

## No run yet on Central Corridor fund: 43 businesses applied for mitigation loans

by Bill Clements

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Four months after launching a \$4 million fund to help businesses survive the construction of the Central Corridor light rail project, officials have lent just a bit more than 10 percent of that amount.

So far, 43 businesses — out of 200 or so along a three-mile stretch of the Central Corridor from Minneapolis east to Syndicate Avenue in St. Paul — have applied for loans to mitigate the impact of the \$957 million construction project, according to project officials.

Of those, 28 of the loans have been approved (two in Minneapolis, 26 in St. Paul) for a total of nearly \$440,000, according to project officials. About eight loans are pending, several have been rejected, and business owners are redoing a couple more.

That's not a whole lot.

Central Corridor businesses have long been clamoring for a mitigation fund larger than \$4 million, but officials said Monday that the muted response to the fund suggests that it doesn't need to be increased.

And it won't be, at least for now, even though the Metropolitan Council on Wednesday is scheduled to vote on how to use \$76 million in Central Corridor contingency funds that are being released as the project surpasses the 20 percent completion point.

The council is expected to vote to spend \$53.7 million to buy 16 additional light rail vehicles, which leaves about \$5.2 million of the contingency available after other expenditures, said Mark Fuhrmann, head of rail projects for Metro Transit, the transit arm of the Met Council.

Because of federal rules, that contingency cannot be added to the business mitigation fund, Fuhrmann said.

But even if it could be, there's no need for it right now.

"There's \$4 million in the mitigation fund, and we've spent \$440,000 total," said Nancy Homans, policy director for St. Paul Mayor Chris Coleman. "We may have a run on [the mitigation fund] at some point soon. But we are not at a point where there's a crisis here and we need more money in the fund."

Jack McCann, a business owner and board chairman of the University Avenue Business Association, said he's not surprised that businesses are not applying for the mitigation fund.

That's because the loan application is too full of strings, he says, particularly the ones asking business owners to provide personal financial documents.

"Common sense tells you that people weren't going to give up all their financial documents and trust the Met Council and the city of St. Paul," McCann said Monday.

Isabel Broyld, project manager of the University Avenue Business Preparation Collaborative



Workers will repave this alley that runs parallel to University Avenue between St. Albans and Dale streets in St. Paul with money from the Central Corridor project's contingency fund. (Staff photo: Bill Klotz)

(known as [U7](#)), said Monday that she is concerned at the relatively small number of applicants.

Many of the early concerns that businesses had about the loans have been alleviated, she noted.

U7 is part of the St. Paul-based Neighborhood Development Center, which is administering the loan fund for the city.

"We went out again and contacted businesses and said, basically, 'Look, as far as your personal financial information is concerned — we will take it and look it over and then give it back to you — it won't be copied and made part of public record,'" Broyld said.

"We did get a few more people to apply after we went out and knocked door-to-door," Broyld said.

She thinks some businesses are taking longer than expected to get their financial records together; others may possibly be waiting until the end of construction.

"I hope that's the case," Broyld said. "We will know soon if we are hit with a lot at the end of November."

What Broyld doesn't want is to see "the same pattern" of a few businesses applying for the loans on the eastern end of the corridor, where there's more concentration of smaller, mom-and-pop businesses.

"I know we haven't done enough to get out there and get everyone prepared in terms of getting their financial records ready. We are working on it," Broyld added.

Of the contingency money the Met Council will vote on Wednesday, about \$1.2 million is designated for additional marketing activities along the whole corridor — basically expanding the "Discover the Central Corridor" campaign that's under way.

That campaign "has been happening on a shoestring," Homans said. "I think we've devoted \$125,000 and some bus signs to it. So whether [the additional money] means TV or radio spots, I don't know. The pieces are in place but not at the volume probably needed."

Some \$600,000 will be used to repave nine alleys parallel to University Avenue along the corridor in St. Paul, which should improve access to businesses when construction starts next March on the eastern end of the corridor, Homans added.

Fuhrmann said the Met Council needs to approve by Thursday the purchase of the 16 light rail vehicles or the cost will increase by at least \$3.4 million.

McCann said he understands that project money won't be spent on mitigation. "But if there is any contingency money, spend it to make the project more livable," he said.

You can view a PowerPoint presentation used by U7 to train businesses on the "forgivable" business mitigation loan fund [here](#).