



## LATEST NEWS

July 11, 2005

# Blue Cross Blue Shield leaving downtown for West Allis

[Erik Brooks](#)

[Blue Cross Blue Shield of Wisconsin](#) and two sister companies are moving their downtown Milwaukee operations -- and approximately 790 employees -- from 401 W. Michigan St. to the Summit Place development in West Allis next year.

Company executives announced the move to employees on Monday. Company and city officials confirmed the decision to The Business Journal. The move to a 150,000 square-foot building at 6737 W. Washington St. will occur by the end of May 2006.

"At the end of the day, the decision wasn't close," said Tim Cullen, chairman of Government Health Services for Wellpoint Inc.

Wellpoint is the Indianapolis-based firm that owns and operates the three companies: Blue Cross, [United Government Services](#) and [Trust Solutions L.L.C.](#) The companies have about 750 employees in the downtown office, but that number will grow to 790 after Wellpoint announced plans Monday to move 40 employees from a Camarillo, Calif., office to the United Government Services unit in Milwaukee beginning Oct. 1.

United Government Services and Trust Solutions both handle Medicare business for Wellpoint, which acquired Blue Cross parent Cobalt Inc., in 2004. About 75 percent of the employees making the move are in those two divisions. No jobs will be lost in the shift, Cullen said.

Blue Cross Blue Shield has been located in the approximately 200,000-square-foot building downtown since 1977. Blue Cross owned that location until 1996, when it sold the property to a unit of iStar Financial Inc., New York, as a part of a sale-leaseback arrangement.

Wellpoint's 10-year lease expires June 30, 2006.

Wellpoint has agreed to a new 10-year lease with Summit Place owners [Whitnall Summit Inc.](#) and developer Richard Carlson, company officials said.

The insurer will save \$8 million in operating costs over the life of the contract due to the move, company officials said. Lease costs are \$13.95 per square foot at Summit Place, compared with \$16.50 at its downtown building, sources told The Business Journal.

Cullen said the building's landlords were seeking "moderate increases" in rent for a new lease.

Cost savings and greater flexibility when it comes to space requirements were the primary reasons to leave the city, according to Wellpoint.

The new location makes it easier for expansion or contraction, important because of the large amount of government contract work done locally, Cullen said.

The new location also offers free parking for employees, an amenity not available downtown.

Staying close to the city of Milwaukee was important in making the decision, Cullen said. He said the move keeps the companies "in older, urbanized Milwaukee," just 14 blocks outside the city.

"My initial presumption was that we would stay," Cullen said. "I would not have left if it meant going farther west and disrupting the lives of our employees here."

Milwaukee Mayor Tom Barrett recently pledged to have the city "assist in funding of building improvements and technology grants" in order to keep the offices downtown, according to a letter from Cullen to Barrett. The value of the assistance was estimated at \$500,000.

"I don't fault him in the least," Cullen said in an interview. "The mayor did everything with the resources available to him. It came down to a contest between two landlords, and it wasn't close."

Company officials stressed that the new location is just five miles from its current downtown site, and within a mile of the Milwaukee city limits. Also, the company remains committed "to Milwaukee, its charitable needs, to service on non-profit boards and organizations by our executive staff," Cullen wrote.

The 650,000-square-foot Summit Place development, which broke ground in the fall of 2002, is located in the former Allis-Chalmers Corp. complex near the intersection of South 70th Street and West Greenfield Avenue in West Allis. It is home to a variety of companies, including Alterra Healthcare, which moved there in November 2004 from the Milwaukee County Research Park in Wauwatosa.

Real estate sources have also said that Manpower Inc., Glendale, is considering moving into 230,000 to 260,000 square feet at Summit Place.

The new Blue Cross headquarters will take up all of the space in one of three vacant warehouses at the

former factory site, said John Stibal, director of city development for West Allis.

The move "really hails the advent of West Allis as a revitalized neighborhood," he said. "To have that quality of a company select West Allis says a lot about where we've come in the revitalization process."

West Allis offered no incentives to Blue Cross to move from downtown Milwaukee, but the city had already agreed to loan Summit Place developers \$2.5 million to construct the final two floors of a five-story parking garage in hopes of landing a major new tenant at the development.

When completed, the parking structure will have space for about 750 vehicles.

Barrett said later Monday that he was told of the move Friday afternoon. He said it was disappointing in light of how much health insurance business the city of Milwaukee does with Blue Cross Blue Shield.

"Sure, it's a disappointment, but also an opportunity at the same time," he said. "We are going to do everything we can to promote that location. We certainly are very attentive to what is going on there."

To entice Wellpoint to stay, the Milwaukee Economic Development Corp. offered the company a \$1 million loan, with payments spread over seven years, at 3 percent interest -- and \$100,000 in worker training funds, Barrett said. The city also pledged \$500,000 in state technology zone tax credits to keep the three sister companies from moving to West Allis, Barrett said.

"I understand you are going to have disagreements between landlords," Barrett said. "The city cannot overcome that."

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