



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

Date: October 25, 2005
To: Honorable Sandra Colvin Roy, Chair Transportation & Public Works Committee
Subject: **Midtown Greenway Bicycle Station**

Recommendation:

- a) Authorize the proper city officers to negotiate and execute a Lease Agreement between Allina Health Systems and City of Minneapolis for Midtown Greenway Bicycle Station
- b) Authorize the proper city officers to negotiate and execute a Sublease Agreement between City of Minneapolis and Allina Health Systems for Midtown Greenway Bicycle Station

Previous Directives:

- Summer 1999 – City Council authorization to pursue TEA-21 funds for this project

Prepared by: Donald Pflaum, Transportation Engineer, 612-673-2129

Approved by:

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

Presenter: Donald Pflaum, Transportation Engineer, 612-673-2129

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 – Capital Only
- Action requires use of contingency or reserves
- Other financial impact (Explain):
- Request provided to the Budget Office when provided to the Committee Coordinator

Background

The City of Minneapolis received a TEA 21 federal grant award to construct a Bicycle Station near the “train shed” area of the former Sears Regional Retail and Distribution Center, then known as the Great Lakes Center project.

Ryan Companies US, Inc. was awarded the development rights to the project now known as the Midtown Exchange. The project is now well underway with projected completion dates for project elements in 2005 and 2006. Under the new development plan, however, Ryan Companies identified alternate uses for the former “train shed” area of the project. As a result alternative sites within the area were explored to accommodate the proposed Bicycle Station.

In order to meet the new timetable and revised overall project development plans, the Community Planning and Economic Development (CPED) and Public Works Departments identified an alternate location for the Bicycle Station. The proposed location is in the ground level of the former 1979 Sears warehouse building now owned by Allina.

The Midtown Greenway Bicycle Station is modeled after the design of numerous other successful bicycle stations in the United States. The Midtown Greenway Bicycle Station will be a staffed facility that will provide 200 short-term and long-term bicycle parking spaces, bicycle repair, bicycle rentals, concession sales, and shower and locker facilities. The proposed design also includes potential community space and space for expansion of the Bicycle Station. Expansion will be contingent on uses as demands increase over time and as other private funding sources are identified.

The facility will serve the Midtown Exchange, the Midtown Exchange Hotel, the Allina campus, and nearby Wells Fargo. Over 5,000 people are employed within ¼ mile of this location and this facility will help encourage more people to bike to work using the Midtown Greenway. The Midtown Greenway is part of the regional trail network and is estimated to currently serve 1,000 pedestrians and 1,000 bicyclists each day (spring/summer/fall use).

Project Funding

Shortly the city will go out for bids for the construction of the Bicycle Station. This approximately \$546,000 project is being funded with federal dollars (\$276,000) and City of Minneapolis net debt bonds from the Commuter bicycle fund (\$125,000, including \$26,000 previously appropriated to Fund Agency Org 4100 943 9470 A7009014 and \$99,000 to 4100 943 9470 BIK09040) for construction, and parking fund revenue (\$20,000) and Hennepin County (\$50,000) for design/engineering. Additionally, Allina will construct and fund, up to \$75,000, restroom/shower improvements. Allina has agreed to donate up to 10,000 sq. ft. of unfinished "shell space" in the building to house the Bicycle Station.

The federal grant for the Bicycle Station requires that the City of Minneapolis, as grant recipient, either own/operate the facility or enter into a long-term (20-year) leasing arrangement with another entity to operate the facility. MnDOT, as the federal designee for the grant, has approved the project plans and specifications and has approved the Project Memorandum. A lease agreement between the City of Minneapolis and Allina is required to satisfy the right-of-way requirements set forth by grant.

The lease and sublease arrangement with Allina enables the City of Minneapolis to administer the construction of the Bicycle Station and the Sublease Agreement allows Allina to operate and maintain the facility.

Operation and Maintenance

Upon completion of the construction of the Bicycle Station, the City of Minneapolis would lease back the finished space to Allina. Allina would then assume long-term responsibility for operating and maintaining the Bicycle Station, therefore relieving the City of Minneapolis of that responsibility for the life of the project (20 years). In the unlikely event that the finished space does not continue to be used as a Bicycle Station during the entire 20 year period, there are payback provisions associated with the federal grant. Allina has agreed to pay back 100% of the pro-rated responsibility for the first 5 years of the life of the project. The City of Minneapolis and Allina would equally share that payback responsibility for years 5-20 of the life of the project. Said responsibilities will be further described in the lease and sublease agreements. Risk Management has been consulted and that department has reviewed the agreements.

Timeline

The project will be bid in late 2005/early 2006 with construction anticipated to commence in early 2006. It is the goal of the project team to have the project completed by Summer 2006.

Interagency, Neighborhood, and Other Participation

A Midtown Bicycle Station Implementation Committee was formed several months ago to work on planning and implementing the project. Representatives from Allina, Hennepin County, and the City of Minneapolis have worked to complete the project design and specifications. The Bicycle Station design has been reviewed by Midtown Greenway Coalition staff and the City of Minneapolis Bicycle Advisory Committee.

Midtown Greenway Bicycle Station Advisory Committee

The role of the Advisory Committee will be to advise Allina Health System (Allina) in the selection of an operator for the Bike Station and in the ongoing management of the Station. The public sector entities (federal government, Hennepin County, and City of Minneapolis) have provided capital funds for the facility. As such, these funding entities are afforded the opportunity to advise Allina on ongoing issues relative to the public interest in the Station over the life of the facility (20 years). The committee will meet on a semi-annual basis to review operations at the Station. The Committee is only advisory in its capacity. As such, Allina (1) retains the fiscal responsibility for the costs of ongoing operations of the Station; (2) has the final decision in the selection of the Station operator; and (3) agrees to operate the Station for 20 years according to terms of the lease and sublease agreement with the City of Minneapolis. The planned committee members are as follows:

1. Allina - Chair
2. City of Minneapolis Public Works
3. City of Minneapolis CPED
4. Hennepin County
5. Operator of Station (other members to select operator; once operator has been selected they will be part of the committee to oversee bike station operations)
6. Neighborhood Representative
7. Minneapolis Bicycle Advisory Committee member

Attachment 1 – Project Layout

CC: Ken Brunsvold – CPED
Eric Eoloff – Allina
Steve Kotke – Public Works
Dean Michalko – Hennepin County
Nikki Newman – City Attorney's Office
Ellen Velasco-Thompson – Risk Management