



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: Ways and Means/Budget Committee, Chair, Council Member Betsy Hodges

Subject: Update on the Implementation of the December 13, 2010 Staff Directive

Recommendation: To release \$2,680,000 of the NRP fund balance suspended as a result of December 13, 2010 Budget Staff Directive footnote (p).

Previous Directives: On December 13, 2010, the City Council, as part of its action on the 2011 budget gave the following Staff Direction:

2. Direct the Finance and NCR departments to allow neighborhoods to contract up to 50% of the un-contracted balance of their Phase II allocation (excluding Phase II allocated but not Contracted Reserve funds), as of City Council adoption of the 2011 budget, but not to exceed a total contracted amount of 50% of their Phase II allocation.

Department Information

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Presenters in Committee: David Rubedor, Neighborhood and Community Relations

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.

At its December 13, 2010 budget meeting, the City Council directed the Finance and NCR departments to "allow neighborhoods to contract up to 50% of the un-contracted balance of their Phase II NRP allocation (excluding Phase II Allocated but not Contracted Reserve funds), as of City Council adoption of the 2011 budget, but not to exceed a total contracted amount of 50% of the Phase II allocation." As a result of this action, \$12,680,000 of the NRP fund balance was suspended.

The City Council's December 13, 2010 Staff Directive captured \$2,680,000 more than \$10,000,000 needed for the intended use for 2012 and 2013. The Neighborhood Funding Work Group is recommending releasing \$2,680,000 of the NRP fund balance suspended as a result of December 13, 2010 Budget Staff Directive footnote (p).