



# Vibrant 21st century communities are the economic engines of our state

Experts from around the world—in academic, business, and public sectors alike—agree that investing in communities is a critical element to long-term economic development in the 21st century. Michigan’s future depends on its ability to attract and retain knowledge-based workers. Central to attracting this priceless commodity is place. Research proves that successful 21st century communities achieve that sense of place by effectively leveraging the following key assets, which must remain at the forefront of legislative policy as well as local, regional, and statewide strategies for investment and economic development:

## ► Physical Design and Walkability

Prime location in the 21st century means compact, dense, walkable settings that provide safe and convenient access to the places people live, work, shop and play. The desire for such places is especially strong among educated millennials and boomers, key demographics in our new economy.

**Recommended Actions:** Creating and protecting authentic places requires smart planning and development, infrastructure investment, historic preservation and housing opportunities. Revitalization at the local level requires a range of flexible zoning, planning, and financing tools bolstered by predictable and meaningful state and federal incentives, with priority for developed communities.



## ► Multimodal Transportation Networks

Around the world, thriving metropolitan regions offer a range of safe and appealing transportation options for all users: pedestrians, bikers, public transit riders and drivers.

**Recommended Actions:** Long-term reliable transportation funding sources must support infrastructure maintenance and improvement, including multimodal transit options. Infrastructure investment should be prioritized for developed, full-service communities and regions.

## ► Environmental Sustainability

Being good stewards of our environmental resources is not just a “feel good” proposition; it is an economic necessity. Michigan’s unique natural resources position us apart on a global scale in terms of the emerging green economy, and they provide unparalleled quality of life for our residents.

**Recommended Actions:** Local governments are key partners with state and federal agencies in protecting these resources, and in leading our collective transition to the new energy economy. State and federal policy must be flexible and supportive of local efforts to invest in energy efficiency, alternative energy, water quality, and related infrastructure. Financial resources and technical assistance for local initiatives are key to success.



## ► Cultural Economic Development

A healthy creative sector that offers a wide range of entertainment and cultural enrichment options has considerable economic impact on a region. It is also a primary factor in attracting and retaining residents and businesses alike.

**Recommended Actions:** Investment in arts and culture pays dividends directly, and adds much to our collective quality of life and sense of place. State and federal policy must recognize the arts and culture sector as a strategic economic development partner and value it accordingly.

## ► Entrepreneurship

The new economy is being built at the local level, growing jobs by ones and twos through entrepreneurs and small businesses.

**Recommended Actions:** Economic development strategies aimed at leveraging existing talent and firms at the local level—economic gardening—must be prioritized. Local governments must be engaged as key partners in collaborative approaches to supporting and nurturing small business growth at the state and regional level.



## ► Welcoming

Creating and sustaining a genuine commitment to inclusion and diversity is essential to attracting and retaining an educated, talented workforce. 21st century communities embrace and celebrate people of all backgrounds and recognize that diversity is an unparalleled source of strength and an invaluable competitive advantage in a global economy.

**Recommended Actions:** Policies at all levels must foster inclusion of all people in the civic life of our communities, regardless of their race, color, religion, age, sex, sexual orientation, gender identity or national origin. To build a prosperous state and vibrant cities, Michigan must be welcoming to all who wish to make its communities their home and place of business.



## ► Education

Educational institutions play a central role in growing and supporting a knowledge-based economy, particularly effective talent retention initiatives. As anchor institutions, public and private schools, libraries, colleges, and universities bring opportunities beyond education, including research, entertainment, arts and culture, healthcare, and recreation.

**Recommended Actions:** Local government must be empowered to effectively collaborate with these key community stakeholders and participate as a partner in decisions that impact the broader community.

## ► Messaging & Technology

Technology and telecommunications infrastructure are a basic necessity for a thriving economy and for attracting and retaining talent. Access to reliable technology infrastructure influences where businesses and residents choose to locate. Technology also offers innovative ways to communicate with residents and serves as an important tool to promote transparency.

**Recommended Actions:** Local governments must retain the right to establish, own and operate existing, new and emerging systems. They also need the opportunity to partner with private and public service providers to deliver critical access to technology and related infrastructure to their residents and business community. In addition, local communities must have the primary right to define locations for infrastructure in or near rights-of-way that meet the safety and aesthetic needs of homeowners, the community, and the engineering needs of the provider.

# Changing the Fiscal Model

## ► Municipal Finance and Services

Local government provides the infrastructure and services that impact our quality of life every day: clean drinking water, safe streets, emergency help, enjoyable parks, exciting downtowns, and the amenities and programming that make communities special. Yet year after year, local government is called upon to support infrastructure and provide services on a broader scale with less and less capacity to meet the needs of its businesses and residents.

Our current system for funding local government relies heavily on property taxes, which due to our restrictive property tax system, are held at artificially deflated levels. The limitations imposed by our current funding structure means we will be left in decline even during an economic recovery. Worse yet, the state and federal governments have systematically disinvested in local communities over the years, with state support for revenue sharing to cities, villages, townships and counties down over \$8.5 billion in the past 20 years. Michigan ranks 50th nationally in local funding while every other state has increased their total local funding support during that time.



The infrastructure that supports our transportation, water, wastewater, utilities, and public buildings is aging and crumbling due to deferred maintenance and repair. Our finance model does not provide adequate funding to fully maintain and invest in our critical infrastructure. Efforts to reform municipal finance need to provide funding levels that will enable local governments to address these long term structural costs that are not being met.

**Recommended Actions:** Reforms to the municipal finance system are necessary for our survival. These reforms must provide fiscal stability and sufficient flexibility to allow for the necessary investments in attracting and retaining the talent that drives our economy.

- **COST CONTAINMENT MEASURES -**

Michigan's communities are burdened by a crushing level of debt from retiree health care obligations (OPEB) and to a lesser degree employee pensions, diverting money from current operations and service delivery. We need to move to a different service delivery model for providing reasonable benefits without burdening future budgets.

- **LOCAL GOVERNMENT STRUCTURE -**

Historically we have evaluated the efficiency or necessity of any infrastructure improvement within the limited context of a political boundary. This has led to methods of service distribution in Michigan that are fragmented, duplicative, and inefficient. We should maximize investment in existing infrastructure rather than creating systems and infrastructure that reduce economies and efficiencies elsewhere. Evaluating the structure of local government in Michigan can reveal innovative ways to increase efficiency in how our communities meet the demands of residents and businesses.

- **MORE STABILITY AND DIVERSITY FOR LOCAL REVENUE -**

If we truly want a great Michigan, then we must commit to a strategy of investing in what really matters: our communities. To that end, a stable, growing revenue sharing system must be a priority. State laws and policies should support local revenue options and innovative investment financing tools for our communities to be competitive with the surrounding Midwestern states.