

MINUTES

May 30, 2007



- PRESENT: Mayor Tom Barrett, Mary Burke, Mark Cronce, Michael Grebe, Mark Jaeger, Allan Kehl, Suzanne Kelley, Gale Klappa, Dennis Kuester, David Lynch, William McReynolds, Larry Nelson, Cory Nettles, Stephanie Phillips, Joel Quadracci, David Rayburn, Tom Riegler (*on behalf of Steven Stanbrook*) Carlos Santiago, Steve Smith, Dr. Robert Spitzer, John Torinus, Scott VanderSanden, Dan Vrakas, Scott Walker, Ed Zore
- ABSENT: T. Michael Bolger, Willie Hines, Lee Holloway, Ann Lohrmann, Phillip Neuenfeldt, Tom Sackett, Carol Schneider, Mary Ellen Stanek
- STAFF: Dean Amhaus, Julie Granger, Wendy Hauser, Shelley Jurewicz, Pat O'Brien, Jim Paetsch, Tim Sheehy, Julia Taylor

Call to Order

Co-Chair Gale Klappa called the meeting to order at 8:10 a.m. He opened the meeting by recognizing the leadership of Milwaukee 7 inaugural co-chairs, Dennis Kuester, Chairman of M&I and Steve Smith, Chairman/CEO of Journal Communications, and thanked them for their service, noting that both will continue as members of the Milwaukee 7 Council.

Continuing, Mr. Klappa welcomed other Council members, guests and elected officials and extended thanks on behalf of the Council to Gateway Technical College and Kenosha County, for hosting the May meeting.

Bryan Albrecht, President-Gateway Technical College welcomed the Milwaukee 7 Council to Gateway's campus.

Kenosha County Executive Allan Kehl presented a video highlighting Kenosha County and also provided council members with an overview of the economic activity that is taking place in Kenosha County.

Approval of Minutes

Upon motion duly made and seconded, the minutes of the February 22, 2007 Council meeting were approved as presented.

Business Report

Mr. Klappa then introduced co-chair Ed Zore to provide a business update. Mr. Zore noted that the Milwaukee 7 has been hard at work putting the right gears in place to drive regional growth, and has already made some real progress.

Investor Summary

With the addition of new investors Microsoft Corporation, The Spancrete Group, Inc., and Economic Development/Washington County there are now 58 investors who have pledged \$5.9 million in funding for Milwaukee 7, significantly above our original goal. To date we have collected \$1,970,500, and expended \$2,452,426. The difference in income and expenses is solely due to timing, and we are on budget.

Funding Sources and Uses

Our private/public regional partnership is strong, with 84% of the funds from our corporate sponsors, and 16% from our public sector investors.

These funds have been deployed to:

- build a regional website/resource center
- execute our regional call program
- fund industry expansion and attraction efforts
- support our strategic planning
- build out our talent retention and attraction programs
- and to develop our brand

Website/Resource Center

The region's website, ChooseMilwaukee.com is now appearing as the top search result in the major search engines, driven by the site and building selection tool on this website.

In the six months since its launch, more than 35,000 unique visitors and 1 million hits have been recorded. In a sign that this is cutting edge, both Denver and the Silicon Valley region have replicated our site search tool, and the site has been nominated for an International Economic Development Award.

The companion resource center has hosted 49 large group association meetings, and 22 one-on-one meetings.

Call Program

Continuing, Mr. Zore noted that the Milwaukee 7 team has launched a significant effort to call on our best customers and prospects for expansion: companies in the region. More than 425 visits have been completed to date (125 over goal). These included manufacturing and biotech. Our next industry cluster is information technology, which is expected to launch next month.

Client/Prospect Activity

In addition, the Milwaukee 7 team has been working with expansion candidates to address specific concerns, and with prospects that have identified this region as a potential location for doing business. We have a good partnership with the local economic development partners, and with the Department of Commerce and Forward Wisconsin.

As the following chart illustrates, Milwaukee 7 is very much about jobs. Our activity, along with our partner's work, is impacting 2,385 current jobs, and has the potential of adding 3,369 new jobs, with a number of prospects pending.

Business Report



II. Grow, expand & attract (Client / prospect activity)

Company	Initiated	Grow/Expand/ Attract/Retain	Employment in Region	Potential New Employment	Win/ Loss
M7-1	May-07	E/A	0	10	Pending
M7-2	Apr-07	A	0	89	Pending
M7-3	Apr-07	A	0	1200	Pending
M7-4	Apr-07	A	0	5	Pending
M7-5	Nov-06	E/A	200	275	Pending
M7-6	Sep-06	E/R	200	0	Pending
M7-7	Jul-06	R	170	0	Pending
M7-8	Oct-06	A	5	(30)	Loss
Rexnord	Sep-06	R	520	0	Win
HondaJet	Sep-06	A	0	(200)	Loss
M7-9	Jun-06	E/A	115	100	Win
Germanischer Lloyd	May-06	A	0	15	Win
M7-10	Oct-05	E/G	50	25	Pending
M7-11	Sep-05	E/G	400	50	Pending
Direct Supply	Jan-05	E	600	1500	Win
Harley-Davidson Museum	Sep-04	A	0	70	Win
Corporate Express	Sep-04	E/A	125	30	Win
TOTAL JOBS			2,385	3,369	

In the business development arena, Milwaukee 7 helped sponsor the Midwest Governor's forum on Chinese Trade and Investment in the Great Lakes, presenting the region to more than 200 Chinese business leaders. We'll be participating in the upcoming Trade mission to China, and present at the U.S. Midwest-Japan Conference in Tokyo, which will be hosted by this region next year.

The Milwaukee 7 region was recently granted status in the Immigrant Investor Pilot program. This program is expected to attract foreign investors to the region. Qualifying investors receive a permanent resident status for an investment of \$1 million or more that creates or retains at least 10 jobs. We are one of 20 such regions in the country and the only one in the Midwest.

Region Building

Our branding team, and its significant volunteer network, is pulling together a Branding Toolkit to provide resources for those promoting the region. They successfully hosted the editors and writers from six Wisconsin college newspapers, generating stories about the region and exposing the region's career opportunities to young talent. The branding team is also working on a regional and national perception study to help us with our branding message.

Regional Recruitment Collaborative

Eight companies have joined forces to form a regional presence at select national job fairs. Milwaukee 7 will support this effort by accompanying this consortium at events with a booth to sell the benefits of living and working in the region. The first event is scheduled for September at the National Black MBA Association Annual Conference.

Public Policy

Continuing Mr. Zore reported that under the direction of the Milwaukee 7 Regional Policy Sub-Committee, a list of regional priorities (see Document 1 attachment) was submitted to the Joint Finance Committee for consideration in the state budget. Noting that there have been some early wins already, he added that putting the Milwaukee 7 shoulder behind these proposals will help us deliver some much-needed policy wins for the region.

Mr. Zore then introduced Michael Grebe, Milwaukee 7 Regional Policy Sub-Committee chair and President of the Bradley Foundation to present the committee's recommendation that their proposal (see Document 2 attachment) regarding the local share funding source for the proposed commuter line (KRM) be endorsed by the Milwaukee 7. Upon motion duly made and seconded, the recommendation was approved as presented.

Mr. Zore concluded by inviting Kenosha County Executive Allan Kehl back to the podium to provide an update key workforce development initiatives that are occurring with significant Milwaukee 7 input.

Regional Workforce Alliance (RWA)

The purpose of the Regional Workforce Alliance (RWA) explained County Executive Kehl, is to design and implement a regional workforce system aligned with economic development and education. As a part of the process to create an implementation plan for a \$5.1 WIRED Generation 2 grant from the US Department of Labor; the Regional Workforce Alliance (RWA) finished a 2-day Strategic Actioning session in April, 2007 in Lake Geneva. The session featured 35 members representing employers, workforce development boards, and education and training entities from across the 7 counties. State and Federal officials were also present.

Resulting key action items included:

- Establish one regional point of contact for employers linked to Milwaukee 7 website
- Establish regional business service teams where needed
- Operating agreement and code of ethics between RWA and Milwaukee 7
- Design, implement & test PK-16 educational innovation activities directed toward industry targets
- Regional job forecasting and planning
- Performance Metrics Design

Milwaukee 7 Mission - Vision - Goals

Mr. Klappa continued by reviewing the Milwaukee 7 mission, vision and goal.

Mission: Seven counties united around a regional agenda to **grow, expand and attract** global businesses and talent.

Vision: To be globally competitive in an innovation economy

Foundational Goals:

To be globally competitive in an innovation economy requires the region to:

1. Grow our existing and emerging export driven companies, and attract new export drivers
2. Build our capacity to innovate our talent, culture and place as a region
3. Enhance the competitiveness of the region

Strategic Framework

Mr. Klappa provided an overview of the strategic framework and the process by which it was built.

A strategic framework provides a regional and shared way to analyze, prioritize and grow our:

- Export of goods and services outside the region
- Jobs within the region
- Wealth to our citizens
- Talent base within our counties

A strategic framework does not:

- Tackle every issue, problem and obstacle we face as individuals, citizens, neighbors
- Address the concerns and issues of every constituency within the Milwaukee 7
- Deliver a laundry list of initiatives, funding proposals and program starts

How it got built:

- Listened
 - 500+ interviews with regional players, along with community & county feedback sessions
- Gathered and evaluated outside research and perspectives
 - Vandewalle & Associates, Deloitte
 - National & International Best Practices
- Formed a Core Team to put it together

The process:

- Identified the assets of the region, focused on what differentiates us as a region
- Assessed what industries drive jobs in the region
- Mapped the opportunities, pinpointing where we match the needs of our job drivers, and where we need to patch our gaps
- Developed an agenda specific to this region
- Laid out the steps to deploy the strategy and measure our results

Tim Sheehy then identified the metrics by which success will be measured:

Metrics of Progress:

- Per Capita Income
- Employment Growth
- Education Attainment of Adult Population
- Export Value of Manufactured goods - *(measured at state level only)*
- Net Regional Migration

Continuing, Julia Taylor reviewed the 8 assets that have been identified that uniquely position the Milwaukee 7 region to compete.

1. Experienced/Dedicated Talent

- The region ranks 6th in nation for # of college students per capita
- We graduate 15,000 from our colleges and universities annually

2. Chicago/Madison Connection

- Our proximity to Chicago and Madison give this region a hub of technology, finance, culture, and creativity. We are part of global city connection.
- 36 Fortune 500 Companies
- 18 US Congress members
- 3 international airports
- 9 professional sports teams
- 100+ post-secondary institutions
- The Chicago-Milwaukee Corridor is one of only 25 regions in the world with a population of 10 million or greater

3. Innovation Capacity

- The region ranks 5th in nation for # of number of Fortune 500 Companies per capita and generates 4X the number of patents as Madison

4. Great Lakes Trade Zone

- The Great Lakes regional economy is the 3rd largest in the world - trailing only the U.S. and Japan
- The 8 states and 2 provinces comprising this region are home to 100 million people
- Canada received about one-third of Wisconsin's total exports last year

5. Infrastructure

- Effective regional planning ensures modern infrastructure, governance, and efficiencies required to support an innovative economic climate

6. Fresh Water Location

- Lake Michigan, our inland lakes and tributaries give this region capabilities in water related research, stewardship, and lifestyles

7. Cultural Diversity

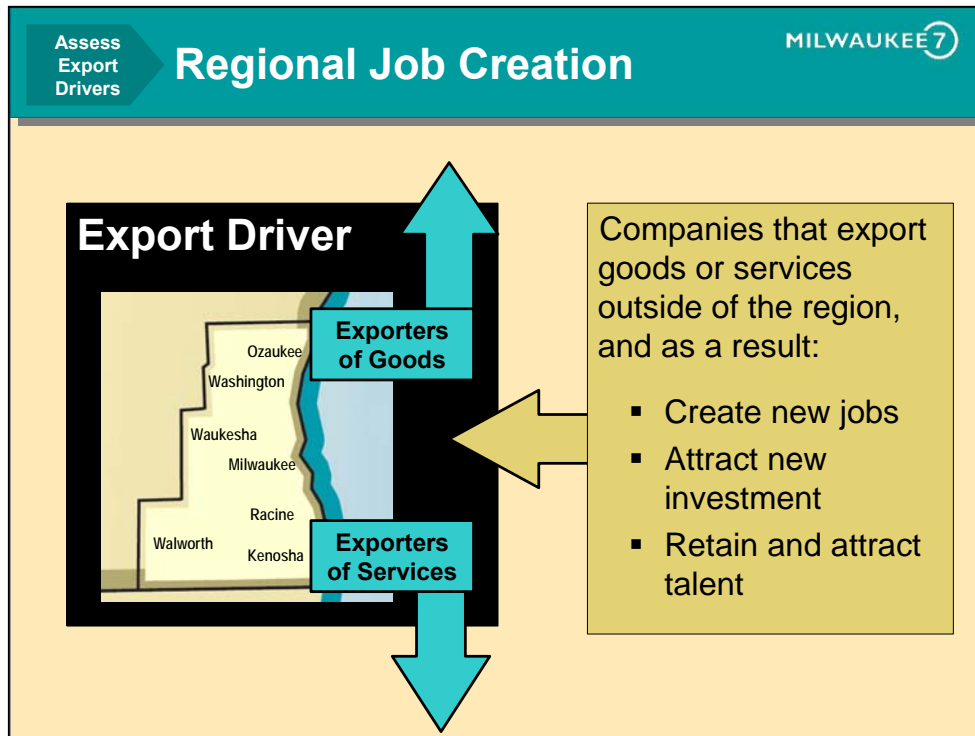
- The region's diversity of cultures form a powerful asset for the attraction and growth of talent

8. Arts/Entertainment

- Robust arts and entertainment attractions that promote a regional image attractive to business and talent
- The Region has the largest performing arts fund in America

In closing, Ms. Taylor noted that our regional assets present a wealth of opportunities, particularly when we see their impact on our key export drivers. She then turned the program over to Tim Sheehy for elaboration.

Mr. Sheehy began by explaining that companies that export goods or services outside of the region drive new job growth as illustrated below:



He continued by explaining that as a region, we produce a gross metropolitan product approaching \$78 billion; from 50,000 business establishments that create one million jobs. In a rough cut of the region's one million jobs, export drivers (*defined as those responsible for the export of goods or services, who appear in the region in numbers greater than the region would support, and who's wages are above average*) account for about 1/3 of our jobs or 300,000.

Using a conservative multiplier of one, for every job in a driver industry, one addition job is created in the region to support that job. This generates another 300,000 jobs in the region. (*i.e.; parts suppliers, legal work, advertising*)

Finally, the direct and indirect spending from these 600,000 jobs generates another 400,000 jobs. (*i.e.; from fixing your car to fixing your teeth, from snow plowing to tax preparation, from serving breakfast at the restaurant to providing funeral services*).

The point is that these jobs exist because of the driver jobs. The fewer driver jobs, the fewer of these jobs. The more driver jobs, the more of these related jobs.

We have seven major export drivers, our key customers, the companies and industries that drive regional growth measured in this order on the basis of total payroll.

1. **Manufacturing:** *(i.e.; Harley, Briggs, Serigraph)*
2. **Financial Services:** *(i.e.; Baird, M&I, West Bend Mutual)*
3. **Headquarter/Management:** *(i.e.; A.O. Smith, Modine and Jockey)*
4. **Information Technology:** *(i.e.; Metavante, Fiserv, Astronautics)*
5. **Acute Health Care:** *(i.e.; Froedtert, Children's, St. Luke's)*
6. **Distribution:** *(i.e.; Roundy's, Kohls, Target)*
7. **Education Services:** *(i.e.; Medical College, Marquette and Carthage)*

In summary, Mr. Sheehy noted one caveat on this rough cut of driver industries. Not every job listed above is directly related to the export of goods and services, and there are driver jobs in other industries not on this list. However, the overall numbers do portray an accurate accounting of the economy and also match earlier work done by Harvard business school professor Michael Porter for ICM.

Continuing Mr. Sheehy explained how the framework *(see illustration 1)* can be applied to our first and largest export driver - manufacturing, and then expanded to other export drivers.

We started with manufacturing he explained, because it is the elephant in the room.

Statistically:

- The Milwaukee 7 Region ranks #2 *(of top 50)* in percentage of workforce in manufacturing
 - Manufacturing employment is 64% larger than U.S. average
- Manufacturing accounts for 57% of regional export driven jobs
 - State exports = \$17.2B
 - Up 64% since 2001
- Most risk - greatest opportunity
- A regional strategy that ignores it is not realistic
- We have broad coverage in a number of manufacturing disciplines that generate a significant regional payroll. *(see illustration 2)*

Using the Strategic Framework

MILWAUKEE7

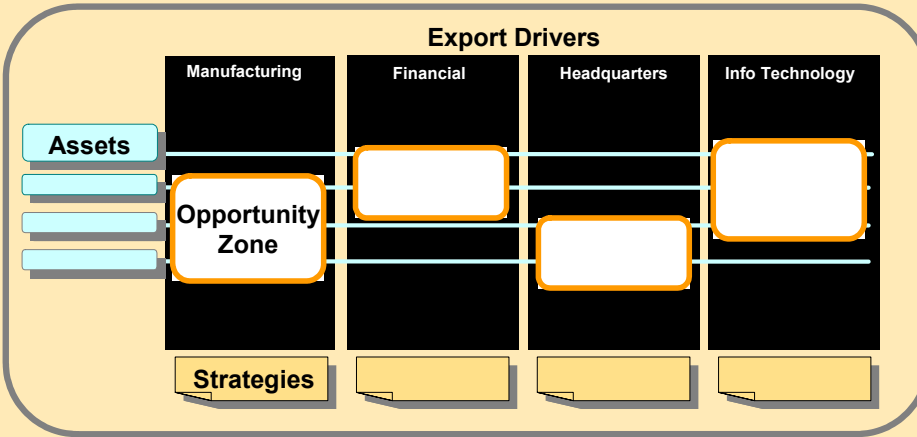


Illustration 1

Assess Export Drivers

Manufacturing: A Closer Look

MILWAUKEE7

Payroll..... \$8.7 Billion
 Avg. Annual Pay..... \$50,373
 Total # of Businesses.. 3,643

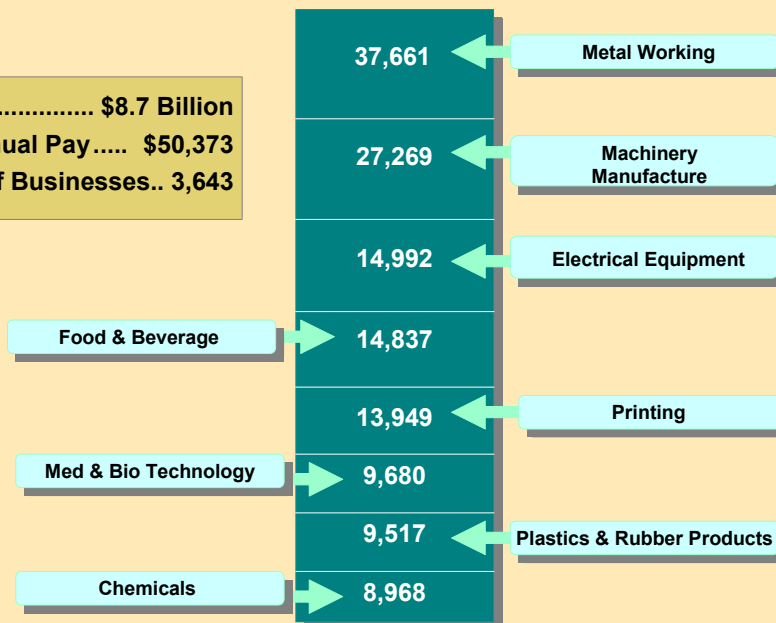


Illustration 2

To research what is driving manufacturing in the region today, to assess our competitive position and the global competition, and to build out our manufacturing strategies, we assembled a team of both local and national resources. Mr. Sheehy then introduced three members of that team; Darin Buelow, of Deloitte, Mark Andraca of Johnson Controls, and Pat O'Brien of the Milwaukee 7 staff to report their findings and apply the framework, and provide some recommendations.

Darin Buelow explained the three reasons that drive corporate expansion or relocation and assessed the competitiveness of Milwaukee 7 region on each:

► **Market Seekers:** Target new customers and revenue sources, driven by GDP growth, market deregulation and trade alliances that open markets to global companies

The Milwaukee 7 Region is at a competitive disadvantage relative to larger Market Seekers. Other regions within the Midwest offer a better array of "critical" and "important" factors.

► **Innovation Seekers:** Target locations that offer depth of talent, access to universities, research institutions and protection for intellectual property

The Milwaukee 7 Region is competitively equal and perhaps superior to a select set of Innovation Seekers. For certain economic sectors there is a high level of business, talent and experiences in the Milwaukee 7 relative to other regions across the state.

► **Resource Seekers:** Pursue low-cost resources as the primary variable to optimize in establishing and altering their global supply chain footprint

The Milwaukee 7 Region is at a high competitive disadvantage relative to virtually all Resource Seekers. There are many other regions here and abroad with better, lower-cost resource alternatives

Mr. Buelow also pointed to the following:

Non-Controllable Factors:

- Labor costs
- Market access
- Population & education demographics

Controllable Factors:

- Preparedness to handle expansion and attraction inquiries
- Industry economic development approach
- Tax climate and incentive structure
- Partnership with local and regional higher education
- Shape economic development for Innovation Seekers

Marc Andraca began his presentation by stating that the region is well aware manufacturing is in transition. In fact, since 1999 we've lost 41,000 jobs and have 77 fewer manufacturing production facilities in the region.

He noted that manufacturers like Tower Automotive, Delphi, Midas and his own employer, Johnson Controls have transitioned their local operations, moving production out of the region. The shift is redefining the concentration of manufacturing jobs to those representative of higher productivity, technology and skills sets. Examples include Briggs & Stratton, Harley-Davidson and Super Steel.

Small - mid sized manufacturers are not immune from these global trends to maximize technology and global supply chain management. To remain competitive they are following their customers. If they are not transitioning, they are likely out. 3,035 firms in the Milwaukee7 region fit the small to mid-sized category, which represents 48% of the employment.

These "Next Generation" manufacturers are technology-driven, innovative, lean and agile. Many Next Generation manufacturers employ workers with higher skills and productivity and increasingly are using a more sophisticated level of technology. We've identified these types of firms as our "strike zone", presenting opportunities for growth.

As with any business we additionally set out to understand the needs of Next Gen Manufacturers and have identified 6 to be imperative.

1. Experienced, agile, skilled workforce
2. Critical mass of interconnected enterprises that buy, sell, collaborate and supply each other
3. Strong Infrastructure:
 - Knowledge: technical colleges and universities
 - Governance/Policy
 - Physical
 - Technology
4. Leadership and engagement
 - By Owners, Governmental representatives, Non-Governmental organizations, Education
5. Relative cost parity
6. Global reach

He concluded by noting that we next mapped our opportunity zones (*see illustration 3*) -where our assets and needs intersect. What we observed was that our assets match most of the key needs of the driver. We already have some penetration in this zone and the result aligns with Deloitte's view of our competitive strengths around select Innovation Seekers.

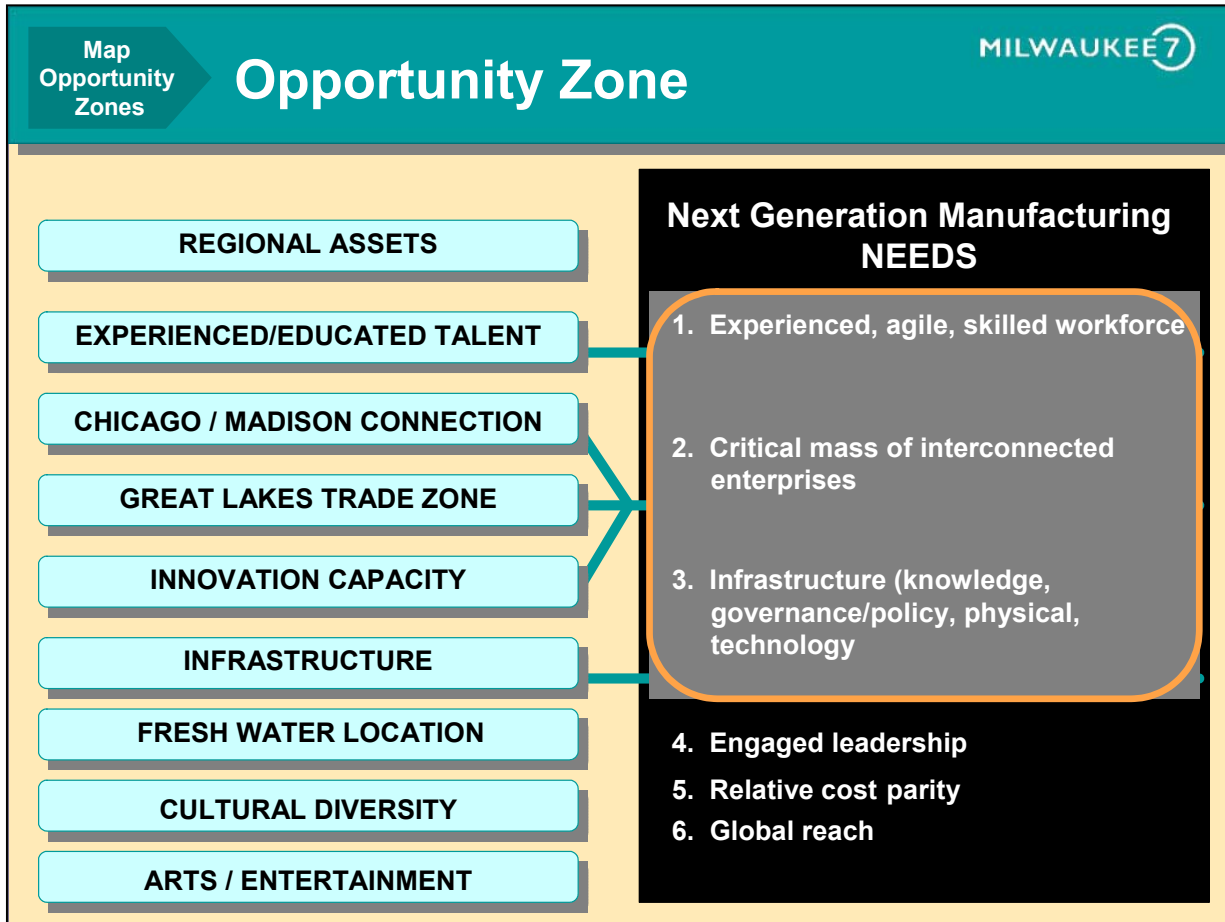


Illustration 3

Pat O'Brien continued the presentation by reflecting that we have now matched the regional assets with the needs of the manufacturing driver industry and we have assessed the opportunities created by their intersection. The next step is to develop the actual Strategies to deploy and drive the opportunities in manufacturing.

But first, he outlined a few things we are going to STOP doing:

STOP focusing resources, investments and personnel around chasing the large manufacturers and mega projects. If the large companies are interested in coming to our region, we will be ready by having our house in order, our team and processes in place and our objectives clear.

STOP Measuring our progress in terms of winning these operations

STOP Viewing manufacturing as "dying". Clearly, manufacturing in the region is undergoing rapid and radical structural change. However, our call program and other evidence show that manufacturers are out there competing, innovating, surviving, thriving and fighting for their lives, every day.

To address this fluid, dynamic and ever changing manufacturing landscape, he continued, we've laid out a new vision.

VISION

Serve as a global capital for next generation manufacturing operations: technology-driven, innovative, lean, agile and skilled

Become the best place in the world to locate, build and grow small to mid-sized next generation manufacturing operations

100 years ago, Milwaukee was the machine shop to the world, today we are becoming the design shop to the world. To realize this vision, we must stay focused and follow through on a specific list of actionable items. Our manufacturing team has developed the following top 10 list, to be further defined and vetted by an even larger group for the next council meeting

1. Lock-in attainment zone approval for the region by June 15
2. Create single point of contact for Next Generation Manufacturer workforce needs through the Regional Workforce Alliance and its local partners
3. Target and market industry-specific training programs
4. Create a "Next Generation Manufacturing Resource Center"
5. Market the Milwaukee 7 Region to targeted Next Generation Manufacturers
6. Secure \$1.5 million for Get Lean Initiative
7. Support roll-out of Manufacturing Skills Standards Certification
8. Secure biotech machinery and equipment tax exemption
9. Expand global reach by sharing exporting best practices
10. Build and connect regional engineering excellence

In conclusion, Mr. O'Brien announced the formation of a **Next Generation Manufacturing Council**, led by leading manufacturers from around the region, to drive the focus and keep current on new developments.

Manufacturers agreeing to serve include:

Dave Rayburn, President & CEO, Modine Manufacturing Co. (*Racine County*)
Rich Meeusen, President & CEO, Badger Meter (*Milwaukee County*)
Keith Trafton, President & CEO, Super Steel (*Milwaukee County*)
Mike Wells, Chairman, Frank L. Wells Co. (*Kenosha County*)
David Tomczek, President, Federal Tool & Engineering (*Ozaukee County*)

This council will be staffed by the Milwaukee 7 and will pull resources from the universities, tech schools, WMEP, the Regional Economic Partners and others.

A detailed action plan and a report of ongoing initiatives will be available at the next council meeting.

Dave Rayburn, President/CEO of Modine Manufacturing (*Racine*) and Mike Wells, Chairman of the Frank L. Wells Company (*Kenosha*) were then invited independently to the podium. Each spoke of the challenges and opportunities their respective companies are facing in the changing manufacturing economy, and shared their perspectives on the Strategic Framework process and resulting strategies.

Next Steps/Emerging Trends

Returning to the podium, Gale Klappa stated that it was important to note that although manufacturing was the elephant in the room and was the first place we applied the framework and built-out some strategies, our regional agenda is much deeper and broader.

We plan to apply the framework and strategy development to each of our drivers, starting next with the financial services industry and moving on to Headquarters, Information Technology and others. We expect to produce our financial services strategy following our September meeting.

In addition, we are at work now matching the region's assets with some emerging global trends, including water research and clean & green technologies. These are new economic opportunities we've identified that cross multiple drivers (*see illustration 4*) and leverage many of our assets. These opportunities are driven by emerging economic trends at a national and global level, where we feel we could have a particular competitive advantage.

Again, we will have a more robust discussion on this part of the framework at September's Council meeting.

Framework Next Steps MILWAUKEE 7

Emerging Trends

Emerging trends cross drivers and assets to meet global opportunities

- Early thoughts:
 - Water research
 - Clean & green technologies
 - Biotechnology

Illustration 4

Mr. Klappa then introduced Clay Nesler, Vice President, Innovation Services, Johnson Controls to facilitate discussion with meeting attendees around the following:

1. Does the strategic framework make sense?
2. Do you see your organization, company or county in this framework?
3. Do you have specific questions or comments about Next Generation Manufacturing?

Broader Proposal - Regional Agenda

Following the discussion, Mr. Klappa stated that we want this framework (*see illustration 5*) to serve as a vehicle for developing a full regional agenda; a place to truly take on those broad regional issues that can drive our prosperity or hold us from our potential.

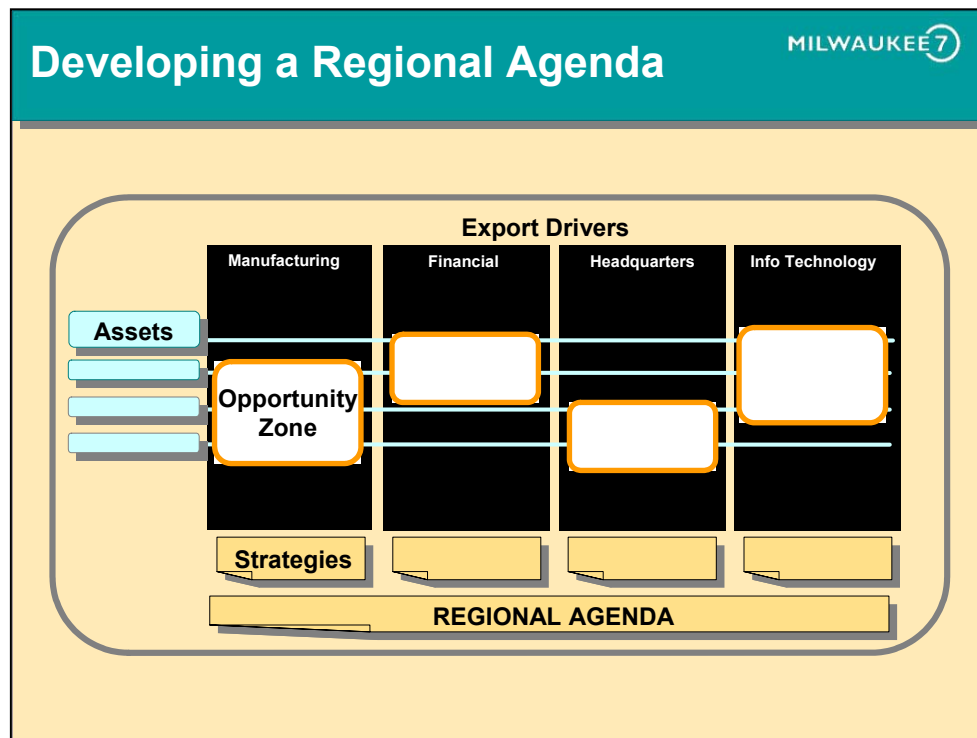


Illustration 5

Mr. Klappa concluded with these thoughts. We need to stop apologizing and trapping ourselves in our shortcomings. We need to stop holding on to the secret of our region and its tremendous assets and opportunities-we are not well served in a globe of competition by being defined as a region that is a "best kept secret"!

We should continue to build on our considerable assets and improve the competitive cost of doing business in this region.

And, we can start by recognizing we are all citizens of one region and by building alignment around regional solutions for issues like transportation, water and talent. We start here today in Kenosha with a vision to become globally competitive in an innovation economy.

Other

Concluding, Chairman Klappa noted that the next meeting of the Milwaukee 7 Council will be held September 13th at West Bend Mutual, in Washington County.

Adjournment

There being no further business to come before the Council, the meeting adjourned at 11:30.

Respectfully submitted,

Wendy Hauser
GMC Program Officer

DOCUMENT 1 ATTACHMENT:

DATE: MARCH 20, 2007
TO: THE JOINT COMMITTEE ON FINANCE
FROM: MILWAUKEE 7 EXECUTIVE PARTNERS



RE: STATE BUDGET PRIORITIES

As you commence your deliberations on the 2007-09 Wisconsin State Budget, we would like to urge your favorable consideration of the following items of importance to the Milwaukee 7 region which were included in Governor Doyle's budget proposal.

This list is obviously not an exhaustive summary of items in the budget bill that impact the region, and many of the various communities and organizations that comprise the Milwaukee 7 will have individual priorities of more parochial interest to them. What we have attempted to do with this list, however, is identify budget items that we view as having a broad regional impact and on which we could reach regional consensus.

We would like to thank the Finance Committee for its diligence as you take up the enormous task of constructing a State Budget for the upcoming biennium. We greatly appreciate your consideration of these items critical to the economic competitiveness of the Milwaukee 7 region.

Education

Wisconsin Covenant

Providing every student who maintains a B average through high school the ability and resources to attend a UW school, a Wisconsin Technical College, or a Wisconsin private college or university.

Youth Apprenticeships

Doubling funding for youth apprenticeship grants to provide high skills training and work experience in 21 occupational areas for high school juniors and seniors.

Workforce Advancement Training Grants

Quadrupling funding for the Wisconsin Technical College System Workforce Advancement Training Grants from \$2 million to \$8 million.

UW-Milwaukee Program Expansion

Providing \$10 million to the UW-Milwaukee to support a major expansion of its undergraduate programs, graduate student research activities, medical imaging research, and to enhance the campus' ability to attract outside gifts and grants.

Transportation/Infrastructure

Zoo Interchange

Accelerating the Zoo Interchange reconstruction and capacity expansion, and including \$24 million for preliminary engineering of this critical project.

I-94 North South Corridor

Accelerating the I-94 reconstruction from the Wisconsin-Illinois border to the Mitchell Interchange, and including \$241.8 million to begin the construction of this North-South corridor.

KRM

Appropriating \$1 million in state funding for preliminary engineering work on the Kenosha-Racine-Milwaukee commuter rail line.

Passenger Rail

Funding Wisconsin's portion of the Amtrak Hiawatha line between Milwaukee and Chicago and appropriating \$1 million in new funding to increase capacity on this line.

River Cleanup

Providing \$17 million in bonding revenue to match federal funds for the removal of contaminated sediments from the Kinnickinnic River and the Milwaukee River - the two Milwaukee tributaries into Lake Michigan.

Economic Development

Venture Capital

Creating a Wisconsin Venture Center to help link entrepreneurs with willing capital investors, and expanding the tax credits available under the angel and early stage seed investment tax credit by \$5 million.

MCOW Translational Research Facility

Providing \$2.5 million to the Medical College of Wisconsin to support its translational research facility for the research of Alzheimer's, Parkinson's, and other neurological diseases.

Biomedical Technology Alliance

Providing \$2.5 million for the Biomedical Technology Alliance to facilitate partnerships and support SE Wisconsin's regional strengths in biomedical engineering, medical imaging, medical informatics, and technologies to accelerate drug development.

LEAN Manufacturing

Creating a \$1.5 million "Get LEAN" manufacturing initiative to assist manufacturers in producing more goods of higher quality with less capital, space and time.

Biotech M&E Tax Exemption

Exempting the purchases of machinery and equipment used in the biotechnology industry from the sales tax.

Wisconsin Development Fund

Conducting a consolidation, reorganization, and expansion of the Wisconsin Development Fund to more effectively and efficiently assist a broader diversity of new business and economic development in Wisconsin.

Health Care

Health Insurance Tax Deduction

Making any portion of a health insurance premium paid for by an employee deductible from the state income tax.

Health Care Information Technology

Creating a \$10 million annual income and franchise tax credit for health care providers' purchase of information technology hardware and software.

**KRM and Regional Development:
Recommendation from the Milwaukee 7 Regional Policy Sub-Committee**

Background: The Milwaukee 7 has communicated to the Joint Finance Committee its support for KRM and in particular its support for the \$1 million in state funding for preliminary engineering work. As early as next week, Joint Finance may take up the Transportation budget, which does not currently include any provision for funding the local share of the operating and capital costs for KRM. If the KRM project is to get on the list for federal New Start monies, something critical to the projects actualization, then we must provide in the application for those funds a local funding source.

Since the Milwaukee 7 Council last met, a local funding recommendation has been made by the Regional Transportation Authority. That funding source would be an increase in the rental car fee, per transaction, from \$2-\$15 dollars. Without strong support this recommendation is unlikely to gain enough support in Joint Finance to make it into the current state budget. The funding source received a unanimous recommendation from the RTA, but has also raised concerns from area businesses (who utilize car rentals), the hospitality community (this has been a source for funding tourism related projects), and from those who view this as another tax increase, and obviously from the car rental companies.

The project and funding source have also received support from a number of businesses and organizations who view KRM as a critical backbone of the Chicago-Milwaukee corridor, and to their individual business growth plans. KRM has been supported as a part of regional transportation by a number of the area's leading business organizations over the last 5 years or more.

Milwaukee 7 Policy Committee- Recommend Statement of Support:

The Milwaukee 7 is in need of a regional transportation plan, one that connects our economy, workforce, and quality of life. We at this time do not have broad alignment on a regional transportation plan, or on a method to fund such a plan. We recognize that it is in the region's long-term economic interest to establish such a plan, and believe that the Milwaukee 7 should commit to helping lead the adoption of a regional transportation plan.

However, our failure as a region to move such a plan to adoption has real consequences to the key elements that would naturally be part of the region's infrastructure. The Kenosha-Racine-Milwaukee commuter rail line is one such element that faces a serious setback for lack of an overall plan.

KRM has received strong support through its development and engineering. It is viewed by many of our leading export driven companies, those that are responsible for driving job growth in the region, as an important element to their continued growth. It provides a transit backbone connecting a dense and growing global corridor of commerce. It will shape the development of jobs, housing, and transportation along this important economic connection in the region.

It is for these reasons that we recommend the Milwaukee 7 take a position in support of providing a viable local funding source in this year's state budget, and in a manner that gives us the strongest chance to be successful in the application for this year's round of federal New Start funds.

Therefore, despite our concerns, the funding mechanism proposed by the RTA is the only current recommendation that meets our objective of moving this project forward. The Milwaukee 7 supports the Regional Transportation Authority's funding proposal.