

Arcade Street/East 7th Street Mitigation Fund

East Side Neighborhood Development Company (ESNDC), East Side Area Business Association (ESABA), and Payne Phalen Community Council (PPCC) have formed an alliance to advocate for small businesses on Arcade Street and East 7th Street to secure resources to help mitigate the impacts of the impending road construction.

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The Issue

Business disruption and revenue loss during road construction

Road construction is inconvenient and frustrating for drivers; however, it is 100 times worse for small businesses that are located on torn-up streets and sidewalks. In fact, according to some owners, roadwork might be among the most serious challenges that a small business will ever face.

Roadwork will have an impact on businesses, even if the construction team is able to leave space for people to enter. If a business does not have two customer entrances, blocking the entryway for even one day could mean thousands in losses.

In Minnesota, roadwork became such a serious concern that the state's Department of Transportation issued an online pamphlet entitled, "[How To Thrive During Road Construction.](#)"

The Request - \$2.2 million

Create a program to counteract the negative financial effects of construction!

Specifically, businesses on Arcade Street and East 7th Street will benefit from financial compensation to help mitigate the impact of construction on their operations and lost revenue.

These businesses contribute to the city and county property tax base, and they collect sales taxes too. Efforts to retain these businesses are about keeping the tax base alive - not outright charity.

A Precedent

The Central Corridor's Business Support Fund

During road construction on the Twin Cities' Central Corridor in 2010, Metropolitan Council, St. Paul, Minneapolis, and several philanthropic partners put together a \$4 million forgivable loan fund to help businesses survive road construction and to compensate them for revenue lost during construction.



The Proposed Program

Arcade/East 7th Business Mitigation

ESABA, ESNDC and PPCC propose to the MN State Legislature the creation of a small business program, the **Arcade Street/East 7th Street Mitigation Fund**, designed to support businesses affected by construction challenges. To be eligible for the program, businesses must be located on either Arcade Street or East 7th Street, in street sections directly sited for construction.

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Eligible businesses must operate out of a “brick-and-mortar” storefront defined as in-person retail, personal care, laundromat, fitness/boxing, restaurant, or bar.

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MnDOT Mitigation Efforts

Planning & Early Design Details

MnDOT will begin a two-year reconstruction project along East 7th St. and Arcade St., spanning from East 7th at Payne Avenue to Arcade Street and extending to Frost Avenue in Maplewood. Construction is planned for Arcade Street in 2025 and for East 7th Street in 2026.

MnDOT has reached out to small businesses and residents and invited the community to participate in a Community Design Workshop.

MnDOT has not offered financial compensation for lost revenue to businesses. MnDOT’s assistance is in the form of information sharing, project and timeline updates, discussions about what to expect during construction, and listening to concerns.

For businesses to address parking, traffic, access, lane and road closures, detours, visibility, noise, dust, vibration, and information to their transit customers, it will take money to cover the cost of signage, secure alternating parking areas, effectively use social media, and other forms of communication to lessen the impact and maintain operations. There is a lot to mobilize!

The fact is – some customers will just avoid the construction area altogether resulting in a loss of revenue for valued, independent neighborhood businesses that often operate on a shoestring, especially coming out of the pandemic.



The Rationale for Financial Assistance

East Side commercial corridors have experienced a lack of public investment.

According to a 2023 study (East Side Commercial Real Estate Strategy) by NEOO Partners, over the past five years roughly 6% of commercial and economic development dollars (including funds for public infrastructure) invested in St. Paul, have been directed to the East Side, yet 34% of the City’s population is on the East Side which covers 38% of surface area of St. Paul. The value of an average commercial property along a major commercial corridor located west of I-35E is \$2,471,613 which is more than twice the value of a comparable property along an East Side corridor (Arcade or East 7th Street) \$949,971.

The Ask

The mitigation fund will be offered to all eligible small businesses in the construction area. Given the prolonged impacts of COVID and generations of disinvestment on the East Side, financial assistance (grants) to our mostly BIPOC small businesses continues to be an essential retention strategy.