

Memorandum

Date: September 19, 2011
To: Policy Board Members and Alternates
From: Robert D. Miller, Director
Subject: 2012 Administrative Budget Proposal

The budget proposal for 2012 that is attached to this memorandum for your consideration covers the period from January 1 to September 30, 2012. It has been prepared with the expectation that any takeover of NRP by NCR that occurs should be completed by that date and that the NRP office will close by December 31, 2012. It is the last budget that the NRP office will be submitting.

The spreadsheets attached are similar in format to past budget submissions and reflect costs that will be incurred until the office is closed. This Budget eliminates the expenses of the Minneapolis and Saint Paul Home Tour and payments to the City for support from DFD, NCR and CPED. Services NRP previously provided to neighborhoods, such as D & O Insurance and audit support, have also been eliminated.

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 2011 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 59 (or 81.9% of the total number of plans that can be submitted for approval in Phase II).

Together, the approved NAP's for Phase II appropriate about 88% of the total funds set aside for neighborhoods in 2004. Of the appropriated total, 76.9% is allocated to housing or housing related activities, programs, projects or services and only 17.4% 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. The restriction on neighborhood contracting imposed by the Minneapolis City Council on December 13, 2010 will adversely impact both of these figures, however, and may result in missing this legislated mandate if the restriction remains in effect.

Initiating new implementation contracts for neighborhoods and managing execution of contracts already in place will, with continuing to help the remaining neighborhoods with development

and approval of their Phase II neighborhood action plans, be the focus of NRP staff. In 2011 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 fourth 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 and been cost effective for both the City and NRP and will continue in 2012.

The “NRP and NCR: Collaboration, Cooperation and Consolidation Plan” adopted by the Policy Board on September 27, 2010 called for NRP functions to be gradually and responsibly transferred to the new NCR department of the City. The consolidation was intended to minimize administrative duplication while continuing to ensure that the NRP program meets its commitments to neighborhoods and the State legislature. Although the Minneapolis City Council never approved that plan, NRP has continued taking the steps that are its responsibility in order to accomplish the envisioned takeover.

NRP will phase out operations during calendar year 2012 and its remaining responsibilities will be transferred to NCR by the end of the year.

A number of major NRP initiatives will be ending in 2012. NRP coordination of the Minneapolis and Saint Paul Home Tour will be ending after a very successful and productive nine years. The Tour has been a major venue for presenting neighborhood and resident housing related accomplishments and will now be conducted by a private corporation.

The proposed budget for 2012 concludes our efforts to reduce central office costs and staffing and minimize duplication of services with the Neighborhood and Community Relations Department.

The 2012 NRP Office Budget that I am recommending reduces the current staff complement by 5 FTE (from 5 FTE in 2011 to 0 by September 30, 2012).

NRP has been reducing its staff complement to adjust to changes in workload, neighborhood capacity and available funding for the past 16 years. We have done so gradually and without terminations or layoffs. The FTE complement has been reduced from 26 in 1995 to 5 FTE at the end of 2011. By the end of 2011, NRP’s Central Office staff complement will have been reduced by 80% since 1995. The office will be closed by the end of 2012.

Overall the proposed 2012 Budget is 54% less than the approved 2011 Budget and 60% less than actual 2010 expenditures.

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 2012, in the amount of \$546,865 as detailed in “Attachment A” to this Memorandum, which is incorporated herein by reference;

RESOLVED FURTHER: That the Board authorizes the Director to spend up to \$546,865 in FY 2012 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 \$546,865 of NRP Program Moneys for administrative expenditures in 2012;

RESOLVED FURTHER, That the Director is hereby authorized and directed to request that the City Council, City of Minneapolis, appropriate \$ 546,865 to Fund 01CNR for the purposes herein authorized, and to request that CPED immediately transfer \$546,865 from Fund 01CNR to the NRP’s City of Minneapolis Fund 42300; and,

RESOLVED FURTHER , That the Director is authorized to close out all NRP funded contracts executed between 1991 and 2007 that have any unexpended balances and for which no payments have been requested since 2007 and return those funds to the source that supplied the funding for the contract, 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 this Memorandum.

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

FY 2012					
NRP Administrative Budget (Proposed)					
Contracts for Professional Services					
	FY 2012 (Proposed)	FY 2011 Approved Budget		\$ Change (2012 - 2011)	% Change
Professional Services					
DFD/City of Minneapolis (Administrative Support)	\$ -	\$ 150,000		\$ (150,000)	-100.00%
NCR/City of Minneapolis (NRP Support)	\$ -	\$ 65,000		\$ (65,000)	-100.00%
Office of Minnesota State Auditor (NRP & Nghd audits)	\$ 15,000	\$ 75,000		\$ (60,000)	-80.00%
Hennepin County (Contract Support)	\$ 2,000	\$ 5,000		\$ (3,000)	-60.00%
The Gavzy Group (PlanNet NRP)	\$ 2,000	\$ 4,000		\$ (2,000)	-50.00%
Kennedy and Graven (NRP Legal Counsel)	\$ 15,000	\$ 30,000		\$ (15,000)	-50.00%
Mike Wilson & Associates (Nghd audits)	\$ 5,000	\$ 30,000		\$ (25,000)	-83.33%
MTN (Video Communications)	\$ 5,000	\$ 10,000		\$ (5,000)	-50.00%
I-Systems (PlanNet NRP and network support)	\$ 2,500	\$ 5,000		\$ (2,500)	-50.00%
Other Consultants (See below for Details)	\$ -	\$ 38,000		\$ (38,000)	-100.00%
Web Site Design/Support (NRP Web site)	\$ -	\$ 1,000		\$ (1,000)	-100.00%
Margo Ashmore (LINK)	\$ -	\$ 6,000		\$ (6,000)	-100.00%
Michael Krause (Computer System Support Services)	\$ 2,000	\$ 5,000		\$ (3,000)	-60.00%
Eve Borenstein (Attorney)	\$ 1,000	\$ 1,500		\$ (500)	-33.33%
Total	\$ 49,500	\$ 425,500		\$ (376,000)	-88.37%
Detail for Other Consultants (Home Tour)					
Do Good Biz (Mailings, Postage, Distribution)	\$ -	\$ 3,000			
Margo Ashmore (Home Tour Coordination)	\$ -	\$ 18,000			
Scott Amundson (Home Tour Photography)	\$ -	\$ 8,000			
Pro Media (Home Tour Printing and Support)	\$ -	\$ 9,000			
Note: Home Tour related expenses occurred for 2011 and were covered by Home Tour revenues. No expenses or revenues are projected for the Home Tour in 2012.					
Revised:10/19/10					