

## Ongoing NRP Phase II Activity after December 31, 2009

While the City and other stakeholders discuss the focus, funding and governance of NRP program and action plan activities beyond 2009, it is important to understand the outstanding obligations that will still exist for the current program in 2009 and beyond. Absent Policy Board, City Council or legislative actions, these legal, financial and programmatic obligations will exist regardless of the path chosen for any future program.

### Legal

The City's financial obligation to fund the NRP will end in 2009, but the program's operations will continue for the foreseeable future. The NRP Law and City ordinance are silent about the length of time for the implementation of the program, the existence of the Policy Board, and the time period in which to conclude the development and implementation of neighborhood action plans. In a July 2, 1999, opinion from Arlin Waelti of Gray, Plant and Moody opined:

- *Chapter 604 provides only that revenues be reserved from 1991 to 2009. No mention is made in Chapter 604, the NRP Law or the NRP Ordinance that the activities of the NRP terminate in 2009. The procedural requirements of the NRP Law preclude the possibility that all revenue in the NRP Reserve could be expended in the year it was reserved. The portion of the NRP Reserve that remains unexpended must continue to be reserved until it is expended through the process defined in the NRP Law.*
- *NRP Program Income, such as recycled loan payments, continues to be subject to the limitations of the NRP Law, the Policy Board program rules or the City financial reporting responsibilities forever. It is assumed that at some point in the future this characterization becomes absurd. However, it is likely that the legislature will be the arbitrator of what is absurd.*

### Financial

- As noted above, the program itself will not end in 2009. In fact, according to the October 2007 financial projections for the capitalization of NRP through 2009, almost 60% of the funds currently projected to be available for Phase II plans will not be available until early 2010.
- The October 2007 analysis also projects a shortfall of approximately \$12.6 million of the amount needed to fund all Phase II plans at the full amount of the 2004 Phase II allocation for neighborhood plans. No decisions have yet been made by the Policy Board or the City Council on how to manage or fill this gap.
- As of July 2007, almost 90% of all Phase I funds have been expended.

- NRP funds invested in revolving loan funds and development projects will continue to generate program income for neighborhoods to allocate through their action plans. As of 2007, there is almost \$11 million of NRP Program Income available for additional NRP activity. The amount of available Program Income is largely unchanged over the past three years. NRP-funded loans will continue to generate program income after 2009.

#### Programmatic

- As of September 2007, there is one neighborhood that has not yet completed its Phase I action plan.
- As of September 2007, there are 37 approved Phase II action plans. An additional 35 Phase II action plans have yet to be approved. Under current policies, Phase II plans approved after 2007 will not have access to their entire capped (70%) allocation until after 2009.
- It is certain that contract management responsibilities will continue for NRP-funded agreements that are still in place at the end of 2009.
- At the time that Phase II neighborhood allocations were originally approved (2004), funds were set-aside to fund the NRP office through 2010. There is no currently-identified fund source to pay for the costs of administering this program after 2010.