

Memorandum

Date: December 14, 2011

To: Policy Board Members and Alternates

From: Robert D. Miller, Director

Subject: Closing Down NRP

The Office of the State Auditor has just completed the NRP Administrative Office audit for 2010. The OSA will be distributed at the Policy Board meeting on Monday..

I am very pleased to inform you that the report contains no management findings and no compliance issues. This continues the strong record of aggressive and prudent financial management that has been a focus of ours for the past 19 years. Jack Whitehurst and Carsten Slostad have been excellent stewards of our public and earned resources.

The NRP Office will close 12 days after the Policy Board meets on Monday. There are a number of liabilities and assets that must be addressed before that date.

All leases of equipment and space have been terminated. Leased equipment will be returned by the 31st. NRP staff will be vacating Room 425 by midnight on the 31st and all personal materials we be removed from the office by that date. All providers of services to NRP have been notified that their contracts and services to NRP are terminated effective December 31. We have requested that all outstanding contractor invoices be submitted by December 23 so that payments can be processed by the end of the year. Any invoices submitted after that date will have to be addressed by NCR and the new Policy Board.

Our contract files and materials directly related to those files are being updated by our neighborhood specialists and are stored in marked file cabinets in the NRP office. Policy Board minutes and packets, approved neighborhood action plans, neighborhood audits and other historic documents are stored in labeled binders and file cabinets in the NRP Office.

NRP has a limited amount of furniture, cubicle partitions, computers, desks and other items that have no salvage value but could be of use to the neighborhood organizations that have been our NRP partners. I am recommending that NRP assemble these items and allow neighborhoods to select any items that they may be able to use and transfer them to their offices. A transfer of ownership form will be required and retained in our

files as a record of the transfer. Any items that remain will become the property of the City on January 1, 2012. The large format printer that is the only owned equipment of value in the office will be transferred to the City.

We are also, as we are cleaning up our offices and files, assembling materials that may have historic value (such as newspaper stories, special audit reports, etc.) but are not relevant to current business activities. I am recommending that these items be stored at an off site location and preserved for possible researchers in the future. We do not have a site yet at which to store these materials and some costs may be associated with the transfer, storage, cataloging and management of these files.

One of the major findings of the audit by the State is that our administrative office fund balance was \$ 607,056 as of December 31, 2010. The unrestricted portion of those funds (i.e. the dollars banked from the Home Tour and interest earned on our administrative fund balance) amounts to \$ 604,907. In the report the auditors consistently and repeatedly indicate that these funds “may be used to meet the Policy board’s ongoing obligations” and are “available for spending at the Policy Board’s discretion”. Some of these funds will be used to pay for final invoices on existing contracts and any severance that is provided to employees. Even if these expenditures meet our expectations, however, we will still have a considerable, but presently unknown, fund balance in fund 42300 on December 31, 2011. The amount of that balance will become more certain as we move closer to the final days of business

The resources available to our neighborhoods have significantly declined over the years and as neighborhoods continue to expend their NRP funds, there is even greater uncertainty about the resources that will be available to them in the future. It is clear that the balance that will remain in fund 42300 after payment of all remaining NRP obligations could be a help to our neighborhood organizations because it would be unrestricted funds that they have not been expecting.

When the City committed \$ 200,000 in 2010 for the Neighborhood and Community Relations Department’s Bridge Fund the identified purpose was to assist neighborhood organizations that had insufficient funding for 2010. It was also recognized that those funds “are insufficient to satisfy the existing operational and program needs of all neighborhood organizations. Neighborhood organizations were able to use those unexpected resources to help them address some of their immediate financial needs. Those needs are growing ever greater and I am recommending that the Policy Board use any remaining fund balance in 42300 to assist our neighborhood organizations. The amount available should be known before December 31. I encourage the Board that created and managed this balance to determine how it should be used.

Therefore, to address the issues and activities associated with the closure of the NRP Office, I am recommending, as my last recommendation to this Board, that the following resolution be considered for action:

BE IT RESOLVED, That the Neighborhood Revitalization Program (NRP) Policy Board (“Board”) authorizes the NRP staff to offer and transfer to recognized neighborhood organizations any current NRP owned equipment and furniture that has been fully depreciated and has a minimal salvage value provided that a record of each transfer is retained by NRP and the receiving organization removes the desired items from the NRP Office by December 29;

BE IT FURTHER RESOLVED, That the Board authorizes the NRP staff to secure, if at all possible, a publicly accessible site and manager for NRP files and documents of historic value and to prepay, if required, for the future storage, cataloging and management of those materials;

BE IT FURTHER RESOLVED, That the Board recognizes that its unrestricted Administrative Fund balance (Fund 42300) at the end of 2011 will be significant and that the fund balance that remains after all 2011 expenditures have been made could be used by neighborhood organizations to implement their approved Neighborhood Action Plans and / or fund part of their operating expenses;

BE IT FURTHER RESOLVED, The Board considers this a prudent investment of the unrestricted funds that have been earned by NRP and consistent with the mission and purposes of NRP;

BE IT FURTHER RESOLVED, That the Board allocates the unrestricted fund balance that remains in Fund 42300, after all NRP expenditures and commitments have been processed and as determined by the NRP Director, to the recognized neighborhood organizations that participated in RNP in a manner proportionate to their participation in the NRP fund allocations for Phase II approved April 19, 2004;

BE IT FURTHER RESOLVED, That the Board directs the NRP staff to increase the existing administrative contracts for recognized NRP neighborhood organizations by the amount of their allocation of the unrestricted Fund 42300 balance and approves the transfer of those funds to the receiving neighborhood organizations;

BE IT FINALLY RESOLVED, That the Board directs and authorizes the Director to take any and all actions required to implement these resolutions and complete any other duties related to implementing actions authorized by this Board as part of the closure of the NRP Office and the termination of the employment of the NRP staff.