
AT THE CENTER OF IT ALL

THE HIGH-ROAD STRATEGY FOR MILWAUKEE'S MENOMONEE VALLEY



A Report of Menomonee Valley Partners, Inc.
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TABLE OF CONTENTS

EXECUTIVE SUMMARY	i
RECOMMENDATIONS FOR REDEVELOPMENT OF THE MENOMONEE RIVER VALLEY	1
INTRODUCTION.....	3
<i>Strengthening our Region and our State by returning under- utilized urban assets to productive use</i>	<i>3</i>
<i>Setting the Stage.....</i>	<i>8</i>
THE FOUNDATIONS OF OPPORTUNITY	11
<i>Economic Infrastructure</i>	<i>11</i>
<i>Regional Cooperation.....</i>	<i>13</i>
DYNAMICS AND DEMOGRAPHICS OF MILWAUKEE METROPOLITAN DEVELOPMENT	15
<i>The Iron Law of Urban Decay.....</i>	<i>15</i>
<i>Residential Sprawl</i>	<i>17</i>
<i>Commercial Sprawl</i>	<i>19</i>
<i>Spatial Mismatch</i>	<i>20</i>
<i>Barriers to Mobility</i>	<i>22</i>
<i>Public Health and Environmental Quality</i>	<i>23</i>
THE HIGH-ROAD STRATEGY	25
<i>Making Choices</i>	<i>25</i>
<i>Making the Connection.....</i>	<i>26</i>
<i>Making the Case</i>	<i>28</i>
CONCLUSION	36
<i>Making It Happen</i>	<i>37</i>

Executive Summary

Milwaukee's Menomonee River Valley lies at the center of the City and the metropolitan region. For decades, the Valley was the engine for Milwaukee's manufacturing economy. Firms located in the Valley employed tens of thousands of people who populated the dense communities immediately north and south of the Valley. The fate of those communities remains today linked to activity – of the lack thereof – in the Valley.

Rates of job growth over the past 15 years in Milwaukee's suburbs have far outpaced job growth in the City of Milwaukee – between 1987 and 1992, for instance, suburban employment grew 24.8 percent versus 11.6 percent in the City. Job-seeking City residents face barriers to mobility and job access within the Milwaukee region – from transportation to housing affordability. Regional labor shortages co-exist with stubbornly high central city unemployment.

Returning economic opportunity to the City is vital for the long-term security of the Milwaukee metropolitan region.

Moreover, creating jobs and economic opportunity in the Valley are key to revitalizing its surrounding neighborhoods. Economic opportunity in the Valley, however, cannot be about just any jobs but, rather, jobs that pay family supporting wages, enhance the region's skills base, are close to where people live, and optimize linkages in the region's manufacturing economy.

Redevelopment of Milwaukee's Menomonee River Valley presents the greatest present opportunity to return land and existing infrastructure to productive use – nearly doubling the amount of industrial property available in the City. The Milwaukee Road Shops property, just east of Miller Park, offers an ideal location for an urban industrial “smart park” – high wage, high-quality development that maximizes business efficiencies and minimizes environmental impacts by employing existing technologies and management practices.

“Smart park” development scenarios for the Milwaukee Road Shops property could generate approximately 1000 jobs. Such development scenarios produce jobs whose earnings

average **at least twice** the earnings offered by retail-oriented development. Using data from the State's Department of Workforce Development, this report demonstrates that a retail-oriented development generates jobs with an average annual wage of less than \$16,000, while manufacturing-centered developments generate jobs with average annual wages between \$32,000 and \$36,000.

Job retention rates in manufacturing sectors are significantly higher than retention in the retail and services sectors. Moreover, the Milwaukee region is home to successful job training programs and consortia of manufacturing firms and labor representatives, providing the infrastructure to support a high-road job creation strategy for the Menomonee Valley.

Community and civic leaders, business and labor representatives, and elected officials support high-road redevelopment for the Valley. The time for action is now.

Our recommendations include:

- ❖ the City obtain control of the Milwaukee Road Shops property and make it available for industrial redevelopment
- ❖ “smart park” development will create jobs that pay family-supporting wages integrated with the region's economy and minimizing environmental impacts
- ❖ redevelopment must be high quality and sustainable, development that maximizes business efficiencies and minimizes environmental impacts
- ❖ priority attention must be given to infrastructure improvements contemplated in the *Valley Land Use Plan* to facilitate redevelopment
- ❖ job creation must complement and preserve the City's historic skills-base, and coordinate with existing regional cooperative workforce development initiatives
- ❖ the City should encourage continued community-level dialog toward an improved future for the entire Milwaukee region

RECOMMENDATIONS FOR REDEVELOPMENT OF THE MENOMONEE RIVER VALLEY

Recommendation 1

To enable business growth near an available workforce, the City of Milwaukee should obtain control of the vacant and vastly under-utilized land east of Miller Park, known as the former Milwaukee Road Shops property, and make it available for redevelopment within the next twelve months.

Recommendation 2

Redevelopment should focus on an urban industrial "smart park," creating jobs paying family-supporting wages that integrate with the region's economic infrastructure and minimize adverse environmental impacts.

Recommendation 3

Infrastructure improvements contemplated in the Menomonee Valley *Land Use Plan* should receive priority attention, beginning with the extension of Canal Street, which will provide access to the Valley's west end, connections with recent transportation improvements related to Miller Park, and an alternative thoroughfare during the eventual I-94 reconstruction.

Recommendation 4

To retain Milwaukee's historically-strong skill base, appropriate work must be created for existing workers and those in school or training in order to prevent its irretrievable loss to other parts of the state or country.

Recommendation 5

As soon as possible, redevelopment efforts should be coordinated with existing regional cooperative workforce development initiatives, in order to lay the necessary foundation to grow economic opportunity, for the health of the city and well-being of its residents, as well as the strength of the region and the State.

Recommendation 6

Milwaukee should encourage community-level regional dialogue to explore opportunities to use Menomonee Valley redevelopment to develop and execute strategies to enhance the future of the entire metro Milwaukee region.

Recommendation 7

Valley construction must be high quality and enduring. Historically, Milwaukee businesses have demonstrated their commitment to the community with facilities that reflect well on themselves, their workers and their neighbors. Rebuilding the Menomonee River Valley ought to demonstrate the very best in industrial design. High quality means an investment in not only the buildings' appearance and relationship to their surroundings, but how they enhance competitiveness through high efficiencies — in energy, production processes, and pollution prevention. High quality design and construction reduce impacts on the environment through the use of regionally-obtained and recycled materials (which create opportunities for local niche suppliers as well), best management practices for stormwater run-off and environmental management practices that avoid a new generation of brownfields on the ones just remediated. Finally, it uses functional design that enhances worker pride, comfort, and productivity. Because this kind of construction generates multiple benefits to the community and region, it should receive priority attention from all levels of government and community economic development programs.

INTRODUCTION

Strengthening our Region and our State by returning under-utilized urban assets to productive use

Businesses in suburban Milwaukee continue to report that they can not attract workers to fill the jobs created during Wisconsin's decade-long economic expansion. Job creation in the last 15 years has boomed at the edges of the Milwaukee Metropolitan area, while significant numbers of workers, and the vast majority of people needing work, live in the city of Milwaukee. Some trends have been positive in the City — 500 new housing units are being built each year and in the last decade the city itself has seen more employer investment than any single surrounding suburb. However, considered in the aggregate, larger regional patterns swamp even the best efforts the city of Milwaukee, or most every American city, could make. Rates of job growth over the past 15 years in Milwaukee's suburbs have far outpaced job growth in the City of Milwaukee. This is true across sectors: in services, between 1987 — 1992, suburban employment grew 24.8 percent versus 11.6 percent in the City; in manufacturing, suburban employment grew 9.9 percent over the same time period while Milwaukee experienced an 11.1 percent decline.

Any city's efforts must be amplified, not undercut, by reinforcing "high road" policies at the local, county, regional and state level. A significant opportunity exists to link the region with Milwaukee's efforts, with the promise of even greater results. It is time to build on the city's efforts to create jobs near where people already live, and the Menomonee River Valley is the best place to accelerate those promising trends.

Some businesses have moved back to the city and inner-ring suburbs to be closer to their workers. Many others have said they would if land were available. While there are roughly 1,800 acres of industrial land available today in the four county area surrounding Milwaukee, there are less than 100 available in the city itself. The Menomonee Valley represents a chance to at least double that number.

The current economic boom has not benefited everyone in the region. Easy access to work becomes challenging as work moves farther from where workers live. Public transportation is scant, though counties and even private businesses have attempted some bus routes such as the Ozaukee Express. With too few choices for getting to work, it is surely better to locate work closer to workers. Time spent commuting is also time not spent with family or perhaps further education or job training.

The dramatic increase in traffic also impacts those communities in the region who once valued their unique character. Our development patterns are erasing parts of our State's heritage and eroding the choices Wisconsinites have for the kind of communities in which they can live.

While the perception of widespread prosperity emerges from the media's near singular focus on stories of "dot.com" wealth, workers in Wisconsin and across the country have seen their real wages actually decline since 1970s. For the first time in US history, we are no longer better off than our parents. It is time to harness the region's energy, talent, and capital to create central city jobs paying family-supporting wages. To start that process, we must redevelop underutilized industrial land. We can start where our region's economic might originated — in the Menomonee River Valley.

Recent talk of urban revival, investor "discovery" of untapped inner city markets and aggregate buying power, "new urbanism" and "smart growth" attests to the growing attention paid to our urban centers. What is most needed now, however, is a comprehensive application of good practices at all levels, coordinating public and private investment to generate far greater returns than those brought by recent fits and starts. Despite some good news, America's urban centers are still far from thriving—unemployment, concentrated poverty, and wasted infrastructure continue. Current population and investment flows favor sprawl and wasteful growth on the edges of our metropolitan areas. And the resulting fiscal and other strains long registered in central cities have now spread to the "first suburbs" that comprise their inner ring.

Public policy plays a key role encouraging the kind of desirable growth we seek — growth that makes better use of existing infrastructure (roads, utilities) instead of extending

them at public cost to what was previously valuable open space. At the federal level, spending on transportation and other physical infrastructure, modernization funds, training, and other economic development support continue to be dedicated to compounding sprawl and strongly favor exurban development. Not only does this hurt cities in investment that avoids them, it adds significantly to the future infrastructure maintenance costs — twice as many roads to maintain, twice as many utilities, etc. The burden on the public sector increases over time, while the existing infrastructure at the urban core goes underutilized. The resulting strain for our cities also occurs in the context of widespread devolution, forcing metro areas (including both county and municipal governments) to assume more responsibility for social and economic policies and programs.

Add to all this the impact on natural systems — run off into streams and rivers, increased flooding from those newly paved and built areas, the loss of the rural lifestyle under pressures to develop, the decrease in air quality with the increased car travel — and it becomes clear how our investments hurt the region as a whole, making it far less efficient and less competitive, eroding the overall quality of life.

Faced with these familiar pressures, the most common response of cities is to shed social responsibilities and embark on a “race to the bottom” to attract private investment. Sell-offs and privatization, social service cutbacks, labor market deregulation, and tax abatements for employers offering low-wage jobs (most visibly, perhaps, in giant entertainment facilities) are parts of the familiar mix. We know from experience that these policies will create more problems than they solve. Their net effect is to erode tax bases, thus eroding services or making their support more onerous for the taxpayers who remain, which leads to further flight. Still, the absence of organized opposition with a clear positive alternative makes their enactment almost inevitable.

The results degrade us as a democracy. With 80 percent of the U.S. population living in metro areas, and about 55 percent living in central cities or older suburbs, anti-urbanism qualifies as anti-majoritarian — not to mention its devastating effects on children unlucky enough to be born into central city poverty. Matters of democratic morality aside, anti-urbanism is also wasteful. Sprawl directly and

immediately wastes more than \$300 billion annually — in less efficient use of natural resources, excess costs of new construction, and the accelerated write-off of existing urban assets. The miss-pricing of transportation costs through highway and gasoline subsidies lead to inefficiencies at least as great — as well as massive environmental problems (and untold future costs to public health and for cleanup).

For the neglected in our central cities, the economic costs are of two kinds: the price of their containment — registered in ballooning police and prison budgets; and the opportunity costs of their foregone productivity, earnings, and taxes — lost to poor education, unemployment, bad health, early death. Those fleeing the decline of our cities are not immune: every \$1,000 gain or loss in per capita city income is associated with a \$700 gain or loss in suburban ones.

The truly gigantic economic costs, however, are the opportunity costs to the broader society of not harnessing our metro regions' unique economic strengths as metropolitan areas. It is no longer news that American labor markets have not, over the past generation, worked well for most Americans. The U.S. boasts record-low unemployment, record-high rates of labor force participation, record-high rates of hours worked per worker, and the highest average productivity in the world — up nearly 50 percent from the early 1970s. But average wages have actually declined from their level of 25 years ago. This experience is unique in U.S. history, and it is unique in the developed world.

While the state and the country are experiencing unprecedented economic growth, it is not being enjoyed by everyone. Wage earners, in particular, are being left out. Associated with their wage decline, inequality has increased spectacularly in the U.S. — back to levels not seen since the early 1900s. Over 1979-94, example, U.S. national income soared — about \$4,400 per family — but fully 99 percent of that went to families in the top 5 percent of the earnings distribution, and most of that went to those in the top 1 percent. This is no longer an economy in which a “rising tide lifts all boats.” Finally, working families have coped with declining wages by increasing their work effort. Over the past twenty years, for example, among four person families with two adults, annual work time soared by better than 600 hours. But now, at very close to the full-employment level of 3850 hours annually, that coping strategy faces natural, even biological limits.

What's going on here? Many things, but the basic story is simply told. More than ever before, firms in today's economy face a basic choice on how to compete. They can pursue a "low-road" strategy that focuses on cutting the cost of goods or services — typically beginning with the cost of the labor. Or they can pursue a "high-road" strategy that focuses on improving the quality and distinctiveness of goods or services, with the premium charged customers for better quality passed on to the more productive workers who produce it. Low-roading is associated with job insecurity, wage decline, increased inequality, and a degraded environment. High-roading is associated with longer-term employment, higher wages, greater equality, and a cleaner environment. From the standpoint of long-term economic security, the high road is clearly the preferred strategy.

But what the wage and income data tell us is that, as a society, we have not pursued that path. The basic reason is that, as a matter of public policy, we have neither "closed off" the low-road by imposing higher standards on firms, nor "helped pave" the high road by providing the infrastructure of supports (training systems, modernization services, physical infrastructure of different kinds, tax policies promoting investment in workers and new equipment) that staying on it typically requires. With plenty of money to be made with either strategy, but one less costly and less difficult to pursue, it's not surprising that most firms have chosen some version of low-roading.

It is here that the most promising opportunities of a truly metropolitan strategy can be found. Economists widely recognize that metropolitan regions have natural advantages as economic units — owing to agglomeration effects, past investment in infrastructure, and the simple fact of population density and the private demand and potential tax base for public goods that that provides. These advantages are particularly pronounced for more advanced firms, making metro economies the natural pillars of a national high-road strategy.¹

However, the collective historic weight of corporate practice and public policies at every level keep us from harnessing implicit metro and regional strengths. We seek to rebuild the

¹ For an extended discussion of metro-regional strategies in their historic context, see Daniel D. Luria's and Joel Rogers' *Metro Futures* (Beacon Press, 1999).

Menomonee River Valley with these multiple advantages in view, and thus, chart a more secure economic future for southeast Wisconsin.

Setting the Stage

The Milwaukee metropolitan area (Milwaukee City and its surrounding counties) is Wisconsin's principal source, as a state, of financial and manufacturing might, as well as Wisconsin's major population center — and, of course, the home of some of our greatest problems with falling wages and increasing inequality. Milwaukee's strengths, and those of its greater metro region, offer unique opportunities to address persistent social and economic problems.

At the heart of Milwaukee, and at the heart of the greater Milwaukee region, even, lies the Menomonee River Valley. To the casual observer, the Menomonee Valley is little more than blighted, post-industrial land bordering Interstate 94. To others, the Valley is emblematic of post-World War II growth and economic development, on the one hand, or urban disinvestment on the other. In their particular ways, each perspective is correct. More than anything else, however, the Menomonee Valley is the greatest present opportunity to reverse decades-long erosion and put Milwaukee and its region, their residents and employers, on the high-road toward long-term economic security.

This promise of the Valley is obvious to even to the most casual observer. Existing Valley businesses have been organized toward redevelopment of the area for the last ten years through the Menomonee Valley Business Association (MVBA). The MVBA co-sponsored a land use plan for the Valley along with the Milwaukee Metropolitan Sewerage District and the City of Milwaukee. The results of several years of work, the *Market Study, Engineering, and Land Use Plan for the Menomonee Valley* (hereinafter the *Land Use Plan*) sets forth the broad vision — and considerable challenges — for the Valley's future.

The *Land Use Plan* strives for the next generation of urban redevelopment. In an area presently characterized by brownfields more than green space, the plan seeks to restore that part of the Menomonee River flowing through the area, expand and improve the Hank Aaron State Trail, and introduce an economic mix most appropriate to the Valley's future. In so doing, implementation of the *Land Use*

Plan seeks to integrate the Valley into the larger Milwaukee metro region, creating environmental and economic linkages that optimize existing infrastructure and business activity.

To date, Valley stakeholders, such as the Menomonee Valley Business Association, the Sixteenth Street Community Health Center and the City's Department of City Development, have effectively guided the plan's recommendations and met, along the way, key strategic benchmarks. Among the most significant accomplishments, perhaps, was assembling for a one day "seminar" 106 representatives of local, state, and federal agencies with resources — money, information, services — of possible use to Valley redevelopment.

Today, the City of Milwaukee and the State of Wisconsin are focusing considerable attention on the Menomonee Valley, recognizing its potential for innovative public/private strategies, as well as an opportunity to return much needed economic activity and tax base to the City. For its part, the state of Wisconsin has invested considerable resources toward redevelopment of the Menomonee Valley. In its last biennial budget, the State committed nearly \$1 million towards brownfields remediation and environmental assessment through creation of a Sustainable Urban Development Zone ("SUDZ"), and the Department of Commerce provided \$900,000 more for remediation and redevelopment. The State's Department of Workforce Development views the Menomonee Valley as a unique opportunity to advance elements of its training and workforce enhancement mission.

Private sector collaboration between community-based organizations and members of Milwaukee's business community led to formation last year of Menomonee Valley Partners, Inc. (MVP). The formation of this public-private partnership was included as the first of eight recommendations in the *Land Use Plan*. MVP was intended as an action-oriented body that would "direct the development initiatives" through facilitating the implementation of the *Land Use Plan*. Such a charge demands that MVP maintain the highest commitment possible to the long-term potential from Valley redevelopment, evaluate the merits of competing or alternative scenarios, and make recommendations to maximize the public benefit from revitalizing the Valley.

The redevelopment of the Valley's west end as an urban industrial park with an emphasis on manufacturing and light industrial applications will have the greatest positive impact on Milwaukee's residents, employers in the City and throughout the region, and the region as a whole. This preferred strategy, detailed and documented in this report, could become an instance of high-road, regional economic development that promotes reinvestment and reuse over sprawl, access to opportunity over barriers to mobility.

THE FOUNDATIONS OF OPPORTUNITY

Economic Infrastructure

The State's workforce numbers about 3 million. The following table indicates the current distribution of employment, by sector, of the 2.5 million covered by unemployment insurance. It shows, as is the case nationally, that our economy is now dominated by services of various kinds, though it also shows a very large manufacturing sector. On average, service jobs paid one-third less annually than manufacturing jobs. Looking at all sectors, manufacturing stands out as our State's largest high-wage sector.

Change in the sectoral distribution of employment in Wisconsin records the growth of service employment in the State, while again underscoring the relative importance of manufacturing. Wisconsin's roughly 25 percent share of employment in manufacturing is approximately 40 percent greater than the 18 percent national share, and the 20-odd percent decline in that share in Wisconsin over 1979–1996 is lower than the 30 percent national decline. Both sectoral

Table 1

By Industry: Employment and Average Annual Wages, State Level, 1998

Industry (statewide)	Average Monthly Employment	Average Annual Wage
Agriculture, Forestry, Fishing	25,946	\$20,719
Mining	2,803	39,080
Construction	113,068	35,479
Manufacturing	618,992	36,406
Transportation, Public Utilities	122,863	32,830
Wholesale Trade	136,592	36,492
Retail	477,031	14,312
Finance, Insurance, Real Estate	141,629	36,306
Services	645,846	24,845
Public Administration	345,114	31,302
Unknown Industry Division	4,605	27,589
TOTAL	2,634,490	\$28,528

Source: Department of Workforce Development, Division of Workforce Excellence (January 2000).

developments suggest important structural economic strengths on which we can build.²

Trends in the Milwaukee metro area mirror those of the State — overall decline in manufacturing employment but better performance relative to several other so-called “frostbelt” cities.³ However, within the Milwaukee metro region, manufacturing employment shifted considerably from the City of Milwaukee into the surrounding counties, as the City’s share of regional manufacturing employment dropped from 55 percent in 1967 to 35 percent in 1992.⁴ Nevertheless, data from the State’s Department of Workforce Development show that the average annual manufacturing wage in Milwaukee is slightly greater than in suburban WOW counties — \$41,605 compared to \$37,495.

The Menomonee Valley itself witnessed a similar, if more pronounced, transformation. Within 40 years, the Valley evolved from a major transportation and industrial center, employing over 50,000 in the 1920s, to a vastly underutilized former industrial area. The Valley is more than that, though, as it is home still to economic activity, including firms that have operated there for nearly 100 years.

Valley employment trends are consistent with those for Wisconsin and the Milwaukee region — a retained manufacturing base and an increase in service sector employment. The *Land Use Plan* cites three sectors that dominate current employment in the Menomonee Valley — manufacturing, 38.7 percent; services, 17.3 percent; and wholesale trade, 14.8 percent.

Milwaukee’s retained manufacturing base, the higher wages paid in manufacturing relative to “growth” sectors like services and retail trade, and the “wage premium” registered for urban jobs offer important economic foundations on which to build a Valley redevelopment plan.

² Joel Rogers, Laura Dresser and Scott Mangum, *State of Working Wisconsin: 1998*, Center on Wisconsin Strategy (September 1998).

³ Center for Economic Development, *The Economic State of Milwaukee*, 1998.

⁴ *Ibid.*

Regional Cooperation

The manufacturing sector's continued vitality regionally and statewide is due, in no small measure, to innovative private initiatives linking employers, workers, community-based organizations, public institutions and job training programs. The Wisconsin Regional Training Partnership (WRTP), a national model for high-road regional partnerships, implements strategies that optimize performance by firms, their workers, and the regional workforce development system. Formed by business and labor leaders to support family-supporting jobs in Wisconsin's highly competitive manufacturing environment, WRTP now has 50 member firms employing over 50,000 State residents. WRTP has concentrated in modernization strategies, educating the current workforce, and designing strategies to meet future workforce needs. The remarkable cooperation between regional manufacturing firms fostered by WRTP⁵ should be tapped to guide Valley redevelopment efforts, the aim of which should be to create jobs paying family-supporting wages.

The Greater Milwaukee Committee's (GMC) Regional Cooperation Task Force focused on workforce development as the cornerstone regional issue, recognizing that "[t]he opportunity to serve area employers and to connect inner city workers to jobs throughout the region benefits everyone."⁶ Redeveloping the Valley to attract economic opportunity and create jobs underscores many of the Task Force's key workforce development recommendations.

The Milwaukee Jobs Initiative (MJl), an Annie E. Casey Foundation effort, confronts the paradox of booming economies in our central cities — labor shortages simultaneous with stubbornly high central city unemployment. MJl's solutions link central city residents with employers who need workers. MJl helps residents find career-oriented jobs by connecting them to growing industries that need skilled workers. Workers get high-paying, family-supporting jobs, and employers get the skilled workers they are seeking. Since 1996, MJl has placed more

⁵ See, e.g., "Partners in Labor," *Milwaukee Journal Sentinel*, May 4, 2000.

⁶ Greater Milwaukee Committee's Regional Cooperation Task Force, "Toward a Regional Strategy for Workforce Development," November 1998.

than 700 people in full-time jobs with an average starting pay of \$11 an hour and access to health care. MJI has focused on training central city residents for skilled jobs in manufacturing, printing, and construction.

These three examples indicate a high likelihood of success in finding and placing central city residents in jobs created by firms locating in the Menomonee Valley. The Valley redevelopment strategy identifies the employment sectors desired for the Valley, opening doors to the next phases — attracting firms, assessing their workforce needs, and mobilizing the region's workforce and job training initiatives to deliver skilled workers.

DYNAMICS AND DEMOGRAPHICS OF MILWAUKEE METROPOLITAN DEVELOPMENT

The Iron Law of Urban Decay

Though several recent developments indicate some changes to four decades of development trends in Milwaukee,⁷ those trends have resulted in a “hollowing-out” of central city Milwaukee and the out-migration of people, firms and economic opportunity. Milwaukee’s history has been no exception to the “Iron Law of Urban Decay,” which has condemned even the most successful cities to eventual decline. As incomes rise, workers move to suburbia; when suburbs mature, they resist paying taxes to support the metro core; as the tax base declines and services deteriorate in the city, the middle class flees. Poverty concentrates in those left behind and they become “different” — disconnected from labor markets, without role models for advancement, lacking the human and financial capital even for bootstrapping. The best that can be hoped for the city is peace, or at least a segregation from the violence. The best that can be hoped for the suburbs is more suburbia. But further sprawl only hurts the tax base of inner ring suburbs, wedging their residents between the spreading deterioration of the urban core and the new roads, sewers and schools of their increasingly distant, further out suburban “neighbors.”

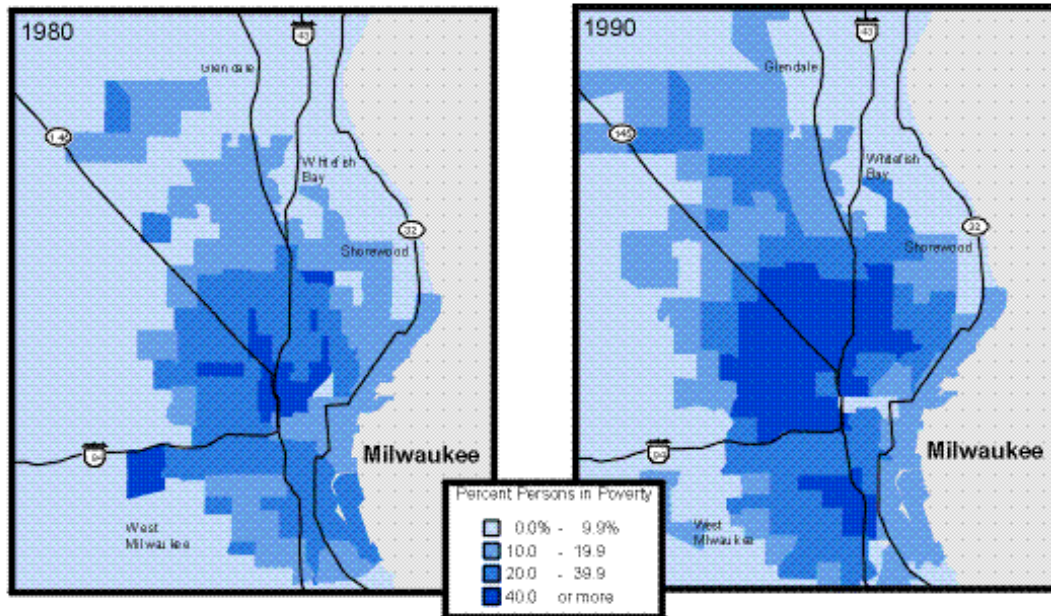
The two top maps of Figure 1 demonstrate the concentration of poverty and the spread of poverty over time in the Milwaukee region. The two lower maps show startling increases in intra-regional inequality and sharply increased distress in older and satellite suburbs (especially note the

⁷ For instance, the *Milwaukee Journal Sentinel* reports that new housing in downtown Milwaukee is increasing at a rate of 500 units per year (Whitney Gould, “Make Way for Downtown Housing,” *Milwaukee Journal Sentinel*, April 8, 2000) while the University of Wisconsin — Milwaukee’s Employment and Training Institute reports recent gains in Milwaukee’s socio-economically most marginalized zip codes (Employment and Training Institute, “Employment and Economic Well-Being of Families in Central City Milwaukee Neighborhoods,” December 1998).

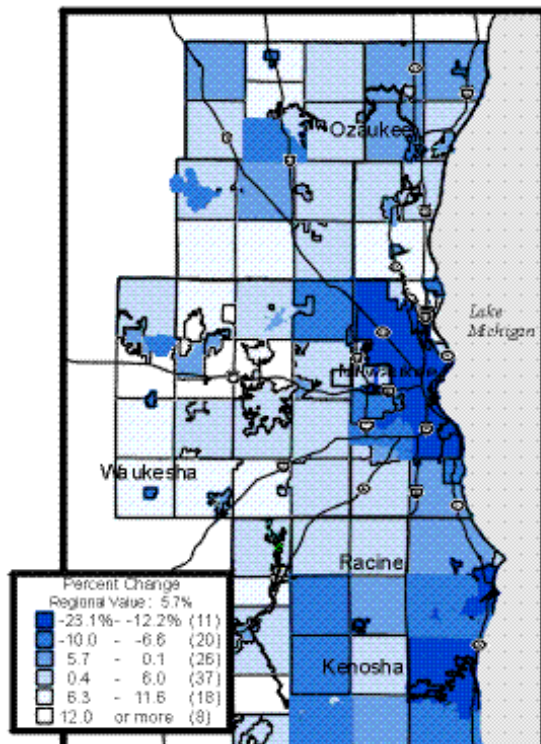
Figure 1

The Economics of Sprawl & Urban Decline

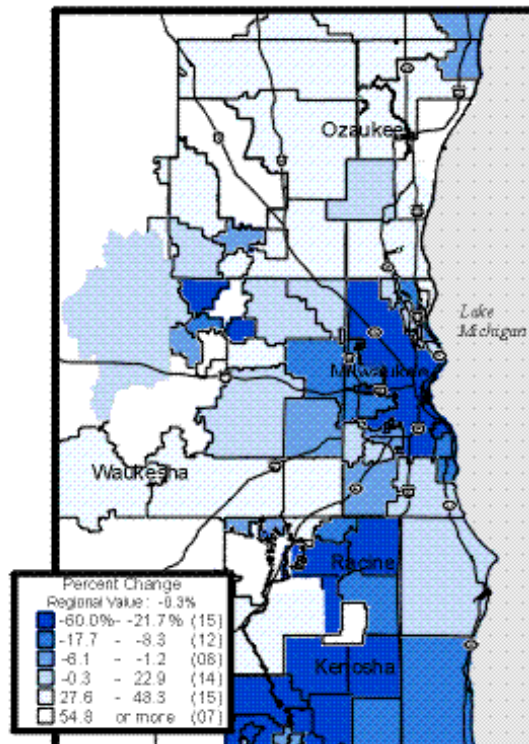
Percent of People Living in Poverty



Percent Change of Median Household Income by Municipality, 1979 - 89



Percent Change in Total Property Value per Student by School District, 1986 - 96



Source: *State of Working Wisconsin 1998*, Center on Wisconsin Strategy.

property value decline per student in the school districts in these areas).⁸

Between 1970 and 1990, the percentage of Milwaukee families living in poverty increased from 8.1 percent to 18.5. Milwaukee's white poverty rate increased only slightly over the same period (8.3 percent to 10.5 percent), while poverty among the City's black population increased from 27.1 percent in 1970 to 41.2 percent in 1990.

Milwaukee's urban-suburban income disparity has grown wider than any other frostbelt city except Detroit. But problems like these can not be solved merely by throwing money at them. As a strategy, that is like cooling a hot pan by pouring water on it, rather than turning down the flame. These problems can only be addressed by changing the policy framework in which our metropolitan region operates.

Residential Sprawl

Over the last thirty years, suburban and previously exurban areas of Milwaukee's metro region experienced enormous development and growth. In Washington County, for instance, between 1970 and 1990 the amount of developed land increased 191.5 percent, while population density declined 44 percent. Our development patterns put fewer people on more land.

The Southeastern Wisconsin Regional Planning Commission (SWRPC) also tracks change in urban population and urban land area⁹ for the Milwaukee region. According to the SWRPC, the six-county Milwaukee region as a whole became 10 percent less dense between 1980 and 1990 when the region's urban population increased by 2.8 percent (from 1,681,979 to 1,728,641 persons) and urban land area increased by 14.4 percent (from 417.4 to 477.4 square miles). Even more striking, the region decreased in density

⁸ From the forthcoming Center on Wisconsin Strategy report, "Milwaukee Metropolitcs."

⁹ The SWRPC defines urban land area as "a concentration of residential, commercial, industrial, and institutional buildings with their associated yards, parking areas, and service areas, having a combined area of at least five acres. Urban land uses which have few, if any, structures — such as cemeteries and parks — are considered urban when they are effectively surrounded by intensive urban development." The SWRPC uses urban and rural non-farm population figures reported by the U.S. Bureau of the Census.

by 31 percent between 1970 and 1990, during which time the region's urban population increased by only 3.4 percent (from 1,670,998 to 1,728,641 persons), while urban land area increased by half its 1970 size (from 318.4 to 477.4 square miles). During this period, the greatest decreases in population density occurred in fast-growing, affluent Waukesha and Washington Counties. Waukesha County

Table 2

Change in Population Density, 1970-1990

Area	1970	1990	% Change
ENTIRE 6-COUNTY REGION			
Urban Population	1,670,998	1,728,641	3.4
Urban Land Area (sq. miles)	318.4	477.4	49.9
Population Density (persons/sq.mi)	5,248.1	3,620.9	-31.0
Kenosha County			
Urban Population	114,620	126,990	10.8
Urban Land Area (sq. miles)	26.3	37.4	42.2
Population Density (persons/sq.mi)	4,358.2	3,395.5	-22.1
Milwaukee County			
Urban Population	1,054,249	959,275	-9.0
Urban Land Area (sq. miles)	149.9	170.8	13.9
Population Density (persons/sq.mi)	7,033.0	5,616.4	-20.1
Ozaukee County			
Urban Population	51,337	71,757	39.8
Urban Land Area (sq. miles)	19.9	32.5	63.3
Population Density (persons/sq.mi)	2,579.7	2,207.9	-14.4
Racine County			
Urban Population	166,225	173,599	4.4
Urban Land Area (sq. miles)	35.9	51.2	42.6
Population Density (persons/sq.mi)	4,630.2	3,390.6	-26.8
Washington County			
Urban Population	57,162	93,339	63.3
Urban Land Area (sq. miles)	14.1	41.1	191.5
Population Density (persons/sq.mi)	4,054.0	2,271.0	-44.0
Waukesha County			
Urban Population	227,405	303,681	33.5
Urban Land Area (sq. miles)	72.3	144.4	99.7
Population Density (persons/sq.mi)	3,145.3	2,103.1	-33.1

Source: Southeastern Wisconsin Regional Planning Commission.

increased its urban population by 33.5 percent (from 227,405 to 303,681) but doubled its urban land area (from 72.3 to 144.4 square miles). Washington County increased its urban population by just over half its 1970 population (63.3 percent)—from 57,162 to 93,339 persons—but nearly tripled its 1970 urban land area (191.5 percent)—from 14.1 to 41.1 square miles.

The pace of development statewide has increased significantly since 1990. Wisconsin's rate of loss of open land to development increased 128 percent in the period 1992–1997 over the previous ten years. In the same period, the City of Milwaukee's population fell 21 percent relative to the total population of the region.

Commercial Sprawl

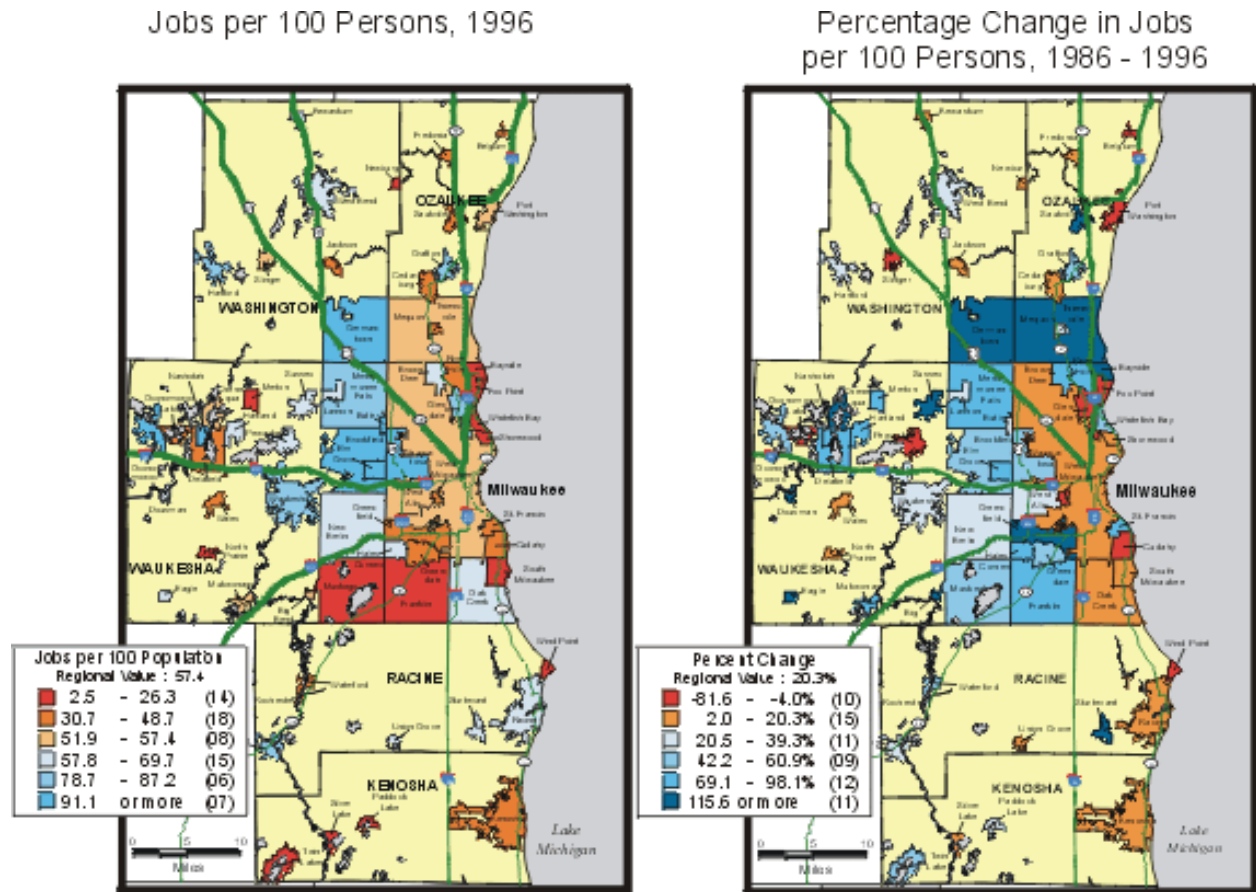
Sprawl and exurban development patterns are not simply about housing and population density, or the rapid loss of farmland. They deeply affect economic opportunity and the locus of those opportunities within a metro region. As noted in a recent study from the Institute for Wisconsin's Future, "(b)etween 1975–1993 the number of business establishments grew in Milwaukee County from 19,072 to 22,145; an increase of 3,073 or 16 percent. In the three remaining counties in the metropolitan area [Waukesha, Washington and Ozaukee] the number of establishments grew from 7,399 to 15,865; an increase of 8,466 of 144 percent."¹⁰

The shifting locus of economic opportunity in the Milwaukee metro region is represented graphically in Figure 2. Job creation and job density has been concentrated in areas outside the City of Milwaukee, following the paths paved by residential, and then commercial, sprawl.

¹⁰ Gregory D. Squires, Sally O'Connor and Michael Grover, *Housing Affordability in the Milwaukee Metropolitan Area: A Matter of Income, Race and Policy*, (Milwaukee, WI: Institute for Wisconsin's Future, 1998).

Figure 2

Commercial Sprawl and the Migration of Economic Opportunity



Source: Center on Wisconsin Strategy.

Spatial Mismatch

Recently, Margaret Pugh has documented the spatial mismatch in metropolitan America, which she describes as “the geographic gap between jobs and people that leads to a lack of economic opportunity in poor neighborhoods.”¹¹ America’s welfare to work effort has underscored the significant barriers facing the working poor in American’s metropolitan areas. She describes barriers to work that arise from individual needs (education, training, child care) and those that result from structural conditions (urban deindustrialization, job suburbanization, inadequate public

¹¹ Margaret Pugh, *Barriers to Work: The Spatial Divide Between Jobs and Welfare Recipients in Metropolitan Areas* (Washington, DC: Brookings Institute, 1998).

transportation, racial segregation). Focusing on Milwaukee, her study notes:

While the geographic magnitude of suburban sprawl defines some cities' spatial mismatch, the administrative and political tensions between central city and suburbs exacerbate patterns of others' geographic mismatch. Milwaukee is a prime example of this. While not among the largest metropolitan areas in the country...Milwaukee registers high on our scale of mismatch because of the intensity of mismatch-inducing characteristics of the metropolitan area, many of which appear to be products of long-standing political, economic and racial divisions between the central city and the surrounding suburbs.

During the past 50 years, the size of Milwaukee's metropolitan area has changed little, but its geographic distribution has changed dramatically. ... Between 1970 and 1990, the number of metropolitan area residents living in high poverty census tracts increased 713%. ...

Employment in all sectors of Milwaukee's economy has declined in the central city and grown exponentially in the major suburban counties (Washington, Ozaukee and Waukesha). Unlike some large cities, Milwaukee does not have nearly enough entry level job opportunities within the city limits to meet the number of center city residents seeking jobs. The suburban counties have four times as many full-time openings as the poorer city neighborhoods, and three times as many jobs as Milwaukee County as a whole. ...

Mobility in the Milwaukee MSA also suffers because of a highly disjointed public transit system that has only limited coverage in the job-rich suburban counties.¹²

A July, 1999 study released by the University of Wisconsin — Milwaukee's Employment and Training Institute underscores the persistence of the jobs mismatch in the Milwaukee region. As reported in the *Milwaukee Journal Sentinel*, entry-level job openings predominate in the three WOW counties — Washington, Ozaukee, and Waukesha — of the Milwaukee suburbs.¹³ According to the survey, there

¹² Ibid.

¹³ "Study Finds Job Seekers in City, Openings in Suburbs," *Milwaukee Journal Sentinel*, July 21, 1999.

Table 3

Jobs Mismatch

	Job Openings		Unemployed Adults
	Full Time	Part Time	
WOW Counties	9,119	6,098	6,951
Milwaukee County	11,209	7,295	20,048
Central City	1,894	1,145	10,200 (plus 4,900 W-2 cases)

Source: Employment and Training Institute.

were more than two job openings for every local job seeker in Washington, Ozaukee and Waukesha counties. In central Milwaukee neighborhoods, there are approximately five people seeking jobs for every available position.

Barriers to Mobility

The jobs mismatch is mirrored in the Milwaukee region, as elsewhere, by a housing mismatch — the location of those most in need of work and the costs of housing in areas with the greatest job growth. “Housing affordability problems are most severe in precisely those communities where businesses and jobs have grown the fastest.”¹⁴

The Milwaukee region’s housing affordability problem certainly affects more than job access. Taken in combination with exurban flow of public and private resources and the significant loss of central city housing stock, the lack of affordable housing will only exacerbate inequality and polarization in the greater Milwaukee region.

According to the National Association of Homebuilders, the proportion of homes in the Milwaukee area that a family earning the area’s median income could afford dropped from 83.5% in the first quarter of 1991 to 68.9% in the first quarter of 1998.¹⁵ According to Greg Squires’ study for the Institute for Wisconsin’s Future, a household with the region’s median income (\$50,700) could have afforded more than 90% of the homes sold in five of Milwaukee County’s 19 municipalities.

¹⁴ Squires, et al.

¹⁵ Geeta Sharma-Jensen, “Milwaukee-area home prices outpace pay, cutting affordability, worrying observers,” *Milwaukee Journal Sentinel*, July 5, 1998.

Table 4

Housing Mismatch

	% of Homes Affordable to Households with Median Income (\$50,700)	% of Homes Affordable to Households with ½ Median Income (\$25,350)
Milwaukee Region	57.9	7.4
Milwaukee County	78.0	12.7
Ozaukee County	27.5	0.0
Washington County	42.2	0.4
Waukesha County	28.3	0.2

Source: Institute for Wisconsin's Future.

However, outside of Milwaukee County, 90 percent of the homes in every municipality were unaffordable to this household.¹⁶

The picture was much bleaker, of course, for households with one-half the median regional income. They could have afforded only 7.4% of all homes sold in the four county area in 1997, ranging from 12.7% in Milwaukee to less than one-half of one percent in Washington and Waukesha Counties to none in Ozaukee County.

Public Health and Environmental Quality

There is more at stake than economic opportunity. Sprawl- and development-induced threats to environmental quality have direct and immediate consequences for public health. Long-term, environmental and public health problems undermine the region's capacity for sustained high-road economic development.

The number of motor vehicle miles traveled in the Milwaukee metro region grows annually, and steadily. Total vehicle miles traveled jumped 64 percent between 1972 and 1991 alone.¹⁷ Statewide data indicates that through 1996 vehicle miles traveled increased steadily to a per person average exceeding 14,000 miles per year.¹⁸

¹⁶ Squires, et al., p. 10.

¹⁷ Citizens for a Better Environment, "2040, Getting There: Alternatives to Sprawl in Southeastern Wisconsin," February 1999.

¹⁸ Wisconsin Department of Administration, Division of Energy and Public Benefits, "Wisconsin Energy Statistics — 1999 Highlights."

Paralleling these trends, the Milwaukee metro region has become a severe ozone non-attainment area — among the nine worst metropolitan areas in recent rankings by the Environmental Protection Administration. Cars and trucks — so called mobile sources — contribute about one-third of the State's air pollution but are the primary contributors to ozone pollution and fine particulate pollution — both of which are major causes of long-term respiratory damage, especially among children. The number of exceedances in Milwaukee County (the number of measured time periods during which recorded pollution levels exceed EPA standards) is greater than for any other county in Wisconsin, and it increases annually.¹⁹

Upstream suburban development has been fingered as the primary factor contributing to recent flooding problems in Milwaukee's urban areas and older suburbs. The proliferation of impervious surfaces — roads, driveways, roofs — is overloading the natural capacity of the region's soils and water bodies to recharge rainwater. Excessive suburban run-off, because it feeds into downstream water bodies like the Menomonee River, may actually pose a direct threat to some Menomonee Valley redevelopment efforts. Urban run-off not only contributes to flooding and storm sewer capacity problems but also compromises the quality of urban surface waters and ultimately Milwaukee's drinking water supply in Lake Michigan.

These demographic, economic, and environmental trends are not isolated but, actually linked, in a complex web of interconnections involving public policy and corporate practice that results in patterns of urban disinvestment, underutilized infrastructure, and abandoned human potential. These trends are not the result of natural forces, either; they can be reversed. For the long-term economic security of the entire Milwaukee metro region, these trends must be reversed.

We do not intend to portray a singularly gloomy picture. However, the range and depth of problems confronting Milwaukee and its residents demand action — innovative, regionally oriented strategies that capitalize on existing economic infrastructure and other reform initiatives.

¹⁹ Wisconsin Public Interest Research Group and Clean Air Network, "Danger in the Air: Unhealthy Smog Days in 1999," January 2000.

THE HIGH-ROAD STRATEGY

Making Choices

The “Iron Law of Urban Decay” is not made of iron, but rather of choices — public policies and corporate practices — whose effects ripple throughout metropolitan regions but are magnified in central cities. Wisconsin’s near decade-long economic expansion has not paid off for everyone. Despite Wisconsin’s strong economic growth and tight labor markets, income disparity is substantially greater today than it was two decades ago. From the late 1980s to the late 1990s, inequality grew rapidly in the State; the income of Wisconsin’s poorest families fell slightly while the income of the State’s highest income families grew 26 percent.²⁰

We have not harnessed our decade of economic expansion to invest in public goods or to ensure that everyone benefits from that expansion. If the Milwaukee region does not take advantage of our current economic good fortune, it may soon be lost for years. We must act now to motivate the multiple constituencies interested in ensuring the region’s long-term economic security. The May 2, 1999 *Milwaukee Journal Sentinel* editorial, “Let’s get moving, Milwaukee,” put it this way: “Milwaukee, a city that historically likes to dissect new ideas and put them under the microscope for a decade or so, needs to break out of the box and seize the moment.”

Redevelopment of Milwaukee’s Menomonee River Valley presents a very significant opportunity to slow these trends and demonstrate the power of alternative regional development scenarios. The right strategy can marry expanded economic opportunity with the return of lands to productive use, promote clean technology while optimizing the region’s materials flow, and promote integrated workforce development strategies linking community needs to public resources leveraged by private sector commitment.

Redevelopment of the Menomonee Valley will not, by itself, reverse sprawl or decades of land consumption patterns. However, locating firms in the Valley just might spare hundred of acres of exurban open space from becoming yet another low-rise office or industrial complex.

²⁰ Center on Wisconsin Strategy and Wisconsin Budget Project, “Pulling Apart: The Strong Wisconsin Economy Masks Growing Inequality,” January 2000.

Redevelopment of the Valley will not, by itself, reverse the out-migration of jobs and economic opportunity from the City. However, attracting firms into the Valley that offer jobs paying family-supporting wages and linked to regional training infrastructures will go far toward providing economic opportunity and enhancing the quality of neighborhoods around the Valley.

Alternative Valley development scenarios offer significantly different benefits to the City, the region, their residents and employers. The political attraction of short-term gain must be set aside in favor of the need for long-term benefit. Creating jobs and economic opportunity in the Valley is key to revitalizing its surrounding neighborhoods. Economic development in the Valley, however, can not be about just any jobs but, rather, jobs that pay family supporting wages, enhance the region's skills base, are close to where people live, and optimize linkages in the region's manufacturing economy.

Making the Connection

This report's recommendations echo the considered judgment of those experts who crafted the *Land Use Plan*: "a) retain and strengthen viable and existing industries; b) attract desirable and new industrial and business development; c) promote compatible new manufacturing development in selected locations; and d) maintain and protect adjacent neighborhoods and business areas." Moreover, these recommendations are consistent with the interests and concerns of Valley business owners who generally wish it to remain an industrial area. Their stated concerns range from the need to enhance the skilled labor force, to concerns about security and transportation access.

The *Land Use Plan's* directive to create an urban industrial park in portions of the Valley will return much needed tax base to the City, add value to its manufacturing sector, create opportunities to improve regional supply chains, import capital, and produce jobs with family-supporting wages. An alternative scenario for the Valley, one promoting retail development and new entertainment facilities as suggested by CMC and discussed in the *Land Use Plan*, falls short on each criteria. Moreover, as indicated in the *Land Use Plan*, vehicular, bus and transportation access to vacant sites is constrained.

One year ago, the City of Milwaukee unveiled an ambitious downtown revitalization plan, calling for center-city residential and retail development that broke squarely with automobile dependency. The *Land Use Plan's* recommendations for the eastern end of the Menomonee Valley are consistent with the City's downtown plan. Since the downtown and Valley plans were developed almost simultaneously, their recommendations, by design, are compatible; redeveloping Valley land for an urban industrial park precludes both "big box retail" development and additional entertainment facilities that would undermine center-city establishments.

Wisconsin's current development climate and political context is unlikely to support a plan that suggests remediating environmental problems and then leaving the Valley undeveloped. While an urban green space the size of the Menomonee Valley is, on the surface, an attractive idea, merely allowing this land to lay "fallow," as it has for the last couple decades, provides meager ecological benefit, often cited as one end goal of keeping it undeveloped. This surely need not be a case of "jobs *or* the environment." That is a false choice. A balance of economic and ecological goals can be reached with good planning.

The Menomonee Valley can yield good jobs through industries and management practices that do not degrade their immediate environment *and* an improved natural area that can support greater biodiversity and preserve and expand the River's natural wildlife corridor. Few industrial developments seek to achieve such goals simultaneously, though there are some recent notable exceptions around the country. These "smart parks" are the standard to which we ought to hold redevelopment of the Valley. The public investment itself justifies such comprehensive returns.²¹

²¹ "Smart parks" represent reindustrialization strategies integrating economic and ecological efficiency. Approximately thirty such redevelopment projects exist in the United States, each built around the particular economic and environmental advantages of the region. The emphasis on resource efficiency translates into economic gains for businesses while local communities benefit from the resulting improvements in its environment and from the creation of new jobs. For additional information regarding smart parks and "eco-industrial parks" see the Smart Growth Network's website at <http://www.smartgrowth.org/> or Cornell University's "Work and Environment Initiative" at <http://www.cfe.cornell.edu/weil/>.

While the discussion of creating industrial redevelopment may seem to neglect natural enhancements, "greening" the Valley is itself one of the eight recommendations of the *Land Use Plan*. Substantial portions of the Valley are planned to remain or become "green" — through expansion of the Hank Aaron Trail, improvements along the riverway, and because the River's natural floodplain will put considerable space off-limits to construction. In the west end, this presents opportunities for expanded natural areas along the river's edge as well as additional play field space, something sorely needed by neighborhoods on the Valley's south side.

For decades the Valley's business activity was the engine for Milwaukee's manufacturing economy. More importantly, firms located in the Valley employed tens of thousands of people who populated the dense communities immediately north of and south of the Valley. The fate of those communities remains today linked to activity — or lack thereof — in the Valley.

Making the Case

Our recommendations promote high-road economic development in the Valley — abandoning the "jobs at any cost" mentality for a "skilled jobs in high retention sectors that pay family-supporting wages" strategy. The multiplier effects from this strategy will impact favorably on individuals, communities, and firms throughout the region. Higher wages mean better nutrition for families, access to health care, improved living conditions, and enhanced consumer purchasing power.

What are "family supporting wages?" At an absolute minimum, full-time work at just over \$8.50 per hour keeps a family of four out of poverty (the 2000 threshold is \$17,050), though the poverty definition is woefully inadequate and few people really think \$8.50 per hour is truly "family-supporting." More accurately, jobs at this level — for a family — are poverty wage jobs.

The Milwaukee Jobs Initiative is successfully placing new workers at jobs paying between \$10 and \$11 per hour. This more closely approximates "family supporting" — just above the cellar but still not a lot of money. MJI has demonstrated that jobs paying at the \$10 level are accessible to previously unskilled central city residents.

Eventually, Valley stakeholders may decide that jobs created through Valley redevelopment pay a minimum standard wage of \$8.50 per hour and an average wage across all non-managerial staff employed in Valley projects at a minimum of \$10 per hour.

Nonetheless, whatever future benchmark is established, and whatever standard is argued as a “family-supporting wage,” it is undeniably clear that across major industrial classifications, wages in the *Land Use Plan*-identified industries far outpace wages in retail, entertainment, and certain service sectors. An urban industrial “smart” park will provide substantially better wages and create the conditions for improved economic opportunity for City residents employed in Valley projects.

Data compiled from the State’s Department of Workforce Development (DWD) indicate that manufacturing ranks second among all major industrial classifications in the Milwaukee metro area for average annual wages (1997).

Jobs with very low earnings are concentrated in the retail trade and business services sectors, whereas durable manufacturing tops all industrial classifications (including government, construction, and finance/insurance/real estate) with the lowest rate of jobs with very low earnings.

Table 5

Average Wages by Industry

Industry (statewide)	1997 Average Annual Wage
All sectors	\$ 30,692
Manufacturing	39,739
Wholesale Trade	39,274
Retail Trade	14,578
Finance, Insurance, Real Estate	41,034
Business Services	26,418

Source: Wisconsin Department of Workforce Development.

Table 6

Percent of Jobs With Very Low Earnings, by Major Division, 1997

Industry (statewide)	Percent
Agriculture, Forestry, Fishing, Mining	47.6
Construction	19.7
Non-durable manufacturing	20.3
Durable manufacturing	12.4
Transportation, Communications, Utilities	29.6
Wholesale trade	18.2
Retail trade	66.6
Finance, Insurance, Real Estate	19.4
Other Services	45.5
Business Services	56.5
Health Services	32.6
Educational Services	42.8
Government	16.7
ALL	33.0

Source: COWS Analysis of Wisconsin State Wage Record File.

Manufacturing jobs not only pay better wages, on average, and have a smaller percentage paying very low wages compared with other sectors, but people employed in manufacturing jobs tend to stay in their positions longer than in other sectors. In fact, three-year retention rates in manufacturing equal the rates in education and government — two classically stable employment sectors (Table 7).

Table 7

Moving Average of 3-Year Retention Rates by Major Division, 1989 – 1997

Industry	Employer	Sector	Sector Minus Employer*
Agriculture, Forestry, Fishing, Mining	38.9	45.4	6.6
Construction	44.4	63.7	19.3
Non-durable manufacturing	50.4	61.7	11.3
Durable manufacturing	59.1	73.7	14.5
Transportation, Communications, Utilities	43.7	60.0	16.3
Wholesale trade	50.3	59.1	8.8
Retail trade	30.6	48.6	18.0
Finance, Insurance, Real Estate	48.9	65.9	17.0
Other Services	39.6	51.8	12.2
Business Services	19.1	33.1	14.0
Health Services	51.1	70.9	19.4
Educational Services	69.6	73.7	4.1
Government	71.6	73.5	1.9
All	47.2	60.7	13.6

* A low number indicates relative job permanence.

Source: COWS Analysis of Wisconsin State Wage Record File

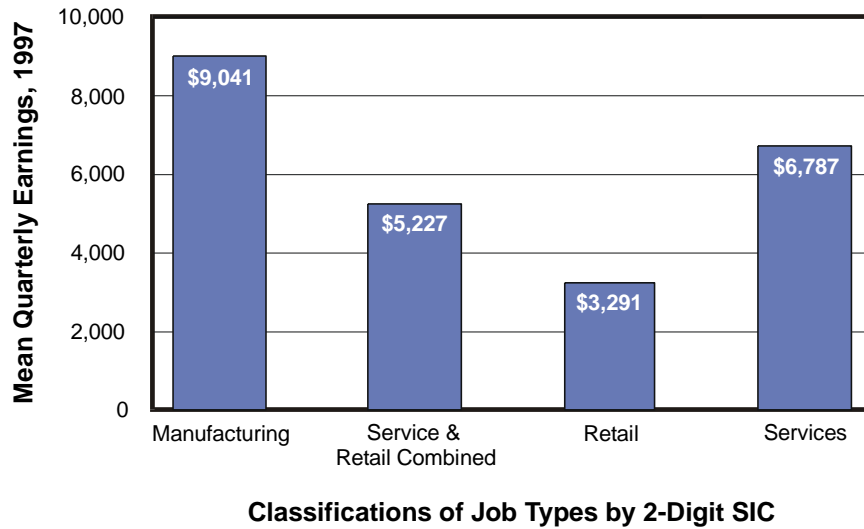
When the wage analysis is taken one step more specific — from major industrial divisions to 2-digit SIC (standard industrial classification) codes — the results further underscore the merits of the Valley redevelopment strategy. Our analysis does not intend to “script” the eventual business portfolio located in the Valley but rather examines the relative job quality (expressed as earnings) of firm types that could populate a high-road (viz., high wage, low waste) urban industrial park versus a retail/entertainment/services scenario of the sort proposed by CMC.

Using data from Wisconsin’s Department of Workforce Development for Milwaukee, Waukesha, Ozaukee and Washington Counties, we controlled for potential seasonal variability by eliminating records that did not appear for an entire quarter. Our analysis also controlled for multiple jobs by selecting the SIC code in each quarter representing the record’s largest income source. By expressing the earnings figures as the mean, rather than simply the average, our analysis also controls the effects of people at the very highest and very lowest earning levels.

As Figure 3 shows, mean quarterly earnings for the aggregated manufacturing sector far outpace quarterly earnings in the retail and services sectors.

Figure 3

Mean Earnings in Sectors



Source: COWS Analysis of Wisconsin State Wage Record File.

Comparing specific 2-digit SIC codes reveals the significant earnings differences between particular firm types in the manufacturing, retail, and services aggregations (Table 8).

Table 8

Mean Quarterly Earnings By 2-Digit SIC Code, 1997

Code	Classification	1997 Mean Quarterly Earnings
15	Building Contractors	7987
25	Furniture and Fixtures	6569
27	Printing and Publishing	8321
30	Plastics	6724
34	Fabricated Metals	9080
35	Industrial Machinery	9781
38	Instruments	9826
39	Miscellaneous Manufacturing	7689
50	Wholesale — Durables	9867
51	Wholesale — Non-Durables	7986
	All Manufacturing	9041
53	General Merchandise Stores	4283
58	Eating and Drinking Places	2347
59	Miscellaneous Retail	3945
79	Amusement and Recreation	6494
78	Movie Theaters	4458
	All Retail	3291
87	Engineering and Management Services	5375
48	Communications	7674
76	Miscellaneous Repair	9997
	All Services	6787

Source: COWS Analysis of Wisconsin State Wage Record File.

Modeling two hypothetical development scenarios underscores the benefits of the *Valley Plan's* recommended “smart park” strategy, relative to proposed retail development in the Menomonee Valley, from the standpoint of job creation and resulting wages. As earlier noted, we do not here intend to script eventual redevelopment of the Valley but, rather, provide a broad brush comparison against which to evaluate potentially competing options.

The *Land Use Plan* outlines briefly CMC’s suggested retail development scenario, which proposes big-box retail establishments, restaurants, entertainment centers and miscellaneous retail stores.²² In contrast, we suggest two alternative manufacturing-centered “smart park” scenarios –

²² *Land Use Plan*, p. 3-40 – 3-41.

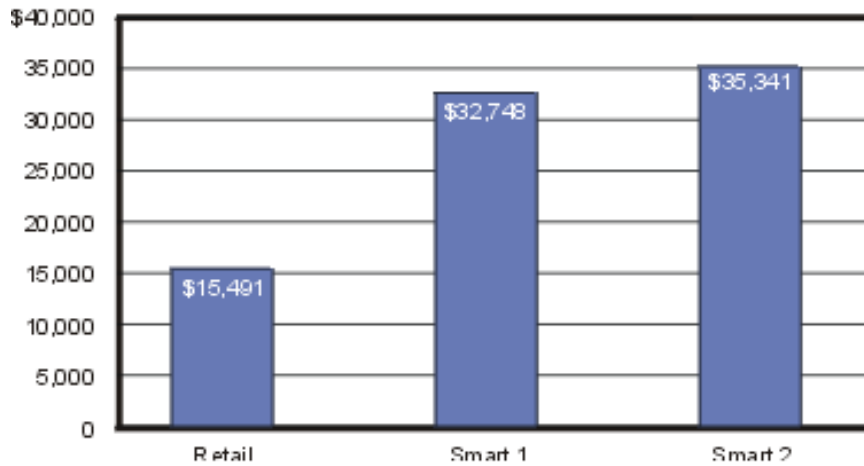
the key difference between the two being the dominant employer's industrial classification. In one manufacturing scenario we anticipate an apparel manufacturer and, in the second, a printing/publishing firm, each employing approximately 200 employees. The manufacturing scenarios estimate approximately 800 jobs created.

The results are striking. Average annual wages in the two "smart park" scenarios are **at least twice** the average annual wages in the retail development scenario – \$32,748 and \$35,341 for manufacturing-centered development, versus \$15,491 for retail development.²³ (Figure 4.)

²³ Our scenarios are based on several factors. First, SIC codes are matched with the types of establishments proposed for location in CMC's retail plan and the types of establishments which might be located in a manufacturing-centered "smart park" with significant linkages to the greater Milwaukee manufacturing economy. The "smart park" scenarios include some non-manufacturing firms; for instance, wholesale trade, engineering services, and communications. An informal survey of recent business park development in the greater Milwaukee area provided information on the mix of firm types located in 100 – 200 acre business parks. A single major employer in each "smart park" scenario is assumed to anchor the redevelopment, each employing an estimated 200 employees. For other firms, the average number of employees per establishment within the designated SIC code was derived from State of Wisconsin "Current Employment and Wage" (CEW) data for Milwaukee County (1998) from the Department of Workforce Development. The average number of employees per establishment in the retail scenario was determined in the same fashion. The percent of employment by firm type relative to the overall development scenario (a weighting factor) was determined based on the total number of projected jobs and an estimate of the number of each firm type which could locate in the property in question. Wages in the designated SIC codes are derived from the Wisconsin State Wage Record File.

The retail development scenario includes the following two-digit SIC codes: 53, 54, 59, 56, 58, 79, 52, 57, and 78. "Smart Park 1" includes: 23, 34, 35, 36, 38, 39, 50, 51, 73, 87, and 48. "Smart Park 2" includes 27, 34, 35, 36, 38, 39, 50, 51, 73, 87, and 48.

Figure 4

Annual Wage by Plan, Weighted by Job Distribution

Source: Center on Wisconsin Strategy.

Regardless of the particular mix of firm types (SIC codes) involved, the generalized information in Figure 3 (page 32) and Table 8 (page 33) clearly indicates that a manufacturing-centered redevelopment scenario far outpaces a retail development scenario from the standpoint of creating jobs that pay family-supporting wages. Moreover, whether the “smart park” scenario means that 40% of all employment will be clustered in various sectors of light manufacturing (SIC codes 34, 35, 36, 38, and 39) rather than the 60% included in our model, the long-term employment and economic gains make the *Land Use Plan’s* recommended development the indisputable choice.

Conclusion

Urban “smart parks” strive for economic and ecological efficiency in their design and operation. Optimizing regional materials flows and improving supplier chains is one strategy toward that goal. The task of attracting firms to locate in the Valley should be undertaken in ways which strengthen these linkages in the regional manufacturing sector and extend the successful labor-industry partnerships forged by the Wisconsin Regional Training Partnership.

Returning economic opportunity to the Valley’s surrounding communities will improve the quality of life in those neighborhoods. Statistics are not readily available linking “x’ dollars of increased income to ‘y’ changes in quality of life,” but it is undeniable that families’ life situations can only improve when workers in those families earn family-supporting wages, have access to health care, gain skills, and can obtain jobs with a future. Recent surveys of Milwaukee’s poorest zip codes indicate that these neighborhoods are not pitholes of pathology, but rather are filled with workers with essentially good values who by and large are indeed working and moving out of poverty. An opportunity to amplify those positive trends — the opportunity presented by redevelopment of the Menomonee Valley — must be seized and made reality.

Redevelopment of the Menomonee Valley’s generally vacant west-end must focus on new “smart-park” reindustrialization. The *Land Use Plan* endorsed moving in this direction and every indicator points to this high-road strategy as the soundest recommendation —

- ❖ it builds off of and will strengthen the City’s retained manufacturing base;
- ❖ it presents an opportunity to coordinate next generation in-fill development with existing regional workforce initiatives;
- ❖ it will attract firms and create jobs paying family-supporting wages in skilled, high-retention sectors;
- ❖ it will return economic opportunity to adjacent neighborhoods and create the conditions for improved quality of life through improved housing and nutrition, stable jobs, and health care access;

- ❖ it reflects the stated desires of existing Valley business owners;
- ❖ and, it will enhance the tax base of the City and return underutilized land and infrastructure to productive use.

Making It Happen

The Menomonee Valley holds forth the promise of returning economic opportunity to the City, creating jobs that pay family-supporting wages, and contributing significantly to important trends in regional cooperation. The prospects for great success are surpassed only by the long-term benefits to be realized from pursuing the high-road strategy.

Already, community and civic leaders, business and labor representatives, and government officials support high-road redevelopment of the Menomonee Valley. The collective will represented by this broad coalition can make this happen, but not alone. Redevelopment of the former Milwaukee Road Shops property will require substantial public commitments, including commitments to a long-term vision for the health and welfare of City residents as well as the vitality of Milwaukee's regional economy

