

Overall Concept Narrative: The Detroit Regional Partnership (DRP) and DRP grant coalition recognize the traditional automotive industry is rapidly transitioning towards a broader mobility industry where electric vehicles (EV) and connected and autonomous vehicles (CAV) will drive the future, posing both a threat and an opportunity to the region. The Detroit Region includes the 11-counties of Genesee, Lapeer, Lenawee, Livingston, Macomb, Monroe, Oakland, Shiawassee, St. Clair, Washtenaw, and Wayne (including City of Detroit). It is home to 5.4 million people. Using data from STATSAmerica's Economic distressed database, the Region **qualifies as a distressed community with economic injury from the coronavirus pandemic that constitutes a “special need.”** The City of Detroit has the highest unemployment rate of the 50 largest cities in the nation at 22.4% for 2020 (NERDE). The Region shed nearly 224,000 jobs, 9% of total jobs (EMSI). For 2019-2020, Michigan ranked fifth for real GDP decline at 5.4%, among all U.S. states (US Bureau of Economic Analysis). Michigan and the nation could suffer additional job losses of 7,000 and 82,548 respectively, amounting to \$6.3B in lost payroll and a decrease in national economic output of \$24B. The total economic impact to the Region, state, and nation could total 177,045 jobs lost, more than \$13.6B in lost payroll and a decrease in GDP of more than \$60B (IMPLAN). The **coalition’s vision** is to leverage the Region’s automotive, engineering, design, and manufacturing strengths, leadership, and assets as elements of a smart, sustainable, and inclusive *advanced-mobility* cluster. Advanced mobility includes the multi-dimensional movement of people or goods and the products, materials, processes, and technologies that support it. Advanced mobility supports social and economic movement, connection to essential resources, and naturally integrates a focus on inclusion and connectedness within and across communities. In addition, advanced mobility presents a gateway to transformational economic growth and regional competitiveness through job creation, talent development, and capacity building that attracts public and private investment. The **economic opportunity** of advanced mobility is vast and the Region’s ample, unique assets can be leveraged for positive impact locally and nationally. Per a *Fortune Business Insights* Report, the global electric vehicle market is anticipated to grow from \$287.36B in 2021 to \$1,318.22B in 2028 at a compound annual growth rate of 24.3% in the forecast period.

In three months, DRP has engaged 65+ **coalition members** in steady-state and responsive economic resiliency planning, holding weekly coalition meetings to identify immediate economic needs and conduct collective visioning to guide the development of the Region’s proposals and projects. Coalition members represent a cross section of economic development, higher education, workforce development, accelerators/incubators, and businesses, as well as state and local government, labor and community-based organizations, industry, philanthropy, and non-profits. This deep partner bench is a regional strength that, while substantial, could benefit from further alignment and collaboration. Key coalition members include the organizations listed as proposing projects and providing thought leadership (below), the Advisory Committee (listed below), as well as the Center for Automotive Research, Consumers Energy, Detroit at Work, Downtown Detroit Partnership, DTE, New Economy Initiative, Southeast Michigan Council of Governments (SEMCOG), W.K. Kellogg Foundation, and economic development from all 11 counties and the City of Detroit. The AC formed to provide objective, regional perspective and decision-making for the grant application and implementation. With decades of federal grant experience, this group will serve as a grant development- and administration-oversight committee and includes the following: Ann Arbor SPARK, Economic Development Alliance of St. Clair County, William Davidson Foundation, Detroit Regional Chamber, SEMCOG, Automation Alley, Detroit Economic Growth

Corporation, Michigan Dept of Labor and Economic Opportunity (LEO), and the Michigan Economic Development Corporation (MEDC) and University Research Corridor-an innovation cluster that includes Michigan State University (MSU), the University of Michigan (UofM) and Wayne State University (WSU). In addition, countless outreach efforts engaged industry and community partners, equity-focused partners, investors, state and local government, legislators, and owners of regional assets in the last 3 months to allow the DRP team and coalition members to gain insight into industry needs and trends and receive feedback regarding grant direction. The DRP also convenes a Public-Private partnership and a leadership circle, which may be engaged for grant activities. The proposed component projects reflect a call for proposals and a coalescing of 24+ project ideas into a distilled and strategic set of long-term pillars and both long and near-term projects to move the region's economy forward.

Overall concept includes three long-term strategies to drive durable change:

PILLAR I. COMPANY INNOVATION AND TRANSITION (P1 and P2 below): The Region is home to top research universities, 70% of the nation's automotive industry R&D, and a robust network of incubators and accelerators. While they are innovation leaders, entrepreneurs and small businesses often fail due to an ineffective support structure to propel long-term success. The advanced-mobility business ecosystem will be moved forward through *inclusive outreach* that identifies and engages diverse and high-potential businesses, startups, and university spinouts with shared *technical assistance* network & revolving-loan funds relevant to a company's stage of growth or transition. This work will leverage existing regional incubators and accelerators, but also enhance coordination across these organizations and assist with *navigation of university resources*. To mitigate significant internal combustion engine (ICE) supplier loss and related manufacturing jobs, the coalition proposes the deployment of technical service providers and consultants to help these companies and workers pivot to advanced mobility or adjacent industries. Informed by thought leadership from Ann Arbor SPARK, Endeavor Detroit, Detroit Mobility Lab, and various venture capital and business partners, and proposed projects from the U-M Economic Growth Institute (EGI), Michigan Manufacturing Technology Center (a Manufacturing Extension Partnership), U-M Tech Transfer, Global Detroit, MSU, TechTown, Lawrence Tech University (LTU)/Centropolis, Invest Detroit Ventures, Oakland County. This pillar addresses the coalition-identified regional need to connect large companies, startups, and early-stage players with the various people and places that can provide job-sustaining and growing support. Proposed projects build on the institutional knowledge, relationships, and capacity developed through university and MEDC-supported programs (e.g., Tech Transfer Talent Network, Michigan Translational Research and Commercialization, Michigan Corporate Relations Network, and Automation Alley Industry 4.0). Outcomes include an expansion of wrap-around services provided to startup and early-stage mobility companies, an increase in small, early-stage businesses engaged in the advanced mobility sector with focused outreach to business owners from historically excluded populations, racial minorities, and women (which we will refer to in this application as BIPOC and women), a pivoting of traditional auto suppliers and industry-adjacent businesses to support electrification and mobility, increased job creation, job retention, greater investment in companies, and higher revenues. Pillar I is consistent with EDA investment priorities: Recovery and Resilience, Equity, Manufacturing, and Technology-Based Economic Development.

PILLAR II. TALENT TRANSFORMATION (P3 and P4 below): Talent is a primary driver of success and retention of advanced-mobility businesses, and the Region must address talent constraints for future manufacturing of CAVs, EVs, batteries and related competencies and

infrastructure while also supporting the reskilling and retraining of many existing workers. To maintain the region's position as the brain center for the U.S. auto industry, and to grow as a leader in advanced mobility, entry-, mid-, and senior-level talent each must be developed and retained. It is an economic and social imperative that all workers are engaged in these opportunities, including BIPOC and women from urban, suburban and rural areas across the region. The coalition will foster and grow a diverse, equitable, and inclusive workforce for industry by enhancing *communication* among stakeholders such as at-risk employers that may require interventions to retain or redeploy their workers. *Talent intelligence* will increase understanding of current skills gaps and future skill needs across manufacturing and/or brain-center employers and identify high performing education and training programs in need of further support (e.g., scaling, new curriculum development etc.). Using this intelligence, *Alignment, Gap Filling, and Connection* can occur with existing talent and education programs that may require complementary resource enhancements (e.g., industry expertise, curriculum, software /equipment) and identification of early intervention and warning strategies to help reposition potentially dislocated workers, especially in distressed areas. *Inclusive retention* efforts will better connect high tech and senior level, global, and BIPOC talent to regional employers. This theme and resulting projects have been developed through thought leadership from Workforce Intelligence Network, LIFT, Global Detroit, LEO, DRP, Michigan Mobility Institute, university partners, and area experts on talent and workforce development. Outcomes for this pillar include job retention among traditional auto suppliers that have pivoted to advanced mobility, greater efficiency of and access to workforce services for mobility companies, global talent attraction and retention, and growth of BIPOC and women in mobility-industry training, education, and occupations. Pillar II is consistent with EDA investment priorities: Recovery and Resilience, Equity, Workforce Development, and Exports and FDI.

III. FOUNDATIONAL INFRASTRUCTURE (P5, P6, and P7 below): This Region is the place where ideas and innovation meet real-world development, testing and deployment. Investment in sustainable infrastructure to support the advanced-mobility industry is critical. The nation has a narrow launch period for large-scale battery, EV, CAV, and other mobility technologies requiring ready infrastructure and industrial sites. The coalition will build forward-looking, technology-integrated infrastructure through support of both proven and new, multi-dimensional *testing* environments that span numerous mobility subsets (e.g., aerospace, agriculture tech, clean tech, auto, etc.). The Region will achieve *shovel readiness* by identifying and preparing industrial sites to secure near and mid-term mobility projects and jobs. Finally, to enhance visibility and connectedness of regional mobility assets, a regional *innovation district* will be developed with a focus on mapping, convening, and targeted capacity building to connect urban and rural assets and areas in between. This theme and projects have been developed through submitted projects from Flint & Genesee Group, Develop Detroit, WSU, Aerotropolis, American Center for Mobility, Cavnué, DRP, Sanilac and Huron Counties Econ. Dev., and through thought leadership from May Mobility, Detroit Future City, and Michigan Central Station (Ford Motor Company). Outcomes for this pillar include testing and infrastructure improvements that enable transition to future mobility and better-connected, secure infrastructure with deliberate engagement of communities where BIPOC populations reside and work, and the readying of industrial sites. Pillar III is consistent with EDA investment priorities: Recovery and Resilience, Manufacturing, and Environmentally-Sustainable Development.

Illustrative regional growth cluster statement: Using historical automotive industry strengths and capabilities, the Detroit Region will create an equitable, smart, resilient, and

sustainable advanced-mobility cluster in phase 2 by funding the following **component projects**: (P1) An improved network for startup and early stage mobility businesses leading to a *regionally-distributed incubator/accelerator network* that will connect these businesses with wrap-around support, including practical assistance, technical consulting, talent, customers, capital, and each other, as well as to university services supporting commercialization activity, and raise visibility through mapping, promotion, and technology/idea challenges. (P2) Development of a *legacy-company support system* to connect existing companies with the technical assistance needed to pivot, find new partners, or responsibly exit as they grapple with rapidly changing technologies and competition. (P3) Development of a *Radical Inclusion Accelerator*, with defined metrics (ex: 30% diversity in mobility workforce in 50% of companies by 2030), with a business facing diversity, equity, inclusion, and belonging (DEIB) assessment, consulting, and planning to drive key DEIB indicators and metrics within the cluster. (P4) Development of a distributed *Workforce Referral Network* and collaboration model with assessment and strategic partnerships to support workforce transition, talent pipeline planning/aging workforce, reskilling, and apprenticeship development, with research and strategic development on growing and retaining diverse, high-level talent required for both launch and retention, with specific strategies for executive leadership, global talent, and mid and senior level talent. (P5) Support for *proving and testing* environments with future infrastructure and technology (e.g., aerospace, agriculture tech, clean tech, auto, last mile, micro-transit, etc.) and develop new, non-duplicative test environments and partnerships to advance broader mobility themes. (P6) Improve *shovel readiness* by identifying and preparing industrial sites to secure new and mid-term mobility projects and jobs. (P7) Aggregate and disseminate existing cluster-related information and data through a *Business Research and Innovation Council* and conduct original analysis to inform strategic support, planning, and action for the region. (P8) Elevate the visibility and connectedness of the region's mobility assets through an inclusive and defined *Innovation District or Corridor*, connecting both urban and rural assets and the spaces in between, supported through mapping, convening of partners, and focused capacity building. A deliverable for phase 1 funding is to develop a complete and timely phase 2 grant application.

Proposed specific metrics and evidence-based benchmarks for phase 2 proposed projects include (A) a 5% higher-than-projected (2027 projection: 287,796) (EMSI) number of quality mobility industry sector related jobs, resulting in 302,186 jobs, with metrics established and tracked for mobility industry sector and by race, gender, and geography, (B) a 7% increase in mobility related industry wage growth, from \$72,594 (2020 EMSI data) to \$76,949, and (C) a 7% gain in mobility related GDP growth from \$53.9B (2020 IMPLANS) to \$57.7B. Success will also be measured by mobility-related degrees conferred growth, # of mobility technologies commercialized, and new mobility-related investment in firms and distressed communities.

Potential match funds and cost share for phase 2 have been identified from the State of Michigan general fund through aligned state departments, cost share from DRP personnel and fringe for grant administration and project execution, and potential philanthropic cash match and/or cost share, including, but not limited to, funds from Ballmer Foundation and William Davidson Foundation. Dependent upon project selection and lead institutions, proposed projects have also identified potential match from P1 (\$1.25M cost share and \$500k cash match from Centropolis/ Lawrence Tech and \$5M from firms engaged in third party partnerships and between \$4.3-\$8.6M from MEDC and university partners related to UM Tech Transfer projects), P2 (20% match from UM EGI and/or MMTTC), P5 (Industry cost share from potential equipment manufacturers and process developers), P6 (\$75k/year from DRP).

Barriers to implementation and mitigation strategies: (1) A reimbursement-based phase 2 grant may create a cash flow issue for component project co-applicants. Mitigation includes a potential loan fund or advance state dollars, reimbursed by component project leads after federal reimbursement. (2) The Region's automotive and private business culture has operated in a proprietary and confidential manner, with non-compete agreements and non-disclosure clauses prevalent. A natural shift is occurring, as mobility related businesses realize the importance of collaborating with partners in infrastructure, startups with innovative technology, economic developers, higher education, investors, business accelerators, and industry groups or associations. (3) Anticipated losses from the shift from ICE to EV/CAV in the automotive industry are great, and metrics undoubtedly will be difficult to measure.-Quantitative losses are still likely. A probable regional benefit of this proposed EDA application will be alleviation of the decline rather than an overall net gain in jobs and private industry. To mitigate skewed metrics, outcomes will be measured specific to advanced mobility.

The DRP, serving as the **lead institution**, is an economic development 501(C)(3) nonprofit that offers confidential, no-cost assistance to domestic and international companies seeking to explore and invest in Southeast Michigan. The DRP mission states, "By 2030, the Detroit Region will be nationally recognized for economic growth and as a highly collaborative and inclusive environment where businesses and individuals succeed. By aggressively marketing the region and growing jobs for all in the Southeast Michigan ecosystem, DRP's 2030 goals include 50,000 new jobs, 12,000 pathway jobs, \$10B in investment, and \$2B in payroll." The capacity of DRP is strong, with direct alignment between the BBBRC opportunity and the organization's mission, vision, goals, and targeted industries. This application aligns with 6/7 DRP targeted industry clusters, including mobility & automotive, smart manufacturing, transportation logistics, research, engineering & design, digital technology, and corporate & professional services. Since its inception in 2019, DRP has conducted economic development activities resulting in \$2.6B investment, 10,043 jobs created, 1,930 jobs pathways, \$900.9M payroll generated, and \$74.5+ million in federal, state, and local taxes. DRP will create a separate subsidiary entity under the DRP umbrella for phase 2 to create separation between traditional DRP work and federal grant activity, addressing a need for separate accounting, insurance, and risk. Capacity and staffing will be built into this new entity to expertly manage this work.

The DRP has convened 100+ stakeholders and acquired 116 letters of support. DRP is acting in cooperation with the State of Michigan, with participation from the Michigan Governor's Office, Office of Future Mobility and Electrification, Department of Transportation, Department of Education, LEO, MEDC, and Environment, Great Lakes and Energy, and several local jurisdictions. The vision, themes, and component projects **align with the CEDS plans** of SEMCOG, I-69 Corridor region, Hillsdale, Jackson, Lenawee, and/or Genesee County and the Michigan LEO application for Good Jobs challenge focusing on mobility and EV skills. See SEMCOG letter of support.

Timeline: Phase 1 proposed grant period is 12 months, with staff hiring and development and release of most requests for proposals occurring immediately. Cluster intelligence snapshot, inclusive design, and phase 2 application submission will occur in Q1/2. Coalition, stakeholder, private industry, and equity partner convening will occur throughout the Phase 1 grant period (construction activities not anticipated). If phase 1 is awarded, DRP CEO Maureen Krauss, will temporarily serve as the Regional Economic Competitiveness officer (RECO), starting day 1. Transition to a known executive on loan is being considered. If this relationship is not established, a full time RECO hiring process to take place between Mar-Sept 2022.