

Neighborhood Relief Fund (Proposed)

The Neighborhood and Community Relations Department (NCR) is recommending that City Council approve the creation of a Neighborhood Relief Fund, and the use of up to \$200,000 of Consolidated Redevelopment Tax Increment Financing District (~~Consolidated TIF District~~) funds for ~~the Neighborhood Relief Fund~~ this fund.

Background

The City of Minneapolis provides financial and technical support to recognized neighborhood organizations throughout the city. Hundreds of residents volunteer their time to provide guidance, oversight and management support for these organizations. However, this work is not without some risk, and unanticipated emergencies/crises can consume time, energy and financial resources. The Neighborhood Relief Fund is intended to provide relief to ~~a~~ neighborhood organization experiencing a crisis in order to preserve City investments and assets, reduce risk to volunteer organization leaders, assist in the community's response to a natural or environmental disaster, and maintain effective neighborhood organizations.

~~For a variety of reasons, The Neighborhood Relief Fund may be used to assist neighborhood organizations funded through the Minneapolis Neighborhood Revitalization Program (NRP) or the Community Participation Program (CPP) may experience periods of to respond to financial hardships due to:~~

- ~~Community~~ natural or environmental emergency crisis requiring immediate response from a neighborhood organization (e.g., May 22, 2011, tornado);
- ~~Loss~~ through theft, fire or other hazard (e.g., office fire);
- ~~Initial costs of defense against lawsuits (e.g., insurance deductible)~~
- financial mismanagement;
- conflict and management issues; or
- other extraordinary circumstances.

Since 2011, the Neighborhood and Community Relations Department has provided support to neighborhood organizations during times of crisis:

- In response to the May 2011 tornado, NCR worked with North Minneapolis neighborhood organizations to support their work in organizing volunteers for community cleanups, and assisted with development of the Rebuilding Our Community Fund.
- ~~In 2013, several neighborhood organizations were threatened with lawsuits. While some of these lawsuits have been dismissed with no judgments against the organizations, others are still pending. These lawsuits leave the organizations facing legal bills, and organizational leaders and volunteers feeling unsupported and stressed. NCR has provided support through a blanket Directors and Officers Liability Policy, and through guidance by nonprofit attorneys and other consultants. However, insurance deductibles place an immediate drain on organization resources, and distract organization leaders' attention away from community issues.~~
- NCR has assisted several neighborhood organizations in dealing with financial mismanagement by working with new boards to identify and resolve management problems, arranging for audits and financial reviews, and requiring additional financial or management controls within the organization.
- In 2013, Southeast neighborhoods were confronted with community-wide trichloroethylene (TCE) contamination, requiring an immediate response by the neighborhood organizations.

Definition

A crisis, for the purpose of this policy, will mean any specific, unexpected, and non-routine event or series of events that result in high levels of uncertainty and threat to an organization's high priority goals or community health, and that require an immediate response by the neighborhood organization or change in the neighborhood organization's goals.

Process

Only those neighborhood organizations that are currently receiving funding through the CPP are eligible for the Neighborhood Relief Fund. Any request for relief funds must be approved by the neighborhood organization board of directors, and provide the circumstances and demonstrate the need for the request. Requests by a neighborhood organization of greater more than \$25,000 must be approved after 21-day notice and demonstration of broad community support as defined in the Changing Approved Neighborhood Plans policy (adopted by the City Council in July 2013). All requests must clearly identify the intended use of funds and include a budget. The neighborhood organization may request revisions to an approved budget by making the request in writing to NCR as per the Community Participation Program CPP Guidelines.

Requests must be provided in writing to the NCR Director. In cases of loss through theft or mismanagement, the request must include a description of any corrective actions taken by the board. In such cases, ~~the NCR Director Department~~ will conduct an investigation before approving the use of funds for any relief. In the event of a labor or management dispute, the neighborhood organization may request the use of relief funds ~~in order~~ to hire an investigator, mediator or other professional services.

~~Requests must be provided in writing to the NCR Director.~~ The NCR Director may approve, modify or deny the request. The NCR Director may request additional information, including budgets, organization minutes and copies of financial records and policies. The NCR Director may also require additional corrective action, including but not limited to a financial review, compliance audit or financial audit of the organization, in accordance with NRP Audit Policy, and/or administrative or board training. Future funding may be contingent on the organization taking appropriate corrective action in response to audit findings.

Relief may be provided in the form of a direct grant of funds, an additional advance of funds from a neighborhood's current allocation or as a draw against the neighborhood's future allocation.

At the NCR Director's discretion, relief funds may be provided through a separate contract, or through existing NRP or CPP contracts. In some cases, NCR may use Neighborhood Relief Funds to contract directly with consultants (such as investigators, mediators, auditors, accountants and bookkeepers) in order to reduce the potential for conflicts of interest or the appearance of abuse of funds.

An organization not approved for funding may file an appeal with the Neighborhood and Community Engagement Commission (NCEC). Such an appeal must be submitted in writing to the City's Development Finance Division (DFD) and received within 45 calendar days of the notice of the NCR Director's decision. by submitting it to the City's Development Finance Division (DFD). DFD will prepare a report on the appeal for the NCEC. The NCEC may uphold the original decision or change the decision. The decision of the NCR Director is final.

Amounts greater than \$50,000 must ~~also~~ be approved by City Council.

Eligible Expenses:

- ~~Legal expenses in response to a lawsuit or threatened lawsuit that are not otherwise covered by a Directors and Officers insurance Policy or General Liability policy. NCR may request reimbursement by the neighborhood organization of some or all of these funds in cases where there is a judgment against the organization for reasons of malfeasance or misfeasance.~~
- ~~Staff and consultant expenses;~~
- ~~Replacement replacement costs, or temporary office space, or temporary storage space;~~
- ~~Community community organizing, outreach programs and other community services in response to a community natural or environmental emergency;~~
- ~~Administrative administrative costs associated with the proposed use of relief funds (e.g., bookkeeping, record keeping, reporting); and~~
- ~~Other other activities consistent with the purposes of the Neighborhood Relief Fund.~~

Ineligible Expenses:

Ineligible budget items include:

- undefined line items such as "miscellaneous" or "contingency";
- food;
- donations;
- costs of legal action against the City; and
- penalties and interest charges (such as insufficient fund fees, IRS penalties and interest, and similar fees).