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**MINNESOTA SHOPPING
CENTER ASSOCIATION**

AUGUST 2020

The Connection



One Day at a Time – Restaurants Re-Opening after COVID-19



by Natina James,
CUNINGHAM ARCHITECTURE GROUP

RESTAURANTS HAVE BEEN OPEN FOR ABOUT A MONTH WITH LIMITED CAPACITY OF OUTDOOR/INDOOR SEATING. HOW IS IT GOING? ARE THEY STRUGGLING?

Minnesota is in Phase III of reopening and for restaurants, this equates to 6-feet required spacing, 50% capacity not to exceed 250 persons, reservations and masks required for workers, and masks strongly recommended for customers.¹ With these restrictions, restauranteurs must consider if their businesses can operate at reduced service/seating and/or take out. Restaurants vary widely on design and layout and most are not conducive to 6-foot spacing. Another challenge is labor availability. Despite high unemployment, “extra federal assistance has been available and two-thirds of eligible workers are making more than they did before the pandemic.”² This, combined with a concern from workers about contracting the virus, complicates re-opening. The extra stimulus of the CARES Act Stimulus Package ends July 31st, but this may be extended by Congress. Once it ends, more workers will re-enter the workforce if the state is able to maintain acceptable or a reducing rate of infections.

The PPP Paycheck Protection Flexibility Act has also been difficult to navigate. Original deadlines and the high rate of COVID infections made it difficult for restaurateurs to utilize the money for employee wages by the original end date. Fortunately, employee rehiring has been extended through the end of December which may allow more creativity and flexibility in navigating restaurant finances at the end of the outdoor patio season.

AN INCREASE IN CLOSINGS FOR INDEPENDENT, SMALL RESTAURANTS

While larger restaurant chains have largely recovered or bounced back from COVID, smaller restaurants and independents haven’t been so lucky, according to Bank America. “On July 1, the trailing seven-day average spent at large chain restaurants was down 4% compared with the year-ago period. At small restaurant chains and independents, spending fell 25%.”³ Smaller restaurants and Mom and Pops do not have the support of larger corporations or the ability to pressure landlords for concessions. “A report commissioned by the Independent Restaurant Coalition, which is pushing for a \$120 billion bailout fund for independent bars and eateries, found that as much as 85% of independent restaurants could permanently close by the end of the year.”⁴ According to Dave Bagley, managing director with Carl Marks Advisors, “What we’re seeing now is a real dichotomy. You’ve got larger brands, franchised brands and operating groups looking at this as an opportunity,” he said. Contrast that greatly with family-run, smaller or regional-based companies that have a dire outlook, without deep pockets. Part of this dichotomy has to do with access to capital. I think we’ll see a great wealth transfer to the bigger concepts.”⁵ While this may result in domination of the market by national chains in the short-term, we can be optimistic that customer expectations for unique food options and a surplus of good real estate will result with the independent restaurant come back.

Despite high unemployment, “extra federal assistance has been available and two-thirds of eligible workers are making more than they did before the pandemic.”

– continued on page 2

A LOCAL PERSPECTIVE

A few local examples of sophisticated and innovative food are Rojo Mexican Grill at West End and Tavern23 in Edina. We were fortunate to speak with co-founder Michael McDermott. He shared with us the transition of Rojo from full-service restaurant and bar to COVID adaption. Rojo’s location in West End and the cooperation of the landlord allowed them to expand outdoor seating. Combining this expansion with reorganization of indoor seating and conversion of private dining room into dining, allowed for Rojo to reopen to COVID guidelines almost at the same seating capacity as pre-COVID. The area most affected by 6’-0” spacing is the bar – with adjustments is at 38% of our normal capacity. The restaurant has been open for lunch and dinner, both for service and take-out – and Michael cites nice weather as playing a large part to their success of being at 95% sales in comparison to this time last year. People are more willing to try dining in an outside environment first, and, as their comfort level increases, they will try going inside. Fortunately, staff has adjusted quickly to the required MN COVID operations and cleaning. Michael said that guests seem so thrilled to be able to gain some level of normalcy that they are positively complying with safety rules, too.

Rojo has also successfully implemented new technology including QR codes for guests to scan and upload the menu, which has been especially popular with the younger clientele. Paper menus are still provided to those who ask. They’ve also been lucky with food supply chains. Michael noted that if they had tried to open prior to June, they may not have been able to source items like carne asada, but they currently aren’t experiencing supply issues today. For Tavern23 in Edina, it’s a bit different. The clientele has shifted from a business crowd to more social. Lunch business has changed, the business happy hour crowd is gone, but dinner has been strong – overall sales around 75% of last year. They are able to seat about 90 guests outside. While he remains positive, he wonders what will happen in fall in winter when the outdoor seating season ends. Will customers continue to go out?

LOOKING AHEAD

Not all are success stories. “While reopening restaurants at 50 percent capacity for indoor dining is a good first step, this is not a sustainable business model as costs for our operators continue at 100 percent. If restaurants and food service providers are not able to move to the next phase of reopening with larger capacity soon, we will continue to see more permanent closures,”⁶ said Liz Rammer, president and CEO of Hospitality Minnesota in a statement.

While we all hope for a return to normalcy, we may need to continue with restrictions. As of July 10th, seven states are reversing re-openings (California, Arizona, Colorado, Texas, New Mexico, Michigan and Florida) and 14 states are pausing, according to the New York Times.⁷ You may ask what can you do? The ending to a recent City Pages article sums it up perfectly – “Think of all the aforementioned actions as a kindness competition that you really, really want to win not only for the sake of the person bringing you that drink/snack, but also everyone you know and love (or whom you’ve never met) nowhere near that table, too.”⁸ Bon Appetite.

¹<https://mn.gov/covid19/for-minnesotans/stay-safe-mn/stay-safe-plan.jsp>

²<https://www.eater.com/2020/6/26/21300701/reopening-restaurants-struggling-to-rehire-employment-coronavirus-pandemic-covid-19>

³<https://www.cnbc.com/2020/07/09/coronavirus-big-restaurant-chains-are-recovering-faster-analysts-say.html>

⁴<https://www.cnbc.com/2020/07/09/coronavirus-big-restaurant-chains-are-recovering-faster-analysts-say.html>

⁵<https://www.forbes.com/sites/aliciakelso/2020/07/07/the-covid-19-crisis-will-likely-lead-to-a-massive-shakeout-in-the-restaurant-industry/#3417ed6b42a0>

⁶<https://tcbmag.com/gone-for-good-permanent-restaurant-closings-pile-up/>

⁷<https://www.nytimes.com/interactive/2020/us/states-reopen-map-coronavirus.html>

⁸<http://www.citypages.com/restaurants/no-dancing-bars-restaurants-reopen-in-accordance-with-super-specific-coronavirus-safety-plans/571267901>

SNAPSHOT: THE PILLARS OF PROSPECT PARK | RETAIL



22 Malcolm Ave. SE
Minneapolis, MN 55414

www.pillarsseniorliving.com/prospectpark

Month/Year Opened: May 2020

Owners: Oppidan Investment Company and Harrison Street

Real Estate Representatives: Ryan Geiger & Lauren Kessler, Colliers International Minneapolis/St. Paul, 952-897-7779

Architect: Tushie Montgomery Architects

Construction Contractor: Weis Builders

GLA: 1,800 Square Feet

Current Occupancy: Vacant

of Stores: 1

Anchor Tenants: The Pillars of Prospect Park Senior Living

Construction Style: Mixed use, urban high-rise development.

The Pillars of Prospect Park is a 282-unit senior living community which opened in May 2020. This community and the partnership it has with the University of Minnesota Alumni Association will provide one of a kind opportunities for its residents. Located along University Ave. SE, The Pillars of Prospect Park offers a retail space on the street level which would be a perfect site for a café, bar, or any retail space. The Pillars of Prospect Park is surrounded by Fresh Thyme, Surly, University of Minnesota student and market rate apartments, and will take advantage of being located on the Green Line, as well as proximity to MN 280.

MEMBERSHIP PROFILES – COVID-19 EDITION



REGINA DEAN

COMPANY: City of Burnsville

JOB TITLE: Assistant Community Development Director

AREA OF FOCUS: Planning and Economic Development

YEAR JOINED MSCA: 2018

WHAT WAS YOUR FIRST JOB IN THIS INDUSTRY AND FOR HOW LONG?

I obtained a part time Planning Department internship with the City of San Dimas (a suburb of Los Angeles) while I was attending California State University, Fullerton. 18 years and four city's later I am still working in local government now at the City of Burnsville.

WHAT KEEPS YOU IN THE BUSINESS? Throughout my career I've experienced a nice variety—whether it has been working on light rail transit planning, ordinance development, historic preservation, sustainability initiatives, development review of housing, industrial and commercial projects, grant writing, and more! I've worked with everyone from single family homeowners to large scale developers on helping them see their projects through from an idea literally sketched out on a napkin to the built environment. Right now I'm working with our city staff and consultant on a lot of innovative and fun marketing surrounding the City's "You Belong Here" brand which we are weaving into our strategic plan priorities to attract and retain businesses, development and residents. I'm the type of person that see's challenges as an opportunity to learn and grow. A bonus is that I really like my coworkers and leading a really smart and creative team.

WHAT THINGS DO YOU NEED TO BE SUCCESSFUL IN THIS JOB, AND WHAT ARE THE DEAL KILLERS FOR YOU? I've found that in order to be successful I need to be flexible, open to change, embrace fresh ideas, work towards collaboration inside and outside the organization and relationship building. Deal killers are poor communication and lack of transparency, trust, time and resources.

WHAT NEW HOBBIES HAVE YOU PICKED UP DURING THIS TIME? I learned how to make friendship bracelets and have made over 100 to date. These bracelets were donated to my neighbor kids known as "Kamryn and Friends" who are raising money to help families and businesses impacted by the riots in Minneapolis. I think they're up to \$200,000 now!

HOW DO YOU LIKE YOUR EGGS? My current obsession is over medium topped with a few slices of avocado, tomato and Everything But the Bagel seasoning.



GREG LAFRANCE

COMPANY: HTG Architects

JOB TITLE: VP of Development

AREA OF FOCUS: Developing new relationships and partnerships in Commercial Architecture

YEAR JOINED MSCA: 2018

WHAT WAS YOUR FIRST JOB IN THIS INDUSTRY AND FOR HOW LONG?

PPG Industries — a Chemical and Coatings Company. I worked there for 11 years in various roles. I was responsible for High Performance Treatments and Coating to Millwork Manufacturer's and Architectural Aluminum Coatings for Curtain Wall construction.

WHAT KEEPS YOU IN THE BUSINESS? The people, the relationships, and the satisfaction & pride in delivering a successful project.

WHAT THINGS DO YOU NEED TO BE SUCCESSFUL IN THIS JOB, AND WHAT ARE THE DEAL KILLERS FOR YOU? Curiosity, persistence, and collaboration. The deal killers are the limitations we put on ourselves.

WHAT IS ONE INTERESTING FACT THAT NOT MANY PEOPLE KNOW ABOUT YOU? I worked in Alaska on a crab fishing boat for six months in the Bearing Sea. Similar to the TV show "Deadliest Catch". I survived as a greenhorn thru the deadliest year, where 1 out of 10 crab fisherman died.

WHAT NEW HOBBIES HAVE YOU PICKED UP DURING THIS TIME? I picked up gardening...it's great stress relief.

WHAT IS YOUR FAVORITE LOCAL ACTIVITY? Pheasant hunting with friends, colleagues and my two British Labs.

IF YOU WERE AN ANIMAL, WHAT WOULD YOU BE AND WHY? I would be a Great White Shark...it is better to have eaten; than to be eaten.





Silver Linings

▶ **HIGH PROFILE CLOSURES INCLUDE:**

POPO VUH in northeast Minneapolis, **BELLECCOUR** in Wayzata and neighbors in northeast - **KEEGAN'S IRISH PUB** and **RED'S SAVOY PIZZA**.

▶ **RUSTICA** opened a location with a full line of coffee, espresso, cold brew, kombucha and pastries in Southdale mall.

▶ **ELMAR'S NEW YORK PIZZA** opened in Plymouth with traditional, foldable, new York style pies.

▶ **THE GNOME** — Brian Ingram and Justin Sutherland are opening a restaurant in the former Happy Gnome location in St. Paul.

▶ **BRASA** has announced a new location coming to Minneapolis at 46th & Bryant.

▶ **JERSEY MIKE'S** is set to open on August 12th as the first retailer to open the new Pentagon Village development.

▶ **KWIK TRIP** is currently under construction on County Road 5 and Burnsville Parkway in Burnsville and is anticipated to open this fall.

▶ **PETSMART** opened at Grove Plaza in Cottage Grove the middle of July.

▶ **AMERICAN EXPRESS CO.** will offer U.S. card members as much as \$50 to encourage them to spend more at small businesses devastated by the coronavirus pandemic. The pandemic has devastated mom-and-pop businesses as consumers have been ordered to stay home to stem the spread of the virus.

▶ **NEWCOMERS: THE GROCER'S TABLE** in Wayzata serving breakfast, lunch, and dinner. **HANDSOME HOG**, Chef Justin Sutherland has moved his pig-central, Southern-accented operation into a new quarters on Cathedral Hill in St. Paul. **PAJARITO**, St. Paul's contemporary Mexican standout has christened the 50th and France neighborhood in Edina/Minneapolis.

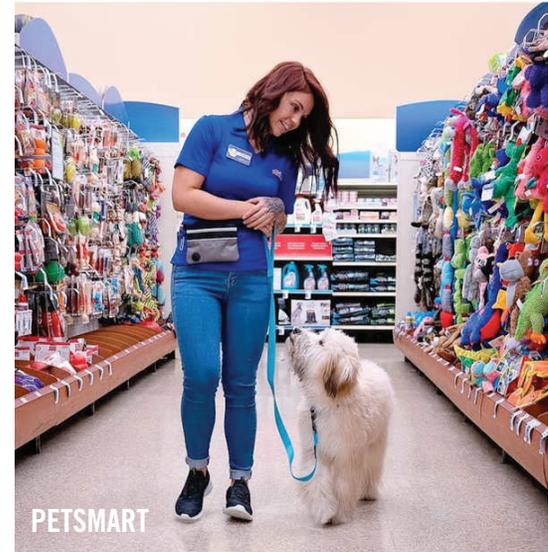
▶ **US RETAIL SALES** rose 7.5% last month, with clothing and accessories retailers seeing a 105.1% uptick over May and overall sales rising 1.1% from June 2019, according to the Commerce Department. It marks the first year-over-year increase since the pandemic began, but the recent rise in COVID-19 cases across the country makes future recovery uncertain.



by Lisa Diehl,
DIEHL AND PARTNERS, LLC



by Holly Robinson,
MID-AMERICA REAL
ESTATE – MINNESOTA, LLC



Protecting businesses isn't a sideline for American Family-it's a big part of who we are. American Family has been protecting the livelihoods of business customers like you for over 35 years. In fact, we're the **Top Commercial Insurer in Minnesota!** Our strength allows us to offer a broad range of high-quality products and services at competitive prices. As an American Family agent, and a business owner, I have knowledge of your insurance needs, as well as the responsibilities and challenges you face. Whether you own residential, office, industrial or retail property we'll focus on keeping your business protected so you can focus on keeping your properties competitive in the market.

* Based on Commercial Multi-Peril direct premiums written, according to a 2013 report by SNL Financial.

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HAVE YOU SEEN?



Located at Highway 100 and 77th Avenue, **PENTAGON VILLAGE**, which includes two retail buildings. Jersey Mike's is set to open early August.

MEMBER NEWS!

Congratulations to **KIM MEYER**, Cushman & Wakefield and **SARAH FOSSEN**, Rosedale Center/JLL for being recognized as **MSPBJ'S WOMEN IN BUSINESS** honorees.

Vantage Law Group partner **JOE NUÑEZ** has been selected to the **2020 MINNESOTA SUPER LAWYERS** list. Nuñez has been selected to the list of Top Rated Real Estate Lawyers in Minneapolis.



RETAILER TID-BIT BACK TO SCHOOL TRENDS

College students and their families expect to spend an average \$1,059.20 per family, which would top last year's record of \$976.78. College spending is expected to total \$67.7 billion, up from \$54.5 billion last year and breaking the record of \$55.3 billion set in 2018.

REGISTER FOR THESE 2020 CALENDAR EVENTS

DID YOU KNOW: YOU CAN VIEW THE LIST OF ATTENDEES TO ANY OF OUR EVENTS IF YOU CLICK ON THE EVENT?

EVENT	VENUE	DATE
MSCA GOLF EVENT	Majestic Oaks Golf Club	August 17, 2020
ADAPTABLE PLANNING IN TRANSIT DEVELOPMENT IN TODAY'S ENVIRONMENT	Webinar	August 25, 2020

MSCA WILL CONTINUE TO MONITOR CONDITIONS AND MAKE EVENT UPDATES AS NECESSARY.
PLEASE CONTINUE TO CHECK THE CALENDAR OF EVENTS FOR UPDATED DETAILS.
WWW.MSCA-ONLINE.COM/EVENTS/CALENDAR/DATE/2020-08

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