

Thursday, May 12th, 2022

Mayor Jacob Frey, Budget Committee Chair Emily Koski and members of the City Council,

We wish to thank Mayor Frey and city staff for forwarding their recommendations for Phase 2 allocations of the city's share of American Rescue Plan Act (ARPA) funding. We'd like to start out by saying there are a number of astute and strategic investments suggested in this new round of funding. We support the one-time public works capital improvements; investments in violence prevention efforts, youth training & equitable workforce programs; emergent developer technical assistance; housing & homelessness responses; and climate & health supports. In short, there is a lot to like in these recommendations.

We also know that the city wanted to invest in several other program areas but Final Guidance regulations, staff shortages and division under-capacity challenges have prevented the full implementation of a robust economic, small business and corridor recovery package. ARPA funds are critically important, but they alone cannot complete the mission. Even today, over 80% of the Phase 1 Current Appropriations (\$89 million) have not been spent due to these delays and regulatory hurdles.

Let's drill down and focus on BIPOC businesses, cultural corridors and entrepreneurs

Our main concern is related to the potential revitalization elements that were not in this package. We think as the Council deliberates the merits of each of the ARPA program investments, some deeper consideration should be made for our most localized and impacted economic generators: small and BIPOC owned businesses, Cultural Districts and BIPOC entrepreneurs.

Many of our neighborhood Commercial Corridors have not fully recovered from the 2-year pandemic, sudden recession and Civil Unrest of 2020. Many BIPOC property owners along Lake Street continue to struggle as we approach the 2-year anniversary of the murder of George Floyd and the physical and economic devastation that followed. Lake Street still bares the physical scars on our buildings and vacant lots. Other corridors throughout the city have seen the closure of countless retailers and restaurants. These businesses had helped to stabilize many of our corridors and transform them into thriving economic assets.

We are asking the Mayor and City Council to carefully consider how we can utilize the investment opportunities and policy entry points of 2022 to restore our corridors and help our businesses, nonprofit and arts organizations, neighborhood associations and other public partners continue the mission towards a full recovery.

This year will be pivotal for forging a lasting recovery

We are confident that 2022 can be the tipping point that begins our collective healing and leads to the reconstruction of what we've lost. There are tremendous resources available to help accomplish this, including: state surpluses, federal ARPA funds, newly emerging philanthropic investments, strategic city budgeting, locally raised individual and corporate contributions, and peer-to-peer business and cultural community supports.

Local, on-the-ground organizations have worked very hard to secure long-term funding (grants, technical assistance, forgivable loans and patient capital), but government can and should play a larger role moving forward. The good news is that no single agency needs to act alone – we have a sophisticated set of private, philanthropic and nonprofit organizations already active in this area. For example, the mayor's Inclusive Economic Recovery work group has identified a number of critical steps we can take to achieve this vision. Several local foundations and public agencies are working to secure critical capital and financing tools.

We understand that some ARPA Phase 1 allocations were inconsistent with federal guidelines. The city has shown excellent flexibility in working within these limitations, for example, finding a General Fund budgeting solution to increase the Commercial Property Development Fund (CPDF). The Inclusive Economic Recovery Work Group recommends that the city quadruple the CPDF. We agree.

We also should target the BIPOC owned restaurants that were cut out of the federal restaurant revitalization program.

Phase 1 Allocations for neighborhood commercial districts are worth repeating

We very much appreciated how Phase 1 ARPA allocations were directed towards Cultural District activation, business stabilization, technical assistance provision, structural improvement grants and forgivable loans.

We would suggest that we find ways to accelerate the Cultural District strategies first identified in Phase 1, which the city characterized as:

Cultural District Activation - \$2.5 Million

The Cultural District Activation provisions will increase capacity for community business organizations with funding to provide small-business navigation support and outreach, provide funding for community events and festivals to attract residents and visitors to the district, provide grants or funding to make capital or service improvements, advocate B-TAP services and subcontracted professional services as needed, provide matching funds for external building improvements, provide forgivable loans for internal building improvements and provide low- or no-interest loans for capital improvements for businesses and commercial property owners.

This Phase 1 allocation allowed organizations on the ground to quickly provide increased technical assistance to meet increased demand at a critical time.

In our comments, we suggested that this category be increased to an allocation of **\$10 million**. We still think this collection of strategies and program supports are worthy of deeper investment commitments. We recommend also including highly impacted commercial districts that fall outside of the Cultural Districts classification, especially Uptown and Downtown Longfellow (27th Ave. and Lake St. area).

Phase 2 allocations

The Lake Street Council examined the Phase 2 recommendations and created a 3 columned chart comparing 1) the LSC's suggested allocations submitted to the city's portal survey in the Fall of 2021; 2) a summary of the Mayor's Inclusive Economic Recovery work group recommendations for "Entrepreneurs & Small Business;" and 3) the Phase 2 allocations most likely to benefit commercial corridors [see **Attachment A**]

As we said earlier, there is a lot to like in the mayor's recommendations. We simply wanted to apply a corridor recovery lens and try to identify some areas that will need additional support, beyond the initial Phase 2 recommendations being circulated currently. We believe that these investments proposed by the Mayor's office will benefit businesses along commercial corridors:

Public Safety

- Violence Prevention/Intervention (about **\$3.5 M**)
- Streetlights for Lake St & W. Broadway (**\$1.360 M**)
- Mobile surveillance cameras (**\$1 M**)

Housing/Homelessness

- Housing Trust Fund (**\$5 M**)

Economic Rebuilding

- Black Business Career Pathways (**\$650 K**)
- Emergent Developer/D-TAP (**\$400 K**)
- Labor standards/enforce/educate (**\$ 750 K**)

Climate & Public Health

- Green Business Cost Share (**\$2 M**)

*We noted that Mayor Frey recommends the following investments under **Economic Rebuilding**:*

- Meet Minneapolis-tourism (**\$2 M**)
- Downtown events (**\$1.2 M**)

We would suggest an equivalent level of investment to market neighborhood commercial districts and promote events, utilizing the Great Streets program and working collaboratively with on-the-ground local business associations and community-based groups.

LSC, LEDC & LCC recommendations

We propose the following corridor recovery recommendations for Phase 2. These recommendations have been compiled from several conversations with small businesses, small business support organizations, and other community stakeholders. Knowing that there's very little room for amending the Phase 2 recommendations of the mayor, we believe these strategies should at the very least land squarely on the city's economic recovery agenda and in the **2023 City budget** and perhaps beyond. These recommendations were:

- Corridor Marketing & Events/Placemaking for neighborhood commercial corridors, which could be implemented by expanding funding to the effective Great Streets Business District Support Program **(\$3.2 M)**
- Public Realm Maintenance – Provide additional support for public realm upkeep in Cultural Districts including extra litter pickups, graffiti removal, replacement of damaged streetscape infrastructure, etc. **(\$2 M)**
- Increased support for B-TAP & D-TAP **(\$3 M)**
- Increase CPDF **(\$10 M)**
- Increase allocation to the Façade Improvement Program **(\$1.25 M)**
- Pilot an Ambassador program along the Lake Street corridor – partnering with SSD & Business Associations **(\$5 M)**
- Income replacement grants to BIPOC-owned restaurants that were shut out of the federal Restaurant Revitalization Program **(\$5 M)**

And we agree with the mayor's Inclusive Economic Recovery work group when they suggested:

Part 3: Implementation plan and timeline [page 7]

The Work Group recommended the creation of an “implementation work plan & timeline” as well as a “communications strategy to report progress at regular intervals and invite opportunities for continued input from and partnership with Work Group members and other community stakeholders”

In conclusion

As city leaders examine their allocation options, we ask that they pay particular attention to the many businesses along our commercial corridors who have struggled during the pandemic and continue to adjust to the profound economic shockwaves of the last 2 years. Minneapolis' vibrant BIPOC communities, cultural corridors and entrepreneurs have been especially impacted by these social and economic forces.

Respectfully submitted for your consideration,

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