



Request for City Council Committee Action From the Department of Public Works

Date: January 15, 2012

To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee

Subject: **Self-Managed Special Service District Policy**

Recommendation:

Direct Public Works staff to develop and recommend a policy regarding establishment and oversight of self-managed special service districts.

Previous Directives: N/A

Prepared by: Michael D. Kennedy, P.E., Director, Transportation Maintenance & Repair

Approved by:

Steven A. Kotke, P.E., City Engineer, Director of Public Works

Presenters: Michael D. Kennedy, P.E., Director, Transportation Maintenance & Repair

Reviews: N/A

Financial Impact: No financial impact

Community Impact

Neighborhood Notification: N/A

City Goals: The City's infrastructure will be well-maintained; streets will be destinations.

Comprehensive Plan: N/A

Zoning Code: N/A

Background/Supporting Information

The city currently has one Self-Managed Special Service District, the Minneapolis Downtown Improvement Special Service District, commonly called the Downtown Improvement District, or DID. Due in large part to the success of the DID, several existing Special Service Districts (SSD) and other commercial areas have expressed a strong interest in replicating the DID model in their local business districts.

City-managed SSD

All current SSDs, other than the DID, are “City-managed”. In this model the services are provided for the district through service contracts with third party vendors retained via the City’s normal procurement processes. Under this model, the city facilitates development of an annual operating plan (determination of services, budget preparation and assessment methodology) with the respective Advisory Boards, assumes basic financial management, preparation of assessment roles, and all service procurement and contract administration responsibilities for the district.

Self-managed SSD

In a Self-managed model, the city contracts with a single management entity that takes on the responsibilities for financial management and reporting, board meeting scheduling and administration, district outreach and communication, assessment role preparation and calculation, service procurement and contract administration. In a Self-managed model, the city’s role shifts from facilitating and performing all those tasks, to an oversight role regarding contract compliance of the district management entity as a sole source service provider.

At the request of the downtown business community stakeholders, the City approved a series of waivers to certain procedures and policies that would normally apply in the city-managed model. It also created provisions in the establishing ordinance whereby all DID service provision and various administrative duties were allowed to be performed by a private, non-profit entity, namely the Downtown Council, through a contract with the City, rather than City staff performing those activities. This was allowed without going through an RFP process.

Public Works recommends that the City Council direct staff to develop a policy regarding the establishment and use of the self-managed model of service provision for non-downtown SSD’s in the City. The policy should include consideration of the following:

- 1) Criteria to qualify as an entity to serve as sole source service provider for an SSD;
- 2) Whether to provide formal exemptions to the RFP process, contracting rules, and other relevant ordinances;
- 3) The structure and composition of self-managed SSD boards;
- 4) The level and mechanism of City oversight over self-managed SSDs; and
- 5) Any other relevant policies and procedures.

Staff shall return to the Transportation and Public Works Committee with a recommendation on February 26, 2013.

Cc: Susan L. Segal, City Attorney
Kevin Carpenter, Chief Financial Officer