

Minneapolis

Peer Exchange Visit

April 12-14, 2017

EQUITABLE
ECONOMIC
DEVELOPMENT
FELLOWSHIP

NLC NATIONAL
LEAGUE
OF CITIES

CITIES STRONG TOGETHER





The National League of Cities (NLC) is dedicated to helping city leaders build better communities.



PolicyLink is a national research and action institute advancing economic and social equity. PolicyLink's work is grounded in the conviction that equity – just and fair inclusion – must drive all policy decisions.



The Urban Land Institute (ULI) has a mission to provide leadership in the responsible use of land and in creating and sustaining thriving communities worldwide.

The EED Fellowship is made possible with support from:



SURDNA FOUNDATION
Fostering sustainable communities in the United States

The Surdna Foundation seeks to foster sustainable communities in the United States - communities guided by principles of social justice and distinguished by healthy environments, strong local economies, and thriving cultures.



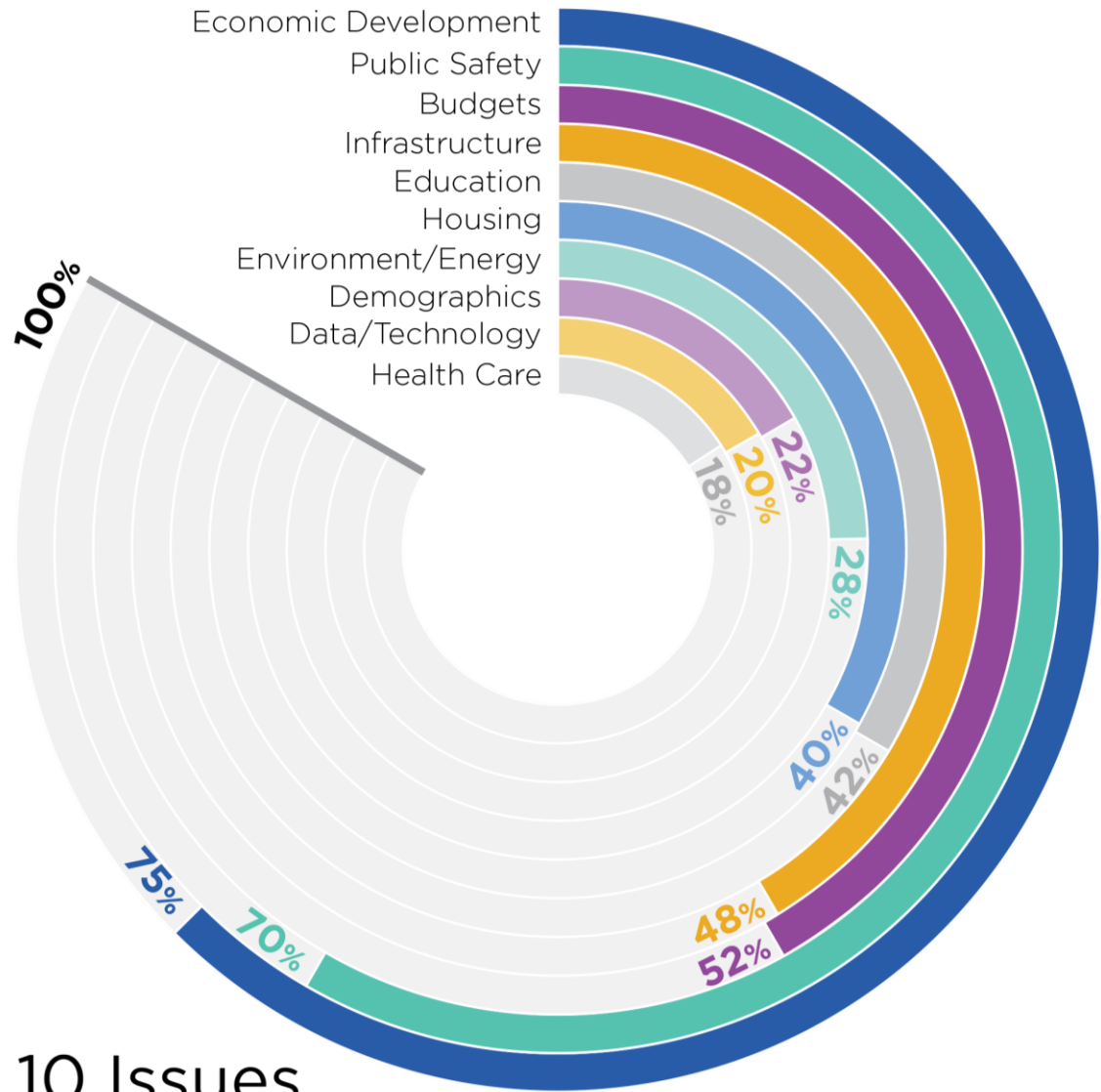
OPEN SOCIETY
FOUNDATIONS

The Open Society Foundations work to build vibrant and tolerant societies whose governments are accountable and open to the participation of all people.

Economic Development: A Top Priority

75%

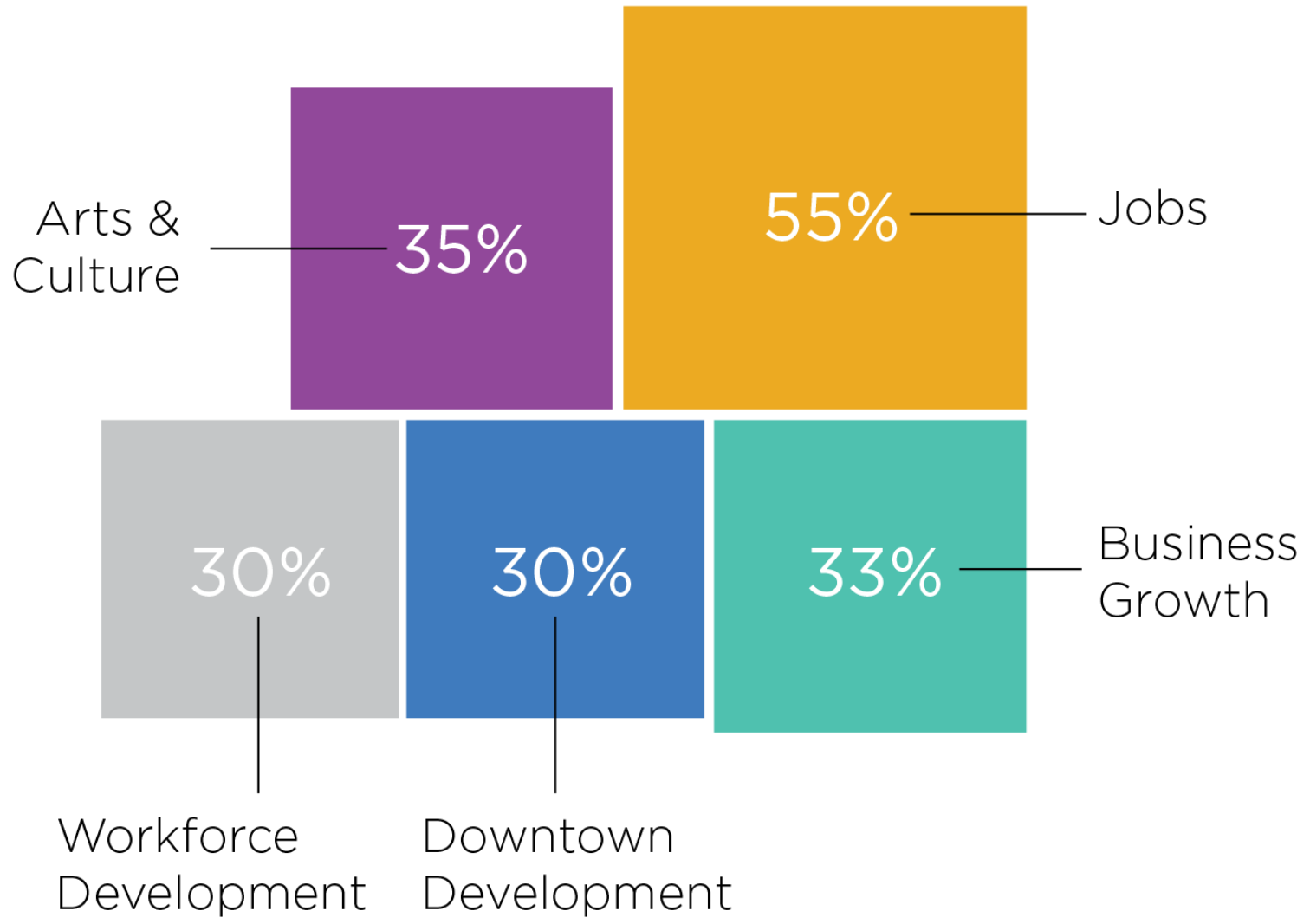
of state of the city speeches included significant coverage of economic development issues.



Top 10 Issues

Economic Development: A Top Priority

TOP 5
ECONOMIC
DEVELOPMENT
SUB-TOPICS



Equitable Economy: The Challenge

6 in 10

of **U.S. prisoners**
are Black/Latino

*(yet only comprise 30%
of the U.S. population)*



35%

Black or Latino men
won't graduate from
High School

*(80% of White males
will)*



Black and Native
American
unemployment is

2x

that of Whites

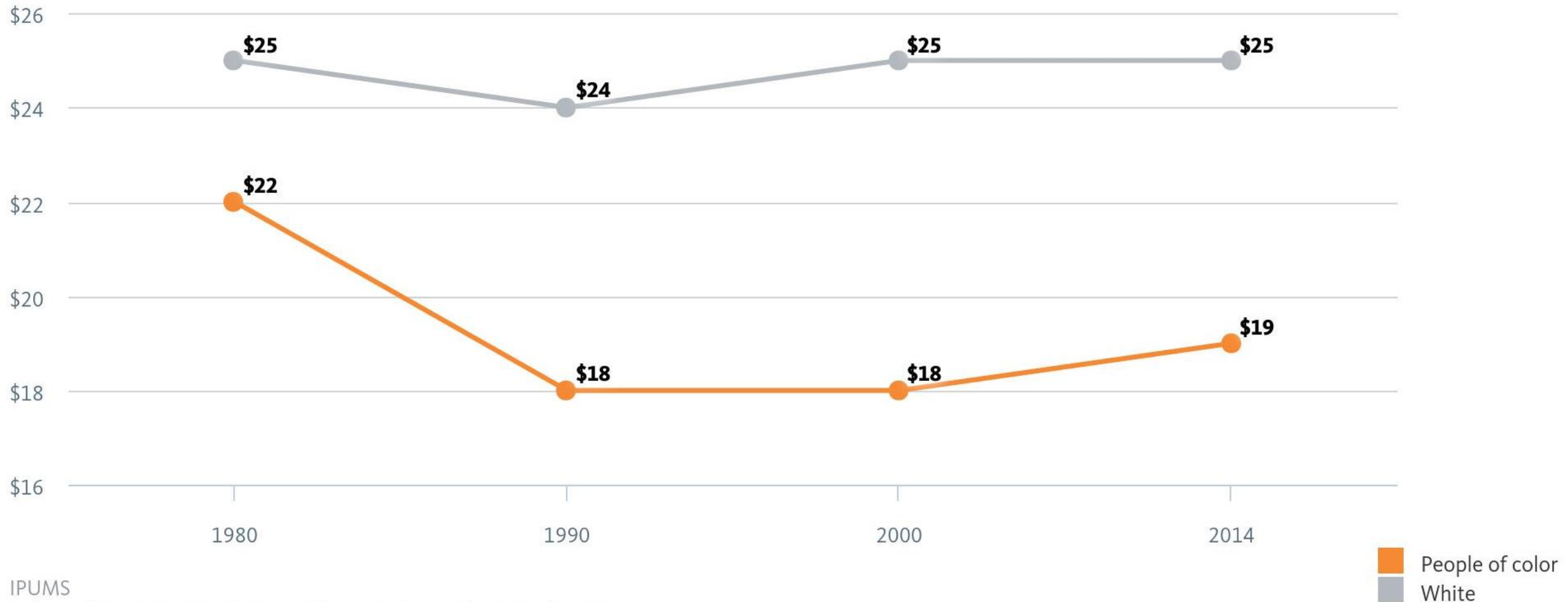
57%

of Blacks and
Latinos spend more
than 30% of their
income on
housing costs



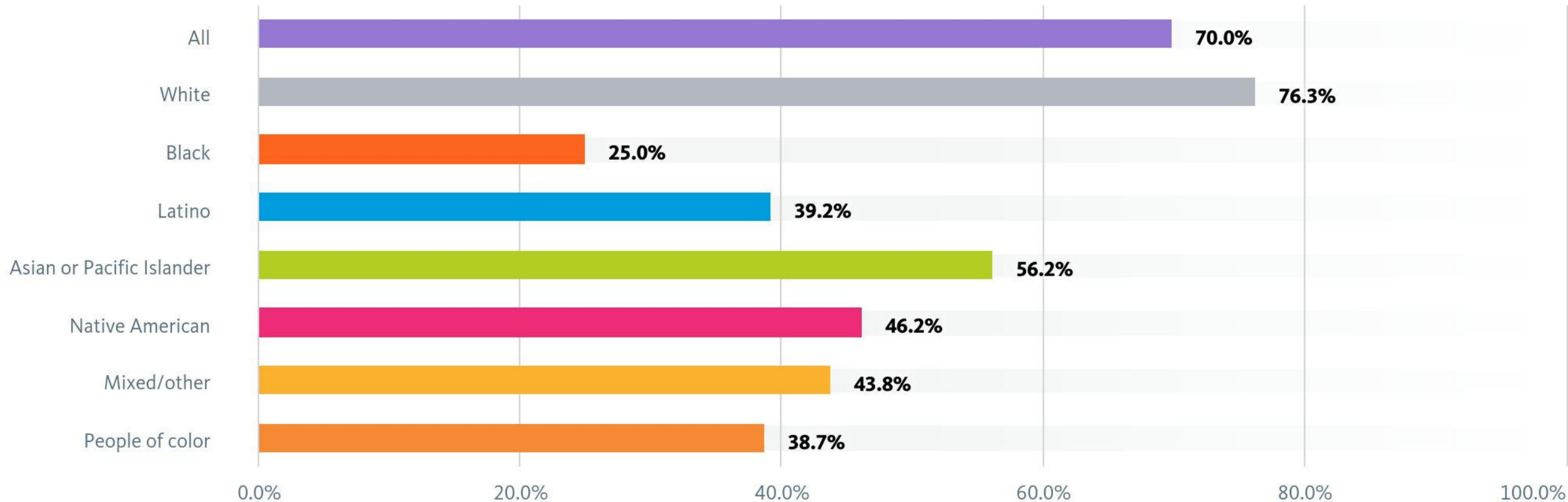
Equitable Economy: The Challenge

Median hourly wage by race/ethnicity:
Minneapolis-St. Paul-Bloomington, MN-WI



Equitable Economy: The Challenge

Percent owner-occupied households by race/ethnicity: Minneapolis-St. Paul-Bloomington, MN-WI Metro Area, 2014



IPUMS

PolicyLink/PERE National Equity Atlas, www.nationalequityatlas.org



Equitable Economic Development Fellowship



What is Equitable Economic Development?

- Unlocks the full potential of the local economy by dismantling barriers and expanding opportunities for low-income people and communities of color.
- Through accountable public action and investment, it grows quality jobs and increases entrepreneurship, ownership, and wealth.
- The result is a stronger, more competitive city.

Definition developed by:
the EED Fellows
at the June 2016 Fellowship Retreat
in Portland, Oregon



The Panel

The Panel

- Cate Costa, CEO, Goodcity, Chicago, IL
- Betsy Cowan, Neighborhood Business Manager, City of Boston, MA
- Kevin Dick, Economic Development Director, Neighborhood & Business Services, Economic Development Division, City of Charlotte, NC
- Harold Pettigrew, Executive Director, Washington Area Community Investment Fund, Inc. (Wacif), Washington, D.C.
- John Smith, Policy Analyst, Mayor's Office of Economic Development, City of Boston, MA
- William Thomas II, Founding Partner & Business Development Director, MORTAR, Cincinnati, OH

The background image shows a city street corner. On the left, a green street sign reads "N Irving Av". A traffic light is visible, showing a red light. A black car is parked on the street. The main building is a three-story brick structure with arched windows. A blue diagonal overlay covers the right side of the image, containing the presentation outline text.

Presentation Outline

1. Observations

2. Project Landscape

3. Leveraging Procurement

4. City Engagement

5. Conclusions and Homework

Observations



General Observations

- Great comprehensive research by I-team around small business ecosystem:
 - Strong understanding of the lending landscape
 - Extensive qualitative research on entrepreneurial challenges and pros and cons of working with the City
 - I-team gathered and presented data that validates efforts of staff in a way that makes it easier to get buy-in from key decision-makers and allows for potential development of new programs/strategies
- Providing TA services through partners allows for expanded capacity for 1-1 support of business owners:
 - Cultural competency, business expertise/acumen
 - Positive recognition of need for and willingness to provide support to TA providers (existing and emerging)
- Adaptation of services to meet needs of wide range of entrepreneurs
 - Example: Sharia compliant financing tools

General Observations

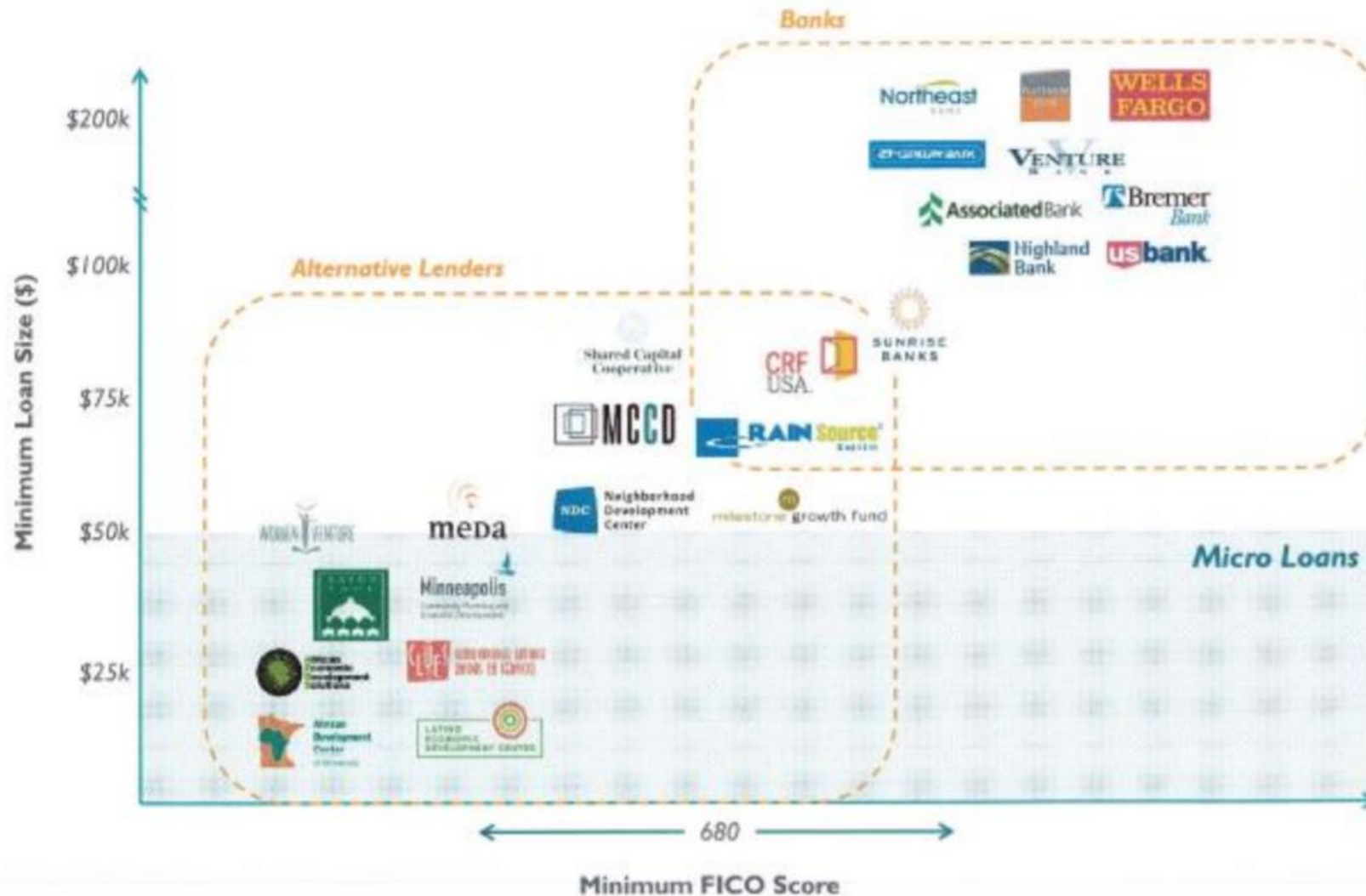
- Barriers to access existing capital to entrepreneurs and small businesses owners in low-income communities
- Based on stakeholder feedback, small business development perceived as a low priority
- Need for stronger city engagement and/or presence with partners and entrepreneurs in target markets to increase awareness and use of city programs
- Disconnect between City government and the desired audience
- No comprehensive small business development strategy
- Need a more defined target audience

The background image shows a city street corner. On the left, a green street sign reads "N Irving Av". A traffic light is visible, showing red, yellow, and green lights. A black car is parked on the street. The building is a multi-story brick structure with arched windows. A blue diagonal overlay covers the right side of the image, containing the presentation outline text.

Presentation Outline

1. Observations
- 2. Project Landscape**
3. Leveraging Procurement
4. City Engagement
5. Conclusions and Homework

Project Landscape: Recommendations



Project Landscape: Recommendations

- Expand understanding of small business resources and present data in a way that can be easily understood and used by City, assistance providers, and businesses:
 - Capital:
 - Add in analysis of types of capital available to small business owners beyond debt
 - Explore ways to present the data to the City employees, assistance providers, and the public
 - Business assistance landscape:
 - Conduct similar analysis of business assistance resources and explore ways to present the data to the public

Project Landscape: Recommendations

- More cohesively integrate market analysis into the CPED's strategy for program development and stakeholder buy-in:
 - Make the economic case for investing in growth of MWBE's; e.g. show to the benefits to the City overall, not just the targeted communities
 - Identify and explore specific market opportunities to target: e.g. growth industries, anchor institutions, City procurement, etc.

Project Landscape: Recommendations

- Questions to be answered in the program design:
 - What are the specific goals of the program?
 - What are the metrics of success?
 - Who is the specific target audience?
 - What business stage will the program serve?
 - What industries will the program focus on?
 - What are the best services to achieve those goals?
 - Who should provide those services?
 - What role should the City play?



Presentation Outline

1. Observations
2. Project Landscape
- 3. City Engagement**
4. Leveraging Procurement
5. Conclusions and Homework

City Engagement: Strengths

B TAP PROVIDES ASSISTANCE IN 3 AREAS



New Business Assistance



Business Expansion



General Business Assistance

City Engagement: Strengths

- There are a number of strong, successful programs that can be leveraged for greater success
- Access to Capital takes the existing city resources and targets them to the areas with the greatest need
- It intends to leverage the role of existing providers and stakeholders.
- The desired outcomes listed for Access to Capital are aligned with the key areas that relate to equitable economic development
- There are early success stories from city loan programs that are slated to be leveraged as part of Access to Capital

City Engagement: Challenges



City Engagement: Challenges

- How do you get city-wide support for a geographically targeted framework?
- Lack of participation/coordination with existing City programs
- How to leverage existing programs?
- Will the lack of race and gender emphasis with existing programs hinder the development and implementation to Access to Capital?
- Partner roles need clarity
- Unclear how businesses will get recommended to the city from provider organizations

City Engagement: Recommendations

- Need for more targeted and active communication from city to public and partners to increase awareness of programming
- Increased City visibility and presence
- Prioritize filling current vacancies with positions focused on small business development
- Need a transcendent champion and a point person for this work
- A plan should be created to capture and share success stories from the city
- Need to ensure that the business community is engaged throughout program development and implementation
- While the program appears to be need-based, its scope may need to be more narrowly defined

The background image shows a city street corner. On the left, a green street sign reads "N Irving Av". A traffic light is visible, showing red, yellow, and green lights. A black car is parked on the street. The main building is a three-story brick structure with arched windows. A blue diagonal overlay covers the right side of the image, containing the presentation outline text.

Presentation Outline

1. Observations
2. Project Landscape
3. City Engagement
- 4. Leveraging Procurement**
5. Conclusions and Homework

Leveraging Procurement: Framing

Want to sell your products and services to the City of Minneapolis?

Save the date!

Who should attend?

Small and medium sized businesses wanting to sell the following products and services to the City:

- Professional & Clerical Services
- Office Supplies
- IT (Hardware, Software & Consulting)
- Catering Services
- Construction Services- Small & Major Contracts
- Other Additional Products/Services



Leveraging Procurement: Framing

Government contracting provides a market opportunity to anchor the Access to Capital framework and deepen focus on equity and inclusion

Leveraging Procurement: Challenges

- Lack of connectivity of market opportunities through government contracting with Access to Capital framework
- Access to Capital framework only identifies opportunities for the Target Market Program not the total government spend
- Lack of data on procurement spending by dollar value, government agency, service or product, industry or commodity
- Lack of program and services specifically targeting government contracting

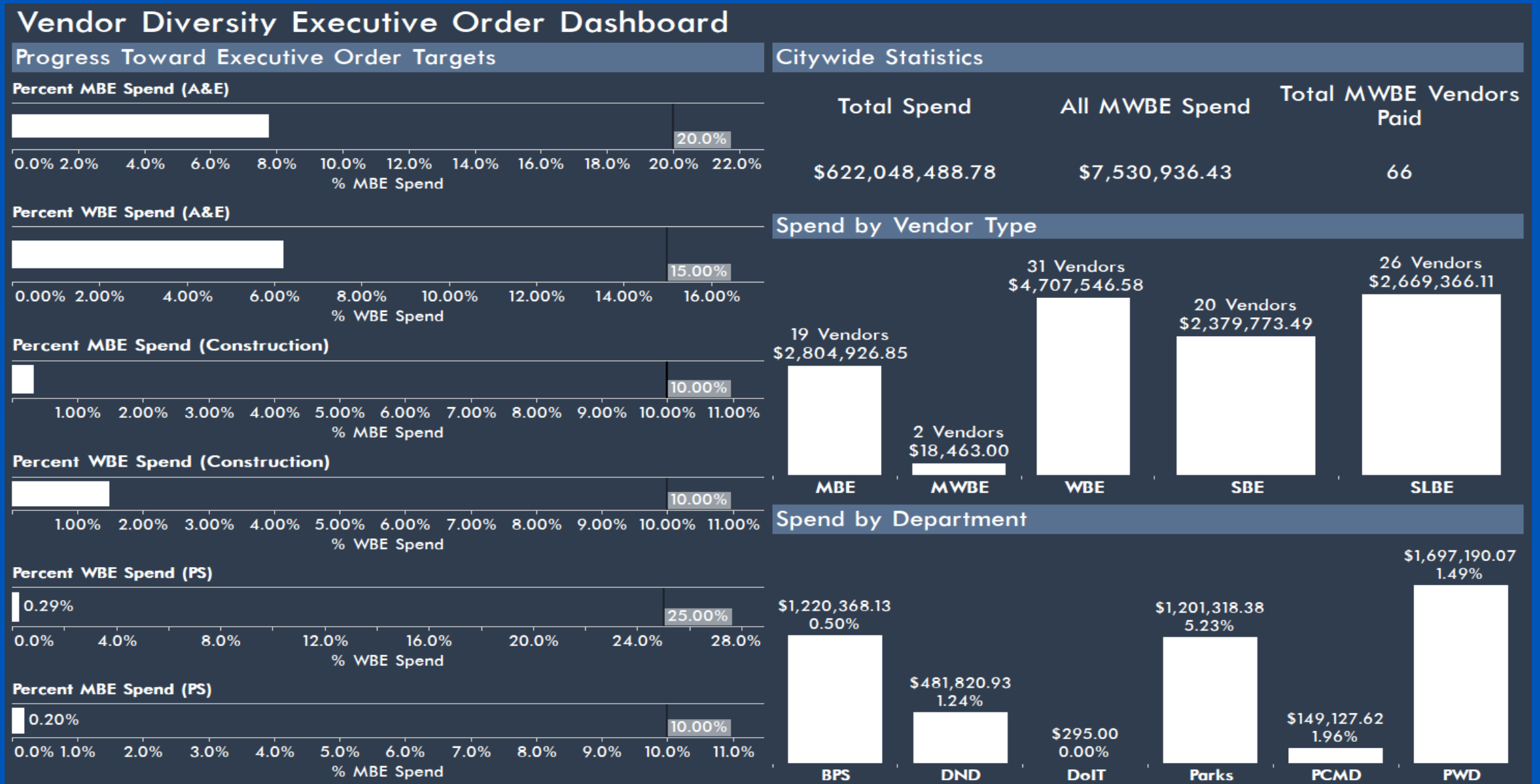
Leveraging Procurement: Opportunities

- Lead private sector and anchor institutions
- Rethink Target Market Program to align with equity goals
- Create market opportunities by analyzing and communicating total procurement spend
- Advance policy (legislative and regulatory), bidding, and payment solutions for small businesses
- Capture data on prioritized entrepreneurs of focus i.e. MWBEs, immigrants [Boston Example]
- Develop contractor readiness programs (i.e. doing business with the government, bonding, joint venturing, bidding, cost estimating) and/or partner with organizations like the MN-Procurement Technical Assistance Center (PTAC)
- Capitalize contract finance products available through existing financing ecosystem (i.e. CDFI's)
- Convene small businesses and service providers on challenges and obstacles to navigate city contracting/procurement

Leveraging Procurement: Boston Example

The City of Boston's 2003 Disparity Study conducted analysis on municipal construction, architecture and engineering subcontracts and concluded that there was "no documented disparity for minority & women business enterprises" in construction subcontracts and that there was only "documented disparity in architecture and engineering subcontracts." Construction, architecture and engineering were the only industries with sufficient subcontractor records for a substantial test for disparity. The key policy result of this finding was that the City of Boston dropped legal enforcement of public contracting goals targeting MWBE/WBEs & MBEs and moved toward a race and gender neutral contracting/procurement policy highlighting business' financial size and location. As a direct consequence the Office of Small and Local Business Enterprise (S/LBE) was created in 2008 to serve as a certifier and clearinghouse for such businesses.

Leveraging Procurement: Boston Example



The background image shows a city street corner. On the left, a green street sign reads "N Irving Av". A traffic light is visible, showing a red light. A black car is parked on the street. The building is a multi-story brick structure with arched windows. A blue diagonal overlay covers the right side of the image, containing the text for the presentation outline.

Presentation Outline

1. Observations
2. Project Landscape
3. Leveraging Procurement
4. City Engagement
- 5. Homework**

Homework - Next Steps

1. Create recognition signage for small business assistance recipients
2. Strengthen cobranding of small business programs between city and service providers
3. Develop an outline to execute an asset map of existing small business resources
4. Add additional capital resources to existing lending map and share it with city employees and service providers
5. Promote program success stories through social media

Next Check-in:

Fellowship Retreat: Washington, DC | June 6-8, 2017

Thank You

EQUITABLE
ECONOMIC
DEVELOPMENT
FELLOWSHIP

NLC NATIONAL
LEAGUE
OF CITIES

CITIES STRONG TOGETHER



Thank you to the following people for assisting our panel:

Jake Akervik, US Department of Housing and Urban Development | **Daniel Bonilla**, City of Minneapolis | **David Chapman**, Metropolitan Consortium of Community Developers | **David Frank**, City of Minneapolis | **Erick Garcia Luna**, City of Minneapolis | **Rob Hanson**, West Broadway Business and Area Coalition | **Lance Knuckles**, Community Reinvestment Fund, USA | **Julianne Leerssen**, City of Minneapolis | **Anne Long**, PCYC | **Abby Majeske**, Hennepin County | **Miles Mercer**, City of Minneapolis | **Judy Moses**, City of Minneapolis | **Marcus Owens**, Northside Economic Opportunity Network (NEON) | **Rebecca Parrell**, City of Minneapolis | **James Scott**, Capri Theater | **Becky Shaw**, City of Minneapolis | **Michele Smith**, US Department of Housing and Urban Development | **Mihailo Temali**, Neighborhood Development Center | **James Terrell**, City of Minneapolis | **D. Craig Taylor**, City of Minneapolis | **Zoe Thiel**, City of Minneapolis