# City of Ann Arbor

# Economic Development Summit

***A Community Conversation about the Future of Affordability***
***And Quality of Life in Ann Arbor***

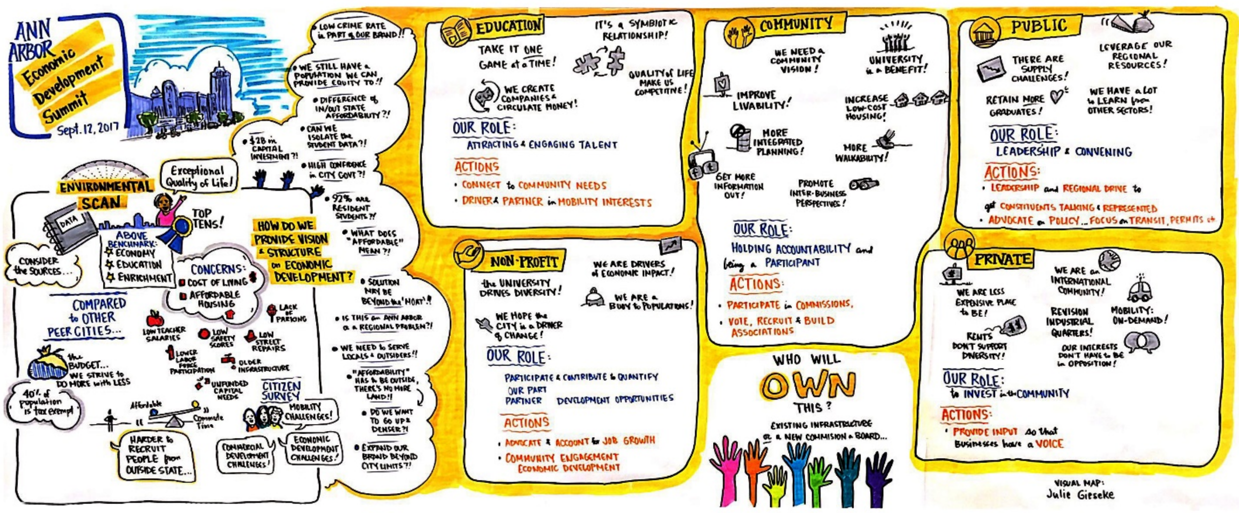
## September 12, 2017

The Novak Consulting Group

On September 12, 2017, the City of Ann Arbor convened a community conversation about affordability and quality of life in the City. Nearly 40 community leaders from the public, private, non-profit, and education sectors joined together to participate in this conversation. The meeting was well-attended by the public, too, with more than thirty individuals attending to observe the conversation and provide input valuable to the discussion. The summit had several purposes:

- Understand the current state of economic development in Ann Arbor
- Identify economic development priorities
- Identify an appropriate, supportive structure to pursue economic development in Ann Arbor

The retreat was facilitated by Julia Novak of The Novak Consulting Group and captured by Visual Co-creator Julie Gieseke.




## Welcome and Introductions

Participants were welcomed by Sally Hart Petersen, Executive Policy Advisor to the City Administrator for Economic Development, who set the stage for why this summit was convened.

Participants were asked to introduce themselves and share their "expectations" for the day's summit in a single word. Those words are captured in the word cloud below:

## Setting the Stage

City Administrator Howard Lazarus laid the foundation for the day's conversation by presenting an Environmental Scan that shared baseline information about the current state of affordability and quality of life in Ann Arbor. The purpose of the environmental scan was to present data to help frame the discussion on several questions:

- What factors are important in providing a competitive quality of life?
- What are the challenges the community faces as a place in which to do business?
- How does the City function as a business partner?

A complete copy of the PowerPoint Slide deck was shared with participants and is included as an Appendix to this report.

## Exploring the Territory and Sharing Our Perspective

Individuals who were invited to participate in the Summit were divided into four sectors:

- Private Sector
- Education Sector
- Public Sector
- Non-profit Sector

Each group had a series of questions they were asked to consider and discuss, then share their perspectives with the larger group.

### For Private Sector Participants

- What made you want to locate in Ann Arbor?
    - School and stayed – talent retention
    - International community comfortable here
    - Creativity
    - Problem solving
    - Talent
    - Workforce and manufacturing
    - Education K-12
    - Family friendly
    - Ease of opportunities
    - Cost differential – less expensive
    - Talent sticker – Midwest work ethic – EMU & U of M drives
    - Quality of life
    - Life v. Mountain View – night and day
    - Golden limo – gap from corporate exodus filled by U of M growth
- What challenges do you face as an Ann Arbor business?
    - University uses its North Campus land for private development
    - Parking – 50% of staff need parking
    - Make industrial corridors more attractive
    - Rents aren't high enough to support new building
    - Construction delays
    - Why don't we have on-demand mobility?

- Long commitment to space
- More dedicated meeting space downtown
- Want a ten-year commitment
- CIP not focused on economic development
- Building permit delays
- Zoning precludes creating urban amenities in office environment
- Rents don't support a diversity of businesses
- Large space store front retail vacancy vs. small space
- Entrances to the City – bland

- How does the University of Michigan enhance your business?
  - Draw – influx of tourist and visitors
  - Business engagement center
  - 53% of visitors are here for U of M – health system
  - Partnering for solutions for communication
  - Make mobility solutions viable
  - Technology transfer – business spinoffs
  - International reputation – growth
  - UM Brand is a draw
  - Alumni base – nostalgia
  - Businesses also enhance U of M!
- What do you need from the Ann Arbor city government?
  - Revenue to City
  - Zoning to support diverse local businesses
  - Improve pace of permitting to project completion – revamp the permitting process to prioritize economic investment
  - Pay for expedited services
  - Communication flow between departments – analyze bottle necks – adding layers of bureaucracy – Pittsfield has a streamlined process
  - Advisory panels should have subject area expertise
  - Reassess land value if only 60% is available for taxation – highest and best use
  - Millage for public safety and mental health needs to address those issues, not crosswalk
  - Perception of safety and reality – State Street/UM
  - Parking or mobility on demand solution
  - Gap analysis re: access to attraction point
  - Metrics are great – can we measure impact on business of government service?
  - Disappointed that the City seems to take pride in not considering the economic impact of regulation/process on applicants

## For Non-Profit Sector Participants

- What do you count on the City of Ann Arbor to provide for you?
  - Basic services to ensure business operations (water, sewer, road maintenance)
  - Progressive private/public partner for our future:
    - Dynamic Vision
    - Planning – stewardship of tax dollars
  - Contribute to vibrant community that attracts people and businesses
- How does the University of Michigan impact the quality of life in Ann Arbor?
  - Culture and environmental amenities
  - Tourism

    - Diversity of social identities contributes to quality of life and vibrancy
    - Major employer
    - Students, faculty, and staff are community minded and support human services, arts, culture, and environment
    - Brain trust of people to address complex local issues
    - Driver of the Ann Arbor brand
    - U of M research position impacts local organizations, especially environmental
    - World class health institutions
- How does our business community (and non-profit organizations) impact the quality of life in Ann Arbor?
    - Job creators
    - Economic impact
    - Critical element to Ann Arbor quality of life
    - Provider of wraparound services
    - Buoy to keep people from experiencing poverty
    - Technology is driving young talent
    - Corporate social responsibility is focus of some businesses and impacts employee values and contributes to local non-profit sector and quality of life
    - Contributor of vibrancy and more consumers downtown, e.g. Main Street on a Sunday evening
- What role would you like the City to play building the local economy?
    - City not only open to change but also a catalyzer and driver of change
    - Cohesion of city council – leadership on issues like economic development
    - Attend to truly local businesses within our economy
    - Attend to the 43% of the City residents who are asset-limited, income constrained, and employed

## For Public Sector Participants

- What gets in the way of attracting and retaining employers in Ann Arbor?
    - Nothing
    - Job shed – too small – area from which we can draw employees
    - Lack of MEDC engagement
    - Transportation/mobility
    - Small city – large city/metro area – more people, amenities, transit, and housing
    - Midwest is not growing
    - Lack of national reputation
    - Not connecting non-college brand – people to job share
    - Branding issue – tension between aspirational brand and MI/Midwest brand
    - Lack of regional perspective – connection to Detroit & Ypsi
    - Supply of and lease terms for office space
    - Assets and resources beyond City limits are not fully utilized/leveraged
    - City insular approach to problem solving
    - State politics – LGBTQ protections
    - Conference center – lack of it
- What role does the University of Michigan play in your economic development strategy now, and what could the University do?
    - Advocacy with state – shape statewide conversation

    - Connect Ross school (Medical Campus, too) to local opportunities (help region/City retain talent)
    - Invest in housing for students; housing/transit for employees or sell underutilized land and grants for downtown
    - Develop collaborative strategy with the City and ACM
    - Worker owned cooperatives – procurement policies/practices focused on local investments
    - City & JM Business engagement center
    - Other extension institutions (WCC, EMU)
- How can the private and non-profit community support economic development efforts?
    - Use of bed tax
    - Work with public sector on conference center
    - Help public sector examine how to do things differently
    - Help City understand how to support/grow small businesses (non-driving industries)
    - Support and supply focused policies (e.g. housing affordability issues, diversity along transit corridors)
    - Advocate for more regional approach
    - Teach public sector to be more agile

## For Education Sector participants

- How do local businesses/major employers impact the University?
    - Symbiotic relationship
    - Employment $$ and research for faculty
    - Employees come with spouse and children
    - Philanthropic
    - Represents a vitality
    - Public PK12 quality education "business of public education"
- How does the University contribute to local job creation?
    - Trains the workforce
    - Provides customers
    - Students have $$
    - Makes purchases
    - Creates companies – 1 every 4 weeks
    - Circulation of payroll in community
    - Attracts visitors – 50% of visitors to Ann Arbor are here because of the University
    - $12M circulates every home game
    - Name recognition
    - University provides intellectual horsepower
    - Social safety net
    - Healthcare in the community
- How important is the overall quality of life in Ann Arbor to the success of the University?
    - Attracts people back to Ann Arbor
    - In many ways, the one thing
    - For faculty, staff, students
    - Arts – Ann Arbor "punches above its class" in culture and arts
    - Diversity is a strength of community
- What do you need from the City as it relates to community livability and economic development?
    - Practical working partnership

- Working to find win-win
- Mutual respect for each other's mission
- Smart growth services the university and is consistent with the City's character
- Safety, mobility, quality infrastructure
- Affordable housing
- Efficient transportation
- 19K of 45K live in Ann Arbor

Community members who attended were invited to have a conversation using the prompts provided for the Non-Profit Sector participants.

- What do you count on the City of Ann Arbor to provide for you?
  - Infrastructure
  - Public safety
  - Communications
  - Public art/events
  - Engagement/volunteerism
  - Basic services
  - Need vision, mission, values – identified like a world class organization – master plan
  - Need friendly environment for those with passion to implement
- How does the University of Michigan impact the quality of life in Ann Arbor?
  - Physical plant impacts
  - Health services
  - Mobility
  - Money vs. muscle
  - Mostly positive
    - Facilities
    - Population
    - Arts/culture
    - Jobs
    - Quality of people
    - Activist voice
  - Adverse Impacts
    - Tax issues for government
    - Housing affordability
- How does our business community impact the quality of life in Ann Arbor?
  - Focus on real estate developers
  - Small business champion – start-up culture
  - Business arts alliance
  - Campus perspective
  - Philanthropic efforts
  - Mix of larger and smaller businesses
  - Generate taxes
  - Not universally supporting "livability" – small businesses contributing to neighborhood and community
  - Some contribute to social conscience
- What role would you like the City to play building the local economy?
  - Structure for citizen involvement in today's efforts

- Increase supply of low cost housing (including energy efficiency)
- Greater awareness of the local “have nots”
- Reduce silos in planning (i.e. City, schools, etc.)
- Give focus to outside downtown area
- Walkability

## A Path Forward

The participants considered the information presented by each group and had discussions in mixed groups about what is working, what is missing, and what they wanted to see the various sectors do regarding economic development.

Participants then reconvened in their original sector groups and articulated how they see their role in economic development and identified specific actions they could take.

| Sector | Role | Actions |
|---|---|---|
| **Non-Profit** | • Not only participate at the table but also contribute to economic development of Ann Arbor and ensure that economic development benefits everyone<br>• Include community concerns of how our sector contributes to quality of life<br>• Acknowledge that the business community attracts talent and non-profit sector retains them!<br>• Be a partner on specific economic development opportunities, e.g. Platt Road, Ypsi Riverfront | • No longer “beg to break even” relative to private counterparts<br>• Coordinated advocacy and issue education on economic development to state within our community<br>• Better account for the job growth and positive impact of non-profit sector to economic development<br>• Pursue a regional approach when considering this topic in the future |
| **Education** | • Lend expertise to community<br>• Excellent partner to the City<br>• Attracting talent<br>• Induce amplification – invite community to engage<br>• University can act without encumbrance | • Attract talent<br>• Encourage to remain in the community<br>• Continue…carry on<br>• Drive continued improvements in mobility, transportation safety, and pedestrian safety |
| **Community** | • Be a source of getting information out<br>• Active participant in economic development – policy discussion<br>• Implement some aspects of approved efforts<br>• Articulate issues and engage via associations, etc.<br>• Respect voice of those not able to participate | • Participate in City Commissions<br>• Be task oriented<br>• Vote<br>• Be a source of accountability on City plans<br>• Empower neighborhood associations<br>• Recruit/engage others<br>• Buy local |

| Sector | Role | Actions |
|---|---|---|
| **Public** | • Government process improvement<br>• Leadership – quality of life beyond basic services – locally, regionally, statewide<br>• Define economic development and share with the community<br>• Drive increased density and mixed use<br>• Improve regulatory environment – zoning, permitting<br>• Lead regionalism<br>• Reconcile competing community values – make hard choices/decisions<br>• Tend to those who are left out<br>• Convene | • Work with other municipal partners to impact state policy<br>• Affordable housing: Grand Rapids, Kalamazoo, Detroit, Traverse City, Lansing, MML<br>• Take a bigger role in driving RTA<br>• Drive zoning that is growth-friendly, transit-oriented – density on corridor<br>• Take a fresh look at government processes and look to other best practices<br>• Get City Council out of site plan approval – get the rules right and get out of the way – build private and non-profit sector support<br>• Create inventory of underutilized public land buildings – then create regional master plan for use |
| **Private** | • Voice for perspective of business community – diversity of voices<br>• Entrepreneurial mojo – efficient problem solvers<br>• Regional actors – boundary-less<br>• Employers<br>• Revenue driver to City | • Form groups and provide City government with tangible actions they should consider to drive economic development<br>• Support regional economic development |

## Next Steps

The group then discussed the need to have an organization to pull economic development resources together and drive actions. The City Administrator said that the City would reconvene and identify whether a new "Commission" should be created or if an infrastructure that is already in place, such as SPARK, should be used to further the City's economic development agenda.

## Parting Thoughts

Each participant was asked to "share a word" that represented how they reflected on the day's experience. Those words are captured in the following word cloud.


## Impressions and Next Steps

The City asked the facilitator to share observations and insights on the day's retreat:

Participants were clearly interested in seeing Ann Arbor thrive as a community – that is the common ground observed among all participants. In general, I was left with the following dichotomies:

**Collaboration versus Direction**

- While there was good collaboration in the room, there was not a sense of "togetherness" – meaning a recognition that the various sectors "need" one another in order for Ann Arbor to thrive. People seemed eager to tell another group what "they" needed to do versus identifying how they could all work together.

**City versus Region**

- People seemed very interested in a regional approach to economic development. While that makes good sense in many instances, it is my impression that the City's need to expand its tax base to serve residents and the University was not fully understood by the group.

**Attitudes versus Actions**

- The group struggled a bit with the assignment to identify specific actions that could be taken as an outgrowth of the day's summit. There were some "attitudes" to reinforce, but the central need to task an entity with responsibility for growing the City's tax base was unclear. Perhaps SPARK can legitimately do that, but it seems they have a broader purpose. This will need to be carefully examined by the City.

**What Next**

- I think it is appropriate for the City to determine how to best meet its economic development interests in order to have the tax base needed to provide the quality of life amenities the people of Ann Arbor want. An objective evaluation of whether this is a new City-focused organization or an expansion of the contract with SPARK is an appropriate next step.
- Once the City makes this determination it could be communicated back to the meeting participants.
- If a new Commission is formed, there may be some outstanding individuals who participated in the Summit who would be expert volunteers for that group.

# Appendix A

# City of Ann Arbor

Community Discussion on Economic Development
Environmental Scan – September 2017

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## Purpose

The Environmental Scan presents the data to help frame the discussion on the following questions we are addressing:

- What factors are important in providing a competitive quality of life?
- What are the challenges the community faces as a place in which to do business?
- How does the City function as a business partner?
- *How do we provide vision and structure to our community's economic development strategy?*

2

## What's our "brand?"

3

## What's our brand? – Recent "Top 10" Awards

- #1– Most Educated City (Forbes Magazine)
- #1 – Top Public University (Niche)
- #1 – Best Cities to Live in America (Niche)
- #2 – Best College Towns (Best College Review)
- #2 – Best Places to Retire in Michigan (Niche)
- #5 – Happiest Place (The Daily Beast)
- #6 – Safest City (Business Insider)
- #6 – Best Small City for Successful Aging (Milken Institute)
- #7 – Best Cities for Entrepreneurs (Livability)
- #7 – Best Place for Finding a Job (US News & World Report)
- #8 – Best for Recent College Graduates (The Atlantic Cities)

*What lies beneath the "public face?"*

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## How do we define & measure quality of life?

***Factors***
- Education
- Mobility
- Jobs
- Housing/Affordability
- Infrastructure/Land Use
- Public Safety/Health/ Wellness
- Arts/Culture/Entertainment

***Measures***
- Resident Survey
- Peer Cities Comparison
- Performance Metrics

*SMART performance measures must be developed:*
*Specific, Measureable, Achievable, Relevant, Time-Based*

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## Citizen Perceptions – 2015 National Citizen Survey


LEGEND
- Much Higher than benchmark
- Higher than Benchmark
- Similar to Benchmark
- Lower than Benchmark
- Most Important

6

# Quality of Life: General Parameters
(% excellent/good)

Much Higher than benchmark
Higher than Benchmark
Similar to Benchmark
Lower than Benchmark

| Characteristic | 2007 | 2008 | 2013 | 2015 |
|---|---|---|---|---|
| Overall image or reputation of Ann Arbor | 93% | 93% | 92% | 93% |
| Ann Arbor as a place to live | 91% | 94% | 95% | 93% |
| Your neighborhood as a place to live | 84% | 86% | 88% | 90% |
| Ann Arbor as a place to raise children | 89% | 90% | 92% | 92% |
| Ann Arbor as a place to retire | 58% | 67% | 71% | 68% |
| Overall appearance of Ann Arbor | 84% | 85% | 87% | 91% |
| Availability of affordable quality housing | 23% | 29% | 28% | 26% |
| Cost of living in Ann Arbor | NA | NA | 32% | 28% |
| Opportunities to volunteer | NA | 91% | 84% | 87% |
| Value of services for taxes paid | 58% | 67% | 71% | 68% |

Source: The National Citizen Survey, Ann Arbor, 2007-2015

*Ann Arborites remain satisfied with quality of life, although concerns exist about the cost of living and availability of quality and affordable housing.*

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# Quality of Life: Community
(% excellent/good)

Much Higher than benchmark
Higher than Benchmark
Similar to Benchmark
Lower than Benchmark

| Characteristic | 2007 | 2008 | 2013 | 2015 |
|---|---|---|---|---|
| The overall quality of life in Ann Arbor | 90% | 92% | 92% | 93% |
| Your neighborhood as a place to live | 84% | 86% | 88% | 90% |
| Quality of overall natural environment | NA | 88% | 92% | 91% |
| New development in Ann Arbor | 62% | 56% | 63% | 62% |
| Health and wellness opportunities | NA | NA | 78% | 81% |
| Availability of quality mental health care | NA | NA | 67% | 72% |
| Availability of quality health care | NA | NA | 78% | 82% |
| Availability of affordable quality child care | NA | NA | 63% | 65% |
| K-12 education | 79% | 86% | 86% | 89% |
| City parks | 90% | 92% | 90% | 90% |
| Public library services | 93% | 94% | 91% | 95% |
| Remain in Ann Arbor for the next 5 years | NA | 69% | 76% | 77% |
| Recommend living in Ann Arbor | NA | 92% | 93% | 92% |

Source: The National Citizen Survey, Ann Arbor, 2007-2015

*The qualitative edge Ann Arbor enjoys appears to be closing.*

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Much Higher than benchmark
Higher than Benchmark
Similar to Benchmark
Lower than Benchmark

# Quality of Life: Community
(% excellent/good)

| Characteristic | 2007 | 2008 | 2013 | 2015 |
|---|---|---|---|---|
| Overall built environment | NA | NA | 74% | 72% |
| New development in Ann Arbor | 62% | 56% | 63% | 62% |
| Housing options | NA | 56% | 52% | 53% |
| Public places | NA | NA | 79% | 80% |
| Overall economic health | NA | NA | 79% | 80% |
| Vibrant downtown/commercial area | NA | NA | 83% | 83% |
| Shopping opportunities | 72% | 72% | 75% | 77% |
| Employment opportunities | 52% | 51% | 63% | 66% |
| Place to visit | NA | NA | 78% | 81% |
| Place to work | 78% | 80% | 86% | 85% |
| Not under housing cost stress | NA | 58% | 63% | 68% |
| Economy will have positive income impact | 14% | 5% | 24% | 28% |
| Overall natural environment | NA | 88% | 92% | 91% |

Source: The National Citizen Survey, Ann Arbor, 2007-2015

*Perceptions about the economy have improved.*

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# Peer Cities*

| City | County | Region | Population** | University |
|---|---|---|---|---|
| Greenville, SC | Greenville | Southeast | 67,453 | Furman |
| Bloomington, IN | Monroe | Midwest | 84,067 | Indiana |
| Boulder, CO | Boulder | Rocky Mountain | 97,385 | Colorado |
| Ann Arbor, MI | Washtenaw | Midwest | 120,782 | Michigan |
| Berkeley, CA | Alameda | West | 121,240 | California |
| Grand Rapids, MI | Kent | Midwest | 196,445 | Grand Valley |
| Madison, WI | Dane | Midwest | 252,551 | Wisconsin |
| Pittsburgh, PA | Allegheny | Mid-Atlantic | 303,625 | Pittsburgh |
| Minneapolis, MN | Hennepin | Midwest | 413,651 | Minnesota |
| Raleigh, NC | Wake | Southeast | 458,880 | NC State |
| Portland, OR | Multnomah | West | 639,863 | Portland State |
| Detroit, MI | Wayne | Midwest | 672,795 | Wayne State |
| Austin, TX | Travis*** | Southwest | 947,890 | Texas |

*Ann Arbor Spark Benchmarking Report,4/17
**2016 US Census Estimates

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## Education: Peer Cities – Public Schools

| City | Graduation Rate | Average SAT | Proficiency | | Spending/Student | Student:Teacher Ratio | Rating |
|---|---|---|---|---|---|---|---|
| | | | Math | Reading | | | |
| Greenville, SC | 84% | 1120 | 58% | 48% | $10,112 | 17:1 | A– |
| Bloomington, IN | 77% | 1270 | 60% | 61% | $15,770 | 15:1 | B |
| Boulder, CO | 92% | 1310 | 47% | 59% | $11,354 | 18:1 | A |
| Ann Arbor, MI | 90% | 1160 | 63% | 67% | $13,828 | 18:1 | A+ |
| Berkeley, CA | 92% | 1270 | 44% | 67% | $17,828 | 19:1 | A+ |
| Grand Rapids, MI | 56% | 1070 | 17% | 27% | $15,527 | 14:1 | C |
| Madison, WI | 80% | 1380 | 37% | 45% | $14,858 | 13:1 | A– |
| Pittsburgh, PA | 70% | 1100 | 29% | 45% | $22,713 | 13:1 | B– |
| Minneapolis, MN | 64% | 1290 | 45% | 43% | $17,611 | 14:1 | B+ |
| Raleigh, NC | 83% | 1080 | 28% | 44% | $11,540 | 14:1 | C+ |
| Portland, OR | 74% | 1230 | 51% | 62% | $12,937 | 18:1 | B+ |
| Austin, TX* | 86% | 1190 | 72% | 73% | $12,710 | 15:1 | A |

Source: Niche.com
*Austin Independent School District only

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## Education: Michigan Comparison

| FACTOR | Ann Arbor | Birmingham | Troy | Bloomfield Hills |
|---|---|---|---|---|
| Overall "Grade" | A+ | A+ | A+ | A+ |
| State Ranking | 7 | 1 | 2 | 3 |
| Michigan Wealthiest Schools Ranking | 17 | 2 | 14 | 1 |
| Median Family Income | $99,127 | $135,545 | $104,045 | $144,680 |
| Expenses per Student | $13,828 | $16,309 | $11,898 | $24,166 |
| Student-Teacher Ratio | 18:1 | 15:1 | 17:1 | 13:1 |
| Average Teacher Salary | $67,549 | $70,887 | $66,917 | $72,290 |
| Best Places to Teach | 30 | 2 | 4 | 3 |
| Safest School District | 208 (B+) | 1 (A+) | 2 (A+) | 133 (A–) |
| Free or Reduced Lunch | 21.7% | 7.7% | 11.8% | 8.2% |
| Families with Children in Poverty | 11% | 4% | 7% | 3% |
| Children in Private Schools | 13% | 25% | 8% | 25% |
| Families Headed by College Graduate | 74% | 79% | 68% | 79% |
| Graduation Rate | 90% | 97% | 91% | 95% |
| SAT Scores | 1160 | 1260 | 1350 | 1350 |
| Math/Reading Proficiency | 67%/63% | 67%/71% | 72%/80% | 61%/68% |

Source: Niche.com

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# Education: High School Performance

| DISTRICT/SCHOOL | MEDIAN SAT | % COLLEGE READY | | # TESTED | SUBSIDIZED LUNCH | MERIT SCHOLARS |
|---|---|---|---|---|---|---|
| | | ENGLISH | MATH | | | |
| **Ann Arbor** | 1169.4 | 82.9 | 67.4 | 1,190 | 13.2% | 50 |
| Pioneer | 1175.7 | 81 | 67 | 402 | 3% | 16 |
| Huron | 1168.3 | 80 | 66 | 310 | 18% | 20 |
| Skyline | 1162.7 | 87 | 68 | 351 | 19% | 13 |
| Community | 1170.8 | 85 | 70 | 127 | 7% | 1 |
| **Troy** | **1178.9** | **82.8** | **71.4** | **866** | **9.3%** | **46** |
| Troy | 1187.2 | 85 | 74 | 485 | 8% | 34 |
| Athens | 1136.4 | 80 | 68 | 381 | 11% | 12 |
| **Birmingham** | **1135.8** | **82.2** | **64.5** | **616** | **7%** | **8** |
| Groves | 1112.9 | 80 | 58 | 281 | 11% | 3 |
| Seaholm | 1155.1 | 84 | 70 | 335 | 3% | 5 |

*Ann Arbor's High Schools are competitive with the best public schools in Michigan.*

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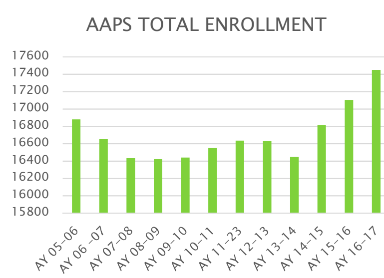
# Education: AAPS Statistics

| Citizen Survey |
|---|
| ✓ 88% view public schools positively |
| ✓ Higher than national benchmark |

| Michigan High School Ratings | | | | |
|---|---|---|---|---|
| Ann Arbor Public Schools (554 total schools) | | | | |
| Overall | Ranking | Diversity | Best Teachers |
| ***** | #7 | #24 | #26 |
| School | Pioneer | Huron | Skyline |
| Rating | A+ | A+ | A+ |
| College Prep (618) | 2 | 4 | 8 |
| Best Public HS (691) | 3 | 6 | 10 |
| Best STEM Program (129) | 7 | 9 | 12 |




| | AV 13-14 | AY 14-15 | AY 15-16 | AY 16-17 | % GAIN | % TOTAL | No. GRADES |
|---|---|---|---|---|---|---|---|
| ELEMENTARY | 7,412 | 7,612 | 7,725 | 7,858 | 6.02% | 45.03% | 46.15% |
| MIDDLE | 3,549 | 3,627 | 3,725 | 3,859 | 8.73% | 22.11% | 23.08% |
| HIGH | 5,488 | 5,572 | 5,654 | 5,733 | 4.46% | 32.85% | 30.77% |
| TOTAL | 16,449 | 16,811 | 17,104 | 17,450 | 6.09% | 100.00% | 100.00% |

Sources: AAPS/Niche.com

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# Education – Student Mobility

- Total Enrollment: 17,461
- Resident Students: 91.5%
- Newly Enrolled from Inside District:
  - AY 2015/16: 230
  - AY 2016/17: 317
- New Ann Arbor Resident Enrollment
  - Entering from Inside County: 69
  - Entering from Outside County: 679
  - Entering through School of Choice: 445
- School of Choice Enrollment: 7.6%

Source: AAPS



# Mobility: Community Characteristics (% excellent/good)

Much Higher than benchmark
Higher than Benchmark
Similar to Benchmark
Lower than Benchmark

| Characteristic | 2007 | 2008 | 2013 | 2015 |
|---|---|---|---|---|
| Ease of travel by car in Ann Arbor | 53% | 59% | 51% | 52% |
| Ease of public parking | NA | NA | 36% | 39% |
| Ease of travel by bicycle in Ann Arbor | 63% | 64% | 62% | 59% |
| Ease of travel by public transportation | NA | NA | 61% | 61% |
| Ease of walking in Ann Arbor | 82% | 86% | 86% | 83% |
| Availability of paths and walking trails | NA | 79% | 81% | 80% |
| Traffic flow on major streets | 46% | 46% | 39% | 39% |
| Snow removal | 65% | 49% | 53% | 51% |
| Street repair | 39% | 30% | 25% | 21% |
| Sidewalk maintenance | 50% | 53% | 55% | 53% |
| Street cleaning | 65% | 66% | 57% | 59% |
| Street lighting | 58% | 61% | 63% | 69% |
| Traffic Enforcement | 61% | 67% | 58% | 59% |

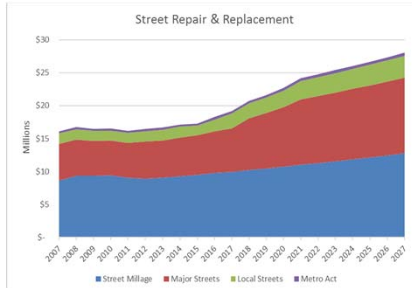
Source: The National Citizen Survey, Ann Arbor, 2007-2015

*City ROW condition is a major community concern.*

# Mobility Issues

- >50,000 net migration into A$^2$ daily.
- City's goal is to have >80% of pavements in good or better condition by 2026 (see funding chart).
- No new capacity construction.
- A$^2$ is partnering with U of M and private sector partners on system optimization and self-driving systems.
- Transit options unacceptable to many riders (time/convenience).
- Lack of public parking #1 issue in 2015 resident satisfaction.

| Resident Satisfaction | 2015 | Trend |
|---|---|---|
| Traffic flow on major streets | 40% | ↓ |
| Snow removal | 51% | ↓ |
| Street Repair | 21% | ↓ |
| Sidewalk Maintenance | 53% | ↑ |
| Street Cleaning | 59% | ↓ |
| Street Lighting | 69% | ↑ |




*The City has the resources to improve existing pavement conditions.*

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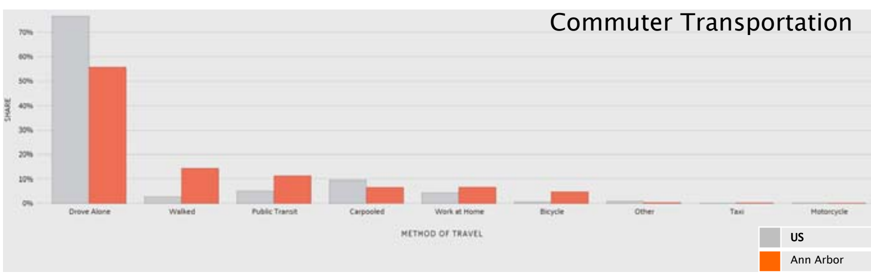


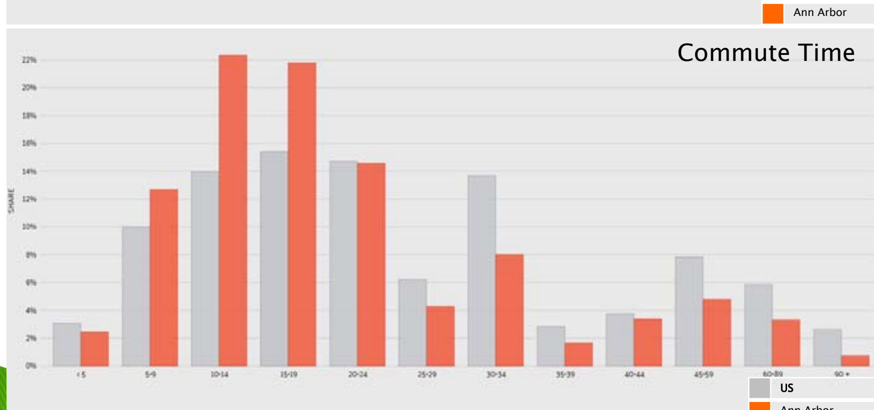


Source: DATA USA, Ann Arbor, 2015

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# Jobs – Major Area Employers

| COMPANY NAME | BUSINESS DESCRIPTION | EMPLOYEES |
|---|---|---|
| University of Michigan | Public University and Health System | 30,835 |
| Trinity Health | Health Care System | 7,169 |
| General Motors Milford Proving Grounds | OEM Research | 3,750 |
| VA Ann Arbor Health System | Medical Center | 2,459 |
| Ann Arbor Public Schools | Public School District | 1,907 |
| Faureica North America | Automotive Component Manufacturing | 1,850 |
| Eastern Michigan University | Public University | 1,617 |
| Integrated Health Associates | Medical Center | 1,268 |
| Washtenaw County | Government | 1,260 |
| Thomson Reuters | Software/IT | 1,200 |
| Truven Health Analytics | Data and Information | 850 |
| Grupo Antolin Interiors | Automotive Component Manufacturing | 800 |
| The Summit America Corporation | Automotive Component Manufacturing | 800 |
| Ford Motor Company | Automotive Component Manufacturing | 784 |
| Domino's Pizza | Headquarters | 734 |
| City of Ann Arbor | Government | 729 |

Source: Ann Arbor SPARK (January 2017)

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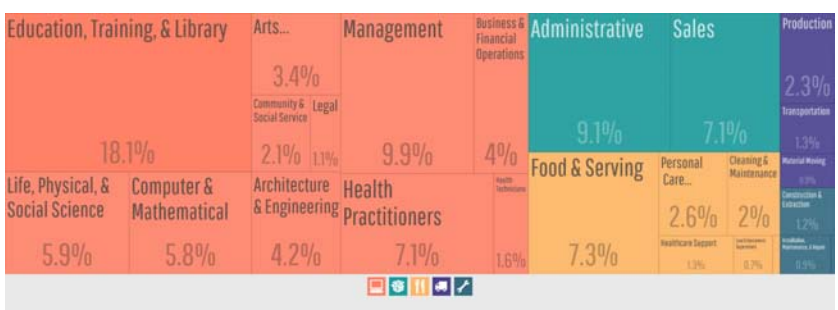
# Jobs – Employment by Occupation




Source: DATA USA: Ann Arbor, 2015

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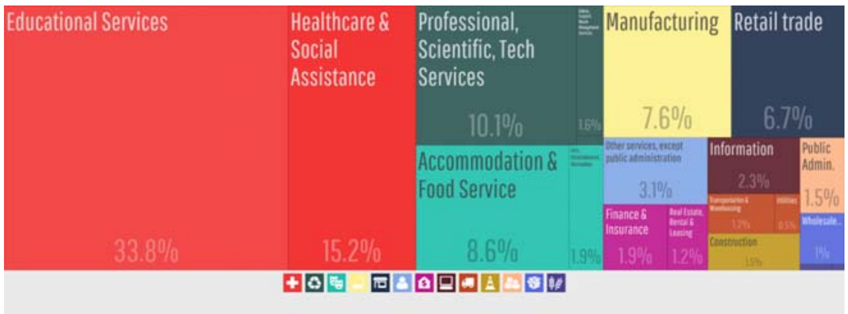
# Jobs – Employment by Industry




Source: DATA USA: Ann Arbor, 2015

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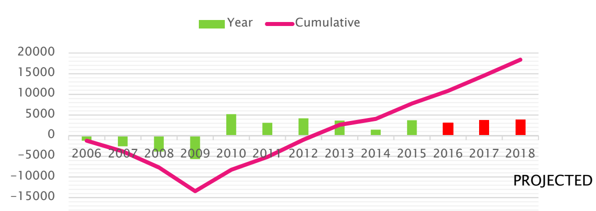
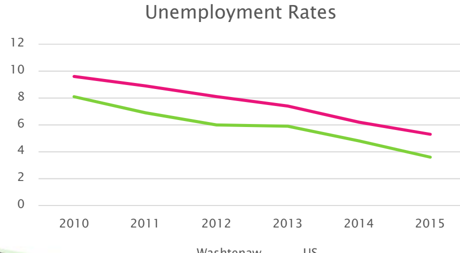
# Jobs – Employment Forecast

Washtenaw County Job Growth (2006-2018)




Unemployment Rates




Source: The Economic Outlook for Washtenaw County in 2016-2018, Fulton & Grimes

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# Jobs – Salaries/Housing Costs

| ITEM | AMOUNT |
|---|---|
| Total Estimated Jobs | 202,393 |
| Average Annual Wage | $53,206 |
| Total Government | $56,788 |
| Total Private | $51,056 |
| Highest – Management of Companies | $191,985 |
| Lowest – Cafeterias/Non-alcoholic Beverage Bars | $11,656 |
| Local Government | $46,597 |
| Percent Renters | 45% |
| Average Rental Rate | $11,736 (22% of average salary) |
| Rental Affordability @ 30% of Income | $39,120 |
| Average Home Cost | $339,000 |
| Estimated Annual Home Cost | $18,476 (45% of average salary) |
| % Rental Housing Affordable at 50% AMI | 34% |
| % Rental Housing Affordable at 80% AMI | 55% |

Sources: The Economic Outlook for Washtenaw County in 2016-2018, Fulton & Grimes, Washtenaw County Office of Community and Economic Development.

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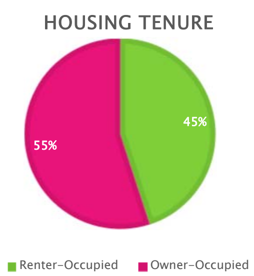
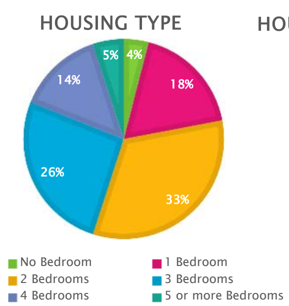
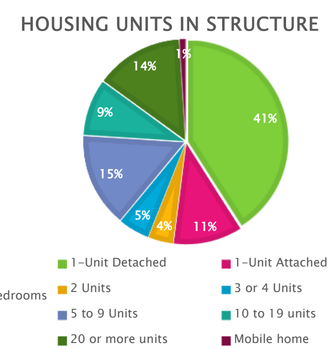
# Housing Profile

| Citizen Survey |
|---|
| - 74% negative on affordable housing |
| o 53% positive on housing options |
| o 68% not under housing cost stress |




Homeowner vacancy in Ann Arbor in 2015 was 1%. Rental vacancy rate during the same period was 2%.

Source: Community Housing Data Workbook, MSHDA, 7/13/17

CITY OF ANN ARBOR MICHIGAN

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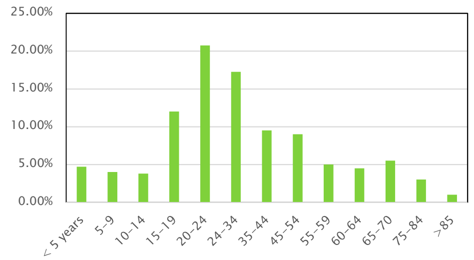
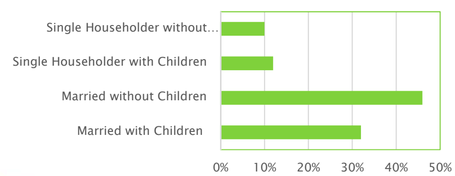
# Age/Household Profile

| Citizen Survey |
|---|
| ✓ 68% positive as a place to retire |
| ✓ 92% positive as a place to raise kids |

Ann Arbor Age Profile




Household Type




- 23.0% of households had children under the age of 18
- 6.6% of households had someone >65 living alone

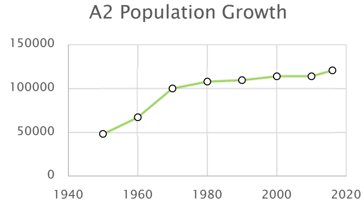
Source: US Census data

Source: Community Housing Data Workbook, Ann Arbor, MI MSHDA 7/13/2017

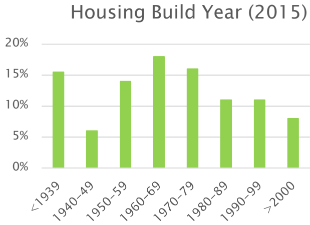


# Infrastructure: Population & Housing

A2 Population Growth




Housing Build Year (2015)

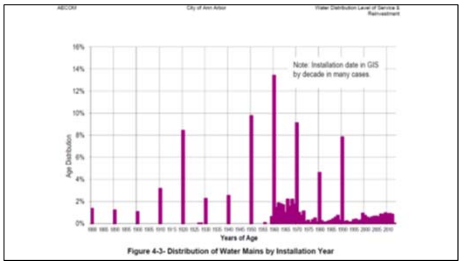


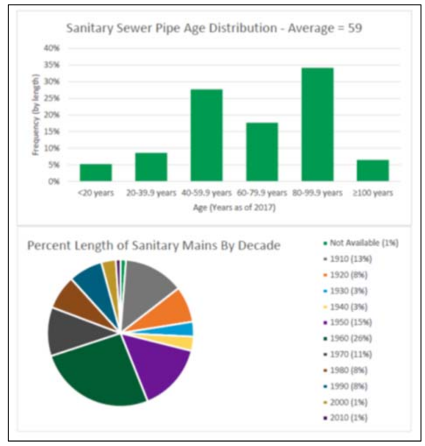

- The City experienced a 33% population growth in the 1960s.
- Almost 20% of the housing stock and related infrastructure was built during the same decade.
- That infrastructure is now over 50 years old and presents a deferred maintenance and capital repair and replacement concern.

Source: Community Housing Data Work Book, MSHDA, 7/13/2107

## Infrastructure Age

| Citizen Survey |
| --- |
| ✓ 85% positive on drinking water |
| o 85% positive on sewers |
| o 71% positive on storm drainage |




*The majority of the City's water and wastewater lines are at or reaching replacement age.*

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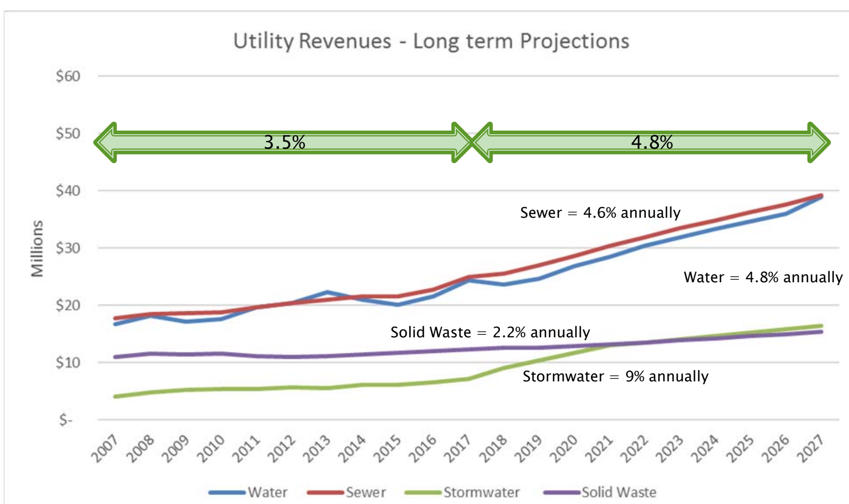
## Infrastructure: Utility Revenue Forecast




*Water and sewer rates are being raised to address infrastructure needs.*

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# Infrastructure: New Capital Needs

- Train Station – $16M (local share @ 80% match)
- Active Transportation (Trails/Bicycle/Pedestrian)
- Corridor Improvements
  - Washtenaw
  - South State
  - North Main
  - Huron
  - Eisenhower
  - Fuller/Depot
  - Plymouth
- Affordable Housing
- Climate Action Plan

*New infrastructure needs are unfunded.*

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# Public Safety: Peer Cities – Crime and Climate

| City | Crime to National Average |
|---|---|
| Greenville, SC | +84% |
| Bloomington, IN | +25% |
| Boulder, CO | 0% |
| Ann Arbor, MI | -51% |
| Berkeley, CA | +87% |
| Grand Rapids, MI | +8% |
| Madison, WI | +10% |
| Pittsburgh, PA | +30% |
| Minneapolis, MN | +84% |
| Raleigh, NC | +9% |
| Portland, OR | +20% |
| Austin, TX | +45% |

Sources: US News and World Report

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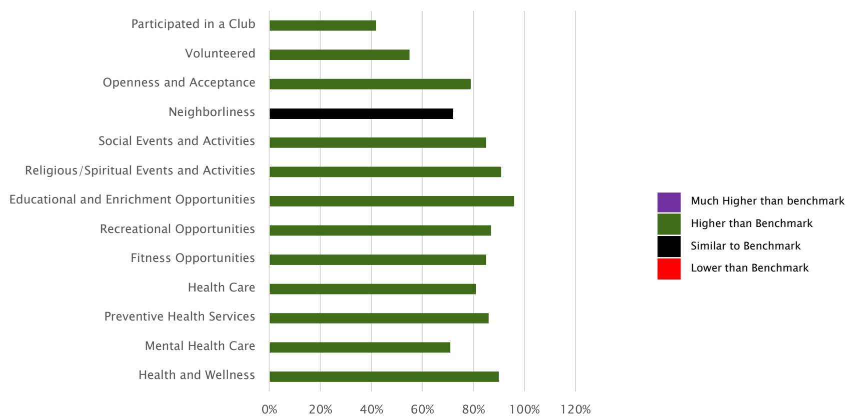
## Health & Wellness Indicators

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## Arts, Culture, & Entertainment

- Parks & Recreation
  - 159 Parks
  - 4 Pools
  - 2 Permanent Ice Rinks
  - 2 Golf Courses
  - 2 Canoe/Kayak Liveries
  - Skate Park
  - 28 Tennis Courts
  - Pickleball Courts
  - Dog Parks
  - Nature Areas
  - Senior Programs
  - 69 Playgrounds
  - 33 Basketball Courts
  - LAB-Rated Bicycle Facilities
  - Foot Golf
  - 2 Disc Golf Courses
  - Dirk Bike
  - Tubing
  - Concerts
  - Farmer's Market

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# Arts, Culture, & Entertainment

- Downtown
  - 4 Unique Retail Districts
  - 64 Outdoor Special Events
  - 117 Outdoor Sidewalk Cafes
  - 6 Downtown Museums
  - 11 Major Entertainment Venues
  - 100s of Restaurant, Bars, and Cafes
- Top 10 Destinations for Solo Travel (TripAdvisor 2017)
- #2 Best College Towns in America (Best College Reviews 2015)
- #13 Top 100 Best Places to Live (Livability 2015)
- America's Best Main Streets (Fodor's Travel 2014)
- #13 Best Sports Mid-Sized City (WalletHub 2015)
- 25 Best Small Town Honeymoon Locations (VacationIdea 2017)
- #1 Most Walkable Neighborhoods in the Midwest (Redfin.com 2016)

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# Peer Cities – Cost of Living

| City | Personal Income Tax | Corporate Tax | Average Home Cost | Average Rental | Relocation Index |
|---|---|---|---|---|---|
| Greenville, SC | 4.17% | 5.00% | $148,000 | $1.036 | 0.769 |
| Bloomington, IN | 3.3% | 8.50% | $144,000 | $1,085 | 0.763 |
| Boulder, CO | 4.63% | 4.63% | $514,900 | $1,801 | 1.445 |
| Ann Arbor, MI | 4.25% | 6.00% | $339,000 | $1,277 | 1.000 |
| Berkeley, CA | 7.75% | 8.84% | $937,500 | $3,306 | 2.024 |
| Grand Rapids, MI | 4.25% | 6.00% | $135,000 | $966 | 0.731 |
| Madison, WI | 5.94% | 7.90% | $215,000 | $1,320 | 0.896 |
| Pittsburgh, PA | 3.07% | 9.99% | $155,000 | $1,251 | 0.790 |
| Minneapolis, MN | 7.53% | 9.80% | $202,200 | $1,664 | 0.895 |
| Raleigh, NC | 5.75% | 6.90% | $220,000 | $1,138 | 0.835 |
| Portland, OR | 7.73% | 7.60% | $335,000 | $1,795 | 1.149 |
| Austin, TX | 0% | 0% | $349,000 | $1,433 | 0.959 |

Sources: Tax data from web pages. Average home costs from Zillow.com. Rental rate data obtained from rentjungle.com (Feb 2017), Relocation index from bestplaces.net normalized for Ann Arbor.

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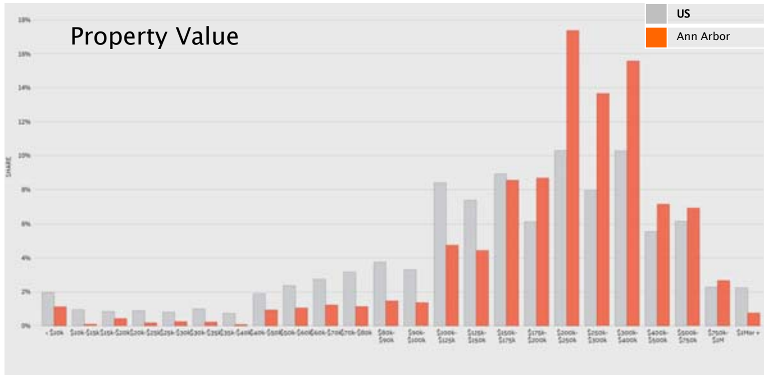
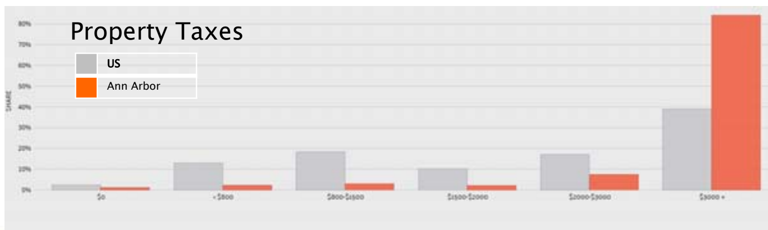
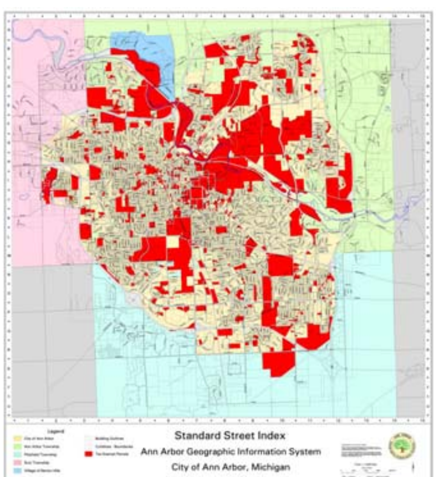





## Only 60% of the City pays Property Taxes – 40% is Tax Exempt …




| Category | Taxable Portion of Total |
|---|---|
| Residential | 39.4% |
| Commercial | 17.9% |
| Industrial | 1.5% |
| **Taxable Total** | **58.8%** |
| City | 16.1% |
| University | 11.9% |
| A2 Schools | 5.7% |
| Other Gov't | 2.6% |
| Religious | 1.8% |
| All Other | 3.1% |
| **Non-Taxable Total** | **41.2%** |

# FY2018 Budget

**2017**

Taxes
$2,649

Utilities
$632

**2018**

Taxes
$2,673

Utilities
$674–$691

**Change**

Taxes
$24

Utilities
$42–$59

**City Tax Burden**

Tax increase <1%
Utilities $66–$83/year
total increase*
2.0% – 2.5%

*Assumes Taxable Value of $162,500

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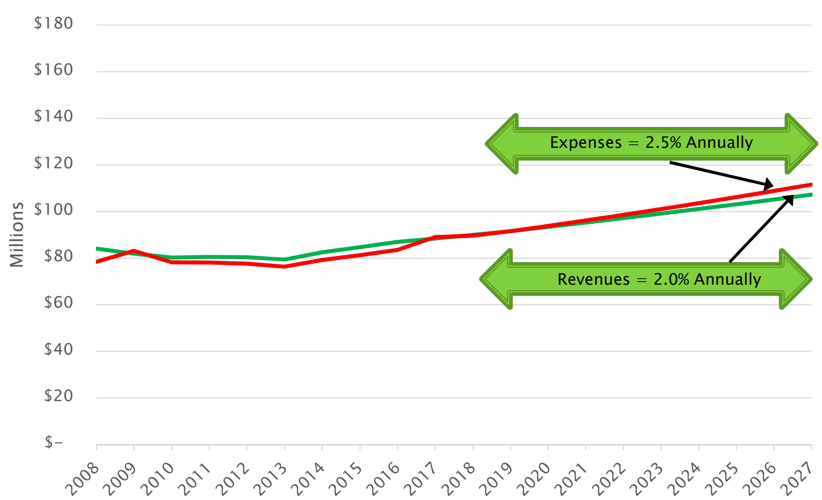
General Fund Recurring Revenues and Expenses




The City budget has a structural problem going forward in that expenses increase at a rate greater than revenues.

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General Fund supports many basic activities which also contribute to Ann Arbor's special quality of life …

- Public Safety (Police, Fire, Emergency Management)
- Code Enforcement
- Parks and Recreation (Ice Arenas, Pools, Boating)
- Community Centers
- Human Services
- City Clerk
- Planning and Development
- Human Resources
- Finance/Treasury
- District Courts

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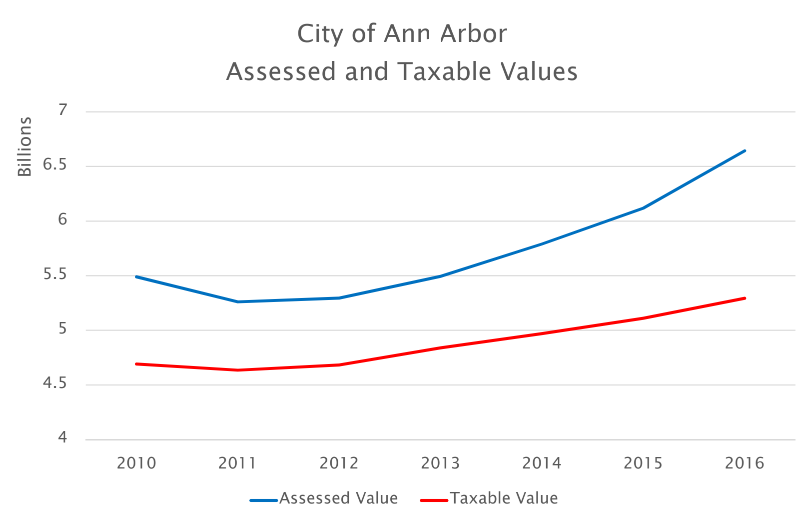


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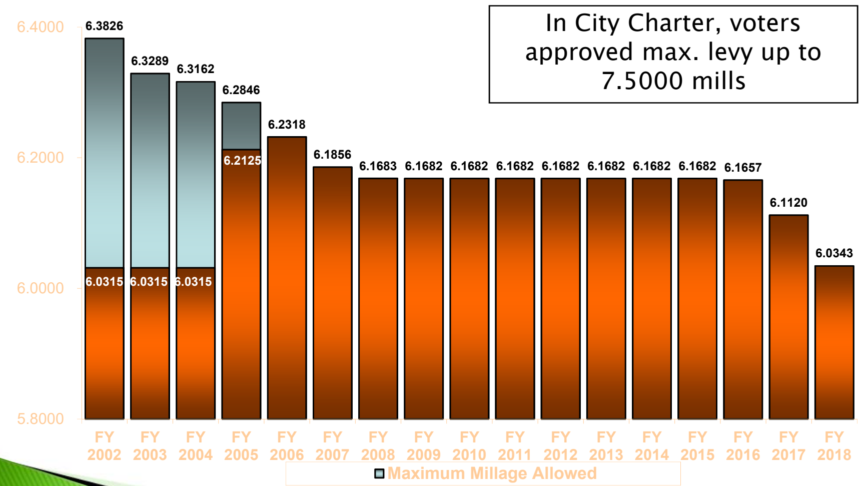
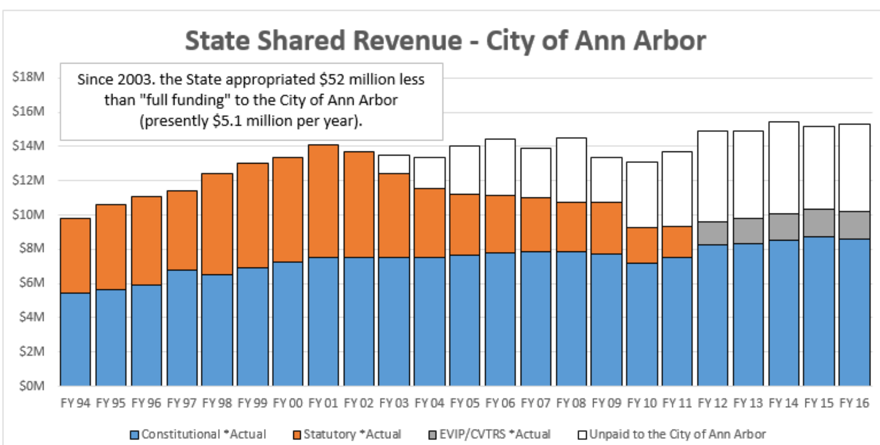
## Over time – State law has eliminated the City's flexibility to levy taxes, which voters had previously approved …

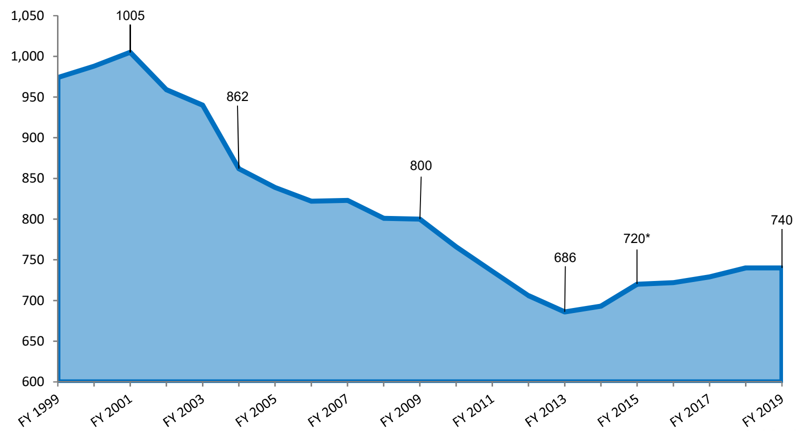





## In addition, the State is keeping a portion of the Sales Tax receipts which locals were supposed to receive …



## City shrunk the workforce by approximately 30% sine 2001 to reduce costs.




*Ann Arbor Housing Commission employees (22) added into City staffing levels

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## City modified employee benefits to reduce cost and risk and to reduce future liabilities to the City

- Wages – employees had 3-5 years of no salary increases. Recent salary increases have typically been <3%.
- Active employee healthcare – modified plans to keep under the State's "hard cap" for the municipal portion of payments
- Retiree healthcare (2011/2012) – eliminated retire healthcare insurance benefit for new hires. Established flat $2,500 per year of service.
- Pension (2017) – Most employees moved to "hybrid" plan with ½ of previous benefit provided through a defined benefit structure and the other ½ provided through a defined contribution structure.

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What are the challenges the community faces as a place to do business?

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## How do we compare to our peers?

"The goal of this report is to take the pulse of the Ann Arbor region in comparison to a specific competitive set of technology-driven communities and their economies.


Benchmarking the Ann Arbor Region — 2017

an economic competitiveness assessment

Ann Arbor SPARK
April 2017

SPARK
@nn arbor usa

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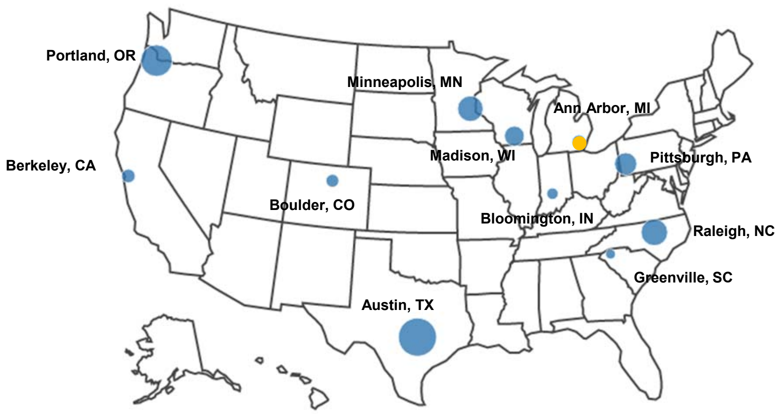
## REGIONS – CITIES

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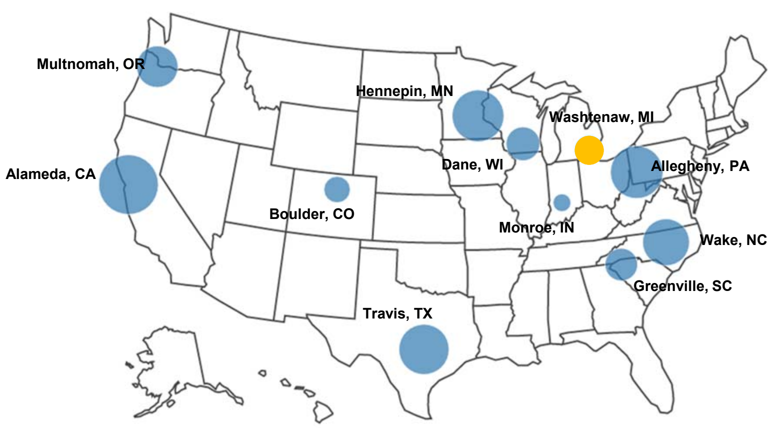
## REGIONS – COUNTIES

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# METRICS

**UNIVERSITY R&D EXPENDITURE**
Measured using the National Science Foundation rankings by total R&D expenditures.

**VENTURE CAPITAL ACTIVITY**
Measured using a location quotient analysis, which normalizes the number of venture capital deals by population.

**HOUSING AFFORDABILITY**
Measured using a ratio of median income to median home sale price.

**POPULATION MOVEMENT**
Measured using the US Census Flowmapper.

**INCOME INEQUALITY**
Measured using the Gini Coefficient.

**LABOR MARKET**
Measured using both the Unemployment Rate and the Labor Force Participation Rate.

**DRIVING INDUSTRY EMPLOYMENT**
SPARK defines driving industries as those represented by NAICS codes in exporting industries with economic multipliers.

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# KEY FINDINGS

| Metric | Ranking | 1 Year Trend | Level | MI Level | US Level |
|---|---|---|---|---|---|
| University R&D Expenditure | 1st of 12 | ↑ | $1.4 billion | $2.3 billion | $68.8 billion |
| Venture Capital Activity | 2nd of 11 | ↑ | 5.8 | 0.5 | 1.0 |
| Housing Affordability | 5th of 11 | ↓ | 3.5 | 2.8 | 3.8 |
| Population Movement | 7th of 11 | *N/A* | +9,889 net migration | -10,575 net migration | *N/A* |
| Driving Industry Employment | 8th of 12 | ↔ | 17.1% | 17.9% | 13.0% |
| Income Inequality | 9th of 15 | ↓ | 0.47 | 0.46 | 0.48 |
| *Labor Market* | | | | | |
| Unemployment | 8th of 15 | ↑ | 3.5% | 5.4% | 5.3% |
| Labor Force Participation Rate | 10th of 15 | ↔ | 64.6% | 61.0% | 63.1% |

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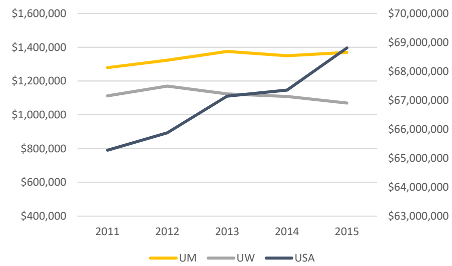
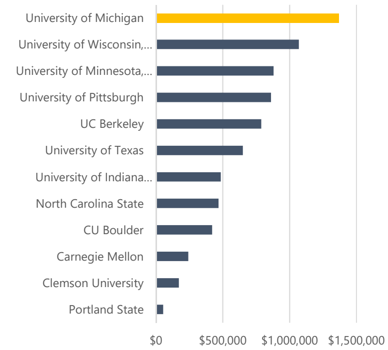
# UNIVERSITY R&D EXPENDITURE

Rank: 1st of 12
level: $1.4 billion
trend
top 5 average: $990 million
top community: U of M/ Ann Arbor

5 Year Trends (millions)




R&D Spend 2015 (millions)

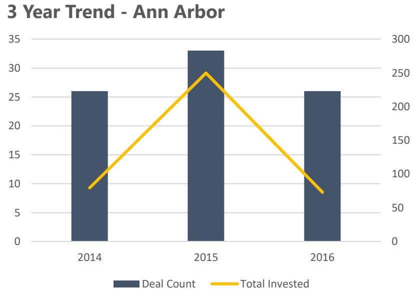




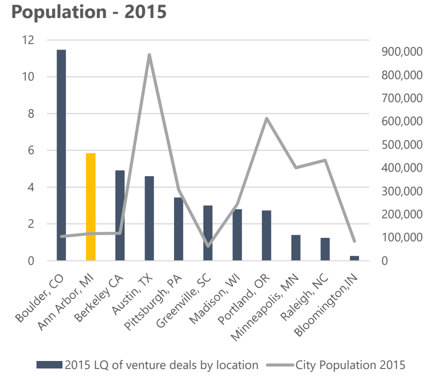

# VENTURE CAPITAL ACTIVITY

Rank: 2nd of 11
level: 5.8
trend
top 5 average: 6.0
top community: Boulder CO

3 Year Trend - Ann Arbor




Deal Concentration Normalized for Population - 2015



# HOUSING AFFORDABILITY

Rank: 5th of 11

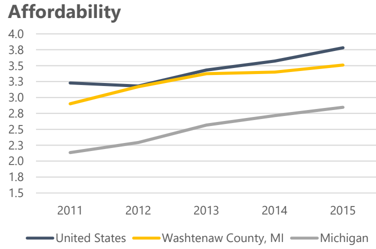
level: 3.5

trend

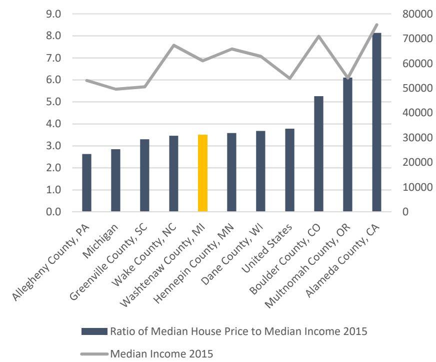
top 5 average: 3.1

top community: Allegheny County PA

## 5 Year Trend - Housing Affordability




## Housing Affordability - 2015

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# HOUSING AFFORDABILITY

Rank: 5th of 11

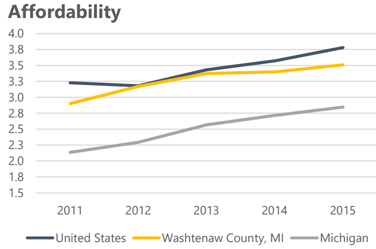
level: 3.5

trend

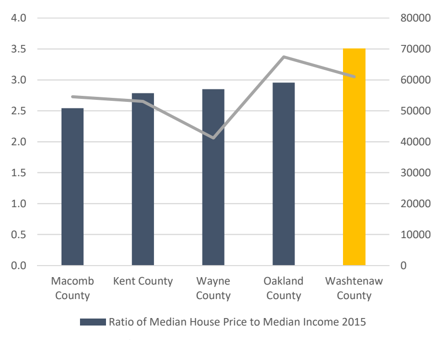
top 5 average: 3.1

top community: Allegheny County PA

## 5 Year Trend - Housing Affordability




## Michigan Housing Affordability 2015

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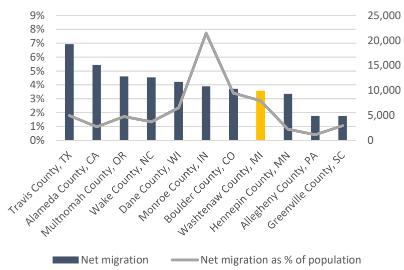
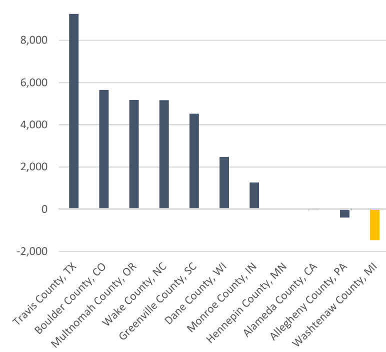
# POPULATION MOVEMENT

Rank: 7th of 11
level: 9,889 (2.8% of pop)
trend: *N/A (5 year period)*
top 5 average: 13,868 (<2% of pop)
top community: Travis County TX

**Net Migration 2010-2014**




**Interstate Differential 2010-2014**




55

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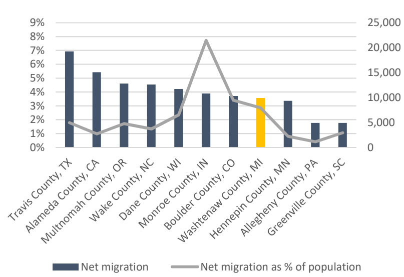


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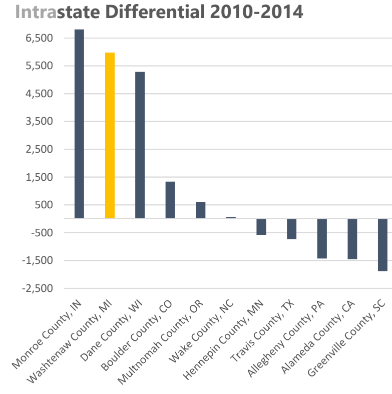


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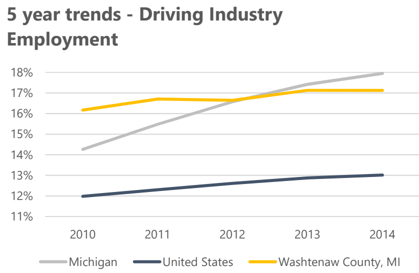
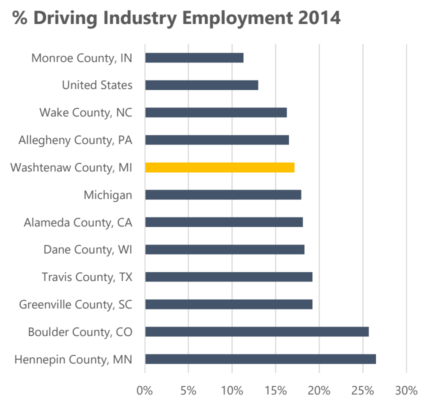
# DRIVING INDUSTRY EMPLOYMENT

Rank: 8th of 12
level: 17.1%
trend: ⬌
top 5 average: 21.8%
top community: Hennepin Cty MN

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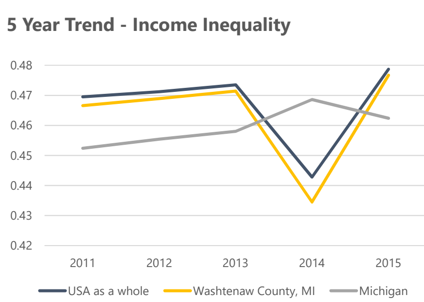
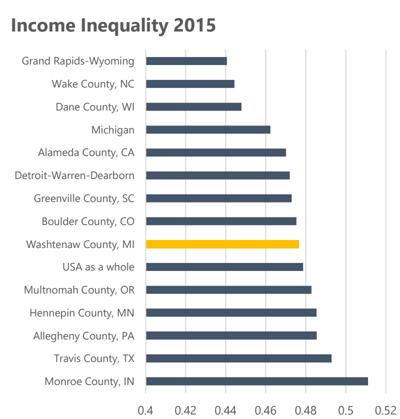
# INCOME INEQUALITY

Rank: 9th of 15
level: 0.47
trend: ⬇
top 5 average: 0.45
top community: Wake County NC

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# LABOR MARKET

Rank: 10th of 15 - Labor Force

8th of 15 - Unemployment

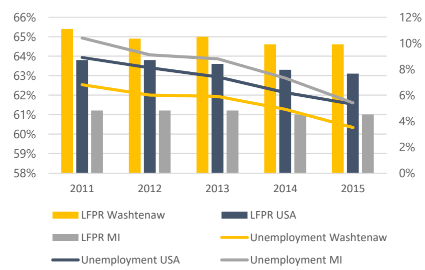
level: 64.6%, 3.5%

trend: Labor Force Unemployment

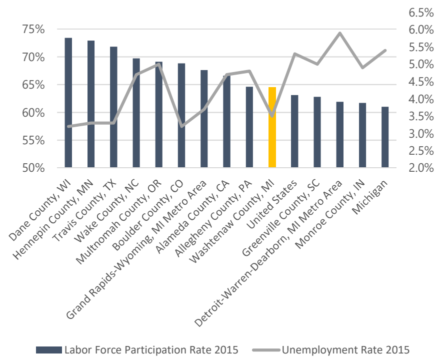
top 5 average: 71.3%, 4.5%

top communities: Dane Cty WI, Boulder Cty, CO

### 5 Year Trends - Labor




### Labor Force Participation and Unemployment - 2015

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# 5 KEY TAKEAWAYS

**VC Activity**

Why is Boulder doing so well? There is a history of innovation and government laboratories, but there may be lessons we can learn outside of legacy.

**Population Movement**

Washtenaw County is a popular destination for movers within Michigan, but has a negative differential for those moving state-to-state.

**Housing Affordability**

Washtenaw County is expensive for Michigan, but below the nation as a whole and in the middle of the competitive set.

**Income Inequality**

This is clearly an issue for the entire competitive set, and the index indicates a narrow range. Next steps: take a closer look at how all communities are addressing the issue, and what separates those that are ranked higher.

**Driving Industry Employment**

What lessons can be learned from regions with high levels of driving industry employment?

What is the composition of driving industry employment (professional technical vs. manufacturing) for the entire competitive set, and what are the trends over time?

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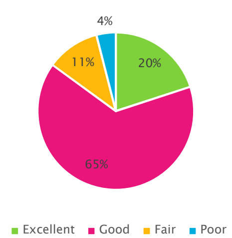
How does the City function as a business partner?

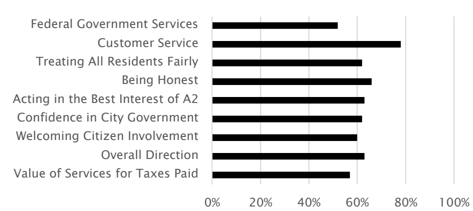


# City Governance

OVERALL QUALITY OF CITY SERVICES




POSITIVE RATINGS FOR CITY GOVERNMENT

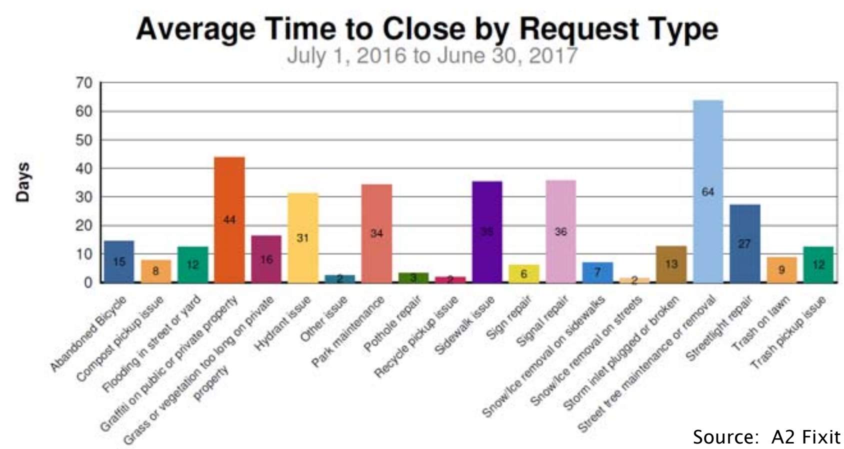



All ratings are similar to National Benchmark

Source: The National Citizen Survey, Ann Arbor, 2007-2015

*85% of Ann Arborites have a positive impression about the quality of City Services.*

# City Stats – Performance Data




Source: A2 Fixit

*Closing a request does not always mean the reported condition has been addressed.*

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# City Services – 2007/2015 Comparison

| Facet | | Facet | | Facet | |
|---|---|---|---|---|---|
| ***Safety*** | | Sidewalk Maintenance | | Planning/Zoning | |
| Police | | Traffic Signal Timing | | Code Enforcement | |
| Fire | | Bus/Transit Services | | Economic Development | |
| Ambulance/EMS | | ***Natural Environment*** | | ***Recreation & Wellness*** | |
| Crime Prevention | | Garbage Collection | | City Parks | |
| Fire Prevention | | Recycling | | Recreation Programs | |
| Animal Control | | Yard Waste Pick-Up | | Recreation Centers | |
| Emergency Preparedness | | Drinking Water | | Health Services | |
| ***Mobility*** | | Nat Area Preservation | | ***Community Engagement*** | |
| Traffic Enforcement | | Open Space | | | |
| Street Repair | | ***Built Environment*** | | | |
| Street Lighting | | Storm Drainage | | | |
| Snow Removal | | Sewer Services | | | |

Worse
Same
Better

*Mobility issues consistently rank as a primary concern.*

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## City as a business partner – Performance Measurement

| Metric | Actual* |
|---|---|
| *Building Services* | |
| Complete inspections prior to expiration of approved permits. | 22% |
| Complete plan reviews within 10 business days of completed application. | 91% |
| Issue permits within 48 hours of completed application. | 92% |
| Issue temporary CO's within 5 business days of completed application. | 49% |
| Issue final CO's within 5 business days of completed application. | 52% |
| *Planning* | |
| Days from submitted application to Planning Commission determination. | 195 |
| Days from submitted application to City Council final approval. | 343 |
| Complete review of site plans within 3 weeks. | 93% |
| Days from submitted application and plan review comments to applicant. | 12 |
| *Figures are averages (arithmetic mean) for 2QCY17. | |

Source: Trackit

*The time frames for site plan review and issuance of certificates of occupancy are areas for improvement.*

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## Commercial Development Challenges

- Zoning along Commercial Corridors
- Utility Connection Charges
- Downtown Parking
- Transit
- Cost of Construction versus Rental Rate
- Capital Improvement Program
- Worker Space Decreasing (SF/worker)
- Circulator

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# Closing Thoughts

- City of Ann Arbor is competitive with its peer cities, but has challenges in attracting and retaining business.
- The quality of life advantage Ann Arbor offers is closing.
- Ann Arbor is the driving force locally, but has to take a balanced approach to City and regional issues.
- Ann Arborites enjoy an exceptional quality of life, which is becoming increasingly unaffordable for many.
- Residents have a positive opinion about City government service delivery, however the cost of these services continues to rise.
- The City does not have the resources to address deferred maintenance and new capital requirements.
- An economic development plan will provide a sustainable path forward to maintain the edge.

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*How do we provide vision and structure to our community's economic development strategy?*

CITY OF ANN ARBOR MICHIGAN

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