



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

Date: November 17th, 2003
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Referral to: Honorable Barb Johnson, Chair Ways & Means Committee

Subject: Guthrie District Parking Facility

Determining to exercise port authority powers with respect to the Guthrie District Parking Facility; and authorizing reimbursement for certain expenditures with respect to the Mills District/Downtown East Industrial Development District and the Parcel E Parking Ramp.

Amending Title 16 of the Minneapolis Code of Ordinances relating to Planning and Development by adding a new paragraph (2) to Section 417.20 of Chapter 417.

Hold Public Hearing as required by Federal Regulation for issuance of 501(c)(3) bonds

Approval of resolution authorizing issuance of up to \$33,650,000 variable rate general obligation 501(c)(3) tax-exempt bonds

Recommendation:

Note: These recommendations must be approved in the order listed below:

- 1) The Department of Public Works recommends that the City Council adopt the attached resolution exercising its port authority powers in connection with the acquisition, construction, and financing of the Guthrie District Parking Facility.
- 2) The Department of Public Works recommends that the City Council amend Minneapolis Code of Ordinances, Chapter 417, as introduced at City Council meeting of October 24th, 2003, in order to authorize the issuance of bonds for the Guthrie District Parking Facility under its port authority powers. This ordinance amendment is subject to a public hearing requirement.
- 3) The Department of Public Works recommends holding a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended, as a condition to the issuance of the Bonds as tax-exempt "qualified 501(c)(3) bonds."
- 4) The Department of Public Works recommends that the City Council adopt the attached resolution authorizing the City Council to issue up to \$33,650,000 of 501(c)(3) variable rate general obligation tax-exempt bonds. The bonds will be initially issued as variable rate

bonds with a maximum term of 30 years. The Finance Officer is authorized to sell the bonds in one or more series on terms to be determined by the Finance Officer within the parameters set forth in the resolution.

Previous Directives:

- February 2, 2001– The City Council and MCDA Board authorized execution of a letter of intent between the City, MCDA and Guthrie Theater and approved a package of pre-implementation activities.
- March 23, 2001 – The City Council and MCDA board approved various actions related to an archaeological study on the Guthrie site.
- May 18, 2001 – The City Council and MCDA Board authorized the execution of a redevelopment agreement with the Guthrie Theater Foundation.
- **May 3, 2001 – The City Council designated the area in which the Guthrie project is located as a “targeted neighborhood” in which Port Authority bonding powers may be used.**
- September 14, 2001- The City Council approved the Update to the Historic Mills District Master Plan.
- November 21, 2002 – The City Council authorized execution of amendment #1 to the redevelopment agreement, execution of a parking ramp design/build agreement and reciprocal easement and operations agreement, execution of a purchase agreement and related documents with Hennepin County Regional Rail Authority, authorizing the sale of an air rights parcel to the Guthrie, and increasing the appropriation on the Public Works Transportation Capital Agency in the Municipal Parking Fund to cover land acquisition and initial design costs.
- September 26th, 2003 – The City Council authorized the implementation of the terms of the parking ramp design/build agreement, established the full project appropriation amount, and requested that the Board of Estimate and Taxation issue 501(c)(3) bonds for the parking ramp project.
- October 10th, 2003 – The City Council approved the Downtown East/North Loop Master Plan.

Prepared by: Michael W. Sachi, Parking and Skyway Systems Engineer, 673- 2159

Approved by:

Klara A. Fabry, P.E., City Engineer, Director of Public Works

Presenters: Michael W. Sachi, Parking and Skyway Systems Engineer

Financial Impact (Check those that apply)

No financial impact - or - Action is within current department budget.
(If checked, go directly to Background/Supporting Information)

Action requires an appropriation increase to the Capital Budget

Action requires an appropriation increase to the Operating Budget

Action provides increased revenue for appropriation increase

Action requires use of contingency or reserves

Other financial impact (Explain):

Request provided to the Budget Office when provided to the Committee Coordinator

Background/Supporting Information:

In August of 2003, the City of Minneapolis and the Guthrie Theater Foundation executed a design/build agreement, which was approved by City Council in November of 2002, for the construction of an approximately 1,000 stall parking facility. As part of the amended redevelopment agreement among the City, the Guthrie and the MCDA (also approved in November of 2002), the City agreed to build and operate 1,000 public parking spaces to serve the Guthrie and other area users. The City also agreed to construct a new segment of Ninth Avenue between Washington and Second Street South to serve the project. The execution of this agreement triggers design and construction activities to commence for this project, and also required the City to begin reimbursing the Guthrie Theater Foundation for project expenses. The 1,000 space parking ramp will be designed and constructed by the Guthrie for a fixed price. The City will design and build the segment of Ninth Avenue with its own forces.

The bonds to be sold for this project will be 501(c)(3) tax-exempt bonds, which will be paid off in 2028. The estimated bond sale amount will be approximately \$33,650,000, with a breakdown of costs as follows:

Ramp Construction & Streetscape:	\$24,670,000
City Parking Ramp Consultant:	\$ 200,000
Land Acquisition:	\$ 2,588,296
9 th Ave S Construction:	\$ 435,000
GeoTechnical:	\$ 200,000
Contingency:	\$ 150,000
General Fund Overhead:	\$ 988,515
Capitalized Interest:	\$ 4,035,039
Underwriters Discount:	\$ 336,500
Costs of Issuance:	\$ 46,650
TOTAL BOND AMOUNT:	\$33,650,000

The attached resolution and ordinance amendment (Exhibit A and B, respectively) are required in order for the City to issue the bonds for this project using the City's port authority powers.

Major projects such as this typically involve activities by the City that are undertaken pursuant to a variety of legal authorities. Much of the MCDA's (now CPED's) work in the Historic Mills District, for example, has been completed using "housing and redevelopment authority" powers. In order to finance public parking facilities, the City may choose from several bonding authorities established under charter or state statute, with the appropriate choice depending upon the project location, cost and revenue sources. Recent parking projects have been financed using various authorities including: Charter bonding authority (Downtown East ramp); Tax increment general obligation bonding authority (LaSalle @10th, and 10th and Washington ramps); special assessment bonding authority (Walker Art Center Ramp); and Port Authority bonding authority (Hawthorne Transportation Center).

State Statute provides that the City may exercise port authority powers in a "targeted neighborhood" that meets at least two of three specific statutory tests related to median household income, unemployment rate and structure age/condition. A designated "targeted neighborhood" is considered an "industrial development district" under the Port Authority Act, thus allowing the City to exercise port authority powers. This is the bonding authority that staff is recommending be used for the Guthrie District Parking Facility project.

On May 3, 2001, the City Council approved a resolution that designated the targeted neighborhood and established the Mills District/Downtown East industrial development district.

Through the actions proposed in this report the City determines to actually exercise its port authority powers to finance the Guthrie District Parking Facility within the district.

The bonds that will be sold for this project are designated as “qualified 501(c)(3) bonds” under the Internal Revenue Code, and Federal Regulations require a public hearing be held as a condition of their issuance.

The bond resolution attached (Exhibit C) describes the conditions under which the City will issue the bonds for this project.

Exhibit A – Port Authority Resolution

Exhibit B – Ordinance Amendment

Exhibit C – Bond Resolution