



Request for City Council Committee Action from the Department of Community Planning and Economic Development - CPED

Date: December 11, 2007
To: Council Member Lisa Goodman, Chair, Community Development Committee
Referred to: Council Member Paul Ostrow, Chair Ways and Means/Budget Committee
Subject: Great Streets business district support contracts

Recommendation: Authorize CPED staff to negotiate contracts for business district support activities consistent with recommendations given in the body of this report.

Previous Directives: On April 27, 2007, the City Council reviewed and adopted the Great Streets neighborhood business district program.

Prepared by:
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Approved by:
Charles T. Lutz, Deputy Director CPED _____

Presenter in Committee: Kristin Guild

Financial Impact

No financial impact – funds for this activity were appropriated in the 2007 budget process. Action is within the Business Plan.

Community Impact

Neighborhood Notification – The draft RFP was released for a 45-day comment period to all City neighborhood organizations, business associations and community development corporations and other non-profits engaged in commercial revitalization or development on July 2, 2007. The RFP was issued to the same distribution list on August 23, 2007.

City Goals – A safe place to call home, One Minneapolis, Connected communities, Enriched environment, Premier destination.

Sustainability Targets – Economically vibrant neighborhood commercial districts create attractive urban neighborhoods for infill development, support efficient growth, and reduce the need for car travel to obtain necessary goods and services.

Comprehensive Plan – 4.1 Minneapolis will encourage reinvestment along major urban corridors as a way of promoting growth in all neighborhoods, and 4.3 Minneapolis will support development in Commercial Corridors where it enhances the street’s character, improves its ability to accommodate automobile traffic and foster pedestrian movement, and expands the range of goods and services offered.

Zoning Code: N/A

Living Wage/Business Subsidy Agreement
Job Linkage

Yes _____ No X
Yes _____ No X

Supporting Information

The Great Streets neighborhood business district program, adopted by the City Council on April 27, 2007, is based upon an extensive study of strategies and tools to revitalize and sustain neighborhood business district. CPED staff found that an array of strategies and tools can be successfully employed to revitalize and sustain urban neighborhood business districts, and the program provides support for the various strategies identified in Table 1 below through a competitive system of online applications and requests for proposals.

The April Council report recommended setting aside \$250,000 appropriated in the 2007 budget process for contracts for a variety of business district support activities (shown in italics in Table 1) through a competitive Request for Proposals process. This RFP (Attachment A) was issued on August 23, 2007, with proposals due October 9, 2007. The target contract amount is defined as between \$5,000 and \$30,000. The RFP broadly defines eligible activities as those that support the economic vitality of an entire business district, though specifically identifies as ineligible financing for real estate development, physical improvements to a single business or business loans. Eligible areas are business districts identified in the Great Streets Council report of April 27, 2007, including commercial corridors and nodes designated in *The Minneapolis Plan*, Hiawatha LRT station areas and five downtown neighborhood business districts. Eligible organizations are community development corporations, business associations, neighborhood organizations and other entities that have demonstrated capacity to perform the work proposed.

The Great Streets program prioritizes resources to areas with demonstrated need and where private investments augment public funding. Corridors and LRT station areas are grouped into three categories (intervene, support and monitor) based on several measures of economic health, need, and opportunity. Neighborhood commercial nodes and downtown neighborhood business districts are designated as priority or non-priority based upon the Neighborhood Economic Development Fund (NEDF) program guidelines. Priority is given to applications for assistance in commercial corridors and LRT station areas that are designated “intervene” and “support” and nodes that are in NEDF-defined priority areas.

Table 1: Revitalization tools and the Great Streets delivery system	
Neighborhood business district revitalization tool	Delivery system
Access to capital for business start up and expansion	Business loans through an online rolling application process (http://www.ci.minneapolis.mn.us/cped/business_finance_home.asp)
Access to capital for real estate development	Real estate gap financing loans through an online rolling application process (http://www.ci.minneapolis.mn.us/cped/docs/great_streets_application.doc)
Design and appearance	Façade improvement grant program under development – RFP to organizations to administer the program for Great Streets-eligible areas currently out for public comment, to be issued January 2008
Strategic partnerships	Funds to support revitalization activity in partnership with other funders – negotiated and brought to Council for review
<i>Access to market data</i>	<i>RFP for business district support contracts issued Aug 2007</i>
<i>Tools for managing the business mix (including retail recruitment, maintaining lists of available properties, shared brokerage arrangements)</i>	<i>RFP for business district support contracts issued Aug 2007</i>
<i>Marketing materials and events and branding (e.g. Eat Street, Lake Street USA)</i>	<i>RFP for business district support contracts issued Aug 2007</i>
<i>Business technical assistance and loan packaging</i>	<i>RFP for business district support contracts issued Aug 2007</i>

The RFP outlines the evaluation criteria to be applied in reviewing the proposals and establishes a point value for each criterion. The evaluation criteria included: a) whether the business district was in an area identified as a priority for City investment (with intervene and support areas and priority nodes garnering more points than monitor areas), b) leverage (with more points for leverage in intervene and support areas and priority nodes), c) impact, visibility and public benefit, d) organizational capacity to perform the work proposed, e) alignment with recent planning efforts or infrastructure investments, and f) feasibility and readiness (pp. 5 & 6, Attachment A).

CPED staff received 21 proposals by the October 9, 2007 deadline, requesting a total of \$596,170. A team of eight City staff from Business Development, Business Finance, Community Planning, the Empowerment Zone and the Neighborhood Revitalization Program reviewed the proposals. Reviewers first assessed responsiveness to the RFP and whether the proposed activities were eligible then scored the responsive/eligible

proposals following the evaluation criteria and point system articulated in the RFP. The proposals were ranked based upon the group's aggregated scores. Based on the scoring, rank, and detailed review of the proposals, staff reviewers crafted recommendations on contract funding amounts and funded activities, in some cases eliminating certain proposed activities and reducing funding from the requested amount. The Corridor Finance Review Team reviewed the recommendations on November 28, 2007.

Staff recommends eleven proposals for full or partial funding, listed in ranked order, in Table 2. Staff will negotiate contracts based on these recommendations with clearly identified measurable outcomes and deliverables. Contract payments will be based upon performance and the expected outcomes.

The top-ranked five of the eleven proposals for funding focus on revitalizing the City's two areas designated for intervention, West Broadway Avenue and Cedar Riverside. When evaluated in accordance with the nine measures of business district health used to categorize the eligible areas into priority groups, as reported to the Council in April, these two areas were notably lagging behind other neighborhood business districts. Accordingly, CPED staff members from all divisions are actively engaged in revitalization efforts in these areas. Small area plans that have crafted a vision for an economically vibrant future for both West Broadway and Cedar Riverside are nearing completion. The proposals recommended for funding through the Great Streets program are consistent with the small area plans and the economic development strategies for these areas; they represent important components of a broader CPED effort to revitalize these business districts.

The remaining six proposals recommended for funding focus on revitalization efforts in areas of the City identified for support. These are business districts that have some economic strength or market capacity, but can benefit from small amounts of support for key efforts to continue to stabilize and sustain them.

Table 2: Funding Recommendations							
Rank	Who?	Where (priority status)?	Ward	Activity recommended for funding (elements of proposal not recommended for funding in parentheses)	Score (max 150)	Amount requested	Amount recommended
1	Northside Economic Opportunity Network (NEON)	West Broadway (intervene)	3, 4, 5	Entrepreneur training, business technical support and loan packaging	133	\$20,000	\$20,000
2	African Development Center (ADC)	Cedar Riverside (intervene)	2	Entrepreneur training and business technical support	126	\$30,000	\$30,000
3	Peace Foundation	West Broadway (intervene)	3, 4, 5	FLOW Northside ArtsCrawl on West Broadway (GO! Northside 5k Fun Run, primarily in North Commons Park – budget cut to \$7,500)	125	\$15,000	\$7,500
4	Cedar-Riverside Business Association (CRBA)	Cedar Riverside (intervene)	2	Multifaceted economic revitalization strategy: vision, safety, business mix, appearance, revenue generator (to be negotiated - budget cut \$30,750 to target maximum of \$30,000)	119	\$60,750	\$30,000
5	Women Venture	West Broadway (intervene)	3, 4, 5	Entrepreneur training and business technical support	115	\$22,000	\$22,000
6	Lake Street Council	East Lake St (support), Hi-Lake LRT (support)	6, 8, 9	Branding and marketing Lake Street (budget cut \$6,500 for marketing materials)	114	\$30,000	\$23,500
7	NE CDC, Audubon Neighborhood Assn, Northeast Mpls Chamber of Commerce	Central Ave (support), 29th and Johnson (priority node)	1	Central Ave window merchandizing, business technical assistance, and promotional materials (Making Central Avenue Great website and temporary exterior improvements the Hollywood Theater - budget cut \$7,600)	104	\$27,600	\$20,000
8	Stevens Square Community Organization	Nicollet Ave (priority downtown area)	6	Market study and retail recruitment strategy	103	\$22,000	\$22,000
9	Seward Neighborhood Group & Seward Redesign	East Franklin Ave (support), Franklin LRT (support)	2, 6	Franklin Ave Corridor Revitalization (budget cut \$900 to target maximum amount of \$30,000)	99	\$30,900	\$30,000
10	Victory Neighborhood Association	44th and Penn Ave N (priority node)	4	Pedestrian needs analysis (branding initiative - budget cut \$10,000)	99	\$30,000	\$20,000
11	Latino Economic Development Center (LEDC)	East Lake St (support)	6, 8, 9	Entrepreneur training and business technical support	97	\$25,000	\$25,000
							\$250,000

Rationale for funding recommendations

Northside Economic Opportunity Network (NEON) – West Broadway - \$20,000

This proposal for entrepreneurial training, business technical assistance and loan packaging addresses an area identified for intervention. It demonstrates strong leverage with funding from the Metropolitan Consortium of Community Developers. NEON has demonstrated a strong capacity for entrepreneurial training through partner-member NDC and the NEON staff have successfully packaged several small business loans in the past few months in an area notable for the very low number of small business loans. The proposal is consistent with the recent West Broadway Alive small area plan. The request is for support of ongoing work, and therefore rates highly for feasibility and readiness.

African Development Center (ADC) – Cedar Riverside - \$30,000

This proposal for entrepreneurial training and business technical assistance addresses an area identified for intervention. ADC has demonstrated a strong capacity for the proposed activities. They propose City support for these activities targeted to Cedar-Riverside, leveraged with private and foundation funds. The effort is consistent with the economic development recommendations of the recent Cedar Riverside small area plan. The request is for support of ongoing work, and therefore rates highly for feasibility and readiness.

Peace Foundation – West Broadway - \$7,500

This proposal for support for a marketing event addresses an area identified for intervention. The FLOW Northside Arts Crawl is arguably the single most important annual event changing perceptions of West Broadway (through both direct experience and positive media coverage), building community, and introducing Minneapolis residents both from the Northside and elsewhere to businesses along the avenue. The proposed funding amount is heavily leveraged with private and foundation funds and the organization has demonstrated a strong capacity for organizing the event, with two very successful years. The request is for support of an annual event, and therefore rates highly for feasibility and readiness.

Cedar Riverside Business Association – Cedar Riverside - \$30,000

This proposal for a multifaceted economic revitalization strategy addresses an area identified for intervention. The proposed activities are based on the economic development recommendations of the Cedar Riverside small area plan and are strongly aligned with that effort. This City investment has the potential to leverage the University of Minnesota's Stadium Good Neighbor Fund as well as a significant amount of NRP funding, and CRBA is proposing to develop a long-term revenue generator to continue the revitalization activities. While the Cedar Riverside Business Association does not have a history of doing this type of work, there are a number of engaged and savvy board members providing leadership, the proposal is well thought through and impressively articulated, and this funding could significantly build the organizational capacity to provide the leadership and structure to revitalize the Cedar Riverside business district. The request was for more than \$30,000 over the target maximum amount, and staff will negotiate with CRBA a revised scope based on the recommended lower amount.

WomenVenture – West Broadway - \$22,000

This proposal for entrepreneurial training addresses an area identified for intervention. WomenVenture has a successful track record of providing entrepreneurial training and the involvement of US Bank in the West Broadway-targeted effort proposed is a promising step toward increasing business access to capital in North Minneapolis. The proposal is consistent with the economic development recommendations of the recent West Broadway Alive small area plan. The request is for support of work that is part of the core organizational mission of WomenVenture, and therefore rates highly for feasibility and readiness.

Lake Street Council – East Lake Street - \$23,500

This proposal for marketing and branding addresses an area targeted for support. The Lake Street Council has a strong track record for marketing and branding Lake Street, both publicizing and driving the dramatically improved image of this corridor. The activity is aligned with the recent investment in repaving the roadway and installing streetscaping; the Lake Street Council aims to maximize the benefits of these investments to continue to build the broad market for Lake Street merchants through innovative and creative marketing. The proposal rates strongly on feasibility and readiness.

NECDC/Audubon/NECoC – Central Avenue, 29th and Johnson - \$20,000

This proposal addresses an area identified for support and a priority node. NECDC has demonstrated capacity for the activities recommended for funding. The organization provided business merchandising assistance a number of years ago with success and the organization has used effective strategies for marketing Central Avenue building on the area's strengths. The proposal reports significant leverage of other sources of funding, though some of these have already been used to leverage other City support for the organization. The proposed activities are aligned with the current update to the Making Central Avenue Great plan and rates highly for feasibility and readiness as the staff and consultants to conduct the work have been identified.

Stevens Square – Nicollet Avenue - \$20,000

This proposal for a market study and retail recruitment initiative addresses a priority downtown area. The organizational capacity to conduct the work as well as readiness is demonstrated through a well-articulated proposal and the fact that bids have already been solicited and a consultant selected. The proposed activities are strongly aligned with the 2000 Nicollet Avenue: The Revitalization of Minneapolis' Main Street plan, which identified a desire for more neighborhood-serving retail (the market study will indicate whether that is feasible and if so, the consultant will develop a retail recruitment strategy) and a Great City design charrette last fall. The proposal would have ranked more highly if matching funds or other leverage had been identified.

Seward Neighborhood Group/Seward Redesign – Franklin Avenue, Franklin LRT - \$30,000

This proposal for corridor revitalization planning addresses a support corridor and LRT station area. Seward Redesign has a strong track record with corridor revitalization. The proposed activity of strategic planning around the LRT station area is aligned with the

station area plan and pending roadway reconfiguration. There is strong leverage of foundation dollars indicated, and the proposed activities are feasible and ready.

Victory Neighborhood Association – 44th and Penn Ave - \$20,000

This proposal for a pedestrian circulation analysis addresses a priority node with marked challenges to pedestrian safety crossing several relatively high-speed roadways that bisect the business district. The organizational capacity to conduct the work as well as readiness is demonstrated through a well-articulated proposal and the fact that bids have already been solicited and a consultant selected. The proposed activities are consistent with current Citywide pedestrian planning activities. No leverage is indicated.

Latino Economic Development Corporation – East Lake Street - \$25,000

This proposal for entrepreneurial training and business technical assistance addresses a support corridor. LEDC has demonstrated a strong capacity for the proposed activities. They propose City support for these activities targeted to Lake Street, leveraged with both foundation funds and membership dues. Business technical assistance to support sound business decisions will likely be vitally important to small businesses on Lake Street in the coming year, when the roadway reconstruction is completed and the costs levied. The request is for support of ongoing work, and therefore rates highly for feasibility and readiness.

Ten proposals are not recommended for funding (Table 3). Two of these are not eligible activities – they are necessary predevelopment activities and therefore should be incorporated into the financing for real estate development, nor would the proposed activity provide a benefit to the economic vitality of the entire business district – and therefore were not scored or ranked. The remainder rank too low for funding with this very competitive round for a variety of reasons given below. Staff will communicate the rationale for not recommending funding to the organizations that submitted these proposals.

Table 3: Proposals not recommended for funding

Rank	Who?	Where (priority status)?	Ward	Proposed activity	Score (max 150)	Amount requested
12	Seward Redesign, Inc.	Hi-Lake, 38th, 46th and 50th LRT (support), 38th and Minnehaha (priority node)	9	Minnehaha Ave. Revitalization Initiative (betw Lake and Minnehaha Falls)	96	\$37,900
13	Powderhorn Residents Group (PRG), Powderhorn Park Neighborhood Assn (PPNA)	38th and Chicago (priority node)	8	Implementation of 38 th St. and Chicago Small Area Plan	85	\$50,000
14	Longfellow Comm. Council, Longfellow Bus. Assn, Lake Street Council	East Lake St, Hi-Lake, 38th and 46th LRT station areas (support)	9	Market study and retail recruitment	78	\$36,520
15	Standish Erickson Neighborhood Assn (SENA)	38th LRT (support), 38th/23rd Ave (priority node)	9	Market research, resident survey, create business assn, develop recruitment strategy	75	\$20,000
16	Webber Camden Neighborhood Organization	42nd Ave N/Fremont (priority node)	4	Market study	67	\$15,000
17	Mpls. Consortium of Community Developers (MCCD)	Corridors and nodes citywide	all	Business assistance in commercial nodes and corridors not covered by other Great Streets-funded programs	63	\$20,000
18	Folwell Neighborhood Association and the McKinley Community	Lowry/Emerson and Lowry/Lyndale (priority nodes)	3, 4	Lowry Ave revitalization strategy development	62	\$30,000
19	South Chicago Ave. Business Alliance, Inc.	48th and Chicago (non-priority node)	8	Marketing and advertising	30	\$28,500
NR*	American Indian Neighborhood Devl. Corp. (AINDC)	800 West Broadway	3	Transportation Demand Management Plan for proposed development at 718-800 West Broadway	ineligible activity	\$30,000
NR*	Metropolitan Economic Development Assn (MEDA), Hope Community	Franklin-Portland Gateway	6	Franklin-Portland Gateway market analysis, retail recruitment, business technical assistance	ineligible activity	\$15,000

* Ineligible activity, non-responsive, not scored or ranked

Rationale for recommending proposals not be funded

Seward Redesign – Minnehaha Avenue – amt requested \$37,900

This proposal for business district revitalization addresses several LRT station areas identified for support. Though the proposal states that Seward Redesign would work with the neighborhood organization and business association, the Longfellow Community Council, Longfellow Business Association and Lake Street Council submitted a proposal for similar activities in the same geography. While Seward Redesign likely has the greater organizational capacity for this type of work, staff does not typically recommend funding to organizations conducting this type of work without the support of the neighborhood organization and business associations. There is also uncertainty about how this effort aligns with (or may be redundant to) the Hennepin County Community Works Partnership project just beginning along Minnehaha.

Powderhorn Residents Group and Powderhorn Park Neighborhood Assn – 38th and Chicago – amt requested \$50,000

This proposal to implement a small area plan addresses a priority node. However, the specific proposed activities are unclear - "implement" the 38th and Chicago small area plan could mean any number of things. The proposers state that they would establish a development oversight board to review development proposals, yet there is no rationale given for such a board, nor link made to the economic vitality of the business district through additional oversight of development proposals. There is some discussion of conducting a market study in a manner that would tap cash sources more effectively, though neither the skeletal methodology for such a study nor any indication of what consultant would conduct this study is given, though a very high price is given in the budget for the study. Moreover, there is no evidence of continuing collaboration (as with the 38th and Chicago Small Area Plan) with the three other neighborhoods that abut this intersection. There is no leverage reported and high administrative fees.

Longfellow Comm. Council, Longfellow Bus. Assn, Lake Street Council – Minnehaha Ave, East Lake Street – amt requested \$36,520

This proposal for a market study and retail recruitment effort addresses several LRT station areas and a commercial corridor identified for support. The proposal is partially for a market study, though a very high quality market study was prepared for more than half of the area last summer by a consultant working with Seward Redesign under contract with LCC. The proposal refers to a bid from Maxfield Research, which may have provided a clearer scope, but it was not attached to the proposal. The strategy of recruiting retailers by developing marketing materials and placing ads is not likely for success, since most effective retail recruitment is through intensive one-on-one pitches about the market potential of an area. Seward Redesign submitted a proposal for similar activities in a similar geography, and there is also uncertainty about how this effort aligns with (or may be redundant to) the Hennepin County Community Works Partnership project.

Standish Erickson Neighborhood Assn – 38th Street nodes – amt requested \$20,000

This proposal addresses two priority nodes and an LRT station area identified for support. While this area does have an increasing number of empty storefronts and quality of life safety concerns that an understanding of the market potential could begin to address, the statement of need in the proposal is not compelling enough, and the

organization does not demonstrate the readiness that higher-ranked proposals have (no bids solicited). We would encourage neighborhood survey work this year through volunteers or an intern and build on that for a proposal in 2008.

Webber Camden Neighborhood Organization – 42nd Ave N and Fremont Ave N – amt requested \$15,000

This proposal for a market study is for a priority node. The organization is not ready to proceed. It is not clear what is proposed and there is no statement of public benefit or articulation of need.

Minneapolis Consortium of Community Developers (MCCD) – Citywide – amt requested \$20,000

This proposal to provide business technical assistance at commercial corridors and nodes Citywide is not geographically targeted enough to be competitive in this round. However, staff values MCCD's partnership on a number of other 2007 Great Streets business district support proposals.

Folwell Neighborhood Assn and McKinley Community – Lowry nodes – amt requested \$30,000

This proposal for a market study is for two priority nodes. The organization is not ready to proceed. It is not clear what is proposed and there is no statement of public benefit or articulation of need.

South Chicago Ave Business Alliance – 48th and Chicago – amt requested \$28,500

This proposal for marketing and advertising is for a non-priority area and no leverage is identified. There is not a compelling statement of need or public benefit.

American Indian Neighborhood Development Corporation – 800 West Broadway – amt requested \$30,000

This proposal for a Transportation Demand Management Plan is non-responsive as it is an ineligible activity. A Transportation Demand Management Plan is a City-required element of a large scale development project; it is pre-development cost for a specific real estate development activity and should be built into the financing for the development project.

Metropolitan Economic Development Assn and Hope Community – Franklin-Portland Gateway – amt requested \$15,000

This proposal for retail tenant recruitment for the Franklin-Portland gateway development project is non-responsive as it is an ineligible activity. The tenant identification and support proposed is a standard pre-development cost for a specific development project and should be built into the financing for the development project.