

# MILWAUKEE 7



## **Council Meeting**

**March 5, 2009**

**Hosted by Manpower, Inc. and Milwaukee County**

**M7 Council Members Present:** Tom Barrett, Mark Cronce, Michael D'Amato, Michael Grebe, David Halbrooks, Willie Hines, Suzanne Kelley, Gale Klappa, Jim Kreuser, Dennis Kuester, Dick Leinenkugel, William McReynolds, Larry Nelson, Cory Nettles, Carol Schneider, Mary Ellen Stanek, John Torinus, Scott VanderSanden, Scott Walker, Ed Zore

**M7 Council Members Absent:** T. Michael Bolger, Lee Holloway, David Lynch, Phillip Neuenfeldt, Joel Quadracci, Nancy Russell, Carlos Santiago, Steven Smith, Robert Spitzer, Steven Stanbrook, Richard Telfer, Herb Tennes, Dan Vrakas

**M7 Staff Present:** Dean Amhaus, Wendy Hauser, Shelley Jurewicz, Pat O'Brien, Jim Paetsch, Mary Patzlaff, Eric Paulsen, Tim Sheehy, Julia Taylor, Marjorie Yoshida, Jim Zehner

Gale Klappa, president and CEO of Wisconsin Energy Corp. and co-chair of the Milwaukee 7 Council, welcomed and thanked all for attending the Milwaukee 7 Council Meeting.

Klappa thanked Manpower, Inc. for hosting this event and introduced Jonas Prising, President of the Americas with Manpower, Inc., who gave a brief welcome. City of Milwaukee Mayor Tom Barrett and Milwaukee County Executive Scott Walker also gave welcomes.

Klappa recognized Mike Grebe, president and CEO of the Lynde and Harry Bradley Foundation, and chairman of the Greater Milwaukee Committee. Grebe has been chairing the M7 Public Policy Committee and is now taking over as an M7 co-chair.

Klappa then recognized Ed Zore, president & CEO of Northwestern Mutual, as an outgoing co-chair of the Milwaukee 7. He thanked Zore for his service, leadership and vision in helping to launch the M7 and build the strategies that drive our region's competitiveness. While moving on as co-chair, Zore is staying closely involved as one of M7's founding investors. Klappa presented Zore with a memento for his service.

Klappa then informed the Council of two orders of business for the meeting. First was an update on M7 activities and results, followed by an address from distinguished guest, Gov. Doyle.

## **M7 Update**

Back in 2005, driven by the pressing need to move the region forward on economic development to compete in today's global economy, the Milwaukee 7 was formed under the leadership of a council of 30 business, government and educational leaders. Today, the M7 has moved from a concept to a functioning regional economic development partnership that is delivering on its mission – thanks to regional leadership, a shared vision and importantly, the funding to put this concept into action.

M7's goal has always been to articulate that concept through new jobs and capital investment. The bottom line is that the M7 is delivering solid results for the region.

In total, the M7 has contacted more than 500 area companies to identify expansion opportunities. It has engaged in 57 projects producing 12 wins that account for 3,220 jobs and a payroll of \$184M. Another 19 expansion/attraction projects are currently pending. The resulting direct and indirect impact from these wins is more than 9,000 jobs and a payroll total of \$385M.



## ▶ Milwaukee 7 Prospect Report

Company	Current Employment	New Employment	Payroll	Cap Invest
C&D Technologies	200	275	24,373,200	\$25,000,000
Direct Supply	600	300	64,251,000	\$19,400,000
Super Steel	350	150	20,312,000	\$150,000
TechConnect	0	5	401,900	\$20,000
Clifton Gunderson	30	10	2,699,600	\$50,000
Gehl Co.	190	90	20,440,000	\$20,000,000
Germanischer Lloyd	0	15	927,960	\$25,000
Granite Microsystems	115	100	11,666,975	?
Corporate Express	125	30	7,569,580	\$5,000,000
Harley Davidson	0	70	1,825,040	\$75,000,000
Rexnord	520	0	27,129,440	\$6,278,700
Regina USA	0	45	2,689,560	\$325,000
<b>Total</b>	<b>2130</b>	<b>1090</b>	<b>\$184,286,255</b>	<b>\$151,248,700</b>

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M7 also delivered on the goal of attracting new investment to build the region's competitiveness.

While the Governor and Mayor have been out working hard to bring home federal stimulus dollars, M7 has been building its own stimulus package. M7 has:

- ▶ Leveraged \$19.1M in federal, state and local assistance for our project wins.
- ▶ Attracted \$5.1M in federal grants for workforce development through the WIRED initiative.
- ▶ And created a federally designated foreign investment zone in the M7 Region that has \$6M in investment pending.

Thanks to M7 investors, a new set of tools has been produced to support economic development in the region. These tools put M7 on competitive footing with other regions around the globe.

Our award-winning website, [choosemilwaukee.com](http://choosemilwaukee.com), is a must-have in the ED game today and is the region's front door with valuable deal-specific data, evidenced by the site's 285,000 unique visitors and 5.5M hits.

The Region is now home to three linked Resource Centers -- in Milwaukee, Racine and Kenosha -- that are powered by interactive tools funded and developed by the M7 to recruit and assist businesses with relocation and expansion activities.

M7 investments have also developed competitive intelligence that gives us market-by-market comparison data, and strategic consulting to help build, tool and refine the M7 business plan.

Most importantly, M7 investment supports a dedicated team of professionals focused on retaining, expanding and attracting capital investment and jobs to the region. This team also supports local economic development partners, and staffs M7 councils and committees such as the significant work done through the Water Council to articulate the opportunities for growing jobs around our water technology cluster.

One way to measure the return on M7 investment is to divide the investment to date with the total number of jobs that result from expansion, attraction and retention wins. These projects reflect a significant participation of the M7 project team as well as local and state partners, and represent a very cost-effective way to support job growth in the region.



Investment and Return

M7 Investment to Date: \$5.3M

Investment	Return
\$1,646 per job	3,220 direct jobs
\$582 per job	9,100 total jobs

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Starting in 2010, M7 proposes ramping up investment in the partnership from \$1.3M a year to \$1.5M annually. Below is a comparison of how M7 ranks against peer markets. These numbers are a clear reminder of what the region up against, with other economic development groups spending 2, 3 and 4 times our existing budget.



Economic Development (Annual Budget)

Pittsburgh	\$6.0m	Jacksonville	\$2.6m
St. Louis	4.0m	Buffalo	2.5m
Omaha	3.8m	Chattanooga	2.5m
Orlando	3.3m	Columbus	2.5m
Nashville	3.2m	Knoxville	2.4m
Richmond	3.2m	Mobile	2.1m
Baton Rouge	3.1m	Montgomery	2.1m
Denver	3.0m	Toledo	1.8m
Oklahoma City	3.0m	<b>Milwaukee</b>	<b>1.3m</b>

The M7 has some early commitments towards the new goal, and in this tough environment, M7’s work takes on even greater importance. M7 can be effective in winning jobs for the region with a modest increase in investment, strong regional partners and a committed focus on our strategy.

**Policy Update**

Klappa then re-introduced Mike Grebe, M7 co-chair and chair of the Public Policy Committee, to give a policy update.

Grebe indicated that he looks forward to working as a co-chair of M7, while serving as chair of the GMC. Grebe indicated that he would recruit a new Policy Committee Chair to replace himself as he serves in his newly expanded role with the M7.

Grebe then stated that the purpose of the Policy Committee was to review and recommend support for public policy that improves the region’s competitive standing. The committee is made up of private sector investors in M7. They attempt to keep their focus on a few select regional issues that they believe can improve the M7 regional product. Grebe then referred to the handout (pasted below) that lists the most recent policy items, and where we stand. Grebe stated that there are some solid wins in the state’s biannual budget aimed at improving

our competitiveness, and thanked the Governor for making the decision to include these changes in a challenging budget.

<b><u>M7 BUDGET ITEMS 2009</u></b>		
<b><u>PROVISION</u></b>	<b><u>SUMMARY AND CITE (in LFB Summary of Governor's Budget Recommendations)</u></b>	<b><u>M7 POSITION</u></b>
Biotech M&E Exemption	Create a property tax and sales tax exemption for machinery and equipment used for qualified manufacturing and biotechnology research. Would not go into effect until January 1, 2012	SUPPORT
Angel Investment Tax Credit	Increase the amount of tax credits available under the Angel Investor Credit to \$25 million annually	SUPPORT
Jobs Tax Credit	Create a new tax credit for 10% of full-time payroll costs for businesses locating in Wisconsin. This credit would be capped at \$10 million statewide, not apply to jobs paying over \$100,000 a year and would not take effect till January 1, 2012	SUPPORT
R&D Income Tax Credit	Create an income tax credit for businesses that increase their research and development spending to more than 125% of their prior 3-year average. Estimated \$5 million per year	SUPPORT
Capital Gains Exemption for Wisconsin Reinvestment	Create a capital gains exemption for up to \$10 million in gains reinvested in a qualifying new business venture. Effective starting 2011.	SUPPORT
Wisconsin Venture Fund	Create a Wisconsin Venture Fund to connect businesses and entrepreneurs to capital and seed funding. (\$2.6 million over the biennium)	SUPPORT
RTA	Authorize the creation of a Regional Transit Authority with the authority to levy up to .5% sales tax to create a dedicated funding source for regional transit.	SUPPORT
I-94 North-South Reconstruction	Provide \$517 million over the biennium to accelerate the reconstruction of the I-94 North South Corridor reconstruction and expansion	SUPPORT
Amtrak Hiawatha Service	Provide \$2.4 million over the biennium to add a railcar and increase capacity on Amtrak's Milwaukee to Chicago Hiawatha service	SUPPORT
UWM School of Public Health	Authorize the UW Board of Regents to create a UWM-School of Public Health	SUPPORT
UWM School of Freshwater Science	Authorize the UW Board of Regents to create a UWM-School of Freshwater Science	SUPPORT
Transportation Fund Transfers	Transfer \$63 million from the Transportation Fund to the General Fund to fund pupil transportation costs.	OPPOSE
"Throw Back Sales" Tax Hike	Increase taxes from "throwback sales" - sales shipped from a taxable state to a non-taxable state - from existing rate of 50% to 100%. (\$95 million tax increase over the biennium)	

Prevailing Wage Law Expansion	Extend Prevailing Wage requirements to all private projects receiving any public funds, and expand the law's scope to cover any project over \$2000 (current threshold is \$30,000)	
Combined Reporting	Impose Combined Reporting - requiring that businesses with two or more related entities operating both inside and outside of Wisconsin pay taxes on the combined assets rather than just those in Wisconsin. (\$187 million tax increase over the biennium)	
Domestic Production Activities Tax	Eliminate the state income and franchise tax deduction for qualified domestic production activities (\$72 million tax hike over the biennium)	
Capital Gains Tax Hike	Reduce the state capital gains tax exclusion from 60% to 40% (\$180.6 million tax hike for the biennium)	
Income Tax Hike	Increase income taxes on individuals making more than \$225,000 annually or couples making more than \$300,000. (\$311.7 million tax hike over the biennium)	

Grebe indicated that a few of the choices in the State budget will not make our job easier in selling corporate expansions, or attractions. But Wisconsin is not the only state making these decisions. The question is, are we more competitive after this budget?

Grebe then introduced Wisconsin Governor Jim Doyle, one of the M7 founding partners.

In summary, the Governor touched on the following:

- ▶ Four main principles in creating this budget:
  - ▶ Economic Development: The Governor made a commitment to continue to invest in the Milwaukee 7 by awarding a \$500,000 Regional Marketing Matching Grant to the M7. Can't cut your way to solve problems...need to make investments. The State needs to continue to move forward and create jobs.
  - ▶ Educational system: maintain quality and accessibility
  - ▶ Health insurance
  - ▶ Protection (police, fire)
- ▶ President Obama's Recovery and Reinvestment Act
- ▶ Angel Investment Tax Credit
- ▶ Wisconsin Venture Fund
- ▶ Jobs Tax Credit
- ▶ R&D Income Tax Credit
- ▶ RTA
- ▶ Workforce Development
- ▶ Combined Reporting
- ▶ Early Childhood Education

Grebe thanked the Governor for joining the M7 Council meeting.

Klappa announced that the next M7 council meeting will be held June 9 in downtown Port Washington in Ozaukee County, at the Ozaukee County Board Room.

Klappa adjourned the meeting.