

## **Memorandum**

Date: April 24, 2008

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Funds for Reallocation

Last month I provided the Policy Board with a recommended resolution that directed NRP staff to “identify sources of revenue from previous actions of the Board that can be potentially reprogrammed to increase the funds guaranteed to neighborhoods in Phase II”. With the assistance of Bob Cooper from the Development Finance Division of the City and Stacy Sorenson from NRP, I am now prepared to recommend several actions to the Board that will help address a portion of the Phase II neighborhood funding gap.

As you know, when Phase II began, the Policy Board adopted a policy that allowed neighborhoods to contract for, and expend, up to 70% of their Phase II allocation in the first three years following approval of their Neighborhood Action Plan (NAP). As neighborhoods approach their third year of implementation, the need for resolution of the funding gap between the projections of 2004 and the revenues that have been actually realized by NRP becomes a pressing need. The City Council took action to guarantee that neighborhoods would receive at least 70% of their Phase II NRP allocation, regardless of what happens with the revenues of the Common Project, on December 7, 2007.

On February 14, 2008, City staff made a presentation to the Committee of the Whole on the status of the Legacy Fund. I have previously, as we have discussed at the Board several times, proposed that Common Project transfers to the Legacy Fund be reduced or eliminated to more fully fund Phase II. Other than the presentation to the Committee of the Whole, no other action has occurred on this proposal and no additional sources have been agreed to that would fill the \$12.5 million shortfall in Phase II. The fact that no action has occurred does not diminish the need to act.

NRP has several pools of resources that were committed but have either unexpended balances or program income that could be redistributed to assist neighborhoods and reduce the “gap” between 70% and 100%. The proposed sources include:

- Commitments that were made years ago and for which there have been no expenditures for at least 2 years
- Commitments to projects and activities for which the contracts have expired or for which no contract was executed
- Program Income that was generated from an expenditure of NRP program funds, and not from a neighborhood allocation.

Attached are three spreadsheets as background for this discussion.

The first spreadsheet (Attachment A) shows the date of publication (or final approval) for the NAP’s approved to date by the Policy Board and City Council. The spreadsheet shows the % contracted and the % expended. As you can see, only one neighborhood (Powderhorn Park) that has or will reach the three year threshold has expended more than 70% of their Phase II NRP funds.

Attachment B displays the results of the review of uncommitted Transition Funds, Program Income from Transition Fund projects, Affordable Housing Reserve Fund project income, unexpended COPSIRF funds and Phase I Participation Agreements. The total proposed for reprogramming is \$1,731,285.76.

Attachment B also indicates some additional funds that have not yet been expended but for which no action is requested at this time.

Attachment C contains my recommendation for the use of the reprogrammed funds. I am recommending that these dollars be reallocated to neighborhoods proportionate to their participation in the original Phase II allocation. I believe that this is the fairest and most appropriate approach to reallocation and that it is consistent with the philosophy and policy of the Board over the past 17 years. The approach proposed helps all neighborhoods and does not favor those who entered earlier or expended faster over those who entered later or proceeded deliberately.

I also want to note that the Board, on October 18, 1999, acted to close all Transition Fund contracts and recapture the unexpended balances and program income. The resolutions below are consistent with this earlier Board position.

**RESOLVED:** That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board (“Board”) directs NRP staff to close out all Transition Fund contracts, Phase I Participation Agreement pools, and the Community-Oriented Public Safety Initiatives Reserve Fund and to use the unexpended balances or program income from these sources (with the exception of \$185,000 from the 1991 Transition Funds that shall be reserved for the Greater Metropolitan Housing Corporation under the Memorandum of Understanding dated October 18, 2007) to increase the guaranteed appropriation available to fund implementation of Phase II Neighborhood Action Plans (NAP’s);

**BE IT FURTHER RESOLVED:** That the unobligated funds (for projects other than Agape Child Development Center, Karamu West and Village in Phillips-Phase 2) and program income earned to date from the Affordable Housing Reserve Fund be redirected to increase the guaranteed appropriation available to fund implementation of Phase II Neighborhood Action Plans (NAP’s);

**BE IT FURTHER RESOLVED:** That the funds redirected as a result of the preceding actions be allocated to neighborhoods in proportion to their participation in the allocation of Phase II NRP funds for their use in implementing their Phase II NAP’s;

**BE IT FURTHER RESOLVED:** That the Board hereby authorizes the Director to request that the City Council and Mayor [a] approve the redirection of these funds and [b] authorize the appropriate City officers to take any action needed to implement the redirection specified above.

## Status of Approved Phase II Neighborhood Action Plans

Approval date (publication date)	Neighborhood (includes approved plans only)	Phase II Allocation	70% of Phase II allocation	Phase II Plan Funds Contracted	% contracted (based on 70% allocation)	Phase II Plan \$ spent	% spent (based on 70% allocation)	Phase I Rollover Allocation (based on plan mods)	Phase I Rollover Contracted
12/31/04	Logan Park	\$418,010	\$292,607	\$108,279	37%	\$46,569	16%	\$0.00	\$0.00
12/31/04	Powderhorn Park	\$687,638	\$481,347	\$462,882	96%	\$430,153	89%	\$125,002.35	\$125,002.35
12/31/04	Seward	\$450,139	\$315,097	\$156,000	50%	\$154,697	49%	\$0.00	\$0.00
2/5/05	Corcoran	\$410,440	\$287,308	\$286,308	100%	\$168,903	59%	\$91,526.13	\$64,526.13
2/5/05	Field Regina Northrop	\$1,093,966	\$765,776	\$609,766	80%	\$272,440	36%	\$10,299.00	\$9,150.00
3/5/05	Armatage	\$375,682	\$262,977	\$70,737	27%	\$43,938	17%	\$0.00	\$0.00
3/5/05	Stevens Square	\$376,427	\$263,499	\$104,183	40%	\$20,352	8%	\$983,927.05	\$362,467.00
4/23/05	Fulton	\$387,299	\$271,109	\$65,189	24%	\$31,299	12%	\$128,289.74	\$104,909.00
4/23/05	Whittier	\$2,466,446	\$1,726,512	\$488,197	28%	\$304,728	18%	\$290,000.00	\$65,000.00
8/13/05	HPDL	\$835,143	\$584,600	\$393,690	67%	\$271,709	46%	\$16,621.45	\$16,621.45
8/13/05	Jordan	\$906,958	\$634,871	\$401,111.00	63%	\$351,447	55%	\$150,000.00	\$150,000.00
8/27/05	Bottineau	\$224,069	\$156,848	\$95,269	61%	\$77,514	49%	\$50,939.25	\$50,939.25
8/27/05	East Harriet	\$218,316	\$152,821	\$48,316	32%	\$28,591	19%	\$124,058.00	\$124,058.00
8/27/05	Marcy-Holmes	\$683,948	\$478,764	\$397,580	83%	\$201,355	42%	\$27,141.57	\$27,141.57
8/27/05	Shingle Creek	\$323,905	\$226,734	\$53,184	23%	\$39,241	17%	\$40,000.00	\$0.00
10/15/05	Prospect Park	\$347,866	\$243,506	\$243,412	100%	\$107,406	44%	\$24,553.44	\$24,553.44
12/31/05	Harrison	\$846,641	\$592,649	\$225,858	38%	\$131,106	22%	\$0.00	\$0.00
12/31/05	Linden Hills	\$530,161	\$371,113	\$136,980	37%	\$76,881	21%	\$41,025.64	\$41,025.64
12/31/05	Standish-Ericcson	\$1,087,274	\$761,092	\$465,923	61%	\$391,132	51%	\$25,000.00	\$25,000.00
3/4/06	Bryn Mawr	\$270,080	\$189,056	\$174,080	92%	\$132,941	70%	\$60,994.22	\$0.00
3/4/06	Elliot Park	\$678,504	\$474,953	\$464,953	98%	\$203,767	43%	\$740,925.72	\$452,000.00
4/22/06	Northeast Park	\$252,685	\$176,880	\$176,880	100%	\$41,420	23%	\$0.00	\$0.00
5/6/06	Near North	\$1,845,711	\$1,291,998	\$94,054.02	7%	\$33,750.00	3%	\$25,000.00	\$9,500.00
7/8/06	Kingfield	\$770,934	\$539,654	\$238,694	44%	\$28,750	5%	\$29,294.10	\$29,294.40
8/12/06	American Indian	\$537,208	\$376,046	\$322,325	86%	\$80,253	21%	\$80,929.44	\$80,929.44
10/14/06	Sheridan	\$438,317	\$306,822	\$36,000	12%	\$3,750	1%	\$0.00	\$0.00
11/25/06	Longfellow	\$2,306,477	\$1,614,534	\$820,477	51%	\$189,618	12%	\$22,922.00	\$22,922.00
11/25/06	Southeast Como	\$556,043	\$389,230	\$190,397	49%	\$60,250	15%	\$0.00	\$0.00
11/25/06	Windom	\$291,018	\$203,713	\$29,195	14%	\$6,549	3%	\$93,300.00	\$42,600.00
4/21/07	Bancroft	\$265,505	\$185,854	\$42,342	23%	\$19,824	11%	\$8,000.00	\$8,000.00
5/5/07	Columbia Park	\$175,525	\$122,868	\$12,000	10%	\$1,200	1%	\$0.00	\$0.00
6/2/07	Lowry Hill	\$448,754	\$314,128	\$50,000	16%	\$50,000	16%	\$0.00	\$0.00
7/7/07	Audubon Park	\$630,862	\$441,603	\$75,500	17%	\$13,457	3%	\$0.00	\$0.00
7/7/07	Kenny	\$266,533	\$186,573	\$4,380	2%	\$1,095	1%	\$154,698.02	\$22,500.00
7/7/07	Kenwood	\$85,600	\$59,920	\$45,000	75%	\$45,000	75%	\$0.00	\$0.00
7/7/07	Lyndale	\$643,703	\$450,592	\$25,000	6%	\$23,842	5%	\$0.00	\$0.00
8/11/07	Folwell	\$730,376	\$511,263	\$269,700	53%	\$109,634	21%	\$0.00	\$0.00
11/24/07	Victory	\$480,270	\$336,189	\$64,091	19%	\$0	0%	\$7,500.00	\$7,500.00
11/24/07	Waite Park	\$447,124	\$312,987	\$46,948	15%	\$8,318	3%	\$0.00	\$0.00
12/29/07	Cleveland	\$448,446	\$313,912	\$8,400	3%	\$4,355	1%	\$0.00	\$0.00
12/29/07	Tangletown	\$336,708	\$235,696	\$0	0%	\$0	0%	\$36,000.00	\$36,000.00
	<b>TOTAL</b>	<b>\$25,576,711</b>	<b>\$17,903,698</b>	<b>\$8,003,279</b>	<b>31%</b>	<b>\$4,207,233</b>	<b>23%</b>	<b>\$3,387,947.12</b>	<b>\$1,901,639.67</b>

**TRANSITION FUND BALANCES  
AND PROGRAM INCOME**

Attachment B2

<b>PROPOSAL/</b>	<b>NEIGHBORHOOD</b>	<b>AMOUNT ALLOCATED</b>	<b>AMOUNT SPENT TO DATE</b>	<b>BALANCE</b>	<b>PROGRAM INCOME</b>
<b><u>1991 Transition Funds</u></b>					
Central Neighborhood Imp Assoc	Central	284,081.00	284,081.00	0.00	71,258.59
Plymouth Plaza	Near North & Willard Hay	1,098,439.00	1,089,876.81	8,562.19	1,019,764.60
Reforestation of Logan Park	Logan Park	30,000.00	29,418.36	581.64	
Elliot Crossing	Elliot Park	165,000.00	164,999.65	0.35	
West Bank VIII Site Work	Cedar-Riverside	25,000.00	21,789.40	3,210.60	
Grass Lake Improvements	Kenny	25,000.00	6,699.41	18,300.59	
Landscape & Traffic Improvements for 31st	ECCO	50,000.00	44,042.40	5,957.60	
Karamu West (GMHC)	Near North & Willard Hay	185,000.00	0.00	185,000.00	
<b><u>1992 Transition Funds</u></b>					
Exodus Block - 31st & Stevens Avenue	Lyndale	300,000.00	298,098.64	1,901.36	
MIGIZI Community Youth Center Project	Longfellow	200,000.00	200,000.00	0.00	187,500.00
23rd & Dupont Comp Block	Hawthorne	300,000.00	299,572.07	427.93	
Landscape & Traffic Improvements for 31st	CARAG	58,000.00	0.00	58,000.00	
Harrison Neighborhood Development Project	Harrison	100,000.00	82,136.96	17,863.04	
<b><u>1993 Transition Funds</u></b>					
Windom Park Fix and Paint	Windom Park	283,000.00	282,999.73	0.27	
Kingfield Exterior Home Revitalization	Kingfield	234,225.00	231,016.40	3,208.60	
Vision for Lyndale (3560)	Lyndale	149,350.00	149,349.70	0.30	
Ewing Avenue Wetlands (3779)	Bryn Mawr	179,000.00	168,522.60	10,477.40	
St. Anthony East Home Improvement Program	St. Anthony East	185,725.00	184,824.92	900.08	
McKinley Home Ownership Project	McKinley	206,580.00	191,914.52	14,665.48	5,231.35
Fuller Park Improvement Project (3447)	Fuller	155,070.00	151,376.98	3,693.02	
Lind-Bohanon Clean-up	Lind-Bohanon	45,000.00	31,839.80	13,160.20	

**Funds Available for Reprogramming****TRANSITION FUNDS (1991 - 1993)**

Original Transition Fund Allocations	15,028,005.00	
Amount Used in Calculating Phase II Formula	14,915,905.00	
Total Contracted/Expended	14,508,798.37	
Outstanding Obligations	185,000.00	GHMC-Karamu West
Total Transition Fund Obligations	14,693,798.37	
Allocation Available for Reprogramming	222,106.63	
Program Income Available for Reprogramming	1,283,754.54	
<b>Total Transition Funds Available For Reprogramming</b>	<b>1,505,861.17</b>	

**PHASE I PARTICIPATION AGREEMENTS**

Total Appropriations	3,686,089.82
Total Contracted/Expended	3,637,704.93
<b>Total Participation Agreement Available For Reprogramming</b>	<b>48,384.89</b>

**COMMUNITY-ORIENTED PUBLIC SAFETY INITIATIVES RESERVE FUND**

Total COPSIRF Set-Aside	1,000,000.00
Total Contracted/Expended	954,061.96
<b>Total COPSIRF Available For Reprogramming</b>	<b>45,938.04</b>

**AFFORDABLE HOUSING RESERVE FUND**

Total AHRF Set-Aside	9,700,000.00	
Total Obligated	9,603,670.00	
Allocation Available For Reprogramming	96,330.00	
Program Income (Earned to Date) Available for Reprogramming	34,771.66	Lofts on Arts Avenue
<b>Total AHRF Available For Reprogramming</b>	<b>131,101.66</b>	

**TOTAL AVAILABLE FOR REPROGRAMMING**

**Total Available For Reprogramming 1,731,285.76**

**NOTES:**

There are several additional items that are not included above but which may require future Policy Board decisions:

1. There is a \$65,000 outstanding uncontracted allocation for the Youth Coordinating Board.
2. There are three Affordable Housing Reserve Fund projects (with a total AHRF allocation of \$530,000) that have not yet been implemented. Those projects are: Agape Child Development Center (\$100,000); Karamu West (\$125,000); and Village in Phillips - Phase 2 (\$305,000).
3. Three neighborhoods (Kenwood Isles, Sumner-Glenwood, and University) received off-the-top allocations totaling \$139,400.
4. There is an unallocated balance of \$101,787 in the Hennepin County 2nd 7.5% funds. Additionally, 14 allocations have an unspent balance remaining.

Proposed Distribution of Redirected Funds				
	FINAL		ADD'L \$	
	PHASE II	% OF TOTAL	IF "EXCESS"	
NEIGHBORHOOD	ALLOCATION	ALLOCATION	REALLOC.	
American Indian	537,208	1.29%	22,273	1,731,285.76
Armatage	375,682	0.90%	15,576	
Audubon Park	630,862	1.51%	26,156	
Bancroft	265,505	0.64%	11,008	
Beltrami	271,232	0.65%	11,246	
Bottineau	224,069	0.54%	9,290	
Bryant	295,498	0.71%	12,252	
Bryn Mawr	270,080	0.65%	11,198	
Carag	636,557	1.52%	26,392	
Cedar Riverside	704,577	1.69%	29,213	
Cedar-Isles-Dean	261,420	0.63%	10,839	
Central	812,586	1.95%	33,691	
Cleveland	448,446	1.07%	18,593	
Columbia Park	175,525	0.42%	7,277	
Como	556,043	1.33%	23,054	
Corcoran	410,440	0.98%	17,017	
Downtown East and West	913,167	2.19%	37,861	
East Harriet	218,316	0.52%	9,052	
East Isles	387,253	0.93%	16,056	
ECCO	334,613	0.80%	13,873	
Elliot Park	678,504	1.62%	28,132	
Field, Regina, Northrup	1,093,966	2.62%	45,357	
Folwell	730,376	1.75%	30,282	
Fulton	387,299	0.93%	16,058	
Hale, Page, Diamond Lake	835,143	2.00%	34,626	
Harrison	846,641	2.03%	35,103	
Hawthorne	1,593,541	3.82%	66,070	
Holland	684,021	1.64%	28,360	
Jordan	906,958	2.17%	37,604	
Kenny	266,533	0.64%	11,051	
Kenwood	85,600	0.20%	3,549	
King Field	770,934	1.85%	31,964	
Lind-Bohanon	521,140	1.25%	21,607	
Linden Hills	530,161	1.27%	21,981	
Logan Park	418,010	1.00%	17,331	
Longfellow, Howe, Hiawatha, Cooper	2,306,477	5.52%	95,629	
Loring Park	502,173	1.20%	20,821	
Lowry Hill	448,754	1.07%	18,606	
Lowry Hill East	747,852	1.79%	31,007	
Lyndale	643,703	1.54%	26,689	
Lynnhurst	285,619	0.68%	11,842	
Marcy-Holmes	683,948	1.64%	28,357	
Marshall Terrace	363,456	0.87%	15,069	
McKinley	580,058	1.39%	24,050	
Nokomis East Neighborhoods	1,620,848	3.88%	67,202	
Near North, Willard Hay	1,845,711	4.42%	76,526	
Nicollet Island/E. Bank	176,119	0.42%	7,302	
North Loop	293,007	0.70%	12,148	
Northeast Park	252,685	0.61%	10,477	
Phillips	1,356,734	3.25%	56,252	
Powderhorn Park	687,638	1.65%	28,510	
Prospect Park	347,866	0.83%	14,423	
Seward	450,139	1.08%	18,663	
Sheridan	438,317	1.05%	18,173	
Shingle Creek	323,905	0.78%	13,430	
St. Anthony East	362,535	0.87%	15,031	
St. Anthony West	224,642	0.54%	9,314	
Standish, Ericsson	1,087,274	2.60%	45,080	
Stevens Square-Loring Heights	376,427	0.90%	15,607	
Sumner-Glenwood	17,500	0.04%	726	
Tangletown	336,708	0.81%	13,960	
University District	70,000	0.17%	2,902	
Ventura Village	688,753	1.65%	28,557	
Victory	480,270	1.15%	19,913	
Waite Park	447,124	1.07%	18,538	
Webber-Camden	652,678	1.56%	27,061	
West Calhoun	258,994	0.62%	10,738	
Whittier	2,466,446	5.91%	102,262	
Windom	291,018	0.70%	12,066	
Windom Park	563,421	1.35%	23,360	
TOTALS	41,756,710	100%	1,731,286	