City of Minneapolis

Review of NRP Funds

Minneapolis
City of Lakes

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."*

Between 1991 and 2010, $215,374,329.09 was allocated to neighborhood organizations for Phase I and Phase II Neighborhood Action Plans through the Neighborhood Revitalization Program. (This does not include the $10,000,000 that the City Council reprogrammed in 2010.) As a result of income generated by neighborhood activities over that period of time ($25,203,380.07), actual obligations through neighborhood NRP plans totaled $240,577,709.16.

As of March 31, 2015, $212,900,866.11 of NRP funds had been expended, or 88.62% of all NRP funds obligated through approved Neighborhood Action Plans. The remaining $27,676,843.05 is a combination of unexpended Phase I, Phase II and program income funds.

> In the big picture, this is a low balance, reflecting responsible spending and a handsome return on neighborhood investment and planning. Neighborhoods, NRP and NCR should be proud of this and the City should leave a process that is working alone. (Whittier)

A recent analysis by NCR shows that, on average, neighborhood organizations are expending NRP Phase I and Phase II funds within seven years of Neighborhood Action Plan approvals, and that most NRP funds should be expended by the year 2021. Currently, 45 of 70 neighborhood organizations have plans that were approved more than seven years ago.

> When NRP Phase I and Phase II funds were approved for neighborhoods through their individual Action Plans, there was not an expectation set up front that the funds would be used within a certain time frame. With that in mind, many neighborhoods reserved funds for future long term planning projects…Seven years is a short term spending goal as compared to the longer term goals and plans of many neighborhoods. (Kenny)

PROCESS OF REPORT, REVIEW AND COMMITMENT OF NRP FUNDS

A. Upon approval of this policy, NCR will prepare a status report of each neighborhood's Phase I and Phase II NRP Action Plans to determine the percentage of funds currently contracted and expended. For neighborhoods without an approved Phase II Plan, a report will be based on the date of approval of their Phase I Plan. The percentage will be calculated for both the neighborhood's all Phase I and Phase II

contracted funds or expenditures divided by all Phase I and Phase II allocations. NCR will review the status report with the neighborhood organization.

1.A: …Add a minimum balance threshold so neighborhoods with lower balances will not be impacted adversely by the draft guidelines. (Waite Park)

B. For neighborhood organizations past the seven year anniversary of their NRP Phase II Plan Approval, those neighborhood organizations that have not expended at least 85% and contracted at least 95% of the original plan allocation plus program income must either (1) submit a plan for reaching thresholds within one year, (2) complete a robust neighborhood review process (see Robust Community Engagement section below) within 18 months of the report prepared by NCR to affirm or revise current strategies, or (3) request a waiver due to extenuating circumstances (see Waivers section below).

Q1. B: What happens after the plan is submitted? There is no reference to the plan review timeline/process/amount of time that the funding review is extended, etc. (Beltrami)

Q2 B: The Guidelines do not indicate a timeline in which the new plan needs to completed and the funds spent. Do neighborhoods have a new seven year time frame to spend the funds? Or is there a different time frame that is anticipated? This should be clearly laid out in the Guidelines. (Kenny)

1.B: Previously, NENA believed NRP I and NRP II to be 10-year programs and operated under such understanding. We understand that the average timeline for neighborhoods to spend their Phase II money is 7 years. However, each neighborhood is so different and switching from a 10-year time frame to a 7 to 8-year time frame seems both arbitrary and drastic. (Nokomis East)

2.B: The REVIEW itself should happen before seven years to help neighborhoods boards renew their familiarity with their NRP plans and strategies, and any relevant small area planning. (Holland)

3.B: The review of funds would happen once every two years. The review should happen based on a specific date and not be on a rolling basis. (Lyndale)

4.B: I also disagree that program income should be included in any calculation that evaluates whether a neighborhood has spent enough of its money during any timespan…neighborhoods should have the option of allowing for replenishment that can contribute to significant public projects rather than having to spend down the money as it trickles back in. (Holland)

5.B: Since the 85% expended stipulation will be consistently unobtainable for these programs our recommendation is to lower or eliminate the 85% expended stipulation or add language ensuring waivers for programs like these to continue in perpetuity. (Waite Park)

6.B: The percentages in item B should be an **or** not an **and** (Lyndale)

"those neighborhood organizations that have not expended at least 85% and contracted at least 95% of the original plan allocation plus program income"

C. Reviews submitted under (2) above must identify how Phase I funds, Phase II funds and program income are reallocated to new or existing strategies. Any reallocations of NRP funds as a result of the neighborhood process must be done in accordance with the "Changing Approved Neighborhood Plans" policy adopted by the City Council as recently as July 19, 2013.

D. The neighborhood organization may use Community Participation Program funds in support of the neighborhood's review and approval process.

Q1. D: What is the process to request additional funds as large neighborhood projects outlined in Action Plan strategies then become necessary? Community Participation Program funds do not cover substantial projects and neighborhoods will lack funds to leverage for large neighborhood projects and developments. (Kenny)

Q2. D: Where do the Neighborhood Priority Plan funds fall? Are they part of the Phase II allocation? (Victory)

E. All reviews will be submitted to NCR for approval. NCR staff will provide quarterly updates of all reviews and reallocations developed under Section B to the NRP Policy Board. Any reviews that reallocate more than $100,000 or create new strategies will be presented to the NRP Policy Board and City Council for final approval, as required by the *Changing Approved Neighborhood Plans Policy*.

F. Neighborhoods that have not yet submitted an NRP Phase II Plan for approval must complete Phase II planning by December 31, 2016. Allocations for neighborhoods without a Phase II plan after that date may be reallocated to other neighborhoods.

1.F: Further - it is our feeling that many of the inactive neighborhood organizations are in under-represented areas & demographics within the City. 'Pulling' funds from these organizations seems unjustified. If anything, more should be done to engage it's citizens (Beltrami)

2.F: The WPCC believes that redistributing such funds to other neighborhood groups may create unwanted tension and animosity among neighborhood groups. Therefore it is recommend that if funds are to be reallocated, they should be returned to the city of Minneapolis for use within the general fund. (Waite Park)

G. A neighborhood that fails to submit a completed review for approval as outlined above may have any unexpended NRP funds reallocated to other neighborhoods by action of the NRP Policy Board and City Council. Such funds will be reallocated to neighborhoods that have exceeded contracting and expenditure thresholds.

ROBUST COMMUNITY ENGAGEMENT

In the Community Engagement piece, I think there should be review of the criteria required for outreach to be considered acceptable - in particular the survey response rates. (Holland)

Robust community engagement will be defined to include some or all of the following processes:

- Broad and regular communication to the neighborhood as a whole, including notification by mail, newsletter, door-to-door flyers, or some comparable method designed to reach, or is reasonably accessible to, all households and stakeholders. Communications and notifications should not be limited to notices on web sites or email lists.

- Broad-based neighborhood support for the recommitment of NRP funds to existing strategies, or any proposed NRP fund reallocations can be demonstrated through one of the following methods identified in the *Changing Approved Neighborhood Plans Policy*, as adopted by the City Council on July 19, 2013:

  A. At least one neighborhood-wide general attendance meeting, promoted through broad means (such as flyers, newspaper ads/articles, church bulletins, broadcast emails, etc.) for which adequate notice (i.e., 21 days or more) has been given and at which a recorded vote is taken or a consensus decision is reached on the proposed change, or

  B. At least three focus groups (with populations representative of the neighborhood), or

  C. A survey or questionnaire of the neighborhood's households that has a minimum response rate of 20%, or

  D. An interview or survey covering a minimum of 350 randomly selected neighborhood households in which the response rate is at least 70%.

  1.D: We suggest that instead of a number of households that the target be a percentage of the estimated number of households in a given neighborhood. Also, that the 70% response rate be lowered to something more reasonable (30-50% at most). (Beltrami)

  2.D: When Holland was formulating our NRP Phase II Plan, we were told by the survey company we hired that a 15-20% response rate was exceptional…70% for targeted survey takers may be a higher threshold than many neighborhoods could reasonably hit within the typical one-month duration of a survey. (Holland)

- Targeted outreach to and participation of under-represented communities. A process such as focus groups, open houses, surveys, use of translation equipment at community meetings, etc., targeted to specific under-represented groups should be used in neighborhoods when those populations exceed 15% of the neighborhood population (based on most recent Minnesota Compass data). This would include racial or ethnic groups as defined by the U.S. Census, renters, individuals with disabilities, youth, seniors and non-English speaking or limited English proficiency groups.

WAIVERS

Neighborhoods that have not expended at least 85% <u>and</u> contracted at least 95% of the original plan allocation plus program income may request a waiver of the neighborhood plan review process if:

1: I do not agree that seven years is an appropriate timespan during which to mandate that neighborhoods must have their NRP funds and program income 95% contracted and 85% spent down (or request a waiver or re-do their plans), especially as there has been no timeline specified as neighborhoods have completed plans. (Holland)

2: There should be a shelf-life for waivers of three to five years, depending on the waiver…There needs to be clearly articulated criteria for issuing of waivers. (Lyndale)

1. Funds committed by the neighborhood to a project for which implementation is not under the neighborhood organization's control (e.g., a streetscape project) would bring them above the thresholds if contracted;

Between the somewhat limited capacity of an all-volunteer board and part-time staff and the need to oftentimes seek outside partners and/or grant funding to help support these initiatives, the work sometimes goes slowly. (Holland)

2. A recent plan modification, contract close-out or receipt of program income within the last year that may temporarily result in the neighborhood being below the thresholds;

C.1.2: (Change) A recent plan modification, contract close-out or receipt of program income within the last five years that may temporarily result in the neighborhood being below thresholds. (Cedar Isles Dean)

C.2.2: (Change) A recent plan modification, contract close-out or receipt of program income within the last **three** years that may temporarily result in the neighborhood being below thresholds. (East Calhoun)

3. Other unexpected circumstances or reasons for delay beyond the neighborhood organization's control.

1.3: It's unclear what qualifies as an "unexpected circumstance" under waivers. (Nokomis East)

Requests for waivers, and the rationale for that request, shall be submitted in writing to NCR. Approvals of such requests shall be within the authority of the NCR Director. NCR will review waivers on an annual basis.

Expand waiver to include:

- Money is in an active contract but it hasn't been spent yet.
- A contract is pending. (Cedar Isles Dean) (East Calhoun)

Neighborhood organizations may appeal a denial of a waiver to the NRP Policy Board. The appeal must be addressed to the Chair of the NRP Policy Board within 60 days of receipt by the neighborhood of the NCR status report.

NCR'S ROLE AND RESPONSIBILITY

- NCR will prepare a status report for each neighborhood organization to identify the percent of Phase I and Phase II NRP funds contracted and expended, and date of 7 year anniversary of Phase II Plan approval.
- The neighborhood organization will have the opportunity to address or correct any inaccuracies in the status report.
- NCR will be responsible for alerting neighborhood organizations to any approaching deadlines.
- NCR neighborhood specialists will be available to provide guidance to neighborhood organizations as needed on community outreach and engagement activities, neighborhood census data, and options for reuse and redirection of funds.
- NCR staff will create and provide a neighborhood demographic profile for neighborhood organizations that will conduct a review process, and will provide guidance and training as necessary to support neighborhood engagement strategies

General Comments:

We fail to see the reason why neighborhoods should have to conform to a timeline. Why, if the city has *already committed funds to the neighborhood*, should said funds be put at risk? (Beltrami)

In the world of development and investment, seven years is a relatively short time. I know that there are projects in the Holland neighborhood that have been unfolding and will continue to unfold for a long time - the Green Campus and Holland Commons, goals as laid out in the Holland Small Area Plan, improvements to our housing stock, and a newly undertaken bicycle infrastructure initiative surrounding the Great Northern Greenway come to mind… As long as a neighborhood is showing intentional and wise planning and strategic investment of its NRP dollars, I do not believe there should be deadlines to spend down nor contract said funding. (Holland)

I would encourage the NCR to create a group of selected neighborhood leaders from each quadrant of the city to be a part (with our NCEC Directors) of helping to come up with guidelines that will support and encourage neighborhoods in creating and implementing investment strategies that address their unique needs and continue the city on its upward trajectory. (Holland)

The current draft sets a new expectation that the majority of the funds be spent or contracted within seven years. This is a different approach than previously communicated, requiring neighborhoods to make a large philosophical shift in their thinking and strategic planning… If the desire of the City is for neighborhoods to spend these funds within a short term timeline, then that should have been communicated at the beginning. (Kenny)

The LHiNC Board believes it is the best interest of the neighborhood to revisit the Phase I and Phase II Plans and develop a plan that: 1)utilizes the remaining funds in a timely manner and 2) achieves the maximum benefit for our neighborhood.

- Options that will be considered include: develop specific plans for using current balances within existing strategies ; reallocate funds within a Plan to a different strategy ; or develop new strategies that will added to existing Plans. Funds can still be used within existing strategies during this process.
- LHiNC will engage in a robust outreach effort to gather ideas and input from the community with a goal of voting on the final plan at the Board Meeting in November 2015. (Linden Hills)

LNA does not object to a process that supports and encourages neighborhood organizations to wisely use their NRP funds as long as the policy is not punitive, does not allow the City to reprogram NRP funds to other neighborhoods or City purposes, and neighborhood organizations have a chance to engage their community members to determine how they want to invest the funds. (Lyndale)

We view our NRP funds as a great opportunity to impact neighborhood priorities, and one that is unlikely to be duplicated in the short-to-medium term. We want to use these unique funds carefully. In all our strategy areas, e.g., parks or crime and safety, we count on a volunteer(s) with a strong interest in the area to lead the effort. If we don't have strong volunteer leadership for a strategy, in some cases we will conserve funds for it until we recruit that leadership. (Lynnhurst)

Some neighborhood priorities take longer -- sometimes much longer : NCR acknowledges this in the waiver part of the draft policy, but we believe the issue goes beyond the time it takes to implement a defined and funded project by a single city agency. (Lynnhurst)

Enforcing a seven year threshold may be less appropriate for parts of neighborhood plans, and while a robust re-engagement process can be important in some situations, the process uses limited volunteer capacity for a neighborhood such as ours, and funds, and could be tailored to accommodate that. (Lynnhurst)

In some cases a neighborhood does not even know they have unspent funds – it happened to us. Phase I dollars that were leftover in a contract that was closed many years ago, suddenly were made known to us years later… Better tracking and communications with neighborhoods is needed… Maybe if there were more frequent updates as to where funding stands, it would help neighborhood groups to spend the money within the 7-year timeframe. (Marcy Holmes)

NENA will reach the 7-year mark in 2017 and while we're optimistic that programs will be implemented soon, expending 85% by 2017 or 2018 is beyond our reach. We hope to not be required to complete yet another planning process in 2017 when we hit our 7-year mark nor be punished for not expending the funds when we can demonstrate progress and the ability to spend by 2021. (Nokomis East)

By threatening the removal of funds, the city is encouraging poor fiscal discipline and abbreviated decision making. Adopting a "use it or lose it" policy will force neighborhoods to allocate money in a way that allows undeserving or poorly defined projects to move forward. It creates a terrible precedent for interactions between the city and the neighborhoods as it destroys trust. (St. Anthony West)

NRP funds are already restricted in what they can be used for. Adding a further hurdle will only serve to complicate and add costs to the process. The St. Anthony West Neighborhood Organization will have to take time out of its efforts against the emerald ash borer, creating a small area plan, producing a newsletter, fundraising, combating crime, improving parks, and several other initiatives in order to comply with these useless and costly bureaucratic hurdles. (St. Anthony West)

NRP funds were intended for revitalization/development. Many of these projects require partners most often the City or the Park Board. These bureaucracies are very slow to respond to neighborhoods' issues, concerns or projects. (Victory)

We do not understand nor agree with the need for additional "policy and procedural recommendations," as not only would they be superfluous but also potentially at odds with existing policy and use of funds contained in our **approved,** Neighborhood Action Plan…We feel strongly that what is now being asked of us will promote irresponsible and panicked spending simply to avoid the appearance of lack of activity in a program and risk of losing funds, an unintended and short-sighted result of a "solution in search of a problem." (Whittier)

If the City needs more information about the use of NRP funds, we recommend that in lieu of new policy, process and guidelines, NCR continue the existing oversite of the neighborhood Action Plans, spending and balances and make recommendations if needed for plan modifications or fund reallocation. (Whittier)

The fact that neighborhoods have remaining fund balances does not mean that they are not using the funds. There are several reasons for balances to be dormant for an unspecified amount of time:

a. The neighborhood might be partnering with another organization on an initiative and waiting for the timing to align for a more comprehensive outcome

b. The funds are in a loan program and the demand is seasonal or depend ant on the economy

c. Neighborhoods should not be put into a position of feeling they need to spend money in order to keep it moving, reduce the balance or because the City is pressuring them—that is bad planning, policy and bad investment

d. A neighborhood might be waiting for a funding cycle in order to leveraging their funds Leveraging has resulted in much bigger and better projects that have benefit the neighborhood and the City

e. Events happen in neighborhoods that take the focus off of a project and redirect it to another. Some of the less urgent NPR strategies get back burnered due to a more pressing issue -- time lines need to be flexible (Whittier)

Windom Park Citizens in Action has judiciously invested a portion of its NRP funds in a revolving loan program. This program has helped homeowners make a variety of improvements to their homes and given businesses the means to expand their operations. Over the years, WPCiA has reinvested the interest from these loans back into the revolving loan program, ensuring the program will continue to assist

neighborhood homeowners and businesses for years to come – unless, that is, the NRP fund recommendations are adopted, forcing a short-term expenditure of "the original plan allocation plus program income." (Windom Park)

Especially problematic is that the draft guidelines shift the incentives for the neighborhood from wise investments (where money might be used efficiently and in accordance with thoughtful neighborhood priorities) to quick investments (where money is spent so that it isn't reappropriated). (Windom Park)

With respect to NRP, WPCiA sees an emphasis on "Neighborhood" and is concerned about what might be lost when revitalization is viewed from farther away. (Windom Park)

The city must focus on understanding the diverse needs and choices of neighborhoods in spending NRP funds; wielding the retraction or reallocation of NRP funds as a punishment for neighborhoods who happen to have funds remaining pits neighborhood organizations against the city and against each other. (Windom Park)

The recently published draft "Guidelines for Review of NRP Funds" represent a short-sighted, one-sizefits-all vision for NRP funds still available to neighborhood organizations and a problematic approach to ensuring those funds' expenditure. (Suzanne Janse-Vreeling, Windom Park)