolitan area needs water, and since the water department has a demonstrated capacity for inefficiency and mismanagement, we urge upon your committee that the logical solution is the creation of a metropolitan water district similar to the metropolitan sewerage commission.

Milwaukee opposes such a step because, it urges, each municipality has an obligation to provide full services within its boundaries and "no other unit is necessary or proper to perform any of these functions".

This righteous attitude is advanced with poor grace. It was only a short three years ago that the City of Milwaukee admitted its total inability to solve or finance the expressways desperately needed in this area. The suburbs went to Milwaukee's aid, and Milwaukee gratefully accepted, and even assisted in, the creation of an "additional agency of government atop existing units", the Milwaukee County Expressways Commission. The suburbs thus loaned their talents and their taxes toward the solution of a metropolitan problem, even though most of the initial construction (and the most costly) was planned for the City of Milwaukee.

The proposition urged upon you by the City, that the area's financial resources are not available to meet area-wide problems, ignores the existence of the County government, ignores County Parks, County Smoke Control, County Civil Defense, County Expressways, Metropolitan Sewerage, and County Relief and Welfare - in short, ignores the fact that many area problems have been solved, frequently at the city's request, and the area's financial resources have been made available for their solution. Such

Mr. Robert E. Dineen,  
Chairman, Governor's Citizens' Committee

December 6, 1956  
Page Three

progress has placed the Milwaukee metropolitan area far ahead of most others in the nation, where officials enviously wish that they could achieve some small portion of the attainments here.

In evaluating the role of the county, it should be noted that Milwaukee County is the only one in the state where relief is on a county basis; everywhere else each city, village and town carries its own relief load. The heaviest relief load is in the City of Milwaukee, in some suburbs it is practically nonexistent. Figures obtained from the county show that the city pays 65% of taxes for relief and receives 93% of the expenditure. This, of course, means that the suburbs are substantially helping the city carry this load.

Your committee is confronted with a cleavage in the philosophy of local government and with an attempt by the city to have you start the State of Wisconsin on the road to crushing the suburban philosophy. You are asked to place your prestige behind a state study of metropolitan problems with a pre-determined conclusion as its goal - that Milwaukee shall take over the suburbs and govern people who do not want to be so governed, tax people who do not want to be so taxed, and direct the lives of people who abhor the philosophy of its administrative leaders. The theory of "lebensraum" has been a familiar one in the recent history of the words and has been thoroughly discredited at the cost of millions of lives. It is a novel proposal indeed that the State of Wisconsin, and a governor's committee, should be requested to effectuate such a philosophy against constituent municipalities adjoining the largest one in the state.

The suburbs have achieved municipal government that is close to their people, responsive to their people, important to their people, and participated in by their people. They give high level efficiency and provide competitive comparison for the electors of this area. They know that the cost of municipal service, delinquency, crime, and graft go up in direct algebraic proportion to the increase in a city's size. They know that while size may bring many advantages in industry, the reverse is true in government. While they desire to be good neighbors, and while they stand ready to participate in the solution of metropolitan problems, they also stand ready to resist to their utmost any move to deprive them of their independence or of the historic sources of revenue which are essential to their very existence.

Mr. Robert E. Dineen,  
Chairman, Governor's Citizens' Committee

December 6, 1956  
Page Four

Many of the suburbs were formed long ago in history, prior to the enactment of the state income tax law. Newer ones have been formed in recent years largely for protection against a savage annexation program which stripped and pauperized school districts of buildings and tax base without regard for the welfare of the children, or the crippling burden imposed upon their parents.

The city complains of the state's method of "sharing" utility and income taxes. The state is not "sharing" these taxes but is acting as tax collector and returning less than the amount collected to the municipality where paid.

You are asked to ignore facts: first, that income taxes are paid by the residents of the suburbs and the return by the state is a return to the people who paid the tax in the first place; second, that the chief expense of government accrues in serving homes (schools, fire, police, sanitation) rather than industry; third, that residential suburbs with no industry must levy property taxes against the homeowner, while communities such as Milwaukee have a tax base which is comprised of 52% industrial and business;\* fourth, that the suburbs rely heavily upon special assessments to meet the costs of capital improvements which are not reflected in the tax rate while Milwaukee has levied only nominal special assessments and loaded the cost of capital improvements into the property tax.

You are also asked to disregard the fact that the local municipality by state law is denied the right to levy a property tax against the utility, and the "sharing" of the utility tax is a return by the state to the local community in lieu of a local property tax. The city shows no inclination to abolish the property tax on the basis of where the services or goods are delivered, though suburban residents buy heavily the products of city stores, breweries, etc., even as city residents use utility services.

And in reply to the tenuous claim that water was provided to some of the suburbs on condition that they should later become part of Milwaukee, we advise that we can find no such agreement. The West Allis contract provides that if West Allis is ever annexed the distribution system located therein shall become the city's property which is merely an embodiment of the state law on the subject.

\*Report City of Milwaukee Comptroller March 31, 1956

Mr. Robert E. Dineen  
Chairman, Governor's Citizens' Committee

December 6, 1956  
Page Five

The city's communication to you seeks to divert your report on water and sewer in favor of a recommendation on tax redistribution. This, although tax and revenue problems are the assignment of the Governor's committee on Revenue Sources, and, significantly, the recent report of that committee made no recommendation to redistribute taxes. This, despite the fact that every community contiguous to Milwaukee gets water except Wauwatosa and Glendale. This despite immediate and severe sanitation needs in southern Milwaukee County. This, despite the fact that if all suburban resources were thrown into the big city swamp of inefficiency and expense they should soon sink and be absorbed only to be followed by a new appetite directed to new suburbs in adjoining counties.

Mayor Wagner of New York recently characterized the suburbs of his city as golden tributaries of prosperity flowing into the central city. Milwaukee's suburbs are entitled to like recognition. It may be true that the suburbs could not exist without the central community but it is even more a fact that this central community could not exist financially except for the contribution thereto by the suburbs.


The suburbs are also entitled to continuation of their existence and their historic revenues, subject to change only by the free consent of their people. They are further entitled to a reasonable solution of the water problem without sacrifice of their independence.

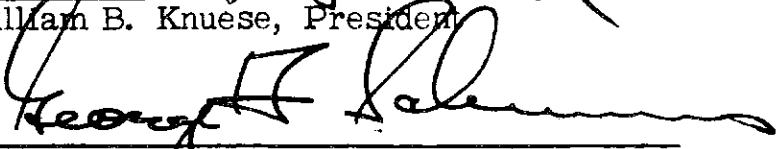
We have had scant time to submit this document but it sets forth the facts upon which our principles rest and we trust it will be of some aid to your committee.

Sincerely,

MUNICIPAL LEAGUE OF MILWAUKEE COUNTY

By:

  
William B. Knuese, President

  
George A. Schmus, Secretary



CONCURRENT RECOMMENDATION

By joint resolution (No. 15, S) of the 1955 Legislature, there was created an Urban Development Committee. It was directed to study the state's annexation and municipal incorporation statutes with particular reference to the following:

1. The need for clarification of existing law;
2. The need for reconciliation of conflicting statutory provisions;
3. The desirability of modernizing the entire annexation and incorporation procedure;
4. The evaluation of the effect of annexation and incorporation upon existing non-municipal boundaries, and on adjoining communities.

The committee was authorized to conduct public hearings within the state and shall have the power to administer oaths to persons testifying before it and may summon and compel the attendance of witnesses by subpoena issued over the signature of its chairman or acting chairman and served in the manner in which circuit court subpoenas are served.

The committee was directed to conduct its meetings and submit its reports as provided in the rules of the Legislative Council, or as otherwise directed by the Council.

All members of the Urban Development Committee were appointed by the Legislative Council. The membership was as follows: Chairman, Senator Walter L. Merten; Vice Chairman, Assemblyman Harvey R. Abraham; Secretary, David Carley; Senators, Peter P. Carr; Assemblymen, William R. Kasik, William Luebke; Public Members, Angus Beaton, Maxwell H. Herriott, Charles L. Goldberg.

Under date of September 12, 1956, the Honorable Walter J. Kohler, Governor of the State of Wisconsin, wrote a letter to Senator Merten, Chairman of the U.D.C.; that letter is incorporated as a part of this report as Exhibit J. In the letter Governor Kohler calls Senator Merten's attention to his letter of September 12, 1956 creating the Milwaukee Metropolitan Survey Committee. He also asked the U.D.C. to give consideration in its final report to the 1957 Legislature to a statutory agency to conduct on a continuing basis a study of municipal services in the

Milwaukee metropolitan area (other than water and sewage disposal) which are of concern to citizens..., such as highway, health, public safety, library and museum, tax assessments, and financial administration, education and recreation, and to make plans or coordinate plans of separate units of government for rendering such services on a metropolitan basis.

The U.D.C. appointed a Subcommittee consisting of Senator Merten, Senator Carr, Assemblyman Abraham, and Mr. Angus Beaton. By a unanimous vote, the Subcommittee expressed the belief that a proposal to create a state statutory agency for the study of municipal affairs was outside the legislative charge made to the U.D.C.; on the other hand, however, the Subcommittee was in complete accord with a draft of proposed legislation. It believed that the proposed legislation was within the purview and prerogative of the Committee and, more important, very necessary to fulfill the responsibility imposed upon the Committee by the Legislature.

A copy of the proposed bill is attached to this report as Exhibit K. In substance, Chairman Merten's Subcommittee recommended that the Legislature provide for a state-wide study of problems of urban expansion under a fifteen man committee consisting of three Senators, four Assemblymen and eight citizens.

At a meeting held November 15, 1956, the full Committee unanimously recommended the bill to the Legislative Council for introduction and passage.

VI METROPOLITAN PROBLEMS STATE-WIDE LEGISLATIVE STUDY

Milwaukee Common Council Proceedings, Oct. 30, 1956, page 2027

By ALD. SCHIMENZ--

FILE NUMBER 56-2187-e

Resolution ordering and directing the Judiciary Committee of the Common Council and the Common Council's legislative representatives at Madison to draft and sponsor a bill or a joint resolution directing a state-wide legislative study of the problems existing in metropolitan or urbanized areas.

WHEREAS, The City of Milwaukee was born as a City by the passage and approval of its first Charter on January 31, 1846, and has been governed by such original Charter and acts amendatory thereof; and

WHEREAS, Pursuant to Chapter 62.11, Sub-section 5 of the Statutes of 1933, powers of the Common Council are spelled out, this being found in Chapter 6.04 of the City Charter of 1933, as amended, and Chapter 6.06 of the Milwaukee City Charter; and

WHEREAS, Chapter 6, especially sub-chapter 6.01 and 6.02, set forth the Home Rule provisions for the method and determination of the local affairs and government of cities and villages; and

WHEREAS, The only changes that can be made to said Milwaukee City Charter would have to be done by the State Legislature or under Chapter 6.02 of the Milwaukee City Charter with relation to the Home Rule provisions thereon; and

WHEREAS, The population trend has been on a tremendous increase in urbanized areas in the State of Wisconsin; and

WHEREAS, This growth of population has created many problems concerning the providing of services which people desire and the necessary taxation provisions to make such services possible; and

WHEREAS, It is the function of the State Government, acting through its legislature by virtue of the constitution and the statutes made and provided, to study and thereafter legislate effective ways and means of providing such services and paying for them; and

WHEREAS, It is not feasible because of the manifest conflict of interest to effectively study and solve such problems on a local level; and

WHEREAS, Historically, all cities and villages resist the imposition of a government or governments on the integrity of its boundaries without proper legislative study; and

WHEREAS, The Honorable Walter J. Kohler, Governor of the State of Wisconsin, did on September 12, 1956 in part recommend to the Honorable Walter L. Merten, State Senator and Chairman of the Urban Development Committee that "consideration be given to these matters by your committee, and that legislative proposals be included in the committee's Final Report submitted to the 1957 legislature providing for a statutory agency to conduct on a continuing basis a study of municipal services other than water and sewage disposal, which are of concern to citizens throughout metropolitan areas, such as highways, health, public safety, libraries and museums, tax assessments and financial administration, education and recreation . . . ."; and

WHEREAS, Under date of June 9, 1955, Bill No. 600, S was introduced by the Committee on Legislative Procedure relative to a metropolitan problems study and which in principle was supported by the City of Milwaukee in the last session of the legislature towards the end of having a state-wide study by the Wisconsin Legislature; now, therefore, be it

Resolved, That the Judiciary Committee of the City of Milwaukee and the City of Milwaukee legislative representatives are hereby ordered and directed to prepare a bill or a joint resolution or to support any bill or joint resolution which would provide for a state-wide legislative study of the problems existing in metropolitan or urbanized areas.

Referred to the Committee on Judiciary-Legislation.

Adopted November 27, 1956.

Copied by Citizens' Governmental Research Bureau  
12/3/56

STATE OF WISCONSIN  
OFFICE OF THE GOVERNOR  
Madison, Wis.

September 12, 1956

State Senator Walter L. Merten  
2325 N. 50th Street  
Milwaukee, Wisconsin

Dear Senator Merten:

I have today appointed a citizens committee to survey problem relating to water supply and disposal in Milwaukee County. Copy of the announcement is enclosed. I appreciate the fact that the citizens of Milwaukee County are faced with many metropolitan problems, in addition to those of water supply and disposal and related financial implications. Inasmuch as these problems are worthy of attention at the coming session of the legislature, and are closely related to your committee's studies of municipal incorporation and annexation statutes, I recommend that consideration be given to these matters by your committee and that legislative proposal be included in the committee's final report submitted to the 1957 legislature, providing for a statutory agency to conduct on a continuing basis, a study of municipal services other than water and sewage disposal which are of concern to citizens throughout metropolitan areas, such as highways, health, public safety, library and museum, tax assessments and financial administration, education and recreation, and to make plans or coordinate plans of separate units of government for rendering such services on a metropolitan basis.

I sincerely trust that your committee may see fit to adopt these suggestions.

Yours very sincerely

(s) Walter J. Kohler

Walter J. Kohler  
Governor

## A BILL

To create 13.55, 20.005 (2) (a) (line 444a) and 20.520 (6) of the statutes, relating to the establishment of a governor's committee to study problems of urban expansion, and making an appropriation.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 13.55 of the statutes is created to read:

13.55 GOVERNOR'S STUDY COMMITTEE ON PROBLEMS OF URBAN EXPANSION. (1) Purpose. The purpose of the governor's study committee on problems of urban expansion is to conduct studies of the problems confronting city and village governments throughout the state resulting from urban expansion and the effect of such expansion upon adjacent communities.

(2) Creation. The governor's study committee on problems of urban expansion is created on July 1, 1957, for the period until June 30, 1959, and shall consist of 3 senators, and 4 assemblymen, who shall be appointed as are standing committees, and 8 citizens appointed by the governor, having a general interest in problems of urban expansion and who shall not hold public office during their appointment. Vacancies shall be filled in the same manner as are the original appointments except that vacancies in the seat of a legislative member, occurring during the legislative interim, shall be filled by the legislative council at its next meeting following the occurrence of the vacancy.

(3) Organization. (a) The committee is attached to the joint legislative council for administrative purposes only.

(b) The committee may employ such research staff as it deems necessary outside ch. 16.

(c) Members of the committee shall receive no compensation but shall be reimbursed for the actual and necessary expenses incurred in the performance of their duties.

(d) The committee may appoint subcommittees for the purpose of conducting studies in conformity with the purposes and duties set forth in this section. The subcommittees may include members of the committee and citizens residing in the problem areas who have demonstrated interest and competency in the matters to be studied, who shall not hold public office during their tenure.

(4) Powers of the committee. (a) The committee may hold public hearings in various parts of the state and subpoena and swear witnesses as provided in ss. 13.25 to 13.30 and may require the production of documents, books and records relevant to the subject of its inquiry.

(5) Duties. The committee shall have the following specific duties which are not restricted because of enumeration:

(a) Ascertain the problems affecting cities and villages and adjacent communities resulting from urban expansion.

(b) Determine what areas of the state are or may be concerned with problems of urban expansion.

(c) Consider and recommend such revisions in the statutes as are deemed necessary to aid in the solution of the problems resulting from urban expansion.

(d) Consider the respective roles of the state and local governments in the solution of such problems.

(e) Report its findings and recommendations including specific legislative proposals to the 1959 legislature when it convenes.

(6) Intent. It is the intention of the legislature to provide

for studies of problems of urban expansion throughout the state and this section shall not be construed to preclude or limit any study of such problems by any other duly authorized committee.

(7) Gifts and grants. The legislative council may accept gifts and grants for the purpose of financing this study in accordance with s. 20.953.

SECTION 2. 20.005 (2) (a) (line 444a) of the statutes is created to read:

20.005 (2) (a)		
444a. Urban expansion	20.520 (6) B	1957-58 \$30,000

SECTION 3. 20.520 (6) of the statutes is created to read:

20.520 (6) There is appropriated from the general fund to the joint legislative council for the biennium 1957-59, \$30,000 to conduct the study on urban expansion, authorized by s. 13.55.

(End)

Fiscal note required.



## I. WATER UTILITY DATA in 19 of the 25 LARGEST U.S. CITIES

Source: Citizens' Governmental Research Bureau of Milwaukee questionnaire dated Oct. 24, 1956 sent to chief administrator of each water system

Note: 19 of the 25 cities replied.

1. Suburban population served in 1955 by the community owning the water utility:

4 cities do not sell water to their suburbs: Philadelphia  
St. Louis  
Boston  
Houston (has "customers"  
outside city)

6 cities sell less than 10% of their total sales to suburbs: % Suburban Water Sales  
are of Total Sales

Los Angeles	1.2%
Pittsburgh	2.2
Indianapolis	3.3
Minneapolis	3.6
New York City	6.2
Buffalo	8.3

8 cities sell from 10% to 33% of their total sales to suburbs:

Indianapolis	13.0
Seattle	13.5
<u>MILWAUKEE</u>	14.6
Chicago	15.3
Washington, D.C.	18.6
San Francisco	26.1
Newark	31.3
Detroit	32.7

1 city sells more than one third of its total sales to suburbs:

Cleveland	37.4
-----------	------

Average for the 19 cities (median)	Buffalo	8.3
------------------------------------	---------	-----

See table on page 9.

WATER UTILITY DATA IN 25 LARGEST U.S. COMMUNITIES

Source: Citizens' Governmental Research Bureau Questionnaire of Oct. 24, 1956  
 Question #1 Estimated Population Served, 1955

City	Owner of Water Utility	Localities Served	Total	% Distribution		Total
				Owner	Other	
New York City	7,600,000	500,000	8,100,000	93.8%	6.2%	100.0%
Chicago	3,750,000	678,000	4,428,000	84.7	15.3	100.0
Philadelphia	2,161,000	0	2,161,000	100.0	0	100.0
Los Angeles	2,163,000	26,000	2,189,000	98.8	1.2	100.0
Detroit	1,902,000	925,000	2,827,000	67.3	32.7	100.0
Cleveland	913,500	546,500	1,460,000	62.6	37.4	100.0
Baltimore	678,169	0	878,169	100.0	0	100.0
St. Louis	850,000	194,000	1,044,000	81.4	18.6	100.0
Washington D.C.	817,000	0	817,000	100.0	0	100.0
San Francisco	850,000	300,000	1,150,000	73.9	26.1	100.0
Pittsburgh	676,806	15,194	692,000	97.2	2.2	100.0
Milwaukee	681,000	116,200	797,200	85.4	14.6	100.0
Houston	725,000	0	725,000	100.0	0	100.0
Buffalo	585,000	53,000	638,000	91.7	8.3	100.0
New Orleans	540,000	20,000	560,000	96.4	3.6	100.0
Minneapolis	560,000	87,600	647,600	86.5	13.5	100.0
Cincinnati	438,776	200,000	638,776	68.7	31.3	100.0
Seattle	582,000	20,000	602,000	96.7	3.3	100.0
Kansas City, Mo.	450,000	67,000	517,000	87.0	13.0	100.0

1/ Plan Comm. Estimate 2/ Estimate based on water sales

Citizens' Governmental Research Bureau Paula Lynagh 11/27/56

2. Name of the Agency operating the water utility

7 cities have a water department:

New York City  
Philadelphia  
Detroit  
San Francisco  
Pittsburgh  
Seattle  
Indianapolis--privately owned

4 cities have a separate division in the department of public works:

Boston  
MILWAUKEE  
Buffalo  
Newark

4 cities have a water division in another department:

St. Louis, Public Utilities Department  
Houston, Public Utilities Department  
Minneapolis, City Engineer's Office  
Los Angeles, Department of Water and Power  
Cleveland, Division of Water and Heat, Utilities Department

4 cities have the sewer and water systems operated by the same agency:

Chicago  
Dallas  
Washington, D. C.

See table on page 10.

3. Number of suburban communities served by water utility in October 1956.

4 cities do not sell water to their suburbs:

Philadelphia  
 St. Louis  
 Boston  
 Houston (has "customers"  
 outside city)

7 cities serve not more than 10 suburbs:

	<u>Number of Suburbs Buying Water</u>
Washington, D.C.	2
Pittsburgh	4
Minneapolis	4
Newark	6
<u>MILWAUKEE</u>	6
Dallas	10
Denver	10

6 cities serve more than 10 suburbs:

Seattle	18
San Francisco	20 (about)
Detroit	41
New York City	50
Chicago	54
Cleveland	59

2 cities did not indicate the exact number:

Los Angeles--various unincorporated  
 areas  
 Buffalo--none wholly

See table on page 11.

WATER UTILITY DATA IN 25 LARGEST U.S. COMMUNITIES - page 3

Question #3

Number of communities supplied, 1956

Owner of Water Utility

Other

Localities Served

Total

New York City	City of New York	50 - cities, villages, townships etc	51	
Chicago	City of Chicago	54	55	
Philadelphia	City of Philadelphia	0	1	
Los Angeles	City of Los Angeles	7 - various unincorporated areas		
Detroit	City of Detroit	41 - suburbs	42	
Baltimore		20		
Cleveland	City of Cleveland	59 - cities, 34 villages, 5 townships	60	
St. Louis	City of St. Louis	0	1	
Washington D.C.	District of Columbia	2 - 1 city, 1 county-also limited service to Washington Suburban Sanitary Commission & Pentagon & other federal buildings outside D.C.	3	
Boston	City of Boston	0		
San Francisco	City of San Francisco	20 - (about 20)	21	
Pittsburgh	City of Pittsburgh	4 - 2 boroughs; 2 townships	5	
Milwaukee	City of Milwaukee	6 - 2 cities, 4 villages	7	
Houston	City of Houston	-	1	
Buffalo	City of Buffalo	- none wholly		
New Orleans				
Minneapolis	City of Minneapolis	4 - 2 villages completely; 2 villages partially	5	
Cincinnati				
Seattle	City of Seattle	18 - 16 water districts, 2 towns	19	
Kansas City, Mo.				
Newark	City of Newark	6 - 1 city, 5 towns and communities	7	
Dallas	City of Dallas	10	11	
Indianapolis	City of Indianapolis (private)	10 - incl. towns & unincorporated areas	11	
Denver				
San Antonio				

4. Annual water bills as of October, 1956 (meter charges included)a. Typical residential customer (75,000 gals.; 10,000 cu. ft.—5/8" meter)

2 cities less than \$10:	#Chicago	\$ 9.00
	<u>#MILWAUKEE</u>	9.75
9 cities \$10 to \$15 inclusive:	#Cleveland	10.40
	#Detroit	12.08
	#Buffalo	13.20
	Newark	14.16
	St. Louis	14.60 (same as in 1918)
	Philadelphia	14.70
	Seattle	14.80
	New York City	15.00
	Washington, D.C.	15.08
7 cities \$16 or more:	Dallas	17.25
	Minneapolis	20.00
	Boston	20.00
	Los Angeles	21.76
	San Francisco	24.46
	Indianapolis	29.02
	Houston	31.68
1 city no report	Pittsburgh	

Average for the 18 cities (median) average of New York & Seattle - \$14.90

#The five Great Lakes cities have the lowest annual water bills.

b. Large industrial customer (30,000,000 gals.; 4,000,000 cu. ft.—4" meter)

5 cities less than \$3,000	#Buffalo	\$2,371
	#Detroit	2,697
	<u>#MILWAUKEE</u>	2,770
	#Cleveland	2,785
	St. Louis	2,864
8 cities \$3,000 to \$5,000 inclusive	Philadelphia	3,292
	#Chicago	3,600
	Dallas	3,600
	Newark	3,656
	Seattle	4,005
	Denver	4,078
	Washington, D.C.	4,404
	Los Angeles	4,576
5 cities more than \$5,000	Boston	5,160
	Houston	5,170
	New York City	6,000
	San Francisco	6,130
	Minneapolis	8,000
1 city no report	Pittsburgh	

Average for the 18 cities (median) average of Seattle and Newark - \$3,830.

#Four of the five Great Lakes cities have the lowest annual water bills.

See table on page 12.

ANNUAL WATER BILLS  
as of October, 1956

Citizens' Governmental Research Bureau, Paula Lutzagh  
In Owner Community

Question 5 75,000 gals. (10,000) cu. ft. 30,000,000 gals. (4,000,000) cu. ft.

Peter Charges Included	5/8" meter	4" meter	Increase percentage charged to suburbs in comparison with customers within city	Water sold to suburbs	Distribution system of suburbs
New York	\$15.00 5/	\$6,000.00	At cost to city	Wholesale	Owned by suburbs
Chicago	9.00	3,600.00	None	Wholesale	Owned by suburbs
Philadelphia	14.70	3,291.75	None sold	None sold	Owned by suburbs
Los Angeles	21.76	4,576.20	50%	Retail	Owned by city
Detroit	12.08	2,597.44	5%	Wholesale	Owned by suburbs
Baltimore					
Cleveland	10.40	2,785.00	Varies according to elevation	5 Wholesale	5 1/2 direct service
St. Louis	14.60	2,863.90	None sold	None sold	Owned by suburb
Washington D.C.	15.08	4,404.08	-	Wholesale	None sold
Boston	20.00	5,160.00	None sold	Wholesale	None sold
San Francisco	24.46	6,130.20	About 50%	-	Owned by suburbs
Pittsburgh			25%		Owned by suburbs
Milwaukee	9.75 1/	2,770.00	25%	Wholesale	Owned by suburbs
Houston	31.68	5,170.08	50% 2/	(a)	Owned by suburbs
Buffalo	13.20	2,371.12	59%	Flat \$1.00 MGF	Owned by suburbs
New Orleans					
Vincennes	20.00 3/	8,000.00	25%	Wholesale primarily	Owned by suburbs
Cincinnati					
Seattle	14.80	4,004.80	50%	10%	Owned by suburbs
Kansas City, Mo.					
Newark	14.16	3,656.16	50%	Wholesale	Owned by suburbs
Dallas (water only)	17.25	3,600.00	50%	On basis of cost to serve	Owned by suburbs
Indianapolis	29.02	4,078.22	4/	None wholesale	All company owned
Denver					
San Antonio					

Milwaukee's rank from highest 17  
 (a) No reply 3/ No service charge 1/ Suburban surcharge for metered water service outside inc. towns: 75% to \$30 based on meter size.  
 1/ Includes service charge. Does not include 25% emergency rates increase to customers within city effective Aug. 1956. Further increase in rates is under consideration  
 2/ Applies to customers outside city 5/ 25% of water sold is metered. Unmetered water charges based on frontage & fixtures

5. Additional charge to suburbs for water purchased

4 cities do not sell water to their suburbs:

Philadelphia  
St. Louis  
Boston  
Houston

1 city sells water to suburbs at the same price:

Chicago

4 cities additional charge not exceeding 25%:

Additional percentage  
charged suburbs

Detroit	5%
Pittsburgh	25
<u>MILWAUKEE</u>	25
Minneapolis	25

6 cities 50% or more additional charge to suburbs:

Los Angeles	50
(Houston)	50 to "customers outside city")
San Francisco	50 (about)
Seattle	50
Dallas	50
Newark	50
Buffalo	59

4 cities additional charge, but reply indefinite:

New York City--at cost to city  
Cleveland--varies according to  
elevation  
Washington, D. C.--no reply  
Indianapolis--Towns: 75¢ to \$30  
based on meter size

Note: 6 of the 15 cities which sell to their suburbs charge 50% or more additional.

See table on page 12.



6. Wholesale or retail rate for water purchased by suburbs.

8 cities sell at wholesale rates to suburbs:	New York City Chicago Detroit Cleveland--5 wholesale 5 1/2 direct service Washington, D.C. MILWAUKEE Minneapolis--primarily Newark
2 cities sell at retail rates to suburbs:	Los Angeles Indianapolis--private company
4 cities do not sell water to suburbs:	Philadelphia St. Louis Boston Houston (has "customers" outside city)
5 cities no reply or indefinite	San Francisco Pittsburgh Buffalo Seattle Dallas--"based on cost."

Note: 8 of the 15 cities which sell to their suburbs do so on a wholesale basis.

7. Ownership of suburban water distribution system.

The suburbs own their water distribution systems when they purchase on a wholesale basis from the central city.

The two cities which sell at retail rates to suburbs also own the suburban water distribution systems (Los Angeles and Indianapolis--the latter is a private company).

See table on page 12.

8. Percentage of operating revenue from water sales in 1955 paid by suburbs.

There is a close correspondence between (a) the percentage of the total population served which is suburban (see item 1); and (b) the percentage of the total operating revenue from water sales paid by suburbs.

For example, the city of Milwaukee:

14.6% of the total population served live in the suburbs;  
15.6% of the operation revenues from the sale of water represent water purchased by suburban people or industries.

The exceptions are:

	<u>% Suburbs are of Total Service</u>		<u>Comment</u>
	<u>Population</u>	<u>Water Sales</u>	
Newark	31.3%	17.5%	The population was indicated as estimated.
Cleveland	37.4	50.6	Suburban charges vary according to elevation.
Average for the 19 cities (median)	8.3	6.5	

See table on page 13.

OPERATING REVENUE FROM WATER SALES IN 1955

Question 4 Finance (a) Page 4	Amount		Total	Percent Distribution		Total
	City	Suburbs		City	Suburbs	
New York	\$43,523,200 2/	\$2,876,800 2/	\$46,400,000	93.8	6.2	100.0
Chicago	27,315,277	4,661,640	31,976,917	85.4	14.6	100.0
Philadelphia	13,263,058	0	13,263,058	100.0	0	100.0
Los Angeles	28,180,581 2/	342,274 2/	28,522,855	98.8 2/	1.2 2/	100.0
Detroit	11,154,531	5,577,266	16,731,797	66.7	33.3	100.0
Baltimore						
Cleveland	6,550,782	6,705,408	13,256,190	49.4	50.6	100.0
St. Louis	5,710,319	0	5,710,319	100.0	0	100.0
Washington D.C.	7,033,275 1/	489,473	7,522,748	93.5	6.5	100.0
Boston	6,237,142	0	6,237,142	100.0	0	100.0
San Francisco	9,934,446	3,853,927	13,788,373	72.0	28.0	100.0
Pittsburgh	7,051,740	158,628	7,210,368	97.8	2.2	100.0
Milwaukee	4,196,552	774,405	4,970,957	84.4	15.6	100.0
Houston	6,640,066	0	6,640,066	100.0	0	100.0
Buffalo	3,327,388	299,558	3,626,946	91.7	8.3	100.0
New Orleans						
Minneapolis	4,564,000	185,000	4,749,000	96.1	3.9	100.0
Cincinnati		No reply	(6,501,995)		No reply	
Seattle	3,460,457	578,918	4,039,375	85.7	14.3	100.0
Kansas City, Mo.						
Newark	3,645,112	770,828	4,415,940	82.5	17.5	100.0
Dallas	7,163,771	238,547	7,402,318	96.8	3.2	100.0
Indianapolis	6,882,697 2/	1,028,449 2/	7,911,146	87.0 2/	13.0 2/	100.0
Denver						
San Antonio						
Total	205,834,394	28,541,121	234,375,515	87.8	12.2	100.0
Cincinnati			6,501,995			
			240,877,510			

1/ Includes \$352,945 for sales to Washington Suburban Sanitary Commission, the Pentagon and other federal buildings outside D.C.

2/ Estimate based on population served

FINANCIAL STATEMENTS OF WATER UTILITIES IN 1956  
 Sources: Citizens' Governmental Research Bureau Questionnaire of Oct. 24, 1956

Question lb, page 5	Gross Revenue	Operation-Expenditure	Depreciation	Taxes and to General Surplus	Fire Dept., etc. payment	Other Deductions	Total Operation Deductions	Gross Operation Profit
New York	\$ 46,400,000	\$ 15,800,000	--	Incl. in operating expense	None	1/	\$ 15,800,000	\$30,600,000
Chicago	31,976,917	23,302,473	1/	1/	1/	1/	23,302,473	8,674,444
Philadelphia	13,262,058	9,099,409	--	None	463,000	1/	9,562,409	3,700,649
Los Angeles	28,522,855	14,032,590	5,615,534	589,337	Not segregated	-81,186	20,156,275	8,366,580
Detroit	16,731,797	7,754,795	3,303,645	1/	1/	1/	11,058,440	5,673,357
Baltimore	13,256,190	7,304,740	1,463,544	--	--	--	8,768,284	4,487,906
Cleveland	5,710,319	5,271,465	None	273,666	1/	1/	5,545,131	165,188
St. Louis	7,522,748	5,113,847	1,579,652	None	(277,265)	1/	6,693,499	829,249
Washington, D.C.	6,237,442	6,107,704	None	57,917	Free	None	6,165,621	71,521
Boston	13,783,373	7,364,213	1,190,549	703,037	740,038	53,283	10,051,120	3,737,253
San Francisco	7,210,368	4,811,290	800,000	1,000,000	(358,000)	4,675	6,611,290	599,078
Pittsburgh	4,970,957	2,611,863	517,820	700,000	356,350	None	4,220,733	750,219
Millwaukee	6,410,066	3,637,942	None	None	Free 4/	None	3,637,942	3,002,124
Houston	3,626,946	1,955,242	804,150	533,567	--	122,795	3,415,754	211,192
Raffalo	4,749,000	3,458,850	498,000	None	Part of operating expense	150,000	4,406,850	342,150
Minneapolis	6,501,995	4,075,054	793,173	1/	1/	1/	4,868,227	1,633,768
Cincinnati	4,039,375	1,975,489	991,685	992,267	1/	1/	3,959,441	79,934
Seattle	4,415,940	2,468,160	892,000	183,043	--	--	3,483,203	932,737
Kansas City, Mo.	7,402,318	3,517,391	1/	1/	1/	1/	3,517,391	3,884,927
Newark	2,266,174	2,266,174	1/	2,862,820	(533,013)	p.6	5,574,844	2,336,302
Dallas-Water only			474,978					
Indianapolis								
Denver								
San Antonio								
Total	240,377,510	131,958,691	13,864,730	7,895,654	1,096,418	983,439	160,793,932	80,078,578

1/ No reply  
 2/ Applied to capital outlay  
 3a Fire dept.- 30 charities--not deducted.  
 4/ Estimated value \$350,000 annually  
 5/ Employee retirement

6/ Represents a 3 year accumulated payment to the City Pension program-annual payment will approximate \$150,000  
 7/ Incl. maintenance  
 8/ Taxes only

9/ Inserted to force balance  
 10/ Per balance sheet. Questionnaire \$6,740,704-- \$129,474 difference

Citizens' Governmental Research Bureau, 11/29/56 Paula Lynagh

Financial Statements of Water Utilities in 1956

Source: Citizens' Governmental Research Bureau Questionnaire of Oct. 24, 1956

City	Less Interest and Principal on Debt	Net Operation Profit	Loss	% Gross Operation Profit (8) is of Gross Revenue	% Gross Operation Expense (2) is of Gross Operation Revenue (1)	% Net Operation Profit or Loss (10 and 11) is of Total Operating Deductions (7)
New York	\$39,700,000	-	\$9,100,000	65.9%	34.1%	-57.6%
Chicago	6,248,588	2,425,856		27.1	72.9	10.4
Philadelphia	2,855,800	844,769		27.9	68.6	8.8
Los Angeles	2,364,594	6,001,986		29.3	49.2	29.3
Detroit	1,739,965	3,933,392		33.9	46.3	35.6
Baltimore						
Cleveland	1,205,718	3,282,188		33.9	55.1	37.4
St. Louis		165,188		2.9	92.3	3.0
Washington, D.C.	144,800	684,449		11.0	68.0	10.2
Boston	12,300	59,221		1.1	97.9	1.0
San Francisco	838,325	2,898,928		27.1	53.4	23.8
Pittsburgh	178,449	420,629		8.3	66.7	6.4
Milwaukee	10,283	739,936		15.1	53.1	17.5
Houston	2,043,189	953,935		45.2	54.8 (Median)	26.2
Buffalo	211,192	(533,567 to general city surplus)		5.8	53.9	0
New Orleans						
Minneapolis	665,000		322,850	7.2	72.8	7.3
Cincinnati	693,682	940,086		25.1 Median	62.7	19.3
Seattle	49,580	30,354		2.0	48.9	.8
Kansas City, Mo.						
Nemask	402,234	530,503		21.1	55.9	15.2
Dallas-Water only	3,371,710	513,217		52.5	47.5	14.6
Indianapolis	423,909	1,912,393		29.5	28.6	34.3
Denver						
San Antonio						
Total	63,164,398	26,337,030	9,422,850	33.2	54.3	10.5
		Net 16,914,180				

Citizens' Governmental Research Bureau, 11/29/56 Paula Lynagh

EXHIBIT G

II. ROLE of MILWAUKEE CITY and COUNTY in WISCONSIN

Population

	<u>PERCENTAGE of WISCONSIN</u>		<u>Source:</u>
	<u>City of Milwaukee</u>	<u>County of Milwaukee</u>	
1950	18.558%	25.361%	U. S. Census
1956	19.416	26.625	Special U. S. census as of 1-1-56 for Milwaukee; U. S. census estimate for Wis.
1960	19.4	27.0	Citizens' Governmental Research Bureau estimate
1965	19.9	28.0	Citizens' Governmental Research Bureau estimate

Vital Statistics--Source: Wisconsin Board of Health for Wisconsin & Milwaukee County  
Milwaukee Health Department for City of Milwaukee

	<u>PERCENTAGE of WISCONSIN</u>			
	<u>City of Milwaukee</u>		<u>County of Milwaukee</u>	
	<u>1950</u>	<u>1955</u>	<u>1950</u>	<u>1955</u>
Population	18.6%	18.5%	25.4%	25.7%
Livebirths	18.0	19.3	24.5	26.0
Deaths	18.2	19.6	24.8	25.3
Marriages	26.1	24.7	27.6	26.7
<u>Economics</u>				
Number of motor vehicle registrations (Wis. Motor Vehicle Dept.)	16.6	16.3	21.6	22.5
Effective buying power, 1955 (Sales Management 5-10-56)		23.9		33.0
Total retail sales, 1955 (Sales Management 5-10-56)		23.9		29.4
Census of Business, 1954, Receipts of all establishments		39.7		43.9
U. S. Census, 1950 Labor force	20.9	---	26.4	---
Employed in manufacturing	29.0	---	38.7	---

	PERCENTAGE OF WISCONSIN			
	City of Milwaukee		County of Milwaukee	
	1950	1955	1950	1955
<u>Government Finance</u>				
Long term indebtedness as of 12-31 (Wis. Dept. of State Audit)	6.4%	16.9%	33.3%	37.6%
Equalized valuation of taxable property (Wis. Dept. of Taxation)	19.06	21.48#	27.98	32.09#
Property taxes levied (Wis. Dept. of Taxation)	24.3	24.5*	32.5	33.7*
#1956 for 1957 purposes. *1955 for 1956 purposes.				
<u>Received from state: 1954-55</u> (Wis. Department of Taxation)				
Normal income tax		26.4		43.7
Local share of utility tax		16.5		27.6
Highway aids--local only		10.8		15.5
School aids		10.0		15.2
Total shared taxes and aids--city and schools (excludes payments to county government)		18.9		29.7

III

III MILWAUKEE COUNTY METROPOLITAN SEWERAGE DISTRICT

% of Equalized Valuation  
Included in District  
(1955 for 1956 purposes)

<u>Cities</u>	
Franklin	0
Cudahy	85.5%
Glendale	100.0
Greenfield	44.0
Milwaukee	99.8
Oak Creek	0
South Milwaukee	0
St. Francis	100.0
Wauwatosa	100.0
West Allis	95.9
<u>Villages</u>	
Bayside	100.0
Brown Deer	100.0
Fox Point	100.0
Glendale	0
Hales Corners	0
River Hills	100.0
Shorewood	100.0
West Milwaukee	100.0
Whitefish Bay	100.0
<u>Towns</u>	
Granville	100.0
<u>Total County</u>	95.5

1956 Report of Sewerage Commission, p. 53

Area

Total area of District 96,168 acres

Area sewered (estimated) 65,000 acres

Population

Population in District 925,000

Population tributary to sewered area 897,250

Population connected to system 879,305

1956-Based on 1st 6 months  
Full-time Employees

Number of Employees 411

Annual Payroll \$2,295,000

Annual average salary \$5,560



W-1  
A  
M-1  
1:  
1956

★ ★ ★ ★ ★ ★ ★ ★ ★ ★ **Greater Milwaukee Committee** ★ ★ ★ ★ ★ ★ ★ ★ ★ ★  
**FOR COMMUNITY DEVELOPMENT**

110 E. WISCONSIN AVENUE • MILWAUKEE 2, WISCONSIN • PHONE BROADWAY 2-0588

**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.

**MEMBERS**  
**GOVERNOR'S METROPOLITAN STUDY COMMITTEE**  
September-December, 1956

ROBERT E. DINEEN, Chairman  
*Vice President, Northwestern Mutual Life Insurance Co.*

DR. GEORGE PARKINSON—Vice Chairman  
*Vice Provost, University of Wisconsin—Milwaukee.*

GEORGE P. ETTENHEIM—Secretary  
*Attorney at Law*

JOSEPH F. HEIL, SR.  
*President, Heil Co.*

DR. JOHH S. HIRSCHBOECK  
*Dean, Marquette University Medical School*

HUGO KUECHENMEISTER  
*Vice President and Treasurer, Schuster's*

WILLIS SCHOLL  
*Executive Vice President, Allis-Chalmers Manufacturing Co.*

**"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.