

City of Minneapolis

Request for Committee Action

To: Community Development & Regulatory Services
Date: 1/31/2017
Referral: N/A
From: Community Planning & Economic Development
Lead Staff: Judy Moses
Presented by: Judy Moses
File Type: Action
Subcategory: Contract/Agreement

Subject:

Great Streets Façade Improvement Grant Program Administration contracts

Description:

Authorizing appropriate City staff to execute contracts for Great Street Façade Improvement Grant Program Administration, in a total amount of \$235,000, as follows:

1. Lyndale Neighborhood Association, in the amount of \$35,000.
2. Lake Street Council, in the amount of \$50,000.
3. Seward Redesign, Inc. in the amount of \$50,000.
4. Southwest Business Association, in the amount of \$50,000.
5. Standish Ericsson Neighborhood Association, in the amount of \$50,000.

Previous Actions:

Beginning in 2008 the City Council has acted annually to award contracts to administer the façade improvement matching grants of the Great Streets program to community organizations. On February 12, 2016 the City Council authorized contracts for program administration ([16-00165](#))

Ward/Address:

All Wards

Background/Analysis:

The City Council established the Great Streets Neighborhood Business District program in 2007 to cultivate and sustain vibrant neighborhood commercial districts in the City of Minneapolis. The Great Streets program utilizes a variety of investment tools, including commercial real estate redevelopment gap financing loans and Business District Support grants to community organizations to provide for district-wide marketing and recruitment efforts, and façade improvement matching grants to business and property owners. The façade improvement matching grant component of the Great Streets program is the subject of this report.

The Great Streets' [Façade Improvement Matching Grant Program](#) improves the appearance of individual buildings and therefore commercial districts, enhancing the sense of place and making commercial districts more inviting places to walk and shop. The public and private investments in façade improvement projects help revitalize and advance the economic success of commercial districts--our Great Streets, essential elements of a great city. By encouraging private investment, the grant program provides a catalyst for other owners to improve their buildings and storefronts.

Program Results

The Façade Improvement Matching Grant program has stimulated \$7,116,839 of total investment in business façade improvements citywide since its inception in 2008, with \$2,052,396 in matching grants, leveraging \$5,064,443 in private investment. For every \$1.00 of public investment, the private sector invested \$2.46 (see chart below). In 2016, 16 organizations administered the Great Streets matching grant program in 56 different neighborhood business districts throughout the city.

Year	Grant Amount Disbursed	Private Leverage	TOTAL Investment	No. of Grants
2008	\$8,625	\$14,569	\$23,194	3
2009	\$154,649	\$329,649	\$484,298	45
2010	\$262,440	\$674,760	\$937,200	95
2011	\$255,461	\$554,536	\$809,997	86
2012	\$261,345	\$415,045	\$676,390	101
2013	\$223,295	\$681,537	\$904,832	69
2014	\$380,285	\$944,562	\$1,324,847	135
2015	\$225,921	\$622,597	\$848,518	83
2016	\$280,372	\$827,186	\$1,107,558	88
TOTAL	\$2,052,396	\$5,064,443	\$7,116,839	705

The types of improvements funded by matching grants range from small adjustments like paint, signage, awnings and murals, to full-scale rehabilitation and building stabilization projects, such as tuck-pointing and window and door replacement. Program administrators and businesses alike find that both small, less expensive projects and large building renovation projects can significantly impact the look and feel of a commercial area. Recently completed projects are highlighted with before and after photographs in Exhibit 1.

When asked to describe the outcomes they have observed from the Great Streets Façade Improvement Matching Grant Program, administrators' answers include:

- making a significant, positive impact to the built environment,
- funding projects that would not have happened without the grant dollars,
- seeing grant projects act as a catalyst for other property investments involving a facade grant,
- watching the transformation of entire commercial intersections,
- building positive working relationships with businesses,
- funding diverse businesses in a variety of different areas, and
- strengthening partnerships with neighborhood associations

Round Ten Funding

CPED staff issued the tenth Great Streets Façade Improvement Program Administration Request for Proposals (RFP) on October 3, 2016. Proposals were due October 31, 2016. The RFP outlined six evaluation criteria for reviewing proposals:

- the priority category (intervene, support, monitor) of the area(s) to be served;
- organizational and staff experience and capacity to administer the program;
- additional resources organizations can bring to the program's implementation;
- the strategies, processes, and criteria for achieving high quality improvements that are consistent with the program's [Design Guide](#), and where applicable, consistent with area-specific design guidelines;
- area demand for the grant dollars; and
- the organization's marketing plan for the program.

Organizations administering a Great Streets Façade Improvement contract are, at a minimum, responsible for spearheading the marketing effort, assisting property and business owners with all steps of the grant process, keeping records and tracking each awarded grant, reviewing applications for eligibility, and providing the City with all required documentation. Organizations may charge an administrative fee of up to 15% of the total contract value for this work. The contracts are for three years to give organizations time to market, complete and document the work.

CPED received five proposals in response to the 2016 RFP. The total funding amount requested was \$235,000. A review committee comprised of City staff evaluated the proposals and recommends funding all five proposals at the full amount. These five new contracts will join 11 existing contracts from prior years which cover other parts of the city. The following chart lists the staff recommendations and the attached map (Exhibit 2) displays these recommendations, along with other areas serviced by open contracts.

RECOMMENDED FOR FUNDING

APPLICANT	RECOMMENDED SERVICE AREAS	AMOUNT REQUESTED	AMOUNT RECOMMENDED	WARD(S)
Lyndale Neighborhood Association	<u>1 Support Corridor</u> : Nicollet Ave from Lake St to 36 th St	\$35,000	\$35,000	8
Lake Street Council	<u>2 Support Corridors</u> : East Lake, Midtown Lake <u>3 Monitor Corridors</u> : West Lake, Lagoon, Excelsior <u>1 Support LRT Station</u> : Lake/Midtown	\$50,000	\$50,000	2, 6, 7, 8, 9, 10, 13
Seward Redesign Inc.	<u>4 Support LRT Areas</u> : Franklin, Lake St./Midtown, 38th St and 46th St <u>2 Support Corridors</u> : Franklin Ave (Hiawatha to 30 th Ave S) and Minnehaha Ave (Lake to 46 th St)	\$50,000	\$50,000	2, 6, 9, 12
Southwest Business Association	<u>1 Support Node</u> : 38th & Nicollet <u>15 Monitor Nodes</u> : 36th & Bryant, 46th & Bryant, 50th St and Bryant, 36th & Lyndale, 40th & Lyndale, 54th and Lyndale, 58th & Lyndale, 38th & Grand, 43rd & Nicollet, 46th & Nicollet, 48th & Nicollet, Diamond Lake Rd & Nicollet, 60th & Nicollet, 50th & Penn, 50th & Xerxes <u>1 Monitor Corridor</u> : Nicollet Ave, 62nd St- 36 th St	\$50,000	\$50,000	8, 10, 11, 13
Standish Ericsson Neighborhood Association	<u>3 Support Nodes</u> : 38th St E & Cedar, 38th St E & 28th Ave, 38th St E & 23rd Ave <u>4 Monitor Nodes</u> : 42nd St E & 28th Ave, 42nd St E & Cedar, Cedar Ave S & Minnehaha, 46th St & Hiawatha <u>2 Support LRT Areas</u> : 38th St, 46th St	\$50,000	\$50,000	8, 12
TOTAL		\$235,000	\$235,000	

Any unallocated dollars remaining at the end of the three-year contract period will be unencumbered and rolled back into the Great Streets program. Contracts that have no activity for 12 consecutive months will be closed with the outstanding balance returned to the program budget.

Lyndale Neighborhood Association

The Lyndale Neighborhood Association (LNA) spends a significant amount of time working with new and existing businesses on navigating the City's regulatory process and identifying potential resources, programs and best practices to help them succeed. A major focus of LNA's work is designed to create a vibrant neighborhood. One of the tools that they have used to assist businesses is the Great Streets Façade grant program.

LNA recently closed out their first Great Streets Façade Grant contract and have identified several businesses who would be interested in completing façade improvements if LNA was awarded additional funds. LNA also has NRP funds available to provide businesses access to low cost capital; which they believe will be a successful way to market the program. Staff recommends awarding LNA \$35,000.

Lake Street Council

The Lake Street Council (LSC) has developed a successful façade improvement program, serving the longest commercial corridor in the City with six miles of nearly continuous commercial properties. The LSC is not only very good at managing façade improvement projects on Lake Street; they are also an example to other organizations of how to effectively partner and communicate with multiple constituencies.

There are sixteen neighborhoods spanning the length of Lake Street and five geographically-smaller business associations. LSC staff effectively collaborates, putting the collective needs of Lake Street businesses at the core of their work, and they openly share their models with others. LSC has consistently had a high demand for the program from businesses in their service area. Staff recommends awarding LSC \$50,000.

Seward Redesign Inc.

Seward Redesign Inc. (Redesign) works in close partnership with neighborhood groups and the Seward Civic and Commerce Association (SCCA), the Longfellow Business Association (LBA), the Lake Street Council (LSC), and West of the Rail Business Association (WRBA) to coordinate marketing and business outreach. Redesign and LSC meet monthly to discuss initiatives, progress, and issues on East Lake Street. Redesign tailors the geographic area they serve to be aligned with their strong community partnerships.

Redesign performs strategic outreach to business and property owners where they see buildings with deferred maintenance, dated signage, or other signs of disinvestment. Redesign staff follow-up with targeted business owners in person to make suggestions and offer the grants as an incentive to make improvements. They prioritize high-impact projects, which can take the form of both inexpensive simple projects and large-scale building redevelopment projects. Staff recommends awarding Redesign \$50,000.

Southwest Business Association (formerly Nicollet-East Harriet Business Association)

The Southwest Business Association (SWBA) has successfully administered Great Streets Façade Improvement contracts since 2008. Their administrative costs to date have run about 5% allowing virtually all of these funds to go to businesses. These funds have been a key element in the transformation of such business nodes as 38th Street and Nicollet Avenue, 36th Street and Bryant Avenue South, and 50th Street and Penn Avenue South.

Façade improvements have been performed on all 13 eligible nodes and along Nicollet Avenue, the only corridor in their service area. The awards have gone to a range of business sizes from one person shops to those that have over 30 employees. Almost all have gone to locally owned businesses. This has led to a mix of larger and smaller grants throughout the service area of 350 eligible storefronts. Staff recommends awarding SWBA \$50,000.

Standish Ericsson Neighborhood Association

In 2015 the Standish Ericsson Neighborhood Association (SENA), with support from the West of the Rail Business Association, applied for and received their first Façade Improvement Grant contract for \$30,000. The response to their award was outstanding; before they even had their contract finalized, they were getting requests for information. They have committed all of the funds and continue to get requests for information on the program and have no doubt that more businesses will be taking advantage of the opportunity in the future.

SENA has been working with the Bancroft Neighborhood Association and the Nokomis East Neighborhood Association to ensure that all eligible areas in their neighborhoods have coverage for this program. Conversations with Seward Redesign have also provided guidance to avoid duplication in their proposals. They will continue to work together to make sure that the maximum number of businesses have access to the façade improvement program. Staff recommends awarding SENA \$50,000.

Summary

The Great Streets Façade Improvement Matching Grant program has become a successful cornerstone of the Great Streets Neighborhood Business District program for nine years, ushering in over \$7 million in investment in commercial properties citywide. The array of new strategies developed by the administering organizations to spur investment and support economic vitality has helped CPED achieve its program goals. The visual payoff of the program is increasingly evident at more and more intersections and corridors across the city.

Financial Review:

No additional appropriation required, amount included in current budget.

- Future budget impact anticipated.**
- Approved by the Permanent Review Committee.**
- Meets Small and Underutilized Business Program goals.**

Attachments:

1. Façade Highlight Photos
2. Map – 2017 Proposed Service Areas