

Request for City Council Committee Action

Date: October 24, 2006

To: Community Development Committee
Referral to: Ways & Means / Budget Committee

Prepared by: Carsten Slostad (Phone 673-5150)

Approved by: Robert D. Miller, Director _____

Subject: NRP 2007 Administrative Budget

Summary of the Request: This year's budget request is \$1,778,889. The NRP staff complement continues at 10 FTE's. The Professional Service line item detailed in Attachment B accounts for 41% of the 2007 budget proposal and accounts for 84% of the increase in this year's budget. Included in the salary line item is a 2% COLI beginning in January, which is consistent with the City of Minneapolis planned COLI for City employees.

Recommendation:

- (1) Approve the 2007 NRP Administrative Budget attached to this report in accordance with "Attachment A";
- (2) Amend the City of Minneapolis 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Department (CPED) agency Fund CNR—NRP Program Fund (CNR0-890-3550) appropriation by \$1,778,889 and request that CPED immediately transfer \$1,778,889 to the NRP's City of Minneapolis Fund 230;
- (3) Authorize the appropriate City officers to enter into any contracts or agreements needed to implement this request.

The Honorable Lisa Goodman, Chair
Community Development Committee
Minneapolis City Council
315 City Hall
Minneapolis, Minnesota 55415

The Honorable Paul Ostrow, Chair
Ways and Means Committee
Minneapolis City Council
315 City Hall
Minneapolis, Minnesota 55415

Re: NRP 2007 Administrative Budget

Dear Chairpersons Goodman and Ostrow:

At its meeting on September 26, 2006 the Neighborhood Revitalization Program Policy Board approved and authorized funding for the NRP 2007 Administrative Budget.

The budget proposal for 2007 attached to this memorandum is similar in format and approach to past budget submissions but it contains some significant differences. This version provides the historic and projected needs of NRP's central administrative office but also, for the first time, displays (in Attachment C) some of the expenses paid by NRP that support the activities and functions of others. It also incorporates the expenses of the Minneapolis and Saint Paul Home Tour into the budget and minimizes the potential need for a rollover at the end of the fiscal year.

For the past 6 years a substantial percentage of our budget has been devoted to paying the fees assessed by government jurisdictions. In 2006 more than 38% of our budget will be used to pay for City or contracted admin services. In 2007 we project that this figure will increase to 41%.

This past year has continued the progress that we have made in bringing Phase II Neighborhood Action Plans (NAP's) to the Policy Board. Six plans have been approved to date in 2006 and the cumulative total for approved Phase II NAP's now stands at 25 (or 35% of the total number of plans that will be submitted for approval in Phase II). This work has been accomplished in the two years since the Board adopted the neighborhood allocations. In Phase I it took 5 years to approve 25 NAP's. Together, the approved NAP's for Phase II appropriate about 41% of the total set aside for neighborhoods in 2004.

The number of neighborhoods ready to develop Phase II NAP's has also increased. More than 40 neighborhoods have reached the Phase II eligibility threshold, completed their Phase I reviews or submitted Participation Agreements for review and approval.

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2006 has also been memorable because the Phase I First Step Plan for Cedar Riverside was completed and approved. Cedar Riverside is the only neighborhood in the City that does not have an approved Phase I Neighborhood Action Plan. With approval of their First Step Plan the potential clearly exists for a full plan to be submitted by the end of 2007.

In addition to helping with the development of plans, our contracting activity continues at a high level. Last year NRP processed almost 700 contracts and payment requests. This years pace is ahead of last years. With the increases in approved plans, this activity will continue to expand.

This year the Policy Board took the initiative to put the discussion of NRP after 2009 on the table. A Task Force established by the Board in 2005 presented its report to the Board in April, 2006. The report of the Task Force was distributed to the jurisdictions as the first step in what will be a long and complex process, but it is a critical beginning.

The central function of NRP's administrative office continues to be helping neighborhoods develop and implement their Phase II NAP's. The issues about future activity will have to be resolved soon, but the office and staff have to help the residents and participants that are involved now in developing and implementing plans for the improvement of their neighborhoods.

The Minneapolis and Saint Paul Home Tour continues to be a big event and a great marketing opportunity for city living. In 2006 almost 4,000 individuals made more than 25,000 visits to the 52 homes and development projects on the Tour. Sponsor and ad revenues covered all of the direct costs and most of the indirect expenses. 2007 will be the 20th year of the Tour and it is being planned as a "Best of the Best" event.

We also worked with St. Thomas this past year to reexamine the Community Leadership Institute and made a major change in the content and method of using this valuable tool for the education and training of future neighborhood and city leaders. The course is now being offered and provided to one neighborhood at a time. It's target populations are existing neighborhood board members and emerging leaders. The new approach was successfully piloted with the Stevens Square neighborhood. Jordan was the second neighborhood selected for participation and neighborhoods will have at least one more opportunity to apply and be trained before the end of the year.

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NRP has many contracts and agreements that begin and end at various times of the year. To accommodate these agreements we have, in the past, rolled over funds from the prior budget year to pay for the remainder of the expenses contracted for, but not invoiced, during that fiscal year. At the request of the City Council, we have constructed this year's budget to include an allowance for contracts that are not completely expensed by the end of the fiscal year. We will also begin new talks with our vendors and partners about the need for year-end billings in a timely manner and work to renegotiate our current agreements so that the times of performance more closely correspond with NRP's fiscal year.

On September 26, 2006 the Policy Board passed the following resolution:

RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board (Board) approves and adopts the Neighborhood Revitalization Program Administrative Budget for Fiscal Year 2007, in the amount of \$1,778,889 as detailed in "Attachment A" to September 20, 2006 Proposed 2007 Administrative Budget memorandum which is incorporated herein by reference;

RESOLVED FURTHER: That the Board authorizes the Director to spend up to \$1,778,889 in FY 2007 on administrative expenses generally in accordance with Attachment A, with total expenditures in the "Compensation" (4000-4900 and 7800-7860 account codes) and "Non-Compensation" categories to be limited to the amounts indicated in that budget, but with discretion to adjust amounts among the specific "Non-Compensation" line items as needed and between "Compensation" and the "Non-Compensation" category for "Professional Services" without further approval from this Board; and appropriates \$1,778,889 of NRP Program Moneys for administrative expenditures in 2007;

RESOLVED FURTHER, That the Director is hereby authorized and directed to request that the City Council, City of Minneapolis, appropriate \$ 1,778,889 to Fund CNR0-890-3550 for the purposes herein authorized, and to request that CPED immediately transfer \$1,778,889 to the NRP's City of Minneapolis Fund 230; and,

RESOLVED FURTHER, That the Director is hereby authorized to negotiate and sign any Professional Services Agreements or Memorandums of Understanding needed to secure the services in "Attachment B" to the September 20, 2006 Proposed 2007 Administrative Budget memorandum.

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Pursuant to this resolution, I make the following recommendations for consideration by your committees:

RECOMMENDATION:

- (1) Approve the 2007 NRP Administrative Budget attached to this report in accordance with "Attachment A";
- (2) Amend the City of Minneapolis 2006 General Appropriation Resolution by increasing the Community Planning & Economic Development Department (CPED) agency Fund CNR—NRP Program Fund (CNR0-890-3550) appropriation by \$1,778,889 and request that CPED immediately transfer \$1,778,889 to the NRP's City of Minneapolis Fund 230;
- (3) Authorize the appropriate City officers to enter into any contracts or agreements needed to implement this request.

Sincerely,

Robert D. Miller
Director

| | | FY 2007 | | | | | | | |
|--|---|--------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------------|
| | | NRP Administrative Budget (Proposed) | | | | | | | |
| Codes | Description | 2000 Actual ¹ | 2001 Actual | 2002 Actual | 2003 Actual | 2004 Actual | 2005 Actual | 2006 Budget | 2006 Current ² |
| 4000-4900 | Salaries | \$ 593,473 | \$ 624,882 | \$ 641,691 | \$ 637,004 | \$ 649,288 | \$ 624,579 | \$ 619,091 | \$ 347,514 |
| 7800-7860 | Fringe Benefits | \$ 117,529 | \$ 111,281 | \$ 127,811 | \$ 131,919 | \$ 136,104 | \$ 141,382 | \$ 150,303 | \$ 46,407 |
| | Personnel Subtotal | \$ 711,002 | \$ 736,163 | \$ 769,503 | \$ 768,923 | \$ 785,392 | \$ 765,960 | \$ 769,394 | \$ 393,921 |
| 5010 | Advertising & Publications ³ | \$ 17,051 | \$ 5,238 | \$ 7,833 | \$ 27,484 | \$ 23,195 | \$ 32,517 | \$ 18,000 | \$ 28,920 |
| 5011 | City Benefit Admin Fee ⁴ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 2,304 | \$ 2,300 | \$ 1,654 |
| 5015 | BIS Charges | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 5017 | Phone Charges ⁵ | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,238 | \$ 6,360 | \$ 4,159 |
| 5020 | Communications | \$ 19,338 | \$ 15,748 | \$ 17,850 | \$ 19,475 | \$ 15,347 | \$ 8,330 | \$ 10,000 | \$ 7,409 |
| 5050 | Printing | \$ 16,138 | \$ 20,000 | \$ 7,803 | \$ 11,753 | \$ 11,407 | \$ 8,497 | \$ 29,511 | \$ 1,576 |
| 5070 | Professional Services | \$ 900,836 | \$ 915,497 | \$ 752,194 | \$ 641,932 | \$ 657,836 | \$ 617,487 | \$ 618,479 | \$ 183,126 |
| 5080 | Rent/Office Furniture ⁶ | \$ 71,951 | \$ 74,212 | \$ 87,282 | \$ 91,056 | \$ 87,449 | \$ 87,723 | \$ 85,039 | \$ 58,381 |
| 5130 | Miscellaneous | \$ 20,242 | \$ 34,785 | \$ 7,250 | \$ 10,484 | \$ 3,797 | \$ 1,072 | \$ 2,500 | \$ 1,053 |
| 6020 | Legal Settlements | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3,750 | \$ - | \$ - |
| 6030 | Cash Management | \$ - | \$ 1,935 | \$ 164 | \$ - | \$ - | \$ - | \$ - | \$ - |
| 6040 | Transportation/Parking | \$ 336 | \$ 303 | \$ 189 | \$ 440 | \$ 421 | \$ 508 | \$ 1,700 | \$ 167 |
| 6050 | Education ⁷ | \$ 1,139 | \$ 44,190 | \$ 39,155 | \$ 26,850 | \$ 48,750 | \$ 32,650 | \$ 17,500 | \$ - |
| 6060 | Travel Expense | \$ 5,730 | \$ 1,887 | \$ 529 | \$ 2,501 | \$ - | \$ - | \$ 750 | \$ 1,610 |
| 6080 | Insurance ⁸ | \$ 38,461 | \$ 38,905 | \$ 42,991 | \$ 51,413 | \$ 62,992 | \$ 58,676 | \$ 62,000 | \$ 54,987 |
| 6100 | Administrative Supplies | \$ 7,618 | \$ 8,771 | \$ 11,997 | \$ 9,828 | \$ 8,211 | \$ 8,959 | \$ 3,000 | \$ 2,531 |
| 7880 | Workers Comp ⁹ | \$ 40 | \$ 10,280 | \$ - | \$ 3,927 | \$ 3,414 | \$ 3,684 | \$ 4,500 | \$ 3,734 |
| 8020 | Equipment | \$ 2,600 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,000 | \$ - |
| 8025 | Hardware | \$ 21,190 | \$ 15,384 | \$ 5,168 | \$ 17,814 | \$ - | \$ 3,942 | \$ 5,492 | \$ 7,765 |
| 8035 | Software | \$ 1,733 | \$ 704 | \$ 575 | \$ 53 | \$ 137 | \$ - | \$ 750 | \$ 1,438 |
| | Non Personnel Subtotal | \$ 1,124,403 | \$ 1,187,841 | \$ 980,979 | \$ 915,011 | \$ 922,956 | \$ 876,337 | \$ 868,881 | \$ 358,510 |
| | Totals | \$ 1,835,405 | \$ 1,924,004 | \$ 1,750,482 | \$ 1,683,934 | \$ 1,708,348 | \$ 1,642,298 | \$ 1,638,275 | \$ 752,431 |
| ¹ Expenditures in 2000 for Workers Comp were low because the majority of the premium was paid in December 1999. | | | | | | | | | |
| ² Expenditures as of 8/09/2006 | | | | | | | | | |
| ³ Expenditures in 5010, 5050 & 5070 in 2003, 2004, 2005 and 2006 include Home Tour advertising, publications, printing and professional services. | | | | | | | | | |
| ⁴ Added as a 2005 line item. | | | | | | | | | |
| ⁵ Added as a 2006 line item. Previously paid by the City under the MOU. | | | | | | | | | |
| ⁶ Code 5080 includes office rent, operating expenses and parking charges. | | | | | | | | | |
| ⁷ Beginning in 2002 Code 6050 includes support for the Community Leadership Institute at St. Th | | | | | | | | | |
| ⁸ Code 6080 includes D&O Insurance for neighborhoods and the NRP Policy Board. The D&O premium for 2006 covers 67 neighborhood organizations (for \$ 52,706) and the NRP Policy Board (for \$ 2,229). | | | | | | | | | |
| ⁹ Workers Comp payment in 2001 includes payment for 2002. | | | | | | | | | |
| Note: Expenses for the Home Tour in 2003, 2004, 2005 and 2006 are included. Revenues from the Home Tour are not. In 2005 these revenues were \$64,200. | | | | | | | | | |
| Rev2: 8/23/06 | | | | | | | | | |

FY 2007
NRP Administrative Budget (Proposed)
Contracts for Professional Services

| Professional Services | FY 2007 (Proposed) Amount | FY 2006 Projected | \$ Change | % Change |
|---|------------------------------|----------------------|------------------|--------------|
| CPED | \$ 120,000 | \$ 97,361 | \$ 22,639 | 23.25% |
| City of Minneapolis (DFD) | \$ 250,000 | \$ 250,000 | \$ - | 0.00% |
| Office of Minnesota State Auditors | \$ 145,000 | \$ 160,000 | \$ (15,000) | -9.38% |
| Minneapolis Park Board | \$ 20,000 | \$ - | \$ 20,000 | |
| Hennepin County | \$ 15,000 | \$ - | \$ 15,000 | |
| The Gavzy Group (PlanNet NRP) | \$ 16,000 | \$ 15,100 | \$ 900 | 5.96% |
| Kennedy and Graven | \$ 45,000 | \$ 40,000 | \$ 5,000 | 12.50% |
| Mike Wilson & Associates (Auditors) | \$ 40,000 | \$ 40,000 | \$ - | 0.00% |
| MTN (Video Communications) | \$ 20,000 | \$ 20,000 | \$ - | 0.00% |
| I-Systems (PlanNet NRP and network support) | \$ 10,000 | \$ 15,000 | \$ (5,000) | -33.33% |
| County Computer Support Services | \$ 10,000 | \$ 9,000 | \$ 1,000 | 11.11% |
| Other Consultants | \$ 35,000 | \$ 30,000 | \$ 5,000 | 16.67% |
| Web Site Design/Support | \$ 3,000 | \$ - | \$ 3,000 | |
| Eve Borenstein (Attorney) | \$ 4,000 | \$ 3,000 | \$ 1,000 | 33.33% |
| Minneapolis League of Women Voters | \$ 3,000 | \$ 4,000 | \$ (1,000) | -25.00% |
| Total | \$ 736,000 | \$ 683,461 | \$ 52,539 | 7.69% |

Original: 5/30/06

FY 2000-2006
Use of NRP Administrative Budget

Attachment C

| Codes | Description | 2000 Actual | 2001 Actual | 2002 Actual | 2003 Actual | 2004 Actual | 2005 Actual |
|-----------|---|------------------|------------------|------------------|------------------|------------------|------------------|
| 4000-4900 | Salaries | 593,473 | 624,882 | 641,691 | 637,004 | 649,288 | 624,579 |
| 7800-7860 | Fringe Benefits | 117,529 | 111,281 | 127,811 | 131,919 | 136,104 | 141,382 |
| | Personnel Subtotal | 711,002 | 736,163 | 769,503 | 768,923 | 785,392 | 765,960 |
| 5010 | Advertising & Publications | 17,051 | 5,238 | 7,833 | 27,484 | 23,195 | 32,517 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | 27,228 | 22,375 | 30,157 |
| 5011 | City Benefit Admin Fee | 0 | 0 | 0 | 0 | 0 | 2,304 |
| 5017 | Phone Charges | 0 | 0 | 0 | 0 | 0 | 6,238 |
| 5020 | Communications | 19,338 | 15,748 | 17,850 | 19,475 | 15,347 | 8,330 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | 150 | | 70 |
| 5050 | Printing | 16,138 | 20,000 | 7,803 | 11,753 | 11,407 | 8,497 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | 2,921 | 3,541 | 4,118 |
| 5070 | Professional Services | 900,836 | 915,497 | 752,194 | 641,932 | 657,836 | 617,487 |
| | <i>Neigh. Group Audits</i> | 259,160 | 269,052 | 259,624 | 261,968 | 280,387 | 151,433 |
| | <i>MCDA/CPED/DFD fees¹</i> | 324,500 | 268,765 | 251,680 | 251,680 | 189,623 | 333,330 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | 8,062 | 7,337 | 18,126 |
| 5080 | Rent/Office Furniture | 71,951 | 74,212 | 87,282 | 91,056 | 87,449 | 87,723 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | | 709 | |
| 5130 | Miscellaneous | 20,242 | 34,784 | 7,250 | 10,484 | 3,797 | 1,072 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | 580 | 2,310 | |
| 6020 | Legal Settlements | 0 | 0 | 0 | 0 | 0 | 3,750 |
| 6030 | Cash Management | 0 | 1,935 | 164 | 0 | 0 | 0 |
| 6040 | Transportation/Parking | 336 | 303 | 189 | 440 | 421 | 508 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | | 214 | 250 |
| 6050 | Education | 1,139 | 0 | 39,155 | 26,850 | 48,750 | 32,650 |
| | <i>Community Leadership Institute (CLI)</i> | | 43,600 | 36,400 | 25,250 | 48,750 | 32,650 |
| 6060 | Travel Expense | 5,730 | 0 | 529 | 2,501 | 0 | 0 |
| 6080 | Insurance | 38,461 | 38,905 | 42,991 | 51,413 | 62,992 | 58,676 |
| | <i>Neigh. Group D&O Insurance</i> | 36,459 | 33,707 | 42,876 | 51,413 | 62,992 | 58,672 |
| 6100 | Administrative Supplies | 7,618 | 8,771 | 11,997 | 9,828 | 8,211 | 8,959 |
| | <i>Mpls. - St. Paul Home Tour</i> | | | | 2,469 | 806 | 2,030 |
| 7880 | Workers Comp | 40 | 10,280 | 0 | 3,927 | 3,414 | 3,684 |
| 8020 | Equipment | 2,600 | 0 | 0 | 0 | 0 | 0 |
| 8025 | Hardware | 21,190 | 15,384 | 5,168 | 17,814 | 0 | 3,942 |
| 8035 | Software | 1,733 | 704 | 575 | 53 | 137 | 0 |
| | Non Personnel Subtotal | 1,124,403 | 1,141,761 | 980,979 | 915,011 | 922,956 | 876,337 |
| | Totals | 1,835,405 | 1,877,924 | 1,750,482 | 1,683,934 | 1,708,348 | 1,642,298 |

¹ The 2005 expenditure of \$333,330 under MCDA/CPED/DFD fees includes a \$60,377 obligation incurred in 2004, but paid in 2005.

| | 2000 | 2001 | 2002 | 2003 | 2004 | 2005 |
|---|------------------|------------------|------------------|------------------|------------------|------------------|
| <i>Mpls. - St. Paul Home Tour</i> | | | | 41,410 | 37,290 | 54,751 |
| <i>Neigh. Group Audits</i> | 259,160 | 269,052 | 259,624 | 261,968 | 280,387 | 151,433 |
| <i>MCDA/CPED/DFD fees¹</i> | 324,500 | 268,765 | 251,680 | 251,680 | 189,623 | 333,330 |
| <i>Community Leadership Institute (CLI)</i> | | 43,600 | 36,400 | 25,250 | 48,750 | 32,650 |
| <i>Neigh. Group D&O Insurance</i> | 36,459 | 33,707 | 42,876 | 51,413 | 62,992 | 58,672 |
| Total Non-Central Admin Expenses | 620,119 | 615,124 | 590,580 | 631,721 | 619,042 | 630,836 |
| Fund 2300 Total for Year | 1,835,405 | 1,877,924 | 1,750,482 | 1,683,934 | 1,708,348 | 1,642,298 |
| <i>Non-Central Admin Expenses</i> | 620,119 | 615,124 | 590,580 | 631,721 | 619,042 | 630,836 |
| Fund 2300 w/o Non-Central Admin | 1,215,286 | 1,262,800 | 1,159,902 | 1,052,213 | 1,089,307 | 1,011,461 |
| <i>Non-Central Admin as Pct. Of Fund 2300</i> | 33.79% | 32.76% | 33.74% | 37.51% | 36.24% | 38.41% |