



Request for City Council Committee Action from the Department of Finance

Date: April 17, 2008
To: Council Member Robert Lilligren, Chair, Committee of the Whole
Subject: Potential funding sources for transition funding for neighborhood organizations between NRP Phase II and Phase III

Recommendation: Receive and file

Previous Directives: The Committee of the Whole, on December 20, 2007, directed staff to report back at the end of the first quarter of 2008 with a source of funding for transition money between NRP Phase II and Phase III.

Prepared by: Robert Cooper, Senior NRP/Citizen Participation Specialist (612-673-5239)

Approved by: Steven Bosacker, City Coordinator _____

Pat Born, Finance Officer _____

Jack Kryst, Development Finance Director _____

Presenters in Committee: Robert Cooper, Senior NRP/Citizen Participation Specialist

Financial Impact

No immediate financial impact

Community Impact

Notification of this presentation was e-mailed to neighborhood organizations and individuals signed up for the City's community engagement subscription list.

Supporting Information

On December 20, 2007, the NRP Work Group (comprising the City Council President and Vice President, the Chairs of the Intergovernmental Relations and Ways and Means/Budget committees, a representative of the Mayor's office, and the NRP Director) presented its draft "Framework for the Future." The framework related to the continuation of the Neighborhood Revitalization Program (NRP) beyond 2009.

As part of its discussion, the Committee of the Whole passed the following action:

Staff directed to report back to the Committee of the Whole at the end of the first quarter of 2008 with a source of funding for transition money between NRP Phase II and Phase III.

In response to this direction, Finance staff began discussions with the NRP Director to quantify the need for transition funding, a source of funding for these transition needs and a mechanism for the allocation and delivery of these funds.

To determine those neighborhoods that were most in need of additional resources, staff analyzed the status of neighborhood groups with approved NRP Phase II Neighborhood Action Plans by looking at the date of plan approval, percent of plan contracted and expended to date, and the amount of Phase I funds rolled over into the neighborhood's Phase II plan. That analysis is attached (Attachment A).

In March 2004, the NRP Policy Board adopted a policy that allowed neighborhoods to contract and expend only 70 percent of their allocation in the first three years following plan approval. In response to falling projections for the capitalization of Phase II of the NRP, the City Council, in December 2007, guaranteed that Phase II would be funded at a minimum of this 70 percent. The NRP Director has proposed that Common Project transfers to the Legacy Fund be reduced to more fully fund Phase II. On February 14, 2007, a presentation was made to the Committee of the Whole on the status of the Legacy Fund. Other than this update, no other action has occurred on this proposal and no additional sources have been agreed to that would fill the 30 percent (\$12.5 million) shortfall in Phase II. Therefore, neighborhoods that have reached or are approaching the three-year/70 percent threshold face a significant decline in the resources that have been available to them over the last two decades.

The Framework for the Future proposes that the City include administrative funding for neighborhood organizations as part of the 2009 budget. This will assist those neighborhood organizations which have exhausted the administrative portion of their currently available NRP Phase II allocation. However, these additional administrative funds will not help those neighborhoods address the other remaining needs identified in their Neighborhood Action Plans.

On March 24, 2008, the NRP Director presented a report (Attachment B) to the NRP Policy Board requesting authority "to identify sources of revenue from previous actions of the [Policy] Board that can be potentially reprogrammed to increase the funds guaranteed to neighborhoods in Phase II." The NRP Policy Board approved this request.

Finance staff will work with the NRP Director to identify funds that are currently available but are not associated with a neighborhood action plan. These funds may include unused NRP Transition Funds, Transition Fund program income, NRP Affordable Housing Reserve Fund program income, unused NRP Community-oriented Public Safety Initiatives Reserve Funds, and unallocated Phase I Participation Agreement funds. A preliminary review of these available funds suggests that approximately \$1.5 million would be available to reallocate to neighborhoods. The NRP Director will return to the NRP Policy Board at its meeting of April 28, 2008 with a recommendation on the reallocation of these funds.

This potential reallocation of existing NRP funds to Neighborhood Action Plans would represent approximately 12 percent of the \$12.5 million shortfall. The gap may be further closed if the actual collections in the Common Project exceed the October 2007 projections for the remaining years of the City's current obligation to fund the NRP.

The Special Projects fund of the City's Citizen Participation Program is another potential, but limited, source of funds that could help address neighborhood organization administrative expenses, independent of any NRP resources. The guidelines for the Citizen Participation Program state that citizen participation funds "that are allocated but unspent or uncontracted within the previous or current program year shall be retained by CPED to fund special projects of a neighborhood organization that are above and beyond the scope of the group's citizen participation contract, but still contribute to the organization's citizen participation efforts." There is approximately \$30,000 currently available in this fund.

Approval date (publication date)	Neighborhood (includes approved plans only)	Phase II Allocation	70% of Phase II allocation	Phase II Plan Funds Contracted	% contracted (based on 70% allocation)	Phase II Plan \$ spent	% spent (based on 70% allocation)	Phase I Rollover Allocation (based on plan mods)	Phase I Rollover Contracted
12/31/04	Logan Park	\$418,010	\$292,607	\$108,279	37%	\$46,569	16%	\$0.00	\$0.00
12/31/04	Powderhorn Park	\$687,638	\$481,347	\$462,882	96%	\$430,153	89%	\$125,002.35	\$125,002.35
12/31/04	Seward	\$450,139	\$315,097	\$156,000	50%	\$154,697	49%	\$0.00	\$0.00
2/5/05	Corcoran	\$410,440	\$287,308	\$286,308	100%	\$168,903	59%	\$91,526.13	\$64,526.13
2/5/05	Field Regina Northrop	\$1,093,966	\$765,776	\$609,766	80%	\$272,440	36%	\$10,299.00	\$9,150.00
3/5/05	Armatage	\$375,682	\$262,977	\$70,737	27%	\$43,938	17%	\$0.00	\$0.00
3/5/05	Stevens Square	\$376,427	\$263,499	\$104,183	40%	\$20,352	8%	\$983,927.05	\$362,467.00
4/23/05	Fulton	\$387,299	\$271,109	\$65,189	24%	\$31,299	12%	\$128,289.74	\$104,909.00
4/23/05	Whittier	\$2,466,446	\$1,726,512	\$488,197	28%	\$304,728	18%	\$290,000.00	\$65,000.00
8/13/05	HPDL	\$835,143	\$584,600	\$393,690	67%	\$271,709	46%	\$16,621.45	\$16,621.45
8/13/05	Jordan	\$906,958	\$634,871	\$401,111.00	63%	\$351,447	55%	\$150,000.00	\$150,000.00
8/27/05	Bottineau	\$224,069	\$156,848	\$95,269	61%	\$77,514	49%	\$50,939.25	\$50,939.25
8/27/05	East Harriet	\$218,316	\$152,821	\$48,316	32%	\$28,591	19%	\$124,058.00	\$124,058.00
8/27/05	Marcy-Holmes	\$683,948	\$478,764	\$397,580	83%	\$201,355	42%	\$27,141.57	\$27,141.57
8/27/05	Shingle Creek	\$323,905	\$226,734	\$53,184	23%	\$39,241	17%	\$40,000.00	\$0.00
10/15/05	Prospect Park	\$347,866	\$243,506	\$243,412	100%	\$107,406	44%	\$24,553.44	\$24,553.44
12/31/05	Harrison	\$846,641	\$592,649	\$225,858	38%	\$131,106	22%	\$0.00	\$0.00
12/31/05	Linden Hills	\$530,161	\$371,113	\$136,980	37%	\$76,881	21%	\$41,025.64	\$41,025.64
12/31/05	Standish-Ericsson	\$1,087,274	\$761,092	\$465,923	61%	\$391,132	51%	\$25,000.00	\$25,000.00
3/4/06	Bryn Mawr	\$270,080	\$189,056	\$174,080	92%	\$132,941	70%	\$60,994.22	\$0.00
3/4/06	Elliot Park	\$678,504	\$474,953	\$464,953	98%	\$203,767	43%	\$740,925.72	\$452,000.00
4/22/06	Northeast Park	\$252,685	\$176,880	\$176,880	100%	\$41,420	23%	\$0.00	\$0.00
5/6/06	Near North	\$1,845,711	\$1,291,998	\$94,054.02	7%	\$33,750.00	3%	\$25,000.00	\$9,500.00
7/8/06	Kingfield	\$770,934	\$539,654	\$238,694	44%	\$28,750	5%	\$29,294.10	\$29,294.40
8/12/06	American Indian	\$537,208	\$376,046	\$322,325	86%	\$80,253	21%	\$80,929.44	\$80,929.44
10/14/06	Sheridan	\$438,317	\$306,822	\$36,000	12%	\$3,750	1%	\$0.00	\$0.00
11/25/06	Longfellow	\$2,306,477	\$1,614,534	\$820,477	51%	\$189,618	12%	\$22,922.00	\$22,922.00
11/25/06	Southeast Como	\$556,043	\$389,230	\$190,397	49%	\$60,250	15%	\$0.00	\$0.00
11/25/06	Windom	\$291,018	\$203,713	\$29,195	14%	\$6,549	3%	\$93,300.00	\$42,600.00
4/21/07	Bancroft	\$265,505	\$185,854	\$42,342	23%	\$19,824	11%	\$8,000.00	\$8,000.00
5/5/07	Columbia Park	\$175,525	\$122,868	\$12,000	10%	\$1,200	1%	\$0.00	\$0.00
6/2/07	Lowry Hill	\$448,754	\$314,128	\$50,000	16%	\$50,000	16%	\$0.00	\$0.00
7/7/07	Audubon Park	\$630,862	\$441,603	\$75,500	17%	\$13,457	3%	\$0.00	\$0.00
7/7/07	Kenny	\$266,533	\$186,573	\$4,380	2%	\$1,095	1%	\$154,698.02	\$22,500.00
7/7/07	Kenwood	\$85,600	\$59,920	\$45,000	75%	\$45,000	75%	\$0.00	\$0.00
7/7/07	Lyndale	\$643,703	\$450,592	\$25,000	6%	\$23,842	5%	\$0.00	\$0.00
8/11/07	Folwell	\$730,376	\$511,263	\$269,700	53%	\$109,634	21%	\$0.00	\$0.00
11/24/07	Victory	\$480,270	\$336,189	\$64,091	19%	\$0	0%	\$7,500.00	\$7,500.00
11/24/07	Waite Park	\$447,124	\$312,987	\$46,948	15%	\$8,318	3%	\$0.00	\$0.00
12/29/07	Cleveland	\$448,446	\$313,912	\$8,400	3%	\$4,355	1%	\$0.00	\$0.00
12/29/07	Tangletown	\$336,708	\$235,696	\$0	0%	\$0	0%	\$36,000.00	\$36,000.00
	TOTAL	\$25,576,711	\$17,903,698	\$8,003,279	31%	\$4,207,233	23%	\$3,387,947.12	\$1,901,639.67



**Making Minneapolis Neighborhoods
Better Places to Live, Work, Learn and Play**

Memorandum

Date: March 20, 2008
 To: Policy Board Members and Alternates
 From: Robert B. Miller, Director
 Subject: Additional Funding for Neighborhoods

On December 7, 2007 the Minneapolis City Council unanimously adopted a resolution that commits the City to guaranteeing that at least 70% of the April 19, 2004 Phase II NRP allocations to neighborhoods will be available, regardless of what happens to the revenues of the Common Project. Since that date, several neighborhoods have reached the point where they are at least 3 years from the date of approval of their Phase II Neighborhood Action Plan.

As a result, the budgets that they developed for expenditure of their Phase II NRP funds are being exhausted. Since NRP is a major source of financial support to these organizations and there have been very few discussions of how the "gap" between 70% and 100% will be filled, it is important that options that could help alleviate the immediate need be explored.

NRP has several pools of resources that were committed but have either unexpended balances or program income that could be collected and redistributed to assist neighborhoods and reduce this gap. They will not make a major dent in the deficit but they could help with immediate needs. As a result, I am asking the Board to authorize NRP staff to review and assess the potential impact of:

1. Closing out all remaining Transition Fund projects with uncommitted funds.
2. Transferring all Transition Fund Program Income for reprogramming.
3. Transferring all Affordable Housing Reserve Fund Program Income for reprogramming.
4. Closing out the COPSIRF program.
5. Other options that may result in the recapture of unexpended resources.

Dollars allocated to implementation of approved neighborhood action plans would not be considered for reprogramming at this time. Any funds that would be identified for reprogramming would be recommended for distribution to all neighborhoods in proportion to their participation in the Phase II allocation.

A preliminary review of the impact of these actions is that we may be able to reallocate as much as \$1.5 million.

I am requesting that the Board act on the following resolution:

RESOLVED, That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board ("Board") directs NRP staff to identify sources of revenue from previous actions of the Board that can be potentially reprogrammed to increase the funds guaranteed to neighborhoods in Phase II; and

RESOLVED FURTHER, That the Director report on the staff findings at the April Policy Board meeting, with recommendations and the impact of proposed recommendations on neighborhood allocations.