

2016-2018 Economic Development Strategy

City of Saint Paul

Department of Planning and Economic Development



INTRODUCTION

Saint Paul has enjoyed several years of robust economic growth coming out of the Great Recession, adding significant population, jobs and private investment. This success is partially the result of a strengthening global economy, which has led to significant private sector job creation, but also a series of carefully-considered policy decisions and initiatives by the City of Saint Paul. These City-led initiatives include catalyzing University Avenue through completion of the Green Line Light Rail Transit; building CHS Field, a new minor league baseball ballpark; financing the Farmers Market Lofts and Penfield Apartments; and launching the 8-80 Vitality Fund and Commercial Vitality Zone programs. Together, these initiatives have created a climate attractive to people and businesses. To build on this success, the City's Department of Planning and Economic Development (PED) has created this Economic Development Strategy for 2016-2018. PED will focus its economic development resources on six key strategies that over the next three years will:

- increase the number of jobs in Saint Paul, and access to jobs and opportunity for residents;
- grow Saint Paul's tax base; and
- lower unemployment among the City's diverse populations with disproportionately high unemployment rates.

Many elements combine to create economic growth. The role of the City and PED specifically is to create the conditions for growth: a dynamic community with housing, infrastructure and amenities attractive to people and businesses; a fair and balanced regulatory environment; and availability of a skilled workforce. This strategy is specifically designed to address the elements that are primarily within the purview of PED's Economic Development team, recognizing that

other City departments and factors contribute to economic development. Although PED administers a wide variety of planning, housing, business and economic development activities, this plan is focused on a set of six strategies, all of which lead to economic development.

To create this strategy, PED analyzed trends impacting the region's economic growth as well as best practices in economic development. In addition, conversations were held with a broad range of individuals and organizations who have an interest in the continued vitality of Saint Paul, including elected officials, economic development entities, and business and civic leaders. The development of this strategy was guided by a group of PED staff and updates a similar Economic Development Strategy developed by PED in 2008.

Four principles are the foundation for the activities described below and reflect strong input from stakeholders in the planning process:

- **Less planning, more action.** There is a consensus among stakeholders that this is a time of unique opportunity for Saint Paul given the overall strength of the regional economy and the momentum built by such major investments as the Green Line LRT, CHS Field and the commitment for Major League Soccer to catalyze a redevelopment at Snelling and I-94. In addition, the high-profile redevelopment of the Ford Plant site will elevate Saint Paul's national profile. While the planning functions of the Department and City are important, stakeholders agree that attracting and retaining businesses and jobs is a priority.
- **Communicate and leverage our strengths.** Many stakeholders urged the City and PED to better interpret and communicate the hallmarks that make Saint Paul attractive for investment. Telling the Saint Paul story to existing and new businesses is critical to continued economic growth. Saint Paul offers a competitive market with attractive lease rates, lower parking costs and a significant advantage in terms of ease of movement for goods and workers. Its sectors of strength include health care, which offers good paying jobs and career pathways; financial services, which is estimated to continue to add jobs; and manufacturing.
- **Focus on specific geographies and sectors.** PED doesn't have enough resources to do everything. Focusing on specific weak market geographies where staff time, creative approaches and utilization of PED's tools can produce a positive ROI is essential. Similarly, prioritizing key sectors of strength in terms of business retention and expansion activities will most effectively advance PED's goals of job creation, reducing unemployment and building the tax base.
- **Support the City's work on the big systems that support a positive business climate.** PED should work with partners inside and outside the City to promote projects that improve transportation infrastructure, workforce development, safety and amenities. Ensuring residents have access to jobs and services throughout the region matters to businesses, and informs their decisions about expansion and location.

The six strategies that PED plans to emphasize in 2016-2018 are:

1. Expand business attraction, retention and expansion programs to strengthen Saint Paul's employer base.
2. Support innovative entrepreneurship and small business development to encourage new job growth.
3. Build and market a compelling Saint Paul brand that conveys the distinctive advantages of doing business here.

4. Proactively direct new development to certain high-priority geographies and sites of the city.
5. Invest in downtown Saint Paul to catalyze further economic activity.
6. Align resources around neighborhoods where attention and investment can create momentum for resurgence, while continuing to build on strengths and opportunities throughout the city.

Going forward, PED will annually review its performance and measure its progress in achieving the goals of this Strategy. The activities above will be adjusted periodically based on market conditions, changes in resources, and to reflect new opportunities.

ECONOMIC DEVELOPMENT GOALS

PED's work over the next three years is focused on creating more jobs, increasing tax base and lowering unemployment, but we also recognize that City policies and external factors beyond the scope of PED's activities also help create the climate for jobs and investment.

The team's approach to goal setting is to start with current data from an established outside source, and then set reasonable goals for positive change that would otherwise not occur but for intervention by PED.

Jobs	Increase the number of jobs in Saint Paul and improve access to jobs for Saint Paul residents, especially low income residents and people of color.
Base Measure	179,460 jobs in Saint Paul <i>(DEED Quarterly Census of Employment and Wages, Annual 2015)</i>
Goal	Increase number of jobs in Saint Paul by 3,000 over 3 years.

Tax Base	Increase commercial/industrial, residential and sales tax revenue. A strong tax base is the foundation for City services, amenities and infrastructure.
Base Measure	\$239,055,061: Total Tax Capacity for Saint Paul (non-airport) payable 2016 <i>(Ramsey County)</i> \$18,558,003: Total Saint Paul Sales and Use Tax Collections for 2015 <i>(2015 Minnesota Department of Revenue).</i>
Goal	Increase Total Tax Capacity for Saint Paul (non-airport) by 15% over 3 years. Increase Sales and Use Tax Collections for Saint Paul by 15% over 3 years.

Unemployment	Reduce unemployment for low-income residents and people of color. Driving prosperity for all is a value the City embraces. Closing the racial unemployment gap is critical to future economic health.
Base Measure	3.7% average annual unemployment rate in Saint Paul (2015) 3.7% statewide average annual unemployment rate (2015) <i>(DEED unemployment statistics for Minnesota and Local Areas)</i> 4.5 % average annual unemployment rate for white population (2015) 10.4% annual unemployment rate for people of color in Saint Paul (2015) <i>(Census Bureau 2015 American Community Survey, 1-year survey)</i>

Goal	<p>Maintain city-wide unemployment rate relative to statewide rate.</p> <p>Reduce unemployment disparity between white population and people of color in Saint Paul by 10% over 3 years.</p>
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ECONOMIC DEVELOPMENT STRATEGIES

Just as in 2008, when PED created its previous Economic Development Strategy, the central tenet of this Strategy is to create a climate conducive to growth – an environment where people and businesses thrive. PED has staff, financial resources and tools that help the private sector grow. The strategies and action items presented on the following pages outline and emphasize ways in which PED can support the work of the private and non-profit sectors to grow business of all types in Saint Paul, and generate wealth in the region.

1. Expand Business Attraction, Retention and Expansion Activities

PED will expand its formal Business Retention and Expansion (BRE) program to preserve and strengthen Saint Paul’s employer base, and will continue to seek opportunities for attracting new businesses to locate in our city. PED staff will continue to stay in regular contact with existing businesses, assessing their needs and making every effort to accommodate those needs. On a more proactive level, we will also maintain consistent communication and relationship-building with leaders in promising sectors within the region, including health care, financial services, education and technology.

- Continue and expand personal visits with targeted businesses annually. This strategy will require additional assistance from other partners, including elected officials.
 - Develop a list of businesses in the following sectors of significant employment for retention visits: health care and social assistance, education, finance and insurance. Prioritize PED staff to visit these businesses.
 - Develop a list of businesses in the following emerging sectors of strength for retention visits: technology and software, food and water solutions, advanced manufacturing technology, and administrative and management support. Prioritize PED staff to visit these businesses.
 - Gather data to better understand the economic impact of the arts and creative sector in Saint Paul. Target 20 high-value businesses within this sector for retention visits.
 - Assign high-priority business visits to Mayor and Councilmembers.
 - Use Councilmembers to help develop a list of family-owned businesses that are at risk of closing because of a lack of succession planning.
 - Seek additional financial support for culturally-specific CDCs and business support groups, including Latino Economic Development Council, African Economic Development Solutions, Neighborhood Development Center and ethnic chambers in order to conduct more retention visits and reach diverse businesses. Ensure that the partners track and report their outreach activities via the customer relationships management system.
 - Continue to use existing partners (Greater MSP, Saint Paul Port Authority, Saint Paul Area and Midway chambers, Saint Paul College, Ramsey County

Workforce Solutions and DEED) to expand capacity of PED staff to do visits, and ensure all are using the customer relationship management system to share information between partners.

- Track lease expirations and focus on firms whose leases are expiring in the next 18-24 months.
- Continue to maintain and update the “Top Ten Opportunities and At-Risk” firms that may be expanding here or potentially moving out of Saint Paul – utilize Mayor and other leaders for outreach to this group.
- Continue to support and respond to GREATER MSP as it markets the region and interfaces with businesses looking to expand or relocate.
- Make connections between businesses that need talent, training organizations and post-secondary education partners.
- Enhance the informal referral network between PED, neighborhood CDCs and community banks so that businesses get access to resources.
- Use technology for business outreach and engagement by creating e-blasts, business surveys and other communications to provide information to businesses, seek input from businesses, etc.
- Consider expanding the BRE tracking database (Salesforce) to capture contacts with businesses made by other City Departments (DSI, Public Works) and Councilmembers, so that there is a more comprehensive record of contact. Develop a plan to mine the database to identify trends, spot emerging issues and see opportunities.

The following activities will be evaluated and implemented based on available resources and opportunities:

- Designate a PED staff person who is knowledgeable about workforce and training resources to connect businesses with workforce needs to public and non-profit education and training providers, grant opportunities, etc.
- Thoroughly research opportunities for business outreach to regional companies that are likely to expand and could consider Saint Paul. Examples include United Healthcare, 3M and other Fortune 500s who routinely lease space for back office operations.
- Engage CEOs of existing Saint Paul-based companies to reach out to their peers to encourage a business to remain, expand or locate in Saint Paul.
- Continue to link businesses to export opportunities and strong regional resources.

2. Support Innovative Entrepreneurship and Small Business Development

PED will expand its efforts to support the creation of new businesses and the growth of existing firms in order to employ local workers, provide a broad range of goods and services, and position the regional economy for growth.

Innovative Entrepreneurs

“Innovative” entrepreneurs successfully capitalize on ideas for new products, services and business practices. High-growth companies – innovators that have grown on average more than 20% for at least four years – are the biggest job creators in the U.S., according to a recent study by Arizona State University.

The Minneapolis-Saint Paul region is attracting global interest from the tech sector. Saint Paul should proactively reach out to this sector, sending a positive message from the Mayor and

others that Saint Paul is a collaborative, creative and supportive environment for entrepreneurs and second-stage businesses.

- Develop an inventory of fast-growing firms in Saint Paul and regularly connect with them. Having a growing number of these firms helps Saint Paul's image, and these firms also support middle-class jobs for Saint Paul residents.
- Designate a staff person to be the ambassador to these companies and participate in industry activities like Minnesota High Tech Association, Beta.MN and MN Cup
- Recognize, celebrate and build relationships with fast-growing innovative companies by hosting informal gatherings like a "Mayor Coleman's Brew-Up" at a local brew pub or a monthly drop-in breakfast with the Mayor. These invitation-only events would focus on firms with a specific profile.
- Inventory and share information about entrepreneurial resources, and continue to support organizations such as the Venture Lake Coalition and CoCo.
- Raise awareness that Saint Paul is a creative, affordable and supportive location for entrepreneurial ventures by providing visibility to successful start-ups and high-growth firms operating in Saint Paul.
- Participate in and offer to host events for MSP-area entrepreneurship groups (such as TechStars) that will be bringing start-ups from around the world to the region.
- Help connect new businesses to local mentorship programs such as SCORE, Economic Gardening and the SBA Emerging Entrepreneur program.

The following activities will be evaluated and implemented based on available resources and opportunities:

- Identify property that can be made available for fast-growing companies to use as incubator space.
- Explore creating tools like the Saint Paul Venture Fund to leverage resources in support of entrepreneurship.
- Raise funds for a city-wide business competition and create a signature event for start-ups.

Small and Minority Business Enterprise Development

The backbone of any economy is small businesses, including retail and service businesses and a wide array of firms with ten or fewer employees. These firms provide important neighborhood services, act as neighborhood gathering places, and create vitality. In addition, minority-owned firms historically employ more people of color and play an important role in creating wealth in immigrant communities. Saint Paul will continue to provide assistance to these firms through a variety of activities:

- Staff and market the Business Resource Center and concierge program in PED as a focal point for inquiries from businesses looking to start, expand or relocate in Saint Paul, and ensure high-quality customer service for companies and projects.
- Work to expand the number of businesses using the Economic Gardening program.
- Work with HREEO to promote access to City procurement opportunities.
- Connect MBEs with technical and financial support through resources such as Neighborhood Development Center, AEDA, East Side Enterprise Center, ethnic chambers and CDCs.

- Partner with culturally specific business organizations to expand the City’s business retention program and gain information and relationships with diverse businesses throughout the city.
- Work with the Racial Equity Team to enhance cultural competency training for frontline staff who interact with MBEs, including those in PED, DSI and other City departments.

3. Build and Market the Saint Paul Brand

PED will create an economic development marketing program to raise awareness of the City’s support for business, the opportunities that exist in Saint Paul and the City’s willingness to facilitate investment that is in line with the vision and goals established in this Strategy. Saint Paul needs a compelling vision to support and attract business. While the City gets very high marks for livability, the case for business investment in Saint Paul is less well known.

- Provide site selectors and brokers with information that will help them understand both the commercial real estate “product” in Saint Paul, as well as the advantages and opportunities of being located in Saint Paul.
- Differentiate Saint Paul from Minneapolis, and develop communications strategies that appeal to entrepreneurs and signal they can be a “big fish in a smaller pond.”
- Market “deal-ready sites.”
- Publicize PED’s economic development accomplishments, especially showcasing stories of start-ups in Saint Paul that are thriving.
- Enhance the City’s website to make clear to businesses looking to expand in or relocate to Saint Paul who they can contact, what assistance and resources are available, and what steps they need to follow. Consider “live chat” or other tools to make it easy to navigate.
- Assemble and maintain on PED’s website an updated, readily-available, comprehensive package of information on the city and targeted sub-markets, including demographic, market characteristics, and pedestrian and vehicle traffic counts. Make the information available in a mobile-phone ready format.
- Partner with culturally-specific business organizations to participate in their forums to expand awareness of PED’s resources among the city’s diverse businesses. These include meetings hosted by ethnic Chambers and CDCs, and holding information sessions at the East Side Enterprise Center and other venues where entrepreneurs gather.

The following activities will be evaluated and implemented based on available resources and opportunities:

- Target communications about Saint Paul’s economic development opportunities and resources to end-users in specific industries with a natural affinity to Saint Paul, including businesses serving government and health care.
- Market opportunities to corporate leaders with ties to Saint Paul and the East Metro.
- Conduct “familiarization” tours of Lowertown and West Midway with tech companies and brokers to help demonstrate the vibrant creative environment.

4. Direct New Development to High-Priority Geographies and Sites in the City

PED will proactively direct new development to certain high-priority geographies of the city, and will prioritize certain sites for development. Consistent with the recommendations of the

Center Cities initiative, this strategy will help attract – to key sites predominantly in the Midway and East Side neighborhoods – new businesses that will employ local residents.

- Expand the list of Development Opportunity Sites available on the City website to include a more comprehensive list of properties. Include information on the relative priority of each site to the City and a list of potential assistance, if appropriate, the City could provide for each site. Priority will be given to sites that can catalyze nearby development and are located in areas where the City wants to see additional job creation, including the areas identified in the Center Cities report and strategy: East Side and West Midway.
- Update and maintain a list of other priority sites or areas where the City does not own property but the sites and areas have been identified as ripe for development. This list can have descriptive information on the sites but not publicly identify them in order to respect the property owners' privacy.
- Engage with willing property owners in targeted areas to help them better market their sites. Consider using new technology and entrepreneurial approaches to market sites and engage the community (i.e. Hoodstarter).
- Provide financing tools to help property owners improve the marketability of their space, including funds for environmental clean-up, commercial rehab and façade improvements.
- Identify potential funding sources for larger-scale projects needing site improvements.
- Leverage investments that have been made through City programs by focusing economic development activities in those areas.
- Take advantage of the Lean Urbanism pilot to explore creation of new “pink zones.”
- Continue to help small businesses navigate the development process and take advantage of available resources.
- Find ways to engage building owners and developers in developing more “creative space,” sought after by businesses as a recruitment tool to hire the best talent available.

The following activities will be evaluated and implemented based on available resources and opportunities:

- Develop criteria for when it is appropriate for the City to purchase land for future redevelopment and how it could be financed for key catalytic sites.
- Support Saint Paul DSI as it reviews the City's permitting process to explore opportunities to reduce requirements, and make infill and adaptive reuse easier.
- To incent new models and risk taking in commercial and housing development at significant sites (such as the Ford plant), create a fund attractive to philanthropic Program Related Investments (PRI) that can be used by developers. Philanthropy is increasingly interested in models that incorporate cutting-edge sustainability technologies and design. The City could receive and pool philanthropic funds to fill the gap between the cost of integrating these new models and what developers can attract through the private capital market.

5. Invest in Downtown

The City will continue to make key investments to catalyze further economic activity downtown. These include the Macy's redevelopment, Seven Corners Gateway, Palace Theater, Central Station block, River Balcony, and arts and entertainment. Targeted public investments such as

these make downtown a walkable and energized environment that provides a strong sense of place, and also makes clear the City's commitment to future private investment in downtown.

- Refresh the vision document called "Prosper: Momentum is Building" to guide continued revitalization of downtown. The document contains compelling imagery, identifies key opportunity sites and includes basic geographic and demographic information of interest to potential developers and end-users. This document could be easily updated and used for marketing to targeted audiences.
- Utilize the Strategic Investment Fund to attract businesses to existing Class A and B buildings in the downtown core that have significant vacancies (for example those vacated by Ecolab).
- Continue to grow the downtown residential population.
- Improve parking operations and opportunities to support downtown businesses, residents and visitors.
- Work with appropriate partners (BOMA, Chamber) to aggressively pursue neighborhood-serving retail and services.
- Dedicate staff resources to work more closely with the Cultural STAR program, local arts organizations and creative businesses.
- Accelerate downtown planning efforts and implementation schedules for such visible and powerful amenities as the River Balcony.
- Update the 6th/5th Street Plan and look for ways to implement the recommendations.

6. Align Resources Around Spotlight Neighborhoods

PED will concentrate resources in identified "Spotlight" neighborhoods to maximize their impact and deepen the community relationships that are key to lifting up Saint Paul's most challenged areas. These neighborhoods are among the most diverse in the region, and have high levels of unemployment and disinvestment.

Spotlight neighborhoods include Dayton's Bluff, North End/Rice Street, Frogtown and Summit-University. Working with neighborhood partners, PED's work in these areas will emphasize improving access to employment/training and supporting neighborhood business growth to create wealth and support economic vitality.

- Designate specific PED staff to be in Spotlight neighborhoods frequently in order to build relationships with District Councils, neighborhood groups, business groups, etc. With this increased knowledge, staff may develop new strategies and new partnerships for these neighborhoods.
- Work with neighborhood partners in Spotlight neighborhoods to review or develop neighborhood-level economic development plans that include business recruitment to increase neighborhood employment options. These plans will leverage neighborhood-based anchors, small business assistance, property redevelopment, marketing and links to other public investments. Neighborhood-level economic development plans should be built on the skills and experience of residents. For example, the Dayton's Bluff neighborhood has a high concentration of non-English speaking residents with an interest in health care careers. PED and local partners should develop plans that grow or attract employers who can use residents with those skills.
- Pilot the use of lean urbanism principles (Pink Zones) in Spotlight neighborhoods to facilitate entrepreneurship.

- Engage with partners to advocate for improved transit in Spotlight neighborhoods, increasing access for residents to jobs and education/training resources.
- Expand the capacity of inexperienced property owners and developers. Focusing on local owners and people of color, connect them to experienced neighborhood developers and technical assistance available through organizations like Neighborhood Development Center.
- Explore a strategy to link neighborhood residents with MNSCU institutions and employment and training providers to help residents prepare for and obtain employment with public sector entities in Saint Paul.

CONCLUSION

At this time of momentum and opportunity for Saint Paul, this Economic Development Strategy defines a path forward, one that aims to build stronger connections to businesses, create places for investment, prepare city residents for success in the workplace, augment innovation and creativity in our community by encouraging entrepreneurs, and preserve and grow our city's remarkable quality of life and community assets.

The City of Saint Paul is committed to ensuring city residents and businesses have equal access to opportunity and amenities by pursuing the strategies and action items outlined in the preceding pages. However, this set of strategies is just a starting point in this process. Success requires a renewed focus and increased coordination between PED and the various organizations and stakeholders working on the ground every day to improve Saint Paul's future. Success will not be achieved by PED alone, nor is it solely a private-sector function. All stakeholders – City government, non-profit organizations, philanthropy, business partners, developers, residents and others – need to declare a positive vision for Saint Paul and work together to achieve lasting progress.

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