

Memorandum

Date: November 13, 2007

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: 2008 Administrative Budget Proposal

The final budget proposal for 2008 is attached to this memorandum for your review and consideration. The spreadsheets are similar to the ones that you received in September as the first drafts. The differences between this version and the one that I provided to you in September are: 1) a reduction in the amount set aside for the League of Women Voters (in response to the discussion at the September Board meeting); and 2) the inclusion of additional City fees from the Bureau of Information Services. I have also updated my budget memorandum to include the newest City projections for NRP revenues from the Common Project and the increase in the number of approved neighborhood action plans.

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The final budget proposal for 2008 is attached to this memorandum for your review and approval. The spreadsheets (Attachment A-“FY 2008 NRP Administrative Budget” and Attachment B-“Contracts for Professional Services”) are similar in format to past budget submissions. In September’s transmission of the draft budget I also provided the Board with a copy of the materials that I submitted to the Mayor and City Council.

The 2008 Budget submission continues to incorporate the expenses of the Minneapolis and Saint Paul Home Tour and reflects the changed approach to paying the City for support from DFD and CPED. For the first time the City and NRP have mutually agreed to cap the fee to be paid for City Contract Administration so that NRP can more effectively predict and manage this significant component of our expenditures.

For the past 7 years a substantial percentage of our budget has been devoted to paying the fees assessed by government jurisdictions. In 2008 more than 24% of our budget will be used to pay for City administrative services.

The central function of NRP’s administrative office continues to be helping neighborhoods develop and implement their Phase II NAP’s. This past year the office continued our commitment to the timely processing of Neighborhood Action Plans approved by neighborhoods. Ten (10) plans have been approved to date in 2007 by the Policy Board and the cumulative total for approved Phase II NAP’s now stands at 40 (or 55% of the total number of plans that will be submitted for approval in Phase II). This work has been accomplished in the three years since the Board adopted the neighborhood allocations. In Phase I it took 5 years to approve 25 NAP’s. Together, the approved NAP’s for Phase II appropriate about 59% of the total allocated to neighborhoods in 2004.

In addition to helping with the development of plans, our contracting activity continues at a high level. Two of our staff members have been assisting DFD with the development and processing of housing related contracts to take up the slack after an unexpected staff

change occurred in the Division. A portion of their costs will be used to reduce the amount owed on the MOU with DFD and the City.

Last year the Policy Board took the initiative to put the discussion of NRP after 2009 on the table. The Continuation Task Force established by the Board in 2005 presented its report to the Board in April, 2006. They addressed both the immediate Phase II shortfall and the longer-term options for financing NRP and continued neighborhood improvement after 2009.

The Phase II shortfall became an even more pressing concern to NRP when the City published its April 9, 2007 revenue projections for the Common Project. Those projections forecast a Phase II capitalization for NRP of \$ 66,476,583, **or \$ 7,695,665 less than the projections made in October 2005.** At that level of funding, NRP cannot provide the 70% of the original 2004 allocation (which was also based on projections by the City) that was the minimum that neighborhoods were expecting and that the Policy Board believed was reasonable and conservative.

On October 1, 2007 the City published another analysis of the Common Project that updated projections for Common Project revenues and NRP capitalization. The new projections show an increase in expected revenues that brought the projection within \$ 95,455 of supporting neighborhoods at 70% of their original allocation.

On October 18, the City Council, at a meeting of the Committee of the Whole, supported a resolution recognizing that the volatile projections were a problem for neighborhood planning and program management and committing the City to “prudently assure” that the 70% would be available to neighborhoods without regard to any future changes in the revenues of the Common Project. Follow-up action on this resolution is scheduled for December 21.

Earlier this year, NRP staff reviewed the proposed options from the Continuation Task Force for resolving the short-term revenue shortfall and produced a detailed review of their recommendations. Their first choice option (discontinuing payments from the Common Project to the Legacy Fund for the City’s discretionary development activity) has been discussed with several City Council members and was a key part of the Director’s 2008 Budget presentation to the Mayor, Council leaders, and Finance Department staff in July. No action has yet occurred on the proposal and no other suggestions have been offered for addressing the Phase II shortfall.

The City Council, at the Committee of the Whole meeting on October 18, created a six member working group to study NRP and frame options and proposed actions for consideration by the Committee of the Whole at its meeting of December 6, 2007. The working group is to provide recommendations for establishing a city position, relative to NRP, that addresses: administrative structure, expectations of services community or neighborhood organizations would provide through citizen participation contracts, and “extending or not a formal program of using discretionary funds for community-initiated projects”. The working group consists of the City Council President, Council Vice-

President, Chair of Ways and Means, IGR Chair, a Mayoral representative, and the Director of NRP.

The issues about future activity will have to be resolved soon and both of these actions by the Council (the potential guarantee of the 70% and the formation of the work group) are positive steps. While these discussions are going on, however, the first priority of the NRP office and staff has to be helping the thousands of residents and participants that are involved now in developing and implementing plans for the improvement of their neighborhood.

The Minneapolis and Saint Paul Home Tour continues to be a big event and a great marketing opportunity for city living. In 2007 almost 5,400 individuals made more than 36,700 visits to the 57 homes and development projects on the Tour. The number of visitors represented an increase of 35% over the corresponding figures for 2006. More than 27% of the visitors were from outside of Minneapolis and St. Paul. Sponsor and ad revenues covered all of the direct costs and indirect expenses have been reduced to 25% of their level only 3 years ago as a result of continually reexamining and modifying the manner in which the Tour is conducted. 2007 was the 20th year of the Tour and the 5th year of sponsorship by NRP.

We also conducted two sessions of the reformatted Community Leadership Institute. The course is now being offered and provided to one neighborhood at a time to maximize the number of residents in leadership positions that benefit from this intensive training opportunity. Its target populations are existing neighborhood board members and emerging leaders. The new approach has been used with Stevens Square, Jordan, HPDL and McKinley. The newest class, which began meeting this month, is with the American Indian community.

NRP has many contracts and agreements that begin and end at various times of the year. To accommodate these agreements we have, in the past, rolled over funds from the prior budget year to pay for the remainder of the expenses contracted for, but not delivered, during that fiscal year. The City Council, during the discussion of the 2006 rollover request expressed the view that the budget should be constructed to include the anticipated costs of the contracts that extend beyond the year. We have constructed our budgets since that time to minimize the potential for a rollover from one budget year to another. This year's budget continues that practice.

The proposed budget for 2008 continues our efforts to reduce costs and staffing. The proposal is for the reduction of 1 FTE in the staff complement. Overall the proposed 2008 Budget is 6.0% less than the approved 2007 Budget and 2% less than the 2006 expenditures.

I am now recommending the following resolution for action and adoption by the Policy Board:

RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board (Board) approves and adopts the Neighborhood Revitalization Program Administrative Budget for Fiscal Year 2008, in the amount of \$1,670,501 as detailed in "Attachment A" to the Directors Administrative Budget Proposal memorandum of November 13, 2007 which is incorporated herein by reference;

RESOLVED FURTHER: That the Board authorizes the Director to spend up to \$1,670,501 in FY 2008 on administrative expenses generally in accordance with Attachment A, with total expenditures in the "Compensation" (4000-4900 and 7800-7860 account codes) and "Non-Compensation" categories to be limited to the amounts indicated in that budget, but with discretion to adjust amounts among the specific "Non-Compensation" line items as needed and between "Compensation" and the "Non-Compensation" category for "Professional Services" without further approval from this Board; and appropriates \$1,670,501 of NRP Program Moneys for administrative expenditures in 2008;

RESOLVED FURTHER, That the Director is hereby authorized and directed to request that the City Council, City of Minneapolis, appropriate \$ 1,670,501 to Fund CNR0-890-3550 for the purposes herein authorized, and to request that CPED immediately transfer \$1,670,501 to the NRP's City of Minneapolis Fund 230; and,

RESOLVED FURTHER, That the Director is hereby authorized to negotiate and sign any Professional Services Agreements or Memorandums of Understanding needed to secure the services in "Attachment B" to the November 13, 2007 Administrative Budget Proposal memorandum.

FY 2008
NRP Administrative Budget (Proposed)
Contracts for Professional Services

	FY 2008 (Proposed)	FY 2007	\$ Change	% Change
Professional Services	Amount	Budget		
CPED/City of Minneapolis (DFD)	\$ 375,000.00	\$ 370,000.00	\$ 5,000	1.35%
Office of Minnesota State Auditors	\$ 120,000.00	\$ 145,000.00	\$ (25,000)	-17.24%
Hennepin County	\$ 10,000.00	\$ 15,000.00	\$ (5,000)	
The Gavzy Group (PlanNet NRP)	\$ 10,000.00	\$ 16,000.00	\$ (6,000)	-37.50%
Kennedy and Graven	\$ 45,000.00	\$ 45,000.00	\$ -	0.00%
Mike Wilson & Associates (Auditors)	\$ 45,000.00	\$ 40,000.00	\$ 5,000	12.50%
MTN (Video Communications)	\$ 20,000.00	\$ 20,000.00	\$ -	0.00%
I-Systems (PlanNet NRP and network support)	\$ 10,000.00	\$ 10,000.00	\$ -	0.00%
County Computer Support Services	\$ 10,000.00	\$ 10,000.00	\$ -	0.00%
Other Consultants	\$ 35,000.00	\$ 35,000.00	\$ -	0.00%
Web Site Design/Support	\$ 3,000.00	\$ 3,000.00	\$ -	
Eve Borenstein (Attorney)	\$ 2,500.00	\$ 4,000.00	\$ (1,500)	-37.50%
Minneapolis League of Women Voters	\$ 2,500.00	\$ 3,000.00	\$ (500)	-16.67%
Total	\$ 688,000.00	\$ 716,000.00	\$ (28,000)	-3.91%
Detail for Other Consultants (Projected):				
Margo Ashmore (LINK)	\$ 12,000.00			
Do Good Biz (Mailings, Postage, Distribution)	\$ 2,000.00			
Margo Ashmore (Home Tour)	\$ 14,000.00			
Scott Amundson (Home Tour Photos)	\$ 7,000.00			

Revised: 11/13/07

		FY 2008 NRP Administrative Budget (Proposed)								
Codes	Description	2002 Actual	2003 Actual	2004 Actual	2005 Actual	2006 Actual	2007 Budget	2007 Current ²	2007	
4000-4900	Salaries	\$ 641,691	\$ 637,004	\$ 649,288	\$ 624,579	\$ 619,626	\$ 631,500	\$ 397,637	\$	
7800-7860	Fringe Benefits	\$ 127,811	\$ 131,919	\$ 136,104	\$ 141,382	\$ 141,671	\$ 153,000	\$ 92,260	\$	
	Personnel Subtotal	\$ 769,503	\$ 768,923	\$ 785,392	\$ 765,960	\$ 761,297	\$ 784,500	\$ 489,896	\$	
5010	Advertising & Publications ³	\$ 7,833	\$ 27,484	\$ 23,195	\$ 32,517	\$ 28,920	\$ 35,000	\$ 11,320	\$	
5011	City Benefit Admin Fee ³	\$ -	\$ -	\$ -	\$ 2,304	\$ 2,481	\$ 2,700	\$ 2,025	\$	
5015	BIS Charges ⁴	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,900	\$ 2,925	\$	
5017	Phone Charges ⁵	\$ -	\$ -	\$ -	\$ 6,238	\$ 6,439	\$ 6,700	\$ -	\$	
5020	Communications	\$ 17,850	\$ 19,475	\$ 15,347	\$ 8,330	\$ 10,882	\$ 13,200	\$ 8,393	\$	
5050	Printing	\$ 7,803	\$ 11,753	\$ 11,407	\$ 8,497	\$ 4,761	\$ 7,500	\$ 12,328	\$	
5070	Professional Services	\$ 752,194	\$ 641,932	\$ 657,836	\$ 617,487	\$ 693,478	\$ 736,000	\$ 456,638	\$	
5080	Rent/Office Furniture ⁶	\$ 87,282	\$ 91,056	\$ 87,449	\$ 87,723	\$ 87,971	\$ 85,039	\$ 69,581	\$	
5130	Miscellaneous	\$ 7,250	\$ 10,484	\$ 3,797	\$ 1,072	\$ 2,060	\$ 1,500	\$ 8,191	\$	
6020	Legal Settlements	\$ -	\$ -	\$ -	\$ 3,750	\$ -	\$ -	\$ -	\$	
6030	Cash Management	\$ 164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$	
6040	Transportation/Parking	\$ 189	\$ 440	\$ 421	\$ 508	\$ 296	\$ 600	\$ 57	\$	
6050	Education ⁷	\$ 39,155	\$ 26,850	\$ 48,750	\$ 32,650	\$ 29,250	\$ 34,000	\$ -	\$	
6060	Travel Expense	\$ 529	\$ 2,501	\$ -	\$ -	\$ 3,216	\$ 2,000	\$ 2,363	\$	
6080	Insurance ⁸	\$ 42,991	\$ 51,413	\$ 62,992	\$ 58,676	\$ 54,987	\$ 55,000	\$ 49,601	\$	
6100	Administrative Supplies	\$ 11,997	\$ 9,828	\$ 8,211	\$ 8,959	\$ 4,868	\$ 3,200	\$ 6,245	\$	
7880	Workers Comp ⁹	\$ -	\$ 3,927	\$ 3,414	\$ 3,684	\$ 3,734	\$ 3,800	\$ 3,271	\$	
8020	Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$	
8025	Hardware	\$ 5,168	\$ 17,814	\$ -	\$ 3,942	\$ 7,765	\$ 3,000	\$ -	\$	
8035	Software	\$ 575	\$ 53	\$ 137	\$ -	\$ 1,438	\$ 750	\$ -	\$	
	Non Personnel Subtotal	\$ 980,979	\$ 915,011	\$ 922,956	\$ 876,337	\$ 942,545	\$ 994,389	\$ 632,938	\$	
	Totals	\$ 1,750,482	\$ 1,683,934	\$ 1,708,348	\$ 1,642,298	\$ 1,703,843	\$ 1,778,889	\$ 1,122,834	\$	
¹ Expenditures as of 9/15/2007										
² Expenditures in 5010, 5050 & 5070 in 2003, 2004, 2005 and 2006 include Home Tour advertising, publications, printing and professional services.										
³ Added as a 2005 line item.										
⁴ BIS Charges include Application Support (5014) charges of \$ 612, Operating (5015) charges of \$ 8,759, Data Connectivity charges (5016) of \$ 171 and Special charges (5017) of \$ 1,557.										
⁵ Added as a 2006 line item. Previously paid by the City under the MOU.										
⁶ Code 5080 includes office rent, operating expenses and parking charges.										
⁷ Beginning in 2002 Code 6050 includes support for the Community Leadership Institute at St. Thomas.										
⁸ Code 6080 includes D&O Insurance for neighborhoods and the NRP Policy Board. The D&O premium for 2006 covers 67 neighborhood organizations (for \$ 52,706) and the NRP Policy Board (for \$ 2,229).										
⁹ Workers Comp payment in 2001 includes payment for 2002.										
Note: Expenses for the Home Tour in 2003, 2004, 2005, 2006 and 2007 are included. Revenues from the Home Tour are not. In 2006 these revenues were \$56,180, and actually received in 2007.										
rev 11/13/07										