

# Little Mekong Business District

## Economic Development Strategies



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Asian Economic  
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## Table of Contents

Executive Summary \_\_ p1

Introduction \_\_ p2

Little Mekong Overview \_\_ p4

Diagnosis \_\_ p8

Business Improvement District (BID) Model Overview \_\_ p16

Cooperatives Model Overview \_\_ p28

Vision \_\_ p34

Action Plan \_\_ p38

Conclusion \_\_ p48

Bibliography \_\_ p50

Appendices \_\_ p51

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## Executive Summary

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With the completion of light rail transit (LRT) in the Central Corridor, known as the Green Line, Little Mekong is facing a critical turning point for increased economic growth and reinvestment. Such circumstances could transform the already culturally rich and unique district into a cohesive community comprised of prosperous business. In order to harness the economic opportunities the Green Line presents, such as sustained investment, Little Mekong is in need of a suitable model and policy recommendations to alleviate existing challenges and strengthen businesses activities. This report is commissioned to examine the current situation of Little Mekong and to provide recommendations on how to address the needs of the district.

A thorough examination of the current conditions of Little Mekong reveals several challenges the district faces in terms of development, yet there is great potential for reinvestment throughout the district. With an increased customer base expanded by transit options, a distinctive cultural identity with authentic Asian cuisine, supporting area and regional foundations and organizations, and many small businesses hoping to grow, Little Mekong has great potential to prosper with an increased profit margin. At the same time existing physical, economic, social and cultural challenges , as well as parking issues, are discouraging potential customers, raising operating costs, and hindering the development of the district.

This report describes a vision of Little Mekong as an inviting and vibrant ethnic hub along the Green Line with distinctive Southeast Asian culture, cuisine and services. The district is anticipated to become a cohesive community of Asian immigrants with beautiful buildings and streetscapes that are attractive to more diverse customers and new businesses in a clean and safe environment. Three scenarios are presented to show how the sleeping dragon inside Little Mekong could show its true beauty to the world.

To achieve the vision, we propose a two-phase dual model that combines the Cooperative (co-op) model and the Business Improvement District (BID) model. Introductions and comparisons of the two models are provided in the report. In the first phase, a co-op comprised of several local businesses will be built to create economies of scale, generate more profit, and build a sense of community and collaboration. At the end of the first phase, the boundary of Little Mekong will be expanded. Actionable plans on how to start, manage and fund the co-op, and what the co-op can contribute to the development of the district are detailed later in the report. In the second phase, a BID will be launched along with the existing cooperative to better support the businesses and the community. Steps of how to launch, fund, and operate a BID, and what BID will help the district to thrive are provided. The funds raised through the BID will allow for the improvement of the physical environment such as facade improvements, landscaping, and streetscape design.

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# Introduction

Little Merong Plaza

## Introduction

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Currently, Little Mekong is facing both challenges and opportunities brought by the opening of the Green Line in June 2014, which represents a potentially critical turning point for the development of Little Mekong. Located along the Green Line, Little Mekong seeks to take advantage of a new pool of potential customers riding the Green Line and transit-oriented development (TOD) investment interest. However, construction of the Green Line has already raised the property value along the line, resulting in increased rent and operating costs that are expected to further increase as reinvestment and redevelopment interests gain in momentum. These increasing costs may be too high for existing businesses barely meeting their budget line to sustain future service and operations.

The Asian Economic Development Association (AEDA)<sup>1</sup> is also concerned that investment interest and funding availability for existing businesses in the district will decline after the opening of the Green Line since activity in the area is expected to return to business as usual. Along with addressing other existing physical, economic, social and cultural challenges, both AEDA and Little Mekong are seeking to develop effective models that harness the present opportunities to transform the district into a vibrant, thriving community.

This report is commissioned to examine the current situation of Little Mekong and to provide recommendations on how to address the needs of the district. Different economic and community development models that could address the challenges faced by Little Mekong were examined according to the following considerations

- What is the current state of the district?
- What are the weaknesses and strengths of district?
- What are the opportunities and challenges facing the district?
- What is the vision for the future of Little Mekong?
- What models are suitable for addressing the district's challenges and opportunities while achieving the future goals?

- How can these models be tailored to the district's unique characteristics for effective future implementation?

To achieve the vision, we propose a two-phase dual model that combines the Cooperative (co-op) model and the Business Improvement District (BID) model. A BID is a district where the community economic development projects are funded from a special property tax assessment. Typically, the funds are used for cleaning, marketing, public safety, physical improvements and various business events.<sup>2</sup>

On the other hand, a co-op is an initiative that is owned and controlled by the members and they benefit from the programs. The major purpose is usually to promote shared entrepreneurship by synergizing ideas and reducing personal risks.<sup>3</sup>



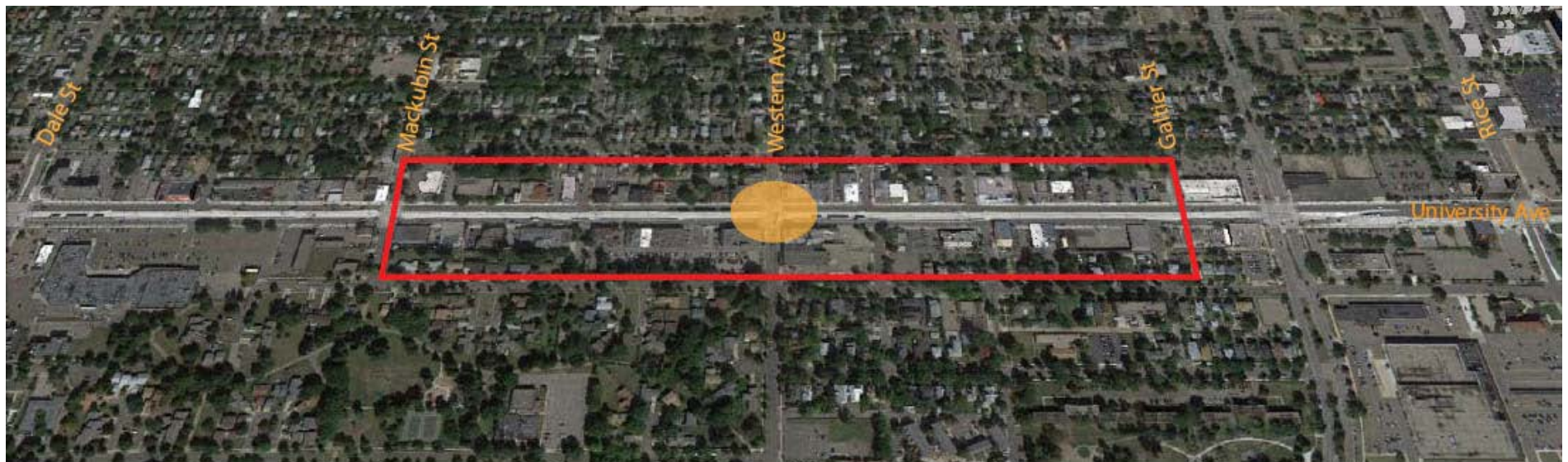
## Little Mekong Overview

Located just west of the Minnesota State Capitol and northwest of the downtown area, Little Mekong is a business and cultural district in St. Paul that is home to many Southeast Asian immigrants and immigrant-owned businesses. Like a wide and steady river, the district stretches for five blocks from west to east along University Avenue between Galtier and Mackubin Street. Little Mekong consists of many nonprofit organizations that provide various social and cultural services, and over one hundred small local businesses including restaurants, grocery stores, and fashion stores featuring many unique ethnic Asian cultures.

### Background

The Asian Economic Development Association (AEDA) formed Little Mekong in early 2012 to support Asian-owned businesses facing difficulties during the construction of light rail transit (LRT) in the Central Corridor along University Avenue. The district boundaries were chosen due to the density of Asian-owned businesses and proximity to the Green Line's Western LRT Station, which serves as the geographic center of Little Mekong.

Map1. Current Little Mekong Boundary

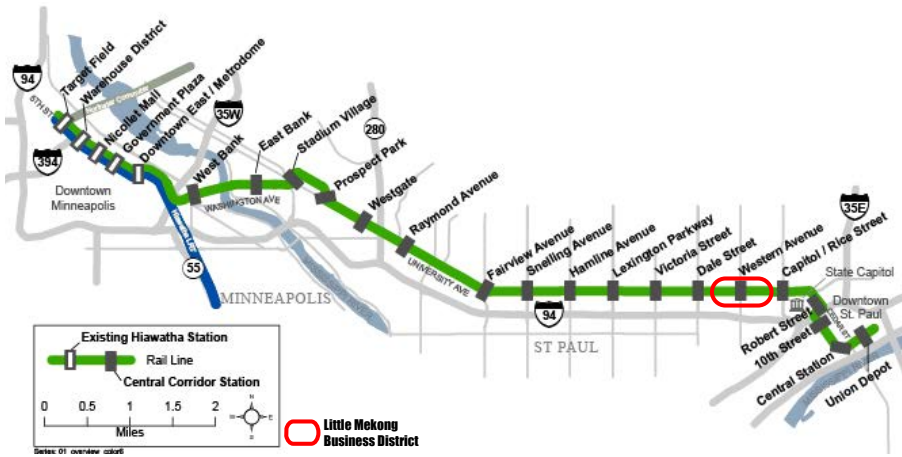


**Little Mekong  
Business District**



**Western Ave  
Light Rail Station**

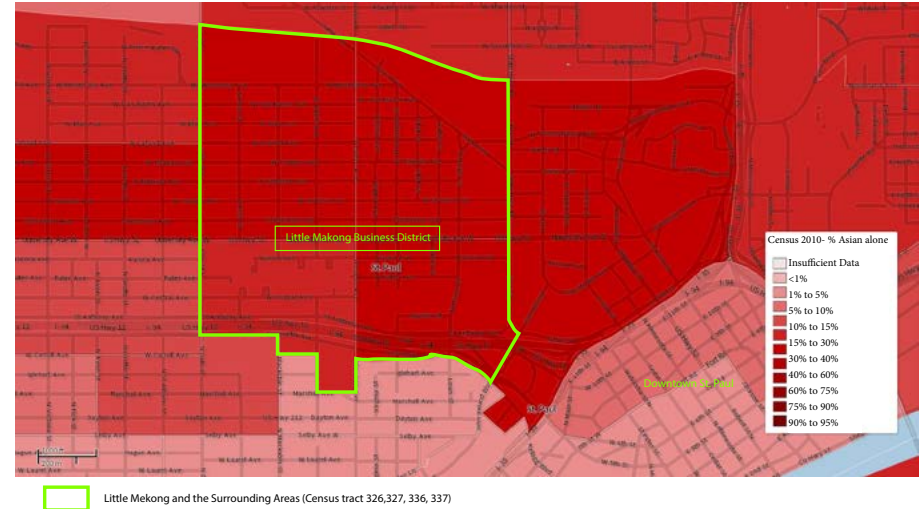
# Little Mekong Overview



Map2. Green Rail Line and Little Mekong Business District  
Source: Metro Transit

The district was named for the Mekong River that flows through many Southeast Asian nations, including China, Myanmar, Laos, Thailand, Cambodia, and Vietnam. Like a river connecting many ethnic Asian cultures through space and time, the district’s namesake “seeks to honor the heritage, history, and presence of the businesses owned and operated by Saint Paul’s Southeast Asian population.”<sup>4</sup>

Although the official boundaries of Little Mekong were not formed until 2012, many immigrants and business owners in district have been living and working in the area for decades. The area has a strong Southeast Asian presence dating back to the 1970s when Vietnamese, Hmong, Laotian, Cambodian, Thai and other ethnic Asian groups fled their homes due to political conflict and persecution.

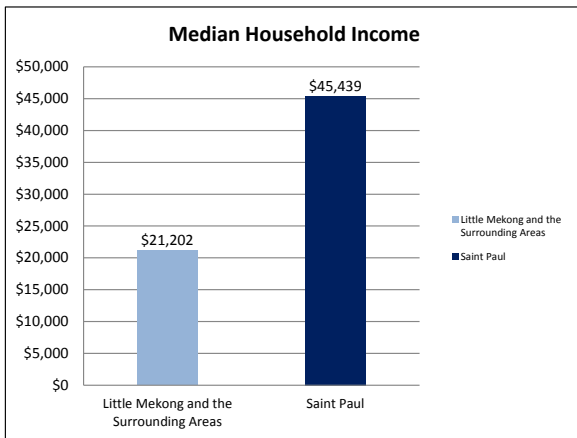


Map 3. Proportion of Asians in Little Mekong and the Surrounding Areas

However, when Southeast Asian immigrants and refugees started opening businesses along University in the 1970s, the area was less than ideal for residential and business development. Hindered by many undesirable characteristics, such as crime, prostitution, poverty, and vacant properties, recent immigrants and refugees chose the area for its affordable rents and properties as well as for minimized competition with other businesses. Over time, these pioneering business owners transformed an underdeveloped and previously undesirable area into a recognizable Asian immigrant community with a high-density of Asian-owned businesses in the Frogtown neighborhood.

# Little Mekong Overview

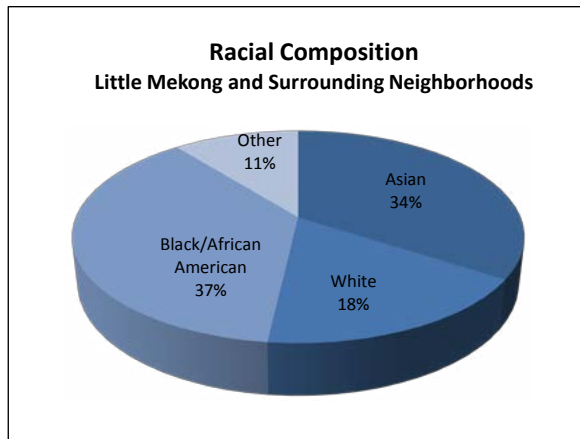
Chart 1.



## Demographics

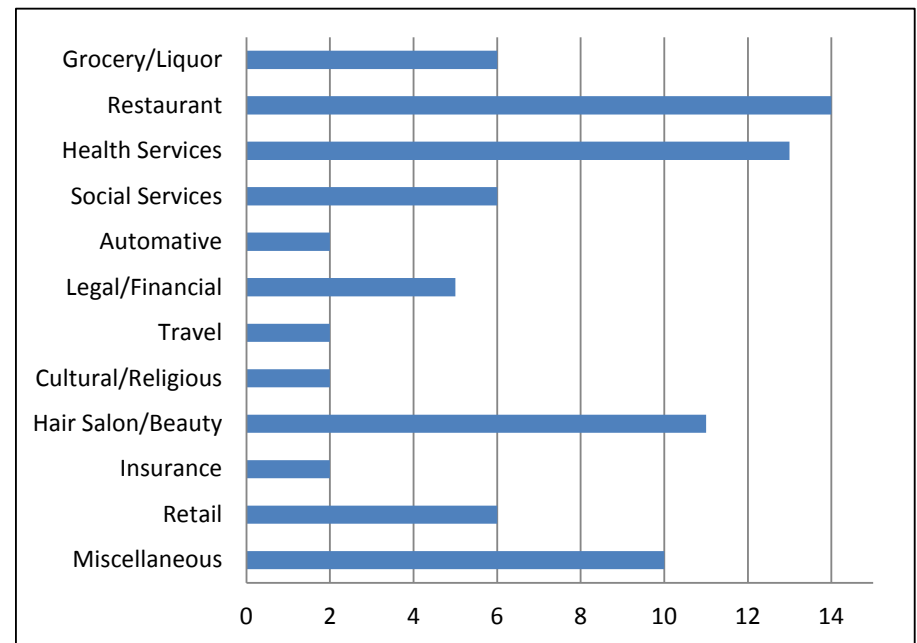
Little Mekong is home to an ethnically racially diverse community that has a high proportion of communities of color compared to its surrounding neighborhoods. According to the 2010 Census, the census tract to which Little Mekong belongs is 34% Asian, 37% Black, 18% White, and the remaining 11% belong to other races compared to the City of Saint Paul, which is 15% Asian, 16% Black, 60% White and 9% are other races.<sup>5</sup>

Chart 2.



There are over 100 small businesses in Little Mekong, which include grocery stores, liquor stores, restaurants, health services such as medical, dental, and chiropractic, social services, automotive, legal and financial services, travel agencies, cultural and religious institutions, hair and beauty salons, retail, insurance and miscellaneous. The three most numerous types of businesses are restaurants, health services, and hair and beauty salons. About 90% of these active businesses are minority-owned. Of all the business that are owned by communities of color, about 76% are Asian-owned businesses. Most of the businesses have an annual income under \$250,000, and less than 10 full time employees. About 60% of the business owners do not own the property on which their businesses are located and these small businesses rely on lower rents to maintain reduced cost operations. Asians living in adjacent areas, college students, and downtown employees seek for cheap and authentic cultural dining experiences comprise the main customer base.

Chart 3. Business Type



# Little Mekong Overview

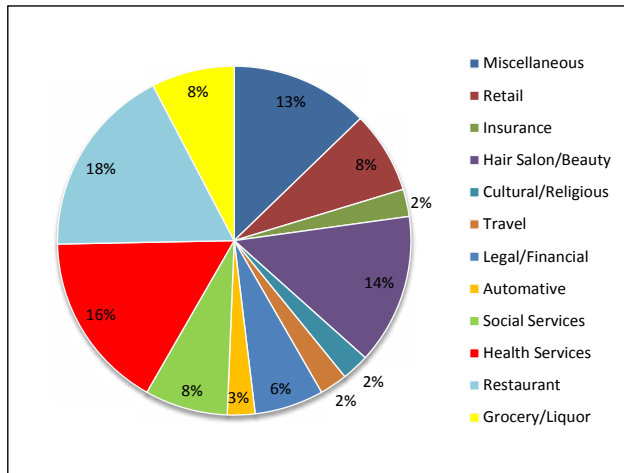


Chart 4. Percent of by Business Type

## Properties

Most of the buildings in Little Mekong are two-story structures less than 10,000 square feet. One-third of the existing buildings are less than 50,000 square feet while half are between 5,000 and 10,000 square feet.

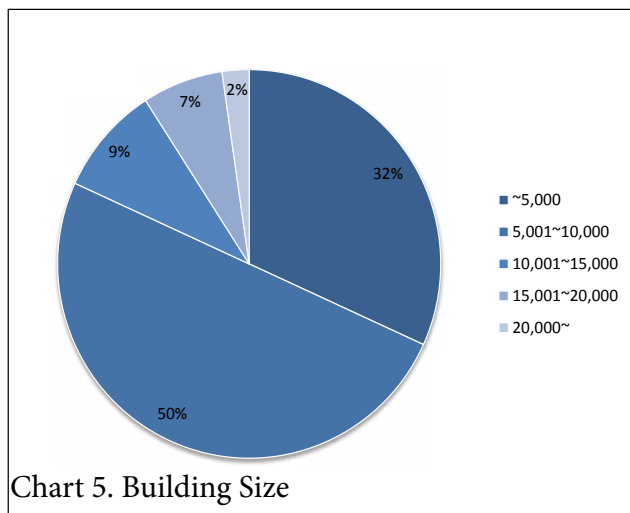


Chart 5. Building Size

The value of most properties in the Little Mekong district ranges between \$3 and \$50 per square foot. The median and average property value in Little Mekong is \$33 and \$31 per square foot, respectively. For property tax, 38% of the property owners pay an annual property tax under \$10,000, 29% pay a property tax between \$10,000 and \$20,000, 17% pay a property tax between \$20,000 and \$30,000 while the remaining 16% of property owners pay more than \$30,000 in annual taxes (See Appendix 1).<sup>6</sup>

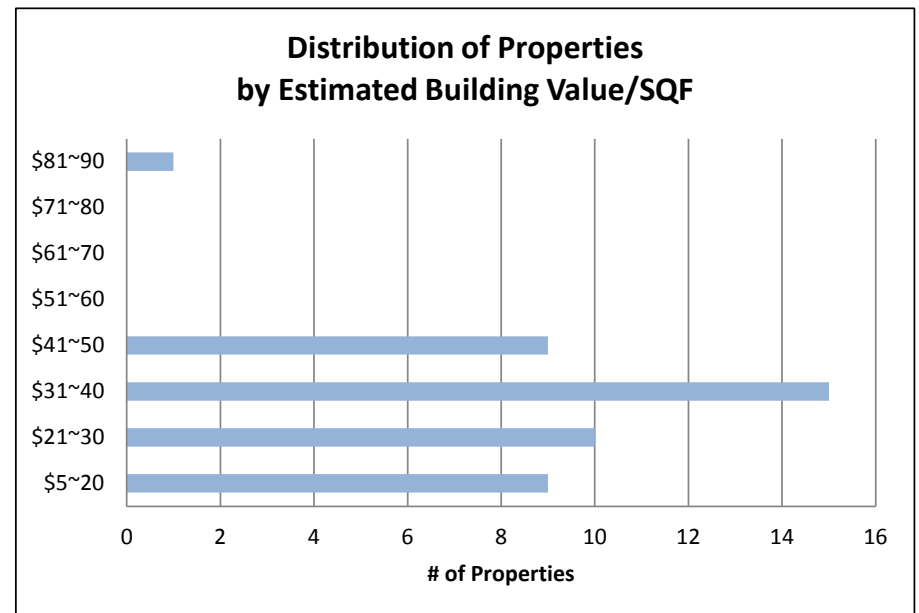


Chart 6.

# Diagnosis



## Diagnosis

This section identifies and analyzes the strengths, weaknesses, opportunities, and challenges facing Little Mekong. Strategies to harness opportunities while overcoming strengths were developed using a SWOT analysis matrix.

SWOT/C analysis is a tool that can use identified strengths, weaknesses, opportunities, and threats or challenges to develop specific strategies to leverage strengths to harness opportunities or minimize certain challenges. The analysis is conducted based on the findings from interviews with the business owners, nonprofit leadership, and economic development experts, the demographic analysis, and asset mapping (See Appendix 2).

### Strengths

As a unique cultural and ethnic business community, Little Mekong allows visitors and community members the opportunity to have diverse and vibrant experiences. The community offers authentic ethnic foods, grocery goods, medicine and traditional clothing that are difficult to find in other areas in the Twin Cities region. Moreover, the district is home to many nonprofit organizations such as AEDA and

Hmong American Partnership (HAP)<sup>7</sup> that actively advocate on behalf of these small ethnic-oriented businesses.

### Opportunities

Located along the Green Line, Little Mekong is ideally situated for future transit-oriented development (TOD) and investment. The 11-mile Green Line route along the Central Corridor, which connects downtown St. Paul to downtown Minneapolis, is scheduled to open in June 2014. It travels through several distinctive cultural districts and neighborhoods including Little Mekong, Rondo, Little Africa, The Creative Enterprise Zone, Prospect Park, and The West Bank. The Green Line will enhance accessibility to the Little Mekong District and therefore will attract more potential customers from outside of the community.<sup>8</sup> Additionally, nonprofit partnerships could be used to effectively leverage governmental support to increase opportunities to achieve economic growth. Furthermore, the planned Asian American Cultural Art Center could potentially attract more visitors to the Little Mekong area as a prominent cultural and event destination for other Asian-American ethnic groups with higher disposable income.



Source: Metro Transit

# Diagnosis

## Weaknesses

Due to a history of disinvestment and underdevelopment, the district suffers from many weaknesses. These weaknesses include aspects of the physical environment, economic conditions, and social dynamics.

### *Physical Environment*

Physical characteristics of the district that are considered weaknesses include poorly maintained buildings, vacant properties and the presence of waste and refuse on the streets.

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Aging and poorly maintained properties discourage potential customers and economic investment. Most of the properties have been located in the district for more than 30 years and during the site investigation, we found that many properties are poorly maintained and are in need of major improvement. Four of 11 interviewees expressed need for the improvement of old and dilapidated properties due to the concern that such aesthetics create an unwelcoming atmosphere and reinforce a negative perception against the community. David Feehan, a community economic development expert, explained that people are reluctant to visit areas with blighted buildings because they feel unsafe and intimidated. Furthermore, Joo-Hee Pomplun, the Vice President of AEDA, explained that the



Image 1. Dilapidated Building

redevelopment and rehabilitation have been quite slow in University Avenue for the last decade, perhaps due to the above stigmas against the area.

High vacancy rates also reinforce negative perceptions of public safety and undermine the atmosphere of an area. Vacant buildings that have been abandoned or simply neglected become blighted and obsolete over time as there is little economic incentive to maintain properties in an area with low property values overall. Moreover, vacant buildings can serve as sites for criminal activity as these areas are often ignored and activity is shield from view by pedestrians. Although there is no criminal activity in vacant areas within the district, people often feel intimidated to walk by vacant lots because these areas are not well trafficked and could present the chance to be physically attacked. According to Va-Megh Thoj, the President of AEDA, there have been foreclosures along the street in recent years and several properties are vacant and bank-owned.



Image 2. Vacant Property

## Diagnosis

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More than half of the interviewees mentioned that the street is littered with garbage and fosters an unhygienic atmosphere. We also witnessed garbage in the entire district during our site visits. The business owners expressed that the unhygienic sidewalks further reinforce a negative image of the community. The unhygienic environment discourages customers from visiting the area, patronizing restaurants, or purchasing goods in the district.



Image 3. Unhygienic Street

### *Economic Conditions*

Pomplun explained that 63% of the businesses have annual income of lower than \$20,000, which means that business owners have low disposable income to invest back into their businesses or to adapt to changing operating costs. An expert on the Asian community in Saint Paul, Adeel Lari mentioned that the small businesses rely on lower rents to sustain their businesses. He expressed his concerns that as property values and rents increase in the future due to the Green Line, these small businesses may not be able to afford the increased rent and would have to move out of the district. Thoj reported that 60% of the business owners rent their storefronts. This makes reassessment of property tax to support economic development programs difficult. For example, in the BID model, more than 55% of property owners are

needed to sign the petition to assess an additional tax. Therefore, AEDA and the business owners need to convince the property owners to agree with the reassessment of tax. Jon Eckhoff, former CEO of Rochester Downtown Alliance explained the Committee of the mayor, a City Council member, CEO of the Chamber of Commerce and Business Association needed to hold regular meetings to convince the property owners. Eckhoff said it took several months to get approvals to implement the downtown Rochester BID.

More strategic and structured marketing and branding approaches are needed in the Little Mekong business district. In a traditional manner, the businesses have their own business know-how and marketing skills since they have been in the area for many decades. A business owner claimed that the business already has a good know-how and marketing strategy. However, most businesses are small scale and most of them raise low disposable income. That indicates each business has little resources and time to design strategic marketing and branding methods. In order to big improvement in their business activities, it is important for the business owners to have more strategic and collaborative marketing. 8 out of 11 business interviewees said that more effective and proactive advertising and marketing are urgently needed to promote their businesses to the people outside of the community.

### *Social Dynamics*

Little Mekong business district needs collaborative efforts and trust to build a strong community and overcome the economic and social challenges. Based on interviews with business owners, most of them were not aware about the Little Mekong branding initiative, suggesting weak community cohesion with other business owners who actively participate in promoting the district. One business owner expressed concern that business owners in the district have made little efforts to get to know each other and each tends focus on individual issues rather than overall community issues. Most business owners expressed



## Diagnosis

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In order to implement the BID or Cooperative model, there must be a strong bond and trust among members. It is important to build a sense of community before implementation of any model for the community economic development is implemented.

### Challenges

The weaknesses of the district are further compounded by the construction of the Green Line, the district's geographic boundaries, anticipated business gentrification, and the social and cultural characteristics of the district.

#### *Physical Challenges*

The adverse impacts of Green Line construction on businesses in the Central Corridor are well documented. University Avenue was mostly closed when the Green Line was under construction, which made parking, walking, and navigation in the district difficult. The Vice President of AEDA explained that many businesses moved out of the district during construction because the customer base declined tremendously, resulting in negative profit. One interviewee expressed a loss of trust in the government because of how the construction was managed and the avoidable negative effects on businesses along the corridor.

The small geographic area of the district constitutes a challenge that is both environmental and economic in nature. The boundaries of Little Mekong stretch for approximately a half-mile along University Avenue, incorporating a five-block area on either side of this main thoroughfare. With an area of 0.05 square miles, or one-twentieth of a square mile, the district's narrow boundaries might be an asset in keeping the overall community-funded service and project costs low for stakeholders if Little Mekong were a dense and built-out area. However, the district's small area combined with low density, vacant properties, and several tax-exempt properties make certain funding models infeasible (See Map1).

#### *Social and Cultural Challenges*

In addition to the above real challenges, there are a number of social and cultural challenges facing the district. These challenges include racial tensions with other ethnic groups in Frogtown, cultural and language barriers, uncooperative property owners, uneasy government relationships, negative perceptions of public safety within the district, and the potential for the "Disneyfication" of the district's authentic cultural atmosphere.

Although Little Mekong is a very young district with a long history of Asian heritage within its boundaries, the district is part of a much larger neighborhood with a more ethnically entrenched and racially tenuous history. Frogtown is a neighborhood that arose out of the remnants of the much older African American Rondo community, which was physically divided by highway construction due to racially-motivated planning policy in the late 1960s. Indeed, construction of the Green Line through the historic Frogtown neighborhood revived concerns that planning policy was intentionally biased against communities of color and through no small effort the community organized the Stops For Us! Initiative that resulted in three additional LRT stops in the greater Frogtown area. Recognizing that transit and transportation issues in the greater Frogtown area have special meaning for African American residents, there are also tensions between some African Americans and African American interests in Frogtown who feel that the Little Mekong branding encroaches on an already well-established ethnic African American identity.

In addition to some racial and ethnic tensions with other groups surrounding the district, there are also cultural and language barriers within Little Mekong. Asians own 76% of the businesses and most property owners are immigrants who relocated to the area as refugees, meaning that such groups also tend to have less disposable income. These business owners also struggle with cultural and language barriers with other ethnic groups both within and outside of the

## Diagnosis

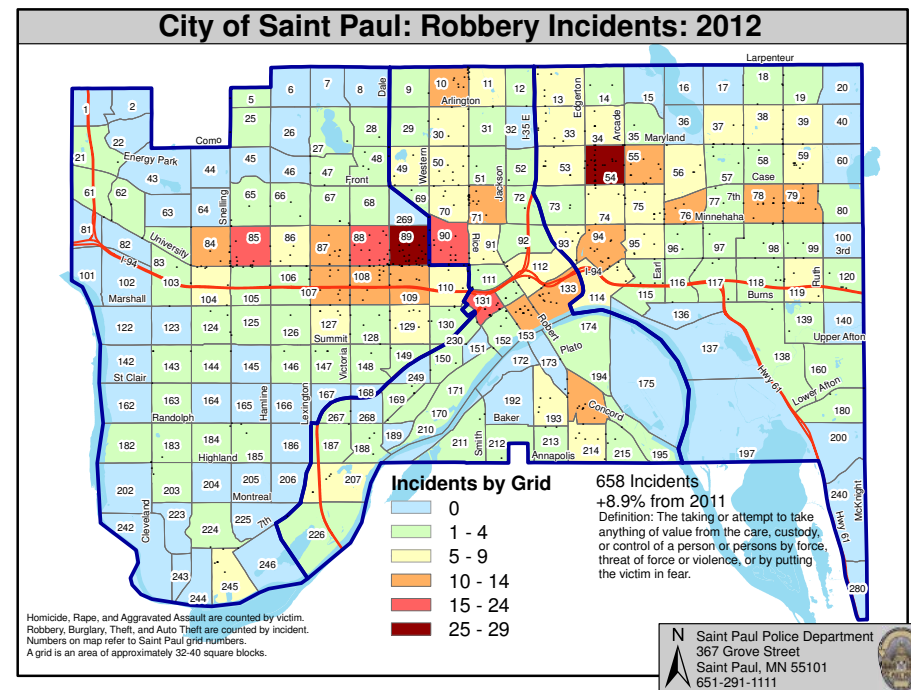
the need for collaboration but have not taken action to develop a system for such collaboration. district's boundaries, which makes networking and accessing particular resources, such as bank loans and accounting services, difficult outside of the migrant community. Lastly, immigrant business owners have expectations of their first-generation Asian American children that differ from the ambitions of their children, such as expecting the coming of age generation to manage inherited family businesses.

Another challenge concerns the relationships, existing or otherwise, between property owners and business owner who rent their storefronts. Some community funding models rely on property assessments to raise funds for district projects, but only property owners have the authority to decide whether or not they want to participate in a system that they may or may not perceive to be beneficial to their properties.

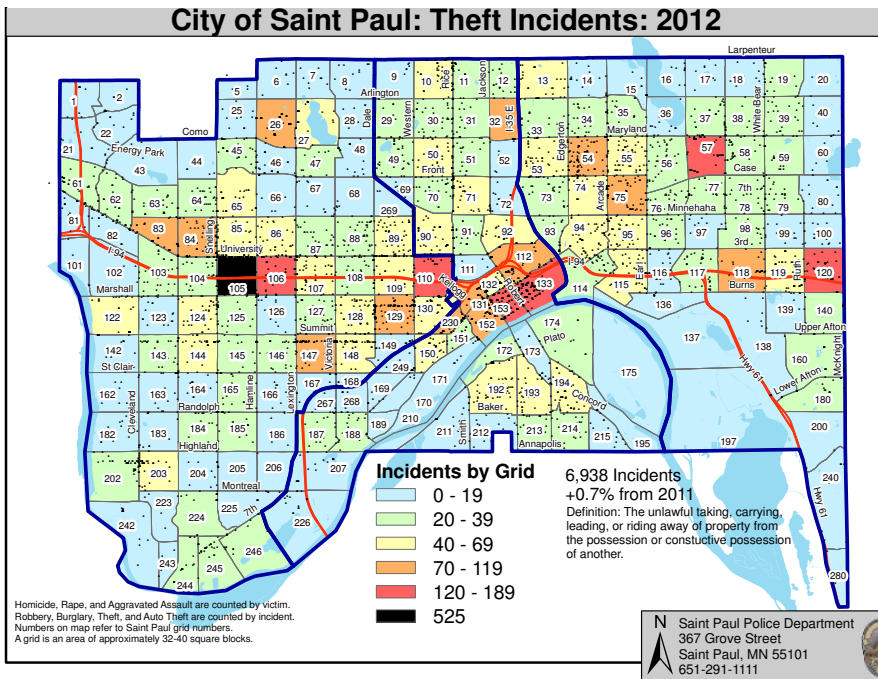
The business owners have been upset and complained about the City of Saint Paul government for its lack of attention to the development of the area and local businesses. First, the construction of Green Line disturbed their businesses in many ways without compensation. One business owner mentioned the construction caused damages to their property but the government ignored their request for compensation. Second, many businesses owners expected to receive special loans from government but these funds were limited and difficult to access. Third, although the government has stated the importance of supporting Little Mekong as a “vibrant” district, business owners feel that the City does not consider the area as one of its top priorities.

As mentioned before, vacant properties and blighted buildings can contribute to a perception that an area is unsafe and suffers from relatively higher rates of crime compared to the region. Little Mekong faces a particularly entrenched negative perception that the area is unsafe and as one interviewee explained that people living outside of

the general area feel that the district is unsafe and not family friendly. According to Saint Paul Police Department, Little Mekong and the surrounding area have a higher number of thefts and robberies than Saint Paul overall, so there is some evidence to support the notion that Little Mekong district is suffering from certain types of crime.<sup>9</sup> However, the more critical issue at hand is the deeply negative misperception from general public that Little Mekong is in a dangerous area of town.



Map 4. Robbery Incidents  
Source: St. Paul Police Department



Map 5. Theft Incidents  
Source: St. Paul Police Department

Lastly, one potential challenge is the “Disneyfication” of the district. Currently, Little Mekong offers a uniquely authentic Asian atmosphere in the Twin Cities region. However, the packaging of the district’s culture as a commodity codified in signage, structures, and elaborate architectural elements may reduce the authenticity of the atmosphere to one that is purely for amusement, an experience driven by consumption rather than cross-cultural learning and interaction.

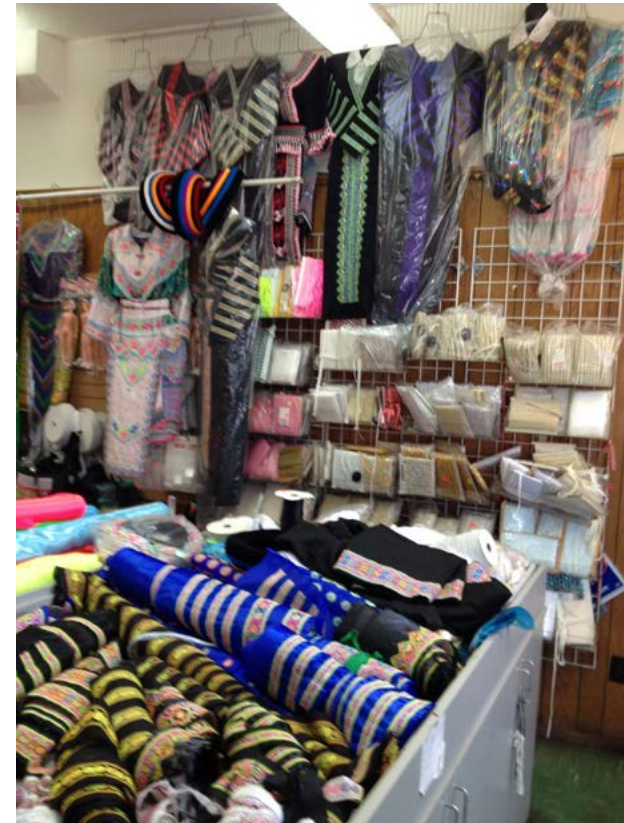


Image 5. Unique Ethnic Culture In Little Mekong

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## **Business Improvement District (BID) Model**

## Business Improvement District Model

As stated in the introduction, the initial focus of this report was to examine the feasibility of implementing a Business Improvement District (BID) in the Little Mekong business district. The description of BIDs, the purpose and history of BIDs, steps for how to establish a new BID, BID operation, special assessments, budget, projects, and accountability are detailed below.

### Explanation

While there is no standard definition of a BID, generally a BID is described as a public-private partnership between communities, nonprofits, and local government to raise money through special tax assessments to fund various improvement projects within a geographically defined district.<sup>10</sup> Such improvement projects may include street cleaning, landscaping, lighting, street furniture, façade improvements, public art, holiday displays, signage, marketing, festival and event planning, security, and safety ambassadors. Additional services that some BIDs have funded are homeless outreach, employment programs, school-based youth activities, and urban planning.

### Purpose

BIDs are an innovative economic development approach to revitalize downtown districts and disinvested areas that have suffered from economic restructuring, employment and residential suburbanization, and the rise of the ever-popular suburban mall and related shopping centers. Indeed, many BID models across the U.S. have emerged in response to the encroachment of suburban shopping centers on the periphery of declining downtown centers.<sup>11</sup> BIDs have also emerged due to the perception that such partnerships are more efficient and more effective than local government to address major urban problems because the model, in most cases, operates independently

of government and is structured in such a way as to minimize the free rider problem of service provision.<sup>12</sup>

### History

Although initially many states were slow to adopt the BID model, BIDs have proliferated across the U.S. in the last 20 years due to the passage of BID enabling legislation. The first BID was established in New Orleans in 1975 with only one-third of existing BIDs established before 1990.<sup>13</sup> By the turn of the century, there were an estimated 400 BIDs established in 42 states across the U.S. with 64% of those BIDs located in California, New York, New Jersey, North Carolina, and Wisconsin.<sup>14</sup> Today, there are over 1,000 BIDs in 48 states across the U.S. with California, New York, and Wisconsin comprising half of all BIDs according to a 2010 survey.<sup>15</sup> The only two states without BIDs in the U.S. are North Dakota and Wyoming.<sup>16</sup>

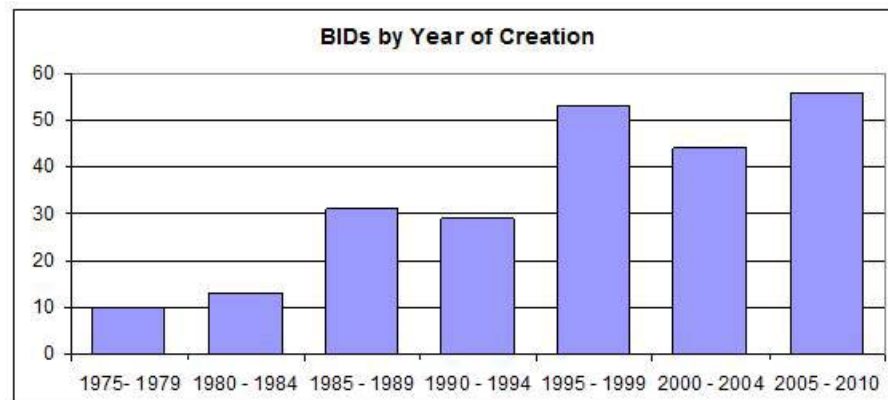


Chart 7. Number of BIDs created from 1975 to 2010 in 5 year cohorts.

# Business Improvement District Model

## How to Establish a BID

In order to implement a new BID, there are several steps that must be followed to establish the legitimacy and authority of the BID to make assessments and be fully functionally operable. First, the area under consideration for the BID should be assessed to see if it meets the primary criteria to sustain such a model, which includes low vacancy rates, primarily commercial properties, local buy-in and support, few public and nonprofit properties, and a stable economic base.<sup>17</sup>

Second, a long-term planning process must be coordinated approximately two to three years before the anticipated date of implementation. This process includes three phases, with the first phase consisting of background research, including the development of a property owner and tenant database and a needs assessment survey, and the formation of a steering committee. The second phase consists of outreach with the community to gather support from stakeholders who will inform the assessment criteria. The third phase includes extended outreach at the city level to petition to approve the anticipated BID ordinance and the creation of a business plan. Generally, a majority of property owners comprising between 51% and up to 75% of stakeholders must agree to the additional assessment to pass the proposed BID ordinance.<sup>18</sup>

## BID Operation

Once the ordinance has been voted upon and approved, a BID is considered fully functional. In order to manage the collection and allocation of assessments, a certain management structure must be established. Management structures can vary between different BIDs, but generally management is designated as its own nonprofit organization or may even operate within a larger nonprofit structure. Often, the members of the steering committee are either elected or

appointed, and these members then decide how assessments will be spent and on which projects to fund.<sup>19</sup>

## Special Assessments

There are many different ways to assess properties to raise funds for the BID. Assessments can be based on the assessed value for real estate taxes, the sales tax, on a square footage basis, or on a linear front footage basis that taxes property owners according to how much of the property is located along the main corridor(s) in a the district's geographic boundaries. Nearly 75% of BIS assessments use one of the above as a basis for assessments, but the other quarter of BIDs may use a combination of these strategies or other strategies such as business license fees, flat fees, base fees plus tax per employee, an established business levy per \$100.00 worth of assessment, or a city business tax.<sup>20</sup>

What is the basis you calculate your BID assessments on in this district?	
Based on assessed value for real estate taxes	55.9%
Based on sales tax	1.8%
On a square foot basis	12.2%
On a linear front footage basis	4.5%
Other (please specify)	25.7%

Table 1. Survey of how BIDs assess taxes.  
Source: Becker

## Budget

Although assessments are the largest source of revenue for BIDs, some BIDs may bolster their pool of financial resource through other means. The most common other means to raise funds include member dues, contracts, sponsorships, development fees, and city general revenues. Other revenue sources include events, voluntary donations, grants,

## Business Improvement District Model

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rental income and tax incremental financing (TIF), revenue from transit operation, farmers' markets, fundraising, university partners, and other levels of government and project partnerships.<sup>21</sup>

The budgets for BIDs across the U.S. vary widely. According to Carol Becker, the smallest budget is approximately \$2,500 while the largest budget is approximately \$18 million. The median budget, however, floats at around \$355,000 for most BIDs.

### Projects

Generally, most services funded through BIDs can be classified as capital improvements, consumer marketing, economic development, maintenance, parking and transportation, policy advocacy, public space regulation, security, and social services.<sup>22</sup>

#### *Capital Improvements*

Capital improvement projects include landscaping, street furniture, lighting, signage, and façade upgrades.

#### *Consumer Marketing*

Consumer marketing includes events and festivals, coordinating sales promotions, producing maps and newsletters, street guides or ambassadors, tourism kiosks, campaigns, farmers' markets, historic tours, and even holiday decorations.

#### *Economic Development*

Economic development project may include offering incentives to new and expanding businesses, market research, performance reporting, business recruiting, and marketing for businesses.

#### *Maintenance*

Maintenance may include rubbish collection, litter and graffiti removal, sidewalk washing, snow shoveling, grass and tree cutting, and gardening.

#### *Parking and Transportation*

Such projects may include parking system management, transit shelter maintenance, establishing a rideshare program, or even operating a downtown or district shuttle.

#### *Policy Advocacy*

Since BIDs function as public-private partnerships, policy advocacy is an important project for some districts and may include promoting public policies to the community or lobbying government on behalf of business interests.

#### *Public Space Regulation*

Public space regulation may include the management of sidewalk vending, panhandling, street performances, artists, and loitering; code compliance; and the development and enforcement of urban design and façade guidelines.

#### *Security*

Security programs may include providing safety ambassadors, private security personnel, or partnering with local city police officers to creating a community policing program as well as a program to share crime information. Other programs may include the creation of a community court or the supervision of persons serving sentences from community courts.



# Business Improvement District Model

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## *Social Services*

Social services may include programs for the homeless, providing job training programs for underemployed persons, or supplying youth programs within the district service area.

## **Accountability**

BIDs are usually subject to certain accountability provisions although each district may operate differently. In some states, local government has the final decision making power to approve, alter, or deny funding levels, service bundles, and level of services to provide as well as set budgets and making hiring decisions. However, most BIDs in the U.S. are able to perform most the above functions in the absence of final government approval.

District boards in charge of overseeing the daily functions and operations of BIDs may be comprised in a number of ways. Although board members are elected or appointed, the manner in which they are may differ; appointed members may be appointed by the city mayor, the city council, another level of government, or by members of the existing governing board. Members may be elected city or state officials or stakeholders in the service district may elect members.

Some boards are required to have members representing special interests to ensure accountability of the board to stakeholders in the district. Such special interests may include property owners, renters, tenants, or individuals from nonprofits, for-profits, government, different business sectors such as retail or commercial, and even members representing different geographic areas of a district.

As most BIDs are considered sub-municipal districts that provide direct service to a relatively small group of stakeholders within a geographically defined area and usually meet one or more of the

above accountability standards, BIDs have been considered widely successful and accountable in many states. BIDs are often just small enough to be easily managed and auditing with budgets small enough to catch any misuse or unlawful allocation of funds to non-approved projects or persons seeking personal monetary gain.<sup>23</sup>

## **Advantages of a BID**

- Self-governance
- Supplements city services as cities are underfunded
- Create lead to greater community cohesion
- May better meet desires of stakeholders

## **Disadvantages of a BID**

- Neo-liberal policies
- Right to public space becomes unclear
- Can exacerbate racial or social tensions
- May have negative cultural consequences
- May take power away from renters

## **Case Studies**

Given the results of the SWOT/C analysis for the Little Mekong district, information from relevant case studies was used to better understand if, and why, a BID model is appropriate for the business and cultural district. Several existing BIDs were examined to better understand what aspects of the model work well, which aspects do not work well, and what best practices could be applied to the planning of a BID tailored to the needs of Little Mekong. As the findings below indicate, these BIDs possess many qualities necessary for the successful creation of BID that are underdeveloped or simply absent from the Little Mekong District. In other cases, some of the ethnic BIDs provide powerful lessons of unintended consequences that make

## Business Improvement District Model

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hinder the overall success of a BID in Little Mekong. However, while a BID is not an appropriate model for the Little Mekong district at this point in time, such a model may be appropriate in the future once many of the weaknesses and challenges described above in the diagnosis are adequately addressed.

### *Passyunk Avenue Business Improvement District, Philadelphia, PA*

The Passyunk Avenue Business Improvement District is a 1-mile stretch of mixed-used development along Philadelphia's East Passyunk Avenue that includes 289 properties. The district is comprised of bank branches, a senior care center, a shopping center, a supermarket, some national chain stores, two famous sandwich shops, and is dominated by small "mom and pop" businesses. The district has an annual budget of \$125,000 but the program and administrative budget was \$230,000 in 2009. An annual assessment of 20% of regular property taxes is collected by the city annually from 296 of the 300 taxable businesses and then given to the BID. Of the budget in 2009, \$34,500 was allocated for improvements in cleanliness, \$25,000 for promotional activities, and \$15,000 for a feasibility study of a shuttle bus along the avenue. Generally, the most notable services provided include street cleaning and holiday lighting.

The surrounding community is gradually transitioning from a close-knit, working class neighborhood with a strong Italian American identity to one that is shifting to accommodate Asian immigrants and young professionals. Compared to the City of Philadelphia, the area is more white and more low-income, has lower housing values, and has higher robbery rates. According to Jonathan B. Justice, perceptions of crime are "more important for a commercial district's attractiveness than actual incidence," so although the perception of crime is a challenge for the district, the district is still diversifying in terms of educational attainment, income levels, and consumer tastes and preferences.<sup>24</sup>

Other challenges that the Passyunk Avenue BID faces include improving perceptions of the organization's independence, building upon the bottom-up governance model, and accessing additional grant funding from the city. The district has particularly struggled with its budget because it has a relatively low collection rate for its BID assessments as at least 15% of assessments go uncollected every year. Additionally, the assessments are flat rates and do not account for inflation or changing property taxes, so each year the funds are collected the budget becomes more and more inadequate to meet improvement and other project costs.

### *Mt. Airy Business Improvement District, Philadelphia, PA*

The Mt. Airy Business Improvement District is a 2-mile stretch along the 8.5 mile-long Germantown Avenue with rich historical and architectural assets that have suffered from years of white flight and urban decay. This old streetcar suburb, however, is nationally recognized for its stable racial and economic diversity and has relatively high-density housing sandwiched with several dispersed businesses between two regional train lines.

The Mt. Airy BID was established in response to the loss of a successful "Avenue Ambassadors" program that kept streets clean and free of litter funded through government funds and voluntary contributions from various property owners. The program was unable to maintain its funding base, so property owners sought to establish a more permanent and secure model and with a sum of \$45,000 raised through the help of elected officials, a BID consultant was hired to jumpstart the process of creating a BID.

The Mt. Airy BID imposes an assessment of 18% of annual real estate taxes and has a 94% collection rate. 78% of the budget, which comes from property assessments, is approximately \$120,000 while an additional \$42,000, or 19%, is received in the form of direct program

## Business Improvement District Model

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funds and the remaining 3% of the budget comes from other contributions. Funds are used for street cleaning, security, lighting, and special banners in addition to the services partially funded by the Mt. Airy Community Development Corporation, which include sidewalk, landscaping, signage, street furniture, and facade improvements as well as marketing and event planning.

The greatest challenge the district faced while trying to establish itself was lack of awareness and confusion within the community. Some residents misunderstood that the property assessments were applicable to commercial properties only while others were upset that they had not been more engaged throughout the process, despite the outreach efforts of the BID proposal team. Once these residents were fully engaged, they revised their perception of the model and now fully support the district. With residents on board, the businesses in the district have also demonstrated improved working relationships because interests from the wealthier-end of the district have been balanced with those from smaller, lower-income businesses at the opposite end of the district.

### *Appleton Business Improvement District, Appleton, WI*

The Appleton Business Improvement District was formed in 2000 by business owners who were able to retain their downtown locations despite increased competition from suburban shopping malls encroaching in on the district from all sides. The district was formed with the intent to fill empty and vacant lots that had been left downtown as many businesses were forced to close their doors. The intent of the BID has evolved to transform the district into a more “cosmopolitan” district that appeals to the desirable younger “creative class” that is a powerful economic generator of jobs and revenue.

The Appleton Business Improvement District has successfully worked with city government to help lead visioning processes to rebrand the downtown as an entertainment district. However, the district has

struggled to rebrand the area to attract more cosmopolitan visitors with higher disposable income because the working class culture that has historically been a part of Wisconsin towns is at odds with the entertainment opportunities that the district has tried so hard to attract. The ingrained cultural habits of aging male working-class populations has also reduced the successful adoption of other services that the district has tried to provide, such as the improvement of bicycle pathways, increasing green space, and building mixed-income residential developments.

### *Downtown/Riverfront Business Improvement District, Sheboygan, WI*

Like Appleton, the City of Sheboygan was having difficulty retaining its last anchor stores with the development of a new mall just outside of town. As the “retail center of gravity was shifted out of the downtown,” the downtown district responded by trying to implement a pedestrian mall, which failed woefully as lots remained empty. New development occurring along the city’s waterfront presented new opportunities, but this area was segregated from the downtown businesses.

Seizing upon an opportunity to strengthen both areas of retail activity, the Downtown/Riverfront Business Improvement District was established in 1990. The district launched a revitalization strategy that consisted of three phases of development. Each phase of development focused on a different project and ranged from one year to ten years in length and included an area master plan, the construction of various art centers, and a robust rebranding campaign.

### *Little Italy Business Improvement District, Toronto, ON*

Little Italy is an approximately half-mile district that runs along College Street in Toronto, Ontario. The district has a strong Italian identity as Italian immigrants began to dominate the area in the early twentieth century, displacing the Jewish population that had resided

## Business Improvement District Model

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here previously. The “Via Italia’s” commercial identity solidified with creation of several businesses owned and operated by Italian immigrants meant to serve the surrounding residential population.

Over the latter half of the twentieth century, Italian immigrants and Italian Canadians began to move out of the area, but the Italian commercial identity remained somewhat intact as approximately 30% of the 154 businesses retained an Italian identity compared to the nearly 45% that did so in 1970. Despite the fact that these remaining business have been viewed as offering less authentic Italian experiences, the district has continued its identity to attract non-Italian patrons in addition to its somewhat less successful attempt to draw suburban Italians back to the district for consumer functions.

As a result of what is described as the “ethnic packaging” of the Italian experience, the district has become widely popular to college educated populations with greater disposable income. The real estate market of the district has exploded as the district is viewed as a very “trendy” place to live by non-Italians, which may potentially force out the remaining traditional businesses offering groceries and Italian clothings as upscale restaurants have become increasingly popular.

### *Corso Italia Business Improvement District, Toronto, ON*

Corso Italia is considered more authentic than Little Italy because it has made better attempts to retain a residential population that more closely reflects the commercial ethnic identity of the district. Here, this identity has been “packaged” in such a way as to still appeal to tourists and young professionals without catalyzing as much residential and commercial gentrification of the surrounding neighborhoods. More than 30% of the districts’ businesses and nearly 60% of the residential population have a strong Italian identity.

Part of the success in retaining the ethnic commercial identity is that businesses are not dominated by the restaurant industry, which has

been a driving factor in the business gentrification of other ethnic districts. The commercial mix of businesses in Corso Italia is “much more affordable and comprehensive for [Italian] residents” because the “stores selling basic essentials have not been crowded out by stores catering primarily to residents and tourists from elsewhere.”<sup>25</sup>

Although gentrification has yet to sweep the district, there are early warning signs that the district may be poised for such changes. With some new development, planned transit infrastructure improvements, and relatively stable residential rents and home values, the district is ideally situated to younger, more educated professional tastes yet the spatial isolation of Corso Italia may be a saving grace for at least slowing gentrification in the area. The atmosphere of the district has retained its working class “feel,” indicating that gentrifiers may not yet feel comfortable relocating to the district as renters and homeowners.

### *Gerrard India Bazaar Business Improvement District, Toronto, ON*

The Gerrard India Bazaar Business Improvement District, which is located just east of the downtown Toronto core, is cited as developing almost accidentally due to similar reasons why Little Mekong has developed. The location of the district was chosen for its extremely cheap rents when the first Indian oriented business opened its doors in the early 1970s. Like Little Mekong, the district at the time was not surrounded by a residential population that was ethnically similar to the emerging ethnic businesses. However, with the immediate success that the first Indian business in the area had in attracting South Asians from other parts of the city, it became apparent that not only was there a market to serve South Asian cultural tastes but the area was ideally situated for opening new businesses. As a result, several other South Asian businesses opened along the corridor and Business Improvement Area (BIA) was established in 1982.

## Business Improvement District Model

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Since the BIA was formed in 1982, the district had funded physical improvements, large street festivals, and strategic marketing.<sup>26</sup> The pairing of these improvements with cheap rent has allowed South Asian business to grow to comprise approximately 72% of the commercial activity in the area and the district has been cited as the “largest South Asian bazaar in North America.” Much of its success is due to the fact that commercial activity in the district has balanced the provision of traditional goods and services to help “South Asians maintain ancient cultural and religious traditions” with the provision of more contemporary goods that are amenable to the South Asian community and non-Asian patrons.<sup>27</sup> Although restaurants are limited in the district compared to other ethnic districts, these businesses greatly benefit from downtown firms and summertime crowds seeking an authentic ethnic experience.

Unfortunately, the Gerrard India Bazaar is not immune to business gentrification despite its dedicated efforts to maintain a South Asian identity. The area is considered very trendy and appealing to young urban professionals as well as artists, which is evidenced by the real estate gentrification as popular condo projects are being developed in areas of the district. Rent has dramatically increased since the district’s inception, although the surrounding population is still largely working class, which may be due to the concentration of public housing surrounding the area. At this point in time, it is unclear in which direction the district will head in terms of commercial and residential ethnic composition but the fact remains that the district’s identity is appealing to potential gentrifiers.

*Greektown on the Danforth Business Improvement District, Toronto, ON*

As in the case of Little Italy, Greektown is not an accurate label for its surrounding community composition. Greektown has experienced dramatic gentrification over the last two decades and has transitioned from a predominantly Greek population and commercial district to a

more diverse community of Japanese, Italian, Cuban, and Afghani businesses. Recognizing this disparity, organizers had more consciously rebranded the district to better reflect its “double-ethnic” identity by trying to be an authentic and “symbolic center for the Greek community...yet ‘mainstream’ enough to attract and retain tourists and new residents.”<sup>28</sup>

The dominant Greek identity of the district was branded in such a way as to deal with both the suburbanization of the Greek population while taking advantage of “the discontent over shopping in culturally bland suburban malls.” Therefore, Greektown was developed as an “‘authentic’ ethnic alternative to the corporatized mall of the suburbs” to draw Greek residents back to patronize Greek businesses as well as to attract other non-Greek groups to the area.<sup>29</sup>

The branding campaign has been so successful, however, that gentrifiers have been moving en masse to the district, including young urban professionals with higher disposable incomes and more corporate commercial activity. Existing Greek oriented businesses have struggled with remaining true to their Greek heritage and Greek customer base while also catering to the tastes and desires of these gentrifiers. Ultimately, the so-called “ethnic packaging” of Greek identity has “[catalyzed] a fundamental transformation of the neighborhood...but apparently at the cost of extant claims to authenticity.”<sup>30</sup>

# Business Improvement District Model

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## Discussion

The case studies above highlight several characteristics necessary for successful BID implementation, which are detailed in Gronewold's 2011 study. These case studies also highlight how the unintended consequences of successful BIDs may be at odds with their initial missions.

According to Gronewold (2011), the five necessary characteristics for successful BID implementation are low vacancy rates, a primarily commercial retail mix, local buy-in and support, few public and nonprofit properties, and a stable economic base. As detailed in the diagnosis above, Little Mekong has a number of vacant properties throughout the district with many public and nonprofit properties. Although the district is overwhelming commercial, Little Mekong has struggled with maintaining its customer base and creating a strong, cohesive community of business owners that actively and collectively contribute to a wider marketing and branding strategy.

The Passyunk Avenue BID shares some similar characteristics with Little Mekong, including a population that is diversifying in terms of race, ethnicity, and income and similar negative perceptions of crime in the district. However, the Passyunk Avenue BID is twice the size of the and even if the Passyunk Avenue was half its current size, the district would still be twice as dense as Little Mekong, which has several vacant and nonprofit properties. The Passyunk Avenue BID has struggled with the collection of assessments, which are set at 20% of the value of properties in the year that the district was established, and must supplement its budget with additional grants and contributions.

The concern here for Little Mekong is that not only does the district not have the commercial density to nor geographic area at its current size to raise sufficient funds, but the loss of potential revenue from

nonprofit, vacant, and poorly maintained properties coupled with non-paying property owners may render a BID unable to implement projects without substantial additional revenue from other sources. Since one of the purposes of exploring the creation of a BID in the Little Mekong District is to provide more financial security for projects in the face of declining public investment, a BID would most likely not meet this expectation.

The Mt. Airy BID provides an interesting case model for the potential development of a BID in Little Mekong. The Avenue Ambassadors program was a precursor to the creation of the Mt. Airy BID and funded through a cooperative-like model in which property owners paid for a portion of the services provided. It is likely that a precursor program similar to the Avenue Ambassadors program would be a greatly beneficial "test run" in the Little Mekong District to building widespread support for the creation of a BID by allowing time to educate stakeholders about what a BID is and can achieve.

The Appleton BID also provides an interesting case study because implementers found that projects funded through the BID targeted at the yet-absent younger creative class were at odds with the tastes of the older working class population in the surrounding area. This lesson is valuable because Little Mekong may not be ready for some of the changes that would occur as a result of a BID. For instance, the older generation of immigrant business owners in Little Mekong may have a different vision and preferences than their younger children, many of whom are expected to assume control of the family business. Or, business owners and property owners may not see eye-to-eye on what projects should be funded through a BID. Additionally, in the absence of a strong, cohesive business and cultural community, a BID was exacerbate tensions rather than help to build a collective vision that can be successfully implemented.

The Downtown/Riverfront BID was able to overcome the challenges of

## Business Improvement District Model

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spatially fractured retail centers by connecting its downtown retail with its commercial waterfront activity, which was responsible for district success itself. However, competition with other defined ethnic markets and spaces may limit Little Mekong's ability to expand its boundaries. Partnering with other ethnic markets and expanding the district's boundaries represents a powerful opportunity for Little Mekong to establish a successful BID, but in the absence of such partnerships and with small geographic boundaries of the district, success may be greatly limited.

The four case studies of ethnic BIDs in Toronto highlight especially important lessons for Little Mekong. To some degree, these four BIDs successfully rebranded their districts with their respective ethnic identities in what is known as "ethnic packaging," or the practice of creating cultural experiences to be bought and consumed by customers like other goods and services. In many ways, the ethnic packaging done by each of these districts has proved immensely lucrative in terms of profits and business revenues, which have been used for physical improvements, supplemental planning, and marketing and signage.

However, the success of these ethnic BIDs in Toronto has come at varying prices for each district. Although many of the districts seized on a marketing opportunity that also supported the provision of important and authentic cultural goods, services, and experiences for similar cultural groups, the evidence shows that overtime the mission of the BIDs are served less and less by their own success. With the economic success of businesses, the gentrification of commercial activity has led to the slow demise of the actual authenticity of the experience being marketing to specific ethnic groups over time. Mirrored by a residential gentrification in some cases, communities are losing their complementary ethnic populations to young, white, educated urban professionals who are just one piece of the gentrification puzzle. Therefore, it is important that Little Mekong

carefully "package" its South Asian cultural experiences to retain its complementary ethnic customer base while maintaining a truly authentic atmosphere.

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# Cooperative Model

## Explanation

Cooperatives (co-ops) are for-profit associations formed autonomously by any people or organizations who want to benefit from cost sharing. It is democratically and collectively managed or governed by its members to meet common economic, business, social and cultural needs.<sup>31,32</sup> It is not mandatory for people to become members of a co-op. They can decide by themselves whether to join, start or leave a cooperative. To become members of a cooperative, a stock in the form of membership fee must be purchased. By buying their membership, the members claim ownership of the cooperative. All cooperative members have one vote, regardless of the amount of membership stocks they choose to purchase.<sup>33</sup> There are various types of co-ops defined by who owns the organization, such as consumer co-ops, producer co-ops, workers co-ops, shared service co-ops and so on.<sup>34</sup>

## History

The first modern cooperative is believed to be the Rochdale Pioneers, a food co-op, founded in 1844 by 28 workers from multiple craft industries.<sup>35</sup> Through the cooperative, they leveraged purchases, cooperative housing, promotion of local products, and were able to secure employments through cooperative production. It was an all encompassing effort to sustain the community and its members. The founders indirectly become what is known as the modern cooperative, as they used the cooperative as a political platform for social reform and the advancement of the working class and its interests.<sup>36</sup> It was a time of social reform and the cooperative was created out of necessity; they were poor and did not have the economic means of the social elites. Unlike other failed cooperatives of that time, they created a set of principles with a commitment towards organizational standards as evidenced by the institutionalization of bylaws and an annual report.<sup>37</sup> Their principles and organizational standards have since been adopted

by the International Co-operative Alliance, which is “an independent, non-governmental organization” that was established in 1895 to “unite, represent and serve co-operatives worldwide. It provides a global voice and forum for knowledge, expertise and co-ordinated action for and about co-operatives.”<sup>38</sup>

The principles the Rochdale Pioneers created were:

- **Voluntary and Open Membership:** Cooperative Societies must have open and voluntary membership. The Rochdale Principles established important anti-discrimination policies and a system of incentives and rewards to expand membership.
- **Democratic Member Control:** The Rochdale Principles mandate that cooperatives must have democratic member control, which gives members the right to participate in the decision making processes of their cooperative. One member = one vote.
- **Member Economic Participation:** Members equitably contribute the capital of their cooperative. That capital is common property of the cooperative and members usually receive limited compensation. Surplus profits are managed by the members to develop the cooperative, support other organizations, or are returned to members.
- **Autonomy:** The Rochdale Principles state that cooperatives must be autonomous and independent. If they enter into partnerships with other organizations, it must be on terms that ensure democratic control by their members. For instance, if a cooperative enters an economic partnership with another organization, that organization does not gain control over decision making, regardless of the sum they have contributed. Decisions are always made by members.
- **Education, Training and Information:** Cooperatives must provide education and training to their members. Additionally, cooperatives provide information and education to the public about the nature of co-operation.

## Cooperative Model

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- **Cooperation among Cooperatives:** Cooperatives are autonomous organizations, but they work together to facilitate communication across cooperatives and strengthen the cooperative movement.
- **Concern for the Community:** Cooperatives must be responsible partners for their communities. Decisions must benefit the larger community.

The principles provide the foundation for most cooperatives due to the variability and goals of each cooperative.

### Establishing a Cooperative

The first step to create a cooperative is to form a steering committee to gauge the interest of the businesses in the district. It is important that there is enough interest to pool the necessary resources together to invest and create capital for the initial startup of a cooperative. Next, the cooperative must file their articles of incorporation stating the cooperative's name, location of the business, duration of existence, capital structure, and statement of purpose. Approval is given through the state business entity registration office, which would be the Minnesota Secretary of State for the purpose of this project. Following the submission of the article, bylaws must be created listing the requirements for membership, duties, responsibilities and operational procedures. It provides the guide for the smooth operation of the cooperative. An attorney should be consulted to verify that the bylaws comply with state laws. Afterwards, membership applications are accepted and are legally verified as an official part of the cooperative. The membership application should include the applicant's name, signatures, and member rights and benefits. The first meeting should hold discussions on amendments to the proposed bylaws followed by a vote to adopt the bylaws. If no Board of Directors were named in the articles of incorporation, a Board of Directors must be selected during this first meeting. The final responsibility of the cooperative is to secure an Executive Director.

### Purpose

A cooperative is a economic and development tool in which those who are impacted most are the member owners without intervention from outside sources. It is created to help business and community members without the necessary resources who by themselves would not have the leverage or means to accomplish the desired results. It is a platform to build social capital in poor and disinvested communities by utilizing strengths and improving on their weaknesses toward a sustainable and economically improved community.

### Operation

Once a cooperative has been established and incorporated, the Board of Directors must be elected from the members. Afterward, a manager must be selected to organize and manage the new agency. Members must actively participate for the smoothest operation of the cooperative and to ensure that the cooperative effectively supports the community.<sup>40</sup> The operation of the cooperative should benefit its owning and controlling members.<sup>41</sup>

### Funding

The main funding source of cooperatives is its membership fees. Cooperatives must be creative in acquiring funding sources, such as seed money, grants, and private investments; however, due to their for-profit status, cooperatives do not qualify for many foundational grants. There are foundations and other organizations that specifically support cooperative initiatives through services, grants, and loans such as the Cooperative Development Foundation, the Cooperative Foundation, and the National Co-op Bank Development Corporation among many others.<sup>42</sup> In addition, cooperatives generate revenue through member products, services, and organized events. The allocation and distribution of profits or surplus of a cooperatives are decided by the bylaws and constitutions of the cooperative.

## Accountability

Cooperatives tend to have a better reputation of being closer to the community, and generally generate more trust and accountability than traditional investor owned corporations.<sup>43</sup> Within the cooperative, the Board of Directors are held most accountable, since they represent the views and opinions of the members. The bylaw and documents clearly define what is expected of the Board Members and the cooperative.

## Projects

### *Economic Development*

Janitor Cooperative was formed at the request of the labor union, on behalf their employees, for the Latino Economic Development Center (LEDC). The 40 members purchased membership stock at \$500 each. The generated capital were invested towards the purchase of equipments and funds seeking new contracts.

The LEDC also was influential in the creation of public markets (Cooperative Mercado Central, Plaza Latina and Global Market) in the Twin Cities. One of the markets that the LEDC helped to support an initial startup consisting of 47 members. The members purchased stock at \$1,000 each, which was further matched by an organization for a total of \$94,000 for the initial startup capital of the cooperative.

### *Revenue Generating*

Festivals and events can be utilized to generate funds to support the cooperative and the member owners' community. Another method where revenues are generated is through bulk purchasing. These revenues are then either used to further support the cooperative operation or are equally dispersed to the members.

## *Commitment to Community*

Cooperatives can provide employment to community members for services such as street sweeping and garbage removal. By investing in their own community, the flow of money stays local and the cost of services are lower than through the city public works department or another organization. This model provides the flexibility to meet the needs of the member owners communities most pressing needs. With the approval of the Board of Directors, funds can be used towards supporting the community needs.

## Advantages of a Cooperative

- *Taxed Less.* Incorporated cooperatives are only taxed once. The membership surplus earnings are not taxed.<sup>44</sup>
- *Cost Saving.* By leveraging the economy of scale of participating members reduced cost can be achieved. Cost savings can be achieved with wholesale purchases, marketing, and coordinated services.
- *Volunteer Base Membership.* Members choose when they want to join and leave the cooperative, providing the flexibility to gain benefits when they choose.
- *Democratic Organization.* The cooperative is owned by the members and created based on the members need. Therefore, the corporation is run by those who understand how to serve in the best interest of the members. In addition, every member has one vote of equal weight regardless of the number of stocks a member has obtained.
- *Strengthen Interpersonal Skills.* Participation in cooperatives improve members self-esteem in turn by allowing opportunities to improve verbal communication and listening skills, assertiveness, decision making, and problem solving.<sup>45</sup>

## Cooperative Model

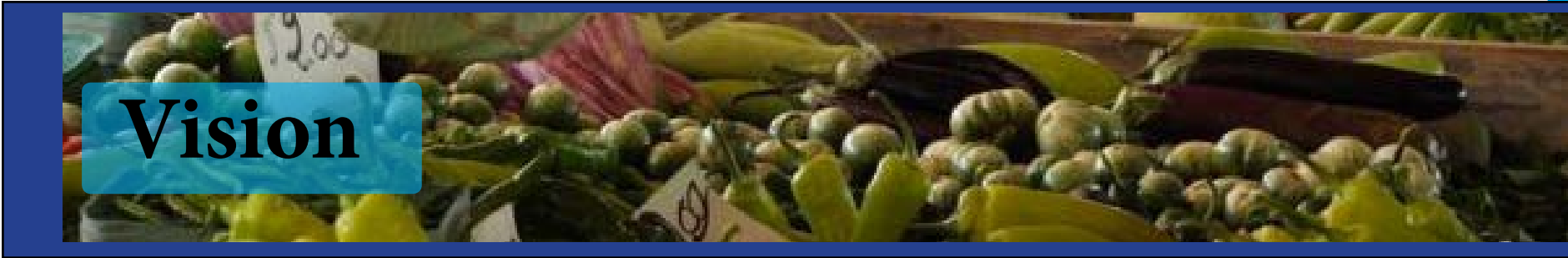
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- *Improve Social Relations.* Cooperatives provide a medium for businesses and community members to gather and become more familiar with one another, thus building trust.
- *Ability to Dissolve.* There is no penalty for a cooperative to dissolve, as long as all debts are paid and equity returned to paying members.<sup>46</sup>
- *Concern for the Community.* The structure of how cooperatives behave and the membership enables cooperatives to effectively address community needs through policies and programs.<sup>47</sup>

### **Disadvantages of a Cooperative**

- *Lack of Capital.* Obtain capital in the first few years maybe an issue due to the lack of members as a source of capital. Large businesses may choose investments where they have more decision power, where equal vote is more appealing to small business owners. Additionally, as a for-profit corporation, cooperatives do not qualify for many grants.<sup>48</sup>
- *Participation.* In order to operate at maximum capacity, members must stay involved. In addition, members must be confident in voicing their opinions.
- *Small Membership Numbers.* With the ability for members to leave and join as they see fit, there is potential to have very few members at any given time. Also, the initial start of a cooperative have very few members.
- *Dependency.* Individuals may become accustomed to working as a team and become unable to effective work alone.<sup>49</sup>

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Not so long ago...Little Mekong, along with dozens of other businesses along University Avenue, rebranded itself as a uniquely and nationally recognized ethnic hub in the Twin Cities. The area was fortunate enough to have the opportunity to develop into a successful and thriving Asian business district by strategically utilizing the then newly operational Green Line.

Like the shared folklore of a dragon that sleeps deep in the Mekong River of Southeast Asia that has tied these Southeast Asian business and property owners, and its community members, the district has finally shown its true beauty and allure of being distinctly Asian; distinctly part of the Twin Cities; and distinctly unlike any other Asian or ethnic districts. Those businesses that have stayed and endured the construction of the Green Line twenty years ago have persevered and are now thriving. Alongside these businesses and properties are new businesses and buildings that offer additional charm and aesthetic to the rich Asian culture of the district. There is steady pedestrian traffic from dusk until dawn; with retail shops, activities, events, and festivals that illuminate the night sky of all the imaginable colors you can think of and some you of which you can only dream. This is Little Mekong, where the land of 10,000 lakes has secretly hosted a sleeping dragon!



Image 6. Vietnamese Dragon Dance

Source: <http://www.tourtovietnam.net/travel-news/festival-brings-vietnamese-culture-to-international-friends/>

*the future...*

On a fall afternoon in this future twenty years from now, a student arrives on the University of Minnesota - Twin Cities campus. New to the area, she decides to see explore what the Twin Cities have to offer. She conveniently lives in student housing situated next to public transit and has the options of taking the bus or light rail. She decides to take the light rail and heads east towards the City of Saint Paul. Without a destination in mind, she plans on stopping at whatever destination might catch her attention. As the light rail nears the Western Avenue Station, there is evidence of increased pedestrian traffic, and upon the doors opening at the station she hears music and laughter. Barely escaping the closing doors, she is introduced to the rich and potent odor of aromatic spices: ginger, garlic, and lemongrass. As she takes a second to breathe in these scents, she notices that there is an open market of vendors selling various items from clothing to herbal medicine to food representing several countries spanning across Southeast Asia as well as a few others. Walking through the crowds, she spots a food vendor and purchases some American comfort food: Asian fried rice and egg rolls. She finds it hard to believe, but she thinks to herself that these are the best egg rolls she has ever tried while watching traditional performances dressed in gold with matching gold headdresses in the open air auditorium. As the night creeps up on the crowd, she hears the crackling of fireworks against the night sky.

On this same afternoon, a family of three also steps off the same train into Little Mekong excited about the night market. It's their first time here, and with a hungry but very picky 4-year-old daughter, they decide they must find a restaurant soon. They happen to see a illuminated kiosk listing different businesses in the district, including restaurants. They pick two restaurants, just in case the first is full. As they reach the first restaurant they see through the large, clear windows that there is a long wait, which is not in their best interest having a hungry child. The second restaurant happens to be located



next to a open space with people laying on blankets reading and musicians lost in their own thoughts composing music . They happen the same vendor as the student but they decided to purchase something more distinctly and traditional Southeast Asian dish called laab: a type of minced meat salad with thai basil leaves, green onions, and just one thai chili pepper. As the parents finish their dinner, their daughter can be seen playing around the open space, rolling around green grass along with the other children. The exotic art pieces catch the children's attention. They climb up to the statue of Buddha and rub its belly and laugh. As the family of three heads towards their destination, the night market, the restaurant owner hurries over and hands their daughter a bubble tea, for which they thank him and wave goodbye.

Although a restaurant owner haphazardly runs around his shop to serve all his customers while witnessing the long lines, he still sees the family of three leave for another restaurant. He thinks to himself that this Night Market seems to be busier than ever, maybe its the students returning to school or it might be the newly opened Asian Center just across the street. With a minute to spare, he takes a step outside and, looking up and downtown the street, he sees people of all ages and ethnicities. As the lamp lights start to flicker on, he can hear the start of a new performance from the outside auditorium. He looks across the street to the new herbal store owner and provides a friendly gesture with a wave of his hand and smile. The new building in which her herbal shop is situated replaced an old building that had been there since he opened his business shortly after immigrating to the U.S. He can clearly see through the large windows that the new owner has been busy as well. As he turns around to get back to work, he touches the old rough walls of his building and thinks about expanding, but only here in the presence of a thriving community. This is where there are friendly faces, a community of trust, and where he helped cultivate the culture and identity of the area so long ago.

The vision for the Little Mekong District is to grow into a vibrant ethnic hub along the Green Line corridor. The district will be a mix of existing and new authentic Asian restaurants, Asian cultural centers, retail stores and bigger chain businesses with seasonal festivals and events. With an increase in pedestrian traffic brought in by the Green Line, new businesses are expected to move into currently vacant buildings and lots, creating additional economic opportunities for current and future residents. The physical appearance of the district will be enhanced and beautified as increased profit margins for existing businesses and the additional profits earned by new businesses are invested into the streetscape amenities and building façades. The district will evoke and celebrate the unique cultures of different Asian ethnic groups through the physical environment of Little Mekong District. A vibrant nightlife will be stimulated by open air night markets and various cultural and art events operating in a secure, safe, and inviting environment. People from various backgrounds and ethnicities will be welcomed to congregate here in order to experience the authentic Southeast Asian food like the traditional Vietnamese soup Pho or American classic comfort food like Lo Mein, and unique Asian culture.



Image 7. Night Market

[http://www.tripadvisor.co.uk/LocationPhotoDirectLink-g293924-d1177507-i18569018-Night\\_Market-Hanoi.html](http://www.tripadvisor.co.uk/LocationPhotoDirectLink-g293924-d1177507-i18569018-Night_Market-Hanoi.html)



Image 8. Family-Friendly Festival

Source: <http://all-that-is-interesting.com/the-breathtaking-thai-lantern-festival>

The business owners in the district will have a strong sense of identity as members of Little Mekong will exercise their ownership in the district to positively contribute to improvements as well as feel that their membership is a vital influence in decision making processes. The customers will have a positive image of Little Mekong as a cohesive district where they can experience authentic Asian food and culture.

# Action Plan



## Action Plan

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In order to achieve the above vision, the physical appearance of the district needs to be enhanced and beautified, which is expected to occur through the investment of increased profit margins for businesses into the streetscape, amenities, and building façades. The district will continue to utilize its distinct branding and identity by evoking and celebrating its unique Asian culture. Findings from interviews indicate that business owners and AEDA are supportive of environmental and capital improvements to the District in order to encourage increased pedestrian traffic that may yield potential customers, but the successful implementation of a Business Improvement District (BID) will be difficult to achieve given the unique combination of challenges facing the Little Mekong District.

Therefore, it is necessary to develop a creative approach that will be able to adequately address these challenges while playing on the district's strengths. As the cooperative and BID models support and compliment one another, a dual model approach is recommended to help the district successfully achieve the realization of a sustainable and inviting area for all. This approach will be implemented through two phases: Phase I - Creation of a Cooperative and Phase II - Dual BID/Cooperative Model.

In Phase I, a cooperative will increase the Little Mekong Business District's capacity to transition towards the implementation of a BID by building business capacity through strategies designed to strengthen the business community, create a sustainable economic environment, expand district boundaries, and instill a shared sense of concern for the community.

Even with the efforts that AEDA has invested in promoting the branding of Little Mekong to business owners, many still do not understand why they should actively participate in the district's branding and marketing strategies. While many business owners located to the area because of the cheap rents and the predominant

Asian ethnic commercial identity, there is a disconnect between business owners and the wider community. The size of the district also must be addressed to ensure that there is a sufficient number of businesses to generate enough funds through special assessments to make a noticeable impact. Lastly, a cohesive business and property community must be developed to foster buy-in and support for a more complicated BID model.

Thus, Phase I is designed to create a cooperative before launching a BID. A cooperative is a model in which the current businesses could benefit through attainable short-term goals designed to strengthen the economic environment. Businesses would be able to collaborate together to reach an economy of scale where their purchasing power will be enhanced and result in cost-savings. This model also has lower capital due to the nature of a volunteer based membership and may be more amenable to skeptical business and property owner concerns until a critical mass of support can be fostered.

In Phase II, a BID will be implemented after the successful establishment of a cooperative. By this point in time, the boundaries of the district should be expanded enough to incorporate an area that is able to generate sufficient funds to support more projects and possibly even large-scale projects. In this stage, both models utilize their respective strengths to work toward the vision by employing strategies that first focus on the improvement of the physical environment and second on business conditions, including branding and marketing.

### Phase I: Creation of a Cooperative (Years 1 - 5)

The creation of a cooperative will employ certain strategies to strengthen the business community, provide a sustainable economic environment, increase net business profits, expand boundaries, and instill a shared sense of concern for community. This phase provides the local businesses with economically attainable short-term goals to economically and successfully utilize the Green Line Light Rail. The goal is to increase business net profits faster than the increase in property values and rent while organically instilling a collaborative mentality amongst business and property owners to ensure a sustainable district. Coupled with generating support and interest from outside businesses, organizations, and investors, this phase will provide the necessary foundation to successfully expand its services and criteria to create a Business Improvement District.

#### *Create a Cooperative*

Step 1. Steering Committee

Step 2. File Articles of Incorporation

Step 3. Creation of Bylaws

Step 4. Membership Application

Step 5. Conduct First Meeting

Step 6. Electing a Board of Director

Step 7. Hiring of Community Organizer

#### *New Entity*

A cooperative is a for-profit corporation, therefore, obtaining the necessary initial startup capital may be an issue without enough members. The cooperative should be created as a separate entity from AEDA. AEDA would act as a quasi-grant giving agent through partnering in development projects. In addition, the cooperative would benefit from working with other organizations such as the Hmong American Partnership, Latino Economic Development Center, and Neighborhood Development Center to strengthen and build capacity of the operation and projects of the newly created organization.

Additional funding sources to support a cooperative could come from seed grants. The funds would support in the organizational and administrative activities until the cooperative is sustainable through increased memberships. Capital improvement grants can be applied to help improve the infrastructure of the District, for example the Saint Paul Neighborhood STAR Program. In addition, by collaborating with other business associations the cost for certain programs and events can be shared. These are the basic steps to officially be recognized as a cooperative within most states. Additional steps is obtaining licenses and permits related to the type of cooperative.

### Strategy 1: Strengthen the Business Community

The cooperative model would support and sustain current and future businesses. As a defining characteristic of a cooperative, the ability to join and leave as businesses see fit would benefit the Little Mekong Business District by not enforcing participation but rather volunteered memberships. Initially, only a handful of participants, about 5 to 10 businesses, would join as the champions of the process, providing the positive energy necessary to increase memberships. This opportunity would also allow business owners to collaborate and achieve success together by building trusting relationships and a more cohesive business community. As business owners see the positive economic impacts of the cooperative, more business owners would join and increase the funding pool of the cooperative through membership fees. As the District becomes more economically successful, the business association will be able to promote and market themselves to other cooperatives and organizations to collaborate and share knowledge. This can be achieved through the following steps.

#### *Step 1. Building Community Identity through Organized Social Events*

The businesses of the Little Mekong Business District do not share a common bond through the predominantly Southeast Asian business district but the sense of community ends here. In order to encourage a mentality of collaboration versus competition, relationship building must be strengthened. AEDA has initiated this process and the Cooperative, along with AEDA, HAP, and other nonprofits located in the district, could continue this work by promoting organized gatherings and social events.

Events should be hosted in open spaces where each business owner can interact with each other, such as an outdoor food festival and competition that features South Asian ingredients. Celebrating a shared heritage and providing opportunities for face-to-face interactions between business owners could strengthen their cultural

and emotional bonds and sense of community.

After the establishment of a more cohesive relationship between business owners, the social events should be expanded beyond the boundaries of the District to reach more businesses and grow the business community. Such social events could be organized by the manager of the co-op or staff from AEDA. The cost of such events should be very low since food would come from the business owners. Any additional costs should be covered by the co-op.

#### *Step 2. Establishing Partnerships through Collaboration with other Organizations*

Building relationships with business and property owners, and other organizations, such as AEDA, HAP, and the Latino Economic Development Center (LEDC), to promote and develop Little Mekong businesses is vital to ensure economic success. Together, collaborative action can generate effective relationships that strengthen the growth and development of the district. Building a collaborative relationship with an established cooperative, like the LEDC, would provide valuable knowledge and experience towards a successful cooperative geared toward minority and immigrant businesses.

To successfully build relationships, the Community Organizer must have good public relation skills. There are three key points to establishing good public relations:

Foster positive relationships with economic and community development agencies and nonprofits to build capacity and opportunities to partner on joint projects and services  
Promote, market, and access new businesses and industries to effectively negotiate with new and old businesses in the district  
Build community trust to increase memberships, create greater economies of scale for purchasing, and to encourage business owners to view each other as part of a greater community rather than the competition

### *Step 3. Improve Business Knowledge through Education and Training*

The Cooperative should partner with HAP and AEDA to effectively provide training and workshops on finance, accounting and marketing methods. In addition, workshops should be presented to introduce how cooperatives operate and the importance of its members and a strong business community.

Due to cultural and language barriers and a lack of resources and staff, these ethnic oriented small businesses cannot afford to independently seek out job training opportunities. Therefore, the tailored support and education by a third party is important. With additional funds, whether from an increased tax base, membership fee, or grants, the District could actively organize business training programs that are affordable for the small business owners.

### **Strategy 2: Create a Sustainable Economic Environment**

A major factor for Asian businesses locating in the Little Mekong Business District is the proximity of other Asian community and businesses. With such a concentrated group of minority and immigrant business, one might expect that certain barriers to success would be reduced but language and cultural barriers still exist. The Community Organizer and Cooperative would become a mediator or broker to help navigate and reduce the barriers to access resources, new markets, and business knowledge. In this role, the Community Organizer focuses on business activities such as negotiating lower prices for goods and services.

### *Step 1. Attract more Customers through Organizing Cultural Events*

Cultural and community events are great opportunities to promote the businesses to people from outside of the community. Cultural events that promote the unique Southeast Asian identity of the district would

distinguish the district from other areas in the Twin Cities. AEDA is currently working with the district on a new event, the Little Mekong Night Market. The success of this event will benefit the business owners of the district through spillover of the increased pedestrian traffic to the area. It will also promote the use of the Green Line by coinciding with the opening of the light rail on in June 2014. Similar events should be continuous to sustain the traffic and increased awareness of the diverse and unique identity of the area.

### *Step 2. Generating Profits through Economies of Scale*

Business owners will have the opportunity to join and contribute to cost-savings and short-term attainable goals with positive economic impact. The cooperative would be able to leverage the economy of scale of the collaborative efforts of business owners for purchases of goods. The Community Organizer should be able to effectively and successfully negotiate with wholesalers as well maintenance service providers and accessing new resources for cost savings.

Additionally, the Cooperative can create and host festivals and events to generate funds, as well as to promote, market, and generate pedestrian traffic to businesses in Little Mekong. Profits could be generated through entrance fees ranging from \$5 to \$10 depending on the event. Vendors fees would also provide additional net profits. The new funds could be distributed back to the members of the cooperative or put towards the operation of the cooperative based on the collective decision of the Board of Directors.

## Strategy 3. Expand Boundaries

The district will look to expand its boundaries or service areas to increase participants of the cooperative and their economy of scale. In this transitional phase from a geographically small area to a larger Map 6. Current Little Mekong Business District Boundary (.5 Mile).

area, new relationships will have to be created with businesses and nonprofit agencies. While the cooperative would not be inclusive to just the Little Mekong Business District boundaries, this step will encourage more participation towards the goal of a Business Improvement District.



 Little Mekong Business District  Western Ave Light Rail Station

Map 6. Current Little Mekong Business District Boundary (.5 Mile).



 Little Mekong Business District  Western Ave Light Rail Station

Map 7. Potential Little Mekong Business District Boundary (1 Mile).



## Action Plan

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The co-op should provide necessary positive economic supports for outside businesses along University Avenue to build trust in the cooperative model. The business association should assess the outside businesses owners to better understand if the success of Little Mekong has generated enough interest to expand and increase memberships of the cooperative to increase access of outside business owners to the economic success of Little Mekong and be integrated within the boundaries or service area of the Little Mekong Business District.

The Saint Paul stretch of University Avenue, from Rice Street to Dale Avenue, is unique in its high concentration of Asian businesses. This provides the Little Mekong Business District potential to expand from its current five block area, which is approximately half a mile between Galtier Street and Mackubin Street. Expanding east toward Rice Street and west toward Dale Street increases the service area to nine blocks, which is approximately one mile.

The higher concentration of non-Asian businesses is not expected to dilute the Little Mekong's identity or culture as long as it is careful packaged and balanced with these other businesses. The branding efforts of the current boundaries could be easily integrated with the expansion from this high concentration of Asian businesses.

### **Strategy 4: Concern for the Community**

A cooperative could help support the community based on the concerns of the members and their needs. Depending on the amount of revenues generated, funds can be used towards reducing community concerns. Events and workshops can be utilized to bring awareness and raise funds based on the issues at hand.

The Cooperative can utilize local community members to maintain and service the district. In this way the flow of money will stay in the community. Depending on the service type, the Cooperative could create a new business service that could be contracted to the Greater Twin Cities.

### **Phase II: Dual Business Improvement District/Cooperative Model (Year 6 - 10)**

With the first Phase completed, there should be enough business and property interest in advancing the district with its expanded areas into a Business Improvement District (BID). The business and property owners should have a sense of how they can positively impact the district through participation and collaboration with one another.

The district may continue with a Cooperative model or choose to implement a BID model to support the continued success of the district and improvement to the District environment. If a BID is chosen, it will primarily focus on the implementation of capital improvements to enhance the environment of the business district. A Dual BID/Cooperative model would support capital and environmental improvements, and for business economic sustainability.

### *Create the Business Improvement District*

1. Contact the Department of Small Businesses to petition for a BID<sup>50</sup>
2. Form a Steering Committee
3. Hold a Steering Committee Meeting
4. Develop a database of the businesses and property owners
5. Conduct needs assessment survey to the business owners/ property owners
6. Draft Little Mekong Business District Plan
7. Send informational of BID to businesses and property owners
8. Hold open meeting
9. Document result for Support gathering: vote 65% property owners within boundaries Suggest 80% vote for BID to ensure large majority support from property owners
10. Submit results and documents of the Department of Small Businesses

### *Dual Model Board of Directors*

The formation of the Board of Directors should have at least 2 Board of Directors from the Cooperative and vice versa or have them present at all Board of Director meetings to reduce redundant service provision. By having representatives present from each agency, the membership stock cost and BID assessments should be able to reflect having two business models compliment each other, rather than competing.

### *AEDA as BID Agency*

We recommend AEDA to absorb the operating and managing responsibilities of the BID, rather than the creation of a new agency. AEDA already has support and relationships with

would support their efforts. At this phase, they should have built relationships with the cooperative and would clearly understand the roles of both agencies.

### *BID Hiring*

A BID Coordinator should be hired to focus on the success of the BID. The salary should be approximately \$75,000. AEDA could do an external hire or promote a staff member as the BID Coordinator.

### *BID Funding*

The main funding of Little Mekong BID would come from tax assessment of the properties within the district. Each property owner pays an extra 3% of their current annual property taxes.

### *Strategy 1: Improve the Physical Environment*

The disinvestment in the District before the creation of the Green Line has resulted in aging and deteriorating structures reinforcing negative perceptions in terms of safety while detracting from the aesthetic of the physical environment. Using the funds generated from the BID assessment, the district can improve and rehabilitate its existing structures. The improvements would provide a more welcoming and safe environment to pedestrians, which could increase foot traffic in the district. With the addition of the increased street lighting installed along University Avenue and improved infrastructures, the negative perceptions of the Little Mekong Business District as unsafe can be abated.

### *Building Appearance*

Capital improvements are one of the most impactful aspects of a BID. BID funds can be used for the facade improvements in certain cases. The BID may not be able to generate enough funds to support these improvements in its first few years but the Cooperative may be able to leverage lower improvement costs. Vacant lots will also be restored and revitalized to provide a sense of cleanliness and care. These vacant lots could also be purchased by the BID and transformed into green space to be used for events, community gardens, and recreational parks. In addition, graffiti may be removed with BID funds. These improvements would make the district more inviting and increase the perception of safety in the area.

### *Streetscape Improvement*

Improving the visual environment of the district is essential towards creating an artistically diverse atmosphere. Art pieces can be displayed throughout the district's open spaces, showcasing local artists from the Frogtown area by collaborating with Universities, art organizations, and local artists. Flowers can also be utilized in front of storefronts as well as open spaces. Flowers can be an aspect of the Cooperative where only those businesses who want flowers benefit.

To decrease street clutter, the district can create an ordinance to limit the amount of restaurant sandwich signs by enforcing a permit for the use of the signs. Also, an ordinance should be created to regulate business signs to be more unified. Businesses can utilize the BID funds and resources to change their signs to comply with the new ordinance, and the ordinance should give the business owners at least 2 years to provide ample time to comply. Cooperative members can pool their resources together for a larger order of signs for cost savings.

An important aspect of the district is for patrons to be able to effecting locate businesses. Kiosks should be located throughout the district along both sides of the Green Line. These kiosks should reflect the cultural and artistic identity of the district to further add a distinct feel to the area.

### **Strategy 3. Improve Business Conditions**

To strengthen the business environment, there must be strong indicators of high rates of foot traffic into the area as well as an increasing and sustainable economy.

#### *Private Investment*

As the economy of Little Mekong becomes more successful the number of vacant properties should be reduced by attracting private developers. The creation of the Cooperative and BID, reduced barriers and access to businesses success, proximity to the Green Line, and capital investments to the Little Mekong Business District will show strong support for business growth and development. With AEDA and HAP providing supports for startups, the rate of success for startup businesses should increase. A Cooperative would also support these startups by providing the economy of scale to make small purchases through the pooling of other member resources.

#### *Safety*

An ambassador or patrol program will enhance public safety and strengthen social capital throughout the community. The Little Mekong District has a negative image of high crime rates and robberies. Crimes and robberies prevent people from visiting and lead to a loss of customers. Having ambassadors walking the district will help reduce the rate of crime and robberies

# Action Plan

## Festivals and Events

A BID would support cultural festivals and events and become a major and defining aspect of Little Mekong Business District. One of the key successes of Little Mekong has been its strong Southeast Asian culture. Festivals and events geared towards the cultural aspect of the District would draw large numbers of people to the area. With the Green Line, these festivals and events would be easy to access, locate, and attend. Ongoing events, like the Little Mekong Night Market and Open Streets, could be expanded upon to increase customer traffic and the success of both the event and business owners.

Both the BID and the Cooperative can provide festivals and events. The key difference between these models is that BIDs would provide festivals that are catered to the public as a free event while the Cooperative, as a for-profit organization, would focus on events that generate revenues.

## Family Place

With the perception of the area as unsafe, families tend to stay away. Improving the environmental structures through capital improvements, the creation of green space, clean streets, and improved safety, families would invest more time into the district. Festivals catered to families would present the district as an inviting, exciting, and engaging experience.



Graph 1. Timeline of the proposed Little Mekong Business District action plan.



# Conclusion

# Conclusion

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## Recommendation

### *Utilize Business Improvement District Model to Reduce Gentrification*

While the issue of business being priced out due to the increased rents and property value is a real concern, Little Mekong has the opportunity to strengthen businesses and properties along the the light rail so that they may maintain their operations. Although gentrification is inevitable, it is important to help the local businesses, who transformed this one divested area in a unique place, keep their locations in the Little Mekong business district.

### *Implementation of Dual BID/Cooperative Model*

The Dual Model provides two models that help improve the district in different ways. The BID model provides improvements to the environment by way of capital improvements and increased safety while the Cooperative provides business improvements through cost savings and economy of scale, as well as community support. Both models would provide support for one another and will greatly gain and enhance the success of the district.

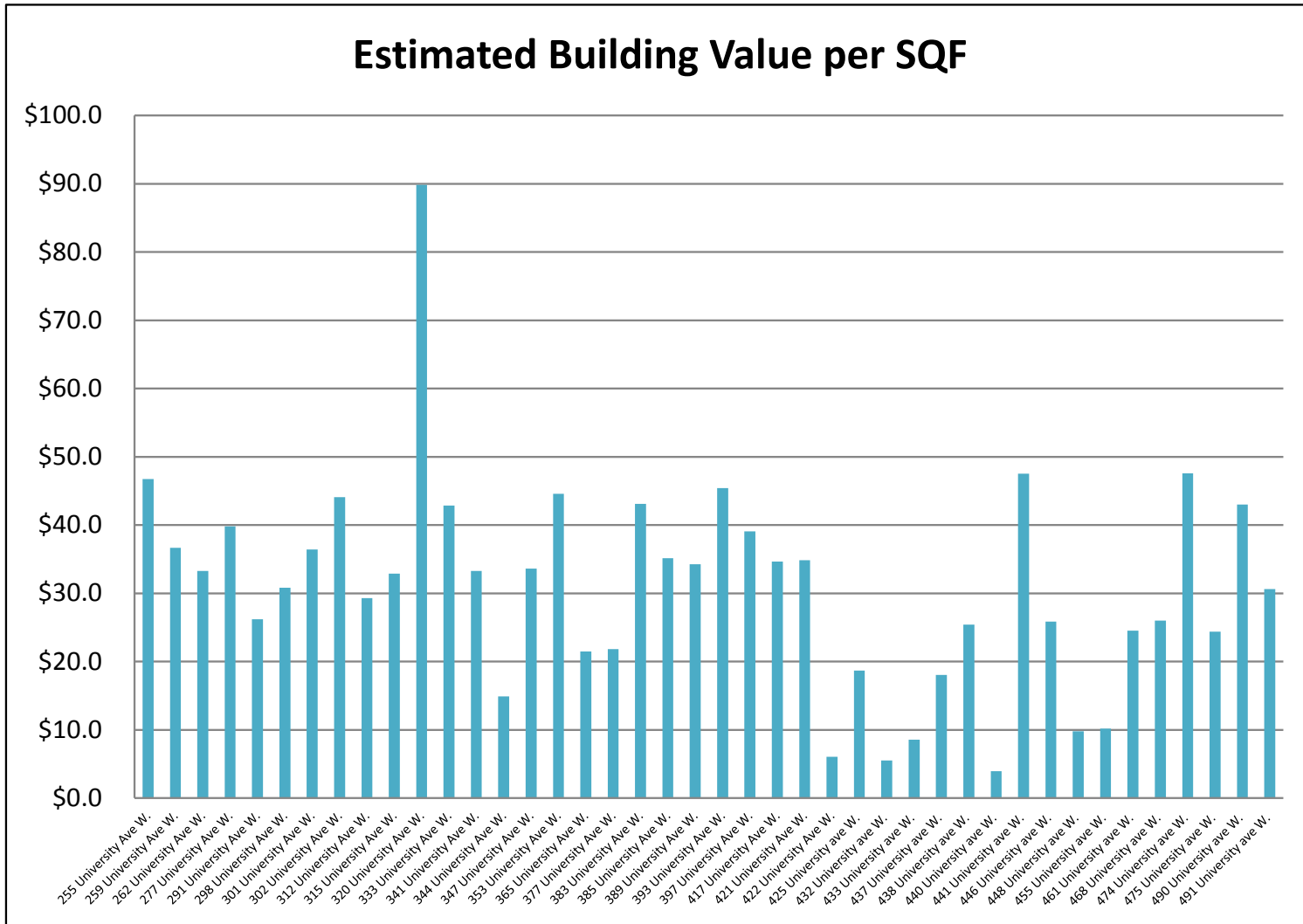
While the Cooperative Model is suggested to build a sense of business community, instill a collaborative mentality, expand the district boundaries to support a BID, and support the greater non-business community, it may be possible to start with a BID in year one. However, without a Cooperative to mitigate existing weaknesses and challenges, the BID would be smaller in size with minimal impact until expanding the boundaries.

### *If Little Mekong Business District Continue Without Any Changes*

The proposed strategies are recommended to support the district and sustain the businesses and identity of the Little Mekong Business District. If neglected, many local businesses that have been operating for over 30 years may decide to leave due to increased rents caused by the the completion of the Light Rail. The district faces gentrification and either the reduction of authenticity or complete loss of its ethnic identity, which would make room for big box retail stores and destroy the appeal of the district as a unique ethnic hub in the Midwest.

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Appendix 1.



Source: Ramsey County



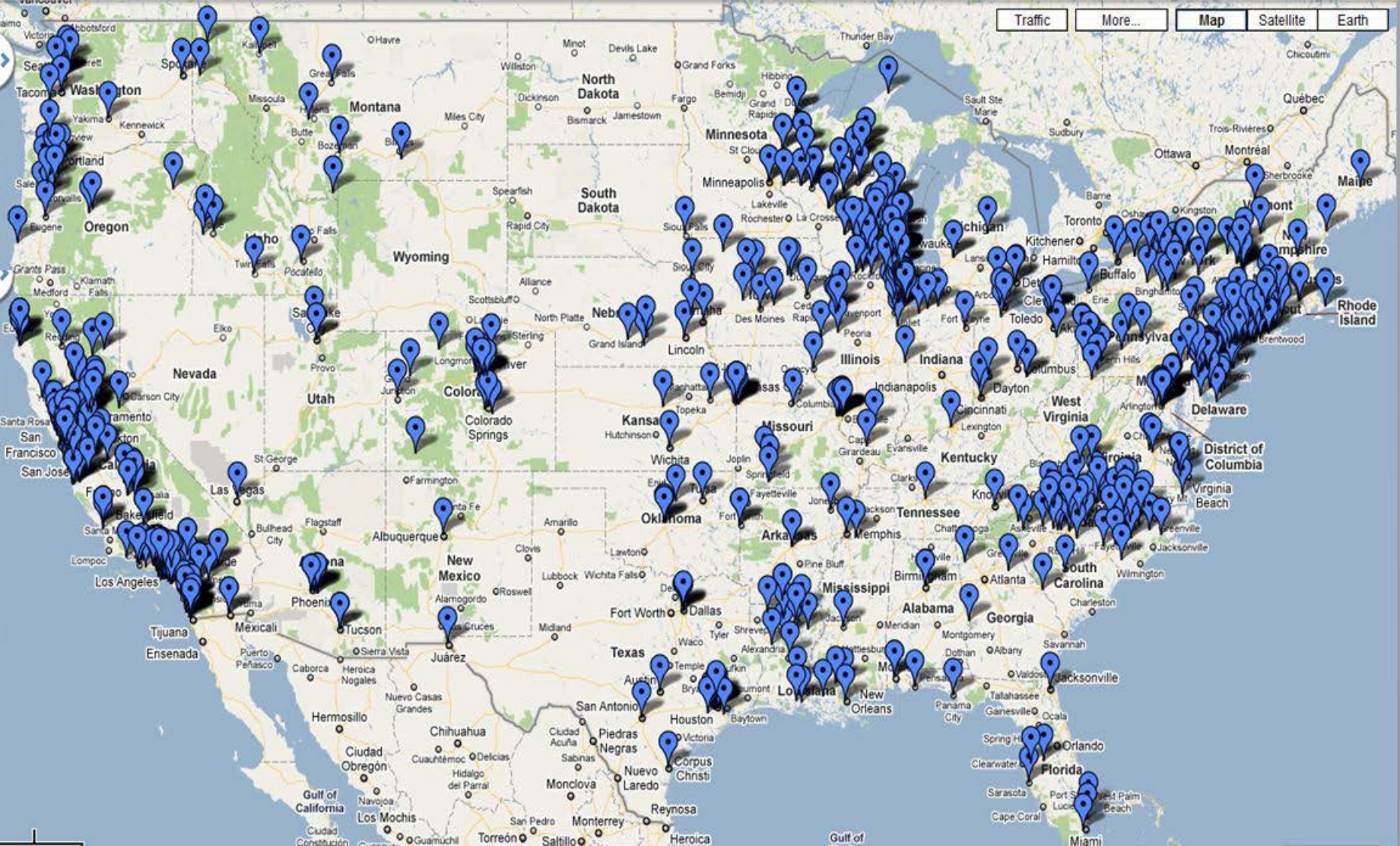
## Appendix 2.

SWOT/C ANALYSIS AND MATRIX	STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>• Unique and authentic cultural experience for both Asian and non-Asian patrons</li> <li>• Supportive nonprofit organizations as partners and advocates</li> <li>• Multimodal transportation accessibility</li> <li>• Density of ethnic businesses with similar needs and desires</li> <li>• Annual festivals and events that market the district's identity</li> </ul>	<ul style="list-style-type: none"> <li>• Vacant properties and structures</li> <li>• Aging and neglected buildings</li> <li>• Insufficient litter and garbage control</li> <li>• Majority of business owners are renters</li> <li>• Low disposable income for both business owners and surrounding residential population</li> <li>• Constrained business knowledge and skills</li> <li>• Limited parking availability</li> <li>• Weak social capital and community cohesion</li> </ul>	
OPPORTUNITIES	S/O STRATEGIES (EXPLOIT)	W/O STRATEGIES (EXPLORE)
<ul style="list-style-type: none"> <li>• Additional visitors and expanded customer base attracted by the Green Line</li> <li>• Increasing private TOD interests as surrounding land becomes more valuable</li> <li>• Build business owner partnerships</li> <li>• Future Asian American Cultural Center may attract additional investment and more affluent Asian American patrons</li> </ul>	<ul style="list-style-type: none"> <li>• Marketing aimed at new Green Line ridership highlighting opportunities to experience authentic Asian culture and cuisine in order to increase profits</li> <li>• Work with nonprofit partners to leverage government support for the district and small businesses</li> <li>• Organize in support of the development of the Asian American Cultural Center</li> </ul>	<ul style="list-style-type: none"> <li>• Increase disposable income of businesses with expanded customer base supported by Green Line ridership</li> <li>• Use nonprofit partners and future government support to leverage private development in order to reduce vacancies</li> <li>• Build business owner partnerships to strengthen social capital and community cohesion</li> </ul>
THREATS/CHALLENGES	S/T STRATEGIES (CONFRONT)	W/T STRATEGIES (AVOID)
<ul style="list-style-type: none"> <li>• Ethnic and racial tensions with historic Frogtown population</li> <li>• Cultural and language barriers with potential visitors</li> <li>• Competition with other ethnic markets</li> <li>• Business gentrification as rents become less affordable</li> <li>• Slow business and profit recovery after Green Line construction</li> <li>• Uncooperative property owners</li> <li>• "Disneyfication" of ethnic Asian cultures</li> <li>• Small geographic area of district with low building density</li> <li>• Negative perception from the general public, including diminished public safety</li> <li>• Uneasy relationships with local government</li> </ul>	<ul style="list-style-type: none"> <li>• Utilize nonprofit expertise to foster positive partnerships with other ethnic districts, creating a collaborative and geographically expanded pan-ethnic district</li> <li>• Future development of the Asian American Cultural Center may ease racial and ethnic tensions through educational exhibits and events as well as slow or even prevent "Disneyfication"</li> <li>• Utilize events and festivals to introduce the cultures of the district to outsiders to reduce cultural and language barriers</li> <li>• Cultivate property owner and renter partnerships</li> </ul>	<ul style="list-style-type: none"> <li>• Existing businesses may relocate due to increasing rents and increased competition with other markets</li> <li>• Uncooperative property owners may encourage business gentrification by raising rents to attract more profitable businesses</li> <li>• Weak social capital, vacant properties, aging buildings and littered streets contribute to the negative perception of the district</li> <li>• Potential for infill and redevelopment combined with business gentrification could lead to the "Disneyfication" of the district in which the authentic Asian culture is reduced to a commodity and not an experience</li> </ul>

## Appendix 3. Business Interviews

Business:	XX Alterations	
Person Interviewed:	Owner	
Questions		
Business		
1. Tell me about your business and how you decided to locate here? Why did the district attract you?		Large population and heavy traffic
2. Where do you see your business in the next 5 or 10 years? Why?		Want to see more consumers, more businesses, and property improvements
Little Mekong		
3. What do you know about the Little Mekong Business District?		Have not heard about Little Mekong
4. Do you know one or more cultural events held in Little Mekong District? If so, have you participated in any of these events? What cultural events do you think have been most successful and make the district unique? How did they work?		Do not know
5. What challenges do you think businesses in Little Mekong District are facing that slow the growth of business and reduce profits?		Not enough parking space
6. What improvements would you like to see most in the district?		Improve physical environment. Better signage (too small to read at this moment). City needs to fund small businesses (such as low interest loan)
Community Economic Development Strategy		
7. How do you think the businesses in the district can attract more consumers and increase profits?		More businesses and more jobs
8. Would you invest in a program that supports your business? (If yes, ask question "a")		Yes
	8a) Would you prefer improving the attractiveness of the district environment, or	
	8b) Improving business know-how and business cost-savings	More important

Appendix 4. BIDs in the US



Source: Becker Presentation

## Appendix 5. Sample Budget for BID and Co-op

Little Mekong Business Improvement District Sample Annual Budget Forecast		
Revenue		
Tax Assessment	\$	234,000
Grant	\$	50,000
<b>Total</b>	<b>\$</b>	<b>284,000</b>
Expenditure		
Staff Salary	\$	75,000
Sanitation Service	\$	94,500
Public Safety (ambassador)	\$	4,500
Marketing and Events	\$	90,000
Kiosks	\$	20,000
<b>Total</b>	<b>\$</b>	<b>284,000</b>

Calculation:

Tax Assessment: assessment based on current properties and potential properties after boundary expansion with additional 3% property tax.

Grant: potential community development of economic development grants.

Staff Salary: a full time administrator who is in charge of the establishment and operation of the BID

Sanitation Service: an estimation based on sanitation service price (about \$40/unit), total number of properties (about 100 after expansion), and frequency of service (about once every 2-3 weeks)

Public Safety: compensation paid for ambassadors. The ambassadors are supposed to work for 3 random days a week for 52 weeks. In summer and autumn, the ambassadors should only work from 8:00 pm to 10:00 pm. In spring and winter, the working hour should be extended by 1 to 2 hours. The hourly wage of the ambassadors should be about \$10/hour.

Kiosks: The price for one kiosk is about \$2000. There should be 1 to 2 kiosks for each block.

Little Mekong Co-operative Sample Annual Budget Forecast		
Revenue		
Membership Fee	\$	50,000
Grant/Investment/Seed Fund	\$	50,000
Profit from services	\$	10,000
<b>Total</b>	<b>\$</b>	<b>110,000</b>
Expenditure		
Staff Salary	\$	35,000
Workshops and trainings	\$	15,000
Purchasing and Paying for services	\$	30,000
Networking	\$	15,000
Marketing and Events	\$	15,000
<b>Total</b>	<b>\$</b>	<b>110,000</b>

Calculation:

Membership Fee: calculation based on membership fee of \$1000/year and about 50 members.  
Grant/Investment/Seed Fund: potential community development of economic development grants.

Workshops and trainings: an estimation of organizing workshops and trainings of business knowledge.

Purchasing and paying for services: an estimation of buying in bulk and from wholesale.

The calculation for co-operative budget is a bold estimation. The expenditures of co-operative funding should be subject to the needs and bylaw of members.