

Committee Name:

Senate Committee – Economic Development, Job Creation and Housing (SC–EDJCH)

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Original URL: <http://www.jsonline.com/news/metro/dec03/191087.asp>

Trio bolsters mayor's hold on MMSD

Control a blow to accountability, unfair to suburbs, critics complain

By STEVE SCHULTZE and MARIE ROHDE
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Last Updated: Dec. 7, 2003

A trio of policy and political advisers to Milwaukee Mayor John O. Norquist stands sentinel over the sewerage district, reinforcing the mayor's grip over what on paper is a regional - not just a city - sewer utility.

While Norquist's outsized role in influencing MMSD surprises few who closely watch the agency, critics say the mayor's dominance weakens public accountability and deprives suburban residents - who constitute some 44% of the district's customers - of the voice they deserve.

E-mail messages and other records, obtained from City Hall and the Milwaukee Metropolitan Sewerage District, show the three mayoral allies - Bill Christofferson, Steve Jacquart and Jeff Gillis - deeply involved in key policy and public relations decisions at the district.

"There are so many of us invested in MMSD through our property taxes that it isn't fair the way the mayor runs it," said state Sen. Alberta Darling (R-River Hills). "We can't have such a close tie to the mayor, in terms of (his) being able to push so many buttons."

On paper, the agency has been an independent legal entity since its creation in 1982, and has a \$324 million budget with its own taxing power.

In practice, Norquist's allies hash out MMSD details on a range of issues, from public opinion strategy on dumping raw or partly treated sewage to using MMSD to bolster Norquist's opposition to freeway widening, the records show.

Norquist defended his aggressive efforts to shape what MMSD does, saying he's particularly proud of prodding the district to implement his idea of buying huge swaths of undeveloped land near rivers (price tag so far: \$1 million), as well as his notion to have MMSD convert the old city flushing station along the lakefront into a trendy coffee shop (price: \$837,000).

"There's no question; I plead guilty. I interfered," Norquist said. "I don't feel there's anything wrong with it at all."

He called the current city-tilted governance structure of MMSD appropriate but also said "the ideal would be that the city would have retained the sewerage district to itself." As a legislator, Norquist helped broker the creation of MMSD, a melding of formerly separate city and county sewer commissions.

Only one of the three Norquist allies - Christofferson - has a formal policy-making role with the district, having served since 2000 as one of the mayor's seven appointees to the 11-member sewerage commission. He holds no official commission leadership role but figures prominently in behind-the-scenes MMSD strategy talk.

By The Numbers

\$120

Hourly rate charged to the sewerage district by former mayoral adviser Jeff Gillis for consulting services.

\$248,000

Approximate amount paid to Gillis by the district since 1997 for those services.

Despite that, some members of the sewerage commission say they don't know who Gillis is.

Quotable

“ There's no question; I plead guilty. I interfered. I don't feel there's anything wrong with it at all. ”

- Mayor John O. Norquist

Christofferson, 60, is a former mayoral chief of staff and local political consultant who has worked on campaigns for Norquist, U.S. Sen. Herb Kohl and Gov. Jim Doyle.

The other members of the trio are Jacquart, 39, Norquist's current chief of staff, and Gillis, 50, a Shawano-based campaign adviser and former City Hall aide to Norquist. Gillis has been a consultant to MMSD since late 1997.

District governance

Norquist leaves office next month after nearly 16 years, but the issue of MMSD accountability and governance continues to bubble as backwash to public outrage over the district's record of dumping more than 13 billion gallons of raw sewage.

Darling said she would formally request a legislative study of MMSD and other non-elected boards and plans to propose law changes next year on who runs the district.

How Norquist's successor deals with MMSD could affect the Legislature's interest in making changes, she said. At least one candidate for Milwaukee mayor, former U.S. Rep. Tom Barrett, is pledging greater openness to suburban concerns and said he would appoint sewer commissioners "who can work with their suburban colleagues."

Historically, Norquist played major roles in the hiring of several MMSD executives and in the 1998 privatization of most MMSD operations. For example, in 1997, Norquist dispatched his city budget director to MMSD to sit in on early privatization discussions, recalled Jim Hill, who then was MMSD director of finance and administration.

Hill said he was fired after he and other district officials raised tough questions.

"We asked the right questions at the wrong time," said Hill, now a county mental health official. Hill said the news of his firing was delivered by John Tries, an ex-Norquist chief of staff who then was an MMSD consultant.

Ralph Hollmon, who left as MMSD executive director around the same time, said he did so after a sit-down with Norquist.

The members of the mayor's sewer troika are paid through a mixture of city, MMSD and Norquist campaign money, according to district and city records. Christofferson is paid \$10,273 a year, plus health insurance benefits, by MMSD for his part-time commissioner role. Since 1998, he's also earned about \$27,000 through payments from Norquist's campaign.

Jacquart is paid \$94,135 a year through the city, a job that's in jeopardy with Norquist's departure.

Gillis has a \$120-an-hour consulting contract with MMSD, through which he's been paid more than \$248,000 since late 1997, averaging more than \$41,000 a year and generally working 30 to 40 hours a month or less.

Quiet involvement

Unlike Christofferson, who speaks out publicly on MMSD matters as commissioner, Jacquart and Gillis play behind-the-scenes roles. Jacquart acknowledged digging into MMSD issues from City Hall but said that doesn't mean he's running the place.

Christofferson did not respond to repeated requests for an interview. In an e-mail, he said only that he had never discussed with Norquist or mayoral staffers how to vote on the sewerage commission.

Gillis did not return several telephone and e-mail requests for an interview.

MMSD Executive Director Kevin Shafer had difficulty describing exactly what Gillis did for the district.

"If there is an issue or an item we need advice on, as far as, how would that be viewed? Or what's the historical approach

of the district investigation.

From the Dec. 22, 2003 editions of the Milwaukee Journal Sentinel

been to this?" Gillis' advice is sought, Shafer said. He at first said Gillis did not advise him on district policy, then said, "It's not only policy."

The district could not provide any reports or other tangible work product from Gillis from his five years as a consultant.

Gillis has had repeated no-bid contracts with the district because of his "expertise and experience in legislative and policy matters," district records say. He got his initial contract with the district under Shafer's predecessor, Anne Spray Kinney, a former Norquist budget director.

Gillis' contracts variously have called for him to consult on flood-control projects, "rainwater reduction education" and "organizational realignment of the district."

Some members of the sewerage commission don't even know who Gillis is. Greenfield Mayor Tim Seider and River Hills Village President Bob Brunner, who both serve on the sewerage commission, said they had never heard of Gillis.

Seider said though Norquist may have had heavy influence over MMSD policy in the past, he didn't believe that was still true. But Seider and Brunner also said they were not aware of the e-mail discussions between the three Norquist associates and MMSD officials.

Said Brunner: "I have the feeling that the whole board isn't being brought in as equals. When you don't know what is being discussed, it's sort of hard" to make informed decisions.

Norquist, Shafer and Jacquart said the contacts from the Norquist trio with MMSD officials were unremarkable. And Shafer said he also frequently contacts suburban officials separately on some district issues.

From the Dec. 8, 2003 editions of the Milwaukee Journal Sentinel

Original URL: <http://www.jsonline.com/news/metro/dec03/191259.asp>

Barrett wants MMSD to halt contracts

From the Journal Sentinel

Last Updated: Dec. 8, 2003

Mayoral candidate Tom Barrett on Monday called for an immediate halt to all consultant contracts issued by the Milwaukee Metropolitan Sewerage District and a comprehensive public airing of all such contracts issued over the last decade.

Barrett said he was concerned about contracts issued administratively without the knowledge of commissioners who oversee the \$324 million-a-year agency.

His request was prompted by a Journal Sentinel story, published Monday, noting that two commissioners were unfamiliar with sewerage district consultant Jeff Gillis, who has been paid some \$248,000 since late 1997.

District spokesman Bill Graffin said the sewerage district would provide whatever information Barrett wants on its contractors, but said halting all new contracts could hurt the district's court-ordered, \$900 million sewer upgrade plan.

From the Dec. 9, 2003 editions of the Milwaukee Journal Sentinel

Original URL: <http://www.jsonline.com/news/metro/dec03/191252.asp>

Firm accuses MMSD of ordering payment to official's friend

District finds no wrongdoing, but will hire independent look

By STEVE SCHULTZE
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Last Updated: Dec. 8, 2003

Milwaukee sewerage district officials on Monday said they would hire an independent investigator to review allegations from a consultant who accused the district of mismanagement and contracting improprieties.

Norris & Associates has claimed that a district official ordered the firm to bill \$600 through its contract for work purportedly done by a friend of a Milwaukee Metropolitan Sewerage District official.

Rick Norris, the firm's founder, also accused the district official, Shaleta Dunn, of requiring him to hire and pay another subcontractor \$2,500 for creation of a district Web site.

Barring a reprieve from the 11 commissioners who oversee the district, Norris & Associates could soon lose its \$330,000 contract to help monitor the district's minority contractor program.

The Norris contract was suspended last week by sewerage district Executive Director Kevin Shafer, who said in a letter that the firing was being done at the district's "convenience." The Norris firm has been paid about \$79,000 so far under its three-year contract.

District spokesman Bill Graffin said Monday that an internal review of the Norris allegations had determined no wrongdoing on the part of the district. Graffin said an independent investigator would be hired as soon as possible.

"These are very serious claims," Graffin said. "We want to make sure everything is on the up and up here."

He said he didn't know who would be hired or how long the new investigation might take.

Action justified

Jeff Spence, manager of agency services for the sewerage district, said the Norris firm was being dumped because insufficient progress had been made under its contract. Several options, including replacing Norris, will be presented to sewerage commissioners Monday, Spence said.

He said the district had not ruled out continuing in some form with Norris, which has several other contracts with the district.

"We've worked well with Norris & Associates in the past, and we look forward to working with them in the future," Spence said.

Dick Norris, a former district employee, could not be reached for comment.

Norris was awarded the monitoring contract in December 2002. A main goal was to help the district ensure that sewer construction contractors comply with district policy on sharing a portion of their work with minority, women and small-business subcontractors.

By last summer, however, the relationship had soured between Norris and Dunn, who heads the district's minority contract compliance office, according to a lengthy written complaint by Norris.

Improprieties alleged

In a Sept. 17 letter to the district, Norris said Dunn had improperly ordered his firm to bill the district \$600 for work purportedly done by Ashley Potts, whom Norris described as a family friend of Dunn's. Norris paid Potts, even though the work did not relate to the firm's contract, Norris wrote.

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Norris had told Dunn in an August e-mail: "Based on current project tasks, we do not have any work" for Potts. Norris paid Potts, however, because Dunn threatened to delay payments owed to Norris or to perhaps terminate Norris' contract, according to the September letter.

Dunn said Monday that Potts was not a family friend, but otherwise declined to comment. Dick Solomon, a sewerage district lawyer, said Dunn's account was "180 degrees" different from the firm's.

Potts couldn't be reached for comment.

The Norris complaint may undercut the district's claims of minority subcontracting success. The district has said it has exceeded its goal of having 20% of its contracting business go to small firms or those owned by minorities or women for each of the last three years.

Norris said in its letter, however, that the district records used to develop contracting statistics were unreliable.

Trina Dennis, an attorney who worked with Norris on the sewerage district contract, said that the district sent out its termination letter to Norris in early December - within days of her filing an extensive request for documents and other internal information from the district.

She said the contract suspension appeared in part to be retaliation for the record request.

From the Dec. 9, 2003 editions of the Milwaukee Journal Sentinel

Original URL: <http://www.jsonline.com/news/metro/dec03/194507.asp>

MMSD hires an investigator

Former U.S. prosecutor to scrutinize allegations of contract wrongdoing

By **STEVE SCHULTZE**
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Posted: Dec. 21, 2003

Sewerage district officials have hired a former federal prosecutor to help them investigate a consultant's claim of contract improprieties and pledged to seek criminal charges if warranted.

The consultant, Rick Norris & Associates, has said a district employee required the firm to bill the Milwaukee Metropolitan Sewerage District \$600 for work purportedly done by a family friend of the MMSD employee. The district has denied the accusation.

The district has hired Rodney Cubbie, a criminal defense lawyer and former assistant U.S. attorney, to amplify MMSD's own in-house probe, said Bill Graffin, a spokesman for MMSD.

"We are going to get this investigation done, and if there is something found, it will be dealt with" by a formal referral to the Milwaukee County district attorney's office, said Graffin.

Graffin declined to say how much Cubbie would be paid, noting he does not yet have a written contract.

Although a sewerage district staff attorney already has cleared the agency of any wrongdoing, the district hired Cubbie to reinvestigate using "a fresh set of eyes," Graffin said.

Rick Norris, the founder of the Norris firm, complained in letters to the district of being required to pay the \$600 to Kelsey Potts, a family friend of Shaleta Dunn's, MMSD's minority contract compliance officer.

"We do not have any work for Kelsey," Norris wrote in an Aug. 18 e-mail memo to Dunn. Norris said he paid Potts, however, because Dunn allegedly threatened to delay payments owed Norris under its \$330,000 contract to help the district monitor its minority contractor program.

But Graffin said Thursday that Dunn did not know Potts until Norris sent him to MMSD last summer to help Dunn prepare a quarterly report to the state on MMSD's minority contracts. Norris has said that the work did not relate to his contract with MMSD.

Norris also alleged Dunn required him to pay another subcontractor \$2,500 to develop a Web site and bill it under his contract with the district, even though that work also did not relate to the Norris contract.

Norris declined to comment Thursday. A former MMSD engineer now in private practice, Norris also has three other ongoing contracts with MMSD worth \$1.4 million.

Trina Dennis, a local attorney who worked as a subcontractor on Norris' MMSD contract, called Graffin's assertion "ridiculous" and said that it was Norris and not Dunn who had recruited Potts.

Norris' contract to monitor MMSD's minority contracting program was suspended earlier this month, pending the outcome

Original URL: <http://www.jsonline.com/news/metro/jan04/200556.asp>

Barrett calls for overhaul of area sewerage district

If elected mayor, he says he would seek to stop MMSD dumping

By STEVE SCHULTZE
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Posted: Jan. 16, 2004

Milwaukee mayoral candidate Tom Barrett on Friday called for reforms to the sewerage district aimed at eliminating raw sewage dumping, including reconsideration of having a private firm operate the deep tunnel system and treatment plants.

"The Milwaukee Metropolitan Sewerage District must clean up its act," Barrett said, citing ongoing concerns about dumping and what he called public loss of confidence in the agency. "I want us to do a better job."

Barrett discussed the plan in an interview and a news conference at his downtown campaign office.

Barrett's overhaul plan includes an independent review of MMSD's 10-year contract with United Water Services, which expires in 2008, and an examination of the overall direction of the agency.

A low-key agency with taxing power and a \$325 million annual budget, the district is nominally headed by an 11-member commission. Milwaukee's mayor appoints seven of those members, and former Mayor John O. Norquist held strong sway over MMSD.

Barrett also said he wants to eliminate a lucrative health, dental and life insurance perk for MMSD commissioners, which is worth about \$17,400 a year for each. They each also are paid stipends of nearly \$11,000.

That total is nearly identical to the average household income in Milwaukee and clearly excessive, Barrett said.

Election 2004

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And Barrett called for closer scrutiny by commissioners of all contracts, something he said was necessary in light of a December Journal Sentinel article outlining how one MMSD consultant was paid nearly \$250,000 since 1997 for vaguely defined duties.

The consultant, Jeff Gillis, was a former campaign and staff aide to Norquist. Barrett said such MMSD contracts should no longer be used as "soft political landing pads."

Because Gillis' annual contract was less than \$100,000, it did not require advance commissioner review, and at least two current commissioners have said they weren't aware of his deal.

Gillis' contract was allowed to expire this month, because "we had obtained the benefit of the services that he had to offer us," said MMSD Commission Chairman Dennis Grzezinski.

Gillis couldn't be reached Friday.

Barrett's push to reform MMSD appeared aimed at staving off another reform he does not favor - a fundamental change in the way the district is governed. Some suburban state lawmakers have advocated making the commissioners elected, not appointed.

Barrett said the Milwaukee mayor should retain authority to name seven of the 11 commissioners because a large majority of metro-area residents live or work in Milwaukee. Barrett said, however, that he would replace any current commissioner who does not agree with his MMSD overhaul goals.

Acting Mayor Marvin Pratt, who also is running for mayor, declined to comment on Barrett's MMSD plan. Another leading candidate, Sheriff David Clarke, did not respond to an interview request.

Candidate Vince Bobot has said, if elected, he would replace all MMSD commissioners for voting for a \$750,000 increase in this year's operations budget. Bobot also has criticized MMSD for sometimes dumping partially treated sewage.

Barrett said he would like to curtail the practice of "blending" partly treated sewage flows with fully treated flows, something MMSD officials defend as legal and reasonable during heavy rains.

Separating Milwaukee's combined storm and sanitary sewers would help solve MMSD's raw sewage dumping problems, but it would likely be too expensive, Barrett said.

Barrett's detailed sewer plan is one of relatively few firm campaign positions outlined so far by the large field of mayoral candidates. Barrett in November called for giving the mayor power to appoint top Milwaukee Public Schools officials, but he dropped it a month later following harsh criticism.

Clarke last week released an anti-crime plan that emphasized closing drug houses and getting illegal guns off the street.

Marie Rohde of the Journal Sentinel staff contributed to this report.

From the Jan. 17, 2004 editions of the Milwaukee Journal Sentinel

MMSD's latest controversy

Bill Graffin is right. The spokesman for the Milwaukee Metropolitan Sewerage District says that allegations made by a district consultant charging a district official with mismanagement and contracting improprieties are "very serious claims." And the district does seem to be taking the claims seriously, saying it will hire an independent investigator to look into the accusations.

Obviously, the sooner an investigator is hired, the better. An internal review has determined that there was no wrongdoing. But the district already suffers from a negative image in the community — some of which is deserved and some of which is not — and the allegations by Norris & Associates that surfaced last week can only further damage the district's credibility if left unresolved.

Nor was that image enhanced last week when, according to district officials, unexpected weather problems resulted in an in-plant diversion of about 40 million gallons of sewage around one part of the treatment process at the Jones Island treatment plant. The diverted flow met federal and state standards for full treatment, according to district officials, but such diversions still concern the public, and rightfully so, any time they happen.

Furthermore, the nature of Norris' accusations — that a district official ordered the firm to bill \$600 through its contract for work purportedly done by a friend of a district official — require resolution by someone outside the district.

So district officials are doing the right thing in that regard. But in addition to an investigation into Norris' allegations, perhaps what's needed is a more complete look at all the district's consultant contracts.

A Journal Sentinel report last week

noted that two commissioners were unfamiliar with sewerage district consultant Jeff Gillis, who has been paid about \$248,000 since late 1997. Gillis has had repeated no-bid contracts with the district because of his "expertise and experience in legislative and policy matters," according to district officials. He has been paid about \$41,000 a year for 30 to 40 hours of work a month. Nice work if you can get it, but the same can be said of a few other jobs.

Maybe Gillis has been worth every penny. And maybe not. An outside review could help answer that question. Furthermore, no-bid contracts by their very nature should always raise a few eyebrows.

This is not to buy into the notion being pushed by state Sen. Alberta Darling (R-River Hills) that the district's governing structure needs to be changed, or even Milwaukee mayoral candidate Tom Barrett's proposal that all contracts be halted and the contracts be publicly aired.

Barrett is right to be concerned about contracts issued administratively without the knowledge of commissioners, but district officials are also right when they argue in turn that halting all contracts now could delay important work that needs to be done to complete a court-ordered \$900 million sewer upgrade plan. Furthermore, as a general rule, it is doubtful that every board member of a large firm or agency is familiar with the name of every consultant hired by the executives responsible for daily operations.

Still, an outside review of the contracts could help ease concerns over issues raised by the Norris allegations and the revelations about Gillis. And district officials should understand that it's in the district's interest to ask for such a review sooner rather than later.

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EXHIBIT

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MMSD 7/26/03

Taxpayers don't need promotional campaign

The Milwaukee Metropolitan Sewerage District's wish to spend \$3 million-plus of taxpayers' money on a pie-in-the-sky promotional program is an example of bureaucratic feel-good wasteful spending ("Sewerage district revives promotional plan," July 19).

We taxpayers do not need MMSD to "try to incorporate views of the public in deciding what projects to tackle," as MMSD Executive Director Kevin Shafer said.

Nor do we need a series of costly public meetings, newsletters, festivals, seminars and TV and radio commercials.

We taxpayers demand a positive return on our annual investment of MMSD taxes and fees, and especially no more sewage dumping in our waterways, as well as no more wasteful spending by MMSD.

Donn E. Cazel

Shore Road

Sewerage district revives promotional plan

First payment approved on effort for which total cost isn't known yet

By STEVE SCHULTZ

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A long-shelved \$3 million promotional effort for the Milwaukee Metropolitan Sewerage District aimed at winning the hearts and minds of a skeptical public has been reconstituted for what officials now say is an unknown cost. They do have a price for the first installment: more than

\$804,000, for work through 2004. Additional sums may be approved later, and the overall cost will likely be less than \$3 million — despite an expansion of the project's scope — was all Milwaukee Metropolitan Sewerage District officials would say.

"Right now, we really don't know," MMSD Executive Director Kevin Shafer said. Any future spending will be reviewed annually by the Sewerage Commission, he added.

Shafer said the project ultimately may cost less than the original plan because MMSD

staffers are doing more of the promotional work in-house.

Under the original plan, Beth Foy and Associates of Menomonee Falls would have received roughly \$600,000 a year over five years to help set up meetings with local officials, send out newsletters, develop an MMSD promotional video and bird-dog a host of public meetings.

Following public criticism, the commission in April 2002 held up approval of the \$3 million pact with Foy to do a

Please see SEWER, 13A

HOW \$800,000 WILL BE SPENT

A public relations consultant hired by the Milwaukee Metropolitan Sewerage District will be paid more than \$804,000 by the district. A look at how that money will be spent:

- \$234,152 for planning efforts on a speaker's bureau, market research and public meetings.
- \$302,560 for internal communications and meetings.
- \$170,935 for external committees.
- \$96,817 for coordination of reports, files and schedules.

Source: Beth Foy and Associates

Project to promote sewerage district plan is on track

SEWER, From 1A

"stakeholder involvement program" for MMSD's 2020 plan. Her firm was given preliminary approval to go ahead with the promotional work this week by a Sewerage Commission committee. The full commission will take it up July 28.

Long-term planning

The work is part of the district's ambitious, \$29 million effort to develop a 2020 facilities plan, or as Shafer calls it, "our road map to the future." A local engineering firm, HNTB, is doing the lion's share of the planning work and will be paid up to \$17 million.

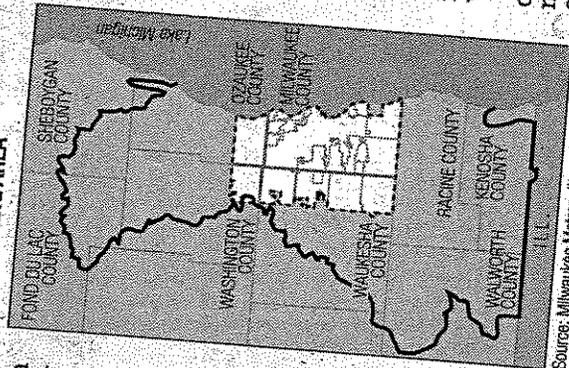
The 2020 plan must be finished before 2007, under terms of MMSD's state operating permit. The plan will lay out major projects to help improve the local sewer system and better avoid dumping untreated sewage into local waterways. Some large sewer overflows have bedeviled MMSD in recent years and led to withering criticism, a critical state audit and a citizen lawsuit that's still pending in federal court.

The promotional effort is aimed at involving the public in decisions on what projects are to be tackled over the next decade and beyond. The options to be discussed will run the gamut from bigger and better sewers and storage tunnels to treatment plant up-

ENVIRONMENT EXPANDING DISTRICT PLANNING AREA

The Milwaukee Metropolitan Sewerage District will expand its planning efforts into parts of Sheboygan, Fond du Lac, Walworth, Racine, Washington and Kenosha counties.

--- CURRENT BOUNDARY
- - - PLANNING AREA



Source: Milwaukee Metropolitan Sewerage District
RIKKA KANAOKA/milwaukee@journal Sentinel.com

grades and watercourse improvements, Shafer said.

The scope of the project has expanded because the MMSD, in conjunction with the DNR and the Southeastern Wisconsin Regional Planning Commission, is now looking at a

much larger geographic area for its planning.

Instead of restricting its review to the immediate Milwaukee and Milwaukee urban area served by MMSD, the effort will reach into parts of Sheboygan, Fond du Lac, Walworth, Racine, Washington and Kenosha counties.

Official: More than PR

The initial focus of the effort will be looking at what it would take to improve area water quality and later evolve into detailed projects, Shafer said. MMSD calls the promotional effort "public involvement and watershed education." It includes public relations work, but goes beyond that, said Karen Sands, an MMSD manager overseeing the promotion plan.

In a summary prepared for commissioners, the goal of Foy's work is described as "developing and sustaining a common vision of the desired future state of the greater Milwaukee watersheds."

Some of her tasks will include coordinating a raft of meetings, internal communications, graphics, market research, public service announcements, and setting up public informational meetings.

Shafer said the new approach will try to incorporate views of the public in deciding what projects to tackle. That's in contrast to previous planning efforts, in which an

array of proposed projects was developed and presented to the public before formal approval, he said.

The Legislative Audit Bureau, in reviewing the original promotional plan last year, said the purpose was to "put a 'positive face' on the 2020 facilities planning project and to garner stakeholder support for the final project plan."

The bureau, in backup materials prepared for its MMSD audit, cautioned that "this type of outreach program has the potential to shift into a program of advocacy rather than collaboration and outreach if there does not appear to be grass-roots support for the district's preferred alternatives."

In a meeting with potential bidders for the promotional contract in 2002, district officials described a long list of potential tasks. Activities could "range from anything like having a festival to a public media campaign, you name it," said Sands, in a transcript of the session.

Bob Brunner, a commissioner and the River Hills village president, said Friday that he's skeptical about the promotional effort's cost and what it can accomplish.

"I'm not sure the end result is going to be any better than it is now," he said.

EXHIBIT

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Original URL: <http://www.jsonline.com/news/metro/jan04/198051.asp>

George gets 3 new charges

Federal grand jury adds counts; total penalty could be 50 years

By GRAEME ZIELINSKI
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Posted: Jan. 6, 2004

Former state Sen. Gary George was hit Tuesday with three new federal charges, including bid-rigging, money-laundering and participating in a newly disclosed kickback scheme involving money from the Legislature.

Also Tuesday, Dave Begel, the onetime newspaper columnist, car salesman and political operator, emerged as the latest loyalist to have turned on George, his benefactor and one of Wisconsin's most controversial politicians.

The three new counts against George, returned late Tuesday by a federal grand jury, follow the outline of already disclosed charges and raise his potential prison time from 10 to 50 years if he's convicted of all counts.

Begel, a colorful figure who once cultivated the limelight and exulted in rubbing elbows with political big wheels, has been granted immunity in this case in exchange for his cooperation, prosecutors said, though he still faces other charges related to his relationship with George.

In one of the new counts, Begel is said to have helped rig a bidding process for the construction of the troubled Police Athletic League - or PAL - facility at 2320 W. Burleigh St. in Milwaukee, at George's behest.

Begel joins Mark Sostarich, a lawyer and former chairman of the Wisconsin Democratic Party, and John Bowles, a Milwaukee business mogul, as onetime confidants who are cooperating at one level or another with U.S. Attorney Steven M. Biskupic's unrelenting prosecution of George.

Begel served as chairman of George's failed 2002 bid for governor and also as George's chief legislative aide.

Begel's conduct in rigging the PAL bid was described prosaically in a press release from Biskupic's office: "Begel did as he was told."

Sostarich was named in the second new count as having kicked back state Senate money to George. The cash, approved in 2002, was intended to pay Sostarich's legal fees relating to George's federal lawsuit challenging legislative redistricting.

Paid \$17,700 by the state, Sostarich kicked back \$2,500 to George, according to the indictment.

Sostarich was not charged in Tuesday's indictment, though he was charged in November

Gary George



Photo/File

Former state Sen. Gary George appears outside Milwaukee's federal courthouse after his arraignment on felony conspiracy charges.

Related Coverage

[State audit: W-2 firm under close watch](#)

[Video: TMJ4 Report](#)

Summary

NEW CHARGES against former state Sen. Gary George:

Bid-rigging related to a Police Athletic League building.

Kickbacks of tax money paid to pay George's attorney in redistricting lawsuit.

Money-laundering of funds sent by contractor to Virgin Islands TV station.

REMAINS CHARGED.

Original URL: <http://www.jsonline.com/news/state/dec03/194101.asp>

Contractor pushed state for big grant

Officials questioned sum for construction deal

By STEVEN WALTERS
swalters@journalsentinel.com

Posted: Dec. 19, 2003

Madison - Milwaukee contractor John P. Bowles was mad. Where was his \$773,396?

It was September 2002 - five months after then-Republican Gov. Scott McCallum's top deputy promised him his company would get a \$773,396 state grant to make energy-saving changes to Milwaukee's new Police Athletic League center. And Bowles still didn't have the money.

Bowles had every expectation that he would not be overlooked.

He had given the maximum \$10,000 allowed to McCallum's re-election campaign, and also appeared to cover his bet by giving a \$1,000 gift to the campaign of now-Democratic Gov. Jim Doyle.

And Bowles had written checks for \$5,950 over a two-year period to the campaign of his well-connected Capitol patron, then-Sen. Gary George (D-Milwaukee), who was indicted in federal court in November, accused of fraud and taking cash kickbacks.

Bowles also wrote \$150 checks to the political funds of Senate Majority Leader Mary Panzer (R-West Bend) and Finance Committee Co-chairman Sen. Alberta Darling (R-River Hills).

Records obtained by the Journal Sentinel indicate that Bowles clearly believed he had laid the appropriate groundwork.

It was September 2002 and the check from Madison hadn't arrived. So, when Bowles ran into him, state official John Marx got an earful.

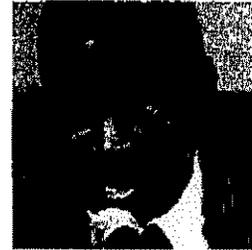
The Police Athletic League "had to borrow money as a result of the delay," then administrator of the Department of Administration's energy division quoted Bowles as saying in an e-mail Marx fired off to an underling. "Please provide a firm timeline for completing this transaction."

Soon, Bowles and his Central City Construction company got the \$773,396.

Determined bid for funds

The state documents, made public under an open records request, show that the check to Bowles ended his relentless two-year push for state cash for the new Police Athletic League building - a center that George, who eventually ran the league with a tight fist, got

John P. Bowles



Contractor John P. Bowles got \$773,396 to make changes at a Police Athletic League center.

Quotables

“ I remain concerned for the existence and health of the program when (and if) this activity becomes public. I feel the utilities will feel betrayed, the newspapers will call it corruption, and everyone will be tarred with the same brush. ”

- Hugo Heyns,
MSOE program
manager

“ A \$773,396 grant 'is particularly disturbing given that this project would not even

(and if) this activity becomes public. I feel the utilities will feel betrayed, the newspapers will call it corruption, and everyone will be tarred with the same brush."

Heyns declined to answer questions about the Bowles project, saying the e-mails spoke for themselves.

Questions raised

On Aug. 28, 2002, another state Administration Department official, Jolene Anderson Sheil, questioned why the athletic league should get a grant for so much more than was justified.

A \$773,396 grant "is particularly disturbing given that this project would not even have qualified for the \$40,000 grant award based on current program criteria," Sheil, chief of the Division of Energy's Business Programs Section, wrote Marx.

Experts also said the league energy-savings project planned by Bowles' firm would not pay for itself for 12 years, an unusually long period.

In a written statement this week, Marx said he repeatedly used the term *train wreck* in discussions with Lightbourn to describe the potential \$773,396 grant to Bowles.

Calls to Lightbourn, who no longer works for the state, were not returned. In an April 18, 2002, letter notifying Bowles that he would get the grant, Lightbourn said, "Gov. Scott McCallum and I are looking forward to a successful partnership with the Athletic League and Central City Construction on this project."

Marx said Lightbourn made the final decision on the grant. Lightbourn "had the authority to do so and his legal staff has since confirmed that."

Marx, who said he has not been questioned by criminal investigators about the grant, said the "context" of it and the importance of the league were important.

"At the time the grant was made, no one would have any reason to think there would be a link to anything illegal," Marx said, noting that the league was a "legitimate organization."

Other state officials said it would be reasonable to try to make the league's center more energy-efficient, so Marx said he was interested in making funds available to do that.

But Marx said he eventually withdrew his support because Bowles wanted so much more than other Focus on Energy projects and because of criticism from program managers.

This week, Marx summarized the \$773,396 given to Bowles this way: "We simply paid too much for the energy savings; that's all there was to it as far as I knew then or now."

McCallum said Friday that he supported the league's center because it would be a place for youths to play basketball under adult supervision.

"I wanted to help young people in Milwaukee," said McCallum.

But, McCallum said, he never ordered Lightbourn to approve the \$773,396 grant to Bowles for energy improvements. And the former governor said he was never told of the criticism of the grant by state program managers.

McCallum said he knew Bowles, but that the Milwaukee contractor has never lobbied him for the league grant. At one point, McCallum said, Bowles argued that minority construction firms should share in the contracts that will be let to rebuild the downtown Marquette Interchange.

EXHIBIT
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MILWAUKEE TWO AND STATE NEWS

Homeless take
shelter by breaking
into dealer's cars

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MILWAUKEE JOURNAL SENTINEL — FINAL EDITION

1-2-24-99

SECTION B

Competition expected to lower cost of flood-control project

Firms' bidding war on work
for Lincoln Creek could
yield \$10 million savings

By GRACIE BOKOWSKI
of the Journal Sentinel staff

The sewerage district's flood-control project for Lincoln Creek could come in at about \$10 million less than expected, thanks in part to the number of firms bidding for the work.

The wide-ranging project, which includes two massive holding ponds and other improvements to the flood-prone

creek, was expected to cost about \$70 million, according to the Milwaukee Metropolitan Sewerage District.

"We could be in the upper 50s instead," said MMSD spokesman Mark Kass. "It's a large project and everybody wants in, so the competition brings down the price."

Contractors are nearing completion on the first of the two holding ponds, a key element of the project. When major storms hit, water will be diverted into the ponds and then released at a controlled rate back into the creek.

The first pond is north of W. Green Tree Road, between N. 46th and N. 50th streets. It is a huge undertaking — removing dirt in an area as large as 20 football fields to a depth of 10 feet.

Every day, a non-stop convoy of dump trucks makes between 800 and 1,000 trips between the pond site and a site where the dirt is dumped about a half-mile to the west, before the trucks circle back for another trip.

Crews are expected to be done with the pond in February. The site will actually be dry most of the time and will appear to be a sunken grassy field.

The second detention pond will be downstream in the Havenwoods State Forest just south of W. Mill Road. Part of that pond will be a wetland, serving as an educational area for visitors to the park.

Between them, the ponds will be able to hold about 80 million gallons of water. In both cases, costs were kept down by the nearby location of the fill site. For the first pond, it is just blocks away, which reduced the trucking costs in the bid. At the Havenwoods site, some of the

Please see CREEK page 6

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EXHIBIT
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State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

JANICE MUELLER
STATE AUDITOR

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July 30, 2002

Senator Gary R. George and
Representative Joseph K. Leibham, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator George and Representative Leibham:

At the request of the Joint Legislative Audit Committee, we have completed an evaluation of the Milwaukee Metropolitan Sewerage District. The District is a special-purpose municipal corporation that provides sewer services to the City of Milwaukee and most of Milwaukee County, as well as to all or parts of a number of municipalities in surrounding counties.

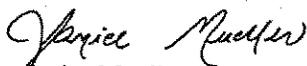
The District's \$2.3 billion sewer improvement program, including the 19.4 mile Deep Tunnel and related improvements, has significantly reduced both the number and the volume of sewer overflows, and the District has not violated the combined sewer overflow provisions of its wastewater discharge permit since 1994. However, the program has not achieved the results anticipated when it was designed. Sanitary sewer overflows continue, and more than twice the predicted number of combined sewer overflows has occurred since the Deep Tunnel began operation. Since 1994, a total of 13.2 billion gallons of untreated wastewater has been discharged into Milwaukee-area waterways because of a combination of large storms, stormwater infiltration into sewers, capacity issues in the Deep Tunnel and the District's sewers and treatment facilities, and operational policies that have exacerbated overflows. For example, a total of 107 million gallons of untreated wastewater was discharged since June 1999 during six overflows that occurred because the District's contractor had temporarily turned off Deep Tunnel pumps while switching to a lower-cost source of electricity.

The District is in the process of implementing a \$786.4 million building program that is intended to reduce sewer overflows by constructing additional wastewater capacity, increasing treatment plant capacity, and improving the performance of the sewer system. It also plans to spend \$410.0 million on watercourse improvement projects. To date, completed projects have had significantly higher costs than the District anticipated.

We found that the District's sewer system and the Deep Tunnel have reduced the amount of pollutants entering waterways, and water quality has improved within the combined sewer area. However, water quality outside the combined sewer area has not improved since 1994 because of sewer overflows and nonpoint and other pollution sources. Neither Lake Michigan nor Milwaukee-area rivers currently meet designated water quality standards specified in federal and state law.

We appreciate the courtesy and cooperation extended to us by the District's staff during the course of our audit. The District's response is Appendix 5.

Respectfully submitted,


Janice Mueller
State Auditor

JM/PS/ss

AN EVALUATION

*Milwaukee Metropolitan
Sewerage District*

02-12

July 2002

2001-2002 Joint Legislative Audit Committee Members

Senate Members:

Gary R. George, Co-chairperson
Judith Robson
Brian Burke
Joanne Huelsman
Mary Lazich

Assembly Members:

Joseph K. Leibham, Co-chairperson
Samantha Starzyk
John Gard
David Cullen
Barbara Gronemus

The cost of the Lincoln Creek project increased 63.9 percent from original estimates.

Lincoln Creek project costs were projected at \$70.4 million when construction began in 1999. As shown in Table 21, however, the most recent projected cost estimate was \$115.4 million, an increase of 63.9 percent. Design, construction, and other costs, which include real estate acquisition, insurance, and legal and other professional services costs, all increased by more than 50 percent.

Table 21

Lincoln Creek Flood Control Project

<u>Budget Item</u>	<u>Original Cost Projection</u>	<u>Current Estimate (March 2002)</u>	<u>Difference</u>	<u>Percentage Increase</u>
Design	\$ 4,070,000	\$ 7,693,729	\$ 3,623,729	89.0%
Construction	61,100,000	94,689,380	33,589,380	55.0
Other	5,230,000	13,013,380	7,783,380	148.8
Total	\$70,400,000	\$115,396,489	\$44,996,489	63.9

The \$33.6 million increase in estimated construction costs occurred because construction bids exceeded the District's projection by \$12.9 million, because the District chose to accelerate completion of the project by two years after the floods in 1997 and 1998, and because the District made numerous changes to its original project plans and underestimated the amount of erosion control work that would be required by DNR before the start of construction.

District officials give several reasons for the increased cost of the watercourse improvement projects. For example, they believe project bids exceeded the District's original projections because a number of contractors had already reached the maximum amount of work they were able to be bonded for and, therefore, fewer contractors bid on the work. District officials also indicated that the amount of work required to relocate utilities and construct additional bridges was greater than had been anticipated and that substantial additional costs were incurred because the District was unable to ascertain the extent of soil contamination from incinerator ash and other toxic pollutants on a number of sites related to the project. Although environmental concerns had been noted during preliminary engineering investigations, the extent of the contamination could not be determined, in part, because property owners would not allow environmental consultants hired by the District on their property before the District negotiated for ownership or

EXHIBIT

I

Status of the Milwaukee Program
5 October 1988

Milwaukee Metropolitan
Sewerage District

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June 14, 2001

**DOT HIGHWAY LETTING OF JUNE 12, 2001
TABULATION OF BIDS - OFFICIAL FIGURES**

*Member of the Wisconsin Transportation Builders Association

NOTE: Through the competitive bid process, the savings to the public between the first and second bidders in this letting amounted to: \$3,223,533.00.
For Fiscal Year 2001, the accumulated total savings amounts to: \$31,288,407.00



Note: The contractor awarded a project defined under s 84.013(1), as a Major Highway Project is responsible to make the SARA, Title III notification to the SERB, appropriate LEPCs and local FDs within 15 days of the contract awarded. Details of the SARA, Title III construction project/batch plant notification program are contained in WTBA Regulatory Alert dated 27 August 1996, which is available from the WTBA office upon request.

The following proposals require SARA Notification: 5, 22, 25, 28

Prop. No.	Hwy.	Project	County	Contractor	No. Bids	Amount
1	I-90/94	1010-03-63	Columbia		0	NO BIDS
2	STH 130	5770-00-75 STP 2001 (581)	Iowa	* Timberline Contractors * Timme, Inc.	4	79,601.35 83,693.18
3	CTH G	5905-00-71 BR 2001 (582)	Grant	* Edward Kraemer & Sons * Lunda Const.	3	317,848.61 371,908.94
4	Various Freeways	1000-30-72 STP 2001 (583)	Milwaukee	* Pfeifer Brothers * Lunda Const.	3	1,460,263.00 1,481,213.41
5	USH 12	1080-00-74	Walworth	* R. G. Huston Co. * James Cape & Sons	2	207,173.05 231,197.71
6	I-94 / I-43	1228-13-60	Milwaukee	* Lunda Const.	1	132,535.00
7	STH 83	1331-06-76 STP 2001 (585)	Waukesha	* James Peterson Sons * Payne & Dolan, Inc.	7	448,500.00 483,882.22
8	STH 11	1700-06-62	Walworth	* Payne & Dolan, Inc. * B. R. Amon & Sons, Inc.	2	309,347.41 312,392.06
9	Local	2208-02-70 STP 2001 (586)	Milwaukee	* Payne & Dolan, Inc. * Paving Mix & Const.	4	323,271.55 323,764.75
10	STH 32	2490-05-70 STP 2001 (587)	Ozaukee	* James Peterson Sons * Musson Brothers	6	2,236,975.94 2,300,401.72