



Request for City Council Committee Action from the Department of Finance

Date: May 21, 2009

To: Council Member Robert Lilligren, Chair, Committee of the Whole

Subject: Updated NRP Phase II Capitalization Projections

Recommendation: Receive and file

Previous Directives: On December 11, 2008, the Ways and Means/Budget Committee directed Finance Department staff to provide to the Committee of the Whole a status report on the projected capitalization level for the remainder of Phase II of the Neighborhood Revitalization Program (NRP) and to provide information necessary to the Council for it to determine whether to increase the appropriation level of the Phase II Neighborhood Action Plans (NAP) above the NRP Policy Board's current policy that states that no more than 80% of approved NAP may be contracted or expended during the first three years following NAP approval.

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Approved by: Steven Bosacker, City Coordinator
Pat Born, Finance Officer

Presenter in Committee: Jeff C. Streder, Development Finance Director

Financial Impact

No immediate financial impact

Supporting Information

To assist the City's and NRP's planning, the Finance Department has periodically made projections of the annual amount to be available for NRP through the remaining years of the City's obligation (2009). Projections made in October 2005, 2006, 2007 and 2008 are shown below in Table A. Projected and actual amounts for NRP from 2001 through 2009 (Phase II) are shown. Amounts below the dotted line are estimates only.

Table A

NRP PHASE II						(May 5, 2009)
Year	June 2004 Capitalization Projections	October 2005 Capitalization Projections	October 2006 Capitalization Projections	October 2007 Capitalization Projections	October 2008 Capitalization Projections	May 2009 Capitalization Projections
2001	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
2002	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
2003	10,749,791	10,749,791	10,749,791	10,749,791	10,749,791	10,749,791
2004	7,087,292	4,751,683	4,751,683	4,751,683	4,751,683	4,751,683
2005	5,334,210	717,155	1,314,824	1,314,824	1,314,824	1,314,824
2006	4,050,537	4,363,989	1,428,000	1,244,191	1,244,191	1,244,191
2007	4,058,431	4,512,724	674,531	2,075,351	4,553,990	4,553,990
2008	4,478,649	2,139,122	330,902	4,802,177	7,763,823	9,173,837
2009	18,790,148	15,937,784	16,226,852	16,973,004	20,000,000	20,000,000
Total Phase II	85,549,058	74,172,248	66,476,583	72,911,021	81,378,302	82,788,316

The 2008 capitalization is \$9,173,837 of which \$858,921 represents interest earnings on fund balances and \$8,314,916 represents tax increment and other revenues of the Common Project. **This is a \$1,410,014 increase from last year's estimate.** This increase from the estimate provided in October 2008 is a result of tax increment collections that were greater than what had previously been anticipated. As shown above, the Finance Department currently estimates that the total Phase II NRP funding will now total \$82,788,316. The 2009 projected capitalization and subsequently the balance of the Phase II funding to be provided is based in large part on the expectation that the Brookfield lease payment will be paid in full in December 2009.

The current projected Phase II capitalization (\$82,788,316) is 96.8% of the original capitalization amount that was projected in 2004. After taking into account the Phase II funds set-aside at the beginning of Phase II (\$43,740,449) for such items as NRP Administrative costs, the Affordable Housing Reserve Fund, the Community Oriented Public Safety Initiatives Reserve Fund, the Youth Coordinating Board, and the over-commitment of Phase I resources, the projected NRP capitalization through 2009 would provide 93.4% of the funds needed for the full amount of Phase II plan allocations.

In April 2004, the NRP Policy Board adopted Phase II plan allocations totaling approximately \$41.8 million. Its actions were based on the best estimates at the time, but the Board recognized the uncertainty of the projections and limited spending in each plan to 70% of the allocation, or approximately \$29.3 million. Based on the October 2008 capitalization projections, the NRP Policy Board revised this policy to increase the spending limit to 80% of plan allocations, or approximately \$33.4 million. Table B below indicates the current gap in funding the Phase II plan allocations.

Table B

Current Projected Phase II Capitalization	\$82,788,316
Total Non-Plan Set Asides	43,740,449
Balance for Phase II Plan Allocations	39,047,867
Total Phase II Plan Allocations	41,808,610
Phase II Plan Gap at 100% Plan Funding	2,760,743
Phase II Plan Gap at 95% Plan Funding	670,313
Phase II Plan Gap at 90% Plan Funding	—

Please note, however, that the numbers in the table above are based on the full \$20,000,000 capitalization of NRP in 2009. The 2009 projected capitalization and subsequently the balance of the Phase II funding to be provided is based in large part on the expectation that the Brookfield lease payment will be paid in full in December 2009. The projected 2009 capitalization represents 47.8% of the total Phase II plan allocations.

Information for this report was provided by Bob Cooper, Senior NRP/Citizen Participation Specialist, and Pamela McKenna, Development Finance Specialist.

