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Dear Chair Champion, Chair Hassan and Members of the Omnibus Jobs, Economic Development and Labor Conference Committee:

We are grateful for the investments in economic and workforce development that will support residents and businesses in the city of Minneapolis in the House and Senate Omnibus Jobs, Economic Development and Labor bills.

### **Economic Recovery**

The city of Minneapolis is still in recovery from the civil unrest of 2020 and the COVID-19 pandemic, and while we have made progress, there is significant ongoing need. We strongly support both the proposed Empowering Enterprise Program and the PROMISE Act, which are designed to assist with economic recovery and prioritize areas affected by civil unrest and historic disinvestment. The resources proposed will be a historic investment from the state directly to the businesses and residents of Minneapolis.

We specifically support the direct appropriation of \$62 million over the next two years to the City of Minneapolis through the Empowering Enterprise program in the House bill. This will help Minneapolis with its efforts to rebuild in communities affected by civil unrest. The City has primarily supported commercial economic recovery through our Commercial Property Development Fund (CPDF). The fund provides “patient capital” or gap funding to people who have traditionally faced challenges accessing credit or who cannot get traditional financing (bank financing) that will cover the whole cost of the loan needed to complete a commercial development project.

To date, the City has made \$12.3 million in awards through this program, supporting \$83 million in total development. Of those investments, 54% are in North Minneapolis and 46% are in South Minneapolis. Typical awards are between \$600,000 - \$800,000, covering about 22% of total project cost. Around 80% of recipients are BIPOC business owners.

The City will need to stop accepting new applications into the CPDF pipeline soon due to the limited availability of funds. We are in a critical time in our recovery efforts as we are seeing emerging momentum from community-based entrepreneurs investing into historically marginalized areas because of resources from the CPDF. An appropriation from the State of Minnesota will allow us to maintain this momentum by funding projects already in the pipeline and accelerating new and more projects across the city.

The City of Minneapolis has the following recommendations for the Empowering Enterprise Program, which we believe will make it an even more effective recovery tool:

- Consider increasing or eliminating the \$500,000 funding cap for redevelopment projects to ensure there is enough flexibility to meet the range of needs for businesses in need of recovery funds; or waive the cap for a certain percentage of the funds.
- Consider a longer loan term to ensure stable community investment, wealth-building and to prevent gentrification.

- To ensure that small businesses are served with these funds, consider guardrails, such as setting aside a certain percentage of funds for businesses with a certain level of revenue or number of employees.

### **Support for other bill provisions**

In addition to support for economic recovery in Minneapolis, the City of Minneapolis supports the following provisions:

#### **Economic Development Provisions**

- Office of New Americans (Economic Development side-by-side, Page R2)
- Emerging Developer Fund Program (Economic Development side-by-side, Page R50)
- Taste of MN funding (Appropriations Side-by-side, Page R21 – Senate bill, line 19.25)

#### **Workforce Provisions**

- Increase in funds for the Minnesota Youth Program (MYP) year for FY24 and FY25
- Targeted Population Workforce Program
  - House version: \$30M each year (\$22M for job training grants, \$2M for DEI employer DEI training, \$6M for capacity building grants)
- Older Worker Grants
  - \$5 million in both bills
- Drive for Five Initiative (provides grants focused on helping workers enter high demand sectors: technology, labor, caring professions, manufacturing, and educational and professional services)
  - Senate version: \$8,561,000 each year
- Business Services Reps (BSRs)
  - Senate version: \$1,175,000 per year

#### **Labor Provisions**

We strongly support the decision to include the Electric Vehicle (EV) Readiness and Commercial Energy Code provisions in the labor section of the bill.

We appreciate the responsiveness of the Minnesota Department of Labor and Industry to the collective input of many cities across Minnesota, including the City of Minneapolis, in collaborating to find solutions that allow local jurisdictions to require improved energy efficiency standards and EV Readiness during the construction and major renovation phases of development—the times when these improvements are most effective and affordable.

Your inclusion of these important policies is essential for helping:

- achieve both state and local climate goals,
- ensure buildings are designed to last by making them more resilient and responsive to people's needs, and
- save Minnesotans money on energy and transportation for decades to come.

Thank you for your time and thoughtful support of this important legislation.

Yours Truly,



Mayor Jacob Frey,  
City of Minneapolis