



Legislation Text

File #: Ord 20-31, **Version:** 2

Creating Chapter 142 of the Legislative Code (Title XII) pertaining to a Special Service District in Downtown.

WHEREAS, Minnesota Statutes, chapter 428A authorizes the City to create “special service districts,” the purpose of which is to provide an increased level of service or infrastructure to its commercial or industrial areas; and

WHEREAS, Minnesota Statutes, section 428A.01 subdivision 4 defines a special service district as “a defined area within the city where special services are rendered and the costs of the special services are paid from revenues collected from service charges imposed within that area;” and

WHEREAS, special service districts have proven to strengthen downtown business environments throughout North America, with nearly all of Saint Paul’s peer cities employing self-imposed and self-managed districts to improve the economic strength of their downtowns; and

WHEREAS, City and County roles are most commonly thought of as fiscal sponsors for collecting fees through property tax collections, and disbursing proceeds to special service districts; and

WHEREAS, Saint Paul workers, residents, business owners, and community leaders have been engaged - through the Saint Paul Riverfront Corporation, its Downtown Vitality Vision, and the Saint Paul Downtown Alliance - for several years in a process to research best practices and determine the feasibility of a special service district in downtown Saint Paul; and

WHEREAS, Saint Paul business leaders and property owners have drafted a service model that provides services beyond those ordinarily provided by the City or other public entities with a priority on improving safety outcomes and perceptions, which has received broad support; and

WHEREAS, Minnesota Statutes, section 428A.08 requires that, in order to create a special service district, the owners of 25 percent or more of the land area that would be subject to the charges, and either (i) owners of 25 percent or more of the net tax capacity of property that would be subject to the service charges, or (ii) owners, individuals, and business organizations that would be subject to 25 percent or more of a proposed service charge, must file a petition requesting a public hearing on the proposed action with the city clerk; and

WHEREAS, on July 1, 2020, the City received petition from certain downtown property owners who wish to establish a special service district (to be known as the “Saint Paul Downtown Improvement District”) in the downtown area described in Section 142.01 of this chapter; and

WHEREAS, the City reviewed said petition, and determined that the requirements of Minnesota Statutes, section 428A.08, have been met; and

WHEREAS, the property owner fee-payers who petitioned the establishment of the Saint Paul Downtown Improvement District intend that it be operated according to best business practices - with speedy and nimble management - ultimately achieving a high level of efficiency while making decisions and implementing services; and

WHEREAS, downtown Saint Paul, like downtowns around the country, has ever changing challenges and opportunities and best practices include maximum flexibility to react with agility and streamlined responsiveness; and

WHEREAS, in order to afford the Saint Paul Downtown Improvement District the efficiency and flexibility it desires, while observing important City policies, this ordinance contains some regulatory exemptions; and

WHEREAS, the Saint Paul Downtown Improvement District has expressed its commitment to meeting the spirit of any ordinances from which it is exempted through its independent policies and practices; and

WHEREAS, in this unique circumstance, the Council finds said exemptions reasonable and necessary; now, therefore, be it

RESOLVED, that the Council of the City of Saint Paul does hereby ordain:

Section 2

Chapter 142 of the Saint Paul Legislative Code is hereby created to read as follows:

Sec. 142.01 Establishment; Purpose; Location.

Pursuant to the authority granted by Minnesota Statutes, Chapter 428A, sections 428A.01 through 428A.10, there is hereby established a Downtown Special Service District (otherwise referred to herein as the "district") wherein services may be furnished of a kind or to a degree not required or performed elsewhere in the city. The district shall consist of 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 (formerly known as 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 (formerly known as 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.

Sec. 142.02 Special services to be performed; operating plan; professional service agreement.

(a) The special services to be furnished within the district may include:

(1) Enhanced Safe Programs, including, but not limited to:

- a. joint public safety communications;
- b. bicycle patrol;
- c. foot patrol.

(2) Enhanced Clean and Upkeep Programs, including, but not limited to:

- a. sidewalk sweeping;
- b. sidewalk pressure washing;
- c. graffiti & handbill removal;
- d. trash removal;
- e. landscape programs.

(3) Communication/Public Space Activation Programs, including, but not limited to:

- a. stakeholder communications and website;
- b. branding, marketing, and promotion;
- c. public space activation and events;
- d. placemaking.

(4) Management, Oversight, and Administrative Services.

(b) Each year, prior to imposition of any service charge, the city council will adopt by resolution an operating plan that describes with particularity the special services to be performed. Any physical enhancements to be installed by the district shall be maintained by the district, and to the extent they are not maintained, the city shall have the right to remove them. The district shall not be obligated to maintain any physical enhancements installed by parties other than the district unless and until said maintenance is included in the adopted operating plan. The special services to be furnished in the district may not include a service that is ordinarily provided throughout the city unless an increased level of the service is provided in the district.

- (c) The special services described in the operating plan will be furnished by the Saint Paul Downtown Improvement District, its subsidiary or an approved assignee (the "district entity"), in accordance with a professional service agreement to be entered between the district entity and the city. Notwithstanding any ordinance to the contrary, the professional service agreement provided for in this section is hereby exempt from Saint Paul Legislative Code Section 183.04 (Affirmative Action/Equal Employment Opportunity), ~~Saint Paul Administrative Code Section 82.07 (Minimum wages on public contracts)~~, Saint Paul Administrative Code Chapter 84 (Vendor Outreach Program), and Saint Paul Administrative Code Chapter 98 (Living Wage), provided, however, that the professional service agreement shall contain provisions that require the district entity to do the following:
- (1) When the district entity seeks competitive bids for special services in the district, in addition to any other bids sought, it shall seek bids from, but not limited to, vendors on a list of small, women and minority businesses provided by the City;
 - (2) The district entity shall have an affirmative action plan that meets Saint Paul Administrative Code Section 86.06;
 - ~~(3) The District Entity shall apply the wage provisions of Saint Paul Administrative Code Section 82.07 and Saint Paul Administrative Code Chapter 98 to any construction work that requires funding from more than one year's assessment cycle.~~

Sec. 142.03 Service charge.

The city council hereby finds and determines that the annual costs of providing the services specified in section 142.02 hereof will provide benefits primarily to properties located within the district, rather than to the city as a whole, and that the costs of said services may be recovered by the city by the imposition of service charges to be assessed against commercial and industrial properties-and on a voluntary basis residential and tax-exempt properties-located within the district.

Sec. 142.04 Notice of veto power.

Within five (5) days after adoption of this chapter the city clerk shall mail a summary of this chapter to the owner of each parcel included in the district and any individual or business organization subject to a service charge. The notice must meet the requirements of Minnesota Statutes, section 428A.09.

Sec. 142.05 Imposition of service charge; levy.

The service charges shall be levied annually upon properties within the district, in an aggregate sum, which, combined with any property tax levied under section 142.07 hereof, will equal the estimated total costs of the city in providing the services referred to in section 142.02 for the next ensuing calendar year. Prior to imposing the service charges for each year, the Office of Financial Services shall approve a list of the several lots and parcels of land which will be subject to the service charges, and the names of the owners of the several parcels as nearly as the Office of Financial Services can readily ascertain the same. A public hearing shall be held with respect thereto at which all interested persons may appear and be heard. The notice of the public

hearing shall be given as required by the applicable notice provisions of Minnesota Statutes, Chapter 428A. The notice of public hearing shall include:

- (1) A statement that all interested persons will be given an opportunity to be heard at the hearing regarding a proposed service charge;
- (2) The estimated cost of improvements to be paid for in whole or in part by service charges imposed under this section, the estimated cost of operating and maintaining the improvements during the first year and upon completion of the improvements, the proposed method and source of financing the improvements, and the annual cost of operating and maintaining the improvements;
- (3) The proposed rate or amount of the proposed service charge to be imposed in the district during the calendar year and the nature and character of special services to be rendered in the district during the calendar year in which the service charge is to be collected;
- (4) A statement that the petition requirements of Minnesota Statutes, section 428A.08 have either been met or do not apply to the proposed service charge; and
- (5) A statement that an owner may appeal an assessment of the service charge to district court including the procedure for appeal.

Within six (6) months of the public hearing, the city may adopt a resolution imposing a service charge within the district not exceeding the amount or rate expressed in the notice issued under this section. Any such resolution shall be certified to the county auditor, together with the assessment roll provided for herein, prior to November thirtieth for the annual certification of special assessment installments, and the service charge shall be payable in a single tax year. The city council may increase or decrease assessments to correct omissions, mistakes or erroneous estimates relating to the total cost of the services or any other particular, using the same procedure as required for holding a public hearing and notification of affected property owners as for the original assessment.

Sec. 142.06 Appeal of service charges.

Within thirty (30) days after the adoption of a service charge levied under section 142.05, any person aggrieved may appeal to the district court by serving a notice of appeal upon the mayor or city clerk; provided that no appeal may be taken unless the person appealing shall have filed a signed, written, objection with the city clerk prior to the assessment hearing or shall have presented it to the presiding officer at the hearing, unless a reasonable cause shall exist for such person's failure to do so. The court may affirm the service charge or, if the appellant's objections have merit, modify or cancel it.

Sec. 142.07 Ad valorem property tax.

The city may, in each calendar year, levy a tax on taxable property in the district based upon the assessed value of the property and such tax shall be assessed and collected in the same manner as other property taxes on property located within the district. The tax shall be levied at a rate that will raise an aggregate sum, which, when combined with any service charges levied in the district, will equal the total costs of the city in providing the services specified in this chapter for the next ensuing calendar year. Prior to the levy of such a tax a public hearing shall be held. The requirements for the public hearing and the notice of public hearing shall be the same as specified in section 142.04 with respect to the levy of special service charges, and the tax may be levied not later than six (6) months after the public hearing by a majority vote of all of the members of the city council.

For purposes of determining the appropriate tax rate, taxable property or value shall be determined under Minnesota Statutes. Property exempt from taxation by Minnesota Statute shall be exempt from such tax, unless the property consents on a voluntary basis.

Sec. 142.08 Revenue surplus or deficit.

Any annual revenue surplus or deficit shall be addressed in accordance with one (1) of the following procedures:

- (1) If the total taxes and service charges levied and collected under this chapter, with respect to any calendar year, exceed the cost of services actually rendered in the district in such calendar year, then the next ensuing year's levy of taxes and service charges may be decreased by a corresponding amount; or
- (2) If the total taxes and service charges levied and collected under this chapter, with respect to any calendar year, exceed the cost of services actually rendered in the district in such calendar year, then the subsequent years' annual operating plan may be amended by city council action to incorporate the prior year's excess revenue; or
- (3) If the cost of services actually rendered in the district in any calendar year exceed the total taxes and service charges levied and collected under this chapter with respect to such calendar year, then an amount necessary to recoup the excess costs may be levied as taxes, service charges, or both within the next two (2) ensuing years; or
- (4) If the cost of services actually rendered in the district in any calendar year exceed the total taxes and service charges levied and collected under this chapter with respect to such calendar year, then the subsequent years' annual operating plan may be amended by city council action to recoup the excess costs.

Sec. 142.09 Limitation.

Taxes and service charges may be levied pursuant to this chapter to finance special services ordinarily provided by the city only if the services are provided in the district at an increased level and, then, only in an amount sufficient to pay for the increase. Service charges imposed under this chapter shall be levied in addition to any other service charge levied or imposed by law.

Sec. 142.10 Petitions and notices.

Petitions and notices required for hearings, petitions, or notices under this chapter, and for the resolution setting any service charges, fees, or rates, shall be in compliance with any applicable petition and notice requirements imposed pursuant to Minnesota Statutes, sections 428A.01 through 428A.10. Except as otherwise provided in Minnesota Statutes Chapter 428A, within five (5) days of adoption of the ordinance or any resolution setting rates or fees, in accordance with Minnesota Statutes, sections 428A.01 through 428A.10, a summary of the ordinance or resolution must be mailed to the owner of each parcel included in the district and any individual or business organization subject to a service charge in the same manner that notice is mailed under Minnesota Statutes, section 428A.02. The mailing must include notice that owners subject to the service charge have a right to veto the ordinance by filing the required number of objections with the city clerk before the effective date of the ordinance or resolution and that a copy of the ordinance or resolution is

on file with the city clerk for public inspection.

Sec. 142.11 Annual reports.

During the term of the services agreement referenced in section 142.02, the district entity shall submit to the Director of the City's Office of Financial Service as soon as practical after each calendar year end but prior to adoption of the next year's budget, an annual report of services activity and an independent audit of financial activity for each calendar year in which services are performed in the district.

Sec. 142.12 Definitions and construction.

The terms used herein shall be defined as provided in Minnesota Statutes, sections 428A.01 through 428A.10 and said statute shall in all respects govern the creation, existence and operation of the district and the manner imposing service charges therein and this chapter shall be construed consistently therewith.

Sec. 142.13 Notice to commissioner of revenue.

Within thirty (30) days after adoption of this chapter, the city clerk shall send a copy of this chapter to the commissioner of revenue.

Sec. 142.14 Exemption of certain properties from taxes and service charges.

Only property that is classified under Minnesota Statutes section 273.12 and used for commercial, industrial, or public utility purposes, or is vacant land zoned or designated on a land use plan for commercial or industrial use and located in the district may be subject to the charges imposed on the district. Property exempt from taxation by Minnesota Statutes, section 272.02 is exempt from any service charges based on net tax capacity imposed under this chapter.

Sec. 142.15 Expiration of district.

The district shall expire five (5) years after the effective date of this chapter unless it is renewed by following the procedure as set forth in Minnesota Statutes, section 428A or as permitted by applicable law. Any renewal of the district that is initiated by the district entity one year prior to actual expiration under this section shall be exempt from the petitioning requirements set out at Minnesota Statutes, section 428A.08. Initiating renewal means written notice of intent from the district entity to the City's Office of Financial Services

Section 3

This chapter shall become effective forty-five (45) days following its passage, approval, and publication.