

## **Request for City Council Committee Action**

Date: May 20, 2008

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

Prepared by: Carsten Slostad (Phone 673-5150)

Approved by: Robert D. Miller, Director \_\_\_\_\_

### **Subject: Reallocation of NRP Funds**

**Summary of the Request:** At the April 28, 2008 meeting of the NRP Policy Board, a resolution was adopted approving the reallocation of unspent funds from the Transition Fund contracts, Phase I Participation Agreement pools, and Community-Orientated Public Safety Initiatives Reserve Fund to increase the guaranteed appropriation available to fund implementation of Phase II Neighborhood Action Plans.

### **Recommendation:**

- 1) Approve the close out of all Transition Funds, with the exception of \$185,000 from the 1991 Transition Funds to be reserved for the Greater Metropolitan Housing Corporation under the Memorandum of Understanding dated October 18,2007;
- 2) Approve the close out of Phase I Participation Agreement pools and the Community-Oriented Public Safety Initiatives Reserve Fund;
- 3) Approve the reallocation of the unobligated funds (for projects other than Agape Child Development Center, Karamu West and Village in Phillips-Phase 2) and program income accrued to date from the Affordable Housing Reserve Fund;
- 4) Approve the use of these unexpended balances and the program income from these sources (\$1,731.285.76) to increase the guaranteed appropriation available to fund implementation of Phase II Neighborhood Action Plans in proportion to their participation in the allocation of Phase II NRP funds for their use in implementing their Phase II Neighborhood Action Plans;
- 5) Authorize the appropriate City officers to take any action needed to implement the redirection of the funds specified above.

May 20, 2008

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: Reallocation of NRP Funds**

Dear Chairpersons Goodman and Ostrow:

At its meeting on April 28, 2008 the Neighborhood Revitalization Program Policy Board approved a reallocation of the unspent balances in three funds and the program income generated from these funds to increase the guaranteed appropriation available to implement NRP Phase II Neighborhood Action Plans.

As you know, when Phase II began, the Policy Board adopted a policy that allowed neighborhoods to contract for, and expend, up to 70% of their Phase II allocation in the first three years following approval of their Neighborhood Action Plan (NAP). As neighborhoods approach their third year of implementation, the need for resolution of the funding gap between the projections of 2004 and the revenues that have been actually realized by NRP becomes a pressing need. The City Council took action to guarantee that neighborhoods would receive at least 70% of their Phase II NRP allocation, regardless of what happens with the revenues of the Common Project, on December 7, 2007.

On February 14, 2008, City staff made a presentation to the Committee of the Whole on the status of the Legacy Fund. I have previously proposed that Common Project transfers to the Legacy Fund be reduced or eliminated to more fully fund Phase II. Other than the presentation to the Committee of the Whole, no other action has occurred on this proposal and no additional sources have been agreed to that would fill the \$12.5 million shortfall in Phase II. The fact that no action has occurred does not, however, diminish the need to act.

NRP has several pools of resources that were committed but have either unexpended balances or program income that could be redistributed to assist neighborhoods and reduce the "gap" between 70% and 100%. The proposed sources include:

The Honorable Lisa Goodman  
The Honorable Paul Ostrow  
May 20, 2008  
Page 2

- Commitments that were made years ago and for which there have been no expenditures for at least 2 years
- Commitments to projects and activities for which the contracts have expired or for which no contract was executed
- Program Income that was generated from an expenditure of NRP program funds, and not from a neighborhood allocation.

Attached to this report are spreadsheets to show the status of these funds.

The first spreadsheet (Attachment A) shows the date of publication (or final approval) for the NAP's approved to date by the Policy Board and City Council. The spreadsheet shows the % contracted and the % expended. As you can see, one neighborhood (Powderhorn Park) has already reached the three year threshold and expended 70% of their Phase II NRP funds.

Attachment B displays the results of the review of uncommitted Transition Funds, Program Income from Transition Fund projects, Affordable Housing Reserve Fund project income, unexpended COPSIRF funds and Phase I Participation Agreements. The total proposed for reprogramming is \$1,731,285.76.

Attachment B also indicates some additional funds that have not yet been expended but for which no action is requested at this time.

Attachment C contains the recommendation that I made to the Board for the use of the reprogrammed funds. I recommended that these dollars be reallocated to neighborhoods proportionate to their participation in the original Phase II allocation. I believe that this is the fairest and most appropriate approach to reallocation and that it is consistent with the philosophy and policy that NRP has followed the past 17 years. The approach proposed helps all neighborhoods and does not favor those who entered earlier or expended faster over those who entered later or proceeded more deliberately.

I also want to note that the NRP Policy Board, on October 18, 1999, acted to close all Transition Fund contracts and recapture the unexpended balances and program income. The resolutions below are consistent with this earlier Board position.

On April 28, 2008 the Policy Board passed the following resolution:

The Honorable Lisa Goodman  
The Honorable Paul Ostrow  
May 20, 2008  
Page 3

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board ("Board") directs NRP staff to close out all Transition Fund contracts, Phase I Participation Agreement pools, and the Community-Oriented Public Safety Initiatives Reserve Fund and to use the unexpended balances or program income from these sources (with the exception of \$185,000 from the 1991 Transition Funds that shall be reserved for the Greater Metropolitan Housing Corporation under the Memorandum of Understanding dated October 18, 2007) to increase the guaranteed appropriation available to fund implementation of Phase II Neighborhood Action Plans (NAP's);

**BE IT FURTHER RESOLVED:** That the unobligated funds (for projects other than Agape Child Development Center, Karamu West and Village in Phillips-Phase 2) and program income earned to date from the Affordable Housing Reserve Fund be redirected to increase the guaranteed appropriation available to fund implementation of Phase II Neighborhood Action Plans (NAP's);

**BE IT FURTHER RESOLVED:** That the funds redirected as a result of the preceding actions be allocated to neighborhoods in proportion to their participation in the allocation of Phase II NRP funds for their use in implementing their Phase II NAP's;

**BE IT FURTHER RESOLVED:** That the Board hereby authorizes the Director to request that the City Council and Mayor [a] approve the redirection of these funds and [b] authorize the appropriate City officers to take any action needed to implement the redirection specified above.

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

**Recommendation:**

- 1) Approve the close out of all Transition Funds, with the exception of \$185,000 from the 1991 Transition Funds to be reserved for the Greater Metropolitan Housing Corporation under the Memorandum of Understanding dated October 18,2007;
- 2) Approve the close out of Phase I Participation Agreement pools and the Community-Oriented Public Safety Initiatives Reserve Fund;
- 3) Approve the reallocation of the unobligated funds (for projects other than Agape Child Development Center, Karamu West and Village in Phillips-Phase 2) and program income accrued to date from the Affordable Housing Reserve Fund;

The Honorable Lisa Goodman  
The Honorable Paul Ostrow  
May 20, 2008  
Page 4

- 4) Approve the use of these unexpended balances and the program income from these sources (\$1,731,285.76) to increase the guaranteed appropriation available to fund implementation of Phase II Neighborhood Action Plans in proportion to their participation in the allocation of Phase II NRP funds for their use in implementing their Phase II Neighborhood Action Plans;
- 5) Authorize the appropriate City officers to take any action needed to implement the redirection of the funds specified above.

Sincerely,

Robert D. Miller  
Director