eCities

eCities 2014 Year-End Report

iLabs, *The Center for Innovation Research*

College of Business

University of Michigan-Dearborn

eCities is an annual research study that examines the factors – at the community level – that foster entrepreneurship and encourage economic development. The focus is on entrepreneurship because of its importance to expansion and diversification of regional economies and small businesses' impact on job creation. The primary purpose of eCities is to help communities benchmark their efforts and gather best practices from other communities across the state.

Background

Across the country, economic development activities are carried out by various entities, including state agencies, regional associations, and counties. While these broader organizations engage in promoting economic development in Michigan, similar activities are also undertaken by many townships, cities and villages. Given this, the eCities project uses the community as the unit of measurement and not a county or metropolitan area as other studies have used.

The eCities project seeks to provide benchmarking tools and overview reports for participating communities and has incorporated new ways to learn from the Best Practices of local communities across the state. While there is no single solution for every community, the Best Practices allow communities to understand strategies that can be tailored to local resources and communities. Helping local communities, who often have the most impact on small and entrepreneurial firms, provides an opportunity to improve the environment for entrepreneurialism throughout the state. Since its inception in 2007, eCities has grown from 14 to over 190 participating communities with over 300 communities invited to participate each year. As communities continue to demonstrate their interest in the annual project, the eCities team is implementing new ways to benchmark community progress and offer more comprehensive analysis to participating communities.

Data Sources

The eCities index analysis is comprised of a six-factor, 32-item analytical tool and is the key research instrument in the eCities project. This analytical tool compares and weights the factors to identify top performing communities. The six factors and the items they include are:

Clustering: Examines concentrations of business property and municipal infrastructure investment.

Incentives: Examines tax rates, tax abatements, and the use of tax incremental finance tools employed by local governments.

Growth: Examines changes in business activity and commercial construction occurring within communities.

Policies: Examines organizational support for entrepreneurship and the use of economic development tools by local government.

Community: Examines the socioeconomic and cultural factors for economic development in cities and townships, including percentage of households reporting self-employment income, average household self-employment income, and crime rates.

Education: Examines education levels of residents, which provides businesses with a pool of knowledge-based workers.

Relevant data points have been indicated based on knowledge of what information local government's track, what data is relevant to business attraction and retention, and comes from publicly available records; including the US Census, local building department databases, city and county assessing rolls, and state crime reports. The quantitative data collected for the eCities index analysis is rooted in reliable and constant sources to ensure that data remains consistent and verifiable, year over year. Additionally, changes that have been made to the index analysis have been made to reflect changes to state level policy.

eCities strives to collect, measure, and analyze data that aids participating communities in as many ways possible. As such, eCities 2014 marked significant contributions to fulfilling this mission by continuing to evaluate Best Practices communities with a new panel of entrepreneurs and experts. To participating communities, the eCities best practices review panel provides a unique perspective and personal evaluation of the community's "pitch" to potential entrepreneurs or investors. This panel included:

Anglea Barbash, *CEO/Founder, Reconsider*
Ian Daykin, *CEO, CSME, Inc.*
Jim Geisler, *President, Geisler Enterprises, Inc.*
Frederick W. Hoffman
Kevin Johnson, *Senior Policy Development Planner, SEMCOG*
Meredith Kerekes
Pavan Muzumdar, *Principal, Revalue*
Crystal J. Scott, *Associate Professor, UM-Dearborn*
Rod Sturgeon, *Retired Property Tax Manager, Exxon Mobil*
Kerry Thompson, *Entrepreneur & Researcher*

2014 Best Practices Communities

For the 2014 project, over 150 communities participated in the study, with 83 completing the process to receive benchmarking and overview reports. Out of the 83 communities, the 2014 study recognized six communities based on their innovative and successful efforts at fostering entrepreneurship and encouraging economic development. Each community, once they completed the quantitative survey, was eligible to respond to the Best Practice survey in which each community was given an opportunity to articulate their specific efforts; each response was reviewed by a panel of entrepreneurs. This year's Best Practices Communities are: the Village of Almont, the Charter Township of Delta, the City of Madison Heights, the City of Midland, the City of Saline, and the City of Sault Ste. Marie.

Village of Almont

The Village of Almont has a warm and inviting community for both residents and businesses. Their tight-knit community fosters place-making and business development through critical partnerships with the public school system to bring fiber-optics to the community, the various business and community organizations to develop core programming to support entrepreneurs and small businesses, and encouraging business investment in the community by leveraging façade grants as well as cutting edge programs to nurture business engagement.

Delta Charter Township

Delta Township leverages the collaborative nature of the community to highlight the areas key assets. The community's business mix of commercial, retail and industrial benefit from proximity to talent, training, and university resources. Beyond business attraction and retention efforts, the community has focused efforts on placemaking to really engage businesses and residents in sense of place projects to enhance quality of life.

City of Madison Heights

Madison Heights has made a commitment to helping companies create good jobs, build and retain talent, and practice a pro-business model of delivering services. To realize this commitment, the City has implemented programming specifically for entrepreneurs and industrial businesses, streamlined site selection with pre-development walk-throughs and created matchmaking meetings and virtual introductions for new and existing businesses.

City of Midland

Midland balances quality of life and an innovative business community through its support of businesses at all stages. The City has worked with regional partners to bring a Smartzone to the area and further support innovation among startups, second stage, and global companies.

City of Saline

Saline is a collaborative and proactive community. The City has outlined a host of strategic goals which include improvements to the Downtown core, emphasizing customer, creating a Business Collaborative focus group, and maximizing existing assets through strategic partnerships. The City has focused on championing business by creating a team solely dedicated to supporting the business community.

City of Sault Ste. Marie

Sault Ste. Marie has engaged in critical partnerships and collaborations to elevate the business community. Their targeted efforts support entrepreneurs, second stage companies, and mature companies through incubation services, technical assistance, job training, product development, and commercialization activities.

2014 Five-Star and Four-Star Communities

Beyond the six Best Practices communities, 34 communities were also recognized as 5-Star and 4-Star communities. The 5-Star and 4-Star communities in the eCities Project are part of a group of Michigan communities making up the top places for business.

Five-Star Honored Communities

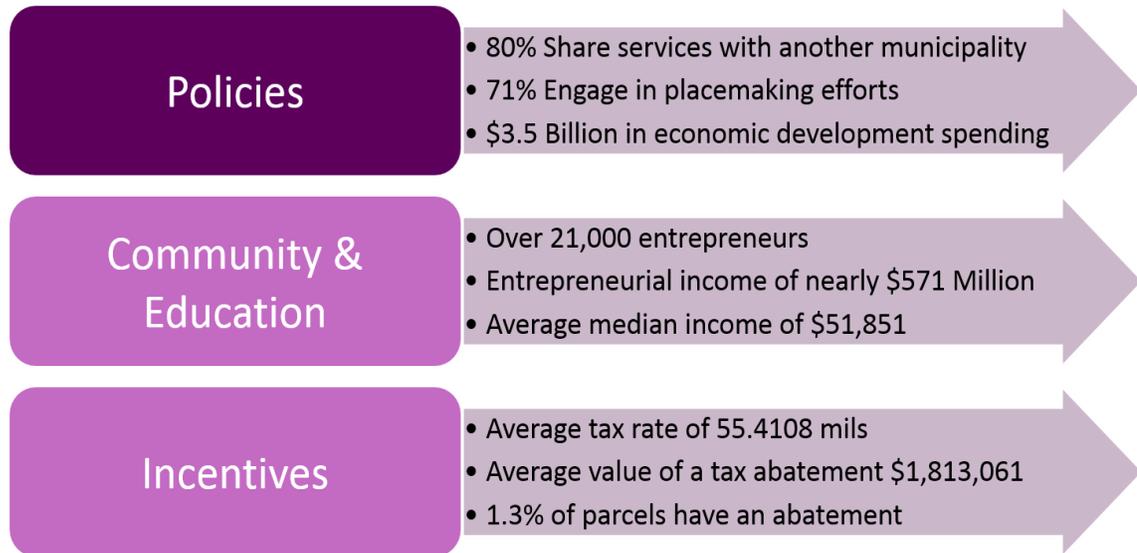|	
Ann Arbor Charter Township	City of Plymouth
City of Ann Arbor	City of Rochester Hills
City of Auburn Hills	City of Sault Ste. Marie
City of Dearborn	City of Wixom
City of Grand Blanc	Delta Charter Township
City of Grandville	Kochville Township
City of Midland	Marquette Charter Township
City of Northville	Plymouth Township

Four-Star Honored Communities

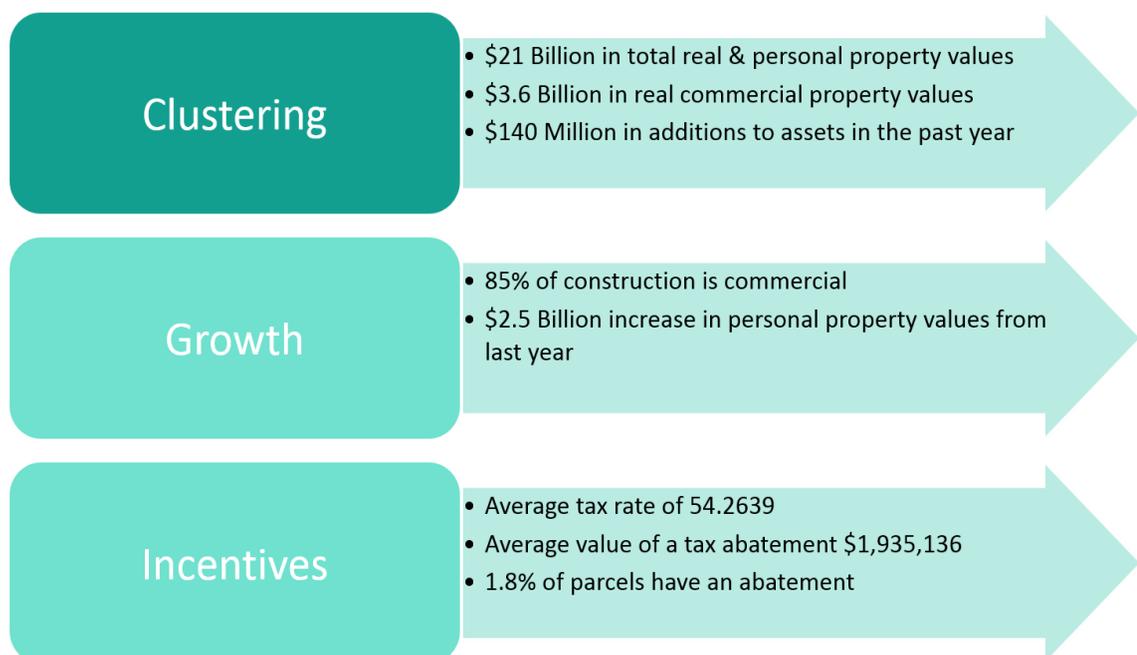|	
Cascade Charter Township	City of Romulus
Charter Township of Meridian	City of Saline
City of Coldwater	City of Southfield
City of Livonia	City of Sterling Heights
City of Madison Heights	City of Tecumseh
City of Marquette	City of Woodhaven
City of Mason	Northville Charter Township
City of Novi	Scio Township
City of Rochester	

Highlights

This year the 83 Participating Communities are from across the state and are home to more than 1/4th of Michigan's population. These communities are educated places, with almost 30% of the state's college graduates living in these specific communities. Within their borders, almost one third of the real commercial property value of the state and 14.3 Billion dollars of construction, most of which was by way of business. Additionally, one quarter of the Michigan's entrepreneurs live in these 83 communities and reported half a billion dollars in self-employment income. Finally, these 83 communities also supported 8 million dollars of economic development services last year.

In 2014, eCities recognized 33 such municipalities as four- and five- star communities.

The four-star communities were recognized in for their efforts in eCities index factors such as policies, community and education, and incentives.

Policies
- 80% Share services with another municipality
- 71% Engage in placemaking efforts
- $3.5 Billion in economic development spending

Community & Education
- Over 21,000 entrepreneurs
- Entrepreneurial income of nearly $571 Million
- Average median income of $51,851

Incentives
- Average tax rate of 55.4108 mils
- Average value of a tax abatement $1,813,061
- 1.3% of parcels have an abatement

The five-star communities were recognized for their efforts in eCities index factors such as clustering, growth, and incentives.

Clustering
- $21 Billion in total real & personal property values
- $3.6 Billion in real commercial property values
- $140 Million in additions to assets in the past year

Growth
- 85% of construction is commercial
- $2.5 Billion increase in personal property values from last year

Incentives
- Average tax rate of 54.2639
- Average value of a tax abatement $1,935,136
- 1.8% of parcels have an abatement

Conclusion

eCities 2014 continues the tradition of helping communities to improve the state's entrepreneurial climate by collecting and sharing the Best Practices of Michigan municipalities and providing an understanding of what strategies are successful in engaging the business community. The eCities project highlights how local governments from across Michigan are growing their communities and supporting businesses. As a university, the University of Michigan-Dearborn wants to share the successes and educate about the best practices that can be used by other communities in the state. As the nature of economic development evolves, eCities is a tool to help local governments demonstrate their role in the changing economy. These governments are supporting unique and innovative efforts locally, while collaborating regionally to help Michigan businesses compete in an ever-changing business climate.

Much like the entrepreneurs whom they covet, communities need to understand that Best Practices cannot be copied and applied without consideration. Communities need to recognize and match their resources to best meet the needs of their businesses if they are to encourage growth and attract entrepreneurial investment.

To learn more about the eCities project or iLabs, please contact us at umd-ilabs@umich.edu or 313.593.3991. eCities 2015 will launch in May 2015. Visit www.umdilabs.com/ecities for updates.