

the review

the official magazine of the  michigan municipal league

November/December 2009

Local government—

“The Buck Stops Here”

Jeff Jenks, new League president

Entrepreneurship

Growing Jobs
by Ones and Twos

Team Boyne

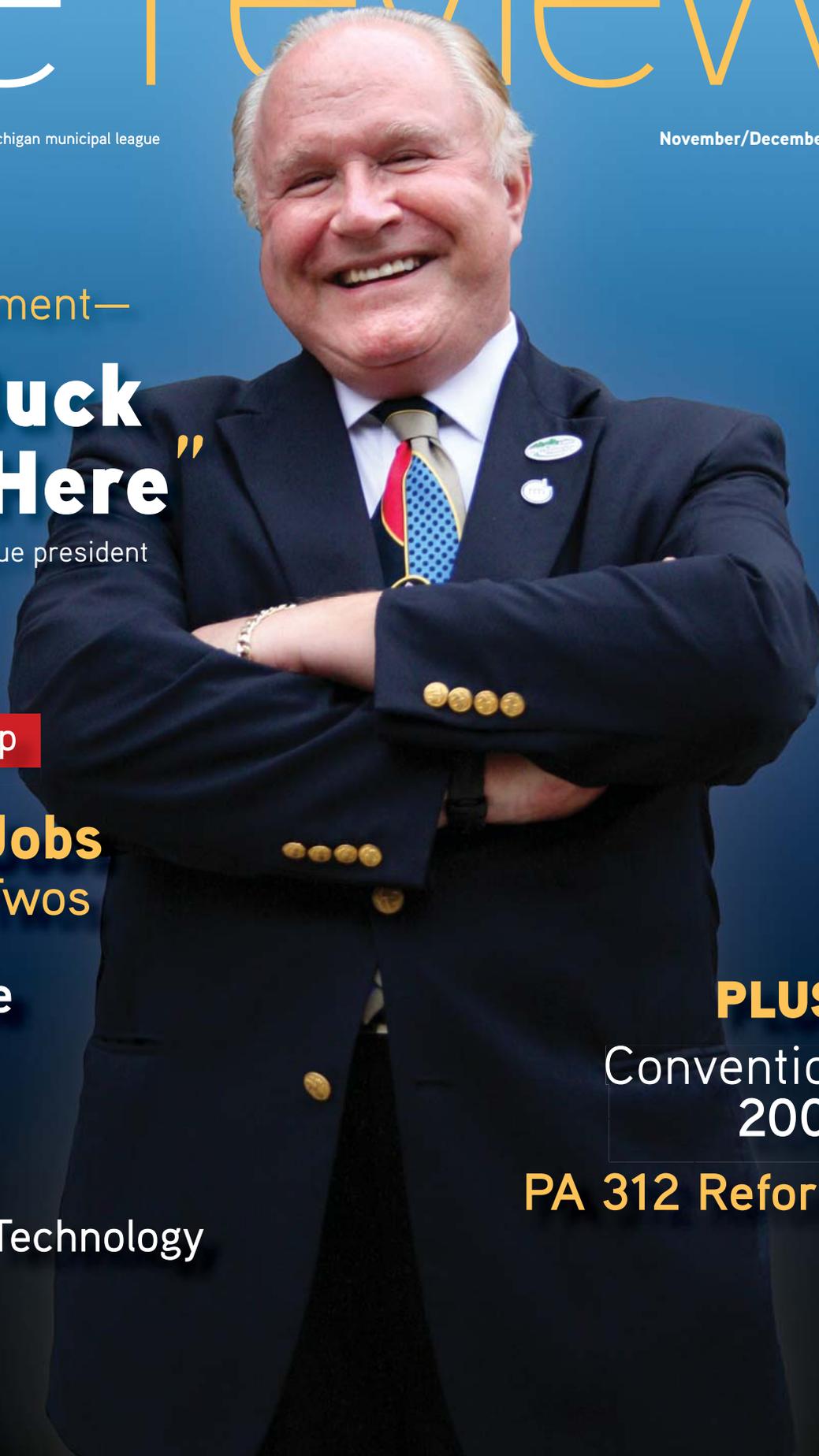
Ann Arbor
SPARK!

East Lansing Technology
Incubator

PLUS:

Convention
2009

PA 312 Reform



Better Communities. Better Michigan.

The Michigan Municipal League is the one clear voice for Michigan communities. Our goals are to aid them in creating desirable and unique places through legislative and judicial advocacy; to provide educational opportunities for elected and appointed officials; and to assist municipal leaders in administering community services. Our mission is that of a non-profit, but we act with the fervor of entrepreneurs to passionately push change for better communities and a better Michigan.

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On the Cover...

Jeff Jenks, Huntington Woods Commissioner, is the League's new president (see article on pages 6-8).



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the review

The official magazine of the Michigan Municipal League.

Volume 82, Number 6



To Submit Articles

The Review relies on contributions from municipal officials, consultants, legislators, League staff and others to maintain the magazine's high quality editorial content. Please contact the editor at 734-662-3246 for an editorial calendar and writer's guidelines. Information is also available at: www.mml.org/marketingkit/.

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Executive Director's Message

By Daniel P. Gilmartin

A Community's Role in Entrepreneurship

Historically, Michigan has put a lot of its economic eggs into the manufacturing basket. Our economic development strategies focused on "hunting" large manufacturers and/or big box retailers. Well, manufacturing has changed. And while the industry reshapes itself into its own 2.0 version, economic developers in Michigan need to do likewise. Today's global economy demands a different approach—growing knowledge-based jobs in ones and twos through "economic gardening" and entrepreneurship. The sustainable economic growth Michigan desperately needs is driven largely by small business, and in particular, entrepreneurs.

The annual Michigan Entrepreneurship Score Card uses 127 standard metrics to benchmark Michigan against all other states with regard to entrepreneurship. It shows a strong trend toward the creation of local entrepreneurial communities that generate economic growth through a different strategy of "economic gardening," the process of incubating, retaining, and expanding entrepreneurial small business from within a community (see article on p. 34).

Chris Gibbons, director, Economic Gardening (Littleton, Colorado) aptly notes, "Economic development and community development are two sides of the same coin...a community without many amenities is going to have a hard time being an environment for entrepreneurs—especially as their wealth starts to grow."

Boyer City, East Lansing, and Ann Arbor, are just a few Michigan communities that have focused on building

entrepreneurism in their communities. Boyer City started Team Boyer to "create an environment to foster and nurture the entrepreneurial spirit of Boyer City," East Lansing launched a technology incubator which provides space and resources to start-up businesses, and Ann Arbor SPARK established its mission of business expansion and location in Ann Arbor, Ypsilanti, and Plymouth. We have an article on each program in this issue.

This issue also includes an article on PA 312 of 1969 and PA 7 of 1967, the Urban Cooperation Act. For 40 years, PA 312 has been damaging to Michigan's local units of government. For the first time ever, there is a real shot at substantive government reforms in Lansing. In addition, we bring you an article on the collaborative efforts of the League and its membership: our pooled insurance, workers' compensation, and healthcare programs. These programs work by members pooling funds to pay for a variety of losses that local governments face—and working together to reduce the risk of losses. The programs are owned and controlled by their member communities through a representative board of directors, and are administered by the Michigan Municipal League.

League News

We had a great host for our 111th Annual Convention in the city of Kalamazoo. Attendees were presented with inspiring speakers and thoughtful breakout sessions. Huntington Woods City Commissioner Jeff Jenks was elected president, Alpena Mayor Carol Shafto was elected vice president, and four new trustees were seated on the League

Board. We had an exciting finale to our Community Excellence Awards "Race for the Cup," where Lathrup Village emerged from a crowded field of awesome entries and won the Cup for its Lathrup Village TimeBank. Congratulations go out to all of our regional winners!



In other news, the Michigan Society of Association Executives (MSAE) held its Diamond Awards dinner honoring the best in Michigan associations. I am proud to announce that the League's Legislative Link won best association e-Newsletter and mml.org was chosen as a gold frontrunner in the website category, distinguished for overall design and tactical online presence. With more than 60 entries from associations statewide, it is an honor to be recognized for excellence and innovation in strategic communication! My congratulations go out to our dedicated legislative and IT staffs for being recognized for their efforts. Way to go! 

Daniel P. Gilmartin is executive director and CEO of the League. You may contact him at 734-669-6302 or dpg@mml.org.

A close-up photograph of a ladybug with a black head and thorax and a bright red abdomen with black spots, resting on a vibrant green leaf. The background is a soft-focus green.

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The logo for Suez Environnement, featuring the word "suez" in a white, lowercase, sans-serif font with a stylized wave-like underline, and the word "environnement" in a smaller, white, lowercase, sans-serif font below it, all set against a green circular background.

suez
environnement

The logo for United Water, featuring a white stylized figure of a person swimming or jumping in water, surrounded by bubbles, all set against a blue circular background.

**United
Water**

“The Real Action Is at the Local Level”

Thoughts from Jeff Jenks, our new League president

Local Government Spark

I’ve been interested in government and public service all of my life, but in the beginning I only looked at the federal level. I heard President John F. Kennedy speak on the steps of the Michigan Union at the University of Michigan about a corps that would serve the world. To be honest, I was skeptical—I felt we could possibly do more harm than good. But, when the first exams were given, I took them. When Peace Corps called, I joined. I was a rural elementary school math, science, and English teacher in the Philippines from 1962 to 1964.

When I came back to Michigan, I taught math in the public schools and then joined the staff of Wayne State University briefly in federal relations. From that post, I moved to the state level and worked in civil rights and transportation for nearly 30 years. During all of that time, I never considered local government. It was sort of both invisible, and at the same time, all around me. I volunteered in activities that supported local government for nearly 30 years. It took a lot of time

for me to understand that the real action was at the local level. The buck stopped here, and it was our responsibility to solve the problems that the other layers of government had failed on.

Motivations

To me it’s an exciting time in America and in Michigan. Today, I really see the critical importance of place—our local communities—in developing Michigan’s future. The programs that the League has developed and conducted during the past two years have laid the foundation for a real future for Michigan, based upon a community’s ability to retain a well-educated younger population. These young college educated people will allow the state to attract and retain the new knowledge-based industries, which will allow Michigan to be a 21st century leader. We have the higher education base, the research institutions base, and the health care base for future growth. But we need to strengthen local communities so that each one will be a drawing card that retains the young as well as the old. It’s exciting to travel to Calumet, or Kalamazoo, to



Jeff networking on the Kalamazoo Pedestrian Mall



Jeff Jenks address the Convention delegation at the League's Annual Awards Banquet

"The goal of governing is to add public value. When funds are limited, you don't eliminate public transit, libraries, recreation programs, parks, and other aspects of government that add public value. You don't eliminate the resources that attract and retain young people."

Meaningful Activities as City Commissioner

I think my most important accomplishment is bringing educated insight to the table at each commission meeting—to bring back new ideas to our manager, finance director, mayor, and others. I've been able to lobby in Lansing and see money restored to revenue sharing, and the retention of local control.

Advice to Elected Officials

Participate in the League's programs. Many elected officials assume it's the responsibility of the manager or administrator, and the mayor or village president. From my point of view, it's the responsibility of every elected official. Take Elected Officials Academy (EOA) classes. Go beyond the basics. Complete all three levels and become an EOA graduate. We can also bring the classes to your community, or to a group of communities. You may hear something new, or get a new idea from what you hear.

Pontiac, to Detroit, to Hazel Park, and to Alpena—and to see the unique creativity in each location that tells me that together we can make the future happen.

What I Wish I Knew When I Was First Elected

Most people think that running local government just involves common and business sense, "If we just ran local government like a business, everything would be fine." But if that logic and model were true, there would be no need for schools of public administration. The goal of governing is to add public value. When funds are limited, you don't eliminate public transit, libraries, recreation programs, parks and other aspects of government that add public value. You don't eliminate the resources that attract and retain young people. You may have to change the way you finance them. Cutting public transit may eliminate access to jobs for those working evenings or weekends.

Getting to Know the League

I got involved with the League the day after my 1999 election. My mayor took me to Lansing to meet the advocacy staff, and to the headquarters in Ann Arbor. I saw the library and its resources, and learned about the Elected Officials Academy. To be honest, I didn't completely understand what was being said, but I knew I had resources at my fingertips—which I began to use within three months.

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New League President Jeff Jenks and new League Vice President Carol Shafto, mayor of the city of Alpena

Attend the spring and fall League conferences—bring back a new idea to your community. When attending one of these conferences, you have an opportunity to share problems informally with other participants. You may get a fresh point of view or new suggestions on how to solve an issue. More ears are better for your community. They normally save your community the cost of your trip. If you want to save your community money, make sure that you are participating in the Blue Cross/Blue Shield pool, the Workers' Compensation Fund, the Risk Management Pool, and the Unemployment Fund. Each may save your community money.

Parting Thoughts

Your role is to add public value to your community. Take it seriously. Use the League to learn more about how to do that, and what it means. We are now in a financial crisis mode in Michigan. Many will just “hunker down” by cutting services. But we can use this crisis to take advantage of the times, be creative, seriously decide where we want to be in five years and begin that move now.



Background

Jeff Jenks was first elected commissioner in the city of Huntington Woods in November 1999. Jeff has served on the League's Board of Trustees since 2006, and was chosen to serve as the League's next president, serving a one-year term, effective September 26, 2009.



Goals as 2009-2010 League President

I think the League's most important role is to help create and protect our future.

I would like to continue protecting revenue sharing with local control over how the funds are spent. I would like to see a reasonable gas tax that allows us to continue updating our road infrastructure. I would like to see a substantially expanded communications process between all appointed elected city and village trustees, managers, commissioners, and councilors. I would like to see a fairer telecommunications act. I would like to see the Legislature take on the revenue side of equation, adding about \$2.5 billion to the total budget.

The League Board of Trustees must take on more responsibility as it relates to their time commitment, especially in lobbying the Legislature. When the call went out about revenue sharing, many Trustees and their police and fire chiefs came. But at the same time, many were absent. The Legislature is used to seeing League staff, many mayors, and some managers—but the rest are missing. I think the last time we were in Lansing we saved you over \$60 million in revenue sharing cuts; which is close to \$6 for every man, woman, and child living in Michigan.

New League Board of Trustees

Completing our 19-member Board of Trustees, the following new members will serve three-year terms, effective September 26, 2009:

The Board is responsible for developing and guiding the organization's strategic public policy initiatives, legislative agenda, and internal workings, all leading to Better Communities. Better Michigan.

The map shows the following callouts:

- Bay City**: Bay City Commissioner **John Davidson**
- Linden**: Linden Mayor **David Lossing**
- Wayne**: Wayne Councilmember **Susan M. Rowe**
- Ann Arbor**: Adrian Mayor **Gary McDowell**
- Cedar Springs**: Councilmember **Pat Capek**
- Paw Paw**: Paw Paw Village Manager **Larry Nielsen**



michigan municipal league



111th Annual League Convention



Closing speaker Gordon Graham



Host City Reception



Parade of Flags



Concurrent session



Foundation Silent Auction



State and Federal Affairs

Speaker Sam Singh and
2008-2009 League President
Robin Beltramini



Center for 21st Century
Communities (21c3) assets



Kalamazoo Banner Works



Convention Expo

September 22-25, 2009 ~ Kalamazoo



the envelope, please...



Lathrup Village TimeBank presentation



Update

2009 Convention Awards



*Albert "Al" McGeehan, Mayor,
City of Holland*

The Michael A. Guido Leadership and Public Service Award

Celebrating a chief elected official who personifies professionalism and leadership, is dedicated to the citizens in their community and advocates on their behalf in Lansing and Washington, DC.

Honorary Life Membership Award

The League's highest honor reserved for the most active and inspiring leaders dedicated to the League.



*Margene Scott, Mayor Pro Tem,
City of Madison Heights*



*LaVern Dittenber, Mayor,
City of Au Gres*

*Carol Sheets, Mayor,
City of Wyoming*

The Jim Sinclair Exceptional Service Award

Celebrating a person dedicated to public service who has shown passion and commitment to the League, enthusiastically supporting its mission and promoting its purpose.

The Community Excellence Awards Reach the Final Countdown

Throughout Convention, attendees were given the opportunity to vote for the community they felt had the best project; and with seven great projects to choose from, it was a tough choice! When the votes were tallied, Lathrup Village came out on top with its TimeBank project. TimeBank coordinator Richard Reeves explained the Lathrup Village TimeBank as a "community bartering organization where neighbors earn time performing services for each other. Each person's time is banked and recorded on an easy-to-use online database to be traded for future services by other members." What started in April at the Region 1 meeting culminated in an exciting win and a dramatic finale to the 2009 Convention.



Special Awards of Merit

George Basar, Police Chief,
City of Howell
Patricia Capek, Councilmember,
City of Cedar Springs
Curtis Holt, Manager, City of Wyoming

Legislator of the Year Awards

Senator Deborah Cherry (D-Burton)
Representative Andy Coulouris
(D-Saginaw)
Representative Paul Opsommer
(R-DeWitt)

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Entrepreneurship— Growing Jobs by Ones and Twos

By Heather Van Poucker



Web Ascender's Office

As we consider the future of Michigan—its economy, its people, its communities—we need to allow people's passion and pride to rule. We need hope and inspiration, entrepreneurship and ingenuity. A recent visit to the Henry Ford and Greenfield Village reminded me of how great Michigan and its people are. After all, we propelled this nation into the industrial age and brought wealth and prosperity beyond most people's imaginations! We pretty much invented the middle class. No wonder it is so painful to accept the fundamental change that is upon us.



Started in 2005 by Kevin Southworth (l) and Ryan Doom (r), Web Ascender is a website design, development, and internet marketing firm in mid-Michigan.

But it is here, so what are we going to do? At the League, we believe now is the time to invest in places that people care about, to sustain our hometowns so they are positioned to attract and retain talented people. After all, community and its quality of life are at the center of vibrancy and economic success. We must support communities that people are passionate about, want to live in, invest in, return to after college, start a business in, and raise a family in. In the past, Michigan's economic development strategies have focused on "hunting" large manufacturers and/or big box retailers. Today's global economy demands a different approach; growing knowledge-based jobs in ones and twos through entrepreneurship.

Center for 21st Century Communities

The League established the Center for 21st Century Communities (21c3) to assist local officials in creating vibrant places for the 21st century. Through the Center, the League will provide a wide range of services, including technical services, educational programming, a resource clearinghouse, speaker and expert bureau, and other related special projects (see text box on next page).

Identified as one of the key critical assets of 21c3, entrepreneurship can provide the economic boost that turns your community into a sustainable, dynamic community. In fact, much of the research on entrepreneurship identifies "place" and "culture" as critical factors to success. Entrepreneurs want to locate and "start-up" where they feel welcome, supported, and connected to other entrepreneurs. They also need to start their businesses where they will find the resources they need. And today, the most critical resource is human capital, and talented people want to live in vibrant communities.

Michigan's Entrepreneurial Culture

So do we in Michigan have those types of places? Do we have creative hot spots teeming with entrepreneurial energy? Absolutely!

The Center for 21st Century Communities

Investing in communities is an important element of any long-term economic development strategy. Research continues to show that “place” matters more than ever. The League hosted a public policy series to inform and inspire a different way of thinking as we provide a blueprint for moving our communities forward in a new and creative direction. Through these forums, research, and education, we identified eight essential assets necessary for communities to be vibrant places for the next 50 years. These eight assets will serve as the focus for the Center.

Eight Core Assets

1. Physical Design & Walkability

Whether your community is big or small, it is important to create a physical fabric that promotes social connections where people can live, work, shop, and play.

2. Green Initiatives

“Thinking green” is a critical asset of any viable community. It impacts natural resources, quality of life, and the financial bottom line.

3. Cultural Economic Development

Arts and culture should be a part of any long-term economic development strategy for sustainability. CED plays a big role in developing and preserving a community’s identity and uniqueness.

4. Entrepreneurship

In the new economy, we need to focus on growing jobs in our communities by ones and twos for long-term sustainability.

5. Multiculturalism

Our global economy is fueled by the talent and ingenuity of people from around the world. Welcoming those from different backgrounds and disciplines can result in a whole new level of innovation.

6. Messaging & Technology

Technology allows people to connect and collaborate like never before. Communities have a powerful opportunity to connect and engage with their citizenry and beyond.

7. Transit

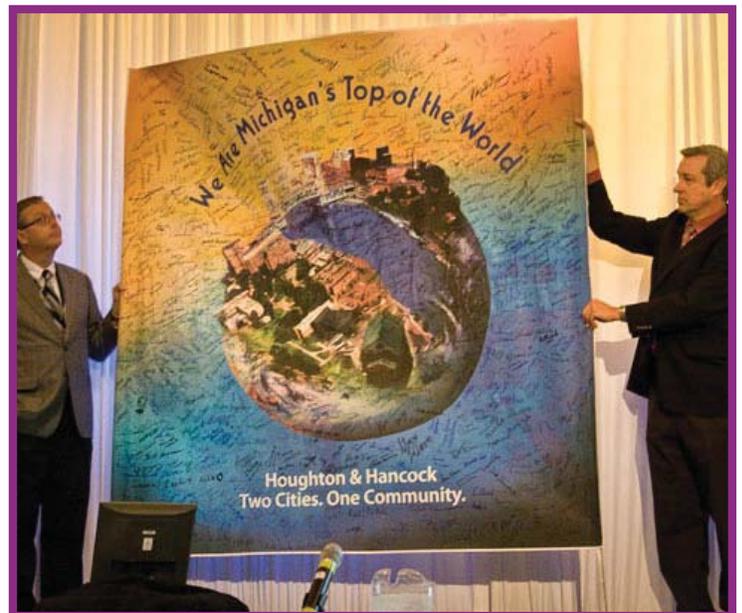
People are choosing where they want to live, play and work in communities that embrace all modes of transportation—walking, biking, and public transit.

8. Education

Our educational institutions are key to growing a knowledge-based state. Leveraging these institutional resources is critical.

Who saw the presentation by Houghton and Hancock for the Community Excellence Awards program at our Convention last year? Their Mtech SmartZone focuses on high tech business development which, in five years, has drawn two fortune 100 companies to the area, supported 12 high tech start-ups, grown 160 new jobs, and 500 spin-off jobs as a result. This is in a community of around 12,000 people! Check out their excellent video at www.mtechsz.com. It demonstrates how people’s love for and pride in their community converges with key assets like higher education and entrepreneurial culture to create a perfect soup. The results are amazing and I suspect communities and regions all around our state have the ingredients to cook up a pretty good broth of their own.

How about Ann Arbor Spark, Detroit’s Techtown, and East Lansing’s Technology Innovation Center (see article on page 18)? These are just a few examples of communities and regions, large and small, that are finding entrepreneurship a key to success. And has anyone noticed that colleges and universities are focusing more and more on entrepreneurship education and more aggressively translating research into practical business opportunities?



Houghton and Hancock’s presentation on their SmartZone for the 2008 Community Excellence Awards.

Without question, times are tough, tougher than many of us have ever seen. But the people of Michigan have the grit and the pride to transform our situation, and our communities have the assets to make that a reality. *The Economist* published a special report on entrepreneurship in March 2009 that notes:

“America has found the transition to a more entrepreneurial economy easier than its competitors because entrepreneurialism is so deeply rooted in its history. It was founded and then settled by innovators and risk takers who were willing to sacrifice old certainties for new opportunities. American schoolchildren are raised on stories about inventors such as Benjamin Franklin and Thomas Edison.”

Our old certainties are long gone and I personally find a lot of hope in the work of Houghton and Hancock and the similar success stories from our members across

the state. Their work will help all of us understand the role that local government has to play in promoting an entrepreneurial culture. The League, in partnership with various organizations and experts, will continue to keep our membership at the leading edge.

Global Entrepreneurship

Global Entrepreneurship Week is November 16–22. Its goal is to inspire young people to embrace innovation, imagination and creativity, and to encourage youth to think big, and turn their ideas into reality. Through this program, founded by the Ewing Marion Kauffman Foundation, millions of young people around the world will join a growing movement to generate new ideas and seek better ways of doing things. Tens of thousands of activities are planned in dozens of countries. Visit www.unleashingideas.org for more information. 

Heather Van Poucker is manager of Consulting Services for the League. You may reach her at 734-669-6326 or hvanpoucker@mml.org.

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Saginaw City Manager to Lead International Association

By Colleen Layton



Darnell Earley Bio

- Recognized for 20 years of service by ICMA in 2005
- ICMA credentialed manager since October 2007
- Spent his whole career in Michigan
- Served simultaneously as interim mayor and city manager in the city of Flint
- Served as administrative assistant and director of Community Development (Muskegon County); township manager (Buena Vista); research director, MI House of Representatives; budget director and deputy controller, Ingham county; city administrator, Flint; interim mayor, Flint; city manager, Saginaw

ICMA Quick Facts

- Founded in 1914 to advocate and develop the local government management profession worldwide
- Provides support to nearly 9,000 members, both nationally and internationally
- Promotes the council-manager form of government
- Adheres to a strict code of ethics as a condition of membership and members agree to submit to a peer-to-peer review of their conduct under established enforcement procedures
- Provides extensive technical assistance, training, information, and professional development

Montreal, Quebec, Canada was an unlikely setting for giving Michigan cause to celebrate! The occasion was the International City/County Management Association (ICMA) Conference. Darnell Earley, Saginaw City Manager, was instated as the 95th president of ICMA, and is the 10th Michigan manager to serve in this prestigious position.

When asked what his appointment as ICMA president means to him, Mr. Earley responded, "Professionally, I have the opportunity to lead an association of over 9,000 members, helping to shape the policy and overall direction of the association. I consider this to be a huge and awesome responsibility, and I am honored and humbled to have the opportunity to lead this association." On a personal level, he has a special affinity for Michigan, having spent his entire career here. He recognizes that there are difficult challenges in Michigan that professional managers can help solve, and he plans to help identify and find solutions to these issues.

Mr. Earley understands the values of ICMA and hopes to extend that message not only in Michigan, but also nationally and internationally. He calls it his "blueprint for passion." His tenure as president will focus on three priorities: continuing to implement ICMA's strategic plan; examining ICMA's governance structure and how the organization interacts with affiliates and state associations; and raising awareness for the council-manager form of government. He equates a manager's role to that of a CEO who oversees a multi-million dollar corporation.

He emphasizes that many of the problems Michigan is facing are the same everywhere—communities grappling with the post-industrial economy. With a prominent platform as president, Mr. Early feels that he can affect the kind of change that needs to take place, by strongly advocating the need for professional managers to navigate the complex issues that communities face today.

Bob O'Neill, executive director, ICMA, iterated the role of the ICMA president, explaining, "The president acts as the chairman of the board, setting the agenda and priorities for the upcoming year. The president is the visible spokesperson or 'poster child' for the profession."

As Mr. Earley delivered an eloquent speech at the closing ceremony of the conference, his passion and the clarity of his vision was evident. If you were one of several hundred people in the audience, you were left with little doubt about his total commitment to his profession and to his new role as president.

Michigan can truly be proud to be represented by Mr. Earley, and we wish him a very successful year. 

Colleen Layton is director of Information & Policy Research at the League. You may reach her at 734-669-6320 or clayton@mml.org.

The East Lansing Technology Innovation Center

By Jeffrey Smith



East Lansing's Technology Innovation Center (TIC) lobby.



The Lansing region, including Michigan State University (MSU), has long been a producer of high-tech talent. The city of East Lansing's planning and economic development department acknowledged the need to nurture a technology-based economy

in order to keep the talent here. The Technology Innovation Center (TIC) comes into this equation by providing space and resources to start-up businesses, helping them to grow and prosper during their first three years (when statistically, businesses are most vulnerable and prone to failure).

The city held focus groups with potential start-ups in order to identify the resources that new businesses need for growth. The result is a creative, flexible, contemporary space, developed as a high-tech incubator/accelerator located close to the MSU campus. The primary purpose of a low-rent shared office space at the Technology Innovation Center is to cut down on the overhead costs of a small company, allowing early entrepreneurs to invest more of their money into their business.

The East Lansing Downtown Development Authority (DDA) renovated 7,000 square feet of loft-style office space in a central downtown location, close to restaurants, bookstores, convenience stores, and overlooking the Michigan State

Local Incentives and Amount Used:

- \$400,000 from Downtown Development Authority Tax Increment Financing
- The entire 25,000 square feet of space on the third floor of the City Center building is being master leased by the DDA to meet the goals of the Lansing Regional SmartZone.
- Operational funds from the Local Development Finance Authority (LDFA) in local tax capture
- \$1,500 from Michigan State University and Michigan Initiative for Innovation and Entrepreneurship (MIIE) for internship reimbursement

State Incentives and Amount Used:

- Project developed under the Lansing Regional SmartZone and Michigan Economic Development Corporation umbrella.

Business incubators are programs designed to accelerate the successful development of entrepreneurial companies through an array of business support resources and services. (*Wikipedia*)

Continued on page 20

TIC Grand Opening



University campus. The slightly industrial, unfinished look of the TIC provides a creative and contemporary work environment that adds to the technology start-up environment.

The project grew out of a unique partnership between the city of East Lansing, the DDA, the Lansing Regional SmartZone, and the Local Development Finance Authority (LDFA). Nine months since its opening (October 2008), the Technology Innovation Center is bustling with cutting-edge companies and initiatives, emerging as an entrepreneurial hub in the regional knowledge-based economy.

The center had a tremendous start, opening at 80-percent capacity, pointing to the unmet local demand for such a program. In the context of a high office vacancy rate in the Lansing region, the DDA succeeded to rent out all of the TIC offices, reaching full tenant capacity in less than one year. Currently, the TIC houses fourteen new entrepreneurial companies working in fields such as software and web development, homeland security, media arts, telecommunications, and web-based e-commerce. Several tenants are looking for interns, especially students from MSU.

The benefits of this shared work environment were felt immediately. At any given time, you will see tenants popping into each other's offices, either for advice on business ventures or just to say hello. A particularly notable result of the networking between like-minded companies and successful collaboration in this creative center is 'Good Fruit,' a partnership formed between two original TIC tenants (KiWe Productions and Good Time Communications).

The Technology Innovation Center has helped the city of East Lansing to become the high-tech and creative hub of mid-Michigan. The TIC has also brought considerable attention to the East Lansing downtown area through many events, conferences, and meetings held in the space. These partnerships with regional stakeholders have led to events such as a monthly meeting of the Capital Area I.T. Council, Ignite Lansing, and 'Meaningful Play' (an MSU-organized international video game conference). These events have brought a variety of professionals to downtown East Lansing, ranging from academics and students to prospective investors and high-tech businesses.

To beautify the entire office area and increase community involvement, the TIC launched a new, ongoing public art exhibition in May known as "Visual Stimulus." This exhibit showcases local artistic talent while brightening the walls of the TIC and bringing diversified foot traffic into the high-tech space. Through these events and initiatives taking place in downtown East Lansing, the city and DDA are actively enhancing the local culture of entrepreneurship, which is one of the city's comprehensive goals.



"TIC provides space and resources to start-up businesses, helping them to grow and prosper during their first three years when statistically, businesses are most vulnerable and prone to failure."

The TIC's rapid success has attracted the recent relocation and expansion of MSU Technologies as an anchor tenant in the adjacent SmartZone space, and of MSU Business Connect. When MSU Technologies decided to expand, it chose to relocate as an anchor tenant of the Technology Innovation Center because of the potential synergies between MSU Technologies and the technology-based businesses housed within the TIC. This move also strengthens the partnership between the city of East Lansing and the MSU community as a whole.

The TIC currently provides opportunities for MSU graduates and faculty, as well as other entrepreneurs, to develop the new high-tech business ventures that will ultimately serve as catalysts for growth and job creation in the region's thriving knowledge economy. In addition, the DDA and city staff members will be expanding the program to include creative office space and resources focused on college students to move forward on their own technology or creative startup.

A number of business amenities are available to tenants: conference rooms, reduced cost telephone and internet services, mail, fax, and basic copier services, kitchenette, parking, and basic reception services. In addition to space and office amenities, perhaps the most important resource is the business support from local organizations. Business resources like Lansing Economic Area Partnership (Leap, Inc.) and the Small Business and Technology Development Center (SBTDC), allow the tenants to accelerate and "de-risk" their businesses all the more.

Meetings with these resources are mandatory for tenants of the TIC. The standard lease agreement is for a six-month term, renewable every six months thereafter if milestones and evaluation standards are met. The tenants will have a total of three years to graduate from the program, upon which tenants are greatly encouraged to expand their businesses in the East Lansing community and the Lansing region. 

Jeffrey Smith is the New Economic Initiatives project manager for the city of East Lansing. You may reach him at 517-319-6861 or jjsmith@cityofeastlansing.com.

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Team Boyne

Brings Together Big Players

By Jennifer Eberbach



Boyne City,
pop. 3,503

In Boyne City, leaders in the community have teamed up to form Team Boyne in order to “create an environment to foster and nurture the entrepreneurial spirit of Boyne City,” according to the group’s statement of purpose. Team Boyne’s activities center around regular meetings, which bring together city officials, downtown organization directors, business owners, and other community leaders who work towards shared goals.

Current Chairman Jim Baumann, who runs the Boyne City Chamber of Commerce, explains, “What I love about this group is that you have the city manager, the school superintendent,

the Chamber director, the Main Street director, and key business people all at the same table virtually every month. It’s a good way to informally make sure everybody is on the same page.”

Boyne City participated in Michigan State University Extension’s “Creating Entrepreneurial Communities” (CEC) training program, after a handful of community members attended the CEC 2006 conference. “That’s where it all got started,” says Hugh Conklin, Boyne City’s Main Street manager. “They were looking at how communities can get involved in addressing the realization that business recruiting is changing. It isn’t going to be recruiting manufacturing anymore,” he explains. The guidance they received through the CEC’s training program inspired the formation and development of Team Boyne.

Big manufacturing companies that sustained the area in the past “are either going away or their amount of employees is half of what it was five or ten years ago. Although we would love to have manufacturers come to the community, we realized that in this day and age, that’s more likely to happen elsewhere. We hope to maintain our population and our workforce, by encouraging one entrepreneur at a time, with a hundred baby steps,” says Baumann.

When the group was first getting started, they sent out teams of two to meet with 60 to 70 businesses in the area in order to find out, “where we need to direct our time, energy, and resources,” says Conklin. “We wanted to know what the business community needed, rather than us coming in with a program or an idea that we thought might be beneficial,” he explains. Baumann, who joined Team Boyne last year, says, “As the new guy coming into the community, it was helpful for me to read that survey and see what people wanted and needed.”

Team Boyne is comprised of subcommittees that focus on particular goals, including:

- marketing outreach and communication,
- youth entrepreneurship,
- connecting the community with resources and technology,

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- recruitment and retention,
- creating infrastructure, and
- government relations.

According to Conklin, “Team Boyne is currently working on getting those committees to work independently and come back and report their activities on a regular basis,” he explains.

The group has also begun to invite entrepreneurs to their meetings, “just to have a conversation with them and introduce them to the movers and shakers in the community. It doesn’t have to be very complicated. Just getting them together in the same room is a great idea. Other things happen from that. I think that model works well for us,” Baumann said.

Local businessman Mike Lange is in the process of starting a new wood pellets production business in Boyne City—he was laid off last year from auto parts manufacturer Lexamar, where he was a senior manager. He regularly attends Team Boyne meetings, and he attended the CEC training and the last year’s conference. He says Team Boyne has supported him throughout the process, especially by connecting him with the

right people who know the answers to his specific questions. For example, transitioning from a large company to starting a small business, “I needed to figure out how to get new money. That was the piece that I needed the most help on,” he says.

Baumann explains that one of the practices that helps him effectively nurture new and developing businesses is directing them to the resources and support organizations in the area that will best serve them at various stages of developing their business. “We don’t have an economic development department in the city, but we encourage people to use resources like the Northern Lakes Economic Alliance,” which sends a member to all of Team Boyne’s meetings. “It is really useful to have them at your fingertips. If someone walks in the door and says, ‘I’m thinking about starting a business,’ then you can point them in the right direction,” he says.

After Lexamar downsized its workforce, putting Lange and almost 100 others out of a job, Team Boyne organized a summit meeting, which featured author and business expert Tony Rubleski as a keynote speaker. The event “offered people encouragement, brought in people who were resources from various places like funding sources and business consultants, and there were some entrepreneurs that came to that event and ended up starting businesses,” says Baumann.

Lange found the summit particularly helpful. “When you go to an event like that, the people from the CEC group, or whoever sponsors it, aren’t the only ones you get to exchange with. I got much more out of the time that I spent with the attendees after Tony was done speaking.” According to Lange, Team Boyne “provides us with the people who want us to succeed, and hands them right to us and says, here you are. Networking is the biggest role that they have played for us.”

A lesson that Team Boyne teaches is the impact of teamwork. Echoing Baumann’s sentiments about keeping everyone “on the same page,” Conklin suggests, “The most important thing is that people work together, and the city needs to be the leader. The Main Street and downtown or DDA-type organization need to work together closely. People need to realize that this is our boat, and the better we paddle it together, the more successful we’re going to be,” he concludes. By utilizing their individual strengths and positions within the community, Team Boyne’s members are working towards a common goal—to promote, develop, and retain an entrepreneurial climate that will sustain the community. 

Characteristics of an Entrepreneur

- Builder, grower, and risk taker
- Not always easy to see
- Typically needs help turning idea into reality
- May not know how to tap community support

What Do Entrepreneurs Need?

- Access to capital
- An entrepreneurial culture
- Talented employees
- Peer networks
- Basic infrastructure
- Market information
- Access to markets
- Training in all aspects of business

Why Entrepreneurship for Boyne City?

- Hitting ‘home runs’ is hard
- Easier to attract and encourage entrepreneurs
- More entrepreneurs = more small business opportunities
- Small businesses are easier for Boyne City to absorb and welcome into our community making the growth more manageable

Jennifer Eberbach is a freelance journalist and professional copywriter. You may contact her at 734-929-2964 or jen@jenthewriter.info. Visit her online at www.jenthewriter.info

Intergovernmental Cooperation Through Pooled Risk

By Michael Forster

The recent focus on the need for more intergovernmental cooperation, or talk of group pooling of insurance risks, is enough to make one think that the idea is new. Not quite.

The Pool and the Fund

Local governments in Michigan have been pooling insurance risks for decades. For example, the Michigan Municipal League Liability and Property Pool and the Workers' Compensation Fund were formed in the late 1970s and early 1980s in response to drastic increases in pricing and the lack of availability of traditional coverage through the commercial insurance industry; the industry had decided that local governments were a poor risk, and simply walked away. They returned a decade later, only to once again pull back following the 9/11 disaster. Now they want municipal business once again.



Looking to put excess capital to work that has been built up following several relatively catastrophe-free years, some commercial carriers are attempting to buy municipal business with drastic, and unsustainable underpricing, that bears little relationship to the actual risk assumed. The low-ball pricing is often accompanied by coverage limitations that on the surface appear technical—that is, until the lawsuit is filed. Several carriers have already begun pulling back from the Michigan marketplace, while a few others will continue to price irresponsibly—inevitably leading to huge price increases

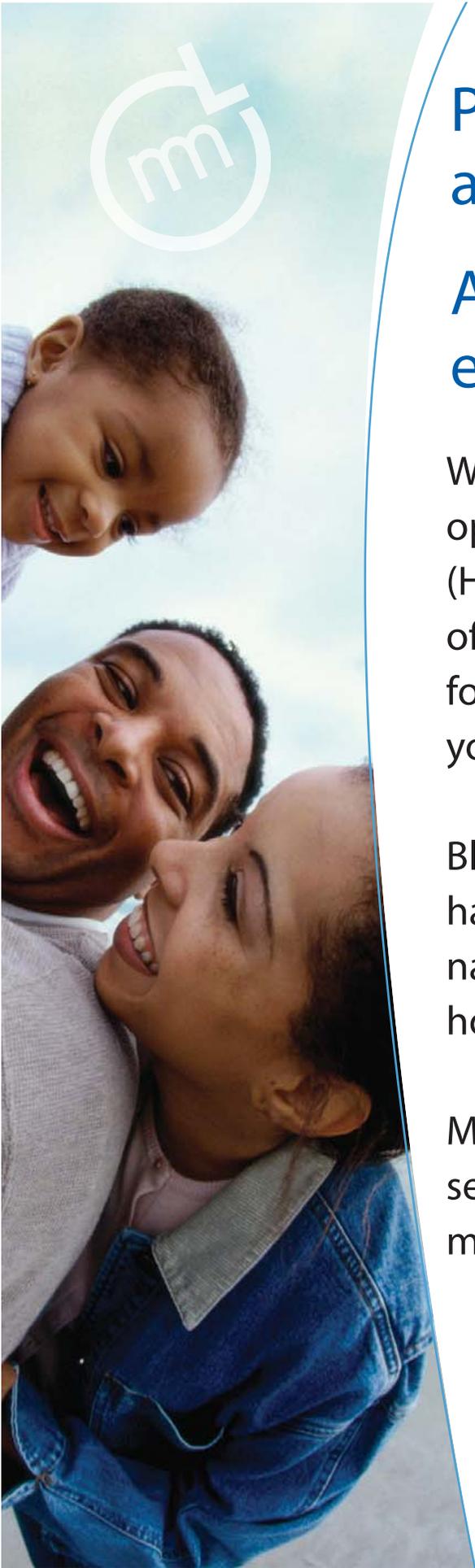
or cancelled coverage when the next big natural disaster hits or when their pricing mistakes again turn them sour on municipal risks as losses mount down the road.

League insurance program members pool funds to pay for a variety of losses that local governments face—everything from personal injury, employment and land use lawsuits, to property claims, police liability, automobile and workers' compensation—and work together to reduce the risk of losses. The programs are owned and controlled by their member communities through a representative board of directors, and are administered by the Michigan Municipal League. Over 800 local governments now participate in one or both of the programs, which have combined assets of \$200 million and annual premiums totaling \$50 million.

Refunds and Stable Premiums

Excess funds that are collected are returned to members in the form of rate reductions, dividends, improved services or enhanced coverage. The League Workers' Compensation Fund has returned in excess of \$150 million to its members since its inception, or almost 30 percent of the total premiums collected—dollars which would otherwise have been lost to commercial insurers. Stable premiums have also been a hallmark of the programs: total member contributions to the Liability and Property Pool are about the same as they were a decade ago, and average Workers' Compensation Fund





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Group Health Insurance

Members of the Michigan Municipal League and the Michigan Townships Association also joined together beginning in 1987 to form a group-sponsored arrangement for health insurance through Blue Cross Blue Shield of Michigan. Now almost 400 members strong, and protecting almost 6,000 municipal employees and their families, local governments enjoy the advantages of pooling—BCBSM groups together approximately 400,000 contracts from several industry groups into a "pool"—with the financial strength, purchasing leverage, and service of Blue Cross. Because municipalities tend to have somewhat older employees and a great percentage of retirees than other industry groups, we believe that partnering in this way with Blue Cross is the most cost-effective way to service our membership.

The Michigan Municipal League Liability & Property Pool, Workers' Compensation Fund and group sponsored BCBSM health insurance purchasing alternative have grown to be among the largest, most well respected and financially sound risk management programs in the country, and continue to represent intergovernmental cooperation at its best. 

rates per \$100 of payroll are actually lower! The League's numerous innovations include professional law enforcement risk reduction staff and resources, specialized expertise in municipal claims and legal defense, unique coverages designed to address the risks faced by local governments, and a variety of risk reduction resources and publications for local officials.

Michael Forster is the director of Risk Management Services for the League. You may reach him at 734-669-6340 or mforster@mml.org.

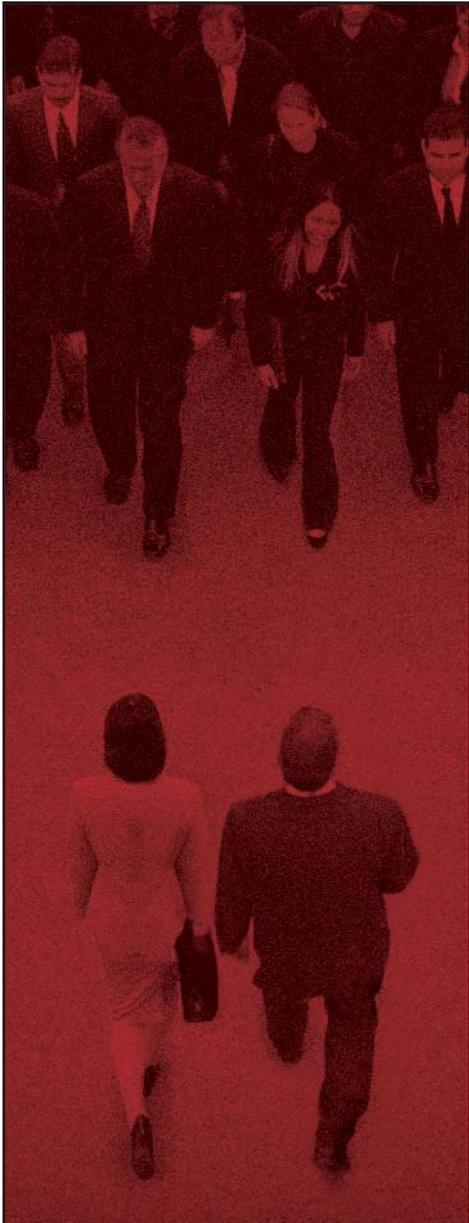
What Is Risk Management?

Risk management is more than simply buying insurance. Risk management is a decision-making process consisting of five steps:

- 1) identifying exposures to accidental loss;
- 2) examining alternatives for dealing with these loss exposures;
- 3) selecting the apparently best risk management technique;
- 4) implementing the selected technique; and
- 5) monitoring the results to ensure that the selected technique is effective.

For municipalities, transferring the risk of loss through the formation of group self-insurance facilities is often the most feasible and cost-effective long-term risk management technique that is available.

Local Government Law and Practice in Michigan, Chapter 19: Risk Management and Insurance, by Stanley Prokop and Bill Stanczyk, Plunkett Cooney law firm.



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ANN ARBOR SPARK

Igniting Innovation-Based Growth in Washtenaw County

By Jennifer Eberbach



Ann Arbor Spark is a private-public partnership focused on advancing innovation-based economic development in Washtenaw County and beyond. The organization seeks to foster an entrepreneurial climate through its wide range of services,

programs, funding opportunities, educational offerings, and expert assistance. In addition, SPARK has business incubators in downtown Ann Arbor and downtown Ypsilanti, and a wet lab incubator (lab space equipped with specialized plumbing and venting where researchers can run biological experiments and work with various chemicals and drugs) in Plymouth.

Skip Simms, the managing director of SPARK's Business Acceleration Program and manager of the Michigan Pre-Seed Capital Fund, explains, "SPARK is single focused on trying to accommodate the growth of high potential businesses that are hiring knowledge-based, new economy workers, and are diversifying the economy." The organization aims to attract, retain, and develop high potential growth companies, "from start-ups to Fortune 500 types—companies that are certainly growing and have global markets," he says.

Created in 2005, SPARK was absorbed by the Washtenaw Development Council through a merger in 2006. Simms thinks, "having a single organization focused on economic development, as opposed to two, three, or more, you avoid turf battles, you avoid politics, and it makes it so much easier on businesses to know there's one place to go."

Beyond the programs and services the organization offers directly, SPARK also serves as a conduit through which entrepreneurs and start-ups can find appropriate resources,

programs, and organizations amongst SPARK's large network of partnerships and referrals. According to Simms, out of approximately 200 people who have submitted ideas through the "Business Idea Submission Form" posted on SPARK's website this year, "over half we refer to another organization, depending on their stage of development."

"Talent is a major component of economic development. When companies are deciding where to locate, they need to know that the type of people they are interested in are available."



The SPARK Central incubator offers affordable office and meeting space, administrative support services, advanced technology, mentoring, networking, and educational events.

For example, Simms finds the Small Business Development Center (SBDC) and the Small Business Technology Development Center (SBTDC) are particularly helpful resources. "Those organizations, and other support service organizations, provide the first line of education and tools to help entrepreneurs write business plans, identify markets, strategize, and determine whether or not they've got something worth pursuing," he explains.

SPARK also practices "open source economic development," which welcomes "anybody, anywhere, from any organization to tap us and use any of our tools, get advice, take our programs and recreate them for their local community. We have no pride of ownership," Simms says, stressing the usefulness of communities learning from one another and sharing information and resources.

Simms tells, "In this area of open source economic development, we also have programs that are really statewide in nature." For example, SPARK administers and manages the Michigan Pre-Seed Capital Fund, a statewide investment fund for early-stage technology-based companies. "We don't care if the company is located in Sault Sainte Marie or Flint, or wherever. The fund is available to any and all companies that fit our criteria," he adds. Through collaborative effort with SmartZones around the state, which vet businesses for funding consideration, "in less than three years, we've made 35 investments in start-up companies," Simms said.

A particularly unique feature of SPARK is its incorporation of a workforce development component, which is spearheaded by managing director of talent enhancement Amy Cell. According to Cell, although it is not always the case, "workforce development and economic development really should be attached at the hip."

"Talent is a major component of economic development," Cell explains. When companies are deciding where to locate, they "need to know that the type of people they are interested in are available. They need wage data because salaries are critical, and they need to find,

recruit, and train these people. Being able to come to them with hard data about talent numbers—I become a part of the sales team, in a way," she says.

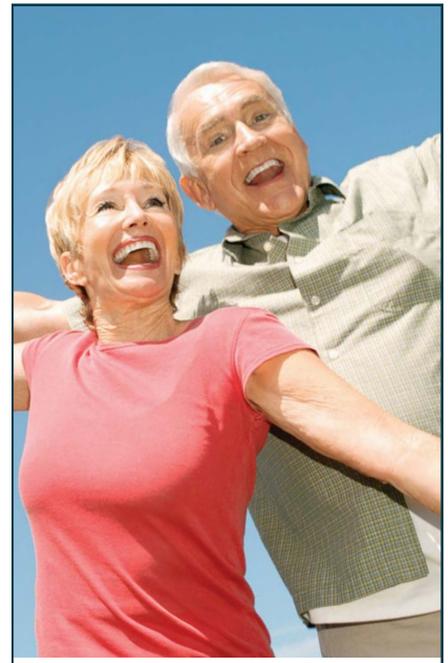
Cell wears many different hats, sitting with Michigan Works! and Washtenaw Employee Training and Community Services twice a week, working with educational institutions to create training programs, coordinating career events, and connecting businesses with the workforce through a job posting service and weekly newsletter, among other responsibilities.



SPARK East offers on-site mentoring from the Entrepreneurial Expert Board (ERB).

According to Cell, the free job posting board has been particularly successfully towards accomplishing SPARK's goal of "connecting everyone who wants to find an innovative new economy job with the companies that need to hire them," she says. She reports, "At least 70 percent of companies that post with us get qualified applicants, and about 30 percent hire candidates that they get through SPARK."

Recent funding from the 21st Century Jobs Fund has enabled SPARK to offer a new Micro Loan Fund. Simms explains, "We recognized that there was a gap in funding, where it was missing for entrepreneurs.



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SPARK welcomes “anybody, anywhere, from any organization, to tap us and use any of our tools, get advice, take our programs and recreate them for their local community.”

When a company gets to that stage, when the private equity investor is not quite ready to invest (even the Pre-Seed Fund), they might not be right there at commercialization yet, or they need to do more product research or market research, and they need ten thousand, twenty, up to fifty thousand dollars to make that happen, this loan can help them achieve those last two or three milestones.”

SPARK reviews potential Micro Loan recipients in collaboration with SmartZones Automation Alley and the West Michigan Science and Technology Initiative in Grand Rapids. “It’s a total collaborative effort, statewide,” Simms says. “I think it’s something that three or four years ago, this kind of collaboration, this kind of infrastructure, these resources were weak at best, if they even existed. We’ve made tremendous progress in this ecosystem, creating this entrepreneurial environment in the last couple of years,” he concludes. 

Mission

Ann Arbor SPARK will be the driving force in establishing the Ann Arbor region 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.

Visit SPARK online at www.annarborusa.org, or phone 734-761-9317 for more information.



Jennifer Eberbach is a freelance journalist and professional copywriter. You may contact her at 734-929-2964 or jen@jenthewriter.info. Visit her online at www.jenthewriter.info.

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PA 312 and PA 7 Reforms: Hope on the Horizon

By Samantha Jones Harkins

There's not a lot of good news coming out of Lansing these days. I imagine we're all tired of hearing it, but the truth remains that the state budget situation is bleak for the upcoming fiscal year and bleaker still for 2011. What does this mean for our local units of government? It's going to be a struggle.

Perhaps it is the "glass half-full" mentality, but there is something positive in these budget numbers. For the first time ever, there is a real shot at substantive government reforms in Lansing. At the top of that list is reforming PA 312 of 1969 and PA 7 of 1967, the Urban Cooperation Act.

Act 312: Binding Arbitration

With cuts to revenue sharing and property tax revenues declining, many state legislators are looking at reforming PA 312 in order to help municipalities. "Knowing revenue sharing isn't being increased, we need to look at ways to help

local communities and leaders stretch limited funds," stated Senator Mark Jansen (R-Gaines Township), a member of the Senate Appropriations Committee and a leading proponent of government reforms.

PA 312 requires binding arbitration for labor disputes between a public safety union and a local unit of government. This summer the Legislature held several work groups led by Senator Jansen and Representatives Doug Geiss (D-Taylor) and Joe Haveman (R-Holland) in hopes of reaching some sort of compromise between local units of government and the public safety unions on PA 312 reform.

Ability to Pay

From a local government management standpoint, it is important to define "ability to pay" and to include internal comparables in the law. Currently, the Act references a community's "ability to pay," but there is no definition.

"State government has to get out of the way or stop preventing local governments from working together."

—Rep. Paul Opsommer (R-DeWitt)

This has led to disparity in arbitration decisions, allowing arbitrators to decide independently what “ability to pay” means. Defining “ability to pay” would give arbitrators a structure in which to work, and create more consistent and cost-effective decisions. “PA 312 reform is crucial to municipalities being able to depend on their budget process and control their own costs,” emphasizes Rep. Geiss.

Internal Comparables

Under current law, there is no requirement for an arbitrator to consider what wage increases and benefits packages a local unit of government is able to offer its other employees. The arbitrator should have to consider the wage increases and benefit packages of other union employees within the local unit of government in the arbitration decision.

Amending the statute to define the “ability to pay” and to require arbitrators to consider internal comparables are crucial to allowing communities to be vibrant, healthy places to live, work and visit. “We can’t be satisfied with only having well-paid public safety officers. We need healthy communities with good streets to drive home on, parks where our kids can play, and downtowns people want to visit. We need all of these things in addition to well-paid officers,” states Rep. Haveman.

Act 7: Roadblock to Cost Savings

Another key reform to local government cost savings is amending PA 7 of 1967, the Urban Cooperation Act. This Act enables a public agency to jointly exercise with another public agency, any power, privilege, or authority that each is able to exercise on its own. For instance, under Act 7, a local unit can create an authority for public safety, parks and recreation or any other type of authority with another local unit (or multiple local units). However, the current language in Act 7 is a disincentive to this type of consolidation of services—it says that no employee may be harmed when combining departments. So, if one community pays its officers \$40,000 a year, and another pays \$50,000, the practical reality is that all officers would be bumped up to \$50,000 instead of perhaps meeting in the middle at \$45,000. As a result, all employees would have to go to the highest level of salary and benefits; there is no real savings, and no incentive, to create an authority. This also prevents a true collective bargaining process until the longest remaining contract expires.

Rep. Paul Opsommer (R-DeWitt) has been a leading proponent of reforming the Urban Cooperation Act the last two sessions of the Legislature. As a former mayor of the city of DeWitt, he

“We can’t be satisfied only with well-paid public safety officers. We need healthy communities with good streets to drive home on, parks where our kids can play, and downtowns people want to visit.”

—Rep. Joe Haveman (R-Holland)

“... we need to look at ways to help local communities and leaders stretch limited funds.”

—Senator Mark Jansen (R-Gaines Township)

knows first hand the roadblock created by the Act’s current language. “State government has to get out of the way or stop preventing local governments from working together,” stresses Representative Opsommer. “We can’t in essence shoot locals twice. We can’t cut revenue sharing and not give our local officials the tools to work together.”

Removing “Highest Level of Pay” Requirement

Legislation was introduced into the House last session to remove the “highest level of pay” language and allow local officials to negotiate with employees in a way that results in governmental consolidations, efficiencies and real cost savings for Michigan residents. Unfortunately, the bills got so watered down in the House that they essentially do nothing; then they were passed over to the Senate. The Senate re-strengthened the bills and considered them, but they were defeated when the firefighters convinced the Democrats and two Republicans that they were bad for employees.

PA 312 and the Urban Cooperation Act are two entirely separate, but important, reform ideas. Last session the firefighters were successful in linking the two together in the eyes of the Legislature, indicating that if a fire authority is not covered under PA 312, then creating authorities would be bad for firefighters. Creating authorities is a way for local units of government to cut costs and create more efficient workforces. Amending the Urban Cooperation Act is key to giving communities the freedom to consolidate departments in a way that makes sense for them.



The Legislature has many difficult decisions to make in the coming months. Michigan has a number of long-term structural reforms that are necessary to make our state competitive in the new economy. PA 312 and the Urban Cooperation Act reforms are vital to the long-term viability of Michigan's communities.

Visit the League's PA 312 Website

For 40 years, PA 312 has been damaging Michigan's local units of government. Visit our PA 312 website (www.mml.org/advocacy/pa312/index.html) for current information, news articles, and resources, or to share your PA 312 horror story. The only way legislators are going to know how bad PA 312 is for Michigan communities is if we tell them. Each example brings us one step closer to reform.

Video: Educating Lawmakers on PA 312 and Corporation Barriers

Lawmakers join the League and local officials in discussing mandatory binding arbitration and consolidation laws. Video features Grand Rapids Deputy City Manager Eric DeLong, Taylor Mayor Cameron Priebe, and Wyoming City Manager Curtis Holt.

Related Articles

- Budget Woes Lead to Talk of Eliminating Full-Time Fire Department (*The Grand Rapids Press*, 8/18/09)
- How Localities Can Avoid Police and Firefighter Layoffs (*Detroit Free Press*, 8/16/09)
- Old Law Ensures Less Bang for Taxpayers' Buck (Center for Michigan, 5/14/09)
- PA 312 Leads to Cuts in Public Safety (*The Ann Arbor News*, 5/12/09)
- Editorial: State Must Take Cue to Cut Spending (*Crain's Detroit Business*, 3/29/09)
- Costly Move Expanding Arbitration (*Grand Rapids Press*, 6/22/08)
- Pontiac Struggles with Depleted Police Force (*Oakland Press*, 5/21/08)
- Editorial: Mayors, Not Judges, Should Run Our Cities—Supreme Court Should Allow Detroit, Pontiac to Proceed with Layoffs (*Detroit Free Press*, 11/26/07)
- In Our Opinion: Negotiate Government Reforms (*Detroit Free Press*, 9/19/07)
- State Officials Look at Changing Arbitration Laws (*Crain's Detroit Business*, 6/18/07)
- Editorial: Repeal Laws Favoring Unions Over Taxpayers (*Detroit News*, 6/13/07)

"PA 312 reform is crucial to municipalities being able to depend on their budget process and control their own costs."

—Rep. Doug Geiss (D-Taylor)

Related Publications

- PA 312 Talking Points (The Michigan Municipal League)
- PA 312 Briefing Document
- A Conversation with the Governor (Live on WWJ News Radio 950)
- The Public Employment Relations Act: Conflicts & Possible Alternatives (Citizen's Research Council of Michigan)
- Final Report to the Governor—2006 (The Task Force on Local Government Services and Fiscal Stability) 

Samantha Jones Harkins is a legislative associate for the League. You may reach her at 517-908-0306 or sjones@mml.org.



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Entrepreneurship, Community, AND Economic Development

By Mark H. Clevey

As Michigan communities grapple with the effects of the economic crisis gripping the world economy, entrepreneurship continues to be an ever-brightening spot on the economic horizon.

Communities essentially have two choices when it comes to generating new economic growth:

(1) "Business attraction"—the traditional approach of encouraging businesses to relocate here from outside of the region; and

(2) "Economic gardening"—a grow-from-within strategy that encourages business creation, retention, and expansion.

Given that most new jobs creation, wealth creation, innovation, and economic growth comes from entrepreneurial companies—specifically those with between 10 and 99 employees and \$1-\$50 million in sales—more and more communities are adopting a blended strategy with increased emphasis on economic gardening.

Judith Cone, vice president, Ewing Marion Kauffman Foundation, defines "entrepreneurship" as the assumption of "risks to transform ideas into sustainable enterprises that create value." According to the National Governors Association, Center for Best Practices, "Entrepreneurs are the engines of growth and innovation to a greater extent than other types of firms and hold greater potential to enhance local and regional economies." Raymond W. Smilor, in his work titled "Entrepreneurship and Community Development," has found that entrepreneurship is also an engine of community development that confers "identity, belonging and security not only on those who elect to start and grow enterprises, but also on those who join them in that effort and on the wider environment in which they operate."

Michigan Entrepreneurship Score Card

Entrepreneurship is important to both economic and community development. The Annual Michigan Entrepreneurship Score Card report by the Small Business Foundation of

Michigan (SBFM) compares Michigan to all states with regard to the relationship between entrepreneurship, community, and economic development. In 2007, Michigan entrepreneurs were surveyed to determine the role community played in their success. Community infrastructure was designated the number one factor in helping ("greatest help") businesses in the start-up phase.

The report shows that Michigan has a tremendous number of assets, and is well prepared for the knowledge-based economy (e.g., the Kauffman Foundation "State New Economy Index" found that Michigan had made more progress in preparing for the knowledge-based economy since 1999 than any other state). The report also shows that there has been substantial progress in the development of programs and services in the state that encourage the creation, retention, and expansion of entrepreneurial ventures.

Disturbingly, however, the report also shows that entrepreneurship could play a much more significant role in Michigan's economic recovery, diversification, and development.

Entrepreneurial Culture

The Score Card has taken great care to encourage policy makers—at all levels—to recognize that an entrepreneurship "culture" is a necessary condition for robust entrepreneurship. Within this context, while traditionally associated with small businesses, it is important to note that an entrepreneurial culture results from the synergy among three distinct and important groups of entrepreneurs:

(a) **Small business entrepreneurs** launch new growth-oriented ventures in markets with high economic multiplier effects (typically in emerging industries),

(b) **Intrapreneurs** are entrepreneurs that reside in existing companies who use the resources of the host firm to launch new ventures that result in diversification and positive growth; and

(c) **Social Entrepreneurs** work in the not-for-profit sector and use the tools of innovative entre/intrapreneurship to generate positive social change.



Michigan Entrepreneurship Score Card

The Small Business Foundation of Michigan (SBFM) has published the fifth annual Michigan Entrepreneurship Score Card, grounded in the belief that—among all the major factors affecting economic growth—entrepreneurship is the most important.¹ Given the economic challenges that Michigan faces, it is important that all forms of entrepreneurship be understood and appropriately encouraged.

Accordingly, the report takes great care to ensure quality with objectivity, firmly grounded and sound methodology (data, analysis, and correlation), fact-based causation (benchmarking) and outcome measurements. The score card uses standard and objective metrics supplied by highly respected and recognized sources. Most importantly, the Score Card does NOT weigh any of the individual metrics reported in this study.

¹ Corporation for Enterprise Development. Development Report Card of the States; Indiana; www.cfed.org/focus.m?parentid=34&siteid=2346&id=1600&year=2007&stateid=22.

To see the Entrepreneurship Score Card, go to www.sbam.org/Contact/Foundation/.

Innovation: An Instrument of Entrepreneurship

Another important finding related to community and economic development is that entrepreneurs differ significantly from non-entrepreneurial organizations in a number of ways. First of all, entrepreneurship is the effective application of strategic management tools and practices to ventures that combine “intent” and “capacity” for growth and/or impact. Even more important is the fact, aptly noted by Peter Drucker, that “innovation is the instrument of entrepreneurship.” The key role of innovation in entrepreneurship and related economic recovery cannot be taken lightly. For example, in her groundbreaking new work “Closing the Innovation Gap,” Judy Estrin writes that “today, more than ever, innovation is critical to the role we will play in the global economy. . . the innovation process can result in life-changing breakthroughs or incremental improvements to existing ideas or products. . . opportunities for innovation are all around us, in every field. . . .” Indeed, the National Council on Competitiveness has declared, “If Americans stop innovating, we stop being Americans.”

New York Times columnist Thomas Friedman has written that, “innovation is where creative thinking and practical know-how meet to do new things in new ways, and old things in new ways.” In practical terms, innovative entrepreneurship occurs in three distinct and important ways:

- (a) **Innovative Entrepreneurs** modify or improve upon an existing technology, product and/or process in order to enhance organizational processes;
- (b) **Practitioner Entrepreneurs** employ current off-the-shelf knowledge to create incremental improvements in existing technology, products, and processes; and,
- (c) **First-Mover Entrepreneurs** pioneer breakthrough disruptive innovations that create new paradigms, making previous technologies, products and/or processes obsolete.

Economic Gardening and Entrepreneurial Culture

Many Michigan communities are now using a nationally recognized community reinvention model—economic gardening—as a way to actively foster robust innovative entrepreneurship as an economic recovery strategy. Developed by Chris Gibbons of Littleton, Colorado, and endorsed by the Edward Lowe Foundation, the U.S. Small Business Administration, and others, economic gardening is a way for communities to marshal and focus their limited resources to accelerate the formation and growth of innovative entrepreneurs. In an October 2008 paper released by the U.S. Small Business Administration, titled, “Look Ahead: Opportunities and Challenges for Entrepreneurship and Small Business Owners,” economic gardening is highlighted as one of five “opportunities” for economic development and job creation.

Economic Gardening Plus

Saginaw Valley State University (SVSU) is one of the few universities in the state—and nation—to offer an accredited degree in entrepreneurship. SVSU’s Center for Business and Economic Development has launched a new Economic Gardening PLUS Institute to train and assist local communities to develop entrepreneurial cultures. The underlying premise of the “PLUS” model is that all three types of entrepreneurs (small business entrepreneurs, intrapreneurs, and social entrepreneurs) must be prevalent in a community in order for an economic culture to exist, for small business entrepreneurship to flourish, and for related economic recovery to occur. 

Mark H. Clevey, MPA, is director of Entrepreneurship & Commercialization at Saginaw Valley State University and primary author of the annual Michigan Entrepreneurship Score Card. You may reach him at mhclevey@svsu.edu.



Legal Spotlight

By Sue Jeffers

Ordinance Permitting PBTs for Minors in Possession Found Unconstitutional

This column highlights a recent judicial decision or Michigan Municipal League Legal Defense Fund case that impacts municipalities. The information in this column should not be considered a legal opinion or to constitute legal advice.

Facts:

The city of Troy adopted an ordinance which provided, in part, as follows:

“A person less than 21 years of age shall not purchase or attempt to purchase alcoholic liquor, consume or attempt to consume alcoholic liquor, or possess or attempt to possess alcoholic liquor. A person who violates this section is guilty of a misdemeanor . . .

A peace officer who has reasonable cause to believe a person less than 21 years of age has consumed alcoholic liquor may require the person to submit to a preliminary chemical breath analysis. A peace officer may arrest a person based in whole or in part upon the results of a preliminary chemical breath analysis. The results of a preliminary chemical breath analysis or other acceptable blood alcohol test are admissible in a criminal prosecution to determine whether the minor has consumed or possesses alcoholic liquor.”

A number of young adults under 21 years of age were allegedly drinking alcohol at a party at a house located in the city. Police responded and arrived to find a group of individuals leaving the party on foot. The police detained the group, which included the defendant Emran Chowdhury. Each of the young adults was asked whether he or she had been drinking alcohol. Some said

yes and others said no. The police then began to administer preliminary breath tests (PBTs).

It was basically undisputed that the police did not request consent prior to administering the tests. No search warrants had been obtained before administering the PBTs. The defendant’s PBT registered at 0.025 and he was charged with a crime. The defendant moved to dismiss on the basis that the ordinance was unconstitutional on its face (as written), that the warrantless search of defendant was unreasonable, and that no exception to the warrant requirement had been applicable on the facts of the case.

The city argued that the ordinance was constitutional, but that even if it was not, that the likely dissipation of defendant’s bodily alcohol content (during the period of time required to obtain a search warrant) was an exigency that justified the warrantless search in the case.

Question:

Was the ordinance unconstitutional on its face?

Answer according to the district court:

Yes. The district court ruled that the ordinance was unconstitutional on its face, that the warrantless search of defendant’s person had been unreasonable, and that no exception to the warrant requirement had been

applicable on the facts of the case. The district court further found that requesting someone to submit to a PBT is a search subject to the federal and Michigan Constitutions’ guarantee of the right against unreasonable searches and seizures. The district court then suppressed the results of the PBT from evidence.

Answer according to the circuit court: Yes, upholding the district court’s ruling.

Answer according to the Michigan Court of Appeals:

Yes. Quoting the U.S. District Court for the Eastern District of Michigan, in *Platte v Thomas Twp*, 504 F Supp 2d 227 (2007), the court stated that “to say that there are some circumstances under which breath samples can be taken from minors in a constitutional way does little to answer the question whether the statute itself is constitutional, when the statute allows searches and seizures absent the condition of a warrant or an excuse for proceeding without one.”

The court further affirmed that none of the exceptions to the search warrant requirement applied and that the police officers were accordingly required to seek and obtain a valid search warrant before administering the PBT to defendant.



People v Chowdhury, No. 288696 (September 10, 2009).

Sue Jeffers is associate general counsel for the League. You may contact her at 734-669-6306 or sjeffers@mml.org.



Greener Communities. Greener Michigan.

Elk Rapids Going Green-ER

By Dan Reszka



Elk Rapids,
pop. 1,700

The village of Elk Rapids is known for its small town character, great restaurants, and as an arts and antiques destination. Located

on East Grand Traverse Bay and Elk Lake, Elk Rapids is surrounded by water. It is positioned at the end of a chain of lakes, a 75-mile series of lakes and rivers. The Elk River, running through the heart of Elk Rapids, receives all of the fresh water from this chain. "Everything that impacts our natural environment has a major effect on Elk Rapids. We have to be vigilant," states Village President Dan Reszka. While the village has been going "green" for many years, it is now going Green-ER (Green-Elk Rapids), with two major events in 2009 that brought particular recognition to Elk Rapids.

LED Street Light Conversion

In January 2009, the village replaced 20-year-old "acorn" style lights (high pressure sodium) in the downtown area and Veterans Memorial Park, with LED (light emitting diodes) lights. The effort to change these 100 lights was initiated by the Downtown Development Authority (DDA) and the village council based on "dark sky" concerns brought by resident advocates Terry Miller and Wally Hibbard. Both stressed the need to address the overly bright glare from the existing lights in the village that made star gazing virtually impossible. Village Manager Bob Peterson remarked "Terry and Wally brought valuable research and advocacy to the DDA and council."

To reduce glare into the sky and focus lights down toward the street and sidewalks where it belongs, the village had already been installing "shoe box" style LED lights in other street improvement projects. However, officials were concerned about the overall replacement cost of the decorative "acorn" lights.



Old "acorn" style lights

photo courtesy of Gosling Czubak Engineering Sciences, Inc.



The first new LED

Windemuller technicians and village DPW workers installed 96 LED fixtures. The lights will save about twice their cost in electricity, as well as provide "dark sky" illumination by projecting light down and out instead of an overall glare like those they replace. photos by Tom Vranich



New LED lights

photo courtesy of Gosling Czubak Engineering Sciences, Inc.



During Green-ER Day, a Michigan State Extension Groundwater Stewardship representative let students dowse a landscape they sprinkled with powder representing petroleum, fertilizer, pesticide erosion, and sediment pollution to demonstrate water run off.

“The DDA and council wanted to keep the character of the existing lights while trying to eliminate the glare problem,” stated DDA President Jon Heeke. The cost of approximately \$90,000 was approved based on promised reductions in utility expenses. An immediate savings of 60 percent per month per light was realized. LED lights also have a longer life, requiring less maintenance expense. “This cost savings was passed on directly to village taxpayers by a decrease of .10 mils as part of an overall reduction of .5 mils for 2009,” stated Reszka.

The community has reacted positively. Miller reflects, “I can see stars again and measurements prove better illumination of the sidewalks and streets.” Hibbard was “pleased that the village acted on their request.”

Green-ER Day

On May 18, 2009, the first annual Green-ER Day was held at the government center in Elk Rapids. The village formed a committee composed of the village president, the village manager, a council trustee, and three environmentally active citizens whose charge was to host an Elk Rapids environmental event. “There were three main reasons for the event,” stated Reszka, “to highlight existing village environmental programs, to showcase regional programs, and to generate public discussion of environmental issues.” The committee worked for months organizing the event. Committee member Dolores Hibbard, a resident environmentalist, was immediately excited about the prospect, stating, “Elk Rapids is a special environmental place; I am particularly concerned about the impact stormwater has on the wetlands, lakes and rivers that are an important part of Elk Rapids.”

The afternoon program included booths set up by environmental organizations, local businesses, and groups displaying their environmental products and services. More than 20 displays were set up and hundreds of people attended during the afternoon.



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Village receives award for lighting
 In April 2009, the village was awarded the Gary R. Williams Award for Excellence in Outdoor Lighting by the Outdoor Lighting Forum of Petoskey. It was the first time a community from Antrim County had been so honored. Mary Lou Tanton, forum chair, said Elk Rapids "will set a unique and, one of the finest, examples and precedents for other communities to follow."
 Photo by Fred Gray, Director of Communications for Emmet County.

Elk Rapids Middle School students set up elaborate stormwater runoff displays that expressed their concerns about contamination. Trustee Stevens remarked, "I was particularly impressed by the local student participation." Groups of students visited the event during the day and some were part of the evening presentations. One display, organized by committee member Royce Ragland (also a planning commissioner) focused on recycling by "reuse."

Ragland noted, "Many items that are no longer needed can be reused. We included the old street lights recreated as art objects and old ties made into a quilt as examples to spur creativity."

The well-attended evening program began with a presentation of village environmental efforts by Manager Peterson. He pointed to the local recycling program—in place for over 25 years—which has expanded to 24 hours/7 days a week use with more items accepted. The village chips brush twice a year making the chips available for village residents, beautification, and Garden Club use. Leaves are picked up, composted, and reused in village gardens. "Street projects have concentrated on stormwater treatment," stated Peterson. "Rain gardens, catch basins and sumps, and stormwater separators have all been installed to collect heavy sediment." A wellhead protection program, use of biodegradable dust control, and river water irrigation programs were explained. Village staff recycle paper, use recycled material, and print two-sided copies. The village's Edward C. Grace Memorial Harbor received recent designation as a "Michigan Clean Harbor." Peterson added, "I am proud of the effort our employees take to protect our environment."

Presentations by several regional environmental groups were all well received. The Michigan Land Use

Institute pointed out that buying locally grown food, while supporting local business, also requires much less transportation energy consumption. A hands-on presentation by the Conservation District showed how stormwater (using active colored water running through a miniature display of farmland, residential neighborhoods, streets and businesses) impacts a community. Environmental activist and Green-ER member, Greg Reisig stated, "this is the only environmental program of this magnitude put on by a village or city in northern Michigan. Elk Rapids is being recognized as a leader in environmental sensitivity," "This was a great event. Greg, Royce and Dolores had more ideas than we could manage; we had to hold them back a little," stated Francis. "New ideas will be added for next year." Furthermore, Reszka states, "for many years the village government acted progressively in relation to our natural surroundings—even before it was fashionable to be "green."

The village of Elk Rapids was nominated for Northern Michigan Environmental Action Council Environmentalist of the Year for Green-ER Day and for the LED light conversion. In addition, local *Elk Rapids News* editor, Tom Vranich, was nominated for his expert coverage of these and other environmental issues. 



Can you see Elk Rapids on the USA light pollution map?

Dan Reszka is president of the village of Elk Rapids and owns an art gallery, Blue Heron Gallery, in the village. He can be reached at 231-264-9274.

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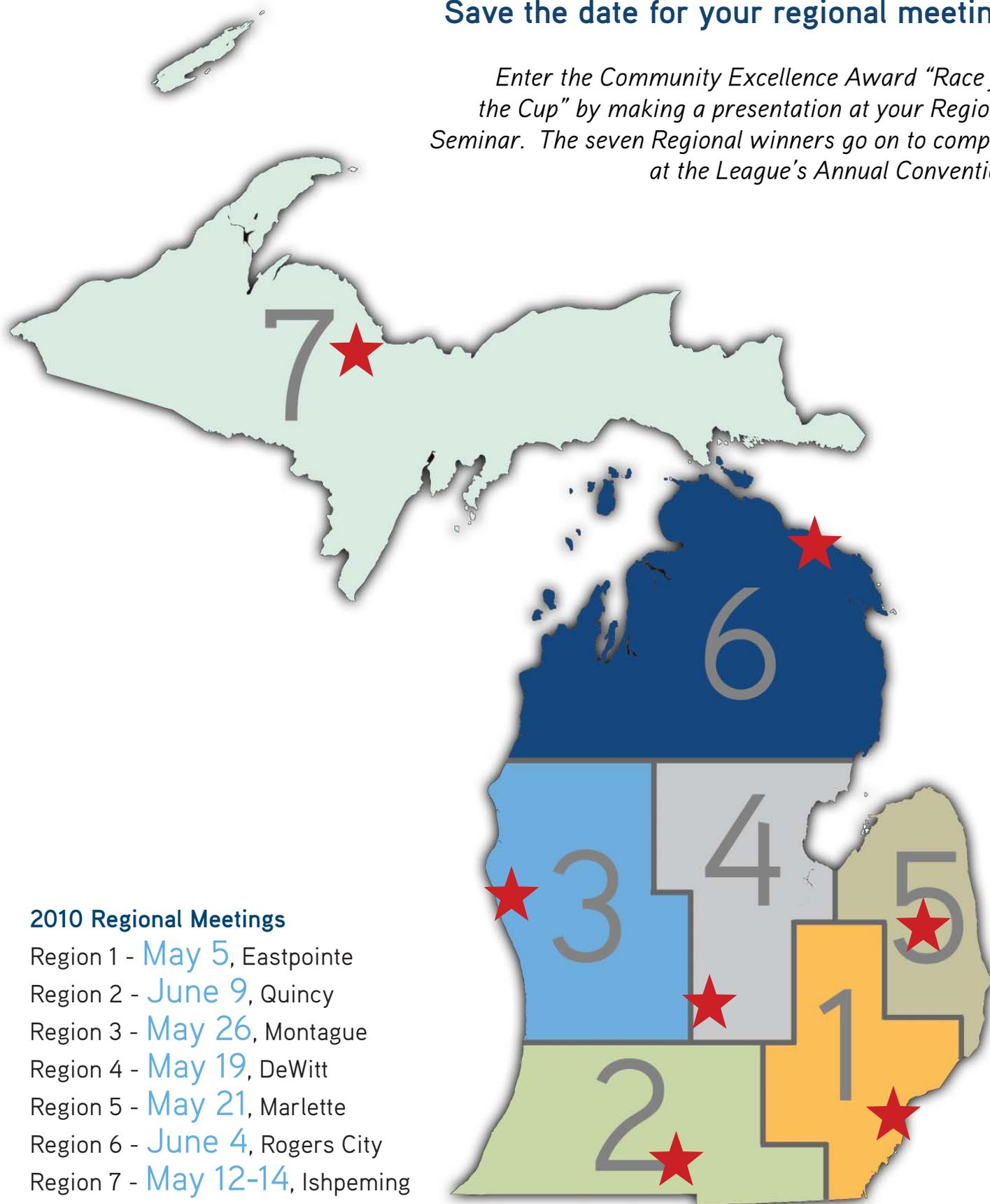
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(1) Outside County Paid/Requested Mail Subscriptions stated on PS Form 3841 (include direct written request from recipient, telemarketing and internet requests, advertiser's proof copies, and exchange copies.)	9,187	9,125
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f. Total Distribution (Sum of 15c and e)		
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17. Signature and Title of Editor, Publisher, Business Manager, or Owner <i>Kim Cekola, Editor</i> Date 10/1/09		

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PS Form 3526-R, September 2007 (Page 1 of 3 (Instructions Page 3)) PSN: 7530-29-200-8005 PRIVACY NOTICE: See our privacy policy on www.usps.com

I certify that all information furnished on this form is true and complete. I understand that anyone who furnishes false or misleading information on this form or who omits material or information requested on the form may be subject to criminal sanctions (including fines and imprisonment) and/or civil sanctions (including civil penalties).
PS Form 3526-R, September 2007 (Page 2 of 3)



Municipal Q&A

Coordinated by Mary Charles

Q: We received a notice from our county that it has to “approve” our zoning ordinance. Is that true?

It is true for townships but not for cities and villages. All townships must submit a proposed zoning ordinance or amendment to the county for review and comment (not approval), prior to adoption pursuant to Sec 307 of the Michigan Zoning Enabling Act (MCL 125.3307).

Once adopted, the zoning ordinance or any amendment to it is only submitted to the clerk of the legislative body of the city, village, township, or county which adopts or amends the ordinance (MCL 125.3401). It is not submitted to the county clerk nor is it reviewed by the county board of commissioners.

Request for Information

The Resource Center relies on contributions from local officials to keep its materials current.

Please mail copies of your municipality’s new ordinances, policies, resolutions, and innovative ideas to the League’s Inquiry Service, 1675 Green Road, Ann Arbor, MI 48105; fax it to 734-663-4496 or email it to info@mml.org. Thank you!

Q: What about our Master Plan? Does the county have to approve that?

No. Once a planning commission is created, the county must be notified (MCL 125.3811). Planning commissions in cities, villages, townships, and counties must provide notice to the county clerk that they propose to prepare and/or update a master plan (MCL 125.3839(2)(e)). When finished with a draft that is approved for distribution by the legislative body of that jurisdiction, the planning commission must submit the proposed master plan to the county for review and comment (not approval). They must submit it again after adoption.

Note: Our thanks to Mark Wyckoff, director of the Planning and Zoning Center at Michigan State University, for his help with these two questions.

Q: “Someone” told our mayor he can now perform a marriage ceremony anywhere in the state of Michigan. Is that right?

No. Actually, legislation passed in 2007 allows mayors to perform a marriage ceremony any place in the county in which the city is located—not anywhere in the state.

The Civil Marriage Ceremony Handbook for Mayors (available at http://www.mml.org/pdf/marriage_mayors_

[handbook.pdf](#)) provides many useful guidelines if your mayor is asked to perform this service.

And to answer the question of whether village presidents may perform marriage ceremonies, the answer is “no.” There is no provision in the statute for presidents of villages to officiate marriage ceremonies, only mayors of cities.

Q: Does the council have to hold an open session before going into a closed session if a closed session is the only item on the agenda?

They must begin in open session. The Michigan Open Meetings Act (OMA) provides that all meetings of a public body shall be open to the public and be held in a place available to the general public. (MCL 15.261 et seq.) The OMA does make provision for specific situations in which a public body may meet in closed or executive session. (MCL 15.268)

The specific procedure required for a legislative body to go into a closed or executive session is: from an open meeting, a two-thirds roll call vote is required, except for closed sessions permitted under MCL 15.268(a) (discipline, personnel evaluation, etc. of official/employee) or MCL 15.268(c) (collective bargaining) which require a majority vote. A roll call vote and the purpose for calling a closed session shall be entered into minutes of the open meeting. 

FOCUS ON

Kalamazoo

Better Communities. Better Michigan.

Better Communities. Better Michigan.



On April 14, 1884, the founders of this city convened the first meeting of the city of Kalamazoo at 8:30 pm. On Tuesday, April 14, 2009, we commemorated this monumental landmark in our history by planting a tree in the South Courtyard of City Hall. Our year-long celebration will culminate with the dedication of the South Courtyard and setting of a marker to commemorate 125 years of city service.

During this year-long celebration, we will honor the legacy and accomplishments of a pioneering community of workers, leaders, and residents at various events throughout the city. We are an All-American organization committed to public service, with a “can do” attitude to make Kalamazoo a livable and sustainable community for all citizens. We strive to create a work environment driven by enthusiasm, where innovation and risk taking are encouraged and rewarded. We respect the diversity of our co-workers and recognize change as an opportunity, and value teamwork, honesty, and integrity. We celebrate and learn from our successes and failures, and use those lessons to guide us in our work to make Kalamazoo the best city possible.

Kalamazoo is a great place to live and work. The area offers great schools, reputable universities, two nationally recognized healthcare systems, affordable housing, many parks, lakes, and golf courses. The city of Kalamazoo also offers many of the cultural attractions that you would find in larger metropolitan areas, including art, theatre, dance, music, restaurants, and much more.

In 2015, Kalamazoo will be a city where residents move easily, by motorized or non-motorized means, between vibrant neighborhoods and a vital downtown. It will be a regional center of cultural, educational, and economic activity and health care services. It will have well-used greenways and open spaces, including neighborhood and community parks that are interconnected by bikeways, pedestrian paths, and roads. Diversity will be a virtue. Kalamazoo’s vitality will be sustainable with a balance among the needs of the environment, the economy, and the social needs of residents. 

Please send address and recipient corrections to Susan Vasher at MML, P.O. Box 1487, Ann Arbor, MI 48106-1487; phone 800-653-2483; fax 734-662-8083, or email svasher@mml.org. Thank you.