

Memorandum

Date: October 22, 2008
To: Policy Board Members and Alternates
From: Robert D. Miller, Director
Subject: New Revenue Projections

The City Development Finance Division (DFD) has released its October update of revenue projections from the Common Project and other sources that fund the Neighborhood Revitalization Program (NRP). The latest projections show good news for NRP and neighborhoods, with the 2007 realized revenues exceeding the October 2007 projection by 120% and the October 2006 projection by 575%. A total of \$4,553,990 was actually realized in 2007 instead of the \$674,531 projected for that time period in October 2006 or the \$2,075,351 projected for that time period in October 2007. A copy of the memorandum and numbers from DFD is attached for your information.

With the revenues for 2007 now solid, the new projections increased the total revenues projected for 2008 and 2009 (the last years of dedicated NRP funding) by over \$8.4 million. The result is that the expected deficit in Phase II revenues declines to less than \$4.2 million from the \$12.6 million projected in 2007.

The increase in revenues resulted from greater than expected interest earnings on NRP's reserve funds, increased tax collections, refinancing of the Common Project debt, and some unexpected one time revenues.

Several neighborhoods have passed the three year mark since their Phase II Neighborhood Action Plan was approved and have contracted or expended the initial 70% of their neighborhood allocation. The projections from DFD will, if they become reality, mean that 90% of the originally allocated funds will be realized from the Common Project. The neighborhoods that acted in good faith and were first in achieving an approved Phase II plan are in need of operating support and project funds. The new projections would appear to justify action by the Board to make additional monies available to these and the other neighborhoods in Phase II. On the other hand, I think that the NRP Policy Board should act cautiously on the new information because the projections have varied so significantly from reality in the past.

With these facts and considerations in mind, and with only two years remaining until all projections become real, it is appropriate for the Policy Board to revise the funds it makes available to neighborhoods for expenditure during the first three years of their plan implementation activities. I am recommending that the 70% presently used as the cap for neighborhood expenditures of their Phase II allocation be raised, for all neighborhoods, to 80% and that those neighborhoods that have reached their third year now be allowed to access the additional funds needed to bring them up to this cap so that all neighborhoods are treated equally. A table showing the original allocation, 70% of that allocation, the allocation after approval of the reallocation of unexpended and recovered funds earlier this year, and the amount allocated at 80% is attached.

I am, therefore, recommending the following resolution to the Board for action:

RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board, based on the October 2008 Common Project revenue projection published by the Development Finance Division of the City, approves the following modification to the second resolved clause of Policy Board Resolution NRP / FR#2004-14:

“FURTHER RESOLVED, That neighborhoods be informed that up to ~~70%~~ 80% of the specified allocation shall be available for expenditure during the first three years after approval of their Phase II neighborhood action plan”

FURTHER RESOLVED: That this change is effective immediately; and

FURTHER RESOLVED: That the NRP staff inform the neighborhoods and appropriate City officials of this change.

Attached for your information is the updated NRP capitalization history and projection through 2009. This update and projection has been prepared in October of each year since 2004.

I am pleased to report that the 2007 capitalization is \$4,553,990 of which \$1,859,908 represents interest earnings on fund balances and \$2,694,082 represents tax increment and other revenues of the Common Project. This is a \$2,478,639 increase from last year's estimate. As shown in the attachment, we currently estimate that the total Phase II NRP Funding will now be \$81,378,302, an increase of \$8,467,281 from last year's estimate.

This increased 2007 capitalization is a consequence of a small increase in 2007 tax increment collections, significant interest savings related to 2006 refinancing of Common Project general obligation debt, and unexpected one-time revenues from a number of projects located in the Common Project. Furthermore, based on actual 2008 first-half TI collections, as well as projections received from the County, it appears that the actual 2008 TI collections will exceed by approximately \$1.4 million the conservative estimates we produced when we prepared last year's projections.

The 2007 capitalization in itself would bring the projected Phase II total to 75.7% of the amount approved for Phase II plans. The revised projections for 2008 and 2009, when realized, will bring the Phase II total to just over 90% of the amount approved for Phase II plans.

If you have any questions or if I can provide any additional information, please let me know. I plan a broader distribution of these projections to policy makers and NRP as soon as possible.

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October 2008 Updated NRP Projections

NRP PHASE II					
Year	June 2004 Capitalization Projections	October 2005 Capitalization Projections	October 2006 Capitalization Projections	October 2007 Capitalization Projections	October 2008 Capitalization Projections
2001	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
2002	11,000,000	11,000,000	11,000,000	11,000,000	11,000,000
2003	10,749,791	10,749,791	10,749,791	10,749,791	10,749,791
2004	7,087,292	4,751,683	4,751,683	4,751,683	4,751,683
2005	5,334,210	717,155	1,314,824	1,314,824	1,314,824
2006	4,050,537	4,363,989	1,428,000	1,244,191	1,244,191
2007	4,058,431	4,512,724	674,531	2,075,351	4,553,990
2008	4,478,649	2,139,122	330,902	4,802,177	7,763,823
2009	18,790,148	15,937,784	16,226,852	16,973,004	20,000,000
Total Phase II	85,549,058	74,172,248	66,476,583	72,911,021	81,378,302

Actual capitalization is shown above the dotted line.

Amount Available for Phase II Plan Allocations	37,637,853
Total Percent of Phase II Plan Allocations	90.02%
Amount Available for Fixed Phase II Set Asides	43,740,449
Total Percent of Fixed Phase II Set Asides	100.00%
Total Funding for Phase II Plans and Set Asides	81,378,302

Proposed New Availability of Neighborhood NRP Phase II Allocations

	PHASE II	Available	Additional	Available	Available	Additional
NEIGHBORHOOD	ALLOCATION	Allocation	Allocation	Allocation	Allocation	Amount
	(April 2004)	(70%/3yrs)	(June 2008)	(74.15%/3yrs)	(80%)	Available
				(June 2008)	(Proposed)	(Proposed)
American Indian	537,207	376,045	22,273	398,318	429,766	31,447
Armatage	375,682	262,977	15,576	278,554	300,546	21,992
Audubon Park	630,862	441,604	26,156	467,760	504,690	36,930
Bancroft	265,505	185,854	11,008	196,862	212,404	15,542
Beltrami	271,232	189,863	11,246	201,108	216,986	15,878
Bottineau	224,069	156,848	9,290	166,139	179,255	13,117
Bryant	295,498	206,848	12,252	219,100	236,398	17,298
Bryn Mawr	270,080	189,056	11,198	200,254	216,064	15,810
Carag	636,557	445,590	26,392	471,982	509,246	37,263
Cedar Riverside	704,577	493,204	29,213	522,417	563,662	41,245
Cedar-Isles-Dean	261,420	182,994	10,839	193,833	209,136	15,303
Central	812,586	568,810	33,691	602,501	650,069	47,568
Cleveland	448,446	313,912	18,593	332,505	358,757	26,251
Columbia Park	175,525	122,868	7,277	130,145	140,420	10,275
Como	556,043	389,230	23,054	412,285	444,835	32,550
Corcoran	410,440	287,308	17,017	304,326	328,352	24,027
Downtown East and West	913,167	639,217	37,861	677,078	730,533	53,456
East Harriet	218,316	152,821	9,052	161,873	174,653	12,780
East Isles	387,253	271,077	16,056	287,133	309,802	22,669
East Phillips	489,220	342,454	20,284	362,738	391,376	28,638
ECCO	334,613	234,229	13,873	248,103	267,690	19,588
Elliot Park	678,504	474,953	28,132	503,084	542,803	39,719
Field, Regina, Northrup	1,093,966	765,776	45,357	811,134	875,173	64,039
Folwell	730,376	511,263	30,282	541,546	584,301	42,755
Fulton	387,299	271,110	16,058	287,168	309,840	22,672
Hale, Page, Diamond Lake	835,143	584,600	34,626	619,226	668,115	48,888
Harrison	846,641	592,649	35,103	627,751	677,313	49,561
Hawthorne	1,593,541	1,115,478	66,070	1,181,549	1,274,832	93,284
Holland	684,021	478,815	28,360	507,175	547,217	40,042
Jordan	906,958	634,871	37,604	672,475	725,567	53,092
Kenny	266,533	186,573	11,051	197,624	213,226	15,602
Kenwood	100,000	70,000	3,549	73,549	80,000	6,451
King Field	770,934	539,654	31,964	571,618	616,747	45,130
Lind-Bohanon	521,140	364,798	21,607	386,405	416,912	30,507
Linden Hills	530,161	371,113	21,981	393,094	424,129	31,035
Logan Park	418,010	292,607	17,331	309,938	334,408	24,470
Longfellow, Howe, Hiawatha, Cooper	2,306,477	1,614,534	95,629	1,710,163	1,845,181	135,018
Loring Park	502,173	351,521	20,821	372,342	401,738	29,397
Lowry Hill	448,754	314,128	18,606	332,734	359,003	26,270
Lowry Hill East	747,852	523,497	31,007	554,504	598,282	43,778
Lyndale	643,703	450,592	26,689	477,281	514,963	37,682
Lynnhurst	285,619	199,933	11,842	211,776	228,495	16,720
Marcy-Holmes	683,948	478,763	28,357	507,121	547,158	40,037
Marshall Terrace	363,456	254,419	15,069	269,488	290,765	21,276
McKinley	580,058	406,041	24,050	430,091	464,046	33,956
Midtown Phillips	243,645	170,552	10,102	180,654	194,916	14,263
Nokomis East Neighborhoods	1,620,848	1,134,594	67,202	1,201,796	1,296,679	94,882
Near North, Willard Hay	1,845,711	1,291,998	76,526	1,368,523	1,476,569	108,046
Nicollet Island/E. Bank	176,119	123,283	7,302	130,585	140,895	10,310
North Loop	293,007	205,105	12,148	217,254	234,406	17,152
Northeast Park	252,685	176,879	10,477	187,356	202,148	14,792
Phillips West	623,869	436,708	25,866	462,574	499,095	36,521
Powderhorn Park	687,638	481,347	28,510	509,857	550,110	40,253
Prospect Park	347,866	243,506	14,423	257,929	278,293	20,364
Seward	450,139	315,097	18,663	333,761	360,111	26,351
Sheridan	438,317	306,822	18,173	324,995	350,654	25,659
Shingle Creek	323,905	226,733	13,430	240,163	259,124	18,961
St. Anthony East	362,535	253,774	15,031	268,805	290,028	21,222
St. Anthony West	224,642	157,249	9,314	166,563	179,714	13,150
Standish, Ericsson	1,087,274	761,092	45,080	806,172	869,819	63,648
Stevens Square-Loring Heights	376,427	263,499	15,607	279,106	301,142	22,036
Sumner-Glenwood	25,000	17,500	726	18,226	20,000	1,774
Tangletown	336,708	235,695	13,960	249,656	269,366	19,710
University District	100,000	70,000	2,902	72,902	80,000	7,098
Ventura Village	688,753	482,127	28,557	510,684	551,002	40,319
Victory	480,270	336,189	19,913	356,102	384,216	28,114
Waite Park	447,124	312,987	18,538	331,525	357,699	26,174
Webber-Camden	652,678	456,875	27,061	483,936	522,143	38,207
West Calhoun	258,994	181,296	10,738	192,034	207,195	15,161
Whittier	2,466,446	1,726,512	102,262	1,828,774	1,973,157	144,383
Windom	291,018	203,713	12,066	215,778	232,814	17,036
Windom Park	563,421	394,395	23,360	417,755	450,737	32,982
TOTALS	41,669,210	29,266,025	1,731,286	30,997,311	33,446,886	2,449,575