



WISCONSIN LEGISLATIVE COUNCIL

LOCAL SERVICE CONSOLIDATION

**Milwaukee DNR Southeast Region Headquarters
2300 N. Dr. Martin Luther King Jr. Drive
Rooms 140 and 141
Milwaukee, WI**

November 10, 2010
10:00 a.m. – 2:30 p.m.

[The following is a summary of the November 10, 2010 meeting of the Special Committee on Local Service Consolidation. The file copy of this summary has appended to it a copy of each document prepared for or submitted to the committee during the meeting. A digital recording of the meeting is available on our Web site at <http://www.legis.state.wi.us/lc>.]

Call to Order and Roll Call

Chair Zepnick called the committee to order. The roll was called and a quorum was present.

COMMITTEE MEMBERS PRESENT: Rep. Josh Zepnick, Chair; Rep. Mark Gottlieb, Vice-Chair; Rep. Jeff Stone; and Public Members Richard Abelson, Debra Amesqua, Allan Bilbao, Ron Chamberlain, Tina Cruse, Joseph Czarnecki, Dennis Dresang, Ken Hartje, Joe Heim, William Mielke, Mark Nicolini, Dennis O'Loughlin, and Michael Woodzicka.

COMMITTEE MEMBERS EXCUSED: Rep. Mark Pocan; and Public Member Chuck Hicklin.

COUNCIL STAFF PRESENT: Melissa Schmidt and Jessica Karls-Ruplinger, Staff Attorneys.

APPEARANCES: Paul Kent and Connie Anderson, Partners, Stafford Rosenbaum, LLP; Mark Rohlfing, Fire Chief, City of Milwaukee; Dennis Yaccarino, Office of Budget and Management, City of Milwaukee; David Callender, Legislative Associate, Wisconsin Counties Association (WCA); Andrew Phillips, Legal Counsel, WCA; Deb Detrick, Planning Analyst, Metropolitan Council (by phone); and Christine Cramer, Senior Economic Consultant, Ruekert-Mielke, Inc.

Approval of the Minutes of the Committee's October 5, 2010 Meeting

Mr. Woodzicka moved, seconded by Mr. Bilbao, that the minutes of the committee's August 31, 2010 meeting be approved. The motion passed on a voice vote.

Presentations by Invited Speakers

[Note: PowerPoint presentations and other documents referred to by the speakers are posted on the committee's Internet site.]

Paul Kent and Connie Anderson, Partners, Stafford Rosenbaum, LLP

Mr. Kent explained that many stormwater requirements are governed by federal law. He described the three pieces to state implementation of stormwater requirements: ch. NR 216, Wis. Adm. Code, relating to stormwater discharge permits; ch. NR 151, Wis. Adm. Code, relating to runoff management; and MS4 permits.

Ms. Anderson explained that ch. NR 216, Wis. Adm. Code, and s. 66.0301, Stats., offer opportunities for coordination on storm water management issues. She noted that s. 66.0301, Stats., is a good basis for intergovernmental cooperation because the provision defers to local control, and she described the types of activity that may be covered by a cooperative agreement under s. 66.0301, Stats. She explained that s. 66.0821, Stats., allows municipalities to create stormwater utilities and that the definition of "municipality" in s. 66.0821, Stats., does not include counties.

Mr. Kent and Ms. Anderson responded to questions from committee members. In his responses, Mr. Kent mentioned the Department of Natural Resources' working group on phosphorus and explained that adding counties to the definition of "municipality" in s. 66.0821, Stats., would create an opportunity for counties in stormwater management. Mr. Mielke requested that Mr. Kent and Ms. Anderson submit specific recommendations to the Special Committee regarding how the committee can help provide municipalities the tools to comply with phosphorus requirements placed on municipalities.

Mark Rohlfig, Fire Chief, City of Milwaukee; and Dennis Yaccarino, Office of Budget and Management, City of Milwaukee

Mr. Yaccarino described the agreement between the City of Milwaukee and the Village of West Milwaukee whereby the city would provide fire services to the village. He described how the agreement came about and the effect on fire services in the village. He explained that the agreement became effective in 1991 and that the village employees became city employees under the agreement. He noted that the Village of West Milwaukee Police Chief oversees the contract.

Mr. Rohlfig described the operational capabilities and resources of the City of Milwaukee Fire Department (MFD) and the response times for fire services, noting that the city has excellent response times both in the City of Milwaukee and the Village of West Milwaukee. He explained that the future potential for consolidation is excellent and that MFD has well-placed stations and resources to offer consolidation proposals. He also noted a proposal to consolidate 911 dispatch centers.

Further, Mr. Rohlfing explained the challenges to consolidation, including MFD's "stand alone" attitude, its poor relationships with county departments, and the lack of trust between MFD and local departments. He described the major concerns with consolidation, including community loss of identity and control and smaller communities receiving second-class service. Lastly, he described progress in consolidation, such as the Mutual Aid Box Alarm System (MABAS) and combined department training.

Mr. Yaccarino and Mr. Rohlfing responded to questions from committees members.

David Callender, Legislative Associate, WCA; and Andrew Phillips, Legal Counsel, WCA

Mr. Callender explained that collaboration works best when the state encourages, but does not mandate, collaboration. Mr. Phillips began his presentation by explaining that impediments to collaboration exist under current law. He described s. 66.0301, Stats., and noted that the section does not contain details about how a commission is to be formed and operated. He explained that although s. 66.0301, Stats., gives broad authority for collaboration, other statutory sections specify the way in which certain types of collaboration must occur. He suggested that the existence of the broad authority under s. 66.0301, Stats., and the specific authority under another statutory section creates ambiguity. He recommended that the Special Committee allow municipalities to use either s. 66.0301, Stats., or another relevant statutory section for collaboration. He discussed how his recommendation could work for county highway departments.

Mr. Callender and Mr. Phillips responded to questions from committee members.

Deb Detrick, Planning Analyst, Metropolitan Council

Ms. Detrick began her presentation with a brief history of the fiscal disparities program in Minnesota, noting that it was authorized in 1971 and implemented in 1975. She explained that the fiscal disparities program is a program in which taxing jurisdictions in seven counties in the Twin Cities metro area share part of the growth in the commercial-industrial tax base. She described the six objectives of the program: (1) providing a way for communities to share in the region's growth; (2) reducing competition for the tax base; (3) working within the existing system of local governments and local decisionmaking; (4) encouraging regional cooperation; (5) making resources available for early development and redevelopment; and (6) encouraging environmental protection.

Further, Ms. Detrick explained how the contributions and distributions work in the program. She stated that there are 123 net gainers and 57 net losers for 2010 under the program and described other impacts of the program on parcels and taxes. Lastly, she described changes to the program since its implementation.

Ms. Detrick responded to questions from committee members.

Christine Cramer, Senior Economic Consultant, Ruekert-Mielke, Inc.

Ms. Cramer began her presentation with a brief history of the sewer service issues that led to the revenue sharing agreement between the City of Racine and its outlying municipalities. She described the four-year process of reaching an agreement, including the formation of an informal group of chief elected officials. She then described the objectives of revenue sharing as sharing the commercial/industrial tax base, reducing competition for development, equalizing fiscal capacity,

reducing disparities in tax rates, and transferring revenue from wealthy municipalities to poorer municipalities.

Further, Ms. Cramer explained that Racine's revenue sharing agreement involves 30 years of payments with two components – sharing of commercial and manufacturing tax base and sharing of the overall tax base on the basis of fiscal capacity. She described the impacts of the program on fiscal capacity and from new development. Lastly, she noted the difficulty of achieving significant intermunicipal cooperation and other lessons learned from the program and its creation.

Ms. Cramer responded to questions from committee members.

Discussion of Committee Assignment

Committee members reviewed bill drafts and Memo No. 1, *Issues for Consideration by the Special Committee*.

Ms. Karls-Ruplinger described WLC: 0001/1, relating to county and municipal expenditures for emergency services, and WLC: 0002/1, relating to different property tax levy rates for parts of cities, villages, towns, counties, and school districts added by attachments to school districts, consolidations, and boundary changes under cooperative agreements (first consideration).

Mr. Mielke noted that WLC: 0002/1 is the same joint resolution that was previously passed by the Assembly and that it would probably result in more consolidations. Ms. Amesqua asked why the draft provides for 12 years of different tax rates. Mr. Mielke responded that the 12-year period was the result of negotiation. Mr. O'Loughlin stated that had the draft been in place five years ago, he believes there would have been a consolidation between two communities in his area.

Ms. Schmidt described WLC: 0004/P1, relating to loans and grants to study and implement the consolidation of municipal services. She explained that the bill draft contains comments with questions for the committee to answer as it considers the bill draft. Mr. O'Loughlin suggested that the terms "studying" and "implementing" be as broad as possible. Mr. Chamberlain suggested that the term "municipality" be kept broad as well. Ms. Amesqua recommended that municipalities be allowed both to study implementation and to implement service consolidation under the bill draft. Mr. Chamberlain suggested that the bill draft apply to any type of government service. Mr. Czarnezki recommended that the bill draft include consolidation of municipalities and not just service consolidation.

In addition, on WLC: 0004/P1, Vice-Chair Gottlieb commented that no money would be appropriated for the program and that the committee should consider using shared revenue to fund the program. Vice-Chair Gottlieb also recommended that the term "municipality" be narrow and that the first criteria in the program be how much money the consolidation will save, and he also cautioned against giving too much discretion to the Department of Administration in rulemaking under the bill draft. Mr. Chamberlain suggested that the first criteria be that the consolidation will save money or increase the service level. Mr. Heim supported a broad definition of "municipality" and would support a grant-only program. Vice-Chair Gottlieb commented that a loan program would be better because a municipality may need funding up front for the consolidation but would be able to recoup the money to pay back the loan over time as a result of the consolidation. Mr. O'Loughlin commented that municipalities should have some investment in the process. Mr. Dresang suggested that the committee

consider a process approach for the criteria in the bill draft, such a review by the Joint Committee on Finance or through the rule-making process.

Further, on WLC: 0004/P1, Mr. Mielke agreed with having a revolving loan fund and was not opposed to an origination fee, if it was tied to administrative costs, or a zero percent interest loan. He also recommended that all parties involved in the potential consolidation be involved in the application process and that the consolidation of municipalities also be included in the bill draft. Ms. Cruse recommended that the loan origination fee be capped or only apply based on the amount of the loan. Vice-Chair Gottlieb stated that a 25% contribution may not be needed if the program is a revolving loan fund. Lastly, Mr. Nicolini suggested that the economic growth criteria not be a necessary criteria.

Ms. Schmidt described WLC: 0019/1, relating to an exception to county and municipal levy limits for expenditures related to the study or implementation of service consolidation. Mr. Chamberlain requested that the bill draft apply to the county levy limit, and Mr. Nicolini requested that the bill draft apply to the school revenue limit. Vice-Chair Gottlieb recommended that the bill draft include a cap on the amount that the expenditures can exceed the levy limit. Mr. Czarnecki requested that the bill draft also apply to the consolidation of municipalities.

Ms. Karls-Ruplinger and Ms. Schmidt described Memo No. 1. Mr. Hartje inquired about current law requirements for fire services in cities. Mr. Woodzicka suggested that the committee review examples of fire protection districts in other states.

Other Business

Chair Zepnick invited members of the Special Committee to submit ideas for bill drafts to Legislative Council staff, as well as his office and Vice-Chair Gottlieb's office, within the next 10 to 14 days. He stated that the committee will review and vote on bill drafts at its next meeting.

Plans for Future Meetings

The next meeting of the Special Committee will be in early or mid-December.

Adjournment

The meeting was adjourned at 2:30 p.m.

JKR:ksm