



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

Date: September 9, 2014

To: Honorable Kevin Reich, Chair Transportation & Public Works Committee

Subject: **Public Hearing: Downtown Business Improvement Special Service District, Proposed Services and Service Charges for 2015**

Recommendation:

Passage and summary publication of Resolution for the Downtown Business Improvement Special Service District:

- A. Approve the operating plan which includes special services and budget cost estimates in the lump sum total amount of \$6,184,025 for 2015;
- B. Approve services charges and the lists of services charges (assessments) in the lump sum total amount of \$6,184,034 for 2015;
- C. Direct the City Clerk to transmit certified copies of the lists of service charges to the Hennepin County Auditor; and
- D. Direct the City Engineer to proceed with the work.

Previous Directives:

August 5, 2014: Transportation and Public Works Committee directed staff to give notice of public hearing.

Department Information

Prepared by: Maren Anderson, Public Works Financial Analyst, 673-3859

Approved by: _____
Steven A. Kotke, P.E., Director of Public Works

Presenters in Committee: Brette Hjelle, Director of Administration, Public Works

Financial Impact

- Other financial impact – Special Assessment against benefitted properties

Community Impact

- Neighborhood Notification: Public hearing notices sent out August 5, 2014
- City Goals: A hub of economic activity and innovation: Businesses – big and small – start, move, stay and grow here (Infrastructure, public services and community assets support businesses and commerce), A City that works: City government runs well and connects to the community it serves (Departments work seamlessly and strategically with each other and with the community)
- Comprehensive Plan: Consistent

Supporting Information

On May 24, 2013, City Council re-adopted chapter 465 renewing the Downtown Business Improvement Special Service District establishment ordinance through December 31, 2018.

2015 Operating Plan (Proposed Services and budget)

A public hearing is required for the City Council to review and approve the District's proposed services and service charges for 2015. As described in the attached Operating Plan, the total proposed budget for 2015 is \$6,184,025 to provide services in the categories of Safe, Clean, Greening and Public Realm, Public Area Maintenance, Snow, Communications, Program Management, and Administration.

All services within the district are proposed to continue to be managed and delivered by Minneapolis Downtown Improvement District, Inc., a non-profit corporation, via a contract with the City. Effective January 1, 2013, the Minneapolis Downtown Improvement District, Inc. board of directors voted to become a fully controlled subsidiary of the Minneapolis Downtown Council and the boards of both entities are now composed of the same individuals.

This proposed Operating Plan and Budget was developed by Minneapolis Downtown Improvement District, Inc. and reviewed by staff from the City Attorney's Office, the City Coordinator's Office as well as the Public Works and Finance departments.

The Department of Public Works recommends that your committee approve the proposed 2015 Operating Plan and Budget.

2015 Service Charges (Assessments)

The total service charges for mandatory properties (as provided for in Minnesota Statute) for 2015 are proposed to be \$6,184,025¹, which is equal to the estimated cost of providing the services. The method for calculating service charges is based on the following:

- a) The estimated cost for services that have a direct relationship to lineal frontage (e.g., sidewalk sweeping) are pro-rated based on the lineal frontage of a property; and
- b) The estimated cost for services that benefit the entire District without a direct relationship to lineal frontage (e.g., greening) are pro-rated based on the property's gross building area (or land area if undeveloped) per City Assessor records. This addresses the relationship between the quantity of people within a building and the use of the District services.
- c) The District is divided into three service charge subareas: core, standard plus, and standard. Property lineal frontage and gross building area (or land area if undeveloped) are weighted by a factor (1.0 for core area parcels, .50 for standard plus, and .25 for standard) and costs are pro-rated accordingly.

The Department of Public Works recommends that your committee approve the proposed 2015 service charge methodology and service charges.

¹ If adopted as proposed, the actual service charges to be collected will be greater than the proposed budget by a de minimis amount, due to Hennepin County's policy of a \$1.00 minimum assessment. For 2015, 14 properties have a calculated proposed assessment of less than \$1.00. Rounding these assessments to \$1.00 results in an assessment that is a total of \$9.28 greater than the proposed budget.