

ECONOMIC COLLABORATIVE TASK FORCE REPORT

Background

Ann Arbor City Council has determined that economic health is one of its priority areas. On May 20, 2013 City Council created the Economic Development Collaborative Task Force and invited the Ann Arbor Downtown Development Authority and Ann Arbor SPARK to be its partners. The Taskforce was given a six month period to examine its member entities' respective core values, priorities and activities regarding economic development. One goal was to identify operations that may be duplicative, as well as resources including funding and opportunities for collaboration.

Earlier in 2013, SPARK had approved a 5-year strategic plan, and this became a valuable tool with which the Taskforce committee members could focus its discussions. Over the past many months Taskforce members worked to find areas of convergence with the shared goal of encouraging a prosperous, diverse, resilient local economy that creates jobs, retains and attracts talent, and supports business expansion and (re)location.

The Taskforce was slated to expire in December 2013 at which time it would present outcomes and recommendation(s) to City Council. This report summarizes key findings from the Taskforce.

Core Responsibilities

The City, DDA and SPARK share the goal of community prosperity, and each entity has its own responsibilities that overlap somewhat in geography. The Task Force finds that economic development programs are best actualized through a commitment to coordination and regular communication.

Ann Arbor Downtown Development Authority

Since its creation in 1982, the DDA has been a catalyst behind the revitalization and renewal of downtown Ann Arbor. The DDA work includes taking on large transformative construction projects, maintenance and repair projects, managing the public parking system, and grants for downtown transportation, affordable housing, and energy saving. The DDA has two sources of funds: TIF revenues generated from some of the new taxes from new downtown buildings, and public parking revenues. The DDA District encompasses all or part of 67 city blocks, or approximately 271 acres in the heart of the city, of which approximately 39% has the potential to be redeveloped. With the DDA reinvesting its resources in the downtown area, Ann Arbor can continuously improve the scope of its cultural amenities needed to attract new employers, employees, as well as residents.

Ann Arbor SPARK

SPARK works to advance economic prosperity by promoting the region as a desired place for business expansion and location, including identifying and meeting the needs of businesses at every stage, from those that are well-established to those working to successfully

commercialize innovations. SPARK's budget includes operating funds provided by a number of public, university, and private sources, as well as Michigan Pre-Seed Capital and Microloan funds.

City of Ann Arbor

The City contributes to economic prosperity and health through several mechanisms. It has policy leadership related to its regulatory responsibilities, investment capacity within the restrictions of its various revenue sources, and coordination influence related to its varied component units and its role as the primary publicly elected body of the community.

The City is responsible for the regulatory framework for planning and development, investing in infrastructure improvements, supporting affordable and workforce housing, leveraging economic incentives to promote growth, optimizing the use of city owned land, and through its LDFA/Smartzone support entrepreneurial education, networking, and provide business acceleration and incubation services.

Shared Assumptions about Economic Health

The Ann Arbor Economy: Ann Arbor is becoming well-known as an emerging tech center, but its economy also includes a diverse mix of other business types, including retail, restaurant, and services, as well as a very strong nonprofit sector including education, health care, and the arts. Ann Arbor also has a strong base of locally owned businesses. The economy is protected in part by the University of Michigan which offers employment stability as well as a robust research environment. The University of Michigan has become an incubator for several start-up companies. An important objective for the City is to keep those companies in our community.

Measuring Economic Health: Economic health is typically measured by job growth. In order to grow jobs, the City needs to attract new employers as well as qualified employees. Another way to measure economic health is by growing the value of the taxable property base. As the value increases, so do revenue contributions to our general fund. As the City's general fund increases, so does the level of service provided to its residents. A strong tax base enables the City to provide its citizens with police, fire, parks, safe drinking water and a number of other important public services. These services are essential to a high quality of life, which is important to attracting and retaining talent needed by area businesses.

The Challenge for Ann Arbor: There are several barriers to growth in Ann Arbor. It is widely known that there is a dearth of Class A office space and that commercial property vacancy rates are at its lowest point in several years. The City owns a significant amount of undeveloped property in the downtown area, and its business corridors are ripe for redevelopment. Additionally, a strong economy relies upon an even more robust transportation system, and encouraging a larger number and variety of housing options attractive at all income levels. In the near term, the City can realize significant gains in general fund revenue by encouraging new and (re)development of properties throughout the City.

Priorities: The Taskforce agreed upon the following near term priorities to promote economic health:

- Redeveloping existing commercial, retail, and office areas while respecting the character of adjacent neighborhoods.
- Using tools such as economic incentives and the sale of City property to accomplish community goals.
- Encouraging a predictable development process.
- Developing targeted and coordinated strategies to encourage a sustainable local economy, affordable housing, and transportation.

Project Opportunities

In the near-term, the Task Force recommends that the City, DDA, and SPARK continue existing programs and take on new strategic projects with the goal to continue the shared focus highlighted by the Economic Collaborative Taskforce. Examples of recommended projects could include:

Recommended City Projects:

- The City is underway with an MEDC Redevelopment Readiness Program review. Upon certification, Ann Arbor sites will be marketed by the MEDC making Ann Arbor a priority for MEDC and MSHDA funding. The City should be encouraged to explore and potentially pursue other similar programs with the goal of conveying its vision for the future and its interest in working with the private sector to achieve that vision.
- Technology infrastructure is essential for companies to compete globally and for communities to attract the necessary talent. The City and SPARK should continue their work to develop a proposal for high-speed fiber that would accelerate both commercial and residential internet speeds.
- The City should continue its focus on strengthening the attractiveness of its signature corridors and gateways into the City. This could include:
 - State Street: City Council's adoption of the State Street Corridor Plan provides policy direction with which this business corridor and its research park could be redeveloped.
 - Washtenaw: The City should continue to participate in the multi-jurisdictional Reimagine Washtenaw program, with the goal of increasing the economic vibrancy of this corridor.
 - North Main Street: City Council recently approved the North Main Street Task Force report, and the City should now pursue recommendations, including exploring revising the zoning on North Main Street with the goal to spur development and improve property values.
 - The City should develop a strategic plan to market surplus city-owned properties, including S. Ashley/W. William (Kline) lot, S. Main/E. William (Palio) lot, Library Lane, and 415 W. Washington using as direction the recommendations set forward in such documents as the Downtown Plan, Central Area Plan, Non-Motorized Plan,

Connecting William Street Plan, PROS Plan, and 2013 Downtown Park and Open Space Plan.

Recommended DDA Projects

- The DDA takes on streetscape projects to enhance the downtown's sense of place, improve walkability, encourage commercial and residential vibrancy, and encourage private investment. Upon the conclusion of the joint City/DDA Street Framework Plan, the DDA should work to develop designs for its next projects to make transformative improvements to downtown sectors, such as could be done on South University, William Street, and/or Main Street south of William.
- The DDA manages the public parking system in support of its mission. It should continue its program to upgrade parking equipment and make facility improvements, such as the replacement of an outdated elevator at the 4th & William parking structure.
- The DDA takes on key repair projects to ensure the private sector sees the value of its own reinvestment. Future DDA projects may include the repair of the brick streets on N. Fifth Avenue and Detroit Street, and downtown tree pit repairs.
- The DDA has partnered with AATA to develop downtown transportation initiatives and will play a key role encouraging new transportation options attractive to employees. Future DDA programs may include support for initiatives such as a new circulator, creating express transit service between Ypsilanti and Ann Arbor, and supporting additional transit service for downtown employees in the evenings and weekends.
- The DDA may play an increased role to help market downtown as a place to shop, live, work, visit, and invest. Some possible project areas the DDA may pursue may include funding downtown Ambassadors, funding studies to help uncover market opportunities, and working in partnership on projects with the Ann Arbor Area Convention and Visitors Bureau, SPARK, and the downtown Area Associations.

Recommended SPARK Projects

- SPARK may explore partnering with the Ann Arbor/Ypsilanti Smartzone LDFA to create additional space in Ann Arbor for incubating early stage companies.
- SPARK is encouraged to assist LDFA in its exploration of a potential boundary expansion as a means to support increased resources for startup formation and support for the expansion of existing businesses
- SPARK is encouraged to continue its work to develop evaluation criteria by which to measure the impact of economic development in our community and region
- It is recommended that SPARK work with the City to find ways to encourage the development of appropriate office, research and development space, especially Class A space, in downtown and along signature Ann Arbor corridors. This is essential to attracting headquarters and IT companies. SPARK will help market the city-owned downtown sites.

Conclusion and Next Steps

The Economic Development Collaborative Task Force was slated to expire in December 2013. It is recommended that this group continue to meet and expand the discussion by creating an Economic Health Council which would include representatives from the Washtenaw County Office of Economic Development, University of Michigan, Washtenaw Community College, Ann Arbor Area Chamber of Commerce, and others working toward the goal of community economic health. This advisory group would work to foster collaboration, share information and seek new strategic and partnerships with the goal of enhanced community prosperity. A key element in the work of this new group would be the creation of additional metrics of success.