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**MOVE  
THE  
WORLD**



**AMAZON HQ2:  
DETROIT RFP RESPONSE**



Amazon Detroit Region HQ2 RFP Response  
October 18, 2017

**MOVE HERE. MOVE THE WORLD.**

- A seamless path to a walkable campus of 8 million+ square feet in the heart of downtown Detroit
- One campus in two countries on a busy international border
- 50 million people and many of the world's leading educational institutions within a five-hour drive
- Significantly lower operating costs across labor, taxes, and real estate
- An incentive package of up to [REDACTED] that doesn't require any new legislative action

This document summarizes the key points of the Detroit Region's proposal for HQ2. This summary is organized by the key preferences and decision drivers listed in the RFP. The key data cited in this document is sourced in the Appendix, arranged by the section and paragraph number of the original reference. The accompanying #AmazonDetroit book provides greater detail on the real estate proposal and quality of life in the Detroit Region.

**SITE/BUILDING**

*Detroit's real estate proposal is unique: it offers a walkable campus centered in the heart of an American city that also extends across the Detroit River to include Windsor, Ontario. Please see the #AmazonDetroit book for maps and illustrations.*

**(1A) A walkable campus in the heart of a major American city.** We propose several pathways to 8 million square feet – including over 3 million square feet available immediately – through a selection of historic existing buildings that have undergone meticulous restoration along with new development sites. These sites are not just near or adjacent to downtown, they are tightly clustered in the very center of downtown. Many of the assets are adjacent to key downtown public amenities: Campus Martius Park, a beautiful and popular public space considered the heart of Detroit's downtown, and the 3.5-mile Detroit International RiverWalk, a public park along the Detroit River.

**(1B) One campus, two countries.** In addition to Detroit, our Amazon HQ2 proposal includes offices in Windsor, Ontario, a city of 217,000 people located a half-mile across the Detroit River from Detroit's downtown. Nearly 80,000 vehicles cross daily between Windsor and Detroit, including 6,000 Canadians commuting into Detroit for work or school. Border crossing options include both the Ambassador Bridge and the Detroit-Windsor Tunnel, which is within a few blocks of the proposed development sites and is jointly owned by the cities of Detroit and Windsor. International bus service is also available through the tunnel. These varied transportation options make border-crossing a relatively frictionless experience: crossing times during peak hours, including customs processing, are typically less than 12 minutes. Crossing the border will only get easier in the coming years. A second cross-border bridge, the Gordie Howe International Bridge, has been approved to begin construction in 2018. In the event that Amazon selects the area for HQ2, **Detroit and Windsor have committed to operating a ferry that would provide nearly door-to-door service between riverfront offices** on both sides of the border.

**(1C) A small group of collaborative partners control the proposed sites.** The sites are controlled by five entities and their affiliates – Bedrock, Olympia Development, the City of Detroit, Wayne County, and the City of Windsor – willing to work collaboratively to support Amazon. Many of the sites are owned by Bedrock, Dan Gilbert's real estate development company. In recent years, Bedrock has invested over \$3 billion into a portfolio of more than 100 downtown buildings and 18,000 downtown parking spaces. It recently announced an additional \$2.1 billion of downtown real estate developments. Olympia Development is the development arm of the Ilitch family, which controls Little Caesar's Pizza, the Detroit Red Wings, and the Detroit Tigers. Olympia Development has invested over \$2.6 billion in downtown, including in a new arena for the Red Wings and Detroit Pistons that opened this year.

**(1D) Time to Operations: these sites can meet the most aggressive timetable.** The proposed sites include 3.2 million square feet in existing buildings, 1.3 million square feet of development projects that are already underway, and 91 acres of development sites (71 in the U.S. and 20 in Canada) that can be expeditiously planned and permitted. The existing buildings are owned by Bedrock, Olympia, the City of Windsor, and Wayne County. Primarily, they are occupied Class A buildings which can be made available on short notice. For Bedrock-controlled properties, Bedrock would be willing to move tenants that are members of Dan Gilbert's family of companies to make space for Amazon. The underway development projects are both controlled by Bedrock and are scheduled to start construction in early 2018. With large floorplates (up to 45,000 square feet) and extensive amenities, these projects are specifically designed to appeal to technology talent.

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**(1E) Bedrock and DTE Energy will work with Amazon to execute an ambitious sustainability agenda.** Bedrock has designed and implemented its own award-winning, high-tech building management system to maximize energy efficiency and will pursue LEED, WELL, or Living Building Challenge certification in partnership with Amazon. DTE Energy, a Fortune 300 company and the primary utility in Michigan, has a successful track record of implementing sustainability programs with customers and has secured support from regulators to work with Amazon. For example, it recently developed an “ultra-low emission” solution with Ford Motor Company that will cover 9 million square feet. The Ford program is designed to reduce energy usage by 50% with natural airflow ventilation, geothermal heating and cooling, and other solutions. Finally, DTE Energy in Detroit and EnWin in Windsor can, with appropriate approvals, offer Amazon 100% wind power. A key component of that wind power will be DTE’s 168 MW Pine River wind park, scheduled to open in 2018.

**(1F) Utility infrastructure is in place for all sites.** All sites discussed are connected to Detroit’s technology and energy infrastructure, including two fiber networks provided by either Comcast or Rocket Fiber. Also, the four major cell carriers have extensive area coverage. Connections to all utilities and services are available at Windsor sites.

**(1G) Detroit and the region offer a host of other sites.** These include the former Northland Mall, an assemblage of 200 acres accessible to two major highways in the City of Southfield, directly north of Detroit. Another option is a collection of existing buildings and new development sites in Detroit’s New Center neighborhood two miles north of downtown, largely controlled by a local development group called The Platform.

**COMMUNITY/QUALITY OF LIFE**

*Companies are moving downtown, while longtime and new residents are leaving their mark on the legacy of one of America’s iconic cities. Downtown has become what would have been unthinkable only a few years ago: a strategic talent attraction tool. Please see the #AmazonDetroit book for further detail on life in Detroit and Windsor.*

**(2A) Companies are moving downtown to capture a greater share of the millennial workforce.** The total number of workers downtown age 29 or below has grown by 38% from 2010 to 2015, while half of downtown’s residential population is age 18-39. Companies are responding. Seven years ago, the Quicken Loans Family of Companies relocated downtown to attract talent. That relocation proved a great success, with Quicken growing from 4,000 team members in 2010 to 17,000 today. Since then many other companies have followed suit. Within the last three years Adient, a Fortune 200 company, announced plans to move its global headquarters from Milwaukee to downtown Detroit; Ally Financial consolidated regional offices into a new downtown headquarters; Lear Corporation opened a corporate innovation center downtown; and Fifth Third Bank moved its regional headquarters downtown. The momentum has also attracted a community of startups filling Detroit’s offices, incubators, and co-working spaces, including WeWork and TechTown. Google is the latest major tech company to announce their move to downtown Detroit, joining Microsoft, Twitter, Snapchat, and LinkedIn. Amazon’s current office in Detroit, which has been open less than three years and grown to nearly 300 employees (most of them SDEs), is reportedly already expanding its space to allow for a doubling of its staff to nearly 600 employees working in the heart of the motor city.

**(2B) Detroiters enjoy an increasingly vibrant urban environment.** It is true that decades of population loss have left Detroit with many high vacancy areas, but recent growth in neighborhoods – including downtown – have helped create an outstanding lifestyle as new residents and amenities are woven into an already rich cultural fabric. *The New York Times* named Detroit a Top 10 global destination in 2017, and noted that longtime Detroiters and newcomers “are injecting remarkable vibrancy into the city.” The Detroit Symphony Orchestra and Detroit Institute of Arts are both nationally renowned institutions. All four major sports teams now play downtown within a four-block radius. Detroiters also treasure the Detroit City Football Club, a semi-professional soccer team that crowdfunded their renovation of a historic 7,000-seat stadium. Thousands of Detroiters come together to join a weekly “Slow Roll” bike ride through city neighborhoods, and every Saturday as many as 40,000 people shop for local produce from over 600 vendors at historic Eastern Market. More than 8,500 new downtown apartments are planned through 2022, on top of the \$13 billion that has been invested downtown since 2006.

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**(2C) Detroit's resurgence is spreading beyond greater downtown.** Across the city, families are restoring historic homes, entrepreneurs are reviving commercial corridors, and longtime retailers are investing in their stores. The Police Department and citizens work together to make streets safer through creative community policing initiatives such as the Green Light program. Detroit recently became the largest city in the U.S. to install 100% LED streetlights. With investments in additional vehicles and emergency responders, EMS response time is now below the national average.

**(2D) Detroit is affordable and has the capacity to maintain affordability while absorbing enormous growth.** Detroit's cost of living is 26% below the average for the main cities in each of the 15 largest metro areas in the U.S., allowing residents to enjoy the advantages of big-city life at low prices. Living in and around the vibrant downtown is a bargain relative to peer cities. Monthly rents in greater downtown Detroit average \$1.28 per square foot according to CoStar, compared to \$2.91 in the South Lake Union area. Because the city was built for a much larger population, there is ample room for growth without land scarcity causing sharp increases in rent. Just in the Central Business District (CBD) and four neighborhoods bordering it, there is enough space on vacant land and surface parking lots to accommodate an additional 191 million square feet of development at densities typical of these neighborhoods. Even under the most aggressive growth scenarios, there is room for new residents to live affordably in and around downtown for decades to come.

**(2E) Michigan offers vibrant communities and world-class recreation just outside of Detroit.** Young professionals are eager to put down roots throughout the Detroit region because of the high quality of life. Many suburban communities that surround Detroit are idyllic settings to raise a family, have high-quality school systems, and receive national recognitions for safety. Surrounding cities – including Ann Arbor, Grosse Pointe, Birmingham, Bloomfield Hills, St. Clair Shores, and Royal Oak – offer a range of lifestyle options from college towns to waterfront villages. Michigan also has a wealth of year-round recreational opportunities. Michigan residents are always within six miles of a body of water and have easy access to 1,837 miles of biking trails, 3,000 miles of cross country ski trails, 200,000 acres of local parkland, and 11,000 inland lakes. On weekends, many Detroit residents retreat to cottages in northern Michigan to visit 3,288 miles of Great Lakes shoreline and destinations like Traverse City, Mackinac Island, or the Upper Peninsula.

**(2F) Diversity and creativity are hallmarks of Detroit and Windsor.** This is a place where voters can request a ballot in Bengali, enjoy Mexican-Canadian fusion cuisine, and cross an international border to visit Little Italy in Windsor (the fourth-most diverse community in Canada). Detroit boasts the highest share of African-American owned businesses of any large city in the U.S. at 77%, and earned a perfect score on the Municipal Equality Index – a measure of support for LGBT communities by the Human Rights Campaign. Southeast Michigan is home to Dearborn, which the Washington Post describes as “the Arab capital of North America.” It also boasts the City of Hamtramck – the first U.S. city with a majority Muslim city council – where generations of Polish-Americans live alongside newly naturalized citizens.

#### **LABOR FORCE**

*The Detroit area has access to the deep pool of talent and broad network of top-notch universities necessary for hiring a strong workforce for years to come. Its easy access to the border provides a gateway to Canadian and global talent.*

**(3A) Detroit has a deep labor pool and one of the fastest growing STEM workforces in the country.** Metro Detroit – which includes communities across 11 counties, including the university town of Ann Arbor – boasts 5.4 million residents. Its 2.3 million-strong workforce includes 183,000 STEM professionals. 36,000 STEM jobs have been added since 2011, more than every metropolitan area outside the Bay Area. Metro Detroit has the largest and fastest growing population of engineers of any American metropolitan area, at 75,000, as well as 25,000 software development engineers (SDEs) and 44,000 computer-tech workers. Casting a wider net, Detroit is within a five-hour drive of nearly 50 million people on both sides of the border, and a workforce of 21.7 million. On the U.S. side of the border, there are, within a five-hour drive, over 884,000 individuals working in STEM fields, including 139,000 SDEs, and 283,000 computer-tech workers.

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**(3B) Locating HQ2 on the border provides Amazon a unique opportunity to access Canadian and global talent.**

Windsor-Essex County provides an additional workforce of 195,000 and, thanks to Ontario and Canada's proven commitment to attracting global talent, can act as a gateway to the world. In 2017, the Canadian federal government launched a Global Skills Strategy (GSS) designed to provide Canadian employers faster access to top global talent. GSS includes a commitment to process work permits for certain highly skilled talent in two weeks. The Ontario Immigrant Nominee Program (OINP) helps Ontario employers to recruit foreign nationals – including international graduate students in Canada – by having the province officially nominate them to the federal government for permanent residency. These and other programs have shown results: Ontario has over 183,000 immigrants working in the information and communications technology sector today and over one in four residents of Windsor were not born in Canada.

**(3C) Amazon can tap a rich regional university talent pipeline.** Southeast Michigan's 25 colleges and universities graduate 56,000 students with bachelor's and advanced degrees annually, with more than 25% earning STEM degrees. Within STEM, there are 8,300 engineering and computer science grads, of which 3,400 are SDEs. Michigan's University Research Corridor (an alliance of University of Michigan, Michigan State, and Wayne State) is one of the nation's top academic research clusters, which has stimulated hundreds of research collaborations across the three institutions over the last decade. American colleges and universities within a five-hour drive of Detroit graduate 367,000 annually, including 80,000 STEM graduates, 43,000 engineering and computer science graduates, and 20,000 SDEs. Similarly, there are 12 Canadian universities within a five-hour drive of Detroit granting 81,000 degrees and certificates per year.

**(3D) Many of the top ranked university programs relevant to Amazon's needs are in the region.** The University of Michigan offers several Top 10 engineering programs – including computer, electrical, and aerospace – and sends more MBAs to Amazon than any other business school. Michigan State University has the top rated undergrad and MBA Supply Chain Management & Logistics programs in the country, and, overall, Michigan's colleges and universities produce the second-most supply chain graduates in the country. Detroit is home to the College for Creative Studies, an internationally recognized design school, and the Detroit area employs 16% of the nation's industrial designers. Detroit is also within a five-hour drive of a number of outstanding universities (such as Northwestern, Notre Dame, and the University of Chicago), and three of the Top 12 schools for software development in America: Carnegie Mellon, Purdue, and the University of Michigan. The University of Waterloo has earned Canada's No.2 ranking in computer science and engineering, graduating 1,000 software developers annually. Carnegie Mellon and the University of Waterloo are among the four universities Amazon selected for the Alexa Fund Fellowship.

**(3E) Michigan has a strong track record in innovative K-12 STEM training programs.** The Detroit Area Pre-College Engineering Program connects Detroit's youth with real-world experiences in STEM careers. Over 70,000 students have participated in the program, 65% of whom have gone on to pursue careers in STEM. The in-state success of FIRST Robotics, a national K-12 robotics program, is another prime example of Michigan's success in developing STEM talent at the K-12 level. Michigan is home to 345 FIRST Robotics teams, more than any other state and, as of 2015, 107 more than No. 2 California.

**(3F) Michigan is committing to a new \$120 million investment to expand its tech workforce.** As part of the Amazon HQ2 proposal, the state is launching a comprehensive set of ten complementary programs designed to meet the workforce needs of tech companies. This suite of programs – which will bolster STEM education and increase the number of tech graduates in Michigan – cover a spectrum from K-12 through post-secondary to life-long learning/continuing education. Described in more detail in the appendix, the programs include scholarships for students pursuing computer science education; grants to educational institutions for capital investment; funding for teacher training; apprenticeships; and subsidized child care for tech workers. By 2030, the full suite of programs will have impacted up to 250,000 individuals.

**(3G) Michigan and Ontario's colleges and universities have committed to partnering with Amazon.** Higher education institutions, ranging from public research universities to community colleges, have pledged their support for HQ2 in Detroit. In a strong showing of partnership, the University Research Corridor has committed to collectively design educational programs on campus or nearby to meet Amazon's talent needs. They have also committed to working with Amazon in other capacities, including research and development partnerships.



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**(3H) Michigan is outpacing the region at attracting and retaining talent.** Though Michigan was once a major exporter of talent, its strengthening economy and revitalizing cities are now attracting a wave of top-tier talent. **For the past three years in a row, Michigan has attracted more educated residents than any other Great Lakes state,** including New York, Illinois, and Pennsylvania. Total net in-migration for residents with bachelor's degrees from 2014-2016 exceeds 20,000. Michigan's companies are seeing benefits of this shift. Quicken Loans, which employs more than 2,000 IT workers, has seen annual out-of-state applications for tech positions rise from 2,400 in 2015 to 7,600 in the first three quarters of 2017, a rate of increase seven times higher than that of in-state applicants. Quicken's internship program also reflects Detroit's increasing appeal, with more than 20,800 applicants, from 200 universities, applying this year for 1,836 positions.

**STRATEGIC FIT**

*Detroit's distinctive innovation ecosystem – the world leader in industrial scale design and production, and the movement of goods and people – can enable Amazon to solve the next generation of customer problems.*

**(4A) Detroit is a city of innovators with relentless focus on topics relevant to Amazon.** Detroit's track record of innovation and creativity led the U.S. Patent & Trademark Office to open its first office outside the Washington D.C. area in Detroit in 2012. **Michigan ranks No. 6 nationally for patents granted, and the state's patent growth is the highest among the Top 10 states.** Michigan's patent activity covers a diverse set of technologies with significant overlap with topics critical to Amazon. Over 25% of Michigan's patents are in the "computing" and "electronic communication" categories, sectors that make up 75% of Amazon's recent filings.

**(4B) Detroit remains the Motor City and has claimed the driver's seat in creating the next generation of mobility.** Along with all three large domestic automakers – GM, Ford, and Chrysler – nearly every other major global automaker has either a headquarters or major technology center in Michigan, and 92 of the top 100 international suppliers also have a presence. Roughly \$11 billion is spent annually on automotive R&D in the state, or 76% of the total \$14.1 billion U.S. investment in the sector. Michigan leads the nation in the number of connected and autonomous vehicle projects. It also leads the nation in patents granted in vehicle data processing innovation – nearly double the Bay Area's patent haul. More than \$2.6 billion has been invested in Michigan to research, develop, and deploy mobility technologies and infrastructure, including the American Center for Mobility, a \$100 million public-private partnership aimed at developing an all-mode future transportation system. The first state to legalize self-driving vehicles on public roads, Michigan by 2019 will have more than 500 miles of smart public roads supporting vehicle-to-infrastructure communication. By locating in Detroit, Amazon would be close to industry and regulatory partners innovating on the future of mobility.

**(4C) Detroit is also a powerhouse in aerospace.** Detroit provides a cutting-edge environment for the aerospace and defense industries, and is **leading the country in drone/UAV testing and development. Michigan is the 2<sup>nd</sup> most attractive state in the country for aerospace manufacturing, and home to nearly 700 aerospace & defense companies.** Detroit is leading the way in drone/UAV policy – with a State of Michigan task force charged with creating friendly policies for developing, testing and operating drones. Michigan has some of the most fully developed drone testing infrastructure (e.g., ACM, M-Air) in the country.

**(4D) Advanced manufacturing represents a large, untapped market for the industrial application of cloud computing and Internet of Things technologies.** Detroit is home to the greatest concentration of advanced manufacturing establishments in the U.S., with nearly 2,500 such establishments in and around the city. And Michigan has over 27,000 industrial robots, more than any other state. Advanced manufacturing is supported by a host of partnerships (e.g., Lightweight Innovations for Tomorrow) spanning the university system; federal, state, and local government; and industry groups.

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**LOGISTICS**

*Located in the Eastern Time Zone, Detroit has a world-class airport, and the least congested roads of any major metro. Regional leaders are investing in transit to mitigate congestion as downtown grows, and have committed to investing more if Amazon selects Detroit. There is no better place to participate in the coming mobility revolution.*

**(5A) Detroit's international airport is a regional treasure with ample room to grow.** Detroit Metropolitan Wayne County Airport, located 25 minutes from downtown, has 455 daily departures serving 127 domestic and international destinations. **It ranks No.1 for on-time performance among all** U.S. airports with more than 20 million departing seats per year, and is the second largest Delta hub. Direct flights are offered to all major U.S. cities including six per day to Seattle on two airlines; six to San Francisco; three to Austin; 23 to the Washington area; and 37 to the New York area. Other direct routes include daily flights to Tokyo, Seoul, Shanghai and Beijing and to the four largest airports in Western Europe: two each to London, Amsterdam and Paris, and three to Frankfurt. DTW has significant opportunity for both passenger and freight expansion, operating at just 55% capacity today.

**(5B) Several other nearby airports provide additional options.** Coleman A. Young International Airport is a 264-acre general aviation airport owned and operated by the City of Detroit and located 5.5 miles from downtown Detroit. Once served by commercial airlines, the facility completed 2,800 private flight departures in 2016. The airport today accommodates both autonomous vehicle and drone testing and the City of Detroit is eager to work with Amazon to determine how this asset can support HQ2 in research, testing, aviation and other capacities. Other regional airports provide additional capacity including Oakland County International Airport and Windsor International Airport.

**(5C) Detroit roadways have ample capacity to absorb growth.** **Of the 15 largest metro areas in the U.S., Detroit drivers spend the least amount of time in congestion during peak periods,** and experience the smallest increase in drive time between peak and off-peak. Since 1950, four major freeways have been built (I-94, I-96, I-75, and M-10), as the city's population has declined. This increase in capacity and reduction in demand is the reason that downtown office workers can enjoy a variety of urban or suburban residential locations without having to sacrifice work or play time for their commute. Residents of most Detroit neighborhoods can reach downtown within 15 minutes, and many popular suburban locations are within a 30-minute drive of downtown.

**(5D) Detroit has started investing in transit to avoid congestion as downtown grows.** Aware of how growth can lead to congestion, and committed to providing alternatives to people who don't have a car or don't want a car, regional leaders have initiated a series of investments in transit that are addressing existing shortcomings. They will, over time, build out a more significant regional transit service. In the past two years alone, Detroit has added 2,600 bus trips per week, a 17% increase, and introduced 24-hour bus service on the most important city corridors. In early 2017 the QLine streetcar launched, which connects downtown to several growing neighborhoods along Woodward Avenue, the "main street" of Detroit.

**(5E) Transit service is already planned to expand significantly in 2018.** Next year will see the introduction of express bus service along three of the five major arterials linking downtown to Detroit neighborhoods and the suburbs. Investments will be made to improve the speed of the service, including the installation of traffic-light technology that will allow buses to avoid red lights, and off-board fare payment to reduce queuing. Detroit will also increase bus service on an additional 10 corridors. Detroit's significant roadway capacity allows it to expand transit service cost-effectively. Instead of creating a new dedicated right of way for additional services, such services can use existing street infrastructure without being mired in congestion.

**(5F) Regional leaders have committed to additional transit improvements if Amazon selects Detroit.** Within a year of Amazon's selection, express bus service will begin on the remaining two out of the five arterials serving downtown. That service will connect downtown to most major Detroit neighborhoods and suburban communities, and would directly connect downtown to DTW airport. There will also be a frequent commuter bus service launched to connect Ann Arbor and the University of Michigan to downtown Detroit. Finally, Detroit and Windsor will create an international ferry service connecting their two downtowns.

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**(5G) Amazon's employees will benefit from local mobility innovation.** The spread of electric and autonomous vehicles will completely remake transportation. Detroit's people and companies are at the heart of that transformation, and the public sector is committed to supporting experimentation and testing in the area. Local firms are already taking advantage of this opportunity. For example, Bedrock is currently partnering with an Ann Arbor autonomous car startup to offer its employees a self-driving shuttle pilot on downtown streets. This reflects a broader spirit of collaboration that the city's automakers support. Both Ford's Chariot ride-sharing shuttle (which offers services to Amazon in Seattle) and General Motors' Maven suite of mobility services can be provided to Amazon employees getting to and around the campus.

**(5H) Detroit continues to make significant infrastructure investments to improve biking and walkability.** Downtown Detroit has been recognized nationally for its placemaking, and the City has begun work on a comprehensive network of pedestrian and cyclist improvements. Detroit completed 12 miles of bike lanes in the last 12 months, and recently agreed to purchase 8 miles of abandoned rail line to complete a 26-mile greenway loop connecting downtown to dozens of Detroit neighborhoods and several neighboring cities. 5.5 miles of that loop are already complete. MoGo, Detroit's new bikeshare service, was launched this May and recorded 100,000 total rides within the first five months, a figure that had been forecast to take a year. Detroit experienced the fastest growth in bike commuting among the 70 largest American cities from 2000 to 2016, with the share of commuters using bikes increasing 540%.

**CAPITAL AND OPERATING COSTS**

*Across real estate, labor and tax, Detroit offers a low-cost operating environment.*

**(6A) Amazon can create a vibrant international downtown campus at among the lowest occupancy costs of any major North American metropolitan area.** In any other top 15 metropolitan area in the U.S., an urban campus opportunity equivalent to that available in Detroit would cost at least double the price – if that opportunity were available at all. Asking rents for general real estate in Detroit are substantially lower than peer markets. For example, average existing Class A office space rents in Detroit are currently \$22 per square foot compared to \$44 per square foot across other major downtown markets, according to CoStar. Detroit's value proposition is also reflected by sale prices and cap rates of Class A CBD offices exhibiting a significant discount to other markets. In Detroit, Amazon has a unique opportunity to enjoy significant value creation should it choose to own a portion of its real estate.

**(6B) Detroit and Windsor offer Amazon low-cost and reliable renewable energy.** The cost of power for commercial users in Michigan is at the national average. With excellent wind resources in the region, DTE Energy in Detroit and EnWin in Windsor can, with appropriate approvals, offer Amazon 100% renewable power with little to no premium on top of the base rate for electricity. Both downtown Detroit and downtown Windsor also feature district heating and cooling systems that Amazon could utilize.

**(6C) Lower labor costs drive savings for Amazon, while employees take advantage of higher quality of life.** Even as job growth has accelerated, salaries in the Detroit area in many job categories relevant to Amazon remain substantially below the national average. For example, across the Top 15 metro areas employing software developers, Detroit has the lowest average salary at \$88,000, compared to the average of \$113,000 and \$128,000 in Seattle. These differences, across multiple job categories, can have substantial operating-cost implications over 50,000 employees. One illustrative scenario in the appendix shows how hiring the 50,000 employees in Detroit could save \$1.5 billion annually relative to Seattle. Lower salaries in Detroit are more than offset by a lower cost of living. Earning \$88,000 in Detroit is equivalent to earning \$134,000 in Seattle. More broadly, Detroit's cost of living is 26% lower than the average across the main cities in the 15 largest U.S. metro areas.

**(6D) Michigan's business tax environment is recognized as among the best in the nation.** The state has recently passed corporate income tax reform, moving to a predictable flat 6% rate. As a result, Michigan moved from 49<sup>th</sup> to 8<sup>th</sup> in the Tax Foundation's Corporate Income Tax ranking. In the overall Business Tax ranking, Michigan is currently 12<sup>th</sup> in the nation, up from 18<sup>th</sup>. Locating HQ2 in Detroit will have no impact on Amazon's Michigan corporate income tax liability because, per Michigan law, that liability is apportioned solely according to the destination of Amazon's sales.



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**(6E) Having successfully addressed structural challenges, Detroit and Michigan now enjoy stable fiscal positions.**

Detroit emerged three years ago from a bankruptcy that, by addressing legacy debt and pension liabilities, set the course for long-term fiscal stability. In fiscal 2017, the City achieved a third-consecutive budget surplus. Detroit uses these surpluses for one-time spending to enhance its long-term fiscal position, including reducing future pension obligations. As a result of this prudent fiscal management, the City has been awarded two credit-rating upgrades over the past three years. Michigan, meanwhile, has adopted best-in-class two-year budgeting processes and for seven consecutive years it has approved its budget well ahead of mandated deadlines. Since 2011, Michigan has built its rainy-day fund from zero to over \$700 million, with an additional \$150 million contribution budgeted for 2018. Consequently, Michigan's credit rating has improved from Moody's Aa2 stable rating to Aa1 stable rating over the period.

**INCENTIVES**

*Our proposal includes a robust incentive package that is based on existing law and can be activated as soon as Amazon needs them. In Canada, well-established local, provincial, and federal programs offer certain built-in tax advantages.*

**(7A) We propose for HQ2 investments in the U.S. an innovative [REDACTED] incentive package.** The proposal reflects a collaborative effort from the State of Michigan, Wayne County, and the City of Detroit available to Amazon with no further legislative action. It is composed primarily of the following components: The *Michigan Thrive Initiative* and *Good Jobs for Michigan* programs, two recently enacted tools that are uniquely tailored to support transformational urban campus developments. Together, these programs allow Amazon to capture 100% of the state personal income tax paid by its employees within key HQ2 development sites for the first 10 years, and an additional 50% for the next 10 years. The *Renaissance Zone Program*, long a national model for its simplicity and ability to provide comprehensive tax relief, abates Amazon's real and personal property tax, City of Detroit corporate income tax, and utility users tax for 30 years. Rounding out the incentive package are a variety of simple and predictable state and local incentive programs that provide job creation grants and additional property tax relief.

**(7B) HQ2 investments in Windsor will attract additional incentives.** Windsor's incentive package consists of national, provincial, and local support including prime downtown real estate at a nominal cost, property tax increment financing, grant funding, and corporate income tax credits. The package can be scaled based on Amazon's level of investment in Windsor. For example, locating 5,000 employees in a 500,000-square foot facility would result in an incentive package valued at approximately \$106 million USD.

**(7C) Built-in tax advantages are also available for certain HQ2 investments in Windsor.** Through a combination of refundable and non-refundable corporate income tax credits at the federal and provincial levels, conducting R&D in Ontario has unique tax advantages. In Ontario, R&D and innovation tax credits can offset approximately 25% - 30% of eligible expenditures. Similarly, refundable federal and provincial film production and digital media corporate income tax credits support the creation of original content on the Canadian side of the border. Those credits can offset 35% - 40% of eligible expenses.

**MOVE HERE. MOVE THE WORLD.**

The Detroit Region's proposal for HQ2 contains a number of distinct advantages: a walkable campus in the heart of downtown which can cross an international border, a talent pool that is both deep and affordable, proximity to world class educational institutions, a low cost operating environment, and a wealth of potential partners to drive innovation in fields such as mobility, aerospace, and advanced manufacturing. We invite you to visit Detroit and learn more about our region firsthand.