

Andrew Carlson
City of Minneapolis
Hiawatha Public Works Facility
1901 East 26th Street
Minneapolis, MN 55404

Feb. 11, 2013

Dear Andrew,

I recognize this will come in a few days past deadline, and my comments will not have much if any impact since from what I heard, more intelligent minds than my own have supplied meaningful suggestions regarding what policy should be regarding the city's role in working with self managed districts. These are a few of my own observations:

1. The advisory boards that represent the property owners of most districts are not directly linked to the business associations representing most different commercial nodes. Some members do serve on both. The council-member appointed advisory board only handles the work of special services. I believe 5 should be the fewest voting members sought to serve, and based on the size of the district can go as high as 11, and should all be property owners who pay the special services charges. Representation should reflect large institutions, both residential and commercial, smaller property owners, and can include non-profits who have voluntarily agreed to participate in paying for special services, even though they are not mandated. Quorums for voting should be half plus one of the committee size.
2. Non-voting members who wish representation should be allowed depending on the nature of the particular district but not be counted towards the size of the committee.
3. The current special service appointees are required to take the ethics training mandated for city appointees, and that should continue.
4. The current method of the council members controlling the selection and make up of the committees should continue, and not the area's business districts, whose boundaries are not always the same as the special service district.

Reflections on the status quo of city managed Special Service Districts

I feel is that there is an undercurrent of dissatisfaction with how the current system of having the city handle the management of special service districts without any one stating what is wrong with the way that most mid to small size districts (budgets \$150K and under) are now being run. My personal experience has shown the city to be an excellent partner in helping special service districts function professionally without requiring redundant staffing in every district. In the event of contractor failure, they are able to provide stopgap services that allow for temporary transitions while new providers are found. All meetings have clear agendas, and follow up minutes provided by the city staff present at each meeting. Their experience from dealing with many districts prevents having to invent the wheel for every idea that is brought to the table. Despite having to pay for services that go above those provided by property taxes, most of the

businesses in the Lyn Lake District are highly satisfied with what they see delivered by special services, and the city of Minneapolis deserves the credit for helping the district identify and budget prudently for these items like snow clearing, tree lighting, and maintaining a streetscape infrastructure. No services have been suggested that were not allowable under the current statutes.

Transparency Issues

I have heard comments suggesting that there is a need for greater transparency to the special service processes. Having served for many years on these boards, I have never seen transparency denied to any one. Requiring that meetings become more publicly advertised and web-publicized at greater costs goes against the grain of trying to contain the costs and the effectively utilize the time and efforts of volunteers who participate in helping manage their districts. Increasing requirements geared for larger meetings may make it a little more difficult to find willing participants, especially if their responsibilities veer towards more management than advisory.

Cost Savings

My best research suggests that cost savings created by losing the prevailing wage requirement will be negated when the new and additional costs of management fees by third party non-profits must be added to and assessed to property owners. When the stipulation of accepting the lowest bidder is taken away so that a preferred local vendor might be awarded the job in order to keep local contracts within the geographic community, this fact must be fully disclosed to property owners to decide if this is how they want their assessments managed. I understand the implications of using a special service districts hiring practices as a way to try and retain dollars in their community, but it should be transparent to the property owners paying the bill. **If accepting a higher bid greater than a fixed percent (10%), then that item should be high lighted and footnoted on the statement mailed to property owners in a self managed district.**

The desire to be freed from the constraints of the city's own processes which demand prevailing wage and other compliances in order to be free to seek more nimble and lower cost local providers can have the negative effect city wide of taking away the cost benefits of receiving lower bids from contractors being able to take care of contiguous districts at a cost savings.

Thanks to city and staff for hosting the informational meeting, and for continuing to foster special service districts that bring vitality to the cities commercial nodes.

Respectfully submitted

John Meegan,

Lyn Lake Property owner, Lyn Lake Special Service Advisory member, small business owner, area resident.

3228 Harriet Ave S., Minneapolis, MN 55408

February 8, 2013

Department of Public Works
City Of Minneapolis
1901 East 26th St
Minneapolis, MN 55404

Dear Andrew,

Thank you for assisting in the discussion on establishing self-managed Special Service Districts. As you know, the Uptown Special Service District has expressed interest in this option historically, and we are excited that it may become a reality. We believe that with this partnership can actually benefit all parties involved, and look forward to the opportunity.

Based on the presentation and discussion held on January 31st, 2013, we would like to offer the following recommendations:

1. Decision of board size and composition should be decided on a case-by-case basis, based on the size of the district. In no event should a board include less than three property owners within the district. Voting members should be property owners, property owner representatives, or additional assessed users (such as a non-profit who has opted into the assessment structure) only. A council member and a public works representative should also serve as advisors to each self-managed district, as well as interested residential users or other stakeholders within the district. Efforts should be made to ensure that the composition of the board reflects the composition of the district.
2. Mandatory audits, under an external contract or via the City of Minneapolis, should be required for the first year of any self-managed special service district. Audits should be required annually for any board that manages funds for multiple organizations (i.e. a service district and a business association, etc.). An audit should also be triggered when actual expenses, excluding snow removal and utilities, exceed 15% of the budget for two years in a row.
3. Proposed budgets must include specific explanation of any prior year variances.
4. An exemption must be permitted to hire/contract at the livable wage rate, rather than prevailing wage rate.
5. For the managing body of an improvement district, prior management experience or a sound business and operating plan must be required for obtaining the contract.
6. Eligible services should be limited to the operational needs of the district, seasonal and permanent streetscape improvements to the district, and branding of the district.

7. The managing body should be reviewed for renewal every three years, unless the body is found to be mishandling funds during an audit. In that instance, their contract should be up for renewal at that time.
8. Managing bodies must obtain the liability insurance required of contractors.
9. Governing organizations should operate in the spirit of MN open meeting law.

We look forward to working with the City of Minneapolis as this policy is created, to help ensure that the needs of all affected parties are met.

Sincerely,

Members of the Uptown Special Service District, including:

Ross Fefercorn
Bill Frothinger
Jeffrey Herman
Jackie Knight
Todd Smith

February 8, 2013

Andrew Carlson
Project Manager - Special Service Districts
City of Minneapolis, Department of Public Works
1901 East 26th Street
Minneapolis, MN 55404

Dear Andrew Carlson,

Thank you for your work on creating a framework and policy regarding the Self-Managed Special Service Districts (SSD). Although, West Broadway currently does not have a Special Service District, a West Broadway Steering Committee made of property owners has convened and is working to organize a Self-Managed SSD. In response to your call for feedback on Self-Managed SSDs, West Broadway Self-Managed SSD Steering Committee and the West Broadway Business and Area Coalition (WBC), would like to make the following policy recommendations:

Governance

- Decision of board size and composition should be decided on a case-by-case basis based on the size of a district and should be made clear in the operating manual.
- Local business leadership and area Council Member(s) should select the initial Governance Board. As new members are needed, the governance board should be appointed/selected by property owners using the City's Standard Application with approval from the Committee and the Council Members.
- Term limits should be spelled out in individual operating plans.
- The Board should make a good faith effort to reflect the geographic and cultural diversity of the district.
- We recommend requiring that governing organizations operate in the spirit of MN open meeting law.

Commitment to Existing City Services

- As with the current SSD model, the City should maintain a commitment to the current level of City service after the establishment of the Self-Managed SSD.
- SSD's should not be excluded from citywide service volume increases.

District Management Entity Eligibility

- Decision of a sole-sourced contract should be an option and decided on a case-by-case basis.

- For the managing body of a Self-Managed SSD, we recommend that either prior management experience or a sound business and operating plan be required for obtaining the contract.
- We highly recommend managing bodies be local organizations.
- We recommend requiring managing bodies obtain the liability insurance required of contractors.

Eligible Services

- Expand and broaden the list of possible programs and services.
- Services should include district marketing and events.

Procurement of Services

- The West Broadway Coalition recommends allowing the option to hire at the livable wage rate, rather than the prevailing wage rate. This exemption should be decided on a case-by-case basis. It is in the best interest of our local economy to support local, minority, and/or women owned businesses.

Operational and Financial Transparency

- Mandatory audits should be subject to scale in parallel with the IRS reporting requirements for nonprofit organizations.

District Sunset and Renewal

- We are suggesting a five year renewal.

In addition, we see Special Service Districts as a key economic development tool for neighborhood business districts; therefore, we are recommending consideration of greater CPED involvement in the Self-Managed SSDs.

The West Broadway Steering Committee and the WBC Board of Directors is requesting the ability to review the policy manual being created. Upon review of this document, we can provide additional specific feedback. Thank you for your attention to this issue. We look forward to working with the City of Minneapolis to continue to make West Broadway an increasingly better area in which to live, learn and work.

Sincerely,



Erin Jerabek Heelan
Executive Director



February 8, 2013

Andrew Carlson
Project Manager - Special Service Districts
City of Minneapolis, Department of Public Works
1901 East 26th Street
Minneapolis, MN 55404

Dear Andrew,

Thank you for the opportunity to comment on potential policy changes regarding self-managed Special Service Districts. As you may recall, at its meeting on August 29, 2012, the Cedar Riverside Partnership agreed to discuss the proposed policy on self-managed Special Service Districts and provide comments. Due to the six day window to submit feedback, the Partnership did not have adequate time to take a formal position on proposed policy changes. Therefore, I am submitting the following informal comments on the information provided at the City of Minneapolis' meeting on January 31, 2013 reflect the Partnership discussions about the West Bank Improvement District over the last two years and the Partnership's interest in seeing the West Bank Improvement District move forward in a timely and efficient manner.

Based on the Partnership's experience working with the West Bank Business Association to create the West Bank Improvement District, the following recommendations would be beneficial to not only to the West Bank but also other areas interested in pursuing the self-managed district model.

Governance

- A good faith effort should be made to ensure that the board reflects the composition of the district. The district operating plan should outline the initial board composition, terms and responsibilities. Any changes should be made in the annual update of the operating plan.
- The district board composition may be the same or different from the board of the managing entity. A district board may differ in order to best reflect the composition of the district, which may include nonprofits or residential properties that decide to opt-in. This will also allow an existing local nonprofit to be the managing entity for district without restructuring their existing board and bylaws to solely focus on district management. It also eliminate the need to create a separate nonprofit whose only purpose would be to contract for services with an existing nonprofit.

District Management

- A sole-sourced contract may be used if it is recommended by business district leaders forming a district (or board members, in the case of an existing district) and the local City Council Member (or Members).
- The managing entity of a district should have either prior management experience or a thorough business and operating plan. The managing body would preferably be a local organization.

Budget, Operating Plan, and Transparency

- The district board, operating plan, annual work plan and annual budget for all districts (self-managed and city-managed) should be available to the public such as on a district website (or city website).
- The district annual meeting should follow open meeting law requirements and should post a notice for prior to all meetings online. This should be required of both City-managed and self-managed districts.
- A pre-budget meeting open to the public is encouraged to be held at least 30 days before the budget approval at the annual meeting.

Procurement and Management of Services

- The managing entity should obtain the liability insurance typically required for nonprofits.
- Any audits should be parallel to existing IRS reporting requirements for nonprofit organizations.
- Self-managed districts should be exempt from having to follow City contracting requirements. The City currently does not require entities with which it has a contract for services to follow City contracting requirements for subcontracts. (i.e. A planning firm does not follow City contracting requirements for subcontracting with a public outreach consultant.) A similar approach should be extended to the managing entity for a district and its relationship with subcontractors.
- Self-managed districts should follow the living wage rate although they should not be subject to the prevailing wage rate requirements. According to the Minnesota Department of Labor & Industry, Minnesota's prevailing wage law requires employees working on state-funded construction projects or other projects covered by law be paid wage rates comparable to wages paid for similar work in the area where the project is located. Under the list of eligible services, self-managed districts would not lead construction projects (i.e. highways, roads, schools).

City Services and Responsibilities

- The local Council Member (or Members) should help to advise the district board on City-related issues as needed.
- The City should continue to provide the same existing level of service even if self-managed district is established. City- provided services should be documented in writing.
- The existing list of eligible programs and services should be reviewed for potential expansion.

The Partnership plans to provide comments on the draft policy for self-managed Special Service Districts. It would be beneficial if the draft policy is shared at the earliest opportunity to allow adequate time to distribute the policy and receive feedback from others before providing formal comments. Thank you for your efforts to develop this policy and help the West Bank Improvement District move forward.

Sincerely,

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Special Service Districts Management
 City of Minneapolis, Department of Public Works
 1901 East 26th Street
 Minneapolis, MN 55404

February 8, 2013

Public Works Staff and Consultant,

Our thanks to CPED and Public Works for forward movement establishing Special Service Districts policy on self-management. We have spent three years contacting city- and self-managed SSDs both in MN and nationally. Any successful city- or self-managed SSD is a joint financial and administrative endeavor that requires the city and management entity work together.

Regardless of whether SSDs are city-managed or self-managed, the business districts want the following:

- Greater transparency
- A self-determined procurement process i.e. more competitive pricing and local contracts
- Open and district-wide meetings pre-budget to determine services (area city council member(s) attending)
- Business owners as well as all property owners informed of meetings and decisions
- Expand and broaden list of possible services and programs, such as district marketing included as option
- Response to repair and replacement needs improved
- Board size determined by size of district (approx. 1 board member per every 4 blocks, min. 5 - max. 19) and composition should include anyone paying assessment and reflect both geographic and cultural diversity of district
- Board openings should be listed on city and/or governance organization website(s)
- Application for city boards, committees, commissions and taskforces used – in case of self management, application should be submitted to governance organization

LAKE STREET COUNCIL 2013 BOARD

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Gary Schiff City Council Ward 9	Morgan Zehner Zehner Consulting

- Continuous board recruitment for future openings
- Subcontracts allowable at livable wage rate
- Adherence to MN open meeting law
- All oversight should be within the Department of Community Planning and Economic Development where SSDs can more appropriately be used as economic development tools

We would additionally make the following recommendations regarding self-management:

- Decision of a sole-sourced contract should be an option, and decided by business district leaders and City Council member(s).
- Financial audits should be subject to scale in parallel with the IRS reporting requirements for nonprofit organizations.
- For the managing body of an improvement district, a sound business and operating plan with built-in financial checks and balances should be required for award of contract and demonstrated prior management experience considered.
- Managing bodies should be local organizations.
- SSD boards may be extended subset or subset plus of governance organization's board with governance organization and its board retaining all legal responsibility.
- Managing bodies should be required to obtain the liability insurance required of City contractors.

We look forward to the opportunity to review the policy being created. Upon review, we can provide additional specific feedback. Thank you for attention to this issue. We look forward to working with the City of Minneapolis to continue to make Lake Street and its neighborhoods increasingly better to live and work.

Sincerely,



Joyce Wisdom
Executive Director

Cc: Sandy Colvin Roy
Steven Kotke



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Andrew Carlson
City of Minneapolis
Hiawatha Public Works Facility
1901 East 26th Street
Minneapolis, MN 55404

February 6, 2013

Dear Andrew,

As a follow up to the January 31, 2013 meeting on Self-Managed Special Service Districts, I would like to submit the following comments on several of the topics the City is soliciting input.

I support Self-Managed Special Service Districts because it broadens the tools available to business districts to be economically competitive.

These districts, similar to Business Improvement Districts, exist across the world to provide a variety of services to business districts that have multiple owners so that the districts provide core services that enhance the operation and functionality of the district in as equitable system as possible.

As the City develops the policy for Self-Managed Special Service Districts, I encourage the City to be specific on its requirements so that districts around the City are treated equitably. I am supportive of having different classes within a policy, such as based on budget size, but deferring answering policy questions until each district proposal comes before the City Council is ripe for inequity.

The following are specific topics I would like to comment on.

Procurement of Services

It is absolutely necessary for these districts to have cost effective services and to be able to contract with a variety of businesses or individuals that can provide those services. Many local businesses would like to be able to contract out with other local businesses, whether it is to a landscaping firm or snow hauler. We need flexibility in the rules because some of the City's provisions may impact that ability to procure services that the district wants.

Specifically, prevailing wage requirements will prevent many districts from going the route of self management. For some services, such as graffiti removal, some districts may want to contract with or hire a college student to to paint over or remove it. With high rates of unemployment for students, this should be encouraged, not prevented.

Governance

Our business districts are made up of a variety of stakeholders who directly and indirectly benefit from the enhanced services. As our districts become more mixed-use, it becomes increasingly important that all the stakeholders have the opportunity to be represented in the service development and management process.

Given current State laws requiring the advisory boards to consist of property owners, I have the following recommendations:

1. Each advisory district should have a minimum of 5 voting board members who are property owners;
2. Each district should have at least one non-voting board member who represents other non-property owner stakeholders, such as tenants who don't own their property, multi-family building management companies, residents, government, or non-profits. In larger districts or in districts with many stakeholder groups present, there should be more than one non-voting member; and,
3. Quorum should be 50% + 1 of the voting members.

District Management Entity Eligibility

It should be required that the managing entity should be either an existing or newly created non-profit organization that:

1. Has a management team and/or Board who has experience and/or skill sets to execute its business plan; and,
2. Has a strong, complete business plan.

Eligible Services

It is important that the management entity have flexibility to provide services that are paid for through tax assessments as well as non-assessment sources. Some management entities will want to provide safe & clean type services, promotions, branding, events and more. There should be a limited list of services that can be provided through assessments, with the other services paid for through other funding streams, whether fee-for-service, grants, admissions, sponsorships, etc.

I would recommend not including these activities on the list of eligible uses for tax assessments: business promotions or advertising, district-wide events or seminars, or other promotional or advertising activities that provide benefit to individual businesses more than the entire district (such as coupon books).

Eligible services should include the existing services, management fees, district branding/marketing/advertising, streetscape capital improvements and maintenance, transportation management activities, business recruitment (so long as it is district-wide and available to all property owners within the district), and potentially other reasonable activities.

Operational and Financial Transparency

It is critical that these districts are transparent. To this end, I support the following:

1. Meetings should be public, scheduled, and some type of public notice should be provided;
2. Budgets and annual reports should be made public through a central city website and the local organizational website, if one exists;

3. Budgets should provide a narrative explanation of any prior year overages included in the proposed budget; and,
4. Audits should not be required unless the budget is of a certain size (perhaps \$250,000 where the cost of an audit is not unreasonable), if a certain percentage of the property owners demand an audit (should be a low percentage), if actual-to-budget exceeds 25% in one year or if it exceeds 15% two years in a row, or if the management organization manages multiple districts or has managed the district in question for under two years.

Oversight

I support the City maintaining some oversight of these organizations. I am interested in understanding what the City views as reasonable default language and what sort of termination options will be held by both parties. I am concerned that a 30-day termination option by either party is insufficient, as it would not likely be adequate time to find a replacement organization to provide the enhanced services.

Legislative Changes

Long term, the City should consider adding to its legislative agenda the following issues with regard to service districts:

1. Inclusion of multi-family residential property, government, and non-profit properties as eligible properties who can be required to pay for enhanced services. As our business districts continue to grow, many seeing housing and non-profit property growth, we need to ensure that all of those benefiting pay for the services while recognizing that in some cases, existing single family homes have seen the districts grow up around them. The new multi-family housing in Dinkytown, Uptown, Lyn-Lake, the North Loop and other districts are built where they are largely for the amenities that the business district provide. It is unfair that those properties are not required to share in the cost burden for the amenities that the enhanced services provide; and,
2. Inclusion of non-property owners as minority voting-members on the advisory boards.

In conclusion, we have an opportunity to improve the economic health of our business districts through allowing self-managed special service districts. The City should craft a policy that is flexible for districts of varying sizes and make up, however we need to ensure transparency, fairness, and good governance.

Sincerely,

Thatcher Imboden
Representing Self
5845 Irving Avenue South
Minneapolis, MN 55419

Thatcher@OurUptown.com

February 8, 2013



City of Minneapolis
Department of Public Works
Andrew Carlson
1901 East 26th Street
Minneapolis, MN 55404

Andy,

On behalf of the Uptown Association, I want to thank you and the City Of Minneapolis for opening the dialog and chance to explore self-managed Special Service Districts.

Members of our Board of Directors attended the special meeting held January 31st to join others in hearing more from the City about this potential opportunity for our community. After taking time to think about what we learned and already know, we believe that this model if implemented correctly would have numerous advantages to help districts like ours be more nimble to our ever changing environment. Therefore, the Uptown Association supports a proposal that allows flexibility and transparency with continued efforts toward expanding the opportunity to move to self-managed Special Service Districts.

Sincerely,

A handwritten signature in black ink, appearing to read 'Marcus Genzlinger', written in a cursive style.

Marcus Genzlinger
Uptown Association
Board President & Co-Marketing Chair
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612-802-4892



West Bank Business Association

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Andrew Carlson
Project Manager - Special Service Districts
City of Minneapolis, Department of Public Works
1901 East 26th Street
Minneapolis, MN 55404

February 8, 2013

Dear Andrew,

On behalf of the West Bank Business Association, we would like to express appreciation to the staff of CPED and Public Works for the forward movement on establishing a policy on Self Managed Special Service Districts.

In response to your call for feedback on Self-Managed Special Service Districts, we would like to make the following recommendations. We've requested the ability to review the policy manual being created. Upon review of this document, we can provide additional feedback.

Board Composition:

- Decision of board size and composition should be decided on a case-by-case basis, based on the size of the district.
- Boards should include a minimum of three property owners within the district.
- Voting members should be property owners, property owner representatives, or additional assessed users only (such as a non-profit who has opted into the assessment structure.)
- Efforts should be made to ensure that the composition of the board reflects the composition of the district.
- Specifics for board terms, recruitment, and appointment should be specified in the operating manual, aligning to the City appointment process and the management organization's bylaws and articles of incorporation.
- Interested residential users within the district may also serve as advisors to each self-managed district.

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Managing Bodies and Operations

- We highly recommend managing bodies be locally based organizations.
- Decision of a sole-sourced contract should be an option, and should be decided on a case-by-case basis with input as needed from City Council.
- For the managing body of an improvement district, we recommend that either prior management experience or a sound business / operating plan be required.
- We recommend requiring managing bodies obtain the liability insurance required of contractors.
- Mandatory audits should be subject to scale in parallel with the IRS reporting requirements for nonprofit organizations.
- The West Bank recommends allowing the option to hire at the livable wage rate.
- Board members, annual work plans and annual budgets of all districts (self managed and city-managed) should be available on a public website.
- We recommend governing organizations operate in the spirit of MN open meeting law, and adhere to the open meeting law for the annual meeting.

City Involvement

- We recommend expanding and broadening the list of potential programs and services.
- The city should maintain a commitment to the current level of service in either an SSD or a Self-Managed SSD.
- SSDs not be excluded from citywide volume increases in services.
- A council member and a public works or CPED representative should also serve as advisors to each self-managed district.
- We recommend consideration of greater CPED involvement in the facilitation of Self-Managed Special Services Districts as an economic development tool.

Thank you for your attention to this issue. We look forward to working with the City of Minneapolis to continue to make the West Bank an increasingly better neighborhood in which to live, learn and work.

Sincerely,

Jamie Schumacher
Executive Director