

## **Memorandum**

Date: August 14, 2009

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Preview of 2010 Budget Proposal

Attached are the materials that I submitted to the Mayor and City Council in mid July as part of the City's budget process.

The numbers and some of the narrative will change between now and September 21 when I will be submitting a draft of our 2010 Administrative Budget to you for consideration. We are in the process of negotiating our third party service agreements and a new MOU with the City and the results will significantly impact our proposed budget.

These materials are being provided for your information, to keep you informed of the submissions that have been made to the City's budget process and as a "preview of coming attractions". No action is requested or needed.

## Memorandum

Date: July 14, 2009

Subject: 2010 NRP Administrative Budget Proposal

The draft budget proposal for 2010 is attached to this memorandum. The spreadsheets are similar in format to past budget submissions. It includes the expenses of the Minneapolis and Saint Paul Home Tour (but not the revenues). Payments to the City for support from DFD, CPED and other City services continue to be a major part of our budget (as they have been for the past 9 years). In 2010 they are projected to exceed 15% of the proposed total. Direct services for neighborhoods account for another 15% of the 2010 budget.

The central function of NRP's administrative office is to help neighborhoods develop and implement their Phase II Neighborhood Action Plans (NAP's). Three plans were approved in 2008 by the Policy Board, bringing the cumulative total for approved Phase II NAP's to 44 (or 61% of the total number of plans that will be submitted for approval in Phase II). This work has been accomplished in the five years since the Board adopted the neighborhood allocations. Twenty five (25) NAP's were approved in the first five years of Phase I.

Together, the approved NAP's for Phase II appropriate more than 65% of the total funds set aside for neighborhoods in 2004. Of the appropriated total over 75% is allocated to housing or housing related activities, programs, projects or services and only 18% for neighborhood general administrative costs. If these investments occur as approved and the same requirements for Phase II NAP's apply to the neighborhoods that have not yet submitted their Phase II plans for approval, NRP will meet its statutory housing investment goal for the program.

Our contracting and contract management activity continues at a high level. In 2009 we continued the detail of one of our staff to assist the Development Finance Division (DFD) with the development and processing of housing related contracts to take up the slack after a 2007 staff change occurred in the Division. The presence of this NRP employee has allowed DFD to leave their open City position vacant.

In November 2007 the City Council established an NRP Work Group consisting of four City Council members, a representative from the Mayor's office and the NRP Director to review options for continuing a neighborhood revitalization effort after 2009. A draft report was released in December 2007 and the final report ("Framework for the Future: Options for the focus, funding and governance of NRP Program and Action Plan activities after 2009" (hereinafter "Framework") was submitted to the Council's Committee of the Whole on July 24, 2008.

The recommendations included in the "Framework", with some minor modifications, were adopted by the City Council on September 26, 2008. The new structure adopted by the City will begin operating in the summer of 2009 with meetings of the new Neighborhood and Community Engagement Commission and establishment of the new Neighborhood and Community Relations Department.

Future funding for neighborhoods has been an identified issue for several years. In March, 2008 residents worked with two City legislators to introduce a bill that would provide funding to NRP and neighborhoods after 2009. The City of Minneapolis provided an alternative bill and the Tax Conference Committee passed legislation that allows a new type of tax increment district that would provide funding for neighborhood revitalization purposes after 2010. The bill may need some clarifications but it can provide future support for neighborhood revitalization activities. The City is in the process of establishing the Consolidated Redevelopment TIF District authorized by the Special Legislation (Laws of Minnesota 2008, Chapter 366, Article 5, Section 37) passed in 2008.

The first priority of the NRP office and staff has to be continuing to help 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. The 2009 Minneapolis & Saint Paul Home Tour on April 25 and 27 marked the 22nd consecutive year of this annual event to showcase city living. NRP has been coordinating the Tour for the past 7 years and it has been a major venue for presenting neighborhood and resident housing related accomplishments.

When NRP assumed responsibility for this activity seven years ago, we committed to covering as much of our direct costs as possible with sponsorships. Sponsor and ad revenues covered all of the direct and indirect costs in 2009 and indirect expenses have been reduced as a result of continually reexamining and modifying the manner in which the Tour is conducted. The Expense and Revenue reports for 2009 showed that we actually made a profit of \$1,472.28. This is the third straight year that we have been in the black for this event.

This year's Tour contained 60 homes, with "Green" and "Historic" sub tours. The Tour highlighted homes in the Willard-Hay, Audubon Park, Stevens Square, Linden Hills and

Lynnhurst neighborhoods in Minneapolis and Highland Park, Macalester-Groveland, and Dayton's Bluff neighborhoods in Saint Paul.

The number of visitors (more than 4,200) was up 8.5% from the corresponding figure for 2008. This years attendees visited more than 7 homes per person and the 30,047 visits represented an increase of 15.5% from last year. Of the visitors, 23% were from outside Minneapolis and St. Paul. This figure is very consistent with similar figures from previous years.

The Tour was viewed as very well run by the visitors and we received a number of very complimentary comments on the survey responses.

The proposed budget for 2010 continues our efforts to reduce central office costs and staffing. The proposal is for the reduction of 1 FTE in the staff complement. Overall the proposed 2010 Budget is 8.2% less than the approved 2009 Budget and 19.3% less than the 2008 expenditures.

## (Proposed)

Codes	Description	2002 Actual	2003 Actual	2004	2005	2006	2007	2008	2009	2009	2010	% Change 2010 vs 2009
				Actual	Actual	Actual	Actual	Actual	Budget	Current <sup>1</sup>	Proposed	
4000-4900	Salaries	\$ 641,691	\$ 637,004	\$ 649,288	\$ 624,579	\$ 619,626	\$ 637,097	\$ 568,601	\$ 509,736	\$ 245,539	\$ 456,355	-10.47%
7800-7860	Fringe Benefits	\$ 127,811	\$ 131,919	\$ 136,104	\$ 141,382	\$ 141,671	\$ 151,326	\$ 140,849	\$ 134,684	\$ 77,627	\$ 154,735	14.89%
	<b>Personnel Subtotal</b>	<b>\$ 769,503</b>	<b>\$ 768,923</b>	<b>\$ 785,392</b>	<b>\$ 765,960</b>	<b>\$ 761,297</b>	<b>\$ 788,423</b>	<b>\$ 709,450</b>	<b>\$ 644,420</b>	<b>\$ 323,166</b>	<b>\$ 611,090</b>	-5.17%
5010	Advertising & Publica	\$ 7,833	\$ 27,484	\$ 23,195	\$ 32,517	\$ 28,920	\$ 11,560	\$ 7,646	\$ 21,000	\$ 20,627	\$ 24,000	14.29%
5011	City Benefit Admin Fi	\$ -	\$ -	\$ -	\$ 2,304	\$ 2,481	\$ 2,700	\$ 2,757	\$ 2,000	\$ -	\$ 2,498	24.90%
5015-5016, 5018	BIS Charges <sup>4</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,900	\$ 11,784	\$ 12,200	\$ -	\$ 13,149	7.78%
5017	Phone Charges	\$ -	\$ -	\$ -	\$ 6,238	\$ 6,439	\$ 2,085	\$ 7,935	\$ 7,000	\$ -	\$ 5,978	-14.60%
5020	Communications	\$ 17,850	\$ 19,475	\$ 15,347	\$ 8,330	\$ 10,882	\$ 10,755	\$ 12,425	\$ 13,000	\$ 7,256	\$ 10,250	-21.15%
5050	Printing	\$ 7,803	\$ 11,753	\$ 11,407	\$ 8,497	\$ 4,761	\$ 13,905	\$ 7,101	\$ 7,000	\$ 1,682	\$ 5,000	-28.57%
5070	Professional Services	\$ 752,194	\$ 641,932	\$ 657,836	\$ 617,487	\$ 693,478	\$ 671,260	\$ 682,068	\$ 563,000	\$ 65,675	\$ 472,500	-16.07%
5080	Rent/Office Furniture	\$ 87,282	\$ 91,056	\$ 87,449	\$ 87,723	\$ 87,971	\$ 92,867	\$ 92,728	\$ 89,000	\$ 46,043	\$ 95,973	7.83%
5130	Miscellaneous	\$ 7,250	\$ 10,484	\$ 3,797	\$ 1,072	\$ 2,060	\$ 8,453	\$ 2,489	\$ 1,500	\$ 406	\$ 1,000	-33.33%
6040	Transportation/Parki	\$ 189	\$ 440	\$ 421	\$ 508	\$ 296	\$ 313	\$ 2,983	\$ 500	\$ -	\$ -	-100.00%
6050	Education <sup>7</sup>	\$ 39,155	\$ 26,850	\$ 48,750	\$ 32,650	\$ 29,250	\$ 15,000	\$ 21,087	\$ 4,000	\$ -	\$ -	-100.00%
6060	Travel Expense	\$ 529	\$ 2,501	\$ -	\$ -	\$ 3,216	\$ 3,813	\$ 3,932	\$ 2,000	\$ (351)	\$ 2,000	0.00%
6080	Insurance <sup>8</sup>	\$ 42,991	\$ 51,413	\$ 62,992	\$ 58,676	\$ 54,987	\$ 49,601	\$ 50,018	\$ 51,000	\$ 55,368	\$ 57,306	12.36%
6100	Administrative Suppl	\$ 11,997	\$ 9,828	\$ 8,211	\$ 8,959	\$ 4,868	\$ 9,790	\$ 6,856	\$ 4,000	\$ 2,055	\$ 3,000	-25.00%
7880	Workers Comp	\$ -	\$ 3,927	\$ 3,414	\$ 3,684	\$ 3,734	\$ 3,271	\$ 3,460	\$ 3,500	\$ 3,601	\$ 3,727	6.49%
8020	Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 500	0.00%
8025	Hardware	\$ 5,168	\$ 17,814	\$ -	\$ 3,942	\$ 7,765	\$ 5,797	\$ 1,656	\$ 2,500	\$ -	\$ 2,000	-20.00%
8035	Software	\$ 575	\$ 53	\$ 137	\$ -	\$ 1,438	\$ -	\$ -	\$ 500	\$ 277	\$ 500	0.00%
	<b>Non Personnel Subtot</b>	<b>\$ 980,979</b>	<b>\$ 915,011</b>	<b>\$ 922,956</b>	<b>\$ 872,587</b>	<b>\$ 942,545</b>	<b>\$ 905,071</b>	<b>\$ 916,925</b>	<b>\$ 784,200</b>	<b>\$ 202,638</b>	<b>\$ 699,381</b>	-10.82%
	<b>Totals</b>	<b>\$ 1,750,482</b>	<b>\$ 1,683,934</b>	<b>\$ 1,708,348</b>	<b>\$ 1,638,548</b>	<b>\$ 1,703,843</b>	<b>\$ 1,693,494</b>	<b>\$ 1,626,375</b>	<b>\$ 1,428,620</b>	<b>\$ 525,804</b>	<b>\$ 1,310,471</b>	-8.27%

<sup>1</sup> Expenditures as of 6/15/2009<sup>2</sup> Expenditures in 5010, 5050 & 5070 in 2006, 2007 and 2008 include Home Tour advertising, publications, printing and professional services.<sup>3</sup> Added in 2005 as a line item.<sup>4</sup> Added in 2006 as a line item. Previously paid by the City under the MOU. The 2009 amount covers Application Support(5014), Operating Charges(5015), Data Connectivity(5016) and Special Charges(5018).<sup>5</sup> Includes office rent, operating expenses and parking charges at office.<sup>6</sup> Covers reimburseable employee transportation and parking.<sup>7</sup> Beginning in 2002 this code included funding for the Community Leadership Institute. Funding for CLI was discontinued in 2009.<sup>8</sup> Includes premiums for D&O Insurance (\$ 48,560 for 69 neighborhoods and the NRP Policy Board in 2009) and NRP Office General Liability Insurance (\$ 2,139 in 2009).

**FY 2010**  
**NRP Administrative Budget (Proposed)**  
**Contracts for Professional Services**

Professional Services	FY 2010(Proposed) Amount	FY 2009 Budget	\$ Change	% Change
CPED/City of Minneapolis (DFD)	\$ 200,000	\$ 300,000	\$ (100,000)	-33.33%
Office of Minnesota State Auditors	\$ 90,000	\$ 90,000	\$ -	0.00%
Hennepin County	\$ 10,000	\$ 12,000	\$ (2,000)	-16.67%
The Gavzy Group (PlanNet NRP)	\$ 7,000	\$ 7,000	\$ -	0.00%
Kennedy and Graven	\$ 30,000	\$ 30,000	\$ -	0.00%
Mike Wilson & Associates (Auditors)	\$ 45,000	\$ 40,000	\$ 5,000	12.50%
MTN (Video Communications)	\$ 15,000	\$ 20,000	\$ (5,000)	-25.00%
I-Systems (PlanNet NRP and network support)	\$ 7,500	\$ 7,500	\$ -	0.00%
County Computer Support Services	\$ 5,000	\$ 7,000	\$ (2,000)	-28.57%
Other Consultants	\$ 59,500	\$ 44,000	\$ 15,500	35.23%
Web Site Design/Support	\$ 1,000	\$ 3,000	\$ (2,000)	-66.67%
Eve Borenstein (Attorney)	\$ 2,500	\$ 2,500	\$ -	0.00%
<b>Total</b>	<b>\$ 472,500</b>	<b>\$ 563,000</b>	<b>\$ (90,500)</b>	<b>-16.07%</b>

Detail for Other Consultants (Projected)

Other Consultants (Detail):	
Margo Ashmore (LINK)	\$ 8,000.00
Do Good Biz (Mailings, Postage, Distribution)	\$ 2,500.00
Margo Ashmore (Home Tour)	\$ 17,000.00
Scott Amundson (Home Tour)	\$ 8,000.00
Tri Park (Home Tour)	\$ 9,000.00
Ulrich and Mahoney (Audits)	\$ 15,000.00

**Draft: 7/14/09**

**2010 Administrative Budget  
for the  
Minneapolis Neighborhood Revitalization Program (NRP)  
(Draft)**

The following material is provided to conform to the City of Minneapolis Budget Process.

**Mission:**

The Mission Statement of NRP is drawn from its founding documents: the NRP statute, the Joint Powers Agreement and the Bylaws of the Minneapolis Neighborhood Revitalization program (NRP) Policy Board.

**The Mission of the Minneapolis Neighborhood Revitalization Program (NRP) is to improve the quality of life in the City of Minneapolis by revitalizing its neighborhoods and making them better places to live, work, learn and play.**

**Goals:**

To accomplish this Mission, the NRP adopted four Goals for Phase I. Those Goals were:

- Build neighborhood capacity
- Redesign public services
- Create a sense of community and place
- Increase intra and intergovernmental collaboration

In addition to these Goals, the Teamworks evaluation report on Phase I identified three additional goals that were distilled from a review of official documents by the NRP Evaluation Task Force, a Policy Board authorized multijurisdictional work team. The three other Goals were to:

- Improve the lives of the citizens of Minneapolis and enhance neighborhood stability
- Bring neighborhoods to a level at which they will attract private investment
- Improve the physical characteristics of neighborhoods, especially as embodied in infrastructure and housing

As part of the multi jurisdictional review and planning process for Phase II the Policy Board adopted six Goals for Phase II that build on, and expand, the Goals of Phase I and responded to the changed environment for NRP and its participating jurisdictions.

- Create a greater sense of community so that the people who live, work, learn and play in Minneapolis have an increased sense of commitment to and confidence in their neighborhood and their City

- Sustain and enhance neighborhood capability in order to strengthen the civic involvement of all members of the community
- Ensure that neighborhood-based planning remains the foundation of the program, is informed and leads to creative and innovative approaches
- Strengthen the partnerships among neighborhoods and jurisdictions to identify and accomplish shared citywide goals
- Ensure that government agencies learn from and respond to neighborhood plans so that public services ultimately reflect neighborhood priorities
- Develop and support life cycle housing citywide through the preservation of existing housing and new construction by reaffirming our commitment to the state mandate that 52.5% of NRP funds be spent on housing.

NRP uses five primary business lines to help accomplish these Goals.

**1. Assist neighborhoods with development of Neighborhood Action Plans (NAPs).**

NAPs are the building blocks of the NRP program and are developed and written by residents and the recognized neighborhood organization. Each NAP provides a vision for the neighborhood, identifies the priorities for achieving that vision, and adopts specific action steps (strategies) for implementation. The NRP statute requires that NAPs be prepared and approved before any NRP expenditures occur.

NRP staff provide guidance on development of the NAP, monitor the public participation process, help the neighborhood obtain any needed professional or technical support as the strategies are being considered, and assist, as needed and requested, with preparation of the draft plans.

**2. Review, modify and approve NAPs prepared by neighborhoods.**

During the development and drafting of the NAP, NRP staff help neighborhoods obtain needed support, information and perspectives from public and non-profit staff with knowledge of the subject areas of concern to the neighborhood. After the neighborhood approves its draft NAP, the plan is reviewed by NRP staff and forwarded to public staff for comments and NRP's external counsel for a legal opinion on conformance with the NRP statute.

NRP staff work to make the NAP approval process as considerate and respectful as possible by providing information to the neighborhood before they begin the process, facilitating the participation of public and other staff in the identification of possible priorities and potential strategies for addressing those priorities, identifying possible problem areas in the plan draft, encouraging neighborhood representative attendance and presentations at the Policy Board during the review of the plan, providing assistance with

making changes suggested by NRP, jurisdictional staff or legal counsel before the Policy Board presentation, and preparing all needed transmittal and descriptive documents.

### **3. Oversee, monitor and evaluate implementation of approved NAPs and their strategies.**

The City Attorney has opined that NRP staff cannot manage implementation contracts for strategies contained in an NAP unless they are for planning, oversight or evaluation. NRP staff serve as the contract administrator for the neighborhood organization activities associated with these functions and develop the scopes of service and budgets for the needed contracts. In this role they review reimbursement requests, monitor performance and ensure that implementation of the plan is occurring as approved.

NRP staff coordinate governmental and private efforts in the development of other needed contracts and implementation of NAPs. They serve as the contact for the involvement and participation of appropriate implementing departments, private for-profit and non-profit vendors and jurisdictions.

NRP staff work with neighborhoods and these organizations to clearly define the approved programs, projects, services or activities, and draft appropriate scopes of service, program guidelines and budgets prior to preparation of needed contracts or agreements. Another major part of the service provided by NRP staff is to ensure that funding is available, as needed, for the programs, projects, services or activities contained in an approved NAP.

### **4. Manage NRP's financial resources and expenditures.**

NRP is responsible for the expenditures of NRP funds and for the management of the public resources that have been provided to the program. NRP monitors and evaluates program activities and expenditures to ensure consistency with approved contracts and the strategies in NAPs.

In addition, NRP works to minimize administrative costs for NRP's central office and the neighborhoods by initiating group purchase discounts, special professional service arrangements and elimination of duplicate activities.

One of the most important results that must be achieved is meeting the statute mandate that 52.5% of all NRP funds expended must be for housing or housing related programs, projects, services or activities.

### **5. Educate, inform and train residents for participating effectively in neighborhood improvement efforts.**

Training and development is necessary to create new and informed leaders, a greater sense of community, increase civic involvement, and make it possible for meaningful partnerships between neighborhood organizations and their government and non profit

collaborators. NRP staff offer training that provides neighborhood volunteers and employees with specific skills designed to help create and maintain healthy organizations. Workshops are offered on a regular basis and specific trainings are available upon request to individual neighborhoods. NRP also initiated and sponsored the Community Leadership Institute conducted with the University of St. Thomas.

**Organization Chart:**

NRP's organization chart is attached.

**Accomplishments:**

The primary goal of NRP is gaining approval of neighborhood action plans.

NRP is well on the way to achieving this Goal. As of June 22, 2009 the Policy Board has approved 44 Phase II NAPs or 61.1% of the 72 possible plans. These approvals have allocated 65% of the funds allocated to neighborhoods based on the March 2004 City projections for Common Project revenues. Phase II Participation Agreements have been approved for more than 80% of the neighborhoods.

Every strategy in a neighborhood action plan must be helping to accomplish, and is tied to, a goal of the City of Minneapolis. To date, fewer than 5 strategies from draft plans have been rejected by legal counsel as inconsistent with the NRP statute. After modifications were made, with NRP staff assistance, each and every plan, and all of the more than 5,000 strategies in those approved plans has been reviewed and approved by the NRP Policy Board and the Minneapolis City Council as an appropriate expenditure of NRP funds.

Neighborhood plans are allocating their funds to Housing programs, projects, services or activities. For the Phase II Neighborhood Action Plans approved to date, more than 75% of their full allocation is committed to Housing programs, projects, services or activities. At this time, and with these commitments, NRP will be able to meet its legislated mandate for all of the funds appropriated since the program began in 1991. If the total dollars available to NRP in Phase II decline, however, the program may not be able to meet the mandated percentage.

Administrative expenses account for only 18% of the appropriated funds for the Phase II plans approved to date.

NRP's central office staff will again be reduced in the proposed 2010 Budget. The recommendation to the Policy Board will be to reduce the office FTE count to 7 by the end of 2010. NRP has no vacancies and fills its staffing needs by reassignment of duties, professional service agreements, or MOUs. NRP intends to continue reducing central office staff and will do so, to the maximum extent possible, without layoffs or terminations.

**What key trends and challenges does your organization face and how will they be addressed?**

Neighborhoods in the City have improved greatly since NRP was initiated in 1990. The investment of NRP resources during the first ten years helped reverse years of neglect and decline in neighborhoods and provided resources that were used to leverage additional investments by public and private sources. In Elliot Park alone, the neighborhood's investment of \$ 4.4 million from NRP helped leverage over \$ 151 million of new development in that neighborhood. As improvement has occurred, however, the perceptions of need and the urgency attached to continuing NRP have changed.

In addition, government, at all levels, has had to cope with having fewer resources to provide the services needed to meet the continually changing requirements of residents, businesses and neighborhoods. State tax law changes adopted in 2001 and a more negative public attitude toward government, in general, have greatly reduced the revenues available for Phase II from the Common Project. Reductions in Local Government Aid have impacted the General Fund of the City and reduced the opportunities for City contributions to neighborhood priorities. Actions taken by the City Council and Mayor, such as the Discretionary Development Financing Resolution adopted 8/22/03, have further depleted NRP's potential revenue stream. Over the past eighteen months economic conditions beyond the control of the state, city or neighborhoods have placed additional pressures on NRP's revenue sources.

Phase II was initially planned to begin in 2001. On February 24, 2001 more than 400 residents braved one of that winter's worst storms to celebrate neighborhood achievements in Phase I, honor exemplary projects and receive information and training that would help them in Phase II. With the tax law changes adopted by the legislature in 2001 NRP had to place implementation of Phase II on hold. Residents and neighborhoods that had expected to seamlessly move into Phase II as they completed their Phase I plans were forced to wait, and uncertainty about resource availability led to questions about city commitment, the value of resident-based planning and the interest in resident participation.

As the time required to answer the questions about future revenues grew longer, residents turned their attention to other areas of interest, neighborhoods lost volunteers, projects were placed on hold or canceled and questions were raised about whether there would even be a Phase II.

Adoption of the revised Chapter 419 of the Minneapolis City Ordinances in August 2003 and the March 2004 calculation of the Common Project revenue stream removed some of this uncertainty. Residents were encouraged to recommit to their neighborhood and the city, based on this renewed commitment to NRP. Unfortunately, the many and varied Common Project Revenue Projections made by the City between 2004 and 2009 recreated uncertainty and reduced neighborhood faith in the stability of the funding stream for neighborhood improvement activities.

The funding available for Phase II has changed dramatically over the past seven years. In June 2000, as NRP was about to begin its second decade, City officials projected, based on the legislation establishing NRP, the city ordinance implementing the program and the revenues anticipated from the tax increment districts in the Common Project, that approximately \$180 million would be available for Phase II. With the legislative changes in 2001 and the results from the Brookfield loan negotiations, the revenues available from the Common Project dropped to less than \$ 85 million. This was the figure used to determine the Phase II allocations to neighborhoods.

When the City released its projections for Common Project revenues in April 2007, the projections showed future revenues of only \$ 66.5 million. The City Council and Mayor acted in December 2007 to “guarantee” that 70% of Phase II neighborhood allocations would be available for Phase II. In June, 2008 the NRP Policy Board reallocated \$1.7 million to help increase the percentage of Phase II dollars that will be available to neighborhoods to about 74%. They made a second reallocation in November, 2008 based on the October 2008 Capitalization Projections of the City, to increase the percentage available to neighborhoods to 80%. In May, 2009 the City issued new projections for the capitalization of Phase II that increased the percentage expected to be available to 93.4%. The new projection includes the assumption that the Brookfield lease payment will be paid in full in December 2009. The 2009 capitalization represents almost 48% of the total capitalization for Phase II NAPs.

Neighborhoods accepted fewer resources in Phase II and still worked to improve participation and adopt plans to address their priorities. They reviewed results from Phase I, researched resident issues, gathered and analyzed data, created work groups and committees to develop strategies for Phase II NAPs, and drafted, discussed, reviewed, and finally approved Phase II plans.

NRP’s revenue stream officially ends in 2009. After that date, the program will be spending down the revenues that it received between 1990 and 2009 and contracting out its remaining resources.

Finding ways to encourage resident participation and dealing with continually changing revenue projections have been two of the major challenges that NRP has faced. The third has been the erosion of political support and the changing attitude toward resident empowerment by the City. Not one of the City’s elected officials and none of its major department heads were in their current positions when NRP started. Their knowledge of the conditions in the City before NRP is limited and, for many, irrelevant. In an effort to gain more control and “accountability” over neighborhood activities, the City initiated an NRP Work Group in 2007 that produced a Framework for Community Engagement after NRP’s revenue streams stop in 2009. Four of the six members of the Work Group were City Council members and one was a representative of the Mayor. The argument put forth by proponents of the new approach to community engagement is that it will bring neighborhoods and the City into a more cooperative and collaborative environment.

A new Neighborhood and Community Relations Department and an all resident Neighborhood and Community Engagement Commission will manage the new approach to Community Engagement. The new department and commission will have a new source of revenue (a Consolidated Redevelopment TIF District) that can be invested in neighborhood revitalization over the next ten years. One of the major issues to be resolved is how the revenues and activities of NRP will relate to the activities of the new Commission and Department.

**What level of vacancies does NRP have? What strategies in the business plan are related to maintaining these vacancies? What possibilities exist for reducing these vacancies?**

NRP has no vacancies. When a position is vacated, the responsibilities and skills required for the position are analyzed and redistribution, discontinuation or contracting are used to maintain the level of service for the office. NRP has gradually reduced its office complement from 25 FTE in 1995 to 8 FTE in 2009. We have done so without layoffs or terminations. The last hire made by NRP was in 1999.

**What are the major areas of contractual expense for NRP? What opportunities or drawbacks exist to changing from contractual provision of services toward provision of services by NRP employees?**

The largest single expenditure for NRP, outside of its personnel complement, is for services from CPED and DFD. The 2007 Memorandum of Understanding charges NRP \$ 375,000 for the contract management, support and legal services NRP receives from the City. This single line item now accounts for more than 15% of NRP's administrative budget.

The first draft of the 2010 NRP Administrative Budget is attached. The Budget proposes a reduction of 1 FTE in the staff complement and a reduction in the office budget of more than 8%. This budget is subject to significant changes and has not been discussed or presented to the NRP Policy Board. One of the biggest uncertainties is the amount for DFD and CPED support. Negotiations on a new MOU have not yet begun and will determine the amount needed for this line item. The Policy Board will be provided with a proposed budget at its September 2009 meeting.