



Request for City Council Committee Action from the Neighborhood and Community Relations Department

Date: March 9, 2011

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

Referral to: City Council

Subject: Report from the Neighborhood Funding Work Group

Recommendation: Receive and File

Previous Directives: On January 14, 2011, the City Council, gave the following Staff Direction:

In order to facilitate decision-making related to the 2011 budget's staff direction regarding neighborhood programs, the City Council directs that the Council President and Vice President work with the chairs of the Ways and Means/Budget Committee and the Intergovernmental Relations Committee, as well as a Mayoral representative, the City Coordinator, the Neighborhood and Community Relations Director, the Finance Director, the Communications Director and the Intergovernmental Relations Director to establish the Neighborhood Funding Work Group. The Work Group's charge is to frame options and proposed actions for consideration by the Committee of the Whole and Ways & Means Committee relative to the 2011 Operating Budget resolution footnote (p).

Department Information

Prepared by: David Rubedor

Approved by: David Rubedor, Neighborhood and Community Relations Director

Steven Bosacker, City Coordinator

Presenters in Committee: David Rubedor, Neighborhood and Community Relations

Financial Impact: There is no direct financial impact with this report.

Background:

In recent years, the City has been faced with significant financial challenges brought on in large part by repeated state cuts to Local Government Aid and escalating costs related to three closed pension funds. However, the financial outlook for 2011, 2012 and 2013 were particularly troubling, with homeowners facing significant increases in their property taxes to meet these challenges.

To lessen the burden on homeowners during these particularly difficult financial times, City leaders approved a temporary, stop gap measure to provide a level of property tax relief for Minneapolis homeowners in the coming years. Specifically, this action:

- temporarily limits the revenue captured by tax increment finance (TIF) districts in 2012 and 2013, which results in \$10 million in property tax relief in those years; and
- allows neighborhoods to contract up to 50% of their Phase II NRP allocation.

City leaders approved this as a temporary measure only, recognizing that strong neighborhoods are achieved and maintained through a balance of engaged residents, healthy neighborhood organizations, public safety investments and sound infrastructure and City services.

Following the budget approval process, the City Council established a Neighborhood Funding Work Group to facilitate decision-making related to the budget actions taken in December.

Neighborhood Funding Work Group:

- Comprised of the Council President, Vice President, Chairs of Ways & Means and IGR, a Mayoral representative, the City Coordinator, and directors of Neighborhood & Community Relations, Finance, Communications and IGR.
- Charge: frame options and proposed actions for consideration by the Committee of the Whole and Ways & Means Committee relative to the 2011 Operating Budget resolution footnote (p).

The Neighborhood Funding Work Group met a number of times in January and February.

Core Values:

The Neighborhood Funding Work Group's work was guided by the following core values:

- Core Principles of Community Engagement are cornerstone of Work Group's effort.
- Neighborhood organizations & the City work in close partnership to create truly livable neighborhoods.
- Place-based engagement and inclusion of all residents are essential in creating such neighborhoods.
- Neighborhood projects and programs address local priorities, lead to greater inclusion and engagement of residents, and help inform and affect City budget priorities and allocations.

NRP Phase I and II:

- NRP funds not affected by the Council's December 13, 2010 staff directive will continue under NRP Phase I and II policies and guidelines. (on-going)
- Neighborhood NRP earned program income is not impacted and remains under the control of neighborhood organizations. (on-going)

Recommendations:

Based on the discussions at the meetings, the Neighborhood Funding Work is making the following recommendation:

- Release \$2.68 million of the NRP fund balance suspended as a result of the December 13, 2010 staff directive. (March 2011)
- Revise NRP Ordinance (Title 16, Chapter 419). (July 2011)
- Establish process for neighborhood priorities to inform City's annual budget. (July 2011)
- Establish policy direction for City department connections with neighborhoods. (July 2011)
- Revise Community Participation Program to reflect a two year NRP transition phase. (August 2011)