

**SELF-MANAGED  
SPECIAL SERVICE DISTRICTS  
DRAFT POLICY OVERVIEW**

**February 26, 2013**

# OPENING REMARKS

- **2010 - 2012:** Approached by several groups indicating interest in replicating DID service district model. Commissioned framework report from Urban Works, Inc.
- **January 8:** Council direction to develop policy
- **January 31:** Convened Stakeholder Meeting
- **February 22:** Policy draft published for public review
- **Today:** Gather feedback from council members and public on draft policy
- **March 7:** Follow-up stakeholder meeting to discuss draft policy
- **March 19:** Possible action by TPW
- **March 29:** possible action by full city council

# OPENING REMARKS

## Overarching Goal in Draft Policy

**Replicate the model the City used for the DID but with enhancements based on four years of DID operations including clarifying expectations for such districts in several areas:**

- District Governance
- District Management Entity Eligibility
- District Procurement of Services
- District Operational and Financial Transparency
- City Oversight of Districts

# SELF-MANAGED SSD POLICY TOPIC AREAS

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1. District Formation
2. Governance
3. Existing City Services
4. District Management Entity Eligibility and Business Plan
5. Budget Setting & Operating Plan
6. Eligible Services
7. Procurement of Services
8. Operational and Financial Transparency
9. Oversight
10. Transition from an Existing District (if desired)
11. District Sunset and Renewal
12. Public Right of Way Powers and Responsibilities
13. Policy Implementation Procedures

# DISTRICT FORMATION

## Draft Policy:

**Follow same formation procedures as proscribed by Minnesota statute for City-Managed AND Self-Managed**

# GOVERNANCE

## Draft Policy:

- **Require a district board to be majority-controlled by those that are required to pay the charges: property owners, but provide flexibility for other district stakeholders (tenant businesses, exempt property owners, etc.) to serve on board.**
- **This has been the practice in Mpls for all existing SSDs because state law requires city-appointed advisory board members to be property owners.**

# EXISTING CITY SERVICES

## Draft Policy:

- **Replicates existing policy used for DID.**

# DISTRICT MANAGEMENT ENTITY ELIGIBILITY

## Draft Policy:

- **Requires that a DME be a nonprofit, either new or existing.**
- **Establishes minimum criteria for DME eligibility – a DME shall demonstrate that it has the knowledge, capacity and experience to manage a SSD.**
- **Requires DME to prepare and submit a Business Plan for city review and approval describing how it will function.**

# BUDGET SETTING & OPERATING PLAN

## Draft Policy:

- Requires that a DME prepare and submit to the City an annual Operating Plan for review and approval.
- Describe information that must be included in Operating Plan.
- Note: The Business Plan describes how the DME will function, Operating Plan describes what services a District will provide each year.

# ELIGIBLE SERVICES

## Draft Policy:

- **Replicates existing policy used for DID.**

# PROCUREMENT OF SERVICES

## Draft Policy:

- **Replicates existing policy used for DID regarding compliance with procurement-related ordinances**
  - Living Wage (must comply)
  - Prevailing Wage (waived)
  - Equal Benefits(must comply)
  - Non-discrimination and affirmative action (must have policy on file with city)
  - Small and underutilized business enterprise program (SUBP) (waived)
  - Ethics in Government (must comply)
- **Clarifies:**
  - That contract with DME will be sole-sourced.
  - That DME can award subcontracts using multiple factors, not just low-bid, as described in the District's Business Plan.
  - City expectations on conflict of interest related matters.

# OPERATIONAL AND FINANCIAL TRANSPARENCY

## Draft Policy:

- Requires very high degree of transparency
- DME subject to MN Open Meeting Laws
- DME subject to MN Data Practices Laws
- Enumerates required financial submittals
- Requires DME to publish certain information on its website
- Requires public access of all documentation (bidding, contracts, invoices, and individual expenditure details)

# OVERSIGHT

## Draft Policy:

- **City review and approval of District's annual operating plan, budget and service charge methodology**
- **City review of DME's financial reporting**
- **City review of DME's IRS 990 filings**
- **City review of annual report**
- **Monitoring DME's service performance**
- **Attend periodic DME's board meetings**

# TRANSITION FROM EXISTING DISTRICT

## Draft Policy:

- **No changes for existing districts if they wish to remain City-Managed.**
- **Existing district that desires to become a Self-Managed SSD must establish a new SSD by following same procedures set forth in state law.**

# DISTRICT SUNSET AND RENEWAL

## Draft Policy:

- **Replicates existing policy used for DID.**

# PUBLIC RIGHT OF WAY POWERS AND RESPONSIBILITIES

## Draft Policy:

- **City retains all powers, rights and responsibilities.**

# POLICY IMPLEMENTATION PROCEDURES

## Draft Policy:

- **City staff to develop detailed implementation procedures**
  - Oversight review processes and reporting
  - Financial reporting forms and processes
  - Petition forms and processes
  - Service charge assessment documentation and processes

# DISCUSSION