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City in America

# **2016-2018 Economic Development Strategy**

## **Planning & Economic Development City of Saint Paul**

**Draft April 20, 2016**

### **Introduction**

Saint Paul has enjoyed several years of robust economic growth coming out of the Great Recession, having added 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 the result of a series of carefully-considered policy decisions and initiatives by the City of Saint Paul. These City lead 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 program. Together these initiatives have created a climate attractive to businesses and people. To build on this success, the City's Planning and Economic Development Department (PED) has created this Economic Development Strategy for 2016-2018. The goal of this Strategy is to focus PED's economic development resources on six key strategies that over the next three years will produce:

- increased access to jobs and opportunity for residents, including jobs in Saint Paul;
- a growing tax base; and
- lower unemployment, especially among the city's diverse populations in select neighborhoods of concentrated poverty.

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. In addition, this plan acknowledges that PED administers a variety of planning, housing, business and economic development activities in addition to what is described here. Economic development programs that are important to achieving the goals in this plan include financial assistance (STAR, CDBG, conduit revenue bonds, TIF, etc.) technical assistance, land assembly and prep for redevelopment and other initiatives such as the Commercial Vitality Zone program and the 8-80 Vitality Fund among others. This plan is focused on a set of six priorities recognizing that PED will continue to implement a much broader set of activities alongside these priorities – 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.

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

1. Expand business retention and expansion programs to strengthen opportunities for job growth.
2. Support innovative entrepreneurship and small business development to compel 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 "pivot point" 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 this Strategy. The activities above will be adjusted periodically as needed based on market conditions, changes in resources, and to reflect new opportunities.

## Economic Development Goals

NOTE: This section is currently waiting for more input from the Policymakers.

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## Economic Development Strategies

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

### Principles

Several 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 function of the department and the City are important, stakeholders agree that the work of the department must weigh heavily on taking advantage of and creating market interest in Saint Paul. Attracting and retaining businesses and jobs is a priority – planning will continue to be an important function but will be balanced by the need for job growth and investment.
- **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 healthcare, which offers good paying jobs and career pathways; financial services, which is estimated to continue to add jobs; and manufacturing, among others.
- **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.
- **The City should continue to work on the big systems that support a positive business climate.** These include transportation infrastructure, workforce development, safety, and amenities. Those things matter to businesses and inform their decisions about expansion and location. In addition, ensuring residents have access to jobs and services throughout the region is a priority.

The following strategies and action items outline and emphasize ways in which PED can support the work of the private and nonprofit sectors to grow businesses of all types in Saint Paul and generate wealth in the region.

## **1. Expand Business Retention and Expansion Activities**

PED will expand its formal Business Retention and Expansion (“BRE”) program to preserve and strengthen Saint Paul’s employer base. 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 anticipate the future trajectory of promising sectors within the region, being prepared to address their future needs. For Saint Paul, this includes consistent communication and relationship building with leaders in health care, financial services, education, technology, and other growth sectors.

- Develop a list of businesses in the following sectors of significant employment for retention visits: healthcare and social assistance, education, finance and insurance.
- 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.
- Continue and expand if possible personal visits with targeted businesses annually. Note: this strategy will require more PED staff time than currently available, and/or additional assistance from other partners (see below).
- Track lease expirations and focus on firms whose leases are expiring in the next 18-24 months.
- Assign high-priority business visits to Mayor and Councilmembers.
- Continue to maintain and update the “Top Ten Opportunities and At Risk firms that may be or are possibly exploring expanding here , or potentially moving out of Saint Paul – utilize Mayor and other leaders for outreach to this group.
- Continue to use 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.
- Continue to support and respond to GREATER MSP as it markets the region and interfaces with businesses looking to expand or relocate to ensure Saint Paul is an effective competitor for those investments.
- Make connections between businesses who need talent, training organizations, and post-secondary education partners.
- Enhance the informal referral network between PED and neighborhood CDCs and community banks so that businesses get access to resources from the City, CDCs, banks as appropriate.
- 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.

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 nonprofit education and training providers, grant opportunities, etc.

- Thoroughly research opportunities for business outreach to existing 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 as appropriate.

## **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 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, MN Cup, etc.
- Recognize, celebrate, and build relationships with fast-growing innovative companies by hosting informal gatherings like a “Mayor Coleman’s BrewUp” at a local brew pub or 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, CoCo, etc.
- 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.

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

- Identify City-owned 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.
- Create an entrepreneur / startup mentorship program with successful business owners and retired executives.

### **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, serve 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 and ensure high-quality customer service for companies and projects.
- Work with Ramsey County to expand the Economic Gardening program and tie participation in the program to encourage companies commitment to grow and expand in Saint Paul/Ramsey County.
- Work with HREEO to promote access to City procurement opportunities.
- Maintain a list of resources available to support MBEs with technical and financial support such as Neighborhood Development Center, AEDA, East Side Enterprise Center, ethnic Chambers and CDCs, and others and connect businesses to those resources.
- Work with 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 that will raise awareness of the City's interest in 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, there is not a clear case for business investment.

- Provide site selectors and brokers with information that will help them understand both the "product" that is commercial real estate 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 startups in Saint Paul that are thriving, such as Reeher, When I work, etc. as many in the region don't realize the strength of that sector in the East Metro.
- 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, pedestrian and vehicle traffic counts, etc.

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, healthcare and other sectors.
- 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 creative environment that is happening.

#### **4. Identify, Create and Market Places for Business and Investment**

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 new businesses that will employ local residents to key sites predominantly in the Midway and East Side neighborhoods.

- 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.
- Partner with property owners to help market their sites in situations where the property has been identified as a strong candidate for redevelopment. Consider using new technology and entrepreneurial approaches to market sites and engage the community (i.e. Hoodstarter)
- Engage with small property owners in targeted areas to help them better market their sites.
- Provide financing tools to help property owners improve the marketability of their space including environmental clean up funds, commercial rehab, façade improvements, etc.
- Identify potential funding sources for larger-scale projects needing site improvements.
- Leverage investments that have been made through City programs and build on those by focusing economic development activities in those areas.
- Take advantage of the Lean Urbanism pilot and drive some small business to new “pink zones.”

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.
- Continue to help small businesses navigate the development process and take advantage of available resources.
- 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), the City could 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.

- Find creative ways to engage building owners and developers to improve and build on the city's older commercial building stock which is not easily adaptable to today's business desire for Creative Space, which they use as a recruitment tool to hire the best talent available.

## **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).
- Utilize the Strategic Investment Fund to attract businesses who need highly sought-after creative space. Use the SIF to help the businesses complete renovations to existing space. These businesses are reluctant or unable to make the renovation investments prior to move in and need a turn-key space.
- Continue to grow the downtown residential population.
- 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 and others.
- Update the 6<sup>th</sup>/5<sup>th</sup> Street Plan and begin implementation of the recommendations.

## **6. Align Resources Around Pivot Point Neighborhoods**

PED will concentrate its resources in identified neighborhoods at the pivot point of decline or resurgence in order to maximize its 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.

Pivot Point Neighborhoods are those defined in the Center Cities strategy and include Dayton's Bluff, North End/Rice Street, and Frogtown. Working with neighborhood partners, PED's work in these areas will emphasize improving access to employment/ training and supporting

neighborhood business growth and other strategies to create wealth and support economic vitality.

- Designate specific PED staff to be in Pivot Point 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 Pivot Point neighborhoods to review or develop neighborhood-level economic development plans that include business recruitment to increase neighborhood employment options, leveraging 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 concentrations of non-English speaking residents with an interest in healthcare careers. PED and local partners should develop plans that grow or attract employers who can use residents with those skills.
- Pilot the use of Pink Zones in Pivot Point Neighborhoods to attract entrepreneurs.
- Advocate for and engage with partners to improve transit access in Pivot Point neighborhoods to enable residents to get 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.

## 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, creates places for investment, prepares city residents for success in the workplace, augments innovation and creativity in our community by encouraging entrepreneurs, and preserves and grows our city's remarkable quality of life and community assets.

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, nonprofit organizations, philanthropy, business partners, developers, residents, and others – need to declare a positive vision for Saint Paul and work together to achieve lasting progress.

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 that have been outlined in the preceding pages, and will continue to coordinate with important partners in taking the necessary steps to implement them.