

February 2020

Dear St. Paul City Council:

Responding to a request from Ward 2 Council Member Rebecca Noecker for a volunteer group of business owners, residents, and landlords to explore the future evolution of Grand Avenue in light of a noticeable uptick in storefront vacancies, The Future is Grand Task Force respectfully presents the following recommendations for your consideration as you move into 2020.

On the following pages you will see a high-level summary of draft recommendations on how the City of St. Paul can support the vital commercial corridor of Grand Avenue, as part of continued progress toward building a safe, welcoming and inclusive city. Members of the Task Force hope to continue work with the community in support of the City's vision to meet the needs of today and ensure a strong commitment to building a sustainable future.

The recommendations reflect more than 400 hours of work over eight months by the 16-member task force, under the mandate of the Grand Avenue Business Association, District Council 16 (Summit Hill Association) and District Council 14 (Macalester-Groveland Community Council).

Inputs to the recommendations, which fall across six categories, included: researching market trends; collecting and interpreting data from 40 one-on-one interviews; an online survey completed by 65 business owners and 10 landlords; consideration of neighborhood culture; and a Town Hall-style meeting co-hosted with GABA.

We look forward to your review and consideration of the draft recommendations—a mix of conventional and creative—and all with potential applicability to every St. Paul business corridor. Thank you for your openness to this important work that can help shape the future.

Submitted Respectfully by The Future is Grand Task Force, Co-Chaired by:

Sherry P. Johnson
sherry@cultivatestrategy.com
(651) 776-3060

Brian Wagner
bawagner@cbburnet.com
(651) 797-4387

Enclosures:

Letters of support from Mac-Groveland Community Council and Summit Hill Association





THE FUTURE IS GRAND

In the spirit of possibility, what are all the things the City of Saint Paul can do to improve access, create vitality, and enable us to enhance the brand of Grand Avenue?

RECOMMENDATIONS FROM THE SHA, MGCC, AND GABA COMMUNITY

Recommendations by The Future is Grand Task Force, a volunteer group of residents, business owners and landlords, suggest how the City of St. Paul can support the vital commercial corridor of Grand Avenue, as part of continued progress toward building a vibrant, welcoming, and inclusive city.

Submitted Respectfully

February 2020

Overview of Recommendations

After listening to businesses, assessing trends, and researching possibilities, The Future is Grand Task Force identified six key priorities on which the City of St. Paul could focus its efforts. Our recommendations are shaped within the context of four key trends impacting not only Grand Avenue, but all of St. Paul's commercial corridors:

- The retail sector faces a crisis in an era of online shopping.
- Restaurants confront growing cost pressures, described recently in the *Pioneer Press* as “an industry in trouble.”
- Aging business owners—the base of our “mom and pop” small businesses—signal an impending “Silver Tsunami” of potential closures.
- Saint Paul has a growing need for housing, with communities divided over upzoning.
- Property taxes and healthcare costs are rising exponentially.

While the impact of this report could benefit all of St. Paul's commercial corridors, our intent focuses on the one we have come to know best. In the following pages, we offer the following priorities alongside ideas for where the city can begin to help us meet the above challenges to improve access, create vitality, and enhance the brand of St. Paul's historic Grand Avenue.



Improve pedestrian experience of an historic and vital corridor through art, signage, retail beautification and transit. See page 3.



Focus on priority maintenance that improves accessibility, parking and appeal of public spaces. See page 4.



Protect livelihoods of our small business base & commercial corridors by slowing the rate of growth of taxes, fees and other costs of doing business. See page 5.



Foster collaboration of Grand Avenue stakeholders on funds for Grand Avenue commercial corridor to engage the community & plan for future density, open space, residential, and commercial areas. See page 6.



Convene local thought leaders & innovators to examine creative & experimental approaches to generate new sources of city revenue--to enable investment in infrastructure, multi-modal accessibility, and enhanced quality of life. See page 7.



Develop innovative solutions to filling vacant storefronts through short-term tax relief, flexible incentives & grants, pilot programs and active engagement with property owners. See page 8.

Recommendation #1: Improve pedestrian experience of an historic and vital corridor through art, signage, retail beautification, and transit.

The Grand Avenue corridor hosts so many of St. Paul's formative stories. That history is part of the rich diversity of neighborhoods St. Paul has to offer. The Grand Avenue brand is known for a mix of residential and commercial; old town charm mingled with newer urban streetscapes; and green, tree-lined walkways linking a variety of small businesses. We want to build a more walkable, accessible, resilient, and memorable main-street experience that is welcoming to all. It is vital the city invest in building appeal and attractiveness for visitors and residents alike.

Possible Interventions to Improve the Pedestrian Experience

Higher priority and agreement among task force members...

- Invest in the brand of Grand Avenue
- Intentionally plan for green space
- Appreciation of history & "Grand Brand" commerce
- Incentivize traffic to business: patios, food offerings, experiential
- Commit to options to close Grand Avenue and have "pedestrian" events quarterly
- Experiential destination
- Invest in retail beautification
- Create gathering spaces
- Matching grants for beautification
- Refresh/update signage

Lower priority and/or agreement among task force members...

- Brand specific parts of Grand Avenue
 - Public art & wayfinding--trolley? (low agreement here is mostly regarding the trolley)
- Mobility along the avenue--trolley

Voices of Business Owners & Landlords

"Expand the brand of Grand Avenue--that's a big deal. We have everything it takes. We're creative and can make it work here on the Avenue."

"People in other historic areas browse and spend the entire afternoon getting food, visiting shops, walking around, etc. Grand is segmented."

"Add kiosks at major intersections. Public WiFi. Better sidewalks. Better plowing."

"My dream for Grand is like Pearl street in Boulder where people are walking around but it is still chill, not like a Michigan Avenue."

Recommendation #2: Focus on priority maintenance that improves accessibility, parking and appeal of public spaces.

As costs rise and retail trends put downward pressure on Grand Avenue businesses, they require increased foot traffic (23% have seen this decline), and more patrons coming to Grand Avenue as a destination. If access to shopping, dining, services and experiences is unpleasant...if sidewalks and streets are buckled and potholed...if greenery and public art are absent, people will shop elsewhere. Lack of maintenance will accelerate a decline in the vitality of Grand Avenue. Those who chose to live nearby could ultimately choose to live in more vital neighborhoods, ultimately driving down property values, rents, and property taxes... the life blood of our city's budgets. We need to work together to avoid this scenario.

Possible Interventions to Focus on Priority Maintenance to Improve Access

Higher priority and agreement among task force members...

- Maintain roads & sidewalks with complete repairs and comprehensive snow removal during winter months
- Streamline trash management for alleys that back up on Grand Avenue; improve commercial & residential accessibility
- Expand accessibility/parking through collaborative use of surplus parking spaces from churches, MH Law School and other nonprofits
- Explore transportation options to move shoppers from lower density areas to higher density ones

Lower priority and/or agreement among task force members...

- Free bus (Metro Transit) on Grand
- Fix streets: Hold on bike lanes
- Rethink changing Ayd Mill Road: Needed for city accessibility
- Additional parking ramps or major space

Voices of Business Owners & Landlords

"A Road Closed sign on the curb for a month after a water main break was fixed? The City is not investing and just barely sustaining."

"The City isn't taking care of the sidewalks. It is not safe to walk."

"The City should restore the trees that were removed due to emerald as borer, enhance physical appearance of Grand Avenue, trees, flowers, etc."

" A large reason why traffic has flattened in the last year -- parking. The last couple years, customers have complained more about parking."

Recommendation #3: Protect livelihoods of our small business base & commercial corridors by slowing the rate of growth of taxes, fees and other costs of doing business.

Even as Grand Avenue businesses experience revenue pressures, they see continued increased costs of doing business: property tax increases (impacting both commercial owners and renters), ongoing renewal and inspection costs, rising trash hauling costs, and rising wages. We must avoid the tipping point where businesses cannot afford to remain and are not replaced, or where property managers are forced to rent only to increasingly affluent entities. In the long term, with decreased healthy street life, properties could lose their value, impacting the tax base. The 3.5 mile Grand Avenue corridor contributes more than \$11MM in property taxes as of 2018; that's 7% of property taxes collected in St. Paul. What can leadership do to avoid this?

Possible Interventions to Protect Livelihoods

Higher priority and agreement among task force members...

- Streamline business costs: registrations, licenses, inspections, approvals, reviews
- Counteract the double-whammy: Provide property tax relief/credits to commercial business owners who live and own their businesses in St. Paul
- Add back tip credit to support food establishments
- Cap property tax rate hikes & freeze assessments for 3-5 years

Lower priority and/or agreement among task force members...

- TIF programs cost all of us on property tax
- Create low-cost job training program through SPPS, Parks & Rec and connect them with employers
- Minimum wage: less onerous on small business

Voices of Business Owners & Landlords

"If the city keeps raising property taxes, no one will want to operate or own a business in St. Paul."

"City taxes and rent are high ... rent tripled the month after we closed in 2016."

"St. Paul City Council's decision to decide how to compensate employees on safe/sick employees...reduces profit margins."

"Minimum wage regs is a huge mistake. The city needs to let the market take care of itself, and let us take care of our employees."

"Growing expenses.. governmental regulations including wages, property taxes and street maintenance assessments and paid time off for part time teenagers.."

Recommendation #4: Foster collaboration of Grand Avenue stakeholders on funds for Grand Avenue commercial corridor to engage the community & plan for future density, open space, residential, and commercial areas.

For Grand Avenue to survive and thrive, it will take everyone working together to find the right balance between density and charm; to establish a coherent vision for the corridor; and to ensure residents have a voice in things that impact their quality of life. Too often, a few dominant, oppositional voices come to represent Grand Avenue residents and businesses. With so much historic investment at stake, Grand Avenue communities often struggle to co-create and plan together. We need significant assistance to move from a reactive mindset toward intentional planning that preserves historic assets while staying relevant. What roles can the city play in ensuring space is made for everyone to hear and be heard—from established residents and businesses, to new businesses, renters, and those who want to reside and do business here?

Possible Interventions to Fostering Collaboration

Higher priority and agreement among task force members...

- Consider density in context of the "Grand Brand"
- Hire meaningful facilitation help for proposed zoning, new developments
- Listen to residents regarding new development

Lower priority and/or agreement among task force members...

- Zone for parking lots, ramps
- More housing
- Stop spot zoning

Voices of Business Owners & Landlords

"Future development must include enhancing our brand--especially when looking at density, zoning, land use. I like density (with cars)."

"With new buildings...it would be helpful if they were designed...with retail on the first level, office space on the second level, and residential above."

"Perception is important; people won't come if they perceive it as a hard place to park. People's perceptions of parking vs the actual challenge of finding parking. "

"This task force is truly what our community needed: Neighborhood associations, business associations and city leaders working together to support all businesses..."

Recommendation #5: Convene local thought leaders & innovators to examine creative & experimental approaches to generate new sources of city revenue--to enable investment in infrastructure, multi-modal accessibility, and enhanced quality of life.

In every survey, interview, and task force meeting, no issue was raised more often, and with more depth of feeling, than the city's rising property taxes. There is little doubt the city is facing a revenue crisis, with local government feeling the pinch of increased mandates from county, state, and federal authorities—many of which are un- or under-funded. While historically affluent communities and successful businesses along Grand Avenue know their progressive responsibility in providing funding for the city, there's no doubt that taxation has its limits. Renters, fixed-income households, and the smallest businesses are hit the hardest when property tax becomes the primary tool for city funding. We call on the City of St. Paul to pursue creative solutions in collaboration with new voices—those in the city and the region who may never have had a chance to dream up possibilities for stabilizing the city budget.

Possible Interventions to Convening Local Thought Leaders around City Revenue

Higher priority and agreement among task force members...

- Host an innovation summit with non-property-taxpaying properties to create non-revenue solutions
- Property tax rebate
- New development reinvestment fund

Lower priority and/or agreement among task force members...

- New pilot: Nonprofits provide parking in lieu of taxes

Voices of Business Owners & Landlords

"National chains can more easily survive (wage & tax) pressures while independents will begin to drop off."

"Address the property tax issues. They limit ownership of buildings and impact businesses."

"What's dying: Property tax as a solution."

"Taxes have forced larger than normal rent increases which dissuade long term renters."

Recommendation #6: Develop innovative solutions to filling vacant storefronts through short-term tax relief, flexible incentives & grants, pilot programs and active engagement with property owners.

Of all the motivators driving the creation and work of The Future is Grand Task Force, concern over an increasing number of vacant storefronts on Grand Avenue was the primary impetus for its formation. Neighbors, business owners, and government officials have become increasingly worried as anchor businesses close up shop, many of which have been on the Avenue for decades. Although vacant storefronts are not unique to Grand Avenue, this historically successful corridor is feeling the pressures of its success, with high-stakes investment changing the nature of doing business here.

Possible Interventions to Innovative Solutions to Vacant Storefronts

All high priority and agreement among task force members...

- Foster & welcome new business development
- Incentivize pop-ups in vacant buildings; "incubate"
- St. Paul Planning and Economic Development: Create and enforce vacancy enforcement plan
- Help entrepreneurs buy their buildings
- Seek grant programs for new minority businesses

Voices of Business Owners & Landlords

"Innovative retail is not happening on Grand Avenue. The real estate costs are too high. (By a factor of two...)"

"Start-ups have to be nimble ... when developers would rather keep buildings empty ... it is not going to attract young, hip, innovators."

"We have to look at Lunds/Byerly's as an opportunity, not something to oppose."

The Future is Grand Task Force

Phase I, March-November 2019

Current Members

Co-Chair Sherry Johnson, SHA community member, Owner of Cultivate Strategy

Co-Chair Brian Wagner, MGCC community member, GABA board member, Coldwell Banker Burnet

Bridget Ales, SHA board member

Abhi Andley, SHA & GABA board member, President & CEO of Homeland Health Specialists, Inc.

Nelson Fox, Mac-Groveland community member, consultant for GABA

Gary Huffman, GABA member, Owner of Grand Ole Creamery

Amanda Kessel, SHA community member

David Kratz, SHA board member

Alisa Lein, SHA and MGCC community member, Property Manager of Lein Properties

Patricia McMorrow, SHA community member and past board member

Megan Ryan, SHA community member, Director of Marketing and Communications at St. Paul Chamber of Commerce

Deanna Seppanen, MGCC community member, Director of Highwinds Fund at Macalester College

Martha Sewall, SHA community member, Executive in Residence at University of Minnesota Office of Technology Commercialization

Past Members

Andrew Gesell, SHA & GABA board member, Senior Vice President & Owner of BankCherokee

Brad Nolan, MGCC community member

John Wolf, GABA member and past board member, General Manager of Dixie's on Grand

Organizational Representatives

Monica Haas, SHA Executive Director

Hayden Howland, SHA Board President

Alexa Golemo, MGCC Executive Director

Bob Lawrence, GABA Board President

The Future is Grand Task Force

Bibliography

BUSINESS TRENDS & STATISTICS

[U.S. Small Business Administration](#) contains massive amounts and cuts of national market data

[Minnesota Employment & Economic Development](#) contains massive amounts and cuts of statewide market data

[Growth & Justice nonprofit 2017 oped](#) on supporting small businesses in MN, containing many good stats and trends

[Nerdwallet blog: Best Places to Start a Business in Minnesota](#) highlights competing cities' advantages

[Forbes' article](#) on 2019 business trends

[Guidant Financial's](#) 2019 small business trends

[Entrepreneur Magazine's](#) 2019 small business trends

[The Balance Small Business's](#) 2019 small business trends

[Business News Daily's](#) 2019 small business trends

[BusinessReport's](#) 2019 small business trends

[CityLab article](#) summarizing hefty research on urban preference among generation X and millennials

[Bloomberg feature](#) on Gen Z's love of malls

[Star Tribune's writeup](#) on store closings

ECONOMIC DEVELOPMENT

[Smart Growth America handbook](#) on revitalizing downtowns

[Blog post about National Main Street Center's](#) work and elements of their winning practices

- [National Trust for Historic Preservation blog](#) about National Main Street Center's work with Michigan case study

[Main Street America website's](#) list of programs: Other site pages feature their elements of good practice for economic and community development, with lots of success stories (see Preservation Alliance)

- [Preservation Alliance of Minnesota website](#): local group aligned with Main Street America may be an asset for our efforts
- [Wisconsin Economic Development Corporation](#) programs with Main Street America
- [Iowa Economic Development Corporation](#) programs with Main Street America

SMALL-BUSINESS INNOVATION

[Wall Street Journal's One Bookstore Finds the Secret to Succeeding in the Amazon Age](#): Does anyone have a subscription to post the full article?

[Glen Nelson Center at APM website](#): local group who host a cohort of entrepreneurs and a downtown business incubator may be an asset for our efforts

[Urb-it's](#) London-based start-up is attempting an innovative solution to combating monocultural online retail

[Entrepreneur Magazine's What Small Businesses Need to Do to Win in Online Retail](#): Innovations that are helping small retail businesses stay competitive in the Amazon era

DENSITY, ZONING, & LAND USE

[Summit Hill's Neighborhood Plan](#): Current zoning and land use policy for guiding development along Grand Avenue.

[Liveable Summit Hill's opinion piece](#) on Lunds & Byerly's' proposed development and its neighborhood impacts

[Streets.mn's What About Traffic and Parking](#): Highly applicable discussion about traffic and parking concerns around adding a grocery store to an urban main street with traffic and parking issues

[Treehugger blog, Is There a "Goldilocks Density"- Not Too High, Not Too Low, But Just Right?](#) a really intriguing slideshow that looks at density across multiple urban centers and the factors that make them succeed or fail

[Planetizen's blog, Is There a Perfect Density?](#) a counterpoint to the Treehugger piece stressing local context

[Urban Land Institute's Higher-Density Development MYTH AND FACT](#): A research-based look at common misconceptions about density, with helpful graphs and images.

[California Department of Housing & Community Development's Myths and Facts About Affordable & High Density Housing](#): Another, (shorter) research-based look at common misconceptions about density and affordable housing, with helpful graphs.

[Congress for the New Urbanism's Users Guide to Zoning Reform](#): a step-by-step guide to addressing zoning and land-use issues in incremental ways, using existing resources

[Explaining Residential Density in Places Journal](#): A primer on housing density and construction, focusing on solutions that mitigate higher-density construction impacts on surrounding land

COMMUNITY RESEARCH (primarily for Phase II)

[Knight Foundation / Gallup study of St. Paul in 2010](#): Soul of the Community on what matters to people about where people choose to live

[American Community Survey 2017](#) contains massive amounts and cuts of community data

[A TED Talk by Dave Snowden](#), who uses a tool much like Spryng in community development. The whole thing is useful, but 7:01-16:03 are the key minutes, where Snowden explains why narrative assessment is the better choice than traditional surveys for culture change, what the data looks like, and how it can be used to nudge collective behavior.