

***AGENDA***

**CITY OF MINNETONKA**

**SPECIAL STUDY SESSION**

**MONDAY, DECEMBER 6, 2010**

**FOLLOWING THE REGULAR COUNCIL MEETING**

**COUNCIL CHAMBERS**

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1. Update on proposed City of Minnetonka/Minnehaha Creek Watershed District joint facility
2. Adjournment

The purpose of a study session is to allow the city council to discuss matters informally and in greater detail than permitted at formal council meetings. While all meetings of the council are open to the public, study session discussions are generally limited to the council, staff and consultants.

**City Council Study Session Item #1  
Meeting of December 6, 2010**

**Brief Description:** Update on proposed City of Minnetonka/Minnehaha Creek Watershed District joint facility

**Background**

In May, the city council adopted a resolution of intent to cooperatively develop a proposal for a possible joint facility with the Minnehaha Creek Watershed District (MCWD). Mayor Schneider and Council Members Hiller and Wagner represent the city on a joint design and development steering committee. Members of the MCWD board of managers also serve on this committee.

The steering committee has met three times since September, completing the following work:

- established the planning process
- set a vision with guiding principles
- toured the proposed site
- identified space program uses
- reviewed a variety of site concept plans
- identified the values of a partnership
- developed points of agreement on ownership, financing and operations
- prepared a business plan
- reviewed long-term financing costs

Draft documents are attached related to several of these items. At the December 6 study session, the council will be further updated on the group's progress. Feedback is requested on the efforts to date, along with discussion of the city's interests in the project.

**Discussion Points**

***Does the city council agree with the direction of the steering committee to date?***

***Does the council have any concerns about or recommendations on the proposed project?***

**Summary**

The steering committee is set to meet again in mid-December. A joint meeting of the full city council and MCWD board of managers is expected in January.

Submitted through:

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Originated by:

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Director of Administrative Services

**Cooperative Proposal for Possible Joint Facility**  
**City of Minnetonka**  
**and**  
**Minnehaha Creek Watershed District (MCWD)**

**VISION**

The proposed joint facility would serve as a *showcase to Minnehaha Creek* to encourage public recreational and educational access to the natural surroundings while also serving as MCWD headquarters.

**GUIDING PRINCIPLES**

***Public Benefit***

- Provide recreational access to Minnehaha Creek and surrounding parkland (internal trails, regional trail, canoe landing, picnic area)
- Offer education, both indoor and outdoor (environmental demonstration areas, multipurpose space, historic displays)
- Provide community space (serve groups of 50-75, public restrooms, dual use space for city and MCWD meetings/events)
- Provide headquarters for MCWD (space for future expansion)
- Serve as a technology hub

***Fiscal Responsibility***

- Governs the partnership and optimizes benefits of a shared facility
- Each party brings value to the partnership (financial, land, facilities management)
- Other revenue sources generated (facility rental and programming fees)

***Ownership and Operation***

- Specifically defined rights and assigned responsibilities
- Written agreements that are fair and acceptable to both parties
- Acknowledgement of city's capability/experience in ownership and operation of public facilities

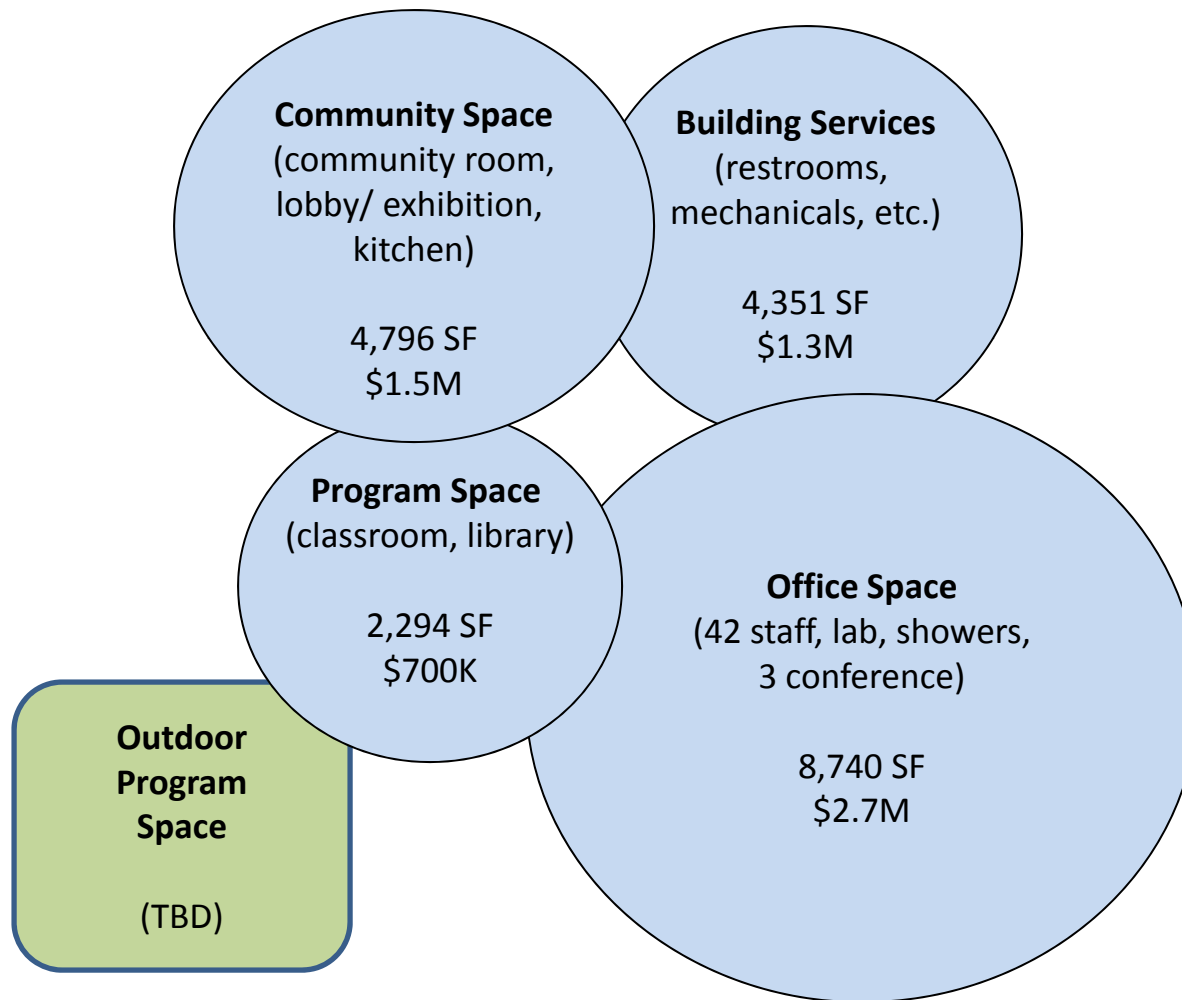
***Facility and Site Design***

- Design building, parking and grounds to integrate with and complement the natural environment (minimize grading, tree removal and soil disturbance; blend building into landscape)
- Preserve and enhance creek's ecological corridor
- Design creek access for minimal environmental impacts
- Create native landscape design consistent with city's other corridor projects

***Stakeholder Involvement***

- Residents of Minnetonka and the MCWD area
- Steering committee operating by consensus
- City and MCWD governing boards and staff
- Other government agencies

## Proposed Facility Space Use



**Proposed Joint Facility  
City of Minnetonka / Minnehaha Creek Watershed District (MCWD)**

**Principal Points of Agreement (DRAFT)**

**1. Purpose**

Vision

The proposed Facility will serve as a ***showcase to Minnehaha Creek*** to encourage public recreational and educational access to the natural surroundings while also serving as the MCWD headquarters

Public Benefit

- Provide recreational access to Minnehaha Creek and surrounding parkland (internal trails, regional trail, canoe landing, picnic area)
- Offer education, both indoors and outdoors (demonstration/exhibit space, multipurpose space)
- Provide community space for public and private use by residents

**2. Ownership**

The city of Minnetonka will continue to own the land, and will own and operate the facility, a portion of which will be leased to the MCWD in perpetuity for headquarters space. The value of the city's land will be contributed to the overall project in exchange for the construction of facility spaces available for City and public use and other public benefits of the site improvements.

**3. Design & Construction**

A steering committee comprised of City and MCWD officials will be jointly involved in the planning process to ensure plans appropriately address both parties' needs. Both parties must mutually agree on the selection of any professional services consultants (i.e. architects, financial consultants, landscape designers) and the construction contractor. A project budget will be determined prior to the selection of a project architect. The city will manage the construction process from final design approval through project completion, with the concurrence of MCWD.

**4. Construction Financing**

The City will be responsible for arranging construction financing, with the concurrence of MCWD. MCWD will be responsible for repayment of the debt and issuance costs through monthly rent payments. MCWD may contribute funds toward the initial costs of construction, restoration, demonstration, and conservation, to lower the amount of the financing that is needed.

**5. Operations**

The city will be responsible for all operations, maintenance and upkeep of the facility and grounds, with the concurrence of MCWD. MCWD will pay the city negotiated monthly lease payments to cover all costs associated with construction and operation of the facility, including the initial capital costs for construction, net operating costs, and a long-term capital escrow account for future upkeep and possible improvements. An annual escalator will be agreed upon to account for inflationary costs. All revenues generated from use of the public spaces will be applied to help offset operational costs of the facility. The lease will include the option for MCWD to store vehicles and equipment outside at the city's off-site public works facility.

**6. Term**

The MCWD will retain the perpetual rights to lease the facility, with periodic review for the renegotiation of appropriate adjustments. If MCWD terminates the lease before the construction debt is satisfied, MCWD must pay to the city the total amount of principal remaining.

# VALUES OF PARTNERSHIP

City of Minnetonka/Minnehaha Creek Watershed District  
Proposed Joint Facility

<b>City of Minnetonka</b>	<b>MCWD</b>
Land value	Public use of building
Revenue bond issuer	Long-term tenant
Facilities planning, management & marketing expertise	Storm water Best Management Practices demonstration projects
Land use planning expertise	Water management expertise
Park/trail amenities and recreational programming	Future partnerships for purchase of additional land in the Creek Corridor
Off-site vehicle & equipment storage for MCWD	Building use extension of park amenity
<b>City &amp; MCWD</b>	
Site restoration ( woodlands, creek bank, wetlands)	
Educational offerings	
Existing collaborative relationships with other public and private entities	

# MCWD/City of Minnetonka Joint Facility

## Business Plan Operations Summary

(assumptions based on 22,200 sf facility)

### Revenue

Facility Rental	\$43,100
Annual Catering Contract	\$6,000
Wine Bar / Alcohol Lease	\$6,000

Total Revenue \$55,100

**Net Revenue \$55,100**

### Expense

Utilities	\$44,700
Personnel	\$26,300
Janitorial Service/Supplies	\$17,000
Building Maintenance	\$14,000
Grounds Maintenance*	\$21,500
Capital Reserve	\$8,000
Rental Management	\$12,500

**Total Expenses \$144,000**

**NET +/- -\$88,900**

\*Does not include ongoing streambank or wetland restoration; or buckthorn removal and management