



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

**Date:** March 10, 2009

**To:** Honorable Sandra Colvin Roy, Chair, Transportation and Public Works Committee

**Subject:** **Downtown Business Improvement Special Service District, Proposed Services and Service Charges for 2009: Public Hearing**

**Recommendation:**

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

1. Approving the operating plan which includes special services and budget cost estimates in the lump sum total amount of \$3,065,520 for 2009;
2. Approving service charges and the lists of service charges (assessments) in the lump sum total amount of \$3,003,521 for 2009;
3. Directing the City Clerk to transmit certified copies of the lists of service charges to the Hennepin County Auditor; and
4. Directing the City Engineer to proceed with the work.;
5. Directing the City Finance Officer to administer the invoicing and cash collection process for 2009 service charges.

**Previous Directives:**

Transportation and Public Works Committee meeting of January 27, 2009 directing staff to give notice of public hearings to be held on March 10, 2009.

**Prepared by:** Suzette R. Hjermstad, Real Estate Investigator II, 673-2401  
Michael D. Kennedy, Director, Transportation Maintenance & Repair

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

**Presenters:** Michael D. Kennedy, P.E., Director, Transportation Maintenance & Repair

**Reviews**

Permanent Review Committee (PRC)	Scheduled for February 26
Civil Rights Group	Exempt
Policy Review Group	NA

**Financial Impact**

Special assessment against benefited properties

## Community Impact

**Neighborhood Notification:** Public hearing notices sent out 2 weeks prior to public hearing

**City Goals:** The City's infrastructure will be well-maintained; streets will be destinations.

**Comprehensive Plan:** Consistent

**Zoning Code:** Not Applicable

## Background/Supporting Information Attached

On December 12, 2008, City Council adopted an ordinance that amended the Minneapolis Code of Ordinances by adding a new Chapter 465 that established the Downtown Business Improvement Special Service District. On January 30, 2009, the 45-day veto period expired without the required percentage of vetoes being met that would invalidate the establishment of the new Special Service District.

A public hearing is required to approve the services and service charges for the Downtown Business Improvement Special Service District, commonly called the Downtown Improvement District or "DID".

The work or service provision in the DID will be managed and delivered by the non-profit entity called the Minneapolis Downtown Improvement District via a contract with the City. The scope of services and budget are described in the attached Operating Plan.

The assessments for the DID will be based on the following:

- a) Services that have a direct relationship to lineal footage, (e.g., sidewalk sweeping), will be based on the lineal frontage of a property; and
- b) Services that benefit the entire District without relationship to lineal frontage (e.g., security ambassadors) will be 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 will be divided into different service areas based on the needs of the District. In 2009, the District will have three service areas: core; standard plus; and standard. Property owners in the core area will receive a higher level of services than those in the standard plus area, which will in turn receive more than those in the standard area, and costs will be pro-rated accordingly.

**Residential, government and certain non-profit properties are exempt from the assessment but may opt in to receive services.** Some city-owned properties are included in the assessments.

The total budget exceeds the total service charge (assessments) by \$62,000, an amount to be raised through other sources.

Each year, the DID will recommend the services, estimated budgets and assessment methodology for the coming year. These service charges would be collected on the real estate taxes in the same manner as special assessments.

Subject to approval of the services and service charges, the City Finance Department will mail an invoice in late May 2009 for 2009 services. An early payment discount will be available for payments in full received by 11/15/2009. Service charges unpaid in 2009 will be part of the 2010 property tax statements issued by Hennepin County. In future years (2010 services and beyond) approved charges will be automatically included on property tax statements.

Each affected property owner was mailed a notice of public hearing with the service charge amount 10 days in advance of the public hearing.

If the 2009 DID services and charges are approved, the Advisory Boards of the existing districts on Nicollet Mall and Hennepin Avenue have advised the City that they desire to have all the respective service delivery they currently receive be managed by the DID. See the attached letters that were sent to affected property owners in the respective districts that describe the transition plan for service delivery and financial matters. Once the transition is complete, the Hennepin Theater District Special Service District, and the Nicollet Mall Operation & Maintenance District will remain as legal entities, but they will not submit annual budgets or collect service charges.

Returning to a normal calendar schedule for special service districts, the public hearing for 2010 DID services and DID service charges will be held in Fall, 2009.

Attachments: Operating Plan  
Hennepin Theatre District Property Owner Letter  
Nicollet Mall Property Owner Letter

Cc: Council Member Lisa Goodman, Ward 7

**T&PW** - Your Committee, having under consideration the Downtown Business Improvement Special Service District, now recommends passage and summary publication of the accompanying Resolution approving special services, the cost estimates, service charges and the lists of service charges for 2009 in the Downtown Business Improvement Special Service District, directing the City Engineer (with the Minneapolis Downtown Improvement District) to proceed with the work and directing the City Finance Officer to administer the 2009 invoicing and cash collection process for service charges.

Colvin Roy

**Approving special services, the cost estimates, service charges and the lists of service charges for 2009 in the Downtown Business Improvement Special Service District and directing the City Engineer to proceed with the work.**

Whereas, a public hearing was held on March 10, 2009 in accordance with Laws of Minnesota, Chapter 428A and Chapter 465 of the Minneapolis Code of Ordinances to consider the proposed special services, the proposed service charges and the proposed lists of service charges as more particularly described in Petn No \_\_\_\_\_ on file in the Office of the City Clerk and to consider all written and oral objections and statements regarding this matter;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the proposed special services, the proposed cost estimate in the total amount of \$3,065,520 for 2009 and that the proposed service charges and the proposed list of service charges for 2009 in the total amount of \$3,003,521 (being a newly implemented special service district with services revenues beginning in 2009 as provided for in Section 465.80 of the Minneapolis Code of Ordinances and \$62,000 to be raised through other sources) as prepared by the City Engineer and on file in the Office of the City Clerk be and hereby are approved for the Downtown Business Improvement Special Service District.

Be It Further Resolved that the City Engineer (with the Minneapolis Downtown Improvement District) is hereby directed to proceed with the work.

Be It Further Resolved that the Finance Officer is directed to mail an invoice in late May 2009 for 2009 services. An early payment discount will be available for payments in full received by 11/15/2009. Service charges unpaid in 2009 will be part of the 2010 real estate tax statements issued by Hennepin County. Service charges not collected in 2009 will be collected in one (1) installment on the 2010 real estate tax statements in the same manner as special assessments and that the City Clerk is hereby directed to transmit certified copies of said lists of service charges to the Hennepin County Auditor.

