

MINUTES

November 20, 2007

MILWAUKEE 7



PRESENT: Mayor Tom Barrett, T. Michael Bolger, Michael Grebe, Mark Jaeger, Suzanne Kelley, Gale Klappa, Dennis Kuester, William McReynolds, Larry Nelson, Cory Nettles, Joel Quadracci, Carlos Santiago, Carol Schneider, Steve Smith, Dr. Robert Spitzer, John Torinus, Scott VanderSanden, Dan Vrakas, Ed Zore

ABSENT: Mark Cronce, Willie Hines, Lee Holloway, Allan Kehl, David Lynch, Phillip Neuenfeldt, Stephanie Phillips, David Rayburn, Tom Sackett, Steven Stanbrook, Mary Ellen Stanek, Richard Telfer, Scott Walker

STAFF: Dean Amhaus, Julie Granger, Wendy Hauser, Shelley Jurewicz, Kathy McLees, Pat O'Brien, Jim Paetsch, Tim Sheehy, Julia Taylor

Call to Order-Opening Remarks

Co-Chair Ed Zore called the meeting to order at 8:10 a.m. Mr. Zore welcomed the Council members, guests and elected officials. He then extended thanks to Fred Burkhardt and the Walworth County Economic Development Alliance for hosting the November meeting. Mr. Zore introduced Council member Dr. Robert Spitzer, representing Walworth County and Fred Burkhardt, representing Walworth County Economic Development Alliance, Inc. (WCEDA).

Dr. Spitzer, President Emeritus of MSOE (1977-1991), past president of the Wisconsin Manufacturers Association, and Director and Senior Mentor at Kikkoman Foods gave a short report on the great progress made by Walworth County and the WCEDA. Mr. Burkhardt then gave a short presentation on Walworth County's economic activity, including a brief history of WCEDA, their mission, retention, expansion, attraction and major economic development projects.

Approval of Minutes

Upon motion duly made and seconded, the minutes of the May 30, 2007 Council meeting were approved as presented.

BUSINESS REPORT

Financial Update

Chairman Zore reported that Milwaukee 7 has a total of 59 investors and a 5-year pledge of almost \$6.4 million. The mission is a critical one and we continue to reach out to investors to help us in our goal to make the Milwaukee Region a region of choice for retaining, expanding and attracting world-class businesses and talent.

Milwaukee 7 is now in the second quarter of its third year of operations. The actual income from investor pledges remains on target. He stated that Milwaukee 7 is in good shape financially in its third year, and is beginning to see the opportunities for Milwaukee 7 starting to outpace its financial limitations. Which means Milwaukee 7 is adding value to the region's economy and is a good thing.

▶ Financial Update

	FY 2005-06	2006-07	2007-08
Balance Forward		-\$78,212	\$141,436
Income	\$1,327,105	2,077,951	1,125,500
Expense	1,405,317	1,858,303	1,265,272
Balance	-78,212	141,436	1,664

Chairman Zore then showed a breakdown of the funds through fiscal year 2007. He stated the bulk of the resources have gone to putting in place some key economic development tools such as the resource center and website. In addition, an investment was made in putting the Milwaukee 7 team together to proactively call on companies in the region, as well as “get in the game” when it comes to responding to opportunities, and in some cases creating its own opportunities for expansion, retention and attraction.

▶ Financial Update

Expenses July '05 – June '07

Economic Development Resources - \$1,442,357

- Regional Website
- Resource Center

Retention/Expansion/Attraction - \$1,014,761

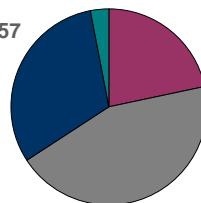
- Call Program
- Marketing / Proposals
- Trade Missions

Planning - \$708,044

- Strategic Framework
- M7 Councils
- Investor Relations

Regional Identity / Branding - \$98,458

- Fam Tours
- Media Relations



Total = \$3,263,620

For the coming year, the use of the resources will place an emphasis on the execution of strategic planning. The budget reflects the Milwaukee 7's work on real economic development projects and continuation of our call program on the next set of driver industries - financial services and headquartered companies.

Mr. Zore also informed the Council that the Milwaukee 7 Executive Partners review the financials prior to the quarterly meetings, and that there is a sub-group of the partners that reviews the budget in even greater detail.

▶ Financial Update

Budget July '07 – June '08

Economic Development Resources - \$355,864

- Regional Website
- Resource Center

Retention/Expansion/Attraction - \$574,336

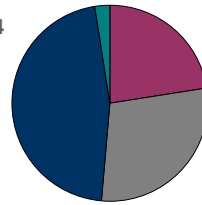
- Call Program
- Marketing / Proposals
- Trade Missions

Planning - \$280,070

- Strategic Framework
- M7 Councils
- Investor Relations

Regional Identity / Branding - \$30,000

- Fam Tours
- Media Relations



Total = \$1,240,270

Mr. Zore continued by saying, Milwaukee 7 is now in the third year of our campaign and by the end of next year will begin planning for our next 5-year campaign, reviewing best practices and projecting overall program and budget requirements for the next 5 years.

Milwaukee 7 frames the campaign against the backdrop of national economic development benchmarks. A national survey shows the competition spending more than \$500 million on economic development over the next 5 years - and that survey sample includes markets smaller than ours.

▶ Investor Profile National Benchmarks

Milwaukee 7 = 59 Investors \$6,388,500

National Survey of 50 Regional Economic Development Campaigns

- **Total spending \$530 million**
- Range: \$200,000 - \$60,000,000
- Avg. Campaign Total: \$10 million
- Avg. Annual: \$2 million
- Avg. Duration: 4.78 years
- Avg. Tenure: 15 years

Call Program

Chairman Zore stated that investment in M7 contributes to the basis of strategy development. The CEO Call Program drive the strategies based on what is heard from the customers. In all, 470 visits with local CEOs have been completed to date. This major accomplishment is the result of a team of 150 volunteer interviewers, the backbone of the Call Program. These volunteers are the "eyes and ears" of the Milwaukee 7 and we are grateful for their expert service.

Currently, interviews are in progress with Milwaukee Central City CEOs. The results of those interviews will be presented at the February meeting.

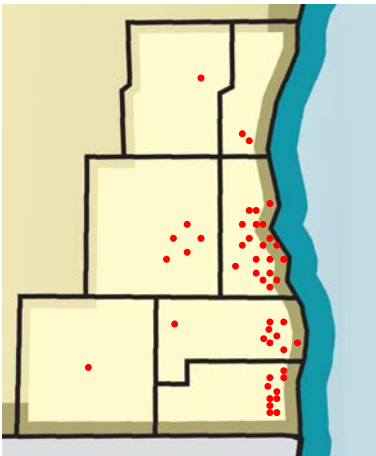
Mr. Zore then introduced co-chair Gale Klappa to provide an update on the prospect activity.

Prospect Activity

Mr. Klappa began by explaining that in addition to the Call Program, the success in retaining, expanding and attracting businesses depends on a cohesive regional response to prospects.

This map shows search activity by prospects in the M7 region, with each dot representing locations of sites that Milwaukee 7 prospects have looked at. Note: there's been activity within every county in the region.

**Milwaukee 7
Prospect
Search
Locations**



This tally gives a snapshot of the wins and losses, along with employment numbers (current and projected) at the point Milwaukee 7 became engaged in the projects.

He continued by saying there are 8 companies that have new or expanded operations, with a regional impact of more than 3,400 jobs. Milwaukee 7 is currently working with 11 other companies with a combined 1,750 jobs. Milwaukee 7 also had three companies that decided not to locate in the region.

► Prospect Activity To Date

Employment figures are at time of engagement

	Companies	Regional Employment	New Employment
Wins	8	1,672	1,814
Pending	11	1,295	454
Losses	3	-	1,430

Taking a deeper look at our work with prospects, there’s been a number of great successes recently. These include C&D Technologies, a manufacturer of industrial batteries headquartered in Pennsylvania, with a facility in Milwaukee.

Alerted by the City of Milwaukee, Milwaukee 7 spearheaded a regional response to workforce and permitting issues the company was having here. That work helped establish 50 additional jobs. Further discussions revealed an interest in adding 150 new jobs associated with a lithium-ion battery research facility in Pennsylvania, but hinged on getting a federal defense grant.

Mr. Klappa stated that the Milwaukee 7 staff hopped on a plane, introduced C&D and their story to Sen. Kohl, and helped to secure an \$800,000 federal defense earmark for this new facility. A final approval is expected shortly upon the President’s signing of the legislation.

He then extended a special “thank you” to Sen. Kohl for his leadership on this effort, and Mayor Barrett for his strong support.

► Success: C&D Technologies

- \$450M manufacturer of industrial batteries - headquartered in Pennsylvania
- M7 spearheaded regional response to permitting and workforce issues
- M7 helped to secure a \$800,000 federal defense earmark



Start Date: Nov. 2006	
Jobs at Start	225
Jobs Added to Date	50
Future Jobs (3yrs)	150
Total Jobs	425

Another win in the focused strategy on next generation manufacturing is the expansion of the Gehl Co. The West Bend manufacturer of construction and agricultural equipment considered locating in another state. At risk were 190 high paying headquarter jobs, and the potential of more than 80 new R&D positions.

But thanks to a regional response coordinated by Milwaukee 7 that included \$7 million in state, county and municipal incentives, the Gehl Co. is building a new \$20 million headquarters and R&D facility that stabilizes and anchors West Bend.

Related to the expansion, the University of Wisconsin-Washington County is also starting up a four-year engineering degree program to provide a pipeline of new engineers.



▶ **Success: Gehl Co.**

- \$500M West Bend manufacturer of construction and agriculture equipment
- M7 coordinated regional response, including \$7M in state, county and municipal incentives
- Building new \$20M HQ and R&D facility
- Start-up of UW – Washington County engineering program



<i>Start Date: Nov. 2006</i>	
Jobs at Start	191
Future Jobs (3yrs)	<u>89</u>
Total Jobs	280

Mr. Klappa continued with a prospect that ended up in the loss column: “Project Viking.” This was a pharmaceutical processing and distribution facility for an unidentified company that was working through a site selector. Milwaukee 7 was short listed, but not selected for a site visit.

The major drawback according to the site selector was that we were not as centrally located as other cities.

Other concerns were a low supply of technical workers (pharmacists and pharmacy techs) and the state’s reputation for being unfavorable to employers on workers comp and unemployment comp decisions, as well as a lack of incentives.

He then spoke about the MillerCoors merger, a high-profile case for Milwaukee 7. He stated that we have a coordinated team in place, including the city, county and state, and we will be prepared to make our pitch at the appropriate time.

These are the key factors that will impact the decision on the new headquarters:

- Attraction/Retention of Talent
- Quality of Life
- Cost of Living
- Cost of Doing Business
- Government Incentives

Mr. Klappa concluded by saying, we are in the game, we have great assets to sell and can make a great case for Milwaukee.

Region Building

Website

Chairman Zore then updated the Council on the progress of the Milwaukee 7 website, choosemilwaukee.com, stating that we've developed a cutting-edge regional website and it's had a great impact. ChooseMilwaukee provides comprehensive regional information that attracts and educates users on the Milwaukee 7 region.

Since the site's launch on November 29, 2006, the site has had:

- 90,000 unique users
- 480,000 page views
- More than 2 million hits

The average length of the user to ChooseMilwaukee is 6.4 minutes and through the GIS Mapping system, 11.32 minutes. The average time users spend on the "property search" area of the site is 40% higher than the industry average.

ChooseMilwaukee also received international recognition, winning an Excellence in Economic Development Award. The site was recognized for its state-of-the-art interactive mapping that allows users to quickly and easily search available properties in the seven-county region.

Identity Team

Chairman Zore introduced Dean Amhaus, President of Spirit of Milwaukee and the leader of the Milwaukee 7 Identity Team, for an update on Milwaukee 7 branding. Mr. Amhaus began by stating that a communications framework has been drafted around the successful Milwaukee 7 brand. He continued by reviewing the following 7 steps on which the framework focuses for Milwaukee 7 brand success:

1. **Uniform, Consistent Message-** to solidify the *messaging* across all aspects of Milwaukee 7-e.g. the Resource Center, OnMilwaukee.com and business and talent recruitment tools
2. **Single Source - Branding/Marketing Council**
3. **Integration of Tactics-** Solidify the *tactics* across all aspects of Milwaukee 7, so that they support each other in all areas of economic development, talent recruitment and tourism
4. **Emphasis on public relations**
 - In April, fifteen international trade representatives from the Chicago area spent a day becoming familiar with the development of the biotechnology industry in the Milwaukee area. The trade leaders, representing countries and regions across the world, toured a business located in Waukesha as well another company located in the Milwaukee Research Park. The representatives also received a briefing on the work taking place at the Medical College of Wisconsin and ended their day at a reception with state and local government and business leaders.
 - A similar FAM tour took place on November 1 with the focus being on companies that are strong in green technologies. The commissioners visited and toured Modine in Racine, Johnson Controls in Milwaukee and Magnetek in Waukesha. The day's schedule concluded with a dinner with the World Trade Center of Wisconsin.

- With the overall goal of impacting “influencers” outside of the region, Identity Team members are now looking at possible dates to conduct a Legislative FAM tour. Working with Rep. Stone and Rep. Richards, the tour would follow along the lines of the college newspaper editors’ tour. The intent of the legislative tour is to invite groups of 5-6 legislators, who represent areas from outside of the Milwaukee 7 region, to tour the region for 1-2 days so they can become more familiar with the region and better acquainted with a variety of aspects of living, working, learning and playing in the region.
5. Portray the new Milwaukee region in a creative way, cut through the clutter of looking like everyone else.
- BVK Advertising through their Serve program, which provides pro bono services for public service marketing, has agreed to work with the Milwaukee 7 Identity Team to produce the creative components of a regional promotional campaign. One of the goals of the campaign is to raise the appreciation/awareness of the region and to have our citizens’ think of themselves as part of the region. Besides the extremely large in-kind contribution on the part of BVK, the most important benefit is the strong quality of their creative product.
 - CKPR (Cramer Krasselt Public Relations) has offered to provide pro bono services to Milwaukee 7 in generating national news stories about the region. A meeting took place on October 23 to discuss ideas and the scope of a possible collaboration. The development of such an initiative fits perfectly with the guerilla marketing approach adopted by Milwaukee 7 as it delivers third-party credible endorsements to an audience across the U.S.
6. **Organic growth and sustainability**
- The second of two successful college newspaper editor FAM tours was conducted in November this year. University and colleges throughout Wisconsin were invited to tour the region to get a brief glimpse of what it is like to work, live and play in the area. The program included attending a dinner with the leaders of the World Trade Center of Wisconsin, tours of Milwaukee, Racine, the new Manpower headquarters, GMR marketing in New Berlin and JohnsonDiversey in Racine. The schedule also included attending the opening game for the Milwaukee Bucks.
7. **Follow the creative process - LISTEN, CREATE, TEST, BUY-IN, REFINE, and IMPLEMENT**

Concluding, Mrs. Amhaus provided a brief overview of the following ongoing work of Identity Team members:

Branding Toolkit

- A partnership is being formed with UW-Milwaukee’s School of Information Studies to catalog and further research all of the information that is being collected in relation to Milwaukee 7. This material ranges from factoids about the region, national rankings and photographic images. Working with the School of Information Studies, which is a training program for library professionals, and the School’s faculty, Milwaukee 7 staff will work with a graduate student who will help in organizing, maintaining and storing all of this information and material. Work on building out this database is expected to begin before the end of December.

“Dream It Do It”

- In collaboration with the Milwaukee 7 Manufacturing Council and regional workforce development leaders, the Identity Team is exploring the possibility of bringing to the seven-county region the National Association of Manufacturer’s Dream It, Do It campaign. This national initiative, which would be tailored to fit the Milwaukee 7 region, is aimed at increasing the number and the skill base of individuals working in the manufacturing industry. In close collaboration with local workforce training entities and manufacturers, *Dream It Do It* is a branding/marketing initiative that works to improve the perception of the manufacturing industry with young people, their parents and school advisors.

Fresh Water

- Working with the Milwaukee 7 Water Council, the Identity Team will develop a branding/marketing program to create a “buzz” about the region’s global impact revolving around freshwater research, economic development and education. Items of interest include selling the resourcefulness of the region, not the resource; developing a database of regional water-related businesses; creating public awareness of the region’s water industry and conducting water related conferences/meetings in the region. One of the goals is to ultimately develop a competitive environmentally sustainable economic development initiative based on the water industry cluster.

COUNCIL WORK

Mr. Zore then introduced Pat O’Brien, executive director of Milwaukee 7, to give an update on the Next Generation Manufacturing Council.

Next Generation Manufacturing Council (NGM)

Mr. O’Brien started by explaining that the Next Generation Manufacturing Council (NGM) was created to help the Milwaukee region become the best place in the world to locate and grow manufacturing operations. The strike zone is to help small to medium sized manufacturers become more technology driven, innovative, lean, agile and skilled.

He stated that we have expanded the council and will continue to expand to become more diverse in terms of regional geographic representation and in terms of size and type of manufacturing operations. He asked that if you know of manufacturers that might be willing to serve, please contact him.

▶ Next Generation Manufacturing Council

Bill Berezowski, Ph.D., P.E., VP & GM Imaging Sub-Systems, GE Healthcare
(Waukesha County)

Mike Erwin, President, Tailored Label Products, Inc. (Waukesha County)

Mary Isbister, President, General Metal Works Corp. (Ozaukee County)

Rich Meeusen, President & CEO, Badger Meter (Milwaukee County)

Dave Rayburn, President & CEO, Modine Manufacturing Co. (Racine County)

Mike Reader, President, Precision Plus, Inc. (Walworth County)

Mark Rolison, President, Frontier Medical Products (Ozaukee County)

David Tomczek, President, Federal Tool & Engineering (Ozaukee County)

Keith Trafton, President & CEO, Super Steel (Milwaukee County)

Mike Wells, Chairman, Frank L. Wells Co. (Kenosha County)

He said, in the beginning we had to define the role and purpose of our council asking how do we move forward and how do we have an impact? After much discussion, we determined that our purpose and role was to first identify NGM qualities, and evaluate best practices, strategies, resources and services. Then we needed to identify and designate expert lead partners in manufacturing related subject areas. Next, we would prioritize and align our goals with our lead partners and help facilitate their execution through promoting these principles and practices to manufacturers, the broader economic development community and this Milwaukee 7 Council. Finally, we would evaluate the impact and change course where necessary.

The NGM Council organized the top 10 strategies into the following subject areas and partnered with a leading agency engaged in this type of work.

▶ Next Generation Manufacturing Council

Priorities & Lead Partners

1. **Workforce Development** – Michael Mortell, RWA
2. **Transitioning Existing Manu. Capabilities** – Mike Klonsinski, WMEP
3. **Technology and Innovation** – Colin Scanes, UWM & Mike Klonsinski, WMEP
4. **International Manufacturing Support** – Pete Beitzel, MWTA
5. **Marketing/Branding** – Dean Amhaus, Spirit of Milwaukee
6. **Secure Public Policy** – Milwaukee 7 Policy Committee

On **workforce development**, the absolute number one priority was to engage with the Regional Workforce Alliance to help prioritize manufacturing needs in the education and workforce development systems.

From the top ten list, the NGM Council advocated for:

- a single point of contact for manufacturers with workforce needs,
- accelerated industry specific training programs,

- rollout of the Manufacturing Skills Standards Certification program and implementing the Dream It Do It campaign to promote manufacturing within the education systems and the community.

For **transitioning manufacturing capabilities** to next generation principles, the NGM Council supported increased funding in the State Budget for the Wisconsin Manufacturing Extension Partnership (WMEP). Staffing in the region is being increased from 8 to 12 providing expert support to Milwaukee 7 and local economic development officials' call efforts. This new staff is expected to increase the number of manufacturers served in the region from 100 to 150 annually.

The NGM Council is also promoting next generation manufacturing through supporting the *Manufacturing Matters! Conference* in Milwaukee on April 23rd. The conference will feature leading speakers and workshops highlighting best practices in lean, innovation, export and workforce development.

In the area of **technology and innovation**, there is support for the creation of a pilot program adding a Milwaukee 7 regional innovation specialist to the staff of WMEP. This specialist will work with 30 manufacturers on innovation techniques designed to generate new sales opportunities.

To help improve **exports**, the NGM Council is aligning with the Milwaukee World Trade Association (MWTA) to provide better access and promotion to manufacturers for the MWTA's programming related to manufacturing and export services. In conjunction with the MWTA, the NGM Council will sponsor a *Best Practices in Exporting Session* at the *Manufacturing Matters Conference*.

To help **market** the workforce initiatives and better tie them together, the NGM Council is advocating for the local version of the national *Dream It Do It* campaign to be spearheaded by the Regional Workforce Alliance.

Dream It Do It is designed to increase the number and skill base of individuals working in manufacturing. The campaign emphasizes close coordination of workforce training and manufacturers. It also includes marketing tools that promote manufacturing opportunities and help change community perceptions about manufacturing.

▶ Next Generation Manufacturing Council

Marketing/Branding

Dean Amhaus, Spirit of Milwaukee

Launch *Dream It, Do It* campaign spearheaded by Regional Workforce Alliance

- Increase awareness of manufacturing careers among students, families, educators
- Increase enrollment in trade and technical programs
- Bring together educators and manufacturers

The final 3 of the top 10 strategies were **public policy** related. The NGM Council was successful in adding staffing to WMEP, the key state program directly involved in working with the strike zone of small and medium manufacturers. Milwaukee 7 was not able to add a tax

exemption for biotech machinery similar to the exemption currently in place for other manufacturing machinery and equipment. The ozone attainment status approval is still pending.

Mr. O'Brien concluded by saying that we have established the NGM Council, defined its scope, and put lead partners in place. Alignment is now underway. The key elements are alignment and collaboration with the Regional Workforce Alliance and WMEP through the *Dream It Do It* campaign and the Manufacturing Matters Conference.

Regional Talent Recruitment

Shelley Jurewicz, executive director of FUEL Milwaukee, presented an update on the Regional Recruitment Collaborative trip to the National Black MBA Conference in Orlando Florida, September 2007. The purpose of the Collaborative, now being called the Wisconsin Fresh Coast Consortium, is to organize employers throughout the Milwaukee Region to form a united presence at select national recruitment conferences.

FUEL, in support of the Milwaukee 7, provided key resources to aid employers in selling the Milwaukee Region as a destination for global talent.

Success of the conference is predicated on the number of prospective recruits interviewed and ultimately hired. At the point of the presentation, all companies present were indicating they would indeed hire at least one recruit. The Consortium is currently making plans to attend the 2008 National Black MBA Conference. Interested parties should contact Heidi Moore, Northwestern Mutual, at heidimoore@northwesternmutual.com



▶ Regional Recruitment Collaborative

Purpose: Organize employers throughout the Milwaukee Region to form a united presence at select National Recruitment Conferences

First Conference: 2007 National Black MBA, September in Orlando, FL

Companies included:

· Harley-Davidson	· Kohler Co.
· Manpower	· Marshall & Ilsley
· Miller Brewing Company	· Northwestern Mutual
· Robert W. Baird	· SC Johnson

Next Year: 2008 National Black MBA, September in Washington, DC.

Regional Workforce Alliance (RWA)

Julia Taylor re-affirmed the importance of the work of the Regional Workforce Alliance to align the workforce system with education and economic development in the Milwaukee 7 Region, citing the following statistics:

- Only 1 out of 10 applicants are academically ready for training slots at MATC
- 1600 unfilled job orders currently exist through WCTC
- Over half a BILLION \$\$ was available in employment services, training and technical education in Milwaukee County in 2005

By targeting the Milwaukee 7 export driver industries she continued, the RWA brings into focus the current and future needs of employers as a way to shift the education and workforce preparation system to build a talent pipeline.

As an indicator of RWA's progress, she noted that the implementation plan for the \$5.1 WIRED (*Workforce Innovation in Regional Economic Development*) grant is being finalized and will be submitted for approval by the US Department of Labor in December 2007. The RWA investments will help develop the talent pipeline for the Milwaukee 7 export driver industries and emerging business clusters. The RWA has focused the WIRED grant in three major areas of development:

For Employers: (Demand Side)

- Single point of contact via Milwaukee 7 website
- Demand-driven business services
- Proactive forecasting, responsive to immediate workforce needs
- Implement industry council workforce strategies
- Fund innovative pilot projects on soft skills, worker retention

For Job Seekers: (Supply Side)

- Recreate the talent pipeline by funding innovative approaches
 - Project Lead the Way/Youth Apprenticeship
- Integrate Milwaukee 7 Strategic Framework into K-16 education
- Promote careers in driver industries
- Targeted pilot programs impacting urban unemployment, youth and industry specific skills

Workforce Infrastructure: Transform current workforce system by:

- Aligning workforce board training funds
- Joint planning with private foundations
- Implementing career pathways for advancement in driver industries

Water Council Panel

Ms. Taylor introduced the members of the Water Council panel; **Richard Meeusen** President/CEO/Chairman - Badger Meter, Inc. and co-chair, Milwaukee 7 Water Council; **Franz Hoffman**, President, Procorp Enterprises LLC, and chair, Milwaukee 7 Water Council Research & Emerging Technologies Sub-Committee and **Colin Scanes**, Vice Chancellor, Research and Economic Development- UWM and Milwaukee 7 Water Council member.

The panel shared the following:

The Water Council was formed as a result of a Water Summit held in July that brought together over 75 leaders in business, academia and engineering to discuss freshwater issues. It is working to align the regional freshwater research community and water-related industries to turn the Milwaukee Region into the global capital for freshwater research, economic development and education.

The Milwaukee Region is already known for, and already has distinct advantages in industries that deal with printing, heavy equipment manufacturing and development, and financial services. Water Council members believe the existing concentration of water-related companies and the excellent academic and research institutions in our seven-county region can position Milwaukee to be the world leader in fresh water management.

The Water Council is divided into three sub-committees based on self-selected areas of interest:

- The Research/Emerging Technologies committee will identify possibly three opportunities for development.
- The Marketing/Branding committee will identify the “rock stars” of the water-related businesses, education and research resources in the region. They will research what and how the Silicon Valley and the Research Triangle got started and how it can apply to our region becoming the Global Freshwater Capital.
- The Education/Outreach committee will work with the other committees after they have identified existing education/outreach programs in the region.
- The Regional Higher Educational Resource committee is working with the Brookings Institution to provide direction and funding to publish a white paper in spring 2008 to coincide with a local conference on water and economic development

The primary goals established as a result of the Water Summit and subsequent inaugural meeting of the Water Council:

Establish Milwaukee and our seven-county region as the “water capital”, the place the world looks to for inspiration on freshwater issues, research, and development of new technologies that deal with water.

Outreach to companies looking to move into the area - provide significant outreach to water companies looking to move into the region. We want to be the place water-related companies think of when they decide to relocate, expand, or even start up. Similar to the Silicon Valley for high-tech and computer companies, Milwaukee can serve as “the place to be” for water companies.

Address water-related industry issues - advance water-related industry research and business opportunities. By bringing companies and research facilities together, we can grow ideas and talent and develop better products and services.

Points to Ponder:

- Only 9% of the water supplied to residents needs to be of potable quality
- 65% - 81% of the cost to produce a gallon of water is tied to capital construction costs and the cost of energy for treatment.
- 50% of the nation’s future growth is forecast for only three states: CA, FL & TX... states already experiencing water shortages

Water and the ability to deliver fresh, useable water for any purpose will only get larger as an issue in the future; yet, the water purification industry hasn’t been making R&D much of a priority. For example, R&D as a percentage of total sales:

- Medical substances & Devices: 11.7%
- Electronics: 7%
- Water purification industry: <1%

R&D is critical to develop the technologies needed to deliver on our future water demands and we have the opportunity to take the lead in this industry.

The panel concluded by responding to questions from the audience.

Transportation

Mr. Zore then introduced Tim Sheehy, president of the MMAC.

Mr. Sheehy began by introducing the panel and asked them up to the stage. The regional transit panel consisted of:

- Dennis Kuester, Chairman, M&I Corp., M7 Council Member
- Robin Vos, State Representative, R-Racine, Member of Joint Committee on Finance
- Jane Hutterly, Executive Vice President Corporate and World Wide Affairs, SC Johnson
- John Antaramian, Mayor of Kenosha

Mr. Sheehy gave an update on regional transportation and its importance to the Milwaukee 7 region. He stated that every major metropolitan region needs to invest in a mass transit system to: connect people to jobs, serve dense urban populations, focus development, provide convenient transportation, and to link visitors to attractions.

He then showed the following slides on Milwaukee 7's regional transit funding and costs.



Use and Source of Local Dedicated Funding

Name	2000 Population (in millions)	Source of Local Dedicated Funding
St. Louis, MO	2.08	0.25% Sales tax
Denver, CO	1.98	0.6% Sales tax
Cleveland, OH	1.79	1.0% Sales tax
Pittsburgh, PA	1.75	Sales tax ^a
Portland, OR	1.58	.006218% payroll tax
Cincinnati, OH	1.50	0.3% payroll tax
Norfolk, VA	1.39	--
Sacramento, CA	1.39	0.5% Sales tax
Kansas City, MO	1.36	0.375% Sales tax
San Antonio, TX	1.33	0.5% Sales tax
Las Vegas, NV	1.31	0.25% Sales tax
Milwaukee, WI	1.31	--
Indianapolis, IN	1.22	--
Providence, RI	1.18	6.25 cents per gallon gas tax
Columbus, OH	1.13	0.25% Sales tax
New Orleans, LA	1.01	1.0% Sales tax ^b
Buffalo, NY	0.98	0.125% Sales tax
Memphis, TN	0.97	--
Austin, TX	0.90	1.0% Sales tax
Salt Lake City, UT	0.89	Sales tax ^c
Jacksonville, FL	0.88	1.0% Sales tax
Louisville, KY	0.86	0.2% payroll
Charlotte, NC	0.76	0.5% Sales tax

^a Portion of State 1.22% Sales tax, and \$1 per tire, \$2 per vehicle rental, and 3% of vehicle lease.

^b Also 0.6% hotel room tax.

^c 0.4375% in Salt Lake County, 0.5% in 2 counties, and 0.25% in 3 Counties.

▶ Transit

7-Year Trend	Service Reduction	Fare Increase
Milwaukee County	16%	30%
Waukesha County	40%	10-75% <i>Depending on route</i>
Waukesha City	17%	75%
Racine City	25%	50%
Kenosha City	10%	--

▶ Transit

No Real Revenue Growth and Rising Costs

- State funding (55-60%)
- Increases have not kept pace with inflation
- No recent increase in county funding
- Pension and health care legacy costs
- Federal capital funding used to mask the hole in the operating budget
- Fares increased, routes/service have been reduced
- NET RESULT: Fewer riders

▶ Transit

Today's Problem, Tomorrow's Disaster

- Paralyzed in a system we do not fully fund, while wistfully discussing new additions to the current system
- State aid increases remain small, county support stays flat, federal capital funds dry up by 2010
- We have a looming disaster, 35% cut in hours of service
- Fiscal situation inhibits regional operation and plans for any transit improvements

▶ Transit

A Funding Source

Example: Milwaukee County local share of transit funding

- | | |
|---|----------------|
| • Current property tax levy | \$21.0M |
| • 10% increase in service | \$10.7M |
| • Replace federal capital funds
(At 50%, now used for operating) | \$10.0M |
| • Provide local share for KRM | \$ 1.4M |
|
 | |
| • LOCAL REVENUE NEEDED | \$43.1M |

▶ Transit: A Funding Source

Example: City of Racine

- | | |
|---|----------------|
| • Property tax levy | \$1.8M |
| • Replace federal capital funds
(At 50%, now used for operating) | \$ 0.9M |
| • 10% increase in service | \$ 0.5M |
| • Provide local share for KRM | \$ 1.4M |
|
 | |
| • LOCAL REVENUE NEEDED | \$ 4.6M |

▶ Transit

Steps to an RTA with a Dedicated Funding Source

- Enough support with local leaders to move ahead
- State legislation authorizing the formation of a regional transit authority, with an identified local funding source or a dedicated funding source from state revenue
- Local (city/county) approval of an operating agreement including governance, operations and funding

After Mr. Sheehy's presentation, the panel followed with a discussion on regional transit. The panel concluded by responding to questions from the audience.

Adjournment

There being no further business to come before the Council, the meeting adjourned at 10:40.