



**Request for City Council Committee Action
From the Department of
Community Planning & Economic Development**

Date: December 18, 2006

To: Council Member Paul Ostrow, Chair, Ways and Means/Budget Committee

Submitted by: Jonathan Palmer, Empowerment Zone Director, 673-5016

Approved by: Chuck Lutz, CPED Deputy Director

Subject: Approval of the Minneapolis Empowerment Zone 2006 –2009 Strategic Plan

Presenters in Committee: Jonathan Palmer, Empowerment Zone Director, 673-5016

Recommendation:

Approve the Minneapolis Empowerment Zone (EZ) 2006-2009 Strategic Plan as recommended by the EZ Governance Board.

Financial Impact

No financial impact or Action is within current budget

Background/Support Information

In January 1999, the City of Minneapolis was awarded one of 15 Round II Empowerment Zone designations from 1999 to 2009. To date the EZ, has received a total commitment of \$25.6 million in federal EZ funding through the U.S. Department of Housing and Urban Development (HUD) and has managed \$330,276 in Enterprise Community (EC) funding.

At its June 8, 2006 Governance Board meeting, the EZ Board approved the Minneapolis Empowerment Zone 2006 –2009 Strategic Plan, with minor revisions approved at its September 8, 2006 Governance Board meeting, which redefined its "Vision" and "Role" as the following:

I. Vision

Create economic assets and economic empowerment by investing resources in strategic and catalytic efforts that engage Empowerment Zone residents and the broader community.

II. Empowerment Zone Role

Our mission has been to help create sustainable communities and imbue EZ residents with the opportunity for economic self sufficiency. With the Federal changes in our funding streams as well as the demographic changes based upon our work and external conditions, our role must focus on utilizing existing resources to provide a stronger return on investment through leveraged opportunities and building connections where none exist. As an entity we will focus on:

- Modest but catalytic strategic funding efforts emphasizing on economic empowerment to facilitate development and sustainability
- A broader geography which includes areas with increased poverty and unemployment and decreased focus on areas which need little support as evidence by City, County and State demographic data such as private investment patterns and City Assessor's report
- Acting as a broker for services to EZ businesses through leveraging City and local resources, systems navigation and educating about the "big picture".
- Connecting EZ residents, businesses and organization to key resources.

Specifically within the context of this role we will do the following:

Funder of neighborhood empowerment efforts

- Seek out key small projects where the EZ can play a role as leverage or partner in a catalytic effort.
- Work with community partners to invest in transformative efforts in the impacted neighborhoods.
- Enhance opportunities for small businesses to start up or expand through the EZ Business toolkit.

Broker/Facilitator of capacity building efforts in EZ neighborhoods

- Facilitate the connection of businesses and organizations to resources and potential partners, primarily City resources
- Assist in the navigation of City processes and departments for easier access.
- Create an EZ Business toolkit to hang off of 311.

Community outreach for the City/CPED in impacted communities

- Redesign the target area to focus on increased need and impacted communities both inside and outside of the EZ.
- Promote City tools and resources to EZ neighborhoods.
- Identify key needs and areas not being addressed by the City.

III. Priority: Economic Empowerment

Goal

- Elimination of barriers to economic empowerment and wealth creation for EZ residents and businesses including safety and educational barriers.

Strategies

- Commercial Redevelopment
- Business Recruitment\Expansion
- Job Creation\Retention
- New Business Start up
- Support community based efforts to engage EZ businesses and residents in strategies that enhance public safety such as safety centers and community partnerships.
- Support community based education and mentorship opportunities to better prepare EZ residents for livable wage careers.

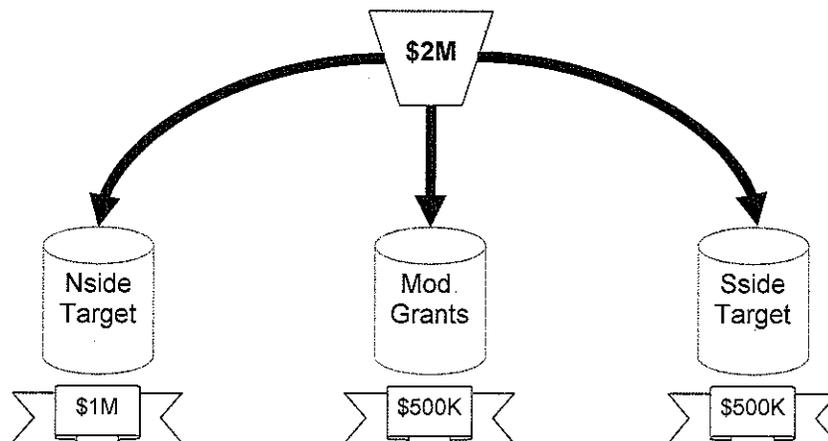
IV. Implementation Strategy

Based upon the challenges of declining funding and a designation end date of 2009, Staff and Leadership have examined the needs of the City to fulfill obligations regarding the EZ (Federal reporting requirements, contract management, etc.) and the staff needed to fulfill the direction set out by the Governance Board.

In examining the next steps, the Board and Executive Committee were asked to determine whether the approach should be conservative – minimal short-term expenditures intended to

stretch currently available funds as long as possible – or more proactive, short-term efforts intended to maximize impact in a reasonable but relatively quick time frame. The consensus of the Board and Executive Committee was to focus on high-impact efforts in the short-term, while we evaluate the program and determine its future. The goal of this Strategic Framework, therefore, is to move as much of the available \$2 Million onto the streets as possible by the end of 2007.

The Mayor delivered the mandate at the State of the City for the focus to be on the Northside, and the key corridor for impact on the Northside is West Broadway. As West Broadway goes, so goes the Northside. On the Southside, there are key targeted areas that will need investment, rather than a single corridor. Our investment will be focused to reflect this, as illustrated below:



- \$1.5 Million will be devoted to geographic target areas. On the Northside, West Broadway is where the key impact must be achieved for the Northside as a whole to flourish. On the Southside there has been more public and private investment along the primary corridors and there are key nodes where investment of dollars can have a significant impact. These nodes are: Bloomington Avenue from Franklin Avenue to Lake Street, Chicago Avenue from Franklin Avenue to 34th Street and Nicollet Avenue from 32nd to 34th Street.
- \$500K will be devoted to moderate grant making including a continued Small Grant program with one last large push of \$250K, and an increased focus on Broker/Outreach activities and the ability to utilize the remaining funds for leverage or strategic investments.

Specific investments will be determined using a combination of RFPs and strategic project recommendations to the Executive Committee and Governance Board.

The program evaluation will be conducted by an independent consultant during the first half of 2007, to allow the Governance Board to adopt future program recommendations at its June 2007 meeting, in time to inform the Mayor's budget recommendations for 2008. The program evaluation will examine the Minneapolis Empowerment Zone's mission, program investments and impact, and will outline alternative strategic directions for the Governance Board to consider. Staff will work with the Governance Board during 2006 to determine the scope of the evaluation process and to select the consultant.

Minneapolis Empowerment Zone 2002 – 2005 Strategic Plan

In September 2000 the EZ designed and began to implement a process for creating a 2002-2005 Strategic Plan. Key steps in the process included:

- The identification of key strategic issues at a November 2000 EZ Governance Board retreat.

- The appointment of an EZ Governance Board Strategic Planning Committee. Planning members included Joyce Wisdom, Chair, Missy Thompson, Emmett Carson, Mike Christenson, Denise Stephens and Paul Williams.
- Economic development and housing technical expert meetings held in the spring of 2001 for Governance Board members.
- In early summer of 2001 a draft strategic framework of major goals in the prime focus areas of economic development and housing with support goals in education and training, crime and safety, and community-based services was created.
- Community input meetings in the three EZ geographic areas occurred in August of 2001 during which EZ residents critiqued the draft strategic framework and added strategies.
- On September 7, 2001, the EZ Governance Board hosted a Visioning Conference at which 225 participants discussed and prioritized the goals and strategies in the draft plan.
- The draft plan was approved at the December 13, 2001 Governance Board meeting.

The following overarching principles will act as a guide to the EZ Board and staff in implementing the new 2002-2005 EZ Strategic Plan. In community and expert meetings throughout the planning process, participants described the most important challenges facing the EZ over the next three to five years. Based on these challenges, the Planning Committee and Governance Board have identified several Implementation and Management principles to guide the EZ Board and Staff. To summarize they include ensuring that:

- EZ residents and businesses receive the benefits of the EZ funding,
- EZ funds be leveraged to their maximum extent,
- EZ initiatives pay special attention to the needs of people of color, people with disabilities, people with low income and new arrivals,
- The EZ Governance Board continues to fulfill its commitment to the Federal Government, specifically the U.S. Department of Housing and Urban Development, as outlined in the 1998 EZ application.

The Strategic Plan also recommends a two-part funding allocation plan. The rationale for establishing an Empowerment Zone funding allocation plan is to ensure that investments will benefit the people of the Empowerment Zone, utilize diverse methods for granting funds to programs, and provide alternative opportunities for community awards. Within the general funding framework the plan recommends investing 1/3 of the EZ federal funding in the demonstration projects, 1/3 of the funding would be committed to community based initiatives and 1/3 to EZ initiatives. This would include current and future funding committed from HUD. This has totaled \$18.9 million from 1999 -2001. This allocation would be subject to annual review and approval by the Governance Board.

The recommended 2002-2005 EZ Strategic Plan calls for the EZ to focus 45% of its total funds on economic development, 40% on housing, and a total of 15% on the three support areas of education and training; crime reduction and safety; and community-based services and neighborhood development. This allocation would be subject to annual review and approval by the Governance Board.

The five EZ goals used during the 1999-2001 period have been to:

- Implement economic development strategies that generate living wage jobs and community sustainability;
- Provide access to a variety of housing options that promote family and community stability;
- Develop neighborhood-based strategies that help residents combat drug-related activity, reduce juvenile crime, and create safe neighborhoods;
- Establish a comprehensive pre-K through life education system that prepares all Minneapolis learners to participate in the economic and social fabric of the community; and
- Streamline community-based services that nurture and support young people and their families.

These goals were the starting point for the planning committee. The five basic goal areas will continue to be the same basic goal areas for the 2002 –2005 plan.

The EZ is governed by a board comprised of residents and business owners in the EZ, foundation and banking leaders, and representatives of government jurisdictions and organizations working in the EZ. Its investment recommendations are approved by HUD and forwarded to the Mayor and City Council for final approval.

On December 13, 2001 the EZ Governance Board approved the attached 2002 – 2005 strategic plan. As with previous decisions, recommendations are made by the EZ Executive Committee or Governance Board and presented to the City Council for final approval.