

## CITY OF ANN ARBOR ECONOMIC COLLABORATIVE TASK FORCE REPORT

### Background

Ann Arbor City Council has determined that economic health is one of its key priority areas. Economic sustainability and growth create a virtuous cycle which benefits everyone. Encouraging a diverse and healthy business sector supports job growth which helps stabilize and build the local tax base. 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 Economic Development Collaborative Task Force

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 Task Force was given a six-month period within which it would examine its member entities' respective core values, priorities and activities regarding economic development and identify operations that may be duplicative, resources including funding and opportunities for collaboration. The Task Force was slated to expire on December 31, 2013 at which time it would present issues and recommendation(s) to City Council. This report summarizes key findings from the Task Force.

Earlier in 2013, SPARK had approved a 5-year strategic plan, and this became a valuable tool with which the Task Force members could focus its discussions. Over the past months Task Force 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.

### Economic Health Considerations

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. It was noted that key factors in the City's future growth and sustainability must include attracting qualified talent and retaining 4-year college graduates, creating an even more robust transportation system, and encouraging a larger number and variety of housing options attractive at all income levels.

Other important topic areas included:

- Redeveloping existing commercial, retail, and office properties in a way that balances the need for density 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.

### 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.

#### 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/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.

### 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 a MEDC Redevelopment Readiness Program review, and upon certification, Ann Arbor sites will be marketed by the MEDC and Ann Arbor will become 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 plan to market and sell 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 in the Downtown Plan, Non-Motorized Plan, Connecting William Street Plan, PROS Plan, and 2013 Downtown Park and Open Space Plan.

#### Recommended DDA Projects

- The DDA will implement streetscape projects to enhance the downtown's sense of place, improve walkability, encourage commercial and residential vibrancy, and encourage private investment. Improvements to the right of way along South University, William Street, and North Fifth Avenue will be considered upon completion of the Street Framework Plan in late 2014/early 2015.
- The DDA anticipates replacing the primary stair tower and elevator at the 4th and William Parking Structure. This infrastructure improvement would be done in support of Main Street area vitality. Additionally, the first floor of the parking garage along 4<sup>th</sup> Avenue could potentially be built out to provide business incubator space and activate the sidewalk.

- The DDA will continue with its annual sidewalk maintenance program.
- The DDA will work to improve transportation choices by exploring programs such as the restoration of a downtown circulator bus, adding more electric vehicle charging units, and repairing crosswalks to enhance walkability.
- The DDA will continue with market analysis activities including exploring the potential to collect pedestrian count data to encourage business development, commercial leasing, and marketing the needs of downtown businesses.
- The DDA will explore the establishment of an ambassador program as part of an overall downtown marketing effort and to promote a positive and safe perception of downtown.

### 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.

### Conclusions and Recommendations

The Task Force believes it has accomplished the purpose established by City Council. The DDA, SPARK, and City are collaborating on economic development opportunities. Rather than duplication of effort and resources, the Task Force found each entity providing specific and appropriate focus.

### Recommendations

As City Council continues to articulate and develop its Economic Health priority area, consideration should be given to allocating additional resources for economic development in Ann Arbor. The City has no resources dedicated specifically for economic development in Ann Arbor. The City contracts for services from SPARK, but SPARK is a regional organization that cannot dedicate itself to development opportunities solely in Ann Arbor. DDA by statute must limit its development support to specific area within the city.

While the DDA, SPARK, and the City have clarity and alignment on economic development projects and the objectives of those projects, the lack of an overall

economic development strategy for the City is a gap. The strategy would be Ann Arbor-centric, with participation from those whose priorities also include the region and county.

City Council should consider allocating resources to developing the strategic plan.

**Although the Task Force has completed its tasks and City Council's charge, the members believe an ongoing forum for collaboration and alignment may be needed. Given Ann Arbor SPARK's regional focus and membership, it is recommended that SPARK convene and provide staff support for an A2 Economic Health Committee. This advisory group would work to foster collaboration, share information and seek new strategic partnerships with a goal of enhanced community prosperity within the City of Ann Arbor. A key element in the work of this new group would be the creation of additional metrics of success.**