

Commercial Vitality Zone Program

Staff Funding Recommendation to Transfer CVZ Funds from Como-Front-Dale Intersection, and Add Additional Sales Tax Collections, to a Project at Rice-Larpenteur
September 23, 2020

Requested Action

Approval of a resolution transferring \$229,125 in CVZ funds from the Como-Front-Dale intersection, and adding \$108,375 in additional sales tax collections, to fund a \$337,500 forgivable loan to M.E.K. Properties Limited Partnership for a parking lot renovation project at 1657 Rice Street in the Rice-Larpenteur CVZ area.

Overview of the Commercial Vitality Zone (CVZ) Program

Description

The CVZ Program is a \$750,000 annually-funded program used for investments in neighborhood, commercial districts to promote vitality, growth, and equity. The Program is funded by an annual sales tax revenue account from the City of Saint Paul's ½-cent local sales tax, known as Sales Tax Revitalization or "STAR."

The CVZ Program has identified commercial districts for investment as having assets with potential, organizations and businesses with capacity, and/or community-developed plans in place. This long-range commercial investment strategy will attract and retain businesses and customers, create quality job opportunities, grow and expand business success, expand the tax base, and ultimately strengthen Saint Paul neighborhoods and communities.

CVZ investments vary in size and scale, but are typically part of a larger network – linking other zones in the urban fabric. Nine "zones" were funded between 2015 and 2018, with geographies and projects described below. In 2019 and 2020, CVZ funds were needed for Public Works projects, and not allocated to the Commercial Vitality Zone program.

Goals and Principles

1. Projects are catalytic. They:
 - a. Leverage other investments; and
 - b. Build off existing plans, have neighborhood support, and engage capable partners.
2. Projects promote equity. They:
 - a. Are targeted toward Areas of Concentrated Poverty, as defined by the Metropolitan Council; and
 - b. Help eliminate structural barriers to services, resources, and support for every resident in Saint Paul; and
 - c. Involve the community in making decisions to prioritize investment options; and
 - d. Aim to benefit and retain existing business owners and residents.

3. Projects have the potential to maximize the expected outcomes of the program, including:
 - a. Vitality – projects will strengthen commercial areas and make them more vibrant; and
 - b. Growth – projects will grow the tax base.
4. There are identified feasible and visible capital projects that can be completed in a 12-18 month timeframe from allocation.

Current Staff Recommendation

Staff recommends moving \$229,125 from the Como-Front-Dale Intersection CVZ to the Rice-Larpenteur CVZ.

After four years of work on identifying suitable projects at the Como-Front-Dale Intersection, \$229,125 remains unallocated of the initial \$350,000 allocation.

The Rice-Larpenteur intersection has been the topic of an ongoing multi-jurisdiction planning process since 2017, and an identified implementation project has a willing land-owner eager to improve a large parking lot with a strip mall that serves the community with multiple local businesses. The total City investment goal is \$337,500, of which \$229,125 would come from CVZ.

Como-Front-Dale Intersection CVZ

The Como-Front-Dale intersection was one of the first designated Commercial Vitality Zones. In 2015, the intersection was allocated \$350,000 using 2016 funds. Potential identified projects were to focus on giving the large and busy intersection of three major streets a more cohesive character and improved streetscape, as well as better accommodating multiple modes of transportation. While the staff report noted that the area hosts several locally-owned businesses, it also noted potential redevelopment opportunities, such as oversized parking lots and vacant lots and storefronts.

After community engagement with area business owners and residents, including community meetings and surveys, several opportunities were identified as priorities. In 2018, crosswalks were enhanced with zebra-stripe style crossings, and a green bicycle lane was painted through Como Avenue, which is identified as an in-street, separated lane in the Saint Paul Bicycle Plan. A few boulevard trees were planted in 2019.

To pursue enhancing the properties around the intersection, a landscape architect was hired to design parking lot and landscape improvements for various sites. The improvements were offered as grants with no cost to the owners, but after several years of outreach and contact, no viable projects have materialized. Staff is working on a final opportunity to improve a sign and contribute to a rain garden installation at one site, funding for which will remain committed to this CVZ.

Rice-Larpenteur Intersection

In 2017, a planning process with the cities of Saint Paul, Maplewood, and Roseville, along with Ramsey County, resulted in a short and long-term vision plan for the Rice Street-Larpenteur area. The plan outlines multi-modal transportation improvements, redevelopment scenarios at key

opportunity sites, and connections to open spaces and other amenities in this node. In 2018, the City adopted this plan as a foundation document to guide improvements and revitalize the area (Res 18-1741). The cities hired the Saint Paul Area Chamber of Commerce to help form a working committee to execute the vision plan. This organization is known as the Rice-Larpenteur Alliance.

In 2018, CVZ funds in the amount of \$337,500 were allocated to implement some of these plans. These funds were later transferred to Public Works to fill budget gaps with the assumption that future CVZ funds could be invested, as more time was needed to identify viable and timely projects in the area.

In 2019 and 2020, CVZ funds went toward the Affordable Housing Trust Fund and Public Works gaps instead of this program, and therefore Rice-Larpenteur has not yet been invested in for these capital improvements.

Since 2018, the Rice-Larpenteur Alliance, comprised of elected officials, city, and county staff, and recently growing to include local property owners and residents, have worked together to execute the vision plan. The MyThrift strip center mall was identified in the vision plan as an “area of opportunity” for the neighborhood. The strip center mall is home to several local businesses including MyThrift Store, two restaurants, and other retail businesses.

At this time, a project is ready to improve the large parking lot at the MyThrift strip mall site on the southwest corner of Rice and Larpenteur, owned by M.E.K. Properties Limited Partnership. The project includes a mill and overlay of the parking lot, adding a sidewalk along Rice Street, closing two curb cuts, adding landscaping, and a small parklet area. This investment will improve the appearance and increase the safety of the parking lot, and increase the local tax base.

The total City commitment is \$337,500, which was the initial CVZ allocation and the amount that was thought would be replenished at some point. M.E.K. Properties is investing an additional \$50,000 to improve lighting on the site. A total of \$229,125 of this would come from the Como-Front-Dale Intersection CVZ, while the remaining \$108,375 would come from excess sales tax collections. The funding would be structured as a five-year forgivable loan, with annual forgiveness based on continued ownership and maintenance.

Status Update on all Commercial Vitality Zones

2015

| Zone | Project | Status | Cost |
|---|---|---|-----------|
| Lower Payne Ave – E 7 th St to Minnehaha (Wards 5, 6 & 7) \$337,500 | Swede Hollow Overlook – Payne Ave at Bedford St | Completed 2018 | \$275,000 |
| | Business Improvement Fund | 3 business improvements to date; Balance of \$34,000 | \$62,500 |

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|---|---|----------------|-----------|
| Phalen Village (Ward 6) \$337,500 | Utility Relocation and Rose St build-out at Phalen Village redevelopment site with Aldi | Completed 2020 | \$337,500 |
| North Snelling Avenue (Wards 1 & 4) \$75,000 | Street lighting assessment buy-down from above-standard lantern lighting | Completed 2015 | \$75,000 |

2016

| Zone | Project | Status | Cost |
|---|--|----------------|-----------|
| E 7 th St and Arcade St (Ward 7) \$350,000 | Hamm Park Improvements | Completed 2018 | \$70,000 |
| | Pedestrian Improvements – HAWK light at Greenbrier St, flashing light at Margaret St | Completed 2020 | \$274,880 |
| | Community engagement | Completed 2016 | \$5,120 |
| Como-Front-Dale Intersection (Wards 1 & 5) \$350,000 | Pedestrian and Bicycle improvements | Completed 2018 | \$74,430 |
| | Three boulevard trees | Completed 2019 | \$1,445 |
| | Landscape Architect | 2018-2019 | \$25,000 |
| | Signage and landscape improvement | TBD | \$20,000 |
| | Unallocated and recommended to be transferred to Rice-Larpenteur | | \$229,125 |
| Rice St – University Ave to Pennsylvania Ave (Ward 1) \$50,000 | Pre-development planning* Including market study and community engagement | Completed 2018 | \$50,000 |

*Pre-development planning was deemed an ineligible category for CVZ funds. Funding was swapped from other sources to cover the two previously allocated pre-development planning areas to enable them to occur.

2017

| Zone | Project | Status | Cost |
|--|---|---|-----------|
| Central Selby (Selby Ave from Lexington to Dale) (Ward 1) \$312,500 | Business Improvement Fund | 5 improvements complete; 2 identified projects; balance of \$43k | \$100,500 |
| | Public streetscape improvements, public art | Street light brackets for flower baskets, Bike racks, JJ Hill mural engagement supported; balance of \$101k | \$140,480 |
| | 10 Boulevard trees planted | Completed 2018 | \$4,200 |
| | Planned landscaping and pedestrian improvements | TBD - Unallocated | \$67,320 |
| District del Sol (Ward 2) \$312,500 | Business Improvement Fund | 4 improvements complete; balance \$29k | \$75,000 |

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|---|--|--|-----------|
| | Gateway Public Art – mural on Robert St pedestrian bridge (“Girl Scouts” bridge) | Under construction | \$50,000 |
| | Planned pedestrian improvements on Cesar Chavez | Planned for 2019, but bids came in higher than estimated - potential to reallocate to other planned projects | \$165,000 |
| | Planned boulevard tree planting and sidewalk improvements; Viaduct artwork | TBD - Unallocated | \$22,500 |
| Rice St and Larpenteur (Ward 5) \$50,000 | Pre-development planning* Including market study and community engagement | Completed 2018 | \$50,000 |
| PED Administrative Costs | | | \$75,000 |

*Pre-development planning was deemed an ineligible category for CVZ funds. Funding was swapped from other sources to cover the two previously allocated pre-development planning areas to enable them to occur.

2018

| Zone | Project | Status | Cost |
|--|---------------------------|---|-------------|
| Rice St – University Ave to Pennsylvania Ave (Ward 1) \$337,500 | Business Improvement Fund | 9 improvements complete; 1 project ongoing; balance of \$147k | \$337,500 |
| Rice St and Larpenteur (Ward 5) \$337,500 | | Transferred to Public Works | (\$337,500) |
| PED Administrative Costs | | | \$75,000 |

*Pre-development planning was deemed an ineligible category for CVZ funds. Funding was found from other sources to cover the two previously allocated pre-development planning areas to enable them to occur.