

## **Memorandum**

Date: October 19, 2011  
To: Policy Board Members and Alternates  
From: Robert D. Miller, Director  
Subject: 2011 Budget Amendment

When the NRP Policy Board approved the allocations for neighborhoods on April 19, 2004, it set aside funds for NRP central administrative costs and an Administrative Contingency Fund. The set aside for NRP central administrative costs was to cover expenses for the period from 2001-2010 and the expectation was that the Administrative Contingency Fund would cover any NRP Office expenses after that date. The Administrative Contingency Fund, however, has been used for other expenditures, with the most significant being the \$ 250,000 loan to Allina.

As a result, the Administrative Contingency Fund does not have enough of a balance to fully cover the 2011 Budget approved by the Policy Board and the City Council. In addition, funds are needed to cover the costs associated with closing down the NRP office by December 31. Those costs were not included in the 2011 Budget.

NRP has been actively and aggressively, with the support, assistance and cooperation of DFD, identifying contracts with unexpended balances for which no payment requests have been received since 2007. While most of these unexpended balances will be returned to the neighborhoods that initiated the closed contracts, a significant amount will be coming back to NRP from activities that were funded by the program (e.g. revenues from closed Phase I participation agreements, closed transition fund projects, past Home Tours). The result is that the unobligated (not needed to fund neighborhood Phase II allocations) fund balance in Fund 01CNR (the NRP funds) is more than sufficient to cover the 2011 Central Office funding gap and the currently projected closedown costs.

The approved budget for 2011 was \$ 1,162,421. Of this amount \$ 725,659.30 is available from the Administrative Contingency Fund. The balance needed to fully fund the 2011 budget is \$ 436,761.70. I am presently projecting the costs for closing down NRP at \$ 250,000. This figure will change as we get closer to December 31 but I am requesting that this amount be transferred to the Administrative Contingency Fund at this time to help ensure that the Policy Board has the funds readily available to pay for any closeout costs that occur.

Based on my review of NRP's financial situation and accounts, the fund balance information that we have received from DFD, and the costs for closing out the program and the office, I am recommending the following resolution for your approval:

**BE IT RESOLVED**, That the Minneapolis Neighborhood Revitalization Program Policy Board (“Board”) approves Amendment #1 to the Neighborhood Revitalization Program Administrative Budget for Fiscal Year 2011 by increasing the amount of the 2011 Budget by \$ 250,000 to a new total of \$ 1,412,421; and

**RESOLVED FURTHER**, That the Board authorizes the Director to spend up to \$ 1,412,421 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 a revised total of \$1,412,421 of NRP Program Moneys for administrative expenditures in 2011;

**RESOLVED FURTHER**, That the Board approves the allocation of \$686,761.70 of unobligated NRP fund balance to the Administrative Contingency Fund to fully fund the increased 2011 Budget; and

**RESOLVED FURTHER**, That the Director is hereby authorized and directed to request that the Minneapolis City Council appropriate \$250,000 to Fund 01CNR to fully fund the increased 2011 Budget, and to request that CPED immediately transfer \$ 250,000 from Fund 01CNR to the NRP’s City of Minneapolis Fund 42300; and

**RESOLVED FURTHER**, The Director is authorized to close out any and 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.

