

**PROPOSAL TO THE DOWNTOWN DEVELOPMENT AUTHORITY**

Establishment of a Business Improvement Zone (BIZ) in the State Street District

February 1, 2025

Ann Arbor Downtown Development Authority,  
150 South Fifth Avenue, Suite 301  
Ann Arbor, MI 48104

Dear Maura,

Further to our recent discussions regarding the desire of the State Street District board and membership to create a Business Improvement Zone (BIZ) for the State Street District area, please find attached a request for DDA funding to develop and implement this project.

Sincerely,

Angela Heflin  
Executive Director  
State Street District  
Downtown Ann Arbor Partnership

## **PROPOSAL TO THE DOWNTOWN DEVELOPMENT AUTHORITY**

### **Establishment of a Business Improvement Zone (BIZ) in the State Street District**

To: DDA Partnership / Executive Committee

From: State Street District

#### **Introduction and Background**

The State Street District (the “District”), formerly known as the State Street Area Association, has long been a vibrant hub within downtown Ann Arbor. For over 50 years, the District has worked to revitalize the area, blending historical significance with a dynamic mix of local businesses, cultural institutions, and community events. As the District evolves, challenges related to cohesive planning and sustainable funding have highlighted the need for a more structured approach to support its long-term goals.

Currently, the District manages key maintenance and beautification efforts, including sidewalk cleaning, debris removal, snow clearing, and beautification. It also maintains Liberty Plaza in collaboration with partners such as First Martin, Ann Arbor SPARK, and the City’s Solid Waste Department. Foundational efforts such as banners, seasonal plantings, trash, and snow removal often exceed \$100,000 annually, limiting the ability to expand initiatives like bill removal and enhanced beautification projects beyond the basics.

In response, the Executive Committee conducted a needs analysis and strategic planning process in 2024, emphasizing the importance of diversifying funding streams. This review included examining the Business Improvement Zone (BIZ) blueprint to enhance clean, safe, and beautification efforts while creating new opportunities to sustain and grow the State Street District. Establishing a BIZ will provide a consistent framework to fund and implement initiatives that improve maintenance, safety, marketing, and economic development.

Preliminary discussions with key stakeholders and property owners, including Oxford Properties and First Martin, reveal strong interest in pursuing the BIZ concept. With approval from the State Street District Board of Directors to proceed with establishment in State Street District—representing local business owners, Oxford, First Martin, the University of Michigan, SPARK, and others—the groundwork for the BIZ initiative is already underway.

#### **Operational Structure**

The BIZ within the State Street District will operate independently, with its own steering committee and board, and will be billed for services and accommodations provided by the District. To support its establishment, the State Street District will share office space, equipment, and furnishings with the BIZ. However, the BIZ will maintain its own phone number, web presence, and designated point of contact.

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To ensure a positive and collaborative relationship, the BIZ and the State Street District will propose crossover representation, similar to Main Street BIZ with enhancements, including an ongoing seat for the District's Executive Director and President on the BIZ board.

**Possible Services and Activities** The proposed BIZ aims to provide critical services and activities to enhance the overall quality, safety, and appeal of the State Street District. These initiatives are designed to address existing challenges while fostering a vibrant and welcoming environment for residents, businesses, and visitors alike.

**Maintenance and Beautification** efforts will focus on regular cleaning of sidewalks and streets, graffiti removal, and trash collection to maintain a clean and inviting streetscape. Annual tasks, such as bill removal from light poles and chalk paint removal from sidewalks, will help keep the District visually appealing and uncluttered. Seasonal decorations and landscaping enhancements will further contribute to the area's charm and atmosphere, creating a visually engaging environment year-round.

**Safety Initiatives** will prioritize increased lighting in high-traffic and vulnerable areas to enhance public safety and support downtown security efforts. This focus on improving lighting will complement other maintenance efforts, ensuring a well-lit and secure environment for all.

**Snow Removal** on sidewalks will be assumed by the BIZ, expanding current efforts in highly pedestrian areas. Projected coverage includes North University, State, Liberty, Maynard, William, Thayer, and Washington, at minimum. For over 40 years, the State Street District has invested at least \$10,000 annually with snow removal to support downtown vitality, ensure safe pathways, and provide services that promote economic growth.

A **Public Restroom Program** will be established to provide additional publicly accessible restrooms, supporting the existing Throne program downtown and offering a vital amenity for visitors. Participating businesses will receive annual subsidies to offset maintenance and supply costs. Signage and a map will guide visitors to these facilities and be listed on the Downtown Social District and AAAP maps, improving accessibility and convenience. Once established, the program will be shared with other associations and the Main Street BIZ for potential opt-in.

### **Allowable Considerations in the Formation Process**

Establishing a BIZ within the State Street District requires careful planning and adherence to Michigan Public Act 120 of 1961. The following steps outline the critical elements of this process:

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**Community Outreach** will be a cornerstone of the initiative. Public meetings will present the BIZ proposal to stakeholders, fostering transparency and gathering valuable feedback. Surveys will ensure the perspectives of property owners and other stakeholders are incorporated into the planning process.

**Stakeholder Engagement** will involve regular communication and informational sessions with property owners within the proposed BIZ boundaries. This step will build consensus and provide clarity on the initiative's objectives, benefits, and operational details.

**Plan Development** will include creating a comprehensive BIZ plan that outlines proposed services, budgets, and the governance structure. The plan will align with state laws and local ordinances, ensuring transparency and accountability throughout the process.

Finally, the **Approval Process** will secure the necessary support to move forward. A majority approval from property owners within the proposed BIZ boundaries will be required. Once this is achieved, the finalized plan will be submitted to the Ann Arbor City Council for review and formal approval.

This structured approach ensures the successful establishment of a BIZ while addressing the needs and priorities of stakeholders, creating a foundation for sustainable growth and long-term impact within the State Street District.

### Budget and Funding

1. Total Project Development Cost: \$125,000 (adjusted for inflation from the Main Street BIZ's previous \$83,270 grant) taking into account reasonable inflation over 15 years.
2. Grant Request: \$100,000 from the Ann Arbor Downtown Development Authority (DDA) with the variance covered by State Street District with resources, staffing, and space.
3. Assessment Contributions: Implement a fair and sustainable taxation model based on property assessments within the BIZ boundaries, similar to the approved South State Street BIZ and Main Street BIZ framework. Property owners will contribute through building and land assessments per square foot of area(s).

Source of Start Up Funds	MSAA BIZ (2010)	SSD BIZ (2025)
DDA Grant	\$83,270	\$100,000
State Street District	-	\$15,000

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Property Owner Assessment	\$25,000	\$20,000
Total	\$108,270	\$135,000

*Note: The costs are adjusted for inflation (2010 to 2024) where applicable.*

Use of Development Funds	MSAA BIZ (2010)	SSD BIZ (2025)
Consulting Fees	\$39,820	\$45,000
Legal Fees	\$30,149	\$35,000
Staff Costs	\$19,601	\$25,000
Website Design & Hosting	\$11,165	\$14,500
Rent & Utilities	\$3,750	\$5,100
Office Supplies & Furniture	\$2,704	\$3,200
Printing & Postage	\$1,508	\$1,500
Telephone & Internet	\$1,292	\$1,400
Insurance	\$1,176	\$1,300
Food & Travel	\$955	\$1,400
Accounting	\$400	\$800
Advertising	\$400	\$800
<b>Total</b>	<b>\$112,920</b>	<b>\$135,000</b>

### Implementation Plan

#### 1. Timeline:

- **Phase 1:** Stakeholder engagement and community outreach (Months 1-3).
  - Host informational meetings for property owners and stakeholders.
  - Conduct surveys to identify key priorities and concerns.
- **Phase 2:** Plan development and City Council submission (Months 4-6).
  - Finalize BIZ plan, including budget, services, and governance.
  - Services will include sidewalk snow removal and plantings.
  - Submit plan for City Council approval.

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- **Phase 3:** Initial implementation and service rollout (Months 7-12).
  - Begin providing maintenance, safety, marketing services, and enhanced public restroom program.
  - Launch targeted economic development programs.
  - Monitor and evaluate initial impact to refine services.
- **Phase 4:** Full implementation and sustainability planning (Months 13+).
  - Evaluate performance metrics and gather community feedback.
  - Plan for long-term growth and funding sustainability.

#### **2. Management Structure:**

- Formation of a BIZ board comprising local business owners, property owners, and community leaders, including at least one cross-over members from the Downtown Ann Arbor Partnership and the State Street District.
- Dedicated project manager to oversee daily operations and implementation.

### **Expected Outcomes and Impact**

1. Economic Benefits:
  - Increased revenues for local businesses.
  - Higher property values and new business opportunities.
2. Community Enhancement:
  - Improved public perception and community pride.
  - Increased foot traffic and visitor engagement.
3. Sustainability:
  - Development of revenue streams to support long-term operations, including event sponsorships and district-wide assessments.

### **Evaluation and Reporting**

1. Performance Metrics:
  - a. Foot traffic counts.
  - b. Business occupancy rates.
  - c. Business transition rates and use type.
  - d. Safety statistics and public feedback.
2. Reporting Schedule: Annual progress updates and surveys to stakeholders to inform decisions.
  - a. Annual comprehensive reports, including financial statements and impact assessments, as required by law and to support funding decisions.

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#### **Conclusion**

The establishment of "The Downtown Ann Arbor District BIZ" in the State Street District represents a transformative opportunity for Ann Arbor. With the support of the DDA, local stakeholders, and strategic partners to complete grant deliverables this initiative will create a cleaner, safer, and more vibrant community while driving economic growth in the State Street District. Studies indicate that BIZ zones enhance property values by 10-15% over five years. Furthermore, the enhanced services supported by the BIZ will directly address pedestrian and business needs, ensuring long-term viability and inclusivity for all stakeholders.

#### **Call to Action**

We respectfully request the Ann Arbor DDA to award the \$100,000 grant to support this initiative and partner with us in creating a thriving and sustainable downtown district.

#### **References**

1. Ann Arbor Observer Historical Archives, 2023.
2. Michigan Economic Development Corporation, 2021.
3. International Downtown Association, "Impact of Business Improvement Districts," 2022.
4. Michigan Public Act 120 of 1961.
5. Main Street BIZ Annual Report, 2023.
6. Downtown Ann Arbor Beautification Project Summary, 2023.
7. Inflation Calculator (US Bureau of Labor Statistics), 2024.
8. City of Ann Arbor Assessment Framework, 2023.
9. University of Michigan Economic Development Studies, 2023.
10. National Association of Realtors, Property Value Impact Study, 2022.