

Memorandum

Date: May 18, 2010

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Revised Final Allocations for Neighborhoods

At the April 26 meeting of the Policy Board I reported that the City Development Finance Division (DFD) had completed the Revenue and Expense reports for NRP for 2009 and that the reports that they had provided would allow NRP to increase the amount of the original allocations that could be made available to neighborhoods for their use. The reports showed NRP's 2008/2009 Capitalization at \$ 27,945,092 and an NRP Fund Balance of \$ 51,551,534.73 as of December 31, 2009. After deducting the Current and Future Obligations in the report, the remainder was an unobligated balance of \$ 6,292,686.17.

Based on those numbers, and the information provided by the City, I recommended, and the NRP Policy Board approved: (1) increasing the amount available from Phase II for all neighborhoods to 90% of the April 19, 2004 allocations approved by the NRP Policy Board; (2) removing the limitation on the time frame for expending Phase II allocations; (3) increasing the Administrative Contingency Fund by \$ 399,656.95 to fully fund the approved 2010 NRP Administrative Budget; and (4) allocating the remaining unobligated balance for NRP central office administrative expenses and unexpected future costs.

The revenue and obligation figures that NRP had received justified this action by the Board to make additional monies available to neighborhoods in Phase II.

As NRP staff were preparing the resolutions passed by the Board for action by the City Council, I received a contact from the Development Finance Division on Tuesday April 27 that indicated that some additional information had been discovered by the Division that significantly impacted the resolutions that we were preparing for the Council. When I met with the Division Director and the Financial Analyst overseeing the Common Project, I was informed that \$ 3,000,000 that had been set aside prior to 2006 as security for bonds in the Common Project was released in 2007 as a result of an upgrading in the bond rating for the City of Minneapolis. This good news meant that the \$ 3,000,000 should have been transferred into the fund balance for NRP. That release and transfer did not occur, however, until after the Policy Board's April meeting. Therefore, NRP now has more in its revenue stream than we reported to you on April 26.

When I was informed about the error, I contacted NRP Board Chair Ken Kelash and recommended that we hold off on asking for a Council Action on the approved Board resolution

until I could return to the Board with an updated recommendation. He felt this would minimize confusion in the neighborhoods and directed that I return to the Board with a new resolution for action at the May Board meeting. He also prepared a letter to go to neighborhoods informing them that their allocations would be increased but the final amounts would not be known until May and an email to go to all NRP Policy Board members informing them of the new development.

After again working with DFD staff and having Jack Whitehurst review and verify the numbers to the maximum of our ability, I am now prepared to recommend a new allocation for neighborhoods. The new recommendation accepts the previous action taken by the Board to increase the Administrative Contingency Fund by \$ 399,656.95 to fully fund the approved 2010 NRP Administrative Budget and updates the capitalization and unobligated balance figures with the 2006 correction to capitalization and a 2008/09 correction to interest earnings. It will leave an unobligated balance that is significantly less than the amount that I believe the Board will need in the future but I believe that the earnings from future interest, the existing balances in the NRP Administrative Budget fund and the dollars that will be available from other sources (such as recapturing unspent balances from completed contracts that are not reserved for specific neighborhoods) will be sufficient to meet the administrative support needs for a reduced NRP office in the future and until the proposed plan of consolidation with NCR is fully implemented.

I am recommending that the 90% previously approved by the Board as the cap for neighborhood expenditures of their Phase II allocation be raised, for all neighborhoods, to 100%. The Board had previously acted to remove the time constraints currently in place for the expenditure of allocated NRP funds.

A table showing the original allocations to neighborhoods, the revisions to those allocations that have been approved by the Policy Board and the final allocation is attached. The Fiscal Year 2009 financial report and the calculations that resulted in the amounts to be distributed to neighborhoods and retained for the contingency fund are also attached for your information.

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

RESOLVED: That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board (“Board”), based on the 2009 Revenue and Expense report published by the Development Finance Division of the City and the subsequent information provided to the Board on the correction to the capitalization amounts, approves the following modification to the second resolved clause of Policy Board Resolution NRP / FR#2004-14:

“ up to ~~80%~~ ~~90%~~ 100% 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 the allocation calculated as a result of this change shall constitute the final Phase II allocation for each neighborhood and shall be effective immediately;

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

FURTHER RESOLVED: That the Minneapolis Neighborhood Revitalization Program Policy Board hereby authorizes the Director to request that the City Council and Mayor [a] amend the 2010 General Appropriation Resolution by increasing the Community Planning and Economic Development Department Fund 01CNR 8900-800 (the NRP Fund) appropriation by \$ 3,214,802 from existing fund balance to increase the amount available to 100% for approved Phase II Neighborhood Action Plans; [b] authorize the appropriate City officers to reserve the remaining unobligated balance for Funds 01CNR, 01SNR and 42300 for future years expenditures on NRP Policy Board approved activities; and [c] authorize the appropriate City officers to enter into any contracts or agreements necessary to implement the activities above.

Unobligated NRP Program Balance

(as of December 31, 2009)

Fund Balance 12/31/2009	Expenditures 12/31/2009	Current Obligations 12/31/2009	Future Neigh Plan Obligations 12/31/2009	Uncontracted AHRF	2010 NRP Admin Budget Obligation ¹
\$51,551,534.73	\$7,577,510.87	\$32,262,564.33	\$11,794,179.96	\$305,000.00	\$1,296,761.22

Fund Balance	\$51,551,534.73
Current and Future Obligations	\$45,658,505.51
Original (4/26/10)Unobligated Fund Balance	\$5,893,029.22

April 27 Adjustments	2008/09 Correction to Interest Earnings	\$194,351.68
	2006 Correction to Capitalization	\$3,000,000.00
	Total Adjustments	\$3,194,351.68
	Revised Unobligated Fund Balance	\$9,087,380.90

90% PII Allocation	Phase II Allocation (90%)	\$37,627,747.20
	Phase II Allocation (80%)	\$33,446,886.40
	Unobligated Funds Required to get to 90%	\$4,180,860.80
	New Unobligated Balance @ 90%	\$4,906,520.10

100% PII Allocation	Phase II Allocation (100%)	\$41,808,608.00
	Phase II Allocation (80%)	\$33,446,886.40
	Phase II Allocation (Gap)	\$8,361,721.60
	New Unobligated Balance @ 100%	\$725,659.30

¹ Approved by NRP Policy Board at April 26, 2010 meeting

Proposed Final Neighborhood NRP Phase II Allocations

NEIGHBORHOOD	PHASE II ALLOCATION (April 2004)	Allocation Initially Available (70%/3yrs)	First Revision to Allocation (74.15%/3yrs) (June 2008)	Second Revision to Allocation (80%) (October 2008)	Third Revision To Allocation (90%) (April 2010)	Proposed Final Allocation (100%) Proposed
American Indian	537,207	376,045	398,318	429,766	483,486	537,207
Armatage	375,682	262,977	278,554	300,546	338,114	375,682
Audubon Park	630,862	441,604	467,760	504,690	567,776	630,862
Bancroft	265,505	185,854	196,862	212,404	238,955	265,505
Beltrami	271,232	189,863	201,108	216,986	244,109	271,232
Bottineau	224,069	156,848	166,139	179,255	201,662	224,069
Bryant	295,498	206,848	219,100	236,398	265,948	295,498
Bryn Mawr	270,080	189,056	200,254	216,064	243,072	270,080
Carag	636,557	445,590	471,982	509,246	572,901	636,557
Cedar Riverside	704,577	493,204	522,417	563,662	634,119	704,577
Cedar-Isles-Dean	261,420	182,994	193,833	209,136	235,278	261,420
Central	812,586	568,810	602,501	650,069	731,328	812,586
Cleveland	448,446	313,912	332,505	358,757	403,601	448,446
Columbia Park	175,525	122,868	130,145	140,420	157,973	175,525
Como	556,043	389,230	412,285	444,835	500,439	556,043
Corcoran	410,440	287,308	304,326	328,352	369,396	410,440
Downtown East and West	913,167	639,217	677,078	730,533	821,850	913,167
East Harriet	218,316	152,821	161,873	174,653	196,485	218,316
East Isles	387,253	271,077	287,133	309,802	348,528	387,253
East Phillips	489,220	342,454	362,738	391,376	440,298	489,220
ECCO	334,613	234,229	248,103	267,690	301,152	334,613
Elliot Park	678,504	474,953	503,084	542,803	610,663	678,504
Field, Regina, Northrup	1,093,966	765,776	811,134	875,173	984,570	1,093,966
Folwell	730,376	511,263	541,546	584,301	657,339	730,376
Fulton	387,299	271,110	287,168	309,840	348,569	387,299
Hale, Page, Diamond Lake	835,143	584,600	619,226	668,115	751,629	835,143
Harrison	846,641	592,649	627,751	677,313	761,977	846,641
Hawthorne	1,593,541	1,115,478	1,181,549	1,274,832	1,434,187	1,593,541
Holland	684,021	478,815	507,175	547,217	615,619	684,021
Jordan	906,958	634,871	672,475	725,567	816,263	906,958
Kenny	266,533	186,573	197,624	213,226	239,880	266,533
Kenwood	100,000	70,000	73,549	80,000	90,000	100,000
King Field	770,934	539,654	571,618	616,747	693,841	770,934
Lind-Bohanon	521,140	364,798	386,405	416,912	469,026	521,140
Linden Hills	530,161	371,113	393,094	424,129	477,145	530,161
Logan Park	418,010	292,607	309,938	334,408	376,209	418,010
Longfellow, Howe, Hiawatha, Cooper	2,306,477	1,614,534	1,710,163	1,845,181	2,075,829	2,306,477
Loring Park	502,173	351,521	372,342	401,738	451,956	502,173
Lowry Hill	448,754	314,128	332,734	359,003	403,879	448,754
Lowry Hill East	747,852	523,497	554,504	598,282	673,067	747,852
Lyndale	643,703	450,592	477,281	514,963	579,333	643,703
Lynnhurst	285,619	199,933	211,776	228,495	257,057	285,619
Marcy-Holmes	683,948	478,763	507,121	547,158	615,553	683,948
Marshall Terrace	363,456	254,419	269,488	290,765	327,110	363,456
McKinley	580,058	406,041	430,091	464,046	522,052	580,058
Midtown Phillips	243,645	170,552	180,654	194,916	219,281	243,645
Nokomis East Neighborhoods	1,620,848	1,134,594	1,201,796	1,296,679	1,458,763	1,620,848
Near North, Willard Hay	1,845,711	1,291,998	1,368,523	1,476,569	1,661,140	1,845,711
Nicollet Island/E. Bank	176,119	123,283	130,585	140,895	158,507	176,119
North Loop	293,007	205,105	217,254	234,406	263,707	293,007
Northeast Park	252,685	176,879	187,356	202,148	227,416	252,685
Phillips West	623,869	436,708	462,574	499,095	561,482	623,869
Powderhorn Park	687,638	481,347	509,857	550,110	618,874	687,638
Prospect Park	347,866	243,506	257,929	278,293	313,080	347,866
Seward	450,139	315,097	333,761	360,111	405,125	450,139
Sheridan	438,317	306,822	324,995	350,654	394,485	438,317
Shingle Creek	323,905	226,733	240,163	259,124	291,514	323,905
St. Anthony East	362,535	253,774	268,805	290,028	326,281	362,535
St. Anthony West	224,642	157,249	166,563	179,714	202,178	224,642
Standish, Ericsson	1,087,274	761,092	806,172	869,819	978,547	1,087,274
Stevens Square-Loring Heights	376,427	263,499	279,106	301,142	338,785	376,427
Sumner-Glenwood	25,000	17,500	18,226	20,000	22,500	25,000
Tangletown	336,708	235,695	249,656	269,366	303,037	336,708
University District	100,000	70,000	72,902	80,000	90,000	100,000
Ventura Village	688,753	482,127	510,684	551,002	619,878	688,753
Victory	480,270	336,189	356,102	384,216	432,243	480,270
Waite Park	447,124	312,987	331,525	357,699	402,412	447,124
Webber-Camden	652,678	456,875	483,936	522,143	587,411	652,678
West Calhoun	258,994	181,296	192,034	207,195	233,095	258,994
Whittier	2,466,446	1,726,512	1,828,774	1,973,157	2,219,801	2,466,446
Windom	291,018	203,713	215,778	232,814	261,916	291,018
Windom Park	563,421	394,395	417,755	450,737	507,079	563,421
TOTALS	41,808,608	29,266,025	30,997,311	33,446,886	37,627,747	41,808,608