

Memorandum

Date: March 18, 2004

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Phase II Decisions

At the Policy Board's January 26th meeting the Board received the report and recommendations of the Phase II Task Force established to "review all Phase II funding allocations and housing hold-backs in light of funding reductions in 2003" and authorized distribution of the Task Force recommendations to the neighborhoods for review and comment.

The Task Force met on March 18 to review the comments of the neighborhoods on its recommendations and all members and alternates on the Board were invited to attend. At its March 18 meeting the Task Force also discussed the need for hold-backs to help ensure that the programs expenditures do not exceed its revenues. The resolutions that follow help define the base of funds that will be available for allocation to the neighborhoods.

The Task Force found that 74% of the responding neighborhoods agreed with the Task Force Phase II formulae recommendations and 83% agreed with the Task Force recommendation to eliminate the Commercial Area Development Reserve Fund.

As a result, the Task Force is recommending the following resolutions to the Policy Board for adoption:

RESOLUTION #1 - RESOLVED: That the Minneapolis Neighborhood Revitalization Policy Board (Board) adopts the attached Phase II NRP Formulae Options-Proposed Recommendation of the Board Task Force on Phase II as the basis for the allocation of Phase II NRP funds to neighborhoods.

RESOLUTION #2 – RESOLVED: That the Minneapolis Neighborhood Revitalization Policy Board (Board) adopts the Commercial Area Development Reserve Fund recommendation of the Board Task Force on Phase II, directs the elimination of this fund and the reallocation of the \$4 million set aside for the CADRF for inclusion in the Phase II funds to be allocated to the neighborhoods.

The Task Force reviewed the status of two neighborhoods (Sumner-Glenwood and University) with unique situations to determine how they should be treated in Phase II.

- Sumner-Glenwood is a re-emerging neighborhood that is under development and reconstruction. It presently has no neighborhood organization and its public infrastructure and housing stock are all new. A minimal set aside for this neighborhood could be an incentive for the new residents to organize their neighborhood and begin building a sense of community. The Task Force felt that \$25,000 was an appropriate amount to allocate to this neighborhood.
- The University neighborhood has never been organized and includes a very diverse population. A new organization has been incorporated by students, property owners, and local businesses to represent the interests of this unique area and is applying for its 501c.3 tax status. The Task Force recommends that \$100,000 be reserved for improving the University neighborhood.

The Task Force strongly felt that all neighborhoods in the city must receive Phase II funds and that the amount that they receive must be enough to help improve the neighborhood. Therefore, they are recommending that a minimum neighborhood allocation funding level of \$100,000 be established for all other neighborhoods.

The Task Force recommends the following resolutions for adoption by the Board:

RESOLUTION #3 – RESOLVED, That \$25,000 of the amount available for Phase II neighborhood allocations be allocated for the Sumner – Glenwood neighborhood and that this neighborhood meet the same requirements as all other neighborhoods before any expenditure of these funds is approved.

RESOLUTION #4 – RESOLVED, That \$100,000 of the amount available for Phase II neighborhood allocations be allocated for the University neighborhood and that this neighborhood meet the same requirements as all other neighborhoods before any expenditure of these funds is approved.

RESOLUTION #5 – RESOLVED, That every other residential neighborhood in the City shall receive at least \$100,000 from the allocation of Phase II neighborhood funds.

The Task Force had also recommended in its January report that the Board's Early Access policy be revised to support early commitments to housing efforts and reduce the amount that could be requested. Several neighborhoods raised questions about the draft policy and the Task Force is not prepared to request action at this time on the draft distributed to the neighborhoods. A closer examination of the need for this option and the limits that should be placed on its use would be appropriate and the Task Force recommends that the Director be charged with bringing a revised policy to the Board for consideration after the allocations for neighborhoods have been approved.

The Task Force also discussed the need for a contingency fund to support unexpected administrative costs for the program over the next six years and determined that \$1.5 million from the Phase II revenues should be set aside for this purpose. This amounts to 1.8% of the total revenues projected for Phase II. The Task Force felt that the need for this fund and its amount should be reviewed annually after the year-end calculation of Common Project revenues occurs.

As a result of its discussions and review the Task Force recommends the following resolutions for adoption by the Board:

RESOLUTION #6 – RESOLVED, That action on revising the Early Access policy of the Board be deferred and that the Director bring a revised policy to the Board in May for review and possible approval.

RESOLUTION #7 – RESOLVED, That \$1.5 million of the total revenues received in Phase II be reserved for unexpected administrative costs and set aside for this purpose.

RESOLUTION #8 – RESOLVED, That the need for, and amount of, the contingency fund for administrative expenses be reviewed annually after the year end calculation of Common Project revenues occurs.

The Task Force also considered the issue of hold-backs and how financial solvency could be assured, given the uncertainty of the future revenue stream for the program. The discussion covered many options but the Task Force recommends that neighborhoods be required to structure their Phase II Neighborhood Action Plans so that no more than 70% of their allocation will be expended in the first 3 years of their plan. This would allow the uncertainty of NRP's future revenues to be resolved before most of the Phase II expenditures will occur. This would also ensure that no neighborhood allocation would be fully expended before all neighborhood allocations are fully funded. Adjustments to plans approved in 2003, 2004 and 2005 may be needed and the approval of these plans should include that qualifier.

The Task Force recommends the following resolution for adoption by the Board:

RESOLUTION #9 – RESOLVED, That neighborhoods be required to limit their Phase II Neighborhood Action Plan expenditures to no more than 70% of their neighborhood allocation during the first 3 years of their approved plan.

As its final action, the Task Force recommends that the July 24, 2000 policy on the Phase II process be revised and updated with the changes approved by the Policy Board.

RESOLUTION #10 - RESOLVED, That the Director is authorized to incorporate these changes into revised and updated versions of the Phase II process approved by the Policy Board on July 24, 2000 for Board review and approval.

Neighborhood Responses to Phase II Questions

<u>Neighborhood</u>	Response to Question:	
	<u>#1</u>	<u>#2</u>
Longfellow	Agree	Agree
Standish-Ericsson	Agree	Agree
Folwell	Agree	Agree
Bottineau	Agree	Agree
Kenny	No Opinion	Agree
Tangletown	Agree	Disagree
Bancroft	Agree	Agree
Lowry Hill	Disagree	Agree
Powderhorn Park	Agree	Agree
Marcy Holmes	No Opinion	Agree
Linden Hills	Agree	Agree
Elliot Park	Disagree	Agree
Victory	Agree	Agree
Cleveland	Agree	Agree
Audubon	Agree	Agree
Nokomis East	Agree	Agree
Stevens Square	Agree	Agree
Windom Park	Agree	Agree
Kingfield	Agree	Disagree
McKinley	Agree	Agree
Waite Park	Agree	Disagree
Armatage	No Opinion	No Opinion
East Phillips	Disagree	Agree
Total Received	23	
Total Agree	17 (74%)	19 (83%)
Total Disagree	3 (13%)	3 (13%)
No Opinion	3 (13%)	1 (4%)

Question #1: The Task Force recommended that the Phase II Formulae Options be changed to include additional variables for Youth/Health problems and Crime Statistics. Do you agree/disagree with the recommendation of the Task Force.

Question #2: The Task Force recommended that the Commercial Area Development Reserve Fund of \$4 million established by the Board in July 2000 be abolished and that the funds saved be included in the amount allocated to neighborhoods. Do you agree/disagree with the recommendation to eliminate the Commercial Area Development Reserve Fund and add the dollars to the amount to be allocated to neighborhoods.