



**Request for City Council Committee Action
From the Department of Community Planning & Economic Development**

Date: June 7, 2005

To: Council Member Colvin Roy, Transportation & Public Works Cmte
Council Member Lisa Goodman, Community Development Cmte
Council Member Barbara Johnson, Ways and Means/Budget Cmte

Prepared by: Ann Calvert, Principal Project Coordinator, Phone 612-673-5023

Presenter in Committee: Ann Calvert, Principal Project Coordinator

Approved by: Mike Christenson, Director, _____
Economic Policy & Development

Fred Abadi, Ph.D., Deputy Director of _____
Public Works, Transportation Services

Subject: Construction of Chicago Avenue Plaza

RECOMMENDATION:

- 1) Authorize the City of Minneapolis to enter into a contract (or an amendment to the existing Design/Build Construction Contract) not to exceed \$50,000 with the Guthrie Theater Foundation for the completion of Phase IIA (i.e., the portion of the Chicago Avenue Plaza that straddles the property line with the Guthrie Theater).
- 2) Authorize the City of Minneapolis to execute an amendment to the Soil Correction Escrow Agreement between the City and the Guthrie Theater to cover any extraordinary environmental and geotechnical costs associated with Phase IIA.
- 3) Authorize the City of Minneapolis to enter into an easement agreement with the Guthrie Theater Foundation to accept the supplemental access easement described herein.
- 4) Amend the 2005 General Appropriation Resolution by increasing the Community Planning & Economic Development agency Fund BWM (West Side Milling District) appropriation by \$42,198.
- 5) Authorize the City of Minneapolis to enter into such other rights-of-entries, encroachment permits and agreements as are needed to implement the plaza as described herein.

Previous Directives: On June 6, 2003, the City Council authorized the sale of \$1,725,000 in tax increment bonds to fund the construction of Phase II of the Chicago Avenue Plaza and of Chicago Avenue between Washington Avenue and Second Street South. On November 22, 2002, the City Council authorized the execution of a redevelopment contract with the Guthrie Theater that provided for the construction of the Chicago Avenue Plaza. On February 2, 2001, the MCDA Board of Commissioners authorized the execution of redevelopment contracts for the Mill City Museum, Stone Arch Offices and Humboldt Lofts that also contained provisions about the construction by the MCDA of access via the Chicago Avenue Plaza.

Financial Impact (Check those that apply)

- No financial impact - or - Action is within current department budget.
(If checked, go directly to next box)
- Action requires an appropriation increase to the Capital Budget
- Action requires an appropriation increase to the Operating Budget (no increase needed in 2005, but anticipated in 2006 and later)
- Action uses previously received increased revenue for Capital appropriation increase (but provides no source for future operating needs)
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Community Impact (Summarize below)

Ward: Ward 2

Neighborhood Notification: Plans for the Chicago Avenue Plaza were presented to the Industry Square Project Committee on March 9, 2005, and to the Downtown Minneapolis Neighborhood Association on April 12, 2005.

City Goals: Addresses the goal of creating an environment that maximizes economic development opportunities within Minneapolis by focusing on the City's physical and human assets.

Comprehensive Plan: Addresses policies 1.1 (Minneapolis will encourage both private and public development that provides gathering spaces in city neighborhoods); 3.2 (Minneapolis ... envisions downtown Minneapolis in the year 2010 as one of the nation's finest urban centers; a place of prosperity, civilization and civic pride, that will serve as the center for the metropolitan area, the state and surrounding region); and 8.3 (Minneapolis will continue to build, maintain and require a pedestrian system which recognizes the importance of a network of private and public sidewalks which achieve the highest standards of connectivity and amenity).

Zoning Code: Not applicable

Living Wage/Job Linkage: Not applicable

Background/Supporting Information

This report outlines various actions needed to complete the construction of the Chicago Avenue Plaza. This plaza is located at Chicago Avenue between Second Street South and West River Parkway, connecting the Guthrie Theater, Mill City Museum and Mill Ruins Park to the rest of the city via Chicago Avenue, achieving the vision set forth in the approved *Update to the Historic Mills District Plan*. Phase I of this plaza was completed in 2003 to coincide with the opening of the Mill City Museum. To comply with the City of Minneapolis/MCDA/Guthrie Theater contract, the second (and final) phase of the plaza must be completed by the time the Guthrie opens in spring 2006. Therefore, this construction must be done in the 2005 construction season.

Phase I of the plaza (see Exhibit A site plan) is primarily charcoal-colored concrete paving that provides pedestrian access and the limited vehicular access noted below, defined by a line of bollards and light fixtures. Metal bands have been added to recall the previous location of some of the many rail lines that once filled this parcel.

Phase II will extend the paved area and add stairs both down to the West River Parkway and up to the plaza around the Guthrie Theater. Where needed, a few damaged paving panels in the Phase I area will be replaced. Larger "stadium steps" will provide informal seating areas facing the River. As the existing bollards and chains have not been well-received, the bollards will be replaced with simple pre-cast concrete cylinder bollards with flat tops and the chains will be replaced with an inset band of textured concrete to meet ADA requirements (budget allowing). A second line of matching bollards will be added at the top of the stair area. The plaza will include historic interpretation signs on the tops of the bollards, and the "riser" portions of the stadium steps will be cast with interpretive designs. Planting beds on the Guthrie's property will extend slightly onto the City's plaza to knit the two together. "Uplighting" at the bases of the adjacent grain elevators will add drama and ambient light to the plaza, and the plans include electric outlets to meet the needs of special events.

The land associated with the plaza is partially a platted City street and partially in City fee ownership. The current and intended purposes of this land are primarily related to those of a plaza, but limited vehicular access also must be provided across part of the plaza in order to meet the needs of the projects on the upriver side of the plaza. This includes resident and visitor vehicular access to the parking within the Humboldt Lofts buildings, shared service access to the Mill City Museum/Stone Arch Offices/Humboldt Lofts and emergency vehicle access. The portion of the land owned by the City in fee simple will be administratively transferred from the CPED land inventory to the Public Works land inventory so that the entire plaza will be under Public Works control. In a future report to the City Council, staff will propose an ordinance to formally designate this area as a pedestrian mall under state statute and provide for its long-term operation, maintenance and replacement.

Funding for Construction, and Appropriation of Phase I Reimbursements

Phase II plaza construction is a City obligation that will be primarily funded by tax increment bonds (in Fund BWM) that were sold to fund completion of the plaza and the new segment of Chicago Avenue from Second Street to Washington (which also will be paved in 2005). Savings from the Park Avenue construction also may be available.

The Phase I plaza construction funded by the MCDA included storm sewer facilities that benefit the City (as owner of the plaza), the Guthrie, the Mill City Museum and the Humboldt Lofts. These parties reimbursed the MCDA a total of \$42,198 for their respective shares of these storm sewer improvements. Because some of the bond funds noted above were used for the first phase of the plaza, these reimbursements were placed in Fund BWM and now must be appropriated in order to allow them to be used to complete Phase II of the plaza.

Construction of Plaza, Including Phase IIA "Shared Components"

The construction of the majority of Phase II of the plaza (see Phase IIB area on attached phasing plan) will be put out for competitive bids, and the selection of the contractor will be the subject of a future report for Council consideration.

There are, however, some Phase II plaza components that straddle the property line between the City and Guthrie plazas that should be built by the same contractor to assure they align (see Phase IIA on the attached phasing plan). These include the set of stairs that connect the City and Guthrie plazas, some planting beds that extend over the property line and a pedestrian ramp at Second Street. It is recommended that the City enter into a contract with the Guthrie to have its contractor complete this portion of the plaza. As part of the continued partnership on this project, the stairs and planting beds included in Phase IIA will be maintained after completion by the Guthrie pursuant to an encroachment permit. The cost for this Phase IIA work will not exceed \$50,000 and thus does not require public bidding.

Given recent experience in the vicinity, it is possible that some environmental and/or geotechnical problems will be encountered during the Phase II construction. If so, then correction of the Phase IIA area would be handled through an amendment to the existing City/Guthrie Soil Correction Escrow Agreement for the theater project and correction of the Phase IIB area would be handled through a change order with the contractor selected for Phase IIB. Given the relatively modest amount of excavation needed, there is expected to be sufficient budget to cover any such correction.

Acceptance of Supplemental Access Easement from Guthrie Theater

There is not sufficient space within the plaza parcel to accommodate both stairs down to the West River Parkway and a route that meets ADA requirements. In order to provide an alternate accessible route, the City/MCDA/Guthrie redevelopment contract provided that the Guthrie will build on its property at no cost to the City a path that will provide access to bicyclists and those with mobility impairments and will grant to the City an easement to allow public use of that path. The terms of this easement agreement are outlined in Exhibits B-1 and B-2 and it is recommended that the City accept this easement and execute the easement agreement to implement this aspect of the project.

Other Partnerships to Implement Plaza

In addition to the partnerships with the Guthrie Theater described above, there are other partnerships needed with adjacent property owners to implement the plaza completion and operation. The plaza paving will extend onto Minneapolis Park and Recreation Board property next to West River Parkway. Both a construction permit and encroachment permit will be requested from the Park Board.

The plaza improvements also will include certain improvements that will impact the Minnesota Historical Society/Mill City Museum. As noted, "uplighting" light fixtures and event electricity outlets are planned at the plaza edge of the Historical Society's property. In addition, interpretive signs on top of the bollards are planned to explain the history of the plaza site and adjoining area. The initial capital cost of these improvements is not expected to be significant and will be included in the City capital project, but the on-going cost of maintaining and operating the uplights, event electricity and signs will be borne by the Historical Society as these are not roles that the City wants to play. An agreement will be entered into with the Minnesota Historical Society outlining this partnership and will provide that these items will be maintained for periods equal to the anticipated life cycles of the components, unless the City agrees to an earlier termination due to extraordinary maintenance challenges.

Plaza Operation and Maintenance

The completed plaza will be maintained by the Public Works Department. Care has been taken to design the plaza to reduce maintenance demands, and the stairs on the site will be closed during the winter months to further reduce maintenance costs. However, the addition of this new infrastructure and long-term maintenance needs will present an additional burden upon the Public Works General Fund budget. Total annual routine maintenance costs are estimated to be approximately \$18,000, distributed as follows:

- \$16,000 in 010 607 6240 and 6220 – Malls & Plazas and Snow & Ice Control. This includes minimum levels of winter snow and ice control, winter and summer cleaning and other "housekeeping" activities, and minor structural repairs that will increase over time;
- \$1,000 in 010 685 6851 - Street lighting fund. This includes electricity, lighting and electrical maintenance.
- \$1,000 in the 7300 Storm Drain maintenance fund. This includes annual routine cleaning and ice control for plaza trench drains

As the plaza will not be completed until late 2005, the 2005 budget impact is not expected to be significant. However, beginning in 2006, neither of the above General Fund cost centers has the funding established to provide these long term infrastructure and maintenance needs. In fact, both are projected to experience severe reductions in the next five years in accordance with the 5-year Financial Plan. Even with additional appropriations, service levels will have to be incrementally lowered over time unless alternative funding sources are found, or corresponding reductions are made elsewhere.

Plaza Replacement

When the plaza infrastructure has exceeded its life cycle or needs significant repairs, then Public Works will determine a program and fund resources for the replacement. Special assessments are not precluded for the eventual replacement and/or significant repair of the plaza improvements. Public Works reserves the right to determine the replacement alternatives and methods from communications with adjacent properties, and the pending ordinance to establish the plaza may provide further structure to this matter.

The City and Guthrie Theater will equally share the cost of eventual replacement of the supplemental access improvements, except that the Guthrie will be entirely responsible for replacement of the sidewalk adjacent to West River Parkway. Unless the Guthrie Theater concurs, the supplemental access improvements will be replaced in accordance with the original design and materials in order to ensure design continuity with the Guthrie design.

AC748

EXHIBIT A

CHICAGO AVENUE PLAZA PLAN AND PHASING

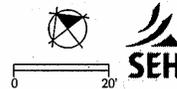
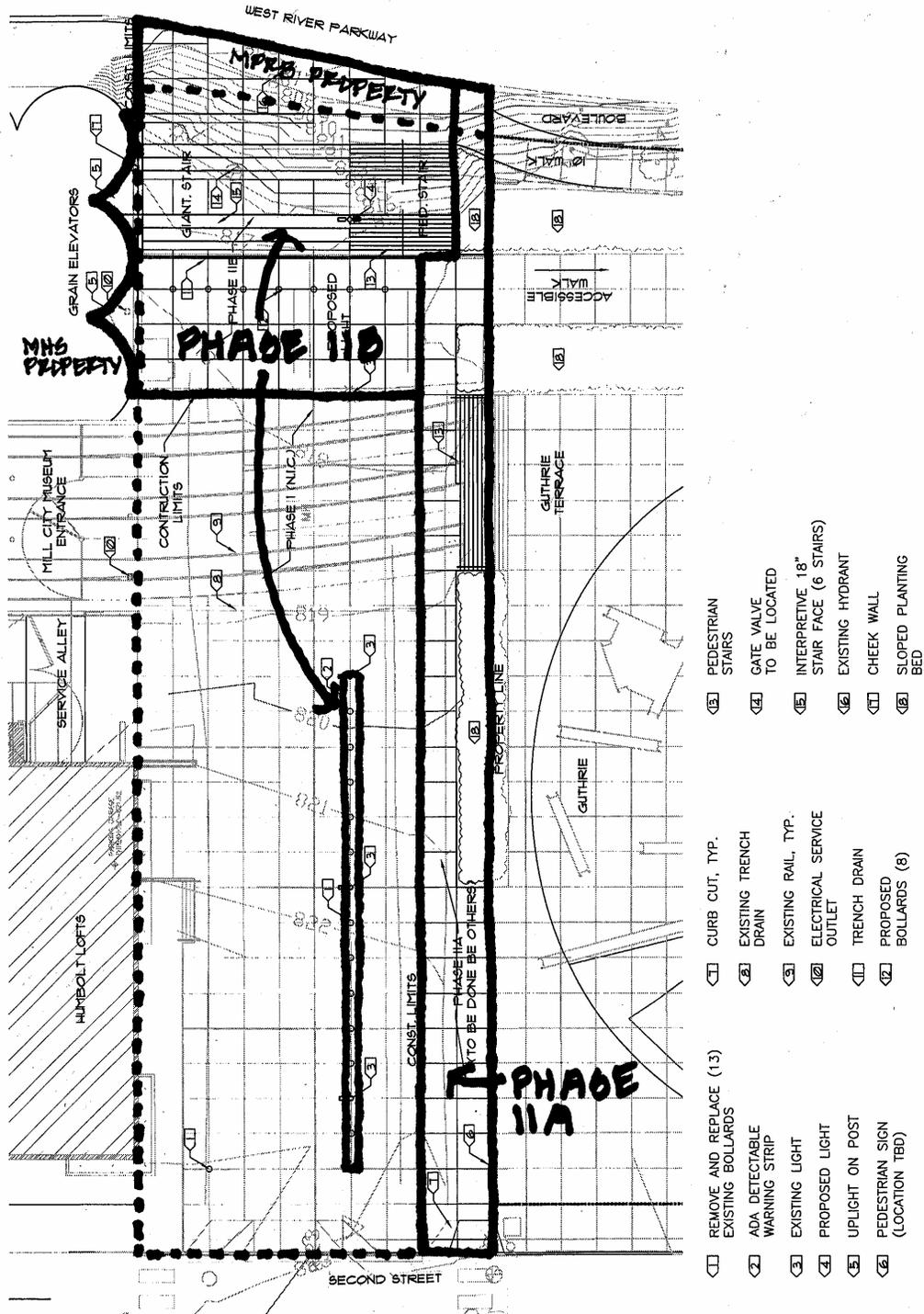


EXHIBIT B - 1

**CHICAGO AVENUE PLAZA SUPPLEMENTAL ACCESS
EASEMENT AGREEMENT TERM SHEET**

Grantor: Guthrie Theater Foundation

Grantee: City of Minneapolis

Area: See attached site plan

Term: Perpetual, as long as the Chicago Avenue Plaza and Guthrie Theater complex (or replacements thereto) exist, unless terminated by mutual consent

Capital improvements to create the supplemental access path (e.g., grading and paving) to be completed by the Guthrie Theater at no cost to the City of Minneapolis.

Maintenance and repair to be completed by the Guthrie Theater at no on-going cost to the City of Minneapolis. (Part of the consideration for this easement is that the Guthrie's reimbursement to the City of Minneapolis for the City cost to construct storm sewer improvements that serve the Guthrie has been reduced to recognize the Guthrie's easement area maintenance costs.) The supplemental access path may be closed in the winter so that snow and ice control are not needed.

The Guthrie Theater will be responsible for replacement of that portion of the supplemental access paving that is adjacent to West River Parkway. The City of Minneapolis and Guthrie will equally share the cost of replacement of the other two segments of the supplemental access paving and will jointly determine at the time of replacement the best method. Unless approved by the Guthrie, the improvements will be replaced with substantially the same materials and design. Any non-paving improvements within the supplemental access area (e.g., plantings) will be the Guthrie's sole responsibility.

Allowed use: Nonexclusive easement for public pedestrian and bike access from the Chicago Avenue Plaza to the West River Parkway.

Liability: Guthrie to indemnify and defend the City of Minneapolis against liability with respect to the easement.

Consent: If the State of Minnesota and/or any mortgagees have an interest in the Guthrie property that is impacted by the easement, consent to the easement will be needed.

AC748

CHICAGO AVENUE PLAZA SUPPLEMENTAL ACCESS EASEMENT LOCATION

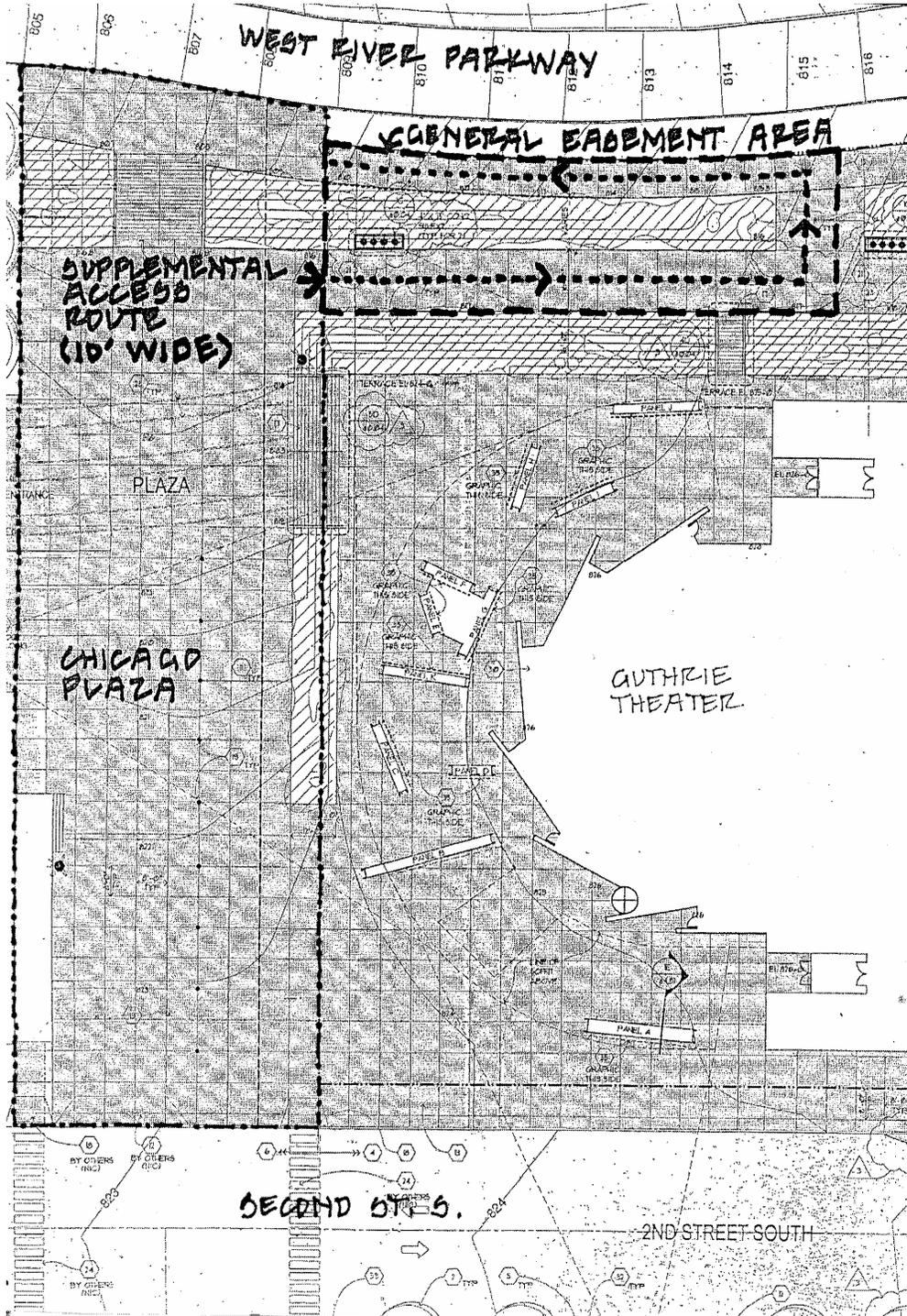


EXHIBIT C
CHICAGO AVENUE PLAZA PUBLIC WORKS
MAINTENANCE PLAN (CITY-OWNED PLAZA ONLY)

- Public Works will be responsible for basic snow and ice control within the public plaza. Public Works will only be responsible to plow accumulated snow and ice in the paved areas between Second Street South and the row of bollards parallel to Second Street (with snow storage in the Phase IIB area immediately south of the bollards) and to treat for ice control in this area. The adjacent property owners will be responsible for snow and ice control in all areas outside the public plaza, as well as any removal of the snow windrows (piles) created by Public Works, if desired by those owners. Public Works will not perform detailed hand shoveling around or between light poles or bollards. This would be the responsibility of property owners if they desire this level of service. Public Works will seek to use snow and ice control equipment that will protect the paving, within budgetary and practical limits. All parties understand that the stairs to West River Parkway, the stairs between the Guthrie's plaza and the Chicago Avenue Plaza, and the supplemental access will be closed in the winter season, or when conditions warrant, and snow and ice control will not be performed in these areas. The parties will clearly mark or identify in the field where the property lines are. Public Works and maintenance staff from the adjacent properties will communicate at the beginning of each season to coordinate procedures and understand each other's roles.
- Public Works will sweep the public plaza during the non-snow season on a schedule that matches their general downtown street sweeping frequency, given budget resources. Currently, this is weekly. Public Works also will deploy staff to visit the plaza on a regular basis during non-snow season to remove litter and graffiti and complete minor repairs. Adjacent property owners will be responsible for sweeping, litter removal and/or any cleaning of areas outside the public plaza.
- Public Works will provide electricity for the pedestrian light fixtures and will do long-term repair, replacement and maintenance of the plaza paving (including the paving on the MPRB property), the pedestrian and stadium stairs from the plaza to West River Parkway, the portion of the stairs from the City plaza to the Guthrie plaza that is on City property, the bollards and the pedestrian lighting fixtures. Any damage to the interpretive castings of the stadium step risers either may not be repaired or may be patched/repared with standard concrete, unless the incremental cost to replace the castings is minimal. Special assessments are not precluded for the eventual replacement and/or substantial repair of the plaza improvements. Public Works reserves the right to determine repair methods, maintenance strategies and frequencies, and materials selections as budgetary resources allow. If the adjacent property owners desire higher levels of service than what Public Works would perform as part of their city standard levels and budgetary resources, then the parties may discuss incremental cost recovery for higher levels of service. Public Works will not maintain the "uplighting," "event electricity outlets" or the associated energy costs.
- Public Works will maintain the storm sewer drill hole underneath the plaza and the two trench drains that drain the public plaza.