



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

**Date:** March 24, 2015

**To:** Honorable Kevin Reich, Chair Transportation and Public Works Committee

**Subject:** **Nicollet Mall Reconstruction Project No 9916: Designation, Cost Estimate and Set Public Hearing**

**Recommendation:**

- A. Pass a Resolution designating the location, streets, and improvements proposed to be made for the Nicollet Mall Reconstruction Project No 9916 street improvement project.
- B. Adopt a Committee Report receiving the cost estimate of \$50,000,000 for the street reconstruction project together with the list of benefited properties.
- C. Direct the City Engineer to prepare a proposed street construction special assessment against the full list of benefited properties by applying a uniform market valuation methodology developed by consultant, Shenehon Company. Direct the City Engineer to prepare a separate and additional proposed street construction special assessment against those listed properties abutting the Mall by applying the City's standard street paving Uniform Assessment Rate method, utilizing 2015 Uniform Assessment Rates.
- D. Direct the City Engineer to delete any property from the list of benefited properties that would have a total assessment of less than one dollar.
- E. Directing the City Clerk to give notice of a Project Approval and Assessment Public Hearing to be held on May 5, 2015 before the Transportation and Public Works Committee.
- F. Set a public hearing to be held on May 5, 2015 before the Transportation and Public Works Committee to consider the abandonment and removal of areaways in conflict with the street construction project and direct staff to give notice in accordance with the provisions of Section 95.90 of the Minneapolis Code of Ordinances.

These Resolutions may be authorized for summary publication.

**Previous Directives:**

December 5th, 2014 – Council resolution 2014R-508 appropriating \$3,500,000 for the Nicollet Mall Reconstruction project using revenue from project closeouts.

December 5<sup>th</sup>, 2014 – Council resolution 2014R-503 establishing the 2015 Uniform Assessment Rates.

October 31, 2014 - Nicollet Mall Redesign and Reconstruction Project: Preconstruction and Construction Contracts: authorize the appropriate city officials to negotiate and enter into a contract with SEH for Preconstruction and Construction Management Services for the Nicollet Mall Project in an amount not to exceed \$2,400,000 and authorize the appropriate city officials to negotiate and enter into a contract with Shenehon for assessment calculation for the Nicollet Mall reconstruction project in an amount not to exceed \$60,000.

August 15, 2014 - Authorize staff to issue a Request for Proposal to solicit proposals from qualified vendors for a construction manager for the Nicollet Mall Redesign and Reconstruction Project.

June 27, 2014 – Approve concept for the Nicollet Mall and a project budget of \$50,000,000; Accept a \$21,500,000 State grant subject to the City's approval of \$25,000,000 in special assessments; Amend Capital Budget 2013R-573 to increase appropriation for 04100-9010937-CPV085 by \$46,500,000 and increase revenue for 04100-9010937-CPV085 including \$21,500,000 State grant and \$25,000,000 from special assessments with the actual assessment amount determined at a Public Hearing; Authorize to negotiate to acquire construction easements; Authorize to enter into a contract with James Corner Field Operation for completion of detailed design, construction documents and bidding and construction phases for the Nicollet Mall not to exceed \$4,500,000; waive RFP policy and authorize to enter into a contract with Peter Brown of Conurbation LLC for project management through construction of the Nicollet Mall not to exceed \$266,000; Authorize process to select a construction manager for Nicollet Mall; Appoint ten-member Nicollet Mall implementation committee to guide through design.

October 4, 2013 - Authorized negotiation and execution of a contract with James Corner Field Operations for concept design of the Nicollet Mall Reconstruction Project.

June 18, 2013–Issuance of an RFP and execution of design stipends with finalist design teams.

April 16, 2013 – Receive and file update on Nicollet Mall Redesign and issuance of RFQ.

December 12, 2012 – Council Resolution 2012R-655, Adopting the 2013-2017 Five Year Capital Program, which includes \$555,000 for Nicollet Mall Planning (CPV085).

**Department Information**

Prepared by: Bob Carlson, Transportation Planning & Engineering, 673-3614  
Don Elwood, P.E., Director of Transportation Planning & Engineering, 673-3622

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

Presenters in Committee: Don Elwood, P.E., Director, Transportation Planning & Engineering

**Financial Impact**

Special assessments against benefited properties.

**Community Impact**

Neighborhood Notification: Public hearing notices to be mailed to benefited property owners.

Neighborhood Meetings: Pre-public hearing meeting to be scheduled.

**City Goals**

Living well: Minneapolis is safe and livable and has an active and connected way of life. High-quality and convenient transportation options connect every corner of the city. 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.

Great Places: Natural and built spaces work together and our environment is protected. We manage and improve the city's infrastructure for current and future needs.

## **Supporting Information**

### Background

The purpose of this letter is to commence the process to reconstruct the street paving and replace streetscape amenities on the Nicollet Mall by designating the location, streets, and improvements, and also to establish the special assessment improvement proceedings for the improvements. The current Nicollet Mall was completed in 1989.

### Scope

The proposed project is a complete reconstruction of Nicollet Mall from Washington Av S to Grant St E. The project will include full removal of the existing road, utility improvements and replacement of the paving, base, curb, gutter, signage and striping, storm drains, driveways, street lighting, sidewalks and boulevards and urban trees.

### Schedule and Funding

Project construction is planned for the 2015 - 2017 construction seasons. The work taking place in 2015 will include upgrading the underground utilities in preparation for the remaining surface work in 2016 and 2017.

The project cost estimate is \$50,000,000. Funding for the project includes: a) a State DEED Grant of \$21.5 million; b) a City contribution of \$3.5 million; c) approximately \$1.6 million is proposed to be assessed against benefitted properties abutting the paving improvements by applying the City's standard Street Paving UAR method; and d) approximately \$24.5 million is proposed to be assessed against the full list of benefitted properties by applying the market valuation method described below.

The City of Minneapolis appropriated the City contribution of \$3.5 million using fund balance provided by capital project closeouts in December of 2014. In June of 2014, the State DEED Grant of \$21.5 million and Special Assessments of \$25 million were appropriated pending the necessary actions adopting the special assessments. Upon establishment of the executed final design and construction contracts, the City will enter into the grant agreement with the State of Minnesota.

### Special Assessments

The nature of the Nicollet Mall streetscape improvements is such that the project benefits have a broad reach throughout the Downtown area. Therefore, in addition to applying the City's standard street paving Uniform Assessment Rate (UAR) method to the properties abutting the Mall, a second assessment method has been established using expert market valuation. Proposed individual property assessments utilizing the Market Value appraisal method were calculated by Shenehon Company, a business and real estate valuation company. Shenehon Company was hired by the City of Minneapolis to independently and uniformly calculate the special assessments for properties that will receive a special benefit from the Nicollet Mall renovation project. Some of the special benefits identified by Shenehon Company are improved mobility/access, aesthetics, character and vitality, destination, public safety, tenant and employee recruitment, economic enhancement and expanded visitorship.

The special benefits identified by Shenehon Company were used to create a tier map to identify the geographic areas that will benefit from the project. Four tiers were created. Shenehon selected eight property types: office, hotel, retail, parking, industrial, institutional, residential, and land. Each property on the tier map was then classified into one of the eight property types. The uniform methodology proposed by Shenehon accounts for the fact that not all properties and locations will receive the same degree of benefit from

the project. The benefit decreases for properties located farther away from the Mall; additionally, the benefit decreases for properties as the intensity of use lessens (from office to land). Shenehon Company determined a benefit rate for each property type within each tier. A total of 32 uniform benefit rates were determined.

The boundary of the Downtown assessment area is illustrated on the attached exhibit. Both assessment methods have been reviewed by City staff for fairness, equity, and accuracy, and they are recommended for application. Both assessment methods further have the concurrence of the Minneapolis Downtown Council, the Buildings Owners Management Association (BOMA), and the Nicollet Mall Implementation Committee.

The properties that directly abut the Nicollet Mall will be assessed for both UAR assessment method and the Market Value method. The final assessment roll will include the sum of the UAR assessment and the Market Value assessment amounts for each benefitting property. Shenehon's market valuation of these properties accounts for the UAR assessment, and has been adjusted downward commensurately.

#### Abandonment and Removal of Conflicting Areaways

Section 95.90 of the Minneapolis Code of Ordinances provides a procedure for dealing with areaway encroachments that would interfere with public improvements being made in the public right-of-way such as street construction. Before the City may abandon and remove conflicting areaways (upon the failure of the abutting property owner to resolve or agree to resolve the conflict) and then later assess the costs, a public hearing must be held. It is our recommendation that this areaway public hearing be held in conjunction with the Nicollet Mall Reconstruction Project Approval and Public Hearing. Prior to the areaway public hearing notices being given, the City Engineer will have provided the initial notice required in Section 95.90 of the Minneapolis Code of Ordinances.

#### Attachment 1 – Project Map

cc: CM Jacob Frey  
CM Lisa Goodman  
Jack Qvale, Secretary, Board of Estimation and Taxation  
Mike Abeln, Director of Capital & Debt Management  
Sandy Christensen, Deputy Finance Officer  
David Frank, Director of Transit Development, CPED