

MEMORANDUM

Date: July 21, 2011

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Results from the 2011 Minneapolis & Saint Paul Home Tour

The 2011 Minneapolis & Saint Paul Home Tour on April 30 and May 1 marked the 24th consecutive year of this annual event to showcase city living. NRP has been coordinating the Tour for the past 9 years and it has been a major venue for presenting neighborhood and resident housing related accomplishments.

When NRP assumed responsibility for this activity nine years ago, I committed to the Board that we would cover as much of our direct and indirect costs as possible with sponsorships. Our review of the Tour expenses and revenues for this year indicates that we will again be able to cover all of our direct expenses and our indirect (NRP staff) expenses with sponsor revenue.

This year, NRP contracted with Pro Media, Inc., the company that had handled the Home Tour Guide production in 2010, to handle other duties associated with overseeing the tour; such as its ancillary graphics, website content, day-of-tour coordination, subcontractors and most of the bookkeeping. This saved a significant amount of NRP staff time, responsibility and expense. This move was both successful and very cost effective.

Pro Media, Inc. is a subchapter S corporation formed in the early 1980's to provide media, consulting and promotion services for neighborhoods and organizations. The principle projects of the company have been the Northeaster newspaper for Northeast Minneapolis (since 1981) and the NorthNews newspaper for North Minneapolis (since 1991). In addition to operating the two community papers, Pro Media has planned and conducted special events that contribute to improving the neighborhoods in the service area of their papers. Kerry Ashmore and Margo Ashmore jointly own the company. Using Pro Media gives the Home Tour access to additional staffing and a variety of administrative services at reasonable cost, as well as production resources for the Guide.

Margo Ashmore has been the facilitator and coordinator for the Home Tour for the past seven years as an independent contractor to NRP. She has been the reason for the Tour's successful conversion from an almost completely publicly funded event to a predominantly privately sponsored event. In 2011 Pro Media paid the expenses for Margo's coordination contract.

The Expense and Revenue reports for 2011 are attached for your information. I have used formats that show the revenues received by both Pro Media and NRP, the expenses paid by both, and a summary that details the final reconciliation.

This year's Tour was definitely a success. The Tour contained 55 homes, including 17 from Saint Paul, and continued our efforts to highlight individual neighborhoods. The Tour highlighted groups of homes in the Longfellow, Whittier, Waite Park, Near North and Linden

Hills neighborhoods in Minneapolis, and the Highland Park (5 homes) and Dayton's Bluff (4 homes) neighborhoods in Saint Paul. Two of the Whittier homes, both historic, were the tour's top draws with 1,160 and 905 visitors; Longfellow homes were also among the best attended.

We also strengthened our partnership with the Hennepin and Saint Paul library systems. They distributed our Guides and hosted presentations by housing professionals on Universal Design, Green Remodeling, and Resale Ramifications of Remodeling in advance of the tour. They also used their signage to promote the tour and the presentations.

The number of visitors (3,661) was a 9% decrease from the corresponding figure for 2010 but an increase in the number of homes visited per person (7.4 in 2011 vs. 6.8 per person in 2010) resulted in a net loss of only 354 visits. The weather was rainy and windy or overcast for all but an hour or so (the last part of Saturday) of the Tour. The slight decrease in visitors may have been a result of shifting the Tour to a week later than usual to avoid conflicts with the Easter weekend and the adverse weather.

Of the visitors, 26.5% were from outside Minneapolis and St. Paul. This figure is very consistent with similar figures from previous years and continues the upward trend (22.8% in 2009, 25.6% in 2010). Visitors attend the Tour for many reasons but "To Get Remodeling Ideas" was again the dominant reason in 2011.

The focus on reaching out to past attendees as part of the marketing strategy continues to pay off handsomely and trend upward. Fifty-two percent (52%) of the survey respondents indicated that they heard about the Tour from the mailed Tour Guide they received. The corresponding figures for 2009 and 2010 were 45% and 47% respectively. In 2011 an additional 13% indicated hearing about the tour from family or friends. Some of these contacts may well have been a result of a mailed Guide.

We were able to maintain the turnout numbers, as detailed above, even with bad weather and a "tough economy" while cutting the Tour's promotional expense outlay. Newspaper articles, in addition to the printed guide, continued to be a source of Tour information for visitors who filled out surveys. The website and social media played bigger roles this year than in the past.

Of the survey respondents, 98.9% indicated that the Tour met their expectations. This is an excellent indicator of the quality of the Tour. The Tour has been more than capably coordinated by Margo Ashmore for the past seven years. During her tenure, visitors, homeowners and sponsors have continuously viewed the Tour as very well run.

This year's Tour had 35 paying sponsors, up from 29 in 2010. Of these sponsors, only 3 were public entities. In 2002, the year before NRP began coordinating the Tour, the Tour had 9 sponsors; of the nine 2002 sponsors, only 2 were private companies. We have deliberately and successfully changed this event from an almost wholly publicly funded effort to a public/private partnership with private sector funding comprising 62 percent of the Tours revenues.

Another result of working with Pro Media has been the excellent and timely collection of sponsor commitments. Only one private (Wells Fargo) and one public (CPED and the City of Minneapolis) sponsor have not yet paid their fees for participation.

The private sector sponsors are mostly professionals who nominate homes for the tour. Several sponsors and potential sponsors indicated that while their business had been slow, it was picking up and they are hoping to have a lot of projects to choose from next year. Rather than dropping out this year, they found creative ways to participate, such as showing how to do projects in phases, or how to accomplish energy efficient construction. We are happy to report that the professional community is aware of the Minneapolis & Saint Paul Home Tour, its niche and how it works. They see involvement as desirable and they look for clients enthusiastic about city living, so that they can participate.

Last year the Policy Board's subcommittee on the Future of the Home Tour reviewed the history of the event, the results accomplished, the arguments for and against continuation and the most appropriate organizational location for the event, if it is continued. The Committee recommended that more of the Tour responsibilities be shifted to a private contractor in 2011. We did that in 2011 and the results speak for themselves: more private sponsors, better and timelier collection of fees, a highly professional approach to preparation of the Guide and management of the Tour on the days of the event, minimal dependence on NRP staff, and reduced costs.

The Committee's recommendation was to eventually move the event to a private vendor that has the experience and expertise to accomplish the complex activities associated with putting on this Tour. Based on the results from this year, I am recommending that we continue this move in 2012. It is important that this major event's future be stabilized and that it be given every opportunity to succeed. Pro Media has demonstrated both the willingness and capacity to conduct this Tour in a manner consistent with the quality that NRP has emphasized for the past nine years. Based on the results from this year's Tour, and the continuing interest of sponsors and visitors in the Minneapolis & Saint Paul Home Tour, I am recommending that the Policy Board adopt the following resolution:

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RESOLVED, That the Minneapolis Neighborhood Revitalization Program (NRP) Policy Board (Board) agrees that NRP should be a sponsor of the 2012 Minneapolis and Saint Paul Home Tour; and

BE IT FURTHER RESOLVED, That the Board authorizes the Director to: 1) Contract with Pro Media Inc. for conducting the 2012 Home Tour; 2) Enter into any contracts or agreements needed to conduct the 2012 Home Tour; 3) Expend funds from the approved 2011 and 2012 Administrative Budgets as needed for this purpose; 4) Ensure that any NRP expenditures are completely paid for by revenues received from Pro Media, Inc.; 5) Document the revenues received and the expenses incurred for the Home Tour; and 6) Use the NRP name, logo and website to promote and advertise the Tour; and

BE IT FURTHER RESOLVED, That the Director shall provide a full report on the revenues and expenditures, attendance and any other relevant matters to the Board by July 30, 2012.

2011 Home Tour Revenues (Final)

<u>RECEIVED</u>		Received By Pro Media	Received by NRP
MARPE Development	\$ 1,200	\$ 1,200	
Northeast Bank	\$ 2,000	\$ 2,000	
Terra Firma Building & Remodeling	\$ 700	\$ 700	
Otogawa Anschel	\$ 2,000	\$ 2,000	
AIA Minnesota	\$ 3,000	\$ 3,000	
SALA Architects	\$ 1,200	\$ 1,200	
Quartersawn	\$ 1,000	\$ 1,000	
Village Green	\$ 1,000	\$ 1,000	
Revolution	\$ 1,000	\$ 1,000	
Albertsson Hansen / Harry Jensen	\$ 1,400	\$ 1,400	
Home Tailors	\$ 700	\$ 700	
Jones Design Build	\$ 1,200	\$ 1,200	
Castle Building & Remodeling	\$ 2,000	\$ 2,000	
Mackey Malin	\$ 1,400	\$ 1,400	
Holtan Kitchens	\$ 1,000	\$ 1,000	
Buck Brothers Construction	\$ 1,525	\$ 1,525	
Rehkamp Larson Architects	\$ 1,000	\$ 1,000	
JS Johnson	\$ 500	\$ 500	
Ronel	\$ 2,000	\$ 2,000	
Sunrise - Dan Jozefow	\$ 1,000	\$ 1,000	
Acacia/Twin Cities Remodeling	\$ 1,400	\$ 1,400	
Laurel Ulland	\$ 900	\$ 900	
CEE	\$ 1,000	\$ 1,000	
City Desk Architects	\$ 500	\$ 500	
Kell Architects	\$ 500	\$ 500	
Renaë Keller Design	\$ 700	\$ 700	
Christine Nelson Design	\$ 1,900	\$ 1,900	
Full Circle Construction	\$ 500	\$ 500	
Advances from NRP	\$ 22,500	\$ 22,500	
City of Saint Paul	<u>\$ 15,000</u>		<u>\$15,000</u>
Subtotal	\$ 71,725	\$ 56,725	\$15,000
 <u>TO BE RECEIVED</u>			
Wells Fargo	\$ 1,200		\$ 1,200
CPED	<u>\$ 8,500</u>		<u>\$ 8,500</u>
Subtotal	\$ 9,700		\$ 9,700
 <u>TOTAL</u>	 <u>\$ 81,425</u>	 \$ 56,725	 \$24,700

2011 Home Tour Expenses (Final)

		Paid by Pro Media	Paid by NRP	
<u>CONTRACTORS</u>				
Scott Amundson Photography	\$ 5,865.00	\$ 5,865.00		
Margo Ashmore, Coordinator	\$ 18,000.00	\$ 18,000.00		
Database and Tour Day Coordinators	\$ 1,292.50	\$ 1,292.50		
Subtotal	\$ 25,157.50	\$ 25,157.50		
<u>PROMOTION</u>				
MCN Channel 6	\$ 1,800.00	\$ 1,800.00		
KBEM	\$ 1,000.00	\$ 1,000.00		
Mpls Neighborhood News	\$ 3,000.00		\$ 3,000.00	
South Mpls. Housing Fair	\$ 500.00		\$ 500.00	
Triangle Park - website	\$ 577.13	\$ 577.13		
Pro Media Inc - prepress,web content,admin	\$ 8,500.00	\$ 8,500.00		
ECM Printing of Guide	\$ 3,724.07	\$ 3,724.07		
Do Good Biz - mail prep	\$ 1,916.55		\$ 1,916.55	
Do Good Biz - postage	\$ 4,000.00		\$ 4,000.00	
Subtotal	\$ 25,017.75	\$ 15,601.20	\$ 9,416.55	
<u>HOMEOWNER SUPPLIES</u>				
Henn Cty for fact sheet printing	\$ 268.20		\$ 268.20	
Booties, signs, boxes, etc.	\$ 424.93	\$ 424.93		
Subtotal	\$ 693.13	\$ 424.93	\$ 268.20	
<u>HOMEOWNER EVENTS</u>				
Parking costs, certificates	\$ 179.12	\$ 179.12		
Flowers for homeowners	\$ 165.19	\$ 165.19		
Event supplies	\$ 400.00	\$ 400.00		
Subtotal	\$ 744.31	\$ 744.31		
<u>NRP</u>				
Postage/copying	\$ 200.00		\$ 200.00	
Staff time	\$ 2,067.05		\$ 2,067.05	
Advances to Pro Media	\$ 22,500.00		\$ 22,500.00	
Subtotal	\$ 24,767.05		\$ 24,767.05	
<u>TOTAL</u>	\$ 76,379.74	\$ 41,927.94	\$ 34,451.80	\$ 76,379.74

Home Tour Financial Summary

All Revenues (Includes Advance)	\$81,425.00
All Expenses (Includes Advance)	76,379.74

Net Profit \$ 5,045.26

Distribution of Revenues that exceed Expenses, in accordance with Agreement C-28697 Between the Minneapolis Neighborhood Revitalization Program (NRP) and Pro Media, Inc.

NRP Receives 25% of the excess (\$1,261.32)
Pro Media receives 75% of the excess (\$3,783.94)

Pro Media has received \$ 56,725 of the revenue. The remainder (\$24,700) was received by NRP. NRP owes Pro Media \$ 24,700.

Pro Media has paid out \$ 41,927.94 for Home Tour expenses. NRP has paid out \$ 34,451.80. NRP is owed \$ 34,451.80 by Pro Media.

The difference in these amounts ($\$ 34,451.80 - 24,700 = \$ 9,751.80$) is the amount that Pro Media owes NRP. In addition, Pro Media owes NRP the \$ 1,261.32 from the excess of revenues over expenses.

Although this accounting could be completed by having NRP issue a check to Pro Media for \$ 24,700 (the revenue received by NRP), having Pro Media issue a check to NRP for the \$ 34,451.80 in expenses that NRP paid for the Home Tour, and then having Pro Media issue another check to NRP for the distribution from the excess in Home Tour revenues over Home Tour expenses (\$ 1,261.32), such an approach would be both administratively complicated and present potential cash flow problems for Pro Media (i.e. the check from NRP may not be received before the check from Pro Media is cashed). Therefore the amounts owed to each party are being balanced against each other and only the net amount owed is to be transferred. As a result, only one check will be issued. The check will be from Pro Media to NRP. **The total amount to be returned to NRP by Pro Media is \$ 11,013.12.**