

Staff Report

Agenda Item: 5

Title: Report on NRP Fund Balance Guidelines

Action Discussion Informational

Date: June 24, 2015

Prepared By: Robert Thompson

Attachments: Draft NRP Fund Balance Guidelines

Requested Action

Discussion and comment on draft guidelines for Review of NRP funds.

Background

On November 17, 2014, the Health, Environment and Community Engagement Committee of the Minneapolis City Council directed NCR staff to “engage neighborhood associations and the NCEC in developing policy and procedural recommendations for the Council which would establish guidelines for allowable balances of unspent NRP fund allocations and require any neighborhood association not meeting those guidelines to develop a plan with specific timelines on how they will use those funds, as well as developing reporting and monitoring procedures for the deployment of these resources. Staff are to present a draft policy recommendation to Council no later than May 31, 2015.”

NCR Staff reviewed past reports and analysis, such as the recent Neighborhood Board Diversity Survey, to develop initial guidelines. Based on this analysis, staff developed an online survey, and requested neighborhood organizations share the link and encourage board members and others to participate in the survey.

NCR staff developed draft guidelines, and distributed to all neighborhood organizations via email, regular mail, and on the NCR website for a 45-day review and comment period. Deadline for comments is Friday, June 26, 2015.

NCR staff held two informational meetings with neighborhoods to share background information and listen and respond to comments and questions.

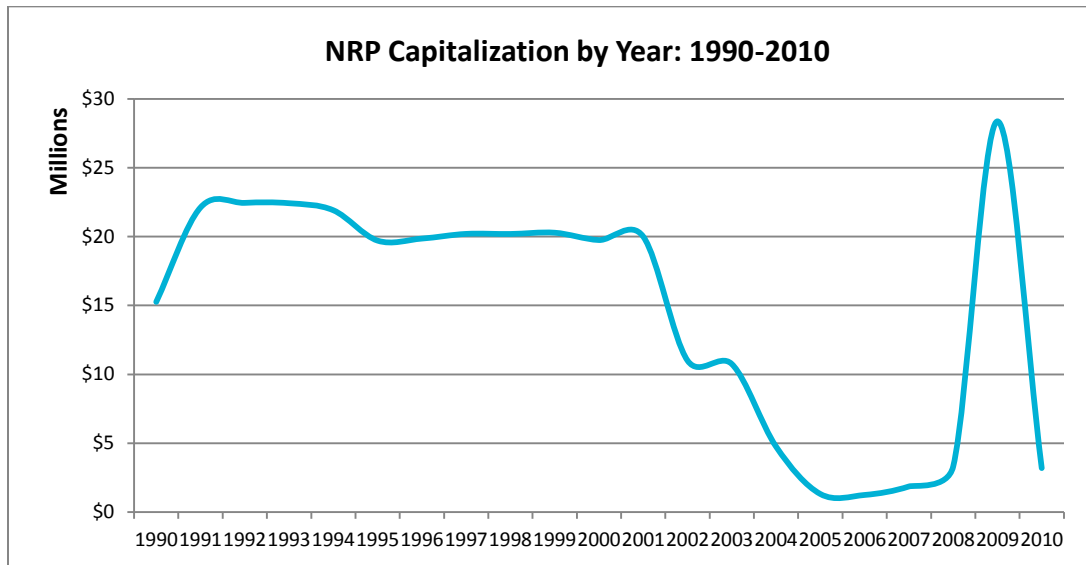
A final report will be provided to the Health, Environment and Community Engagement Committee (HECE) of the City Council on July 27, 2015.

For reasonable accommodations or alternative formats please contact the Neighborhood and Community Relations Department at 612-673-3737. People who are deaf or hard of hearing can use a relay service to call 311 at 612-673-3000. TTY users call 612-673-2157 or 612-673-2626.

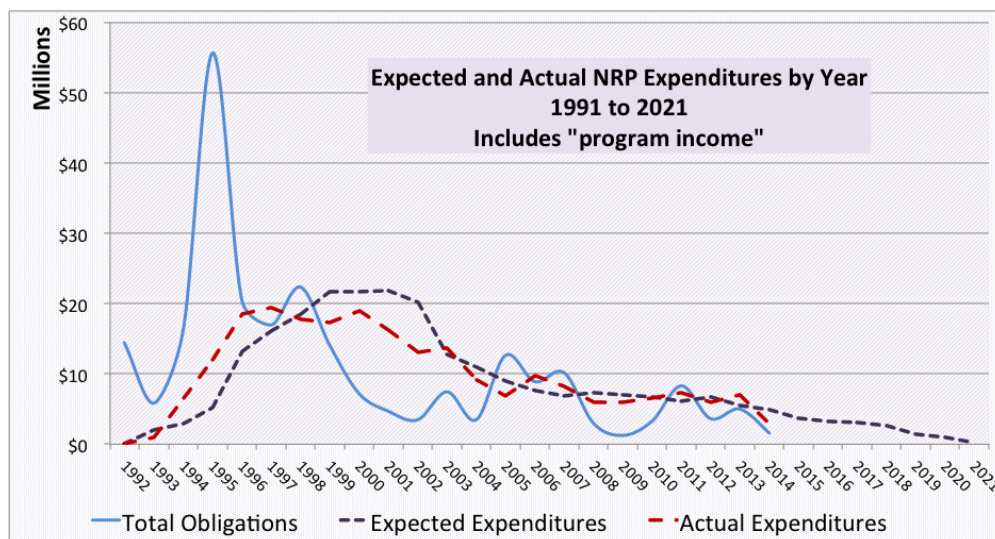
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Discussion

- Phase II revenue projections in 2007 showed that almost 50% of the Phase II revenues to capitalize the NRP would not be received until after the end of Phase II (December 2009). This is because the Phase II revenues that were to be available for neighborhood groups were reliant on the repayment of the Brookfield Gaviidae Commons loan. In response, the NRP Policy Board took action to slow the rate of neighborhood NRP expenditures in response to volatile TIF revenue projections, including capping the amount of funds that neighborhoods could expend in the first three years following Phase II plan approval.

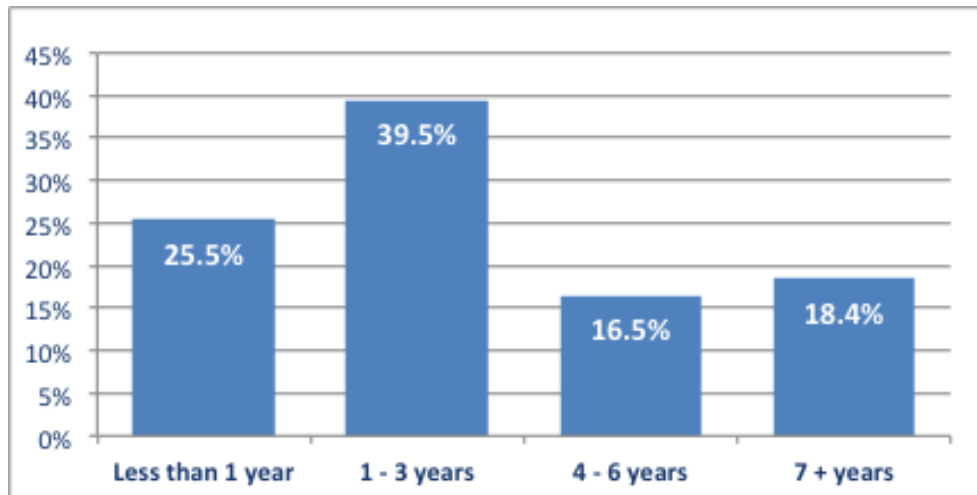


- On average, most neighborhood organizations have been expending the majority of their NRP funds with seven years of approval of their NRP plans. Our analysis also projects that most NRP funds currently obligated through NRP plans, including all program income generated as of August 2014, would be expended by 2021.



- The 2014-15 Neighborhood Board Diversity Survey indicated that 65% of current neighborhood organization board members have served for three years or less. This finding suggests that many current board members are implementing plans that they may have had little role in developing.

Length of Neighborhood Board Member Service:



- NRP Fund Balance Survey Results: 84 individuals completed the survey between April 21, 2015 and June 2, 2015. Key findings from the survey include:
 - Participants noted that neighborhood plans were developed with the intent of having long-term impact, to leverage return on funds, and that they successfully encouraged additional long-term investments. They expressed concern that they would now be penalized for their care in investing funds strategically for long-term returns.
 - Survey participants noted that there were many factors that might impact the ability of the neighborhood organization to implement projects quickly, including leadership turnover, changing priorities and conditions in the neighborhood, availability of staff compared to capacity of all-volunteer organizations, the desire and need to seek input from the community, changes in the population, and complexity of City requirements.
 - Generally, there was support among participants for the proposed seven-year time frame, with some expressing preference for a longer time frame such as ten years, and others a shorter time-frame such as five years. Additional concerns were expressed that the goal should be to redirect and refocus neighborhoods rather than take away funds.
 - There was concern about proposing a requirement to spend NRP funds within a certain time period when there was no original expectation laid out that NRP funds needed to be expended within a certain amount of time, and many neighborhoods developed their plans as long-term plans.
 - Neighborhoods should be assessed individually based on that neighborhoods plan. While some expressed that a seven-year time frame was reasonable, some suggested a ten-year time frame as an alternative.
 - Some respondents indicated a one-year review and planning period was sufficient, while others indicated that the review period should be based on that neighborhoods needs and plans. There was also some concern expressed that the current level of administrative funds did not allow for thorough review and planning.

- Many participants commented that outside circumstances beyond a neighborhood organizations control should be taken into account when reviewing a neighborhood organization's progress in expending funds.
- There was a preference for some lower threshold than the proposed 85% expended/95% contracted at seven years threshold proposed by NCR staff, but concerns were expressed that circumstances were different for each neighborhood.
- There was a mix of interest on potentially reallocating NRP funds from neighborhoods that were not utilizing NRP funds to those that had a greater need, while recognizing there was need to bear in mind that some neighborhood organizations are not as well established as others.
- Participants raised questions about how program income was counted, and how it would be applied toward evaluating expenditures of NRP funds.

Recommendation

Please share your thoughts and responses to the draft Review of NRP Funds document at the NCEC Meeting or in writing to Robert.thompson@minneapolismn.gov.