

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

Date: April 6, 2010

To: Lisa Goodman, Chair, Community Development Committee

Referral to: Betsy Hodges, Chair, Ways & Means/Budget Committee

Subject: Accept and Appropriate a \$4,600 Grant from the Minnesota Department of Employment and Economic Development (DEED) to provide technical assistance to small businesses to mitigate the impacts of Central Corridor Light Rail Transit (LRT) construction.

Recommendation:

- a) Accept a \$4,600 DEED Construction Mitigation Grant to provide technical assistance to small businesses to mitigate the impacts of Central Corridor LRT construction;
- b) Amend the 2010 General Appropriation Resolution by increasing the Community Planning and Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900320) appropriation by \$4,600;
- c) Increase the 2010 Revenue Budget for the Community Planning and Economic Development agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$4,600; and
- d) Authorize the appropriate City staff to execute a grant agreement with DEED, a subrecipient agreement with the Metropolitan Consortium of Community Developers (MCCD), and/or disbursement and related agreements for this grant.

Previous Directives: None.

Department Information

| |
|---|
| Prepared by: Emily Stern, Senior Project Coordinator, 612-673-5191 |
| Approved by: Charles T. Lutz, Deputy CPED Director _____ |
| Catherine A. Polasky, Director, Economic Policy & Development _____ |
| Presenters in Committee: Emily Stern, Senior Project Coordinator |

Financial Impact

- Action requires an appropriation increase to the Operating Budget
- Action provides increased revenue for appropriation increase
- Action is within the Business Plan

Community Impact

- Neighborhood Notification: Technical assistance for businesses to weather construction of the Central Corridor LRT is one part of a suite of tools currently being sought in conjunction with area business associations.

- City Goals: Connected Communities; a Premier Destination.
- Comprehensive Plan: Providing technical assistance to businesses to mitigate Central Corridor LRT construction impacts would address several policies and strategies in the Economic Development and Transportation chapters of the Plan.
- Zoning Code: Business assistance activities supported through this grant will comply with existing zoning.
- Sustainability Targets: The grant will fund technical assistance to help businesses survive construction and transition to transit-oriented development patterns along the Central Corridor. One type of resource that could be leveraged with this grant are low-interest loans to businesses for energy efficient upgrades and improvements. This also ties into the broader Energy Innovation Corridor initiative along the LRT line, with its emphasis on energy efficiency, renewable energy, smart grid, and transportation electrification efforts.
- Living Wage/Business Subsidy Agreement: Not applicable
- Job Linkage: Not applicable

Supporting Information

Construction of the Central Corridor through Minneapolis and St. Paul will likely cause major disruptions in access for the businesses along the light rail corridor, making it more challenging for customers to patronize the businesses and likely resulting in reduced revenues.

There are countless local and national examples of businesses being ill-prepared for major construction. In worst case scenarios these businesses are unable to sustain their operations and close, never benefiting from the transportation improvements.

While the construction phasing schedule for the Light Rail has not been finalized, we know that there will be three phases of heavy construction, including utility relocation, street and sidewalk reconstruction, and installation of the LRT track, systems and stations. Businesses along the light rail corridor and impacted by changed access patterns will require support at all stages of the project.

DEED Grant and Proposed Mitigation

CPED staff submitted an application to the Minnesota Department of Employment and Economic Development (DEED) in response to an RFP for grant funding to mitigate the impacts of transportation construction on small businesses. DEED recently awarded \$4,600 to the City through this grant program to provide technical assistance to small businesses along the Central Corridor to support mitigation efforts. The effective date of the grant is July 1, 2009, and all funds must be expended by June 30, 2011.

For this DEED grant and related mitigation and business support efforts, Minneapolis is developing a delivery model in partnership with business associations, community development corporations and the City of St. Paul to help Central Corridor businesses survive and thrive during the LRT construction project.

The Metropolitan Consortium of Community Developers (MCCD) will be the subrecipient for this grant and will use the funds to work with local business associations to provide technical assistance to businesses in affected areas along the line, directly or through members and area business associations.

The City and MCCD will use the DEED grant in conjunction with other resources for Central Corridor businesses, which include City programs such as the working capital guaranty, 2% loans, and Great Streets Business District Support and Façade Improvement programs. MCCD has familiarity with these programs and is well-positioned to combine programs for the best package of services, tailored to individual businesses' needs. By providing support through an existing structure and through experienced organizations with strong track records, we can deploy and leverage this DEED grant in a way that will produce measurable results.

Amending the 2010 General Appropriation Resolution

Resolved by The City Council of the City of Minneapolis:

That the above-entitled resolution, as amended, be further amended by:

1. Increasing the Appropriation for Community Planning & Economic Development Agency Fund 01600-Other Grants-State and Local (01600-8900320) by \$4,600.
2. Increasing the Revenue Budget for Community Planning & Economic Development Agency Fund 01600-Other Grants-State and Local (01600-8900900-321513) by \$4,600.