



Request for Park Board Committee Action

TO: Board of Commissioners

PREPARED BY: Judd Rietkerk, Director
Planning and Project Management

SUBJECT: Crown Hydro Review Process, Timeline and Cost Estimate

COMMITTEE ACTION DATE: December 5, 2007

FULL BOARD ACTION DATE: December 19, 2007

ACTION: The Board of Commissioners directs staff to negotiate a Reimbursement Agreement with Crown Hydro to finance the staff time and consultant services expenses associated with the Project EAW, Citizen Advisory Committee process and associated legal costs for lease negotiations, State Finance Commission review and State, Federal and local approvals.

ACTION REQUESTED BY: Planning and Project Management Department

SUPERINTENDENT'S RECOMMENDATION: Approval

Where do we go from here?

The Board has asked staff to prepare a timeline and plan for moving the Crown Hydro project through the Board's review process. To facilitate these actions, Crown Hydro has agreed to pay all costs associated with the EAW, CAC process, and staff resources invested by the Board in evaluating and processing the project.

One of the first activities will be to contact the State Department of Finance to evaluate the conditions and financial liabilities the Park Board will be required to meet under state statutes. The State Department of Finance will help staff identify the economic benefits the Park board will be eligible to receive from the project revenues and the lease terms required by state statutes.

A contract will be negotiated with Crown Hydro for the reimbursement of all costs associated with the pre construction activities. The estimated cost to continue with the project will include a development fee. In the past, developers have approached to the Board with ideas for projects in parks that have resulted in some successes and some failures. The cost to the Park Board for evaluating and processing a project is based upon the complexity of the project. In the past, the Board has completed these evaluations at no cost to the developer. However, complex projects may require hundreds of staff hours to move through the approval process and implementation activities. Staff is recommending that these costs be borne by the developer. Staff will quantify the staff time

spent to date, the amount of time needed in the future and prepare a fee structure for processing the project.

The preparation of an EAW will require the services of a consultant to prepare the EAW and project management by staff. Additional experts will be hired to provide any technical data and review not provided by Crown Hydro. All these expenses will be charged against funds deposited by the developer. Assessment of past documentation and preparation of a new document will take about six months. This activity will involve consultations with State Historic Preservation Office, DNR, US Army Corp of Engineers, the National Park Service, the City of Minneapolis Planning and Zoning departments, the Minneapolis Historic Preservation Commission and other interested parties such as Friends of the Mississippi and Sierra Club. After public review and comment, the staff and consultants will make the appropriate adjustments to the EAW for final approval. The approved EAW should be completed in a one year period from authorization to begin.

After the EAW documentation activities have been completed, the Citizen Advisory Committee (CAC) will be appointed to seek input on the design elements of the project and implementation of the EAW recommendations. The CAC will evaluate the design and engineering and will address the issue of mitigation for the impacts on the historical infrastructure and environment. The CAC process will take about six months. The staff and consultant will work hand in hand with the CAC to develop the implementation strategies for the project to move forward in conformance with the EAW.

Staff has prepared the following list of activities to illustrate the process:

- Final Board Authorization to proceed with contract negotiations Dec 07
- Contract negotiations with Crown Hydro for the developer’s fee, reimbursement of consultant costs Jan-Feb 08
- Board Approval of Reimbursement, Developer’s fee agreement with Crown. Feb-Mar 08
- State Finance Department Review Jan-Mar 08
- Consultant Contract for the EAW Feb 08
- Initiate Land Lease Negotiations Mar 08
- Initiate the EAW process. Feb 08
- Final EAW report to the Board Dec 08
- EQU approval and Publish results Jan 09
- Appoint Citizens Advisory Committee Jan -June 09
- Final Design Approvals July09
- Planning and Zoning Negotiations May-June 09
- Corp of Engineers, DNR Water, FERC Approval May-June 09
- Approved Project July 09

Consulting Services Costs	\$125-175/hr	\$200,000
Staff Time	\$100/hr	\$ 50,000

In summary, the information above is not inclusive and the time estimates are not exact. It must be noted that the Park Board staff will be relying on other consultants, departments and agencies which have their own projects and priorities.

