

**Saint Paul
Special Services District
2021 Operating Plan and Budget**

**For
A Property Based
Special Services District
In Saint Paul, Minnesota**

**Prepared By
Urban Place Consulting Group, Inc.**

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For the
Saint Paul Special Services District (District)
Saint Paul, Minnesota

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Introduction

This Introduction describes the basic provisions of the Saint Paul Downtown Improvement District (the “SPDID”) formed as a “special service district” pursuant to Minnesota Statutes, Chapter 428A (“State Law”), to serve a substantial part of Saint Paul’s downtown area (the “District”) beginning in 2021.

This Operating Plan was prepared by a volunteer steering committee of private parties that own commercial real estate within the District. The committee has been advised and assisted by Urban Place Consulting Group, Inc. with funding from the Knight Foundation and other sources.

Special service districts have proven to dramatically improve public safety and security, enhance the upkeep and maintenance of the public realm, attract new businesses and help retain existing ones, increase property values, and stimulate overall community vitality. Of the sixty-five largest cities in the nation, Saint Paul was the only city that did not have a special service district as of 2020. Duluth, Minneapolis, and Rochester all have successful districts and the vitality of those communities is attributable at least in part to those organizations.

According to the steering committee, current city services around cleanliness, safety and placemaking are not meeting the needs of downtown Saint Paul. The SPDID would deliver needed programs and services in these areas, operating above and beyond what the city provides. The safety and security aspects of the SPDID program are especially relevant given the historic connection of public safety issues and economic instability.

Funding to underwrite the SPDID programs and services will come from special fees for eligible commercial real estate located within the District that would be payable with annual real estate tax payments. Voluntary contributions will also be collected from private and public parties whose property is not eligible to be assessed (residential property and real estate owned by government and non-profit organizations). Notwithstanding their legal exemption, it should be noted that city and county government have both committed to contribute at least 25 percent of the SPDID annual operating budget during the organization’s initial five-year term.

SPDID’s first priority is improving public safety outcomes and perceptions. The traditional model for downtown districts achieves this by implementing a highly visible staff of public realm ambassadors. In response to the disruptions and the economic repercussions associated with COVID-19, SPDID will plan to phase in ambassador services in 2022. In 2021 the focus will be the creation of a joint public safety communications center (the “Fusion Center”) that will connect private and public audio and visual communications in downtown Saint Paul into a single system that is staffed. A fusion center was the top recommendation of a security study done by the Rozin Group in 2019 under contract with the Greater Saint Paul BOMA and Saint Paul Downtown Alliance and is consistent with best practices across the country. It is anticipated that the Fusion Center would begin functioning sometime in 2020 and would be funded on an interim basis by the Saint Paul Downtown Alliance with private foundation support until the SPDID has been approved and is up and operating. Additional information about the Fusion Center is available upon request.

The Fusion Center can extend beyond the boundaries of the District paid for by voluntary

contributions or a fee for service contract.

Steering Committee

The initial SPDID steering committee includes the following individuals representing the commercial properties indicated after their names.

Building	Owner / Representative
Securian 400 & 401 Towers	Julio Fesser
Ecolab	Kris Taylor
Travelers	Greg Sharpe
Wells Fargo Place	Pat Skinner
Mille Lacs Corporate Ventures - InterContinental & DoubleTree Hotels	Zach Atherton-Ely
The 428 & Golden Rule	Pat Wolf
Treasure Island Center	Lee Krueger
Infor Commons	Dean Freeman
Victory Ramp & Grace Building	Todd Geller
Hamm Building	Kristel Hanson
Osborn370	Clint Blaiser
Saint Paul Hotel	Brian Schmechel

Operating Plan Summary

The name of the Property-based Special Services District is the **Saint Paul Special Service District (the “District”)**. The District is was established pursuant to Minnesota Statutes CHAPTER 428A. SPECIAL SERVICE DISTRICTS, herein after referred to as State Law. Developed by the Saint Paul Steering Committee, the Saint Paul Special Services District Management Plan is proposed to improve and convey special benefits to assessed parcels located within the District area. The District

will provide several programs and activities, including Clean, Safe, and Upkeep, Communication/Public Space Activation, and Administration/Advocacy/Office. Each of the programs is designed to meet the goals of the District; to improve the safety of each individual assessed parcel within the District, to increase building occupancy and lease rates, to encourage new business development; and attract ancillary businesses and services for assessed parcels within the District.

District Boundary: See Section 2, Page 9 and map, Page 10.

District Budget: The total District budget for the 2021 year of operation, which has been reduced dramatically to address the COVID-19 pandemic financial issues, is approximately **\$600,191.12**.

TOTAL BUDGET	Year 1 2021
Non-exempt property assessments	\$ 444,511.85
City voluntary assessment contribution	\$ 83,459.72
County voluntary assessment contribution	\$ 72,219.55
Total	\$ 600,191.12

Improvements, Activities, Services:

SAFE & CLEAN	Year 1 2021
Percent of Total Budget	54.87%
Non-exempt property assessments	\$ 243,915.39
City + County voluntary assessment contribution	\$ 85,425.33
Total	\$ 329,340.72

Enhanced Safe Programs:

A Saint Paul Special Services District Safe Team to address crime prevention for parcels in the District will consist of some of the following:

- Joint public safety communications center (Fusion Center)
- Safety Ambassador Patrol (*limited year 1*)

Enhanced Clean and Upkeep Programs

A Saint Paul Special Service District Clean Team of ambassadors will consist of some of the following

- Sidewalk Sweeping (*limited year 1*)
- Sidewalk Pressure Washing (*limited year 1*)
- Graffiti & Handbill Removal (*limited year 1*)
- Trash Removal (*limited year 1*)

COMMUNICATION + PUBLIC SPACE ACTIVATION	Year 1 2021
Percent of Total Budget	18.83%

Non-exempt property assessments	\$ 83,703.17
City + County voluntary assessment contribution	\$ 29,314.96
Total	\$ 113,018.13

Communication/Public Space Activation programs will consist of some of the following:

- Stakeholder Communications
- Website
- Branding and Marketing (*limited year 1*)
- Public Space Activation (*limited year 1*)
- Placemaking Projects (*limited year 1*)

ADMINISTRATION + ADVOCACY/OFFICE	Year 1 2021
Percent of Total Budget	26.30%
Non-exempt property assessments	\$ 116,893.29
City + County voluntary assessment contribution	\$ 40,938.98
Total	\$ 157,832.27

Administration staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The improvements and activities are managed by a professional staff that requires centralized administrative support. Management staff oversees the District’s services which are delivered seven days a week. A well-managed District provides necessary Special Services District program oversight and guidance that produces higher quality and more efficient programs.

Methodology

Method of Financing: A levy of special assessments upon real property that receives special benefits from the improvements and activities.

Cost: Annual assessments are based upon an allocation of program costs and a calculation of assessable footage. Two property assessment variables, building square footage (70%) and linear front footage (30%), will be used in the calculation. The **2021 year** assessments per assessment variable will not exceed amounts listed in the following chart:

2021 Building Square Footage Rate	\$0.0299
2021 Front Footage Rate	\$6.11

Annual Budget An annual special service district operating budget is determined by the Special Services District Advisory Board of Directors and must be adopted and approved by the City Council each year.

City Service Baseline: The City of Saint Paul has established and documented the base level of pre-existing City services. The Downtown Saint Paul Special Service District will not replace

any pre-existing general City services.

Governance: The City of Saint Paul will contract with a non-profit organization to provide the day-to-day operations of the District. The non-profit organization will act as the District Advisory Board and governing board for the SSD. The District Advisory Board determines budgets, assessment adjustments, and monitors service delivery. A new non-profit corporation will be established by the Saint Paul Steering Committee and its Board will serve as the District Advisory Board.

The District Advisory Board of Directors will represent a cross section of property owners found throughout the SSD. The goal and spirit of the board's composition is to have a majority of property owners that pay Special Service District assessments but may also include representatives from businesses and residents. A nominating committee develops an annual slate of board nominations, and nominations are voted on at an annual meeting of the Special Service District assessed property owners.

Saint Paul Special Services District Boundaries

The Saint Paul Special Service District consists of approximately 40 whole or partial blocks and approximately 131 non-exempt parcels. That part of Sections 31, Township 29 North, Range 22 West and Section 6, Township 28 North, Range 22 West of the 4th Principal Meridian, City of St. Paul, Ramsey County, Minnesota, described as follows:

Beginning at the intersection of the centerline of Cedar Street with the southeasterly right-of-way line of Interstate Highway 35E as extended from the west, thence southeasterly along said centerline of Cedar Street to the centerline of Seventh Street East (aka Eighth Street) as platted in ROBERTS AND RANDALLS ADDITION TO ST PAUL, thence northeasterly along said centerline of Seventh Street East to the centerline of Jackson Street, thence southeasterly along the said centerline of Jackson Street to the centerline of Sixth Street East, thence southwesterly along said centerline of Sixth Street East to the centerline of Cedar Street, thence southeasterly along said centerline of Cedar Street to the centerline of Kellogg Boulevard (fka Third Street) as platted in the CITY OF SAINT PAUL, thence southwesterly along said centerline of Kellogg Boulevard to the centerline of Wabasha Street, thence southeasterly along said centerline of Wabasha Street to the northerly right-of-way line of Shepard Road, thence southwesterly along said northerly right-of-way line of Shepard Road to the easterly right-of-way line of Eagle Parkway as platted in KELLOGG CENTER, thence northwesterly along said easterly right-of-way line of Eagle Parkway and its northwesterly extension to the centerline of Eagle Street as platted in RICE & IRVINE'S ADDITION TO SAINT PAUL, thence along said centerline of Eagle Street to the said centerline of Kellogg Boulevard, thence northwesterly along said centerline of Kellogg Boulevard as extended and widened to the southeasterly right-of-way line of Interstate Highway 35E, thence northeasterly along said southeasterly right-of-way line of Interstate Highway 35E to the point of beginning, and there terminating.

The Saint Paul Special Service District boundaries are illustrated on the following map:

boundaries and no services will be provided outside the District boundaries, and each of the services: Safe, Clean, Upkeep, Communication, Public Space Activation, Administration and Advocacy are unique to the District and to each of the District's assessed parcels. All special benefits provided are particular and distinct to each assessed parcel.

All benefits derived from the assessments outlined in this District Operating Plan are for services directly and specially benefiting the assessed parcels within this area and support increased commerce, business attraction and retention, increased property rental income, increased residential serving businesses such as restaurants and retail and enhanced overall safety and image within the Saint Paul Special Services District. All services, Safety, Cleaning, Upkeep, Communication, Public Space Activation, Administration and Advocacy services are provided solely to assessed parcels within the district to enhance the image and viability of properties and businesses within the Saint Paul Special Services District boundaries and are designed only for the direct special benefit of the assessed commercially zoned parcels in the District. No services will be provided to non-assessed parcels outside the District boundaries.

TOTAL ASSESSMENT

The total improvement and activity plan budget for 2021 is projected at \$600,191, which has been dramatically reduced to address COVID-19 pandemic financial issues. Assessments on non-exempt property provide \$444,512 of the total budget. City, County and exempt property are contributing the balance of the budget on a voluntary basis. The total improvement and activity plan for the full budget in 2021 is projected at \$600,191. The costs of providing each of the budget components was developed from actual experience obtained in providing these same services during the Streets of Summer program during 2019 and from other districts similar to the proposed Saint Paul Special Services District. Actual service hours and frequency may vary in order to match varying District needs over the 5-year life of the District. A detailed operation deployment for 2021 is available from the Downtown Alliance. The budget is made up of the following components.

SAFE, CLEAN AND UPKEEP PROGRAMS

Safe Team Program

The Safety Program will provide safety services for the individual parcels located within the District in the form of bicycle patrols (*limited year 1*), foot patrols (*limited year 1*), and joint public safety communications center (Fusion Center). The purpose of the Safe Team Program is to prevent, deter and report illegal activities taking place on the streets, sidewalks, storefronts, parking lots and public alleys. The presence of the Safe Team Program is intended to deter such illegal activities as vandalism, graffiti, narcotic use or sales, public urination, trespassing, drinking in public, prostitution, illegal panhandling, and illegal dumping. The Program will supplement, not replace, other ongoing police, private security and patrol efforts within the District. The Safe Team Program will only provide its services within the District boundaries. The special benefit to parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage. A District that is perceived as unsafe deters pedestrian and commercial activity.

Clean Team and Upkeep Program (*limited year 1*)

In order to consistently deal with cleaning issues, a Clean Program will provide a multi-

dimensional approach consisting of the following elements. These services are a form of special benefit because they will be provided directly to the assessed parcels. By receiving these special benefits, the parcels are expected to enjoy increased commercial activity, which directly relates to increases in lease rates and customer usage. The services may include, but are not limited to, the following:

- **Sidewalk Sweeping (*limited year 1*):** Uniformed, radio-equipped personnel sweep litter, debris and refuse from sidewalks and gutters of the District. Paper signs and handbills that are taped or glued on property, utility boxes, poles and telephones are removed. Clean sidewalks support an increase in commerce and provides a special benefit to each individually assessed parcel in the Saint Paul Special Services District.
- **Sidewalk Pressure Washing (*limited year 1*):** Saint Paul Special Services District personnel may pressure wash the sidewalks. Clean sidewalks support an increase in commerce and provide a special benefit to each individually assessed parcel in the District.
- **Trash Removal (*limited year 1*):** Collector truck personnel collect trash from sidewalks as needed. They are also dispatched to collect large bulky items illegally dumped in the District.
- **Graffiti and Handbill Removal (*limited year 1*):** Painters remove graffiti by painting, using solvent and pressure washing. The Saint Paul Special Services District maintains a zero-tolerance graffiti policy. An effort is made to remove all tags within 24 hours on weekdays.
- **Landscape Programs (*limited year 1*):** Weeding of District tree wells and sidewalk cracks. In addition, Saint Paul Special Services District personnel may provide landscape maintenance to planters or other landscape projects.

The Clean Team will only provide service to assessed parcels within District boundaries. The special benefit to assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and customer usage. Dirty and unclean sidewalks deter pedestrians and commercial activity.

COMMUNICATION AND PUBLIC SPACE ACTIVATION

In order to communicate the changes that are taking place in the Saint Paul Special Services District and to enhance the positive perception of the assessed parcels, a professionally developed marketing and communication program will be created. The program will help parcel owners in their efforts to attract tenants and support local commerce and investment and work to improve the positive perception of the Saint Paul Special Services District. Decisions on where to shop, eat, work, and live are largely based on a perception of the place. These special benefits will result in increased commercial activity which directly relates to increases in lease rates and enhanced commerce.

The programs being considered include, but are not limited to, the following:

- Stakeholder Communications
- Website

- Branding and Marketing (*limited year 1*)
- Public Space Activation (*limited year 1*)
- Placemaking Projects (*limited year 1*)

ADMINISTRATION AND ADVOCACY/OFFICE

The improvements and activities are managed by a professional staff that requires centralized administrative support. Administration staff oversees the District's services which are delivered seven days a week. Administration staff actively works on behalf of the District parcels to ensure that City and County services and policies support the District. Included in this item are office expenses, professional services, organizational expenses such as insurance, the cost to conduct a yearly financial review, and a reserve for uncollectable assessments.

A well-managed District provides necessary program oversight and guidance that produces higher quality and more efficient programs. Administration staff implement the programs and services of the District. Administration staff expenses are allocated according to generally accepted accounting job costing procedures and are allocated to the specific areas in which staff works. The special benefit to assessed parcels from these services is increased commercial activity which directly relates to increases in lease rates and enhanced commerce.

District Rules and Regulations

Pursuant State Law, a special services district may establish rules and regulations that uniquely apply to the District. The District has adopted the following rules:

- **Competitive Procurement Process**
The District Advisory Board shall develop a policy for competitive bidding when purchasing substantial amounts of services, products and/or equipment. The policy will aim to maximize service, quality, efficiency and cost effectiveness.
- **Renewal**
District funds may be used for renewing the District. District rollover funds may be spent on renewal.

Implementation Timetable

The Saint Paul Special Services District will begin implementation of the District Operating Plan on January 1, 2021. The District will expire on November 19, 2025, unless it is renewed by following the procedure as set forth in Minnesota Statutes, section 428A or as permitted by applicable law.