

Memorandum

Date: October 20, 2010

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: 2011 Administrative Budget Proposal

The budget proposal for 2011 is attached to this memorandum for your consideration. The spreadsheets are similar in format to past budget submissions and reflect changes that will occur as the “NRP and NCR: Collaboration, Cooperation and Consolidation Plan” is being implemented. The 2011 Budget includes the expenses of the Minneapolis and Saint Paul Home Tour for 2011 and payments to the City for support from DFD, NCR, CPED and other City services. I expect these services to be more than 20% of our budget (as they have been for the past 10 years). Services provided directly to neighborhoods account for another 11% of the 2011 budget.

The central function of NRP’s administrative office is to help neighborhoods develop and implement their Phase I and Phase II Neighborhood Action Plans (NAP’s). Five (5) plans have been approved already in 2010 and I am projecting that we will receive at least another three for review and approval before the end of the calendar year. The cumulative total for approved Phase II NAP’s now stands at 50 (or 69.4% of the total number of plans that will be submitted for approval in Phase II).

Together, the approved NAP’s for Phase II appropriate about 72% of the total funds set aside for neighborhoods in 2004. Of the appropriated total, 75.7% is allocated to housing or housing related activities, programs, projects or services and only 17.7% 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.

In addition to helping with the development of neighborhood action plans, our contracting activity continues to be a major focus. In 2010 we continued the detail of one of our staff to assist the Development Finance Division (DFD) with the development and processing of NRP funded housing related contracts. This is the third year in which we have used this detail to take up the slack after a 2007 staff change occurred in the Division. This detail has saved money for both the City and NRP.

We also, in February, initiated the detailing of another NRP staff professional to assist the new Neighborhood and Community Relations Department with their organizational development and community engagement activities. This was the first step accomplished in implementing a major program change that will eventually lead to the consolidation of NRP with the new department.

The “NRP and NCR: Collaboration, Cooperation and Consolidation Plan” calls for NRP functions to be gradually and responsibly transferred to the new department. The consolidation is intended to minimize administrative duplication while continuing to ensure that the NRP program meets its commitments to neighborhoods and the State legislature. As currently envisioned and planned, the transfers of function and staff will occur gradually and be completed within the next few years.

2010 was significant in many ways:

- The final revenues from the Common Project tax increment districts dedicated to NRP were transferred in March.
- The Brookfield Loan was repaid and the projected funds from this source were transferred to NRP in March.
- A review of past NRP fund uses identified additional revenues that should have been, and now are, available for distribution to neighborhoods.
- The final allocation for neighborhoods was reviewed based on the revenue transfers and adjustments and revised to 100% of the original allocations established in April 2004 at the May Policy Board meeting.
- An NRP staff person was detailed to the City to help develop the programs and processes of the new Neighborhood and Community Relations Department (NCR).
- The Policy Board approved five Phase II Neighborhood Action Plans (NAPs) with a target of eight by the end of the year.
- A plan for consolidating NRP with NCR was drafted, reviewed and approved.

This budget has been developed with the expectation that the plan for consolidation approved by the Policy Board on September 27 will be proceeding and that major changes for NRP will be occurring in 2011 and beyond. NRPs activities will continue to be focused on helping the thousands of residents and participants that are involved now in developing and implementing Phase II NAPs for the improvement of their neighborhood.

Of course, that is not all that NRP does.

The Minneapolis and Saint Paul Home Tour continues to be a big event and a great marketing opportunity for city living. The 2010 Minneapolis & Saint Paul Home Tour on April 24 and 25 marked the 23rd consecutive year of this annual event to showcase city living. NRP has been

coordinating the Tour for the past 8 years and it has been a major venue for presenting neighborhood and resident housing related accomplishments.

When NRP assumed responsibility for this activity eight years ago, we committed to covering as much of our direct costs as possible with sponsorships. Sponsor and ad revenues have been covering all of the direct costs for this event and almost all of NRPs indirect expenses. NRP's 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 2010 showed direct and indirect expenses that exceeded the Tour's revenues by less than \$ 4,000.

This year's Tour contained 53 homes, with several sub tours and four new workshops. The Tour highlighted homes in the Central, Bryn Mawr, Victory, Linden Hills, Northrop and Lynnhurst neighborhoods in Minneapolis and Payne Phalen and Dayton's Bluff areas in Saint Paul.

The number of visitors (more than 4,000) was down 4.6% from the corresponding figure for 2009 but 2.4% above the attendance figure for 2008. This years attendees visited almost 7 homes per person and the 27,445 visits represented a decline of 8.6% from last year but an increase of 5.5% over the corresponding 2008 figure. Of the visitors, 25.6% were from outside Minneapolis and St. Paul.

The Tour was viewed as very well run and it met the expectations of 99.6% of the visitors. This is the highest rating that the Tour has ever received and a number of very complimentary comments were submitted on the survey responses.

The proposed budget for 2011 continues our efforts to reduce central office costs and staffing and minimize duplication of services with the Neighborhood and Community Relations Department.

This budget has been coordinated with NCR's submission to the City and is based on the expectation that the "NRP and NCR: Collaboration, Cooperation and Consolidation Plan" approved by the Policy Board on September 27 is implemented as proposed. The 2011 NRP Office Budget that I am recommending reduces the current staff complement by 2 FTE (from 7 FTE in 2010 to 5 in 2011).

Even without the potential consolidation, NRP has been reducing its staff complement to adjust to changes in workload, neighborhood capacity and available funding. We have done so gradually and without terminations or layoffs since 1995. The FTE complement has been reduced from 26 in 1995 to 7 in 2010. The 2011 Budget proposal continues these reductions and reduces the personnel complement to 5 FTE. By the end of 2011, NRP's Central Office staff complement will have been reduced by 80% since 1995. The potential exists for the staff complement to be further reduced if the draft plan of "Collaboration, Cooperation and Consolidation" is fully implemented.

Overall the proposed 2011 Budget is 15.9% less than the approved 2010 Budget and 21.2% less than actual 2009 expenditures. The budget does not include any Cost of Living Adjustment for NRP staff.

I am 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 2011, in the amount of \$1,162,421 as detailed in "Attachment A" to the Directors Administrative Budget Proposal memorandum of October 20, which is incorporated herein by reference;

RESOLVED FURTHER: That the Board authorizes the Director to spend up to \$1,162,421 in FY 2011 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 \$1,162,421 of NRP Program Moneys for administrative expenditures in 2011;

RESOLVED FURTHER, That the Director is hereby authorized and directed to request that the City Council, City of Minneapolis, appropriate \$ 1,162,421 to Fund CNR0-890-3550 for the purposes herein authorized, and to request that CPED immediately transfer \$1,162,421 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 October 20, 2010 Administrative Budget Proposal memorandum.

The adoption of this resolution will allow a Policy Board approved budget to be presented to the City Council on November 17.

2011 NRP Office Budget (Proposed)												
Codes	Description	2005	2006	2007	2008	2009	2010	2010	2011	% Change	2010 Yr-To-Date	
		Actual	Actual	Actual	Actual	Actual	Budget	To-Date ¹	Budget ⁹	2011 vs 2010		
									(Proposed)			
4000-4900	Salaries	\$ 624,579	\$ 619,626	\$ 637,097	\$ 568,601	\$ 556,380	\$ 456,355	\$ 390,126	\$ 411,081	-9.9%	85.49%	
7800-7860	Fringe Benefits	\$ 141,382	\$ 141,671	\$ 151,326	\$ 140,849	\$ 160,583	\$ 184,735	\$ 122,135	\$ 126,840	-31.3%	66.11%	
	Personnel Subtotal	\$ 765,960	\$ 761,297	\$ 788,423	\$ 709,450	\$ 716,963	\$ 641,090	\$ 512,261	\$ 537,921	-16.1%	79.90%	
5010	Advertising & Publications ²	\$ 32,517	\$ 28,920	\$ 11,560	\$ 7,646	\$ 20,627	\$ 24,000	\$ 8,033	\$ 18,500	-22.9%	33.47%	
5011	City Benefit Admin Fee ³	\$ 2,304	\$ 2,481	\$ 2,700	\$ 2,757	\$ 2,000	\$ 2,498	\$ 2,498	\$ 2,500	0.1%	100.00%	
5014-5016, 5018	BIS Charges ⁴	\$ -	\$ -	\$ 3,900	\$ 11,784	\$ 12,167	\$ 13,149	\$ -	\$ 14,000	6.5%	0.00%	
5017	Phone Charges	\$ 6,238	\$ 6,439	\$ 2,085	\$ 7,935	\$ 6,142	\$ 5,978	\$ -	\$ 6,300	5.4%	0.00%	
5020	Communications	\$ 8,330	\$ 10,882	\$ 10,755	\$ 12,425	\$ 10,647	\$ 10,250	\$ 8,088	\$ 11,000	7.3%	78.90%	
5050	Printing	\$ 8,497	\$ 4,761	\$ 13,905	\$ 7,101	\$ 5,066	\$ 5,000	\$ 2,564	\$ 4,000	-20.0%	51.27%	
5070	Professional Services	\$ 617,487	\$ 693,478	\$ 671,260	\$ 682,068	\$ 529,509	\$ 487,500	\$ 179,338	\$ 425,500	-12.7%	36.79%	
5080	Rent/Office Furniture ⁵	\$ 87,723	\$ 87,971	\$ 92,867	\$ 92,728	\$ 92,153	\$ 95,973	\$ 66,226	\$ 96,000	0.0%	69.00%	
5130	Miscellaneous	\$ 1,072	\$ 2,060	\$ 8,453	\$ 2,489	\$ 2,607	\$ 1,000	\$ 70	\$ 1,500	50.0%	6.95%	
6040	Transportation/Parking ⁶	\$ 508	\$ 296	\$ 313	\$ 2,983	\$ 100	\$ -	\$ 75	\$ -			
6050	Education ⁷	\$ 32,650	\$ 29,250	\$ 15,000	\$ 21,087	\$ -	\$ -	\$ -	\$ -			
6060	Travel Expense	\$ -	\$ 3,216	\$ 3,813	\$ 3,932	\$ 754	\$ 2,000	\$ 590	\$ 1,500	-25.0%	29.51%	
6080	Insurance ⁸	\$ 58,676	\$ 54,987	\$ 49,601	\$ 50,018	\$ 56,244	\$ 84,366	\$ 22,364	\$ 30,000	-64.4%	26.51%	
6100	Administrative Supplies	\$ 8,959	\$ 4,868	\$ 9,790	\$ 6,856	\$ 4,609	\$ 3,000	\$ 4,444	\$ 4,500	50.0%	148.15%	
7880	Workers Comp	\$ 3,684	\$ 3,734	\$ 3,271	\$ 3,460	\$ 3,601	\$ 3,727	\$ 3,160	\$ 3,700	-0.7%	84.79%	
8020	Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 1,500	200.0%	0.00%	
8025	Hardware	\$ 3,942	\$ 7,765	\$ 5,797	\$ 1,656	\$ 15	\$ 2,000	\$ 2,403	\$ 2,500	25.0%	120.14%	
8035	Software	\$ -	\$ 1,438	\$ -	\$ -	\$ -	\$ 500	\$ -	\$ 1,500	200.0%	0.00%	
	Non Personnel Subtotal	\$ 872,587	\$ 942,545	\$ 905,071	\$ 916,925	\$ 746,241	\$ 741,441	\$ 299,852	\$ 624,500	-15.8%	40.44%	
	Totals	\$ 1,638,548	\$ 1,703,843	\$ 1,693,494	1,626,375	\$ 1,463,204	\$ 1,382,531	\$ 812,113	\$ 1,162,421	-15.9%	58.74%	
	Approved Budget	\$ 1,656,855	\$ 1,703,875	\$ 1,778,889	\$ 1,670,501	\$ 1,428,620						
	Actual vs Budget	\$ (18,307)	\$ (32)	\$ (85,395)	\$ (44,126)	\$ 34,584						
	Actual vs Budget %	-1.10%	0.00%	-4.80%	-2.64%	2.42%						
¹ Expenditures as of 9/30/2010												
² Expenditures in 5010, 5050 & 5070 in 2005-2010 include Home Tour advertising, printing and professional services.												
³ Added in 2005 as a line item.												
⁴ 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).												
⁵ Includes office rent, operating expenses and parking charges for office.												
⁶ Covers reimburseable employee transportation and parking.												
⁷ Beginning in 2002 this code included funding for the Community Leadership Institute. Funding for CLI was discontinued in 2009.												
⁸ Includes premiums for D&O Insurance (\$ 19,599 for 62 neighborhood organizations and the NRP Policy Board in 2010) and NRP Office General Liability Insurance (\$ 1,888.19 in 2010). D&O insurance policy and carriers changed in 2010.												
⁹ Assumes transfer of 2 NRP staff to NCR, NRP reimburses for NCR staff time on NRP, and that Home Tour expenses continue through 2011.												
Revised: 10/19/10												

**FY 2011
NRP Administrative Budget (Proposed)
Contracts for Professional Services**

	FY 2011 (Proposed)	FY 2010 Approved Budget	\$ Change (2011 - 2010)	% Change
Professional Services				
DFD/City of Minneapolis (Administrative Support)	\$ 150,000	\$ 215,000	\$ (65,000)	-30.23%
NCR/City of Minneapolis (NRP Support)	\$ 65,000	\$ -	\$ 65,000	
Office of Minnesota State Auditor (NRP & Nghd audits)	\$ 75,000	\$ 90,000	\$ (15,000)	-16.67%
Hennepin County (Contract Support)	\$ 5,000	\$ 10,000	\$ (5,000)	-50.00%
The Gavzy Group (PlanNet NRP)	\$ 4,000	\$ 7,000	\$ (3,000)	-42.86%
Kennedy and Graven (NRP Legal Counsel)	\$ 30,000	\$ 30,000	\$ -	0.00%
Mike Wilson & Associates (Nghd audits)	\$ 30,000	\$ 45,000	\$ (15,000)	-33.33%
MTN (Video Communications)	\$ 10,000	\$ 15,000	\$ (5,000)	-33.33%
I-Systems (PlanNet NRP and network support)	\$ 5,000	\$ 7,500	\$ (2,500)	-33.33%
Hennepin County (Computer System Support Services)	\$ -	\$ 5,000	\$ (5,000)	-100.00%
Other Consultants (See below for Details)	\$ 38,000	\$ 59,500	\$ (21,500)	-36.13%
Web Site Design/Support (NRP Web site)	\$ 1,000	\$ 1,000	\$ -	0.00%
Margo Ashmore (LINK)	\$ 6,000	\$ 8,000		
Ulrich and Mahoney (NRRC Audit)	\$ -	\$ 15,000		
Michael Krause (Computer System Support Services)	\$ 5,000			
Eve Borenstein (Attorney)	\$ 1,500	\$ 2,500	\$ (1,000)	-40.00%
Total	\$ 425,500	\$ 510,500	\$ (85,000)	-16.65%
Detail for Other Consultants (Home Tour)				
Do Good Biz (Mailings, Postage, Distribution)	\$ 3,000	\$ 2,500		
Margo Ashmore (Home Tour Coordination)	\$ 18,000	\$ 17,000		
Scott Amundson (Home Tour Photography)	\$ 8,000	\$ 8,000		
Pro Media (Home Tour Printing and Support)	\$ 9,000	\$ 9,000		
Note: Reductions in DFD expenses assume implementation of the draft plan for "Collaboration, Cooperation and Consolidator of NRP and NCR. The new line item for NCR support assumes that some current NRP staff are hired by NCR and that the NRP support services that they provide are reimbursed by NRP. Home Tour related expenses are projected to continue for 2011 and to be covered by Home Tour revenues.				
Revised:10/19/10				