

# City of Minneapolis

## Request for Committee Action

**To:** Ways & Means  
**Date:** 5/9/2016  
**Referral:** N/A  
**From:** Community Planning & Economic Development  
**Lead Staff:** Miles Mercer  
**Presented by:** Miles Mercer  
**File Type:** Resolution  
**Subcategory:** Donation/Gift Acceptance

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**Subject:**

Downtown East Commons Operations, Funding, and Gift Acceptance

**Description:**

1. Authorizing an agreement with the Minneapolis Downtown Improvement District (DID) up to \$600,000 to operate the Downtown East Commons on an interim basis through an initial term of Dec. 31, 2016, and
2. Authorizing waiving a Request for Proposals for the agreement with the DID and for any agreements between DID and its professional service subcontractors but DID shall otherwise comply with City contracting ordinances, and
3. Authorizing staff to negotiate and return to City Council with the terms of an agreement with Green Minneapolis to operate the Downtown East Commons in the longer term and waiving a Request for Proposals, and
4. Passage of Resolution amending the 2016 General Appropriation Resolution to allocate \$250,000 from the Capital Improvement Fund for the Downtown East Commons to the General Fund to contribute to Commons operations for 2016, and
5. Passage of Resolution for the acceptance of additional charitable gifts from Green Minneapolis for the construction and operations of the Downtown East Commons.

**Previous Actions:**

July 19, 2013, the City Council authorized staff to negotiate term sheets consistent with the general conceptual framework for the broader Downtown East project. December 13, 2013, the City Council approved a term sheet with Ryan Companies and the Minnesota Sports Facilities Authority for the Downtown East project and adopted resolutions related to the financing. December 11, 2014, the City Council approved a Memorandum of Understanding with the Minneapolis Park & Recreation Board providing for the conveyance and lease back of the Commons. January 16, 2015, the City Council authorized staff to enter into a contract with Hargreaves Associates for the design of the Downtown East Commons ([15-00038](#)). September 11, 2015 City Council authorized Green Minneapolis to undertake a fundraising campaign for and Ryan Companies to construct an initial phase of enhancements to the Downtown East Commons ([15-01045](#)). November 20, 2015 City Council adopted a resolution accepting charitable gifts from Green Minneapolis and Ryan Companies for the Commons ([15-01391](#)). January 15, 2016, City Council adopted a resolution accepting an additional \$2 million charitable contribution from Minnesota Vikings Football, LLC ([16-00070](#)). January 29, 2016, City Council authorized Ryan Companies to construct additional enhancements for the Commons and amended the 2016 General Appropriation Resolution to recognize \$2 million in donated revenue and appropriate \$2 million in expenditures ([16-00099](#)).

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**Ward/Address:**

Ward 3

425 Portland Ave S and 521 4th St S

**Background/Analysis:**

One component of the broader Downtown East project is the development of a green space on the one and two-thirds of blocks bounded by 4<sup>th</sup> Street South, 5<sup>th</sup> Street South, 5<sup>th</sup> Avenue South and Park Avenue. This space is currently referred to as the “Downtown East Commons.”

Since early 2015 the City has worked with a landscape architecture team led by Hargreaves Associates to develop a design for the Commons beyond a basic green space. To implement the design, the City is working with Ryan Companies on the build out of the Commons and with Green Minneapolis to fund those improvements. Green Minneapolis is a 501(c)(3) nonprofit conservancy formed by the Downtown Council to facilitate parks and greening downtown. Green Minneapolis is leading the philanthropic fundraising effort to pay for the additional capital improvements and a portion of initial operating costs of the Commons.

The success of the fundraising campaign allows features of the Hargreaves design for the Commons to be built this year. The site is now under construction. Ryan Companies is installing site utilities and surface features such as landscaping and hardscape. The construction cost estimate for this phase of enhancements is approximately \$10.8 million. If fully funded, this will provide for installation of walkways, retaining walls, trees, great and small lawns, program rooms and other plantings identified in the Hargreaves design. Additional features will be constructed when sufficient funds become available for construction of the “Ultimate Commons” or such alternative plans as may be approved by the City Council in the future.

Construction of the current phase of improvements to the Commons is scheduled to be complete this summer. Completion of this phase will allow the Commons to open for use. As such, it is important to implement an operational plan for the space.

**Operations**

Staff seeks to enter into an agreement with the Minneapolis Downtown Improvement District (DID) to operate the Commons for the rest of 2016. These services would be separate and separately funded from the DID’s role as a special services district. The DID is uniquely positioned to provide operational services for the Commons given its existing operational presence in downtown performing similar sorts of functions.

Given the timing, staff seeks to waive a request for proposals process and authority to enter into a multipurpose services operating agreement with DID consistent with the attached term sheet exhibit. The contract would be for up to \$600,000 through the end of 2016 with the option to renew if additional time is required. The services that DID would provide include coordination of activities within the Commons, customer service for visitors, cleaning, management and maintenance of the landscape and utilities, development of safety protocols, coordination of restroom facilities, snow removal, and other functions. The City would waive a request for proposals for agreements between DID and its professional services subcontractors, but DID would otherwise comply with City contracting ordinances. The budget for the agreement is based on the DID’s operational cost estimates. DID would perform the work at cost, including its own internal overhead cost, and charge no additional fee.

Contracting with DID in the near term would give the City more time to formulate a longer term operating model for the Commons. For several months City staff has been working with Green Minneapolis to identify and understand the operational issues of the Commons. Green Minneapolis was formed as a nonprofit parks conservancy, not only to spearhead the

philanthropic fundraising effort for the Commons, but also to operate it. Park conservancies are a model for the operations of various types of public spaces across the country, although it is a new model for our region.

Staff and Green Minneapolis would seek to reach an agreement for Green Minneapolis to operate the Commons. Staff requests City Council authorization to negotiate a multipurpose services operating agreement with Green Minneapolis and to waive a request for proposals process. These services are likely to include programming, scheduling, ongoing fundraising, landscape management, cleaning, maintenance, security, visitor services and other functions. Green Minneapolis is uniquely positioned, given its charitable purpose, to play this broad operational role. Staff will return to City Council for approval of the terms of any agreement.

Realistically it is not possible to come to agreement with Green Minneapolis before the Commons opens. Green Minneapolis also needs time to develop its internal capacity to operate the Commons. For these reasons, it is important to have an interim solution such as contracting with DID.

### **Funding**

Funding in 2016 for the DID operational agreement would come from City funds and the operational funds held by Green Minneapolis that were raised from the philanthropic fundraising campaign.

The 2016 Council Adopted Budget included one-time funding of \$250,000 to be directed toward the Commons. At the time of adoption, specific uses of the funds were not identified, but rather, potential uses were contemplated such as supplemental funding for adjacent right-of-way improvements should the funds have been needed. At this time, sufficient funding has been identified for these capital costs; therefore, the \$250,000 of funding for the Commons is available to help provide for short-term operations.

The funds are currently allocated to capital expenditures and staff seeks approval to allow for these funds to be reallocated for operational use and transferred from the City's Capital Improvement Fund to the City's General Fund for this purpose. Future operating funding will be addressed as part of the 2017 budget process. Throughout the development process of the Commons and based on the operating models of other comparable public spaces around the country, a base financial contribution from the local municipality has been a critical component to the operating revenue of this City-owned asset.

Funding held by Green Minneapolis is also an important component to funding operations in 2016. A portion of the cash raised as part of the philanthropic fundraising campaign is earmarked for operational expenses of the Commons. Under an existing agreement with Green Minneapolis, the City will seek funding for 2016 operations.

In addition, staff has also preliminarily discussed with the Minnesota Sports Facilities Authority, and DID would continue those discussions, on the potential of coordinating operational services that the Authority will likely be performing in its neighboring plaza area and as part of its obligations for the use of the Commons, e.g. cleaning up after events. That coordination could help defray the operating costs of the Commons.

### **Accepting Gifts**

The philanthropic fundraising campaign is raising funds for the construction and operations of the Commons. In accordance with State law and the City's gift policy, the City Council must authorize acceptance of gifts to the City by adopting a resolution (see exhibit). The City Council adopted previous resolutions last fall and earlier this year. Since that time, the fundraising campaign has secured additional commitments that require adoption of a resolution.

**Financial Review:**

**No additional appropriation required, amount included in current budget.**

**Future budget impact anticipated.**

Future operating funding from the City for the Commons will be addressed as part of the 2017 budget process

**Approved by the Permanent Review Committee.**

**Meets Small and Underutilized Business Program goals.**

**Attachments:**

1. Term Sheet with Minneapolis Downtown Improvement District
2. Gift Acceptance Resolution