

Recap of East Downtown Council's Business Forum
Thursday, February 19, 2015
11:30 a.m. – 1:00 p.m.
aloft Hotel, 900 Washington Avenue South
Downtown East Neighborhood of Minneapolis

- ***Welcome, Introductions and Announcements***

EDC President Paul Mellblom introduced himself, welcomed the audience to the February business forum and announced that EDC's annual meeting will be on Thursday, April 16th wherein elections to the board of directors will be conducted. In an effort to be better leaders within the district and to reflect the diversity, desires and concerns of its membership, Paul advised that the number of seats has increased from 15 to 21 and then he encouraged those interested to contact him or EDC Executive Director Dan Collison.

Dan extended gratitude to the audience and its membership for their support and a special thanks to the platinum sponsors whose resources help improve staff capacity, marketing and communications as well as to host the business forums that connect us to all that is going on within the district:

- Allied Parking
- CenterPoint Energy
- Hennepin County Medical Center
- Kraus-Anderson
- Minnesota Vikings
- Mortenson Construction
- NRG Energy Center
- PadillaCRT
- Ryan Companies
- Valspar
- Wells Fargo

Dan then announced that a really important event is coming up that all are invited to participate in that is going to transform the heart of the district. The City of Minneapolis is "embarking on a once-in-a-generation opportunity to design and build a new public open space in downtown Minneapolis" and has hired a world-renowned team led by landscape architects Hargreaves Associates to design what is currently referred to as the Downtown East Commons, a 4.2 acre site located next to new office and residential buildings, light rail, and the new Minnesota Multi-purpose Stadium. The City and Hargreaves will host a public meeting on Tuesday, February 24th, 6-7:30 p.m. at the Mill City Museum as an introduction of the design team to the community. Dan will participate as a representative of the EDC and the Technical Advisory Group. Hargreaves presentation during the competitive bid process was stunning and he believes they will take this space to a new height.

Thereafter, the audience introduced themselves.

- ***Downtown East Project Construction Update.*** Tony Barranco, VP of Development at Ryan Companies, US, Inc., announced that they are ecstatic over the progress of the project and it is nicely on track in a number of key points:
 - Block 68, the western of the two Wells Fargo blocks, is intended to open for initial occupancy for employees by the end of January 2016. The second building will open about 90 days thereafter and employees will move in during the January-February period of next for a steady pace for about a 4-month period of time until buildings are occupied.

- Retail at skyway level will be introduced during the same time. They are about 30-45 days away from announcing who the initial retailers will be.
- They are having meaningful success in bringing forth a hospitality project that that will be located on the north side of Block 69; an announcement will be made in the next few weeks.
- Skyways will be constructed commensurate with the development that will ultimately connect into the City's Haff Ramp and open around the opening of the second building on Block 69.
- Have successfully completed their option purchase agreement with the MFSA and the City to acquire the liner parcel in front of the Block 1 ramp that's under construction. That was a monumental effort because of its complexity and provided the City with a down payment required to hire Hargreaves and for Ryan to contribute \$200,000 to the Greening Downtown Minneapolis, the group who will lead the private fundraising effort for the Downtown East Commons.
- They had a goal of aggregate minority labor hours for construction of the Block 1 ramp of 32%; they are on pace to hit 35%. They had a goal for women labor hours of 6% and look to exceed that at a rate of 7%. They have a goal for targeted business participation of 20% for the bulk of the rest of the project that are not required but are self imposed and are currently hitting 14.6% for minority business and 13.6% for women businesses.
- There is going to be significant utility work that will start in May on South 4th Street and they will be working closing with Public Works on timing and implementation.
- Each time they open a skyway bridge connection between buildings on Park and Portland Avenues there will need to be temporary shut downs of lanes and will begin in summer and continue to fall.

Barranco advised that there will be between 5,000 and 6,000 Wells Fargo employees between the two new towers and will be a consolidation of some of its facilities in downtown and the metro area but will maintain a presence at its Center on South 7th Street. For more information, visit <http://www.downtowneastmpls.com>.

- **Access and Equality: The Convergences of Economic Vitality and Human Flourishing.** Dan announced that Alan Arthur was unable to attend and the esteemed City Council President Barbara Johnson agreed to sit in for him. Then he advised that in Mayor Betsy Hodges' 2014 Inaugural and State of the City address she set three priorities for Minneapolis: (1) grow the city to 500,000 residents; (2) continue to run it with efficiency; and (3) eliminate the gaps that hold us back. Regarding the elimination of gaps, she said:

There are and will be many detailed policy prescriptions to come about ending these gaps — about housing and transportation, employment and health, kids before they're born and kids while they're in school...

Dan believes this is poignant because she's talking about an ecosystem and everything is interconnected. Then he further quoted her as follows:

...A recent Met Council study shows that...if Minneapolis–Saint Paul were to eliminate our disparities, we could have 274,000 fewer people in poverty, 171,000 more high school diplomas, and 124,000 more people with jobs. And in terms of economic growth? We would pick up 31.8 billion dollars of personal income that we are otherwise leaving on the table.

Dan advised that today's forum invites seasoned voices to discuss equity labor, education, public policy, and housing as key means to transform the economic potential of Minneapolis. Then he introduced the panelists by providing brief biographies on each:

Alex Tittle, Equity Director, Minnesota Sports Facility Authority
Pam Costain, President and CEO, Achieve Minneapolis
Erick Garcia Luna, Senior Policy Aide, Office of Mayor Hodges
Barbara Johnson, Minneapolis City Council President

Dan then posed questions to the panelists specific to their industry:

What is equity labor and why is it needed in this moment of Minneapolis' history?

Tittle first thanked Dan and the EDC for this opportunity to speak. Then he thanked the MSFA, Governor Dayton and the Vikings for making equity labor a priority. He commented that often times in a lot of our work around real estate, development and business, we talk about what's most important. But one thing we do not necessarily talk about is to whom it's important and why it should be so important to the people of Minneapolis.

One of the duties he was charged with on the stadium construction project was to monitor 16 specific high-unemployment, high-poverty zip codes within Minneapolis to ascertain how these neighborhoods were performing. And as he vetted contractors and awarded contracts, one of the questions asked was what is your plan for targeting these 16 zip codes. As they recognize having reached a million work hours, close to 300,000 were from these 16 zip codes; that is tremendous when we talk about diversity and inclusion.

Tittle advised that equity labor is needed because they plan to see a shift in our demographics, particularly amongst Latinos and African Americans, in the Twin Cities over the next 10 to 15 years. Those of us in the construction industry are already seeing that. Yesterday he just met with the Minnesota Department of Labor & Industry's Apprenticeship and Labor Standards Division (<http://www.dli.mn.gov/appr.asp>) that is trying to figure out why its numbers are low and it's unable to respond to the needs of the industry as quickly as the projects are happening. If you look at the Vikings stadium project, the LRT, the state capitol restoration project, these are great big business opportunities that are happening and the industry wasn't necessarily ready to address them all at once. But the MSFA has the benefit here to say it is the most sexy, beautiful and inclusive opportunity down the street.

Thirty-two percent is the minority inclusion goal and on the Mortenson Thor side we are currently trending at 37% when they said we couldn't do it in 2012-2013 so we're actually able to hit the ball out of park there. From a women's inclusion goal of 6%, we're trending at about 9%. And when we don't even have to from a veteran inclusion perspective, we're at 5%.

Ryan Companies is doing exceptionally well on its piece, but when we look at the greater scheme of things, a billion dollar project, from our part of the project which is roughly about \$50 million, Mortenson Thor is doing extremely well. Kudos to Ryan for getting on board early and really hitting the ball. But it is extremely important for us to consider minorities, women, veterans, disabled, and LGBT because the demographics have shifted and once we get to the point where folks are not afraid to address our differences we'll start making advances. It's Tittle's responsibility with the MSFA and their partnership with the Vikings to make sure people don't forget about our differences. We know that it costs a little bit more for businesses to get inclusive but we need to find a space for them because once baby boomers start to retire, someone has to pick up the gauntlet and run with it. Life times and people are changing and if other states are doing inclusive we should be doing it as well. To further drive home the point, Tittle quoted Warren Whitlock, Associate Administrator for Civil Rights, U.S. Department of Transportation - Federal Highway Administration: "If we do not choose to create goals for minority, women, veteran and those types of underutilized business inclusion, it won't happen." Then he quoted Pastor Paul Turner Slack: "The road to hell was paved with good intentions."

We can all believe that equity labor is the right thing to do but until it is a numeric responsibility of the leaders to implement, manage and track it's not going to happen. We saw that in the 1980s when the DBE program came to life, we saw that in the 1990s when we tried to implement, and we're seeing that now on projects where we aren't performing as well as the MSFA is on the stadium project. But it's got to happen because the demographics are shifting and if we're not prepared to address or adjust we'll be left holding the bag and the rest of the country will look at us as the old Neanderthal in the room and we can't use the excuse that Minnesota's demographics are so different than those in Atlanta. From a minority inclusion perspective, the Vikings stadium project is outperforming the Atlanta Falcons' project. We're doing things the right way and the City is using this as a best practice model for a number of its projects. We put together these oversight committees, plans, and numeric expectations and a lot of work has been done with Minnesota Department of Employment and Economic Development (DEED).

What are Minneapolis' critical concerns and opportunities regarding the role education's plays in creating job opportunities for all of our citizens?

Costain explained that our economic, civic and city fate is intimately tied to what we do to overcome the gaps and disparities in the lives of our young people. The youth in our city are changing and we really need to double down as a community, business, civic and education group to address this problem. As a whole, the Minneapolis Public Schools is 33% white, and 77% people of color, i.e.: 47% African American, 19% Hispanic American, 7% Asian American, and 4% Native American. There are 35,400 students of which 65% live in poverty.

The good news is that we still have middle class families in the MPS unlike some urban districts but we still have significantly needy challenged students. Twenty-four percent are learning English and their family speaks another language in the home, 18% are special needs, and 1 in 12 is homeless or highly mobile and that means within any year they move at least three times because of unstable housing. We have kids who need us and they are bright, aspiring and talented and want the same thing every one of the kids we know want but they have significant barriers that we need to help them overcome.

Costain is embarrassed to say that we have the largest achievement gap in the nation. White and middle class kids exceed or meet the state standards and standards across the country but are failing kids of color in our system. In the long term it is not a good scenario for us. The economic reality is that by 2018, 70% of all jobs in the region will require post-secondary education. We have a vibrant, booming, very prosperous economy if you have an education. If we have the education disparity and don't overcome them those kids will not be able to access the jobs. In Minnesota we have had the high quality of life because we committed to education of all children and that has bubbled up into a prosperous economy. We have to close the achievement gap and get all kids career and college ready but the schools cannot do it alone. The need and the complexity of the demographics we're facing are too great. We need you in this room to join Achieve Minneapolis in a public, private, nonprofit partnership to get better outcomes for kids. Some of their initiatives include Career and College Centers in every high school, Step-Up Achieve summer jobs program (Ryan and Mortenson have been partners), and the Graduation Coaches program. When we guarantee the success of our young people, we guarantee the success of our city and we guarantee the success of generations to come. For more information, visit <https://www.achievempls.org/>.

In what ways do the City of Minneapolis' economic policies shape the landscape of business opportunities?

Luna referenced the Mayor's goals Dan mentioned earlier and commented that to truly address disparities and achieve sustainable economic growth we need to think about it as an ecosystem.

Minneapolis has made several lists that highlight its greatness: ranked #1 in parks; in top 10 choice for millennials; ranked #2 as healthiest; in top 10 for beer brewing; and Luna's favorite in top 10 for beard-

friendly.

We are growing and we have the lowest unemployment rate in the nation at 4%. If you take a look outside you can almost breath the growth taking place so there is definitely a solid degree of confidence that our economic indicators will point towards positive in the next few years. And it doesn't need to stop. If we want that growth to be sustainable, we need to make sure it is equitable and innovative with a focus towards opportunity convergence. This does not mean necessarily that everybody will achieve the same levels of success which goes against many economic laws and predictions, but that everybody has a chance of reaching their highest potential and contributing to the economic well being of the city. It also means investing and increasing our human capital through education and training so that our diverse population is able to meet the demands of today's as well as tomorrow's employers, and making it easier for anybody that wants to invest in the city to do so without have to jump through unnecessary hoops.

As the Mayor traveled through the city when she was running for office she heard from several small entrepreneurs of the difficulties they were running into as they attempted to open or expand their businesses. For example, one inspector asked a restaurateur to install a grease trap only to have another inspector a week later asking him to remove it. That alone was at a cost of \$5,000. These types of situations are not strange nor unique to Minneapolis, but if we want to answer the question how the City's policies shape the landscape of business opportunities, it is important that we recognize that the way the City as an enterprise conducts business with those willing to invest contains policies that are simply outdated. Failing to modernize has tremendous implications for the overall health of our economy.

Based on what the Mayor heard on the campaign trail, she asked the City Attorney to conduct a review of the ordinances and policies in place that are a barrier for small entrepreneurs to invest in the city. After this initiative was announced, the Mayor held about five listening sessions with small entrepreneurs and business associations throughout the city the result of which reiterated what was heard on the campaign trail, e.g., inconsistency in code enforcement, interpretations within the Regulatory Services. This comprehensive review will look at things like eliminating unnecessary licenses, simplifying the application process, shortening timelines where possible, providing as much useful guidance and internal communications, improving customer service and making sure information is given in plain language. The Mayor believes that as long as the City looks at these business challenges through the lens of those having the most difficulty, it will strive toward helping them overcome these challenges.

What are the various kinds of affordable housing development options in Minneapolis and how does a diverse housing inventory assist in creating a more stable social fabric?

Johnson echoed what Dan said earlier that everything is linked: employment, education, health, and housing. Listening to Tittle, she noted that some of those targeted zip codes are within the 4th Ward where she represents the far northwest corner of Minneapolis. When people have employment they are able to provide for their families, to have stable housing so children don't move, but we have many, many people in the city that are in those circumstance where they are in those very fragile environments. The City is working in many different areas although all of those challenges are not essential City responsibilities.

In this last budget the Mayor put in full funding for the Affordable Housing Trust Fund adding \$2 million to the commitment that will allow us to assist affordable housing across the city, a very challenging and expensive thing to do in some of the neighborhoods that don't have concentrations of people challenged with economic circumstances. We need to have places all across the city for people to be able to afford to live and have choices. It's more expensive to build a project in southwest Minneapolis than it is in northwest Minneapolis. Those AHTF dollars are very desirable and to be able to increase that funding this year was very important for the City Council and the Mayor.

The City is a large employer and we're experiencing what everybody is experiencing; baby boomers are retiring and there are great opportunities to make sure that as we move forward in employment we diversify our workforce and do the things to make sure our people who are providing services to the people that live, work and visit here look like people in Minneapolis. We have very intentional efforts; the Minneapolis Police Department is the thing you read the most about and is a real challenge. Chief Janeé Harteau is committed to diversifying but they need people to apply. When Harteau goes out to meetings and young people say they had a bad experience with the police department, she'll tell them to come and talk to her about becoming a police officer. We need to make sure that they graduate from high school and have a clean record so that they can be hired by the MPD.

The City is a great place to work over the 18 years Johnson has been involved as an elected official, and it has a lot of different places for people to be employed, e.g., the Convention Center, parking ramp system, and the theaters they have relationships with so people can get their foot in the door and look around to see what else is available.

The City is also a big buyer of supplies and is looking at how to diversify the vendors with whom they do business.

Johnson advised she was just reading the Mayor's draft Cradle to K report that addresses early childhood disparities in Minneapolis (<http://www.ci.minneapolis.mn.us/mayor/cradle/WCMS1P-136627>) and believes some of the initial recommendations are very reasonable, e.g.: increasing the time visiting nurses spend with pregnant teens; teaching parents how to discipline their children; and encouraging parents to read to children to increase their vocabulary. The recommendations also include trying to help with the housing issue many within that group have and to do so across the city so as not to re-concentrate the problems.

Health as a social indicator is also important to our city and she is proud of the work of the Minneapolis Health Department (MHD) particularly for its Youth Violence Prevention program (<http://www.minneapoliismn.gov/health/youth/yvp/>). One of the things she's been involved with over these last few years is teen pregnancy prevention and Hennepin County did a report on the cost of it (<http://www.hennepin.us/bettertogether>) and some success it has had in reducing those numbers. MHD has worked big time on this and have numbers to be proud of and when you work at that level it decreases the number of people who have challenges. They've had success by partnering with the school districts across the county, providing those services within the schools, and working with young people to determine who they could be helpful.

Johnson advised that the City is working across a broad spectrum of challenges in all these areas, but Costain is correct. We have to educate the young people because they're the future. We have to be creative and collaborative because nothing happens when people don't work together. Everything that is a success story has people from all areas of our community working together. That is what we've been known for, social interaction and working together. It's interesting when reading *The Atlantic* article (<http://www.theatlantic.com/magazine/archive/2015/03/the-miracle-of-minneapolis/384975/>) about the things that have contributed to the success of Minneapolis and St. Paul's economy. It lays a lot of the plus on fiscal disparities where communities share resources if they don't have a large tax base. Well there's another side to the story and people are pointing it out. Yes, Minneapolis is successful but not for everybody. So what do we have to do to move the dial to help that section of our community that isn't doing as well? We have great challenges but we have great opportunities. She is proud to represent the 4th Ward and wants to be their advocate to make sure they fully participate in this great city.

When Dan opened the floor for questions, Robert Woods of Brick Construction reminded the audience that it was Black History Month and that it needs to become in our minds an economic movement. He knows all of the panelists and has had some dealings with them over the years and they're all doing a

great job. His most recent experience with Barb Johnson was through the City's great summer jobs program where youth from the targeted zip codes in north Minneapolis where he resides were hired to work on the park area at 44th Avenue North and Lyndale Avenue North. What his community is looking for is leadership in diversity and Alex Tittle epitomizes that because they approached him early on when he was deputy director of MnDOT to help start the Targeted Group Business program. Tittle went before the state legislature to explain why it made economic sense to hire minority workers and businesses and as a result new legislation was enacted that he took to the Vikings and the MSFA and they have done an outstanding job along with Ryan Companies. There is a direct correlation between economic net worth and the disparity goals; the programs work but the challenge now is what are you guys going to do in terms of looking at minority companies that can produce high-quality work, hire minority businesses who hire minority workforce. It's very simple to do but it's only going to be successful with you.

- ***Closing Announcements***

Dan thanked the aloft Hotel for hosting, the guest panelists, the audience for attending, EDC President Paul Mellblom, and EDC Executive Coordinator Christie Rock-Hantge. Then he announced:

- The Minneapolis Downtown Council's inaugural *Light the Winter Night* lantern festival this Saturday, February 21st, 5:00-8:00 p.m. at Marquette Plaza on Nicollet Mall. Watch or participate in a movement of light featuring huge animal lanterns that were constructed in partnership with In the Heart of the Beast Puppet and Mask Theatre, as well as hundreds of community lanterns that were created at workshops around Minneapolis. Craft beer, food trucks, music, and interactive ice activities will round out the event.
- The next business forum will be on Thursday, March 19th, 11:30 a.m.-1:00 p.m. at the 1010 Building. The topic will be *The Convergence of Technology and Transportation in East Downtown* with guest panelists Allan Klugman, Senior Engineer, City of Minneapolis Public Works, Traffic and Parking Services Division; Dan McLaughlin, Executive Director, Commuter Connection; car share vendors; and parking companies.