

# Staff Report

**Agenda Item:** 7A

**Title:** NCEC comments and feedback on Draft Review of NRP Funds Guidelines

Action  Discussion  Informational

**Date:** June 23, 2015

**Prepared By:** Robert Thompson, Neighborhood Support Manager

**Attachments:** Draft Review of NRP Funds Guidelines

## Requested Action

Discussion and feedback on draft guidelines for Review of NRP funds.

## Background

On November 17, 2014, the Health, Environment and Community Engagement Committee of the Minneapolis City Council directed NCR staff to “engage neighborhood associations and the NCEC in developing policy and procedural recommendations for the Council which would establish guidelines for allowable balances of unspent NRP fund allocations and require any neighborhood association not meeting those guidelines to develop a plan with specific timelines on how they will use those funds, as well as developing reporting and monitoring procedures for the deployment of these resources. Staff are to present a draft policy recommendation to Council no later than May 31, 2015.”

NCR Staff reviewed past reports and analysis, such as the recent Neighborhood Board Diversity Survey, to develop initial guidelines. Based on this analysis, staff developed an online survey, and requested neighborhood organizations share the link and encourage board members and others to participate in the survey.

NCR staff developed draft guidelines, and distributed to all neighborhood organizations via email, regular mail, and on the NCR website for a 45-day review and comment period. Deadline for comments is Friday, June 26, 2015.

NCR staff held two informational meetings with neighborhoods to share background information and listen and respond to comments and questions.

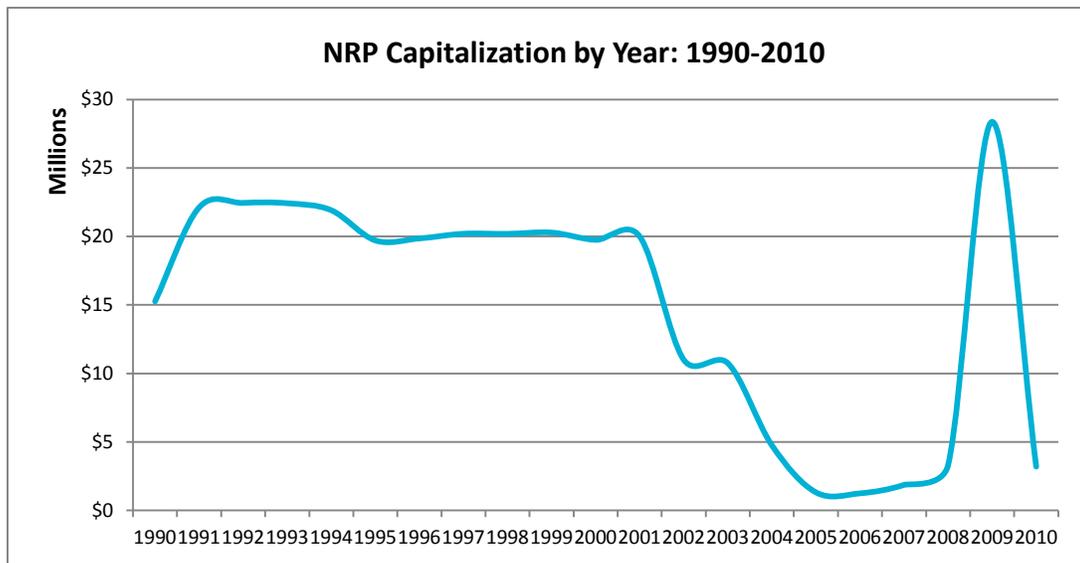
A report will be provided to the NRP Policy Board on June 30, 2015, and a final report to the Health, Environment and Community Engagement Committee (HECE) of the City Council on July 27, 2015.

For reasonable accommodations or alternative formats please contact the Neighborhood and Community Relations Department at 612-673-3737. People who are deaf or hard of hearing can use a relay service to call 311 at 612-673-3000. TTY users call 612-673-2157 or 612-673-2626.

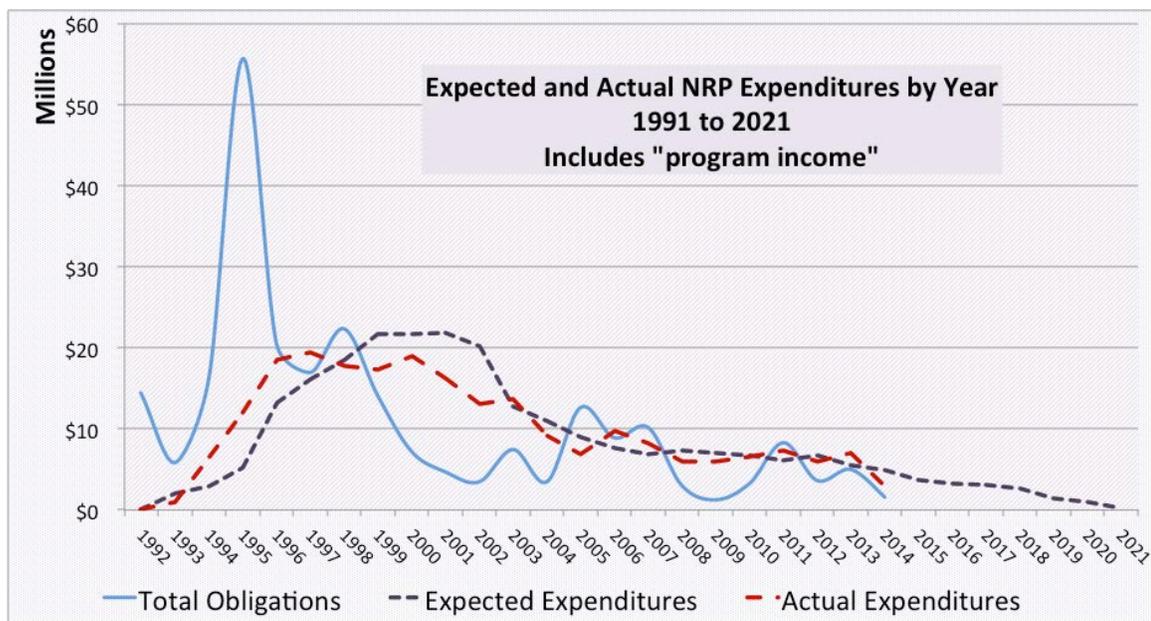
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## Discussion

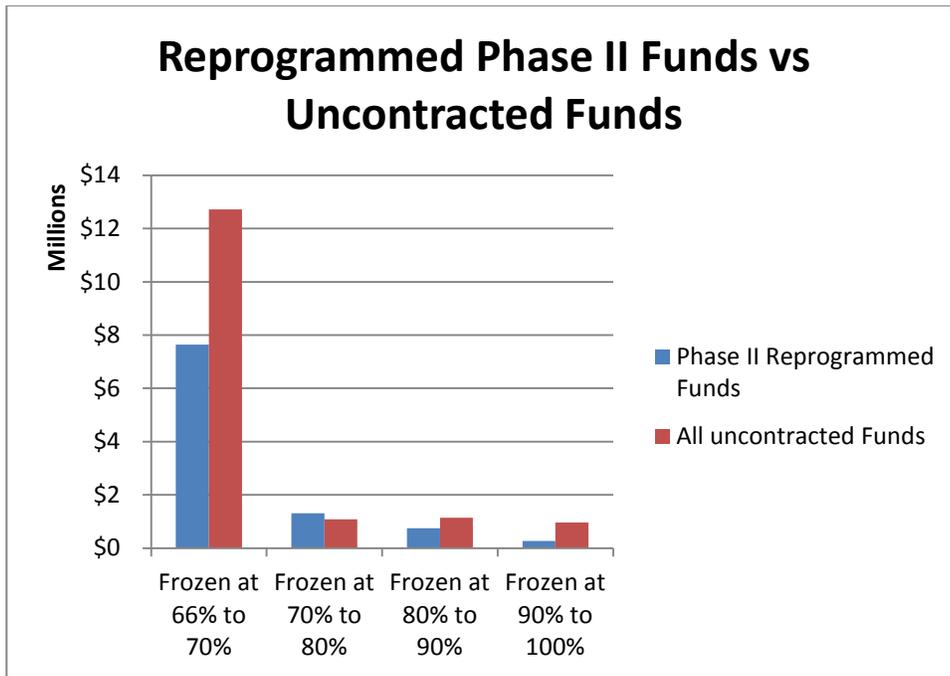
- In response to volatile TIF revenue projections, the NRP Policy Board took action in 2004 to slow the rate of neighborhood NRP expenditures, including capping the amount of funds that neighborhoods could expend in the first three years following Phase II plan approval. Because Phase II capitalization was reliant on the repayment of the Brookfield–Gaviidae Commons loan, almost 50% of the Phase II revenues to capitalize the NRP were not received until after the end of Phase II (December 2009).



- Despite the deliberate “throttling back” of NRP expenditures, on average, most neighborhood organizations have been expending the majority of their NRP funds with seven years of approval of their Phase II NRP plans. Our analysis also projects that most NRP funds currently obligated through NRP plans, including all program income generated as of August 2014, would be expended by 2021.

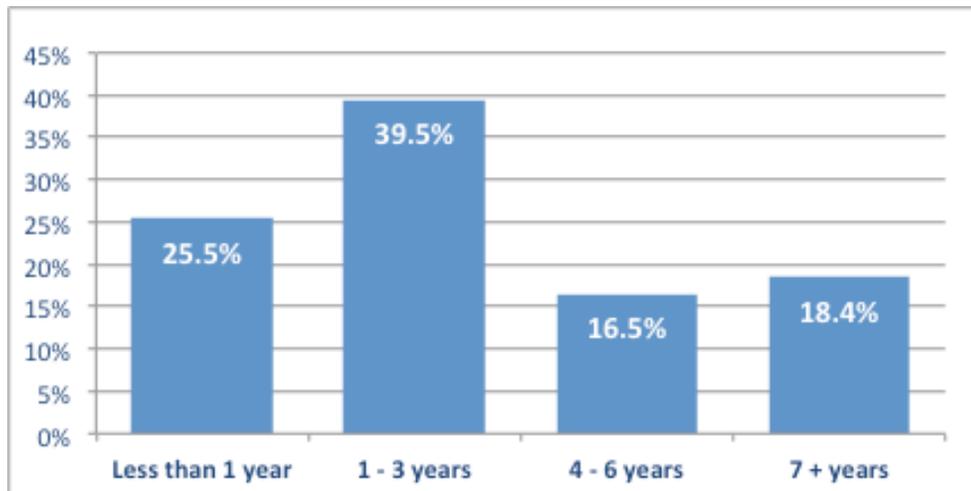


- As reported to the NCEC in October 2014, any reallocation of unexpended funds would fall most heavily on neighborhood organizations that lost Phase II NRP funds due to the 2010 Council Action to reprogram NRP funds.



- The 2014-15 Neighborhood Board Diversity Survey indicated that 65% of current neighborhood organization board members have served for three years or less. This finding suggests that many current board members are implementing plans that they may have had little role in developing.

Length of Neighborhood Board Member Service:



- NRP Fund Balance Survey Results: 84 individuals completed the survey between April 21, 2015 and June 2, 2015. Key findings from the survey include:
  - Participants noted that neighborhood plans were developed with the intent of having long-term impact, to leverage return on funds, and that they successfully encouraged additional long-term investments. They expressed concern that they would now be penalized for their care in investing funds strategically for long-term returns.
  - Survey participants noted that there were many factors that might impact the ability of the neighborhood organization to implement projects quickly, including leadership turnover, changing priorities and conditions in the neighborhood, availability of staff compared to capacity

of all-volunteer organizations, the desire and need to seek input from the community, changes in the population, and complexity of City requirements.

- Despite these concerns, there was generally support among participants for the proposed seven-year time frame, with some expressing preference for a longer time frame such as ten years, and others a shorter time-frame such as five years. Additional concerns were expressed that the goal should be to redirect and refocus neighborhoods rather than take away funds.
- Some responders objected to imposing any time frames or guidelines for expenditure of NRP funds. Others noted that NCR should prioritize and focus efforts more on those neighborhoods that do not seem to be moving funds quickly.
- There was concern about proposing a requirement to spend NRP funds within a certain time period when there was no original expectation laid out that NRP funds needed to be expended within a certain amount of time. Participants also expressed some concern that imposing a deadline would result in
- Many respondents indicated a one-year review and planning period was sufficient, while others indicated that the review period should be based on a specific neighborhood's needs and plans. There was also some concern expressed that the current level of administrative funds did not allow for thorough review and planning.
- Most participants supported the idea of a waiver, and commented that outside circumstances beyond a neighborhood organizations control should be taken into account when reviewing a neighborhood organization's progress in expending funds. Some participants cited delays caused by City departments, and situations where funds were allocated to a long-term project that was later dropped by the City or other partners.
- There was a preference for some lower threshold than the proposed 85% expended/95% contracted at seven years threshold proposed by NCR staff, but concerns were expressed that circumstances were different for each neighborhood.
- There was a mix of interest on potentially reallocating NRP funds from neighborhoods that were not utilizing NRP funds to those that had a greater need, while recognizing that some neighborhood organizations are not as well established as others. Several respondents endorsed the idea of reallocating funds after a neighborhood has had an opportunity to show work towards implementation of the neighborhood's plan.
- Some respondents also raised objections to reallocations under any circumstances. Such reallocations might pit neighborhood organizations against one another, or increase inequities caused by the 2010 budget action that reprogrammed \$10 million of NRP funds.
- Participants raised questions about how program income was counted, and how it would be applied toward evaluating expenditures of NRP funds.
- Some respondents the issue of accountability of neighborhood organizations, and reflected that neighborhood organizations should be responsible for getting funds used in the community within a certain period of time.

- Respondents brought forward concerns about the role and accountability of the City and NCR in delays of implementation, including constantly stated intentions and expectations stated by the City, and the disruptions due to the nature of funding decisions by the City. Some noted the need for the City to provide more staff assistance, particularly to those neighborhood organizations that may have less capacity to implement their plans, or in the review and planning process.
- Some respondents also expressed their opinion that the City has been and is taking a punitive approach or creating obstructions to neighborhoods completing their plans, that the City is not being clear on the problems they see, and that NCR is insufficiently supportive. Solutions offered by respondents included providing better communication and education, and increased support by NCR for struggling neighborhoods.

## Recommendation

Please share your thoughts and responses to the draft Review of NRP Funds document at the NCEC Commission meeting or in writing to [Robert.thompson@minneapolismn.gov](mailto:Robert.thompson@minneapolismn.gov).

Prior to presentation to the NRP Policy Board at the end of this June, NCR staff will continue reviewing survey responses, and will review and carefully consider all written comments provided by neighborhood organizations and others during the 45-day review and comment period.