



TO: Mayor and Council

FROM: Tom Crawford, CFO
Derek Delacourt, Community Services Area Administrator
Karen Lancaster, Finance Director
Howard S. Lazarus, City Administrator
Brett Lenart, Planning Manager

SUBJECT: FY20-21 Budget: Community Services

DATE: May 10, 2019

Question #81: I recognize the planning fees have not been increased since 2013 and that helps explain the large percentage increases contemplated, but in a few instances, the proposed fee now exceeds the cost. Can you please speak to that (as I thought the guiding principle for setting these fees were that they should reflect the city's costs to provide them, which certainly makes sense)? (Councilmember Lumm)

Response: When considered on whole, the average estimated petition review cost compared to proposed fee is approximately 100%. While staff has endeavored to bring more real data to this analysis than previous considerations, some estimates are still utilized. In some such circumstances the review may be one aspect of a larger set of reviews, which makes distinct tracking/estimating more challenging. In some circumstances (e.g. master deed review) we are proposing significant reductions to the fee, but have done so in an incremental approach to reflect longer term trends while still ensuring that costs are appropriately covered.



TO: Mayor and Council

FROM: Tom Crawford, CFO
Karen Lancaster, Finance Director
Howard S. Lazarus, City Administrator

SUBJECT: FY20-21 Budget: LDFA

DATE: May 10, 2019

Question #88: LDFA pass through to SPARK – Page 329 also shows that the amount of pass through to SPARK is increasing substantially (\$500K) again in FY20. The pass through has more than doubled in five years – from about \$1.7M in FY15 to over \$3.8M in FY20. I do recognize SPARK’s value to Ann Arbor, but that large increase in annual operating support does reduce the potential for capital investment (like the Tech park fiber). Can you please speak to this tradeoff and why another double digit percentage increase in Spark operating support is appropriate in FY20? (Councilmember Lumm)

Response: The LDFA is a non-operating Board; therefore, it needs third parties to conduct the work the LDFA considers relevant to addressing the needs of the Ann Arbor/Ypsilanti SmartZone (“SmartZone”), within the parameters of allowable uses described our TIF Plan and the State of Michigan legislation:

“The State of Michigan, through PA 248 of 2000, has established the SmartZone program designed to foster the development of high technology enterprises through commercialization of university technologies and the establishment of new firms. The legislation allows the captured funds to be used to develop business incubators, improve property and market the area to attract high-tech businesses.”

Creating a robust tech economy requires investment in many different areas including (but not limited to) attraction and retention of talent, building connections between universities, state and local government and business, access to capital, access to affordable workspace and entrepreneur support resources. When the SmartZone was first launched in 2003 the LDFA focused its resources on the most fundamental building block – supporting entrepreneurship and high-tech community events. That investment paid off and over time, our high-tech community has grown and matured, with that comes

increased demand and expanded scope of activities that meaningfully contribute to the long-term sustainability of the tech ecosystem.

To identify the highest priority activities to support the LDFA conducted an extensive strategic planning exercise, which included hosting community focus groups to solicit input on the types of initiatives that would be most valuable. The output of that effort is our 15-year strategic plan (see Attachment A) which was previously submitted to Council. The initiatives outlined in the plan support five primary objectives identified as requirements for creating a sustainable high-tech ecosystem -- the goal is to position the ecosystem to be self-sustaining after the completion of the SmartZone in 2033. The overall takeaway is that in order to create that self-sustaining model we need to tackle a broad spectrum of initiatives over the next 15 years, including investment in infrastructure (such as the fiber).

The growth in SPARK's budget is reflective of the increasing scope of activity in our community to support entrepreneurs, create jobs, attract talent and keep companies here in our region. Over the last five years, the following additional activities have been added and/or expanded (the dollar amount showing reflect the incremental increase in funding for that activity):

A2Tech360 (TechTrek) – \$260,000

a2Tech360 is a week of tech-related events dedicated to promoting Ann Arbor area of innovation. A2tech360 brings innovators, researchers, investors, businesses, education institutions, non-profits, job seekers and the general public together to meaningfully generate discussion, ideas, and new opportunities.

Internship support and talent retention – \$500,000

Internship support and talent retention is focused on attracting and retaining talent in our region. The program includes retaining local C-level executives, as well as identifying experienced executives from other geographic locations looking to relocate in Ann Arbor/Ypsilanti. The internship program allows LDFA-eligible startups to hire interns through cost sharing. A digital engagement internship program was also initiated in cooperation with Eastern Michigan University whereby EMU faculty and students help startup companies with digital marketing strategy and services to grow their businesses. The DEC Program is a summer clinic internship which places teams of interns with high tech startups. Interns work with their assigned startup company for eight weeks involved in digital marketing efforts. The interns consist of current students and recent graduates. The startups receive a boost of assistance and expertise with a clearly defined mission. Clinic interns receive valuable work experience with a support group.

Mobility – \$131,000

Established to help Ann Arbor/Ypsilanti take advantage of the regional investment in mobility and smart city initiatives. The objective is to take advantage of the region's explosive growth in the mobility area with the Big 3, local universities, and

the American Center for Mobility to drive mobility start-up and entrepreneurial activity.

Marketing – \$175,000

Marketing includes providing marketing services to start-ups themselves, as well as overall promotion the Ann Arbor/Ypsilanti region as a place to live and launch a business. Access to marketing is typically not available to early stage companies who are focus their limited resources on product and sales; yet identifying the appropriate messaging and product positioning in the market is a key aspect of successful launch.

Ypsilanti - \$450,000

Per the 15-year SmartZone renewal in 2018, Ypsilanti is mandated to receive 10% of the tax capture each year. These funds are used to support the SPARK East business accelerator, internship and talent retention services, as well as business acceleration services for high-tech companies located in Ypsilanti.

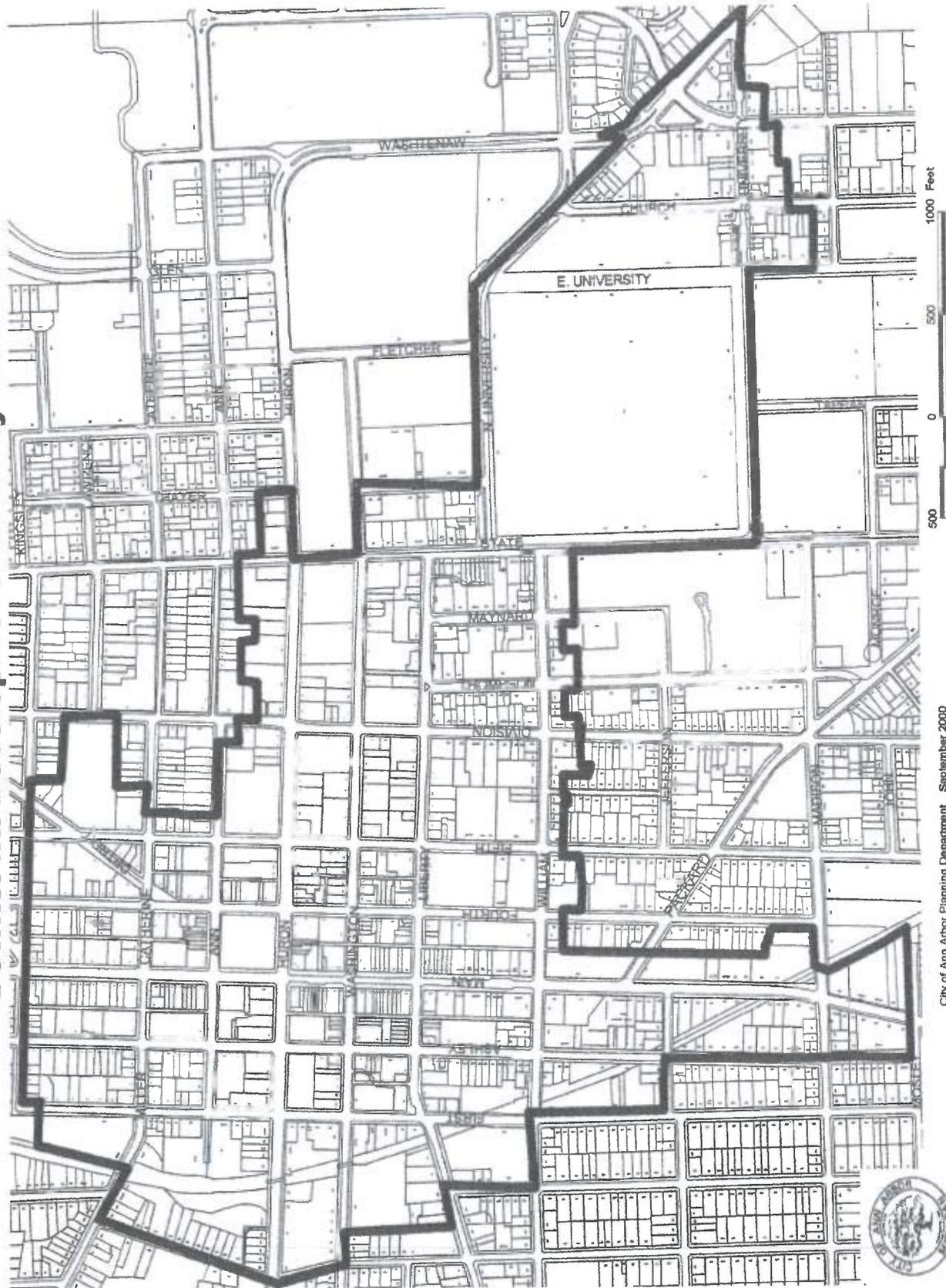
Business Acceleration Services - \$600,000

The tech company clients ‘do the work’ but the BAS program wraps mentors, service providers and access to resources around them to help accelerate their business creation. These services include activities such as business planning, strategic and operational consulting, and business development assistance; intellectual property rights consulting and legal review; and talent and recruitment assistance. The process also involves working with the startup to create an execution plan to maximize the impact of the services to meaningfully move the business forward.

With regard to infrastructure projects, the LDFA is limited to spending funding on infrastructure projects located within the boundaries of the TIF district (see the attached map). Further, the LDFA is limited to supporting infrastructure projects that specifically support and promote the high-tech community. The LDFA is supportive of infrastructure programs that meet the criteria for what and where we can spend funds to support the local tech economy.



Downtown Development Authority District



City of Ann Arbor Planning Department September 2000



15-Year Strategic Goals

Connected High-Tech Ecosystem

- Create connections between high-tech stakeholders
- Foster tech culture & community
- Drive creation of sustainable ecosystem
- Connect with other SmartZones to enhance regional economy

High-Tech Company Friendly Infrastructure

- Assist in establishment of reliable fiber/internet access
- Encourage & support Smart City Initiatives
- Support affordable workspace
- Support efforts to establish regional transportation

High-Tech Company Creation and Growth

- Support company creation/growth/ viability
- Foster start-up environment
- Entrepreneur education
- Encourage entrepreneurship

Promote Region

- Marketing plan to promote our entrepreneurial & innovative culture
- Collaborate with others to leverage community message
- Attract capital and talent to the region

Talent and Workforce Development

- Communicate employment needs of high-tech ecosystem
- Develop & support talent initiatives to meet high-tech community needs



TO: Mayor and Council

FROM: Tom Crawford, CFO
 Karen Lancaster, Finance Director
 Howard S. Lazarus, City Administrator
 Robert Pfannes, Interim Police Chief

SUBJECT: FY20-21 Budget: Police

DATE: May 10, 2019

Question #75: Police Patrol and Staffing – the March 1st staff budget response to my question about patrol hours indicated that “In looking at the data for the past few years (2014-2017), we have been steadily going down in the percentage of time we spend on unassigned proactive patrolling time (38%-27%).” Also in that same response, it stated that the 2 cadets being added will “free up sworn officers to be assigned to regular road patrol duties.” Can you please provide the percentage of time spent on unassigned proactive patrolling time for 2018 and projected for 2019 (if available)? Also, how much will the cadets freeing-up sworn officers impact the percentage in FY20 and how many additional officers would be required to bring the percentage back to 2014 levels? (Councilmember Lumm)

Response: This chart indicates the number of hours that officers are proactively patrolling when not assigned other duties.

	2013 (Hours)	2014 (Hours)	2015 (Hours)	2016 (Hours)	2017 (Hours)	2018 (Hours)	2019 (Hours) YTD
Unassigned Proactive Patrolling (Free Patrol)	42,434	30,817	27,957	26,087	25,333	27,941	10,069
Unassigned Proactive Patrolling (Free Patrol)- % Total Hours	38%	29%	28%	27%	25%	27%	29%