

Report to the NRP Policy Board

FROM: David Rubedor, NCR Director
Howard Blin, Community Engagement Manager

DATE: March 13, 2012

SUBJECT: **Agenda Item 6 – CPP Funding Formula**

Action Requested:

The Policy Board is requested to provide feedback on options to provide additional funds for neighborhoods that lost funding in the December 2010 budget action.

Background

At the February meeting, the Policy Board requested that information be presented by neighborhood on NRP fund balances as well as the Community Participation Program (CPP) allocations for 2011 and 2012. The attached *Table 1 NRP-CPP Resources* provides this information.

On March 7th the City Council Committee of the Whole reviewed the CPP Guidelines and allocation formula. Staff was directed to return to the Committee of the Whole on March 29th with options to have the formula reflect additional funds for neighborhoods that lost dollars in the budget action from December 2010. This would be in addition to the \$2,680,000 in NRP funding restored to neighborhoods in April 2011 which brought all neighborhoods to 66 percent of their NRP Phase II allocation. Staff has been directed to review the options and make a recommendation to the City Council on how to provide additional funding for neighborhoods.

Discussion

The Council's direction focused on developing options to change the CPP allocation formula to provide additional funding to neighborhoods that lost NRP funding in 2010. That approach is shown below as Option 1. It is possible, however, to leave the formula unchanged and restore some of the lost funding. Options 2 and 3 add funding to neighborhoods in 2012 and do not affect the proposed CPP allocations.

Three options are presented to meet the City Council direction:

	<u>Amount of Additional Funding</u>
Option 1: Revise formula to shift 10% of funding to neighborhoods that lost funding. This option will reduce funding for some neighborhood and increase funding for others.	\$0
Option 2: Increase funding by 10% to neighborhoods that lost funding. The funding source is CPP fund balance. No neighborhoods experience reduced funding.	\$570,000
Option 3: Restore all neighborhoods to a minimum of 70% of NRP Phase II funding. The funding source is CPP fund balance. No neighborhoods experience reduced funding.	\$860,000

How funding levels for each neighborhood are affected by these options are shown in *Table 1*. The source of the additional funding for Options 2 and 3 use of the program fund balance and is shown in the attached table titled *Table 2 2010-2020 Neighborhood Program Sources-Uses*. The projected fund balance for the neighborhood programs is sufficient to add \$860,000 in 2012 while continuing CPP funding at anticipated levels. These options do, however, reduce the overall fund balance or contingency for neighborhood programs. Remaining projected balances are an adequate contingency for the programs.

Recommendation

NCR staff is recommending that Option 3 be used. As noted, there is sufficient projected fund balance to provide additional CPP funding in 2012. In addition, funding all neighborhoods to the level of 70 percent of NRP Phase II allocation levels conforms to previous City Council direction.