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TO: Mayor and Council

FROM: Jennifer Hall, Executive Director, Ann Arbor Housing Commission

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

SUBJECT: Ann Arbor Housing Commission

DATE: May 4, 2018

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**Question #14:** Housing Commission support – also on page 3 (one-time requests), \$68K is shown for one-time support for AAHC. How much GF support of AAHC (if any) is included in recurring GF expenditures? (Councilmember Lumm)

**Response:** The General provides \$364,000 in recurring subsidy to the AAHC (\$160,000 operating support and \$204K for their Information Technology).



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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator

SUBJECT: Deer Management

DATE: May 4, 2018

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**Question #19:** On page 143, the deer management forecasted costs for FY18 are listed as \$381K (vs FY18 budget of \$370K) and the FY19 recommended budget is \$150K. Previously, it was indicated by staff that the FY18 program actual costs would be significantly (\$75K - \$100K) under budget and the savings would be added to the FY19 provision of \$150K. Can you please reconcile the FY18 forecast and FY19 proposed budget numbers here with the previous staff communications?  
(Councilmember Lumm)

**Response:** The FY18 forecast is from December prior to the operations in the field. The present FY18 forecast is \$309k in expenditures partially offset by \$32k in unbudgeted revenue for a net impact to the General Fund of \$277k (\$93k under the net budgeted impact).



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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Mike Kennedy, Fire Chief  
Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator

SUBJECT: Fire

DATE: May 4, 2018

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**Question #7:** State Shared revenue, Fire Protection grant – the budget message p. 1 indicates that \$10.9M in state shared revenue is included in the FY19 budget which is a 4.4% increase. Can you please provide the line item detail on that (constitutional, statutory, and fire protection grant). Also on the fire protection grant, at our work session with GCSI in February, they mentioned a Governor’s proposal to increase the Fire protection Grant substantially? Was any of that included in the State budget? If so, how much will Ann Arbor’s increase be and is any of that that incorporated in the proposed budget? (Councilmember Lumm)

**Response:** The Constitutional revenue is budgeted to be \$9,242,752 and Statutory revenue is budgeted to be \$1,642,436 totaling the \$10.9 million. Fire protection grant is budgeted for \$923,756. We do not incorporate any potential funding into the budget for this item unless there is absolute certainty that the City will receive it.

**Question #28:** Fire FTE – the FTE budget for Fire is being reduced by one and on p. 292 it indicates that the reduction is planned “in an effort to lower payroll costs.” In what other areas of the City are we reducing FTE’s to “lower payroll costs”? Also, I thought we were adding a third deputy chief and if that’s accurate, how is that offset in the budget? In other words, are we reducing the number of firefighters by two? (Councilmember Lumm)

**Response:** We are not reducing FTEs in other areas of the City to lower payroll costs. A third assistant chief was hired during FY18. The reduction of 1 FTE in the Fire Department was to offset the additional cost of the third assistant chief versus the cost

of a firefighter. The Fire Department is only reducing the number of firefighters by one in FY19. The reduction will occur through attrition due to retirements.

**Question #29:** Fire response times – at our January work session, we discussed the need to narrow the significant gaps between Ann Arbor’s actual response times and the national standards. It’s encouraging to see on p. 294 that the 2019 goal is to improve both fire and emergency response times, but I’m concerned it’s not realistic. How can we achieve those improvements for FY19 and is it necessary to add or re-locate stations to achieving the national response standards? (Councilmember Lumm)

**Response:** A focus of FY19 is ensuring we have accurate and reliable processes for measuring response time. One area of current focus is turnout time, which is the time from FD notification by HVA Dispatch to apparatus responding.

The addition or re-location of fire stations is part of the fire station master plan. This plan has a strong focus on response times. This effort will be continued in FY19. Further information is covered in Q26.

**Question #30:** Fire Station Master Plan – I may have missed it, but did not see any funding in the FY19 budget for the Station Master Plan. Is there funding in the FY19 budget for the Plan. Also, when do we anticipate completing the plan and beginning to implement the recommended actions? (Councilmember Lumm)

**Response:** There is no separate funding in the FY19 budget for the fire station master plan. In FY19, the fire administration will work with IT to model responses based on current and potential station locations. IT has GIS data on road travel times to provide accurate projections. Fire administration will work with the City Administrator to provide a recommendation to City Council. Capital funding projections will also be part of this recommendation.





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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator

SUBJECT: Overall General Fund

DATE: May 4, 2018

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**Question #5:** General Fund recurring expenditure growth – the budget message page 6 states “FY19 General Fund recurring expenditures are projected to increase by \$1,490,442 (1.5%). I think that’s before adjusting for the \$2.5M in engineering personnel expenditures that’s been removed from the General Fund. If I’m correct, the “apples-to-apples” expenditure growth is \$3,990,442 (or 3.9%).

- FY19 GF recurring exp = \$103,543,501 (proposed FY19 p. 6)
  - Plus: engineering personnel expense removed from GF = \$2,500,000 (proposed FY19 p. 3)
  - FY19 GF recurring expense on same basis as FY18 = \$106,043,501
  - FY18 GF recurring expenditures = \$102,053,059 (adopted budget book p. 7)
  - Year-to-year increase on “apples-to-apples” basis = \$3,990,442 (or 3.9%)
- Is this correct? And if so, roughly how much of the \$3.99M increase is related to employee wages/salaries and how much is related to employee benefit costs (in total, and for health care specifically)? (Councilmember Lumm)

**Response:** Yes, that is correct. With the \$2.5 million removed from the General Fund, wages decreased \$566K. If the \$2.5 million was still included in the costs, wages would have increased \$837K. For benefits, with the \$2.5 million removed from the General Fund, costs increased \$202K overall (with healthcare increasing \$266K). If the \$2.5 million was still included in the costs, benefits would have increased \$1.04 million overall (with healthcare increasing \$468K).

**Question #6:** GF recurring revenue growth– the budget message p. 2 states that GF recurring revenues are project to increase by 0.79%, but p.6 indicates GF recurring revenues decreased by 0.2%. Can you please reconcile these different numbers? Also, can you please confirm if these year-to-year comparisons also do not adjust for removing

the engineering personnel revenues of \$2.5M out of the GF in FY19? (Councilmember Lumm)

**Response:** Page 6 reflects a draft of the resolution that had not been updated to match the letter. The year-to-year comparisons do not make any adjustments.



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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator  
Robyn S. Wilkerson, Human Resources and Labor Relations Director

SUBJECT: Human Resources

DATE: May 4, 2018

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**Question #8:** Non-union employee salary and benefits - what salary increase percentage is assumed in the budget for non-union employees? Also, the City Administrator advised Council in early April of changes for FY19 in non-union employee sick leave policy and longevity. Are there any other changes to benefits for non-union employees contemplated in this budget? And related to the sick leave policy change, it was indicated that the increase in the sick time accrual rate would have no budget impact as the maximum payout upon retirement remains the same. A couple of questions on that (1) can you please confirm the liability accrual does not change (2) what is the maximum payout for non-union employees and (3) what was the average employee sick-time payout upon retirement for all city employees retiring in the last year? (Councilmember Lumm)

**Response:** The salary increase percentage assumed in the budget for non-union employees is 3%, which includes cost-of-living and other equity adjustments needed (as determined by Human Resources in conjunction with the City Administrator). Other than sick leave and longevity, there are no other benefit changes for non-union contemplated in the FY19 budget. The liability accrual is based on a maximum of 960 hours per person and the maximum does not change. The average employee sick time payout upon retirement is 693 hours, including Police and Fire employees who have payout limits greater than 960 hours for sick time. For all other employee groups, the average payout is 538 hours.

**Question #9:** Non-union compensation study – also on non-union compensation, can you share the finding from the non-union compensation study? (Councilmember Lumm)

**Response:** The study is currently in progress and results are anticipated for mid-July.

**Question #15:** Workforce planning carryover funding – page 3 (one-time requests) includes \$262K of carryover funding for overhiring. How much has been spent to date on this and for what positions and what areas/positions do you anticipate the FY19 funding covering? (Councilmember Lumm)

**Response:** The original overhire program was \$500K, so \$238K has been spent thus far (projected through FY18). The primary recipient of this program was the City Attorney's office for three overhire attorneys. For FY19, we are only aware of the City Attorney's office two overhire employees at this time.

**Question #16:** Assistant City Administrator position costs – page 3 (recurring requests) also lists \$60K for increased funding for this position. As I recall, the FY18 budget included the FTE but just a half-year of costs (assuming mid-year hiring). Is this increase to fund the position full year, and what is to total budgeted cost (salary and fringes) for the position? (Councilmember Lumm)

**Response:** The increase is to adjust for the additional salary requirements of the position that were not fully developed at the time the FY18 budget was approved. For FY19, the position is budgeted for the full year and costs \$226,977 (\$170,000 salary and \$56,977 fringes).



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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator

SUBJECT: Non-Departmental Fund

DATE: May 4, 2018

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**Question #13:** Governance Plans – on page 3 of the budget message (list of one-time GF requests), there is a \$500K in new FY19 dollars for updating governance plans and carryover of \$167K for FY18 governance plan updates. Which FY18 in-process plans is this \$167K paying for? Also, what new updates are assumed in the \$500K new funding? A9. For FY18, the City budgeted \$250K and for FY19, the amount budgeted is \$500K. The plans for this funding still include the Land Use Master Plan update and the Transportation Master Plan. In FY18, \$83K is projected to be spent on the Hillard Heintze study and the Hydro Dam study. (Councilmember Lumm)

**Response:** For FY18, the City budgeted \$250K and for FY19, the amount budgeted is \$500K. The plans for this funding still include the Land Use Master Plan update and the Transportation Master Plan. In FY18, \$83K is projected to be spent on the Hillard Heintze study and the Hydro Dam study.

**Question #39:** Non-Departmental - can you please provide a spreadsheet similar to the one provided last two years that details the expenditure line items for non-departmental “other services” and “other charges”. Also, can you please provide detail on the basis for the \$1.47M provisions included for unsettled contracts in the “personnel services” category? (Councilmember Lumm)

**Response:** Please see chart below.

**Non-Departmental (Include Gen Fund & Debt Serv. Fund)**

Description	FY2018 Amended Budget	FY2019 Budget Request	Comments
<b>Other Services</b>			
Telecommunications	\$ 48,561	\$ 48,561	
Training	43,500	43,500	
Downtown Employee Parking Benefit (55%)	71,610	71,610	
Governing Documents Update	250,000	667,200	<u>\$167,200 is projected to carry-forward from FY18 to FY19. FY18 is projected to spend \$82,800.</u>
Bad Debt	200	200	
Total Other Services	\$ 413,871	\$ 831,071	
<b>Other Charges</b>			
Dues & Licenses	\$ 137,135	\$ 137,135	<u>Includes SPARK services (\$75k) plus city-wide dues/memberships.</u>
AAATA Fee	105,009	108,752	<u>Fee is deducted from tax distrib.</u>
Tax Refunds	100,000	100,000	<u>Primarily Michigan Tax Tribunal estimated refund on prior year levies.</u>
ACA Health Care	148,200	48,200	<u>This is set aside for service units that have employees eligible for Health Care under the Affordable Care Act.</u>
Pension Contribution	-	70,376	<u>Portion of pension contribution required to comply with policy that contributions don't decline year over year.</u>
City Admin. Operating contingency	112,226	142,060	
Workforce planning contingency	262,612	262,612	<u>FY18 unused amount will roll-forward to FY19. This is not additive.</u>
Debt Service	8,788,721	8,924,565	
Total Other Charges	\$ 9,653,903	\$ 9,793,700	
<b>Personnel Services</b>			
Severances	31,482	500,000	<u>The majority of FY18 severances have been distributed to departmental budgets</u>
Labor & Contract Settlement contingencies	833,761	968,179	<u>Based on Labor Committee input. This is not additive. FY19 re-budgeted the unsettled labor contracts.</u>
Total Personnel Services	\$ 865,243	\$ 1,468,179	

**Question #40:** City Hall project – in response to my question for the April 16th council meeting, it was indicated that the renovations to the 3rd floor of Larcom were costing

\$55K+ and were “not funded from a capital budget, but from the City Administrator Unit’s operating budget.” I have a couple of follow-up Q’s on this:

- What are the criteria for a project being a capital project?
- What are the criteria for a project being included in the CIP?
- What account in the Administrator’s budget is being used to fund this?
- The April 16th response indicated that the \$55K did not include any office furnishings or technology upgrades for the conference room. The technology upgrades were listed as optional for about \$15K – are they being done? Are there any office furnishings and if so, what is the estimate of their cost?
- Is there a threshold of total spending amount for something like this that is used to trigger a council notification or can it be unlimited as long as the department finds the money in it’s budget somewhere and there is no individual contract that exceeds \$25K? (Councilmember Lumm)

**Response:** Typically, a capital project must be over \$100K to receive the designation of capital project and be included in the CIP process. The renovations were planned for in the FY18 budget process in the Risk Fund as one-time costs for security improvements. The office furniture (\$12K) and technology upgrades (\$17K) are both being done and funded by the City Administrator’s contingency. The City Council adopts budget appropriations at the department level in the General Fund and at the fund level for all other funds. The departments may spend the funding as they see fit as long as they do not exceed their budget appropriation. They only need to seek Council approval for contracts valued over \$25,000.



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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator  
Robert Pfannes, Police Chief

SUBJECT: Police

DATE: May 4, 2018

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**Question #16:** Police FTE's and cost – also on page 3 (recurring requests), adding 2 FTE's in Police (cost of \$99K) is listed. Previously, it was indicated these 2 FTE's were for training and FOIA work and that the cost was less than the normal cost for two officers because there was an offset. Have the officers already been moved to the training and FOIA work and can you explain again what the offset is? (Councilmember Lumm)

**Response:** A police officer position was moved to a FOIA sergeant position in FY18, and this position will be replaced in operations the FY19 budget. The Training Officer position has not yet been implemented. Up until this point, training management within the department has been an additional duty. With the anticipated achievement of CALEA training this summer, the creation of the Policing Commission, and the implementation of recommendations from the external reviews on community engagement, the department has the need for a full time training officer. The addition of both of these functions will result in additional operational effort.

**Question #31:** Community Policing – in response to my question at our public safety work session in January related to slide 32 at that work session on community engagement, it was indicated that the FY19 budget would request funds to complete a staffing study and operationalize community engagement. Perhaps I missed it, but I did not see any mention of a staffing study or any other efforts to reinvigorate community policing or operationalize community engagement beyond just the \$25K to support the new Commission. Is that correct? If not, please elaborate on the specific plans, and if



so, does that mean the plans to conduct a staffing study have been abandoned?  
(Councilmember Lumm)

**Response:** AAPD's budget is being augmented by \$25,000 in FY19 to support the Policing Commission. As stated to the task force, this funding is an allowance as the scope and support requirements for the commission will not be set at the time of budget adoption. While specific funding for a staffing study has not been separately requested, we do anticipate that the study will be funded from this allowance and other savings that can reasonably be expected to be realized throughout the year.



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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator

SUBJECT: SmartZone and LDFA

DATE: May 4, 2018

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**Question #3:** FY 2019 shows that \$750,000 has been allocated for strategic initiatives. Kindly provide a list of those initiatives and amounts associated with that. (Councilmember Kailasapathy)

**Response:** The SmartZone is wrapping-up its strategic planning efforts in the next couple of months and will share this with City Council later this year. The strategic plan will describe what goals are necessary to meet the SmartZone's mission and is structured to help prioritize its programs going forward consistent with MEDC guidance. From a budget perspective, a number of the programs align with existing SPARK activities while others are more expansive. The available revenue this year is greater than what the board anticipates providing to SPARK for historically provided programs. Consequently additional initiatives are being identified, which may or may not include SPARK as the lead. At this time, two items are being prepared for SmartZone consideration – Ann Arbor Mobility Transformation request and A2 I-Net Conduit Installation. The SmartZone Board still needs to vet and consider these items.

**Question #4:** Also marketing budget has been increased by \$100,000. What kinds of marketing initiatives are going to be undertaken? (Councilmember Kailasapathy)

**Response:** With this funding the SmartZone board would be asking its contractor (SPARK) to execute an integrated Marketing Services Plan, approved by LDFA, which addresses Public Relations, Collateral Materials, and Internet initiatives that support, compliment or advance LDFA funded programs or objectives. This expenditure would be limited to the \$300,000 budget allocation.

**Question #36:** LDFA expense budget – the FY19 expenditure proposal is \$4.3M, an increase of over \$1M (31%) vs. FY18. The budget proposal includes one line item of \$750K for “Strategic Initiatives”. Obviously, there must be some detail on this ¾ of a million dollars, so can you please provide it (what are the specific initiative(s), how is the money to be spent, who are the recipients, etc)? (Councilmember Lumm)

**Response:** Please see above response to Councilmember Kailasapathy’s question regarding the strategic plan.

**Question #37:** LDFA pass through to SPARK – page 329 shows that the amount of pass through to SPARK has almost doubled in four years (from about \$1.7M in FY15 to \$3.3M in FY19). How much of SPARK’s annual budget is paid for by the LDFA and have any other major SPARK funder’s increased their funding by anywhere near this level of increase (dollars or percentage)? (Councilmember Lumm)

**Response:** The LDFA funding is about 49% of SPARK’s total funding, down from 50% in FY2015. The non-LDFA funding level for FY2019 is not known at this time. Adjusting the requested comparison to FY2018, the LDFA funding increased 77% from FY2015 to FY2018; however this includes the expansion of funds allocated to the City of Ypsilanti. For comparability if the funds allocated to Ypsilanti are excluded, SPARK spent \$1.788 million (FY2015) versus \$2.897 million (FY2018) for Ann Arbor, an increase of 62%. SPARK’s total non-LDFA funds, on a calendar year basis, increased 39% with other grant funding leading the way with 107% increase. SPARK’s total budget for the calendar year 2018 is approximately \$6.5 million. Attached is their recent annual report which provides great detail on their 2017 performance.

**Question #38:** LDFA tax revenue – over the last six years, the tax revenue collected by the LDFA has grown by 2 ½ times – yes, 2 ½ times - from \$1.5M in FY13 to \$3.9M in FY19. Has the LDFA Board discussed capping their tax revenue growth like the DDA or reducing it? If so, can you please share the gist of the discussion and the rationale for the necessity of roughly 40% a year growth? Also, does Ann Arbor city council have the authority to reduce or cap the revenue? (Councilmember Lumm)

**Response:** The extension of the SmartZone was approved at the June 5, 2017 Council meeting. The revised agreement between the City and the MEDC took a couple of years to complete in order to satisfy the State’s expectations and limitations. The LDFA captures a portion of the State Education Tax and the School Operating millage. The State, in essence, holds the schools harmless from this capture via its General Fund appropriations. As part of the revised agreement the State required the level of growth in tax capture to be cut in half starting in FY2019. In addition if the funds are not spent (or are not reserved for an approved project), they are automatically remitted back to the State each year. Similar to the DDA, the SmartZone board recommends a budget to the City Council. The expenditure of the Council approved budget is the responsibility of the SmartZone Board within the guidance from the MEDC.



**DRIVING**  
i n n o v a t i o n

ANN ARBOR SPARK 2017 ANNUAL REPORT





## a letter from the chair

It has been a privilege to serve as Ann Arbor SPARK's board chair. The work of the Ann Arbor SPARK team and fellow board members has supported our economic expansion and success; it is exciting to think about what has been accomplished and what's still ahead.

Two years ago, Ann Arbor SPARK celebrated its 10-year anniversary. From its humble beginning, bringing together the Washtenaw Development Council and the Ann Arbor IT Zone – now officially known as the SPARK Central Innovation Center – the mission of Ann Arbor SPARK has been to attract the jobs and investment critical to economic development in this region. From Pittsfield Township to Howell, Brighton to Ann Arbor, from Ypsilanti to Saline, and every community in between, that work has continued to evolve with the demands of businesses and job seekers alike.

A visible example of this work was the creation of two marquee talent events: Tech Trek and Tech Homecoming. Both of these events were created in direct response to employer demand for more opportunities to meet jobseekers. In four short years, Tech Trek has grown to be an incredibly popular community event that not only brings together companies and job seekers, but also students, community leaders, and more.

Another example is the economic benchmarking report released last year. The report helped to catalyze a way for Ann Arbor SPARK to look at competing regions around the U.S. with a strategic and critical eye, to measure where we are succeeding and where we need to improve.

This past year, the State of Michigan recognized the impact of Ann Arbor SPARK's work with a remarkable funding extension. We are one of only three SmartZones to be extended for 15 years. It is a clear sign of our success growing entrepreneurial activity – in Ann Arbor and Ypsilanti – and illustrates the supportive culture that startups will experience here. As a region, we are serious about helping the earliest stage companies to grow and scale here.

Finally, our region's growing prominence in the mobility sector has been an incredible opportunity to attract industry, jobs, and investment in the greater Ann Arbor area. From hiring a mobility expert at Ann Arbor SPARK to the opening of the American Center for Mobility, 2017 was a banner year and builds our confidence that this critical sector will continue to grow.

Looking back at the progress we have made, the new programs we have implemented, and the opportunities that have been created, I am enthusiastic about our future opportunities for economic growth. I thank you for the opportunity to lead this dynamic organization during the past three years. I am beyond impressed with the commitment of so many who are passionate about our region's success.

Sincerely,

**Cynthia H. Wilbanks**

CHAIR OF THE BOARD, ANN ARBOR SPARK



## a letter from the president and CEO

What an incredible year! A few notable highlights:

- The American Center for Mobility at Willow Run opened its doors
- The Ann Arbor/Ypsilanti SmartZone was renewed for 15 years
- Global brands Toyota, Ford, Lear, and Applied Dynamics International all expanded here
- Livingston County renewed its partnership with Ann Arbor SPARK
- Services offered at the SPARK Central Innovation Center are now available at SPARK East

The grand opening of the American Center for Mobility was certainly an exciting highlight, cementing our region's preeminence in the future of transportation. In this coming year, Ann Arbor SPARK will work to attract businesses – from powerhouse brands to startups – to locate at the new site. We will also continue our work to make sure the emerging mobility companies receive full support in attracting and training talent.

The unparalleled talent base in the Ann Arbor region continues to compel companies to choose Ann Arbor for their most technical operations. FordLabs, a new dedicated mobility software office, opened in downtown Ann Arbor. Lear opened a cybersecurity-focused office. Toyota – celebrating its 40th anniversary in our region – underwent a 135,000 sq. ft. expansion.

In a move that acknowledges the collaborative efforts of many partners, the State of Michigan awarded a 15-year funding extension of the Ann Arbor/Ypsilanti SmartZone. With this funding, services available through the SPARK Central Innovation Center are now also available at our SPARK East business accelerator in Ypsilanti. The extension by the state deepens the foothold we have on being Startup City USA.

The 40 company growth projects Ann Arbor SPARK facilitated in 2017 resulted in more than \$120 million in investment commitments, 800+ new jobs, and 2,050 retained jobs. We assisted 217 startups and incubated 85 innovation workers at the SPARK Central Innovation Center and SPARK East. It is on that solid foundation that Ann Arbor SPARK will implement its updated strategic plan we are unveiling today. This plan, at its core, is focused on continuing to create opportunity for businesses and talent alike in Washtenaw and Livingston counties and southeast Michigan.

Regards,

**Paul Krutko**

PRESIDENT AND CHIEF EXECUTIVE OFFICER, ANN ARBOR SPARK



# accelerated growth

# innovation in

## ON THE ROAD TO SUCCESS

Growing from startup to profitable company – and sustaining that growth – is not an easy path. The hard work, dedication, vision, and patience it takes is remarkable. Even more remarkable: when a density of these businesses choose to navigate the road to success from the same location.

Ann Arbor has long been a hotbed of innovation, and innovative businesses continue to accelerate our economic prosperity. Driving industries are being fueled by new innovations across all sectors, including mobility, virtual reality, cybersecurity, and manufacturing. This diversity of businesses and jobs collide here to pave the road forward for companies, talent, and our economy.

**SPARK**  
@nn arbor usa



**HYUNDAI**

Invests \$5M in ACM, begins testing CAVs on-site



**warmilu**

Raises \$222,000, on track to save 7,200 babies with Kenya Kericho Hospital Project



Raises \$70M, valued at \$1.17B, Ann Arbor's first "unicorn"



**may mobility**

Establishes Ann Arbor headquarters, raises \$11.5M



**nav**

Invests \$1M in manufacturing



**FordLabs**

New specialized software office opens



**IndustryStar**

Increases revenue 60%



# ann arbor



Opens new cybersecurity office



**Groundspeed**

Raises \$2.4M, expands to new Ann Arbor office



Relocates back to Ann Arbor from Austin



Find Your Dittö

Founder named one of 10 People to Know by American Diabetes Association's *Diabetes Forecast*



Reaches 175,000+ members and \$1.7B in assets



**Ameritrade**

\$5.75M expansion creates 75 new jobs



**LYONSCG**

Continues growth, builds on previous \$1M expansion



new Saline ing plant



Molly McFarland



- Doubles staff and revenue
- Launches new website
- Signs exclusive agreements with new inventor partners



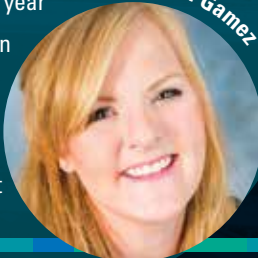
**Mi Padrino**

• 50,000+ users in first year

• \$100K Accelerate Michigan Innovation Competition winner

• \$50K Chloe Capital Pitch Competition winner

\$25K Detroit Creative Corridor grant



Kim Gamez



Christina York

- Graduates to the fourth floor of the SPARK Central Innovation Center
- Gains 16 hospitals as customers
- Attracts Invest Detroit as first institutional funder

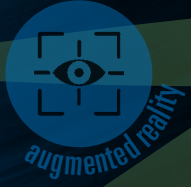
• Wins "People's Choice" at Accelerate Michigan Innovation Competition



**SPELLBOUND™**

## women in tech





augmented reality



software



cyber



mobility



virtual reality



tech



health & medicine



**TOYOTA**

Invests \$154M in regional expansion

**EMERGING COMPANIES** have found a home in Ann Arbor's tech sector. As an area of innovation, the high-knowledge talent required to support and inspire new level thinking and testing lives here.



**COYOTE**

Grows to 200+ employees



## TECH TREK, TALK & HOMECOMING

"It's all here" includes talent, and by showcasing the variety and density of innovation-based businesses and job opportunities in the Ann Arbor region, these marquee events attract and retain talented knowledge workers. These events are a fundamental way Ann Arbor SPARK's work creates economic growth and prosperity.

**ACM** Now open, the American Center for Mobility is an opportunity to attract attention – and investment – from global automotive and technological companies. It's also an opportunity to grow emerging industries driving the development of connected and autonomous vehicle technology. The Ann Arbor region is the nation's epicenter for mobility, and ACM is accelerating our success.



American Center for Mobility  
CONNECTED. AUTOMATED. VALIDATED.

**TECH**talk 



# start. grow. exit. repeat.



## SPARK CENTRAL & EAST INNOVATION CENTERS

The Michigan Economic Development Corporation awarded a 15-year funding extension to the Ann Arbor/Ypsilanti SmartZone, which is managed by the Local Development Financing Authority (LDFA). The funding directly supports Ann Arbor SPARK's entrepreneurial services in Ann Arbor – and extended those services to our SPARK East Innovation Center in Ypsilanti. As a result, entrepreneurs in both cities have access to incubator space, business acceleration services, mentors, and grant funding.

The SPARK East Innovation Center also got a facelift, which resulted in 35 percent more space for tenants as well as new interior and exterior paint and signage – ultimately boosting the visibility of the businesses located at the facility.

10,447 attendees

152 events held

37 states represented

### INNOVATE YPSI

\$135,000 in grants resulting in \$11.2M in investment

### SMARTZONE EXTENSION

Receives 15-year extension 1 of only 3 SmartZones

### EMU INTERN PROGRAM

24 students 12 startups 15 hired

## Boot Camp Re-booted

In parallel with the entrepreneurial ecosystem's evolution, Boot Camp has adapted to meet the changing needs of startups. With a syllabus focused on helping entrepreneurs define their value proposition and a robust cohort of expert mentors, Boot Camp now offers a \$25,000 prize to its "Best of" winner, selected by a panel of esteemed judges.

Boot Camp is often the first touch point entrepreneurs have with the tech ecosystem in Ann Arbor – and that's ideal because the expert advice from seasoned mentors gives them a solid path forward. It serves as a launching point from which companies can **ESTABLISH ROOTS, ATTRACT CAPITAL, AND GROW.**

## Bill Mayer

VP ENTREPRENEURIAL SERVICES, ANN ARBOR SPARK

## Choose to innovate in A2

Ann Arbor SPARK proudly partners with peer organizations in our community. Sometimes we will work with a company in tandem with our ecosystem partners, sometimes a partner is a "next step" for a company we've helped, or sometimes we refer a company who is not a fit for our services to a partner. No matter your industry, we are Startup City USA because every type of critical resource an entrepreneur needs can be found here.

### ACCELERATORS

MI-HQ  
Desai Accelerator  
TechStars Mobility  
U-M Tech Transfer  
Michigan Life Science and Innovation Center

### INCUBATORS

Startup Garage  
Tech Brewery

### MOBILITY

TechLab at Mcity

American Center for Mobility  
Honda Xcelerator  
Tus Accelerator  
PlanetM

### EDUCATION

New Enterprise Forum  
MISBDC  
A2 Newtech  
U-M Center for Entrepreneurship  
U-M Zell Lurie Institute

### RESOURCES

First Customer Program

Biotechnology Business Consultants

### FUNDING

Michigan Venture Capital Association  
First Capital Program  
Michigan Pre-Seed Capital Fund II

### COWORKING

Back Office Studio  
Landline Creative Studios  
Cahoots  
Workantile



## Michigan Angel Fund (MAF) —

With 130 members and 16 companies in its portfolio, MAF is the largest angel organization in Michigan. It fills an important funding gap by investing in very early stage companies across the state that are not yet primed for venture and other sources of capital. MAF is managed by Ann Arbor SPARK with support from the Michigan Economic Development Corporation.

In 2017, we successfully raised Michigan Angel Fund III and have invested in four exciting companies – Change Dynamix, Court Innovations, JOOL Health, and Groundspeed Analytics – all of which are performing very well. We also made our final investment from MAF II, in Shoulder Innovations. The Michigan Angel Fund not only provides an opportunity for more and different investors to become involved in our entrepreneurial ecosystem, it continues to be a **VALUABLE RESOURCE** to these early stage companies for whom other options for capital aren't available.



## Skip Simms

SENIOR VICE PRESIDENT, ANN ARBOR SPARK

## ENTREPRENEURIAL SERVICES AT-A-GLANCE

- Affordable office space for startups
- Entrepreneur Boot Camp
- Expert counsel to entrepreneurs
- Access to funding opportunities
- Educational & networking events

Nurturing and supporting homegrown businesses creates new jobs and increases local investment, which will in turn increase tax revenues.

## IMPACT ON OUR LOCAL ECONOMY

LDFA Accomplishments FY 2012-2017:

**390** companies served  
**929** jobs created  
**128** incubator graduates

**\$3.46** million in grants to startups

**\$603** million private equity raised

The Ann Arbor/Ypsilanti Smart-Zone LDFA provides capital to commercialize products developed locally. LDFA grows these companies in Ann Arbor and Ypsilanti, funded by the State of Michigan.

## ENTREPRENEURIAL SERVICES

### Accelerator

**AlertWatch**  
 Raises a **Series A** to **double R&D staff**

### Access to Funding

**shoptelligence**  
 Launches service on six sites, **doubles employees**

### Mentorship & Expert Counsel

**GIVE AND TAKE**  
 Raises **\$2.2M** seed funding round, launches beta of Givitas

### Education

**TRUE JOB**  
**Quadruples** number of customers

### Job Seekers

# SPARK



# leadership. vision. resources.

## Funding helps employers and skilled trades employees

In 2017, Ann Arbor SPARK worked closely with Michigan Works! Southeast to increase applications to the **Skilled Trades Training Fund (STTF)**. STTF provides competitive awards for employer responsive training that enhances talent, productivity, and employee retention. The funding helped **29 companies** in Washtenaw and Livingston counties with training, developing, and retaining current and potential employees. The training, which is customized to meet skills required by employers, **supported more than 930 jobs** in the region and **leveraged \$985,943** in state funds. The companies that benefited from STTF employ **more than 4,100 people**.

## Life science companies

Thanks to its deep talent pool, heritage, and flexible workspaces that support the growth trajectory common with life science companies, the Ann Arbor region is a destination for biopharmaceutical, bioresearch, medical device, bioinformatics, and biomanufacturing companies. Coworking space MI-HQ, located on the west side of Ann Arbor, has grown rapidly and is now home to **13 distinct life science companies**. Biopharmaceutical company Lycera continues to grow in Michigan. It moved into new space in Pittsfield Township in 2017. It worked with Ann Arbor SPARK to secure incentives to renovate its space to accommodate growth.

## Long-term growth fuels the economy

### ADI APPLIED DYNAMICS INTERNATIONAL

Applied Dynamics International, founded here in 1957, specializes in advanced computing. The company, which is experiencing rapid growth, announced it will invest nearly **\$4.4 million** and create **100 high-paying jobs** to expand in Ann Arbor.

### TOYOTA

Toyota celebrated its 40th anniversary in the Ann Arbor region in 2017. The automotive leader also announced a **135,000 sq. ft. expansion** of its research and development center in York Township. Toyota, which has invested **\$126 million** here in the last two years, will invest an **additional \$28 million** in its expansion.

BUSINESS DEVELOPMENT SERVICES

Site Selection & Talent Services

Turnkey Project Management Solutions

Business Attraction

Promote Company Success

**TusStar**  
启迪之星  
Chinese accelerator  
lands near **North  
Campus** to tap into  
**U-M innovation**

**NAVYO**  
French autonomous shuttle  
firm selects Saline for  
U.S. manufacturing  
plant, invests  
**\$1M+** and  
creates  
**50 jobs**

**Ford** **FordLabs**  
Innovative IT services  
division of Ford  
selects downtown  
Ann Arbor to tap  
into **talent, tech  
culture, and  
scene**

**ZOMEDICA**  
Veterinary pharma and  
health care company  
**Zomedica** goes public  
(NYSE American:ZOM)

**SPARK**



## Spotlight on mobility

The past year was a banner year for mobility in the Ann Arbor region. The **American Center for Mobility** attracted AT&T, Visteon, Toyota, Ford, and Hyundai America Technical Center Inc. to begin testing connected and autonomous vehicles at its facility, which opened in December. Autonomous shuttle manufacturer May Mobility, whose technology was developed at University of Michigan, opened its offices in Ann Arbor and began testing its fleet in downtown Detroit. French-based NAVYA, whose autonomous, driverless, and electric vehicles are on the roads around the world, opened its first U.S. operation – a manufacturing facility – in Saline.

## LIVINGSTON COUNTY SNAPSHOT

Ann Arbor SPARK and the Economic Development Council of Livingston County are working to advance the economy of Livingston County and the Ann Arbor region. In 2017, this partnership resulted in more than \$19+ million in new investment and nearly 79 new jobs in the county.

**\$279M** in new private investment since 2012

### THAI SUMMIT HOWELL EXPANSION

**\$7 million** in investment  
**33 new** job commitments

### TG FLUIDS BRIGHTON EXPANSION PROJECT

**\$12 million** in investment  
**35 new** job commitments

### ABERRANT ALES OPENS IN DOWNTOWN HOWELL

Transformed a vacant space into a lively **downtown destination**

Ann Arbor SPARK and the Economic Development Council of Livingston County's guidance throughout our **EXPANSION, HIRING, AND TRAINING** has been great and a tremendous help.

**Jaime Portillo**

TG FLUID SYSTEMS



## BUSINESS DEVELOPMENT AT-A-GLANCE

- Local business expansion
- Business attraction
- Business introductions and referrals
- Site search and selection
- Incentive support
- Talent services

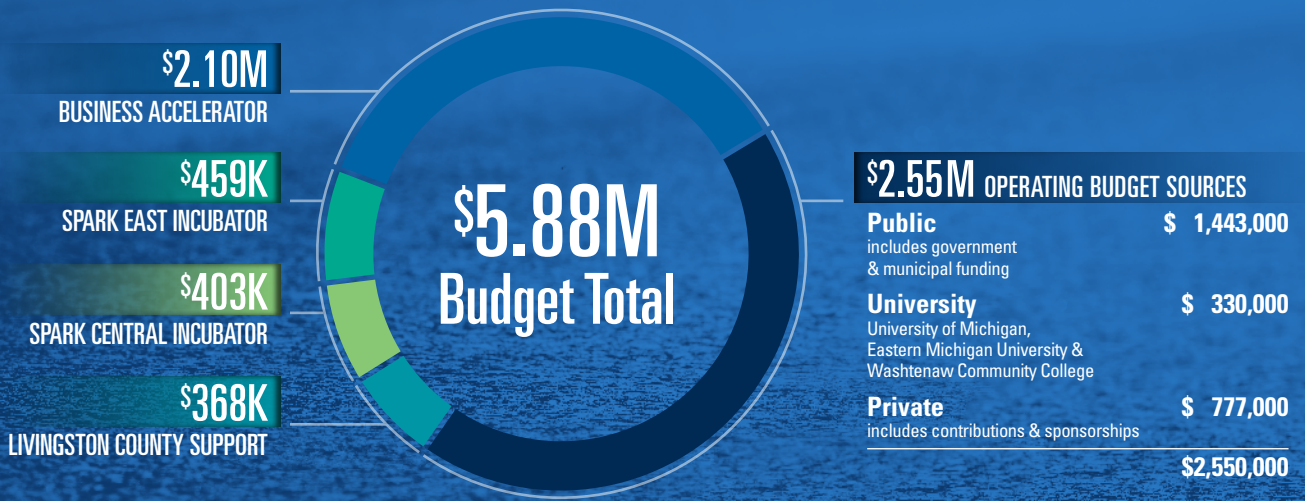
From creating business development opportunities in Ypsilanti to promoting a skilled trades training program, SPARK provides the leadership and vision needed to help companies plan and grow.

In the past 13 years, SPARK's business development team has facilitated over **456 PROJECTS** – growing and retaining businesses in the region as well as attracting global companies.





# 2017: FINANCIAL HIGHLIGHTS



## Current Funders AS OF DECEMBER 2017

### PRIVATE SECTOR – \$25,000+



### PRIVATE SECTOR – under \$25,000

- Ann Arbor Area Board of Realtors
- Arboretum Ventures
- Arbormoon
- Barracuda Networks
- Blue Cross and Blue Shield of Michigan
- Bodman
- Business Wire
- Butzel Long
- Chemical Bank
- Citizens Bank
- Comcast Business
- Comerica Bank
- Disher Design
- Domino's Farms
- Fifth Third Bank

# SPARK SUCCESSES

**40** company growth projects creating

**217** startups assisted  
170 of those companies received intensive services – those companies currently employ 657 FTE

**312** companies assisted with 823 job postings

**\$120** million in new investment commitments

**818** announced jobs

**2,050** retained jobs

**85** incubator tenants nurtured

## 2012-2017 RESULTS

**226** company growth projects creating:  
**\$943.2** million in new investment commitments  
**6,223** announced jobs  
**807** startups assisted, 522 received intensive services and have employed 2,415 FTE  
**10** pre-seed investments awarded to 9 companies (\$175.4k/company avg)  
**2,094** companies assisted with 9,163 job postings  
**25** microloans awarded to 23 companies (\$33.6k/company avg)\*  
**186** incubator tenants nurtured  
**\$15+** million community investments leveraged through Federal and State grants, foundations, and other sources

\*Includes PSF, LDFA & Eastern Washtenaw funds

GDI Infotech  
GenZe  
Golden Limousine  
Honigman Miller  
ITC Michigan  
Key Bank  
Liebherr Aerospace  
LLamasoft  
Mannik & Smith Group  
Menlo Innovations  
Michigan Office Interiors  
MLive Media Group  
NSF International  
Old National Bank  
Oxford Companies  
Plante & Moran  
Ralph Wilson Foundation

Rehmann  
Reinhart  
Rudolph Libbe Group  
SI Company  
TD Ameritrade  
Thomson Reuters  
Truven Health Analytics (IBM Watson Health)  
University of Michigan Credit Union

### ACADEMIC PARTNERS

Eastern Michigan University  
University of Michigan  
Washtenaw Community College

### PUBLIC PARTNERS

AAATA (The Ride)  
Ann Arbor Charter Township  
Ann Arbor Downtown Development Authority  
Ann Arbor/Ypsilanti Local Development

Finance Authority  
City of Ann Arbor  
City of Chelsea  
City of Dexter  
City of Saline  
City of Ypsilanti  
EDC of Livingston County  
MEDC  
Michigan SBDC  
Michigan Works! Southeast  
New Economy Initiative  
Pittsfield Township  
Scio DDA  
Superior Township  
U.S. Department of Commerce  
Washtenaw County  
Ypsilanti Township



# talent. growth. investment.

## High-level talent creates high-level innovation

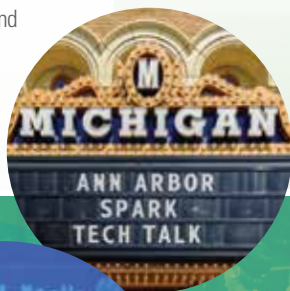
Ann Arbor is a destination where talented people know their careers – and their families – can thrive, and businesses know that they can find the talent they need to continue to create innovative products and services. These high tech, high skill jobs are critical to our continued economic success. Part of Ann Arbor SPARK's work is to generate awareness globally of the jobs and jobseekers in this region; this awareness fuels investment, business growth, and an ever-deepening talent pool that work in concert to drive economic prosperity.



“Tech Homecoming started three years ago as a way to engage with talented individuals that had left Michigan for other cities, many of them on the coasts. As they return home to see family and friends, we want them to also see the Ann Arbor job ecosystem in a new way – this is the event in which we get to paint that picture for them. We want to make sure they know that the “SMARTEST CITY IN AMERICA” and best rated place to raise a family also has really compelling career opportunities!”

### Jordan Fylonenko

SENIOR PR MANAGER, DUO SECURITY



## TECH TALK

**891** REGISTERED

**18** STATES REPRESENTED



**#7** best cities for entrepreneurs

LIVABILITY.COM  
2017



**#1** most educated cities

WALLETHUB.COM  
2017

**#5** best cities for millennials

FORBES.COM  
2016

**#1** best cities to live in America

NICHE.COM  
2017

## TECH HOMECOMING

**15** PARTICIPATING COMPANIES

**581** REGISTERED

**23** WALK-INS

**145** RESUMES COLLECTED

**17** STATES REPRESENTED

## TECH TREK

**70+** PARTICIPATING COMPANIES

**4,200** REGISTERED

**13** SPONSORS

**43%** ACTIVE JOBSEEKERS

**79%** OF COMPANIES CONNECTED WITH TALENT

**30** STATES REPRESENTED

**5.1M** people exposed to brand

**#7** best cities for small businesses

NICHE.COM  
2017



# 2017 region by-the-numbers



DISCOVER VARIETY

## VENTURE CAPITAL DEALS

**5.8x** THE NATIONAL AVERAGE

## REGIONAL COMPANIES

**41%** INVESTING CAPITAL

**63%** HIRING

**58%** PROJECTING SALES GROWTH

**35%** LAUNCHING NEW PRODUCTS

## FROM FOREIGN OWNED COMPANIES

**84%** OF INVESTMENT

**37%** OF NEW JOBS

## DOWNTOWN INNOVATION CORRIDOR REPRESENTS

**3,000** EMPLOYEES

**231** TECH COMPANIES

**#20** happiest cities to work in  
FORBES.COM 2016

## MARKETING THE REGION AT-A-GLANCE

Creating a global platform for the Ann Arbor region:

- Company successes
- World-class talent
- Career opportunities
- Startup ecosystem

From company investment to jobs, ensuring that the Ann Arbor region is on the global map as a destination is core to Ann Arbor SPARK's mission.

## AWARD-WINNING NEW-MEDIA APPROACH

**3.6M** social media impressions

**1.2M** online impressions

**612K** website visits

**55.3K** PR hits & views

**105.7K** YouTube views

BOARD OF DIRECTORS  
**David Parsigian** – Vice Chair, **Cynthia Wilbanks** – Chair,  
**Timothy G. Marshall** – Past Chair, **David Ruud** – Treasurer,  
**Dr. Rose Bellanca** – Secretary



## THE SPARK TEAM

### LEADERSHIP & ADMINISTRATION

**Paul Krutko**  
President & CEO

**Skip Simms**  
Senior Vice President

**Phil Santer**  
SVP & Chief of Staff

**Bill Mayer**  
VP Entrepreneurial Services

**Jennifer Cornell**  
VP Marketing & Communications

**Danielle Jones**  
Director of Development & Assistant to the CEO

**Liz Perpich**  
Director of Admin & Finance

**Lisa Bies**  
Staff Accountant

**BUSINESS DEVELOPMENT**  
**Jennifer Olmstead**  
Director of Business Development

**Alex West**  
Director of Research

**Marcia Gebarowski**  
Director of Business Development, Livingston

**Julia Upfal**  
Business & Municipal Development Manager

### ENTREPRENEURIAL SERVICES

**Jonathan Goldstein**  
Director of Entrepreneurial Services

**Komal Doshi**  
Director of Mobility Programs

**Phillip Coleman**  
Events Manager

**Mike Flanagan**  
VP Capital Programs

**Ben Harrington**  
Client Research & Knowledge Manager

**Charlotte Dillard**  
SPARK Central Innovation Center Coordinator

**Joe Licavoli**  
SPARK East Innovation Center Manager

**MARKETING**  
**Laura Berarducci**  
Director of Marketing & Communications

**Lindsay Thomas**  
Digital Marketing Manager

**Joshua Thompson**  
Marketing Analyst & Graphic Designer

**DEVELOPMENT**  
**Courtney Looney**  
Program Associate





## board of directors

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Vice President  
Government Relations  
University of Michigan

### **David Parsigian (Vice Chair)**

Partner  
Honigman Miller Schwartz  
and Cohn LLP

### **David Ruud (Treasurer)**

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DTE Power & Industrial Business  
DTE Energy

### **Dr. Rose Bellanca (Secretary)**

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Washtenaw Community College

### **Timothy G. Marshall (Past Chair)**

President and CEO  
Bank of Ann Arbor

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CEO  
McKinley

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Regional President  
PNC

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President Emeritus  
University Musical Society  
University of Michigan

### **Stephen Forrest**

Professor  
University of Michigan

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Director  
Collaborative Safety Research  
Center (Toyota Motor North  
America, R&D-HQ)

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Lindhout Associates Architects AIA PC

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Ann Arbor SPARK

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GDI Infotech, Inc.

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President and COO  
DTE Electric at DTE Energy

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North American Government  
Health & Human Services  
IBM Watson Health

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Associate Vice President for  
Research-Tech Transfer - Retired  
University of Michigan

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President  
University of Michigan

### **Jim Smith**

President  
Eastern Michigan University

### **Chris Taylor**

Mayor  
City of Ann Arbor

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University of Michigan

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Trinity Health Michigan

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County Administrator  
Washtenaw County

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Attorney and Advisor to  
the President  
Eastern Michigan University

### **Mandy Grewal Ph.D.**

Supervisor  
Pittsfield Charter Township

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President  
Griffith Realty

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CEO  
Oxford Companies

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Ann Arbor SPARK

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Chairman  
Washtenaw County Board  
of Commissioners

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Administrator  
City of Ann Arbor

### **Sava Lelcaj-Farah**

CEO  
Savco Hospitality

### **Lon Lowen**

Associate Vice President,  
Engineering  
Arbor Networks

### **Joanne Rau**

Senior Vice President  
Business Banking Group Executive  
Fifth Third Bank

### **Paul R. Roney**

President  
Domino's Farms Corporation

### **Ann Marie Sastry**

Founder and CEO  
Amesite

### **Matt Sharp**

Chief Digital Officer  
MLive Media Group

### **Richard B. Sheridan**

CEO, Chief Storyteller  
Menlo Innovations LLC

### **Christine Sing**

Principal  
Rehmann

### **David Snodgrass**

President and CEO  
Lake Trust Credit Union

### **Brenda Stumbo**

Supervisor  
Charter Township of Ypsilanti

### **Mickey Swartzel**

CFO/COO  
New Eagle

### **Robert Young**

Group Vice President  
Purchasing, Supplier Engineering  
Development & Cost Planning  
Toyota Technical Center  
Toyota Motor North America

*SPARK will advance the economy of the Ann Arbor region by establishing the area as a desired place for business expansion and location . . . by identifying and meeting the needs of business at every stage, from those that are established to those working to successfully commercialize innovations.*



[www.AnnArborUSA.org](http://www.AnnArborUSA.org)





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TO: Mayor and Council

FROM: Tom Crawford, CFO

CC: Karen Lancaster, Finance Director  
Howard S. Lazarus, City Administrator

SUBJECT: Washtenaw County Millage

DATE: May 4, 2018

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**Question #11:** County millage – it appears that the FY19 revenue budget includes \$880K from the millage for climate action programs (City Administrator), \$880K for affordable housing (Community Services) and \$440K for pedestrian safety (Public Services), and the FY19 expenditure budget includes \$420K for pedestrian safety (referenced p. 2 of budget message) and \$75K for climate action (also referenced on p. 2 of budget message). Is that accurate (\$2.2M revenue; \$495K expense)? Also, is the plan to maintain a separate fund for the proceeds returned to Ann Arbor (and related expenses) or to incorporate into the general fund? (Councilmember Lumm)

**Response:** Yes, that is accurate. Yes, the plan is to maintain a separate fund.