

**Funding Trends For Neighborhood Organizations in Minneapolis  
and St. Paul: A Case Study Examination of Organizations and  
Collaborations for the Center for Neighborhoods**

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## **Executive Summary**

Funding in the current economic environment places increased challenges on neighborhood organizations. Neighborhood groups in Minneapolis and St. Paul struggle in the current funding environment to maintain and secure new public and private funding. Public funding from the cities, the main support for many organization's general operations, is in danger of being cut in both cities.

Private funders, both corporate and foundation, are also strained in their grant-making ability. Interviews with private givers suggest that **three factors that make neighborhood work attractive are: 1) ideological alignment, 2) historically successful relationships, and 3) an emphasis on the problems of urban areas.** Yet these private funders also suggest that neighborhood organizations in general lack several aspects that make ideal funding candidates. **The five aspects that neighborhood organizations lack include: 1) a broad impact on citizens, 2) issue-orientation, 3) results-based operations, 4) programmatic focus, and 5) maintenance of long-term goals.**

Several organizations and collaborations have succeeded in securing and generating funds despite the challenges faced by many neighborhood organizations. These **successful organizations have four common characteristics including: 1) the ability to generate revenue, 2) programs or projects that illicit clear and evaluative results, 3) the ability to see through long-term goals, and 4) internal stability.** **Three common characteristics exist among successful collaborations including: 1) broad and varied support among collaboration members, 2) vested interests of collaboration participants and funders, 3) and results-based outcomes.**

Of the characteristics previously mentioned, many align with the criteria that private funders note are essential for the success of organizations and projects. Successful organizations and collaborations employ other strategies for increasing revenues that aid in their success. **Neighborhood organizations wishing to attract funding may consider the following strategies for securing future funding.**

- Collaborate or form a coalition to broaden the impact neighborhood work.
- Identify and utilize revenue-generating opportunities already available within the organization.
- Implement results-based programs and projects.
- Utilize non-traditional funding sources by fundraising outside the public (state, county, local) or private (foundation, corporate-giver) dichotomy.

## **Introduction**

In 1998, the Center for Neighborhoods completed a study entitled, “Funding for Neighborhood Organizations: A Study of Trends Over 1993-1996.” Conducted to examine the funding environment for neighborhood organizations in Minneapolis and St. Paul, the study also attempted to grasp funders’ opinions in regards to funding neighborhood organizations. Several questions regarding the funding of neighborhood organizations arose after the completion of this study. Some of these questions include:

- How has the funding environment changed since the year 1998 and what is the current environment today?
- What do funders look for in determining successful organizations and projects?
- What strategies do successful neighborhoods employ to attract funding?
- What trends, such as collaborations, positively impact neighborhood organizations and attract funding?

This study addresses the preceding questions. To answer these questions, several funders were interviewed to gain their perceptions on funding neighborhood organizations. Three neighborhood organizations (Macalester-Groveland Community Council, Whittier Alliance, Powderhorn Park Neighborhood Association) that successfully fundraised were also interviewed for case study material to identify practices or strategies used by the organization to obtain funding from various sources. Additional consideration was given to organizational strengths, as these strengths are inexorably linked with funding successes. Finally, members of two collaborations (Midtown Public Market, Great Northern Corridor) were interviewed for case studies to determine what differentiates successful from unsuccessful collaborations, especially in regards to securing funding.

Given the current fiscal crises in Minnesota’s state and local governments, neighborhood organizations are increasingly dependent on non-public funds. Assessing the strategies used by successful neighborhood groups allows such groups to adopt new techniques of securing funding. This information, combined with current perceptions about neighborhood work from the funding community, provides neighborhood groups with strategies that appeal to funders without modification of the central goals of neighborhood work. Keep in mind that one central theme that underlies the success of most neighborhood organizations and collaborations is internal strength and capacity. Internal success and capacity is key to the success of an organization in achieving both short and long-term goals. To ensure adequate capacity, organizations that lack capacity may want to consider undertaking an organizational assessment to identify ways to build internal capacity and strength.

## **Past Funding Environment**

In light of the information from the funding study mentioned earlier, several funding trends are apparent for the years 1993-96. During this period most organizations, in both Minneapolis and St. Paul, received the bulk of their general operations support through city grants. In St. Paul, where there are far fewer neighborhoods than in Minneapolis, grants ranged from \$30,000 to

\$50,000<sup>1</sup>. In Minneapolis, “target” neighborhoods received an average of \$17,000 while “non-target” neighborhoods received an average of \$2500<sup>2</sup>. State funding during this period was sporadic and only went to a handful of organizations in any given year.

Aggregate perceptions of private funders who were interviewed for the previous study constitute the private funding trends for that period. First, in the previous study many private funders preferred grant-making in support for programs rather than general operations. Second, funders expressed a preference for providing fewer, and larger, grants to neighborhood organizations because of a concern about “spreading themselves to thin.” Third, corporate-givers were more interested in funding work that supports the corporation’s goals.

## **Changes in the Funding Environment Since 1998**

Many changes, in both the public and private funding environment, occurred in years since 1998. Changes within the last two years, due largely to the fiscal crises at both the state and local levels in Minnesota, have been especially hard for neighborhood organizations. The following sections focus on the current public and private funding environments in Minneapolis and St. Paul.

### **Public Funding**

Public funding for neighborhood organizations comes from several sources including the cities of Minneapolis and St. Paul, Hennepin and Ramsey counties, and the state. All three of these sources has been degraded given the current fiscal crises in the state. While both Minneapolis and St. Paul neighborhood organizations are, and will be, hard hit by funding cuts, groups within each city find themselves in somewhat different predicaments.

Over the past ten years neighborhood organizations in Minneapolis have come to rely on support from the city’s Minneapolis Community Development Agency (MCDA) *and* from the program run by that agency, the Neighborhood Revitalization Program (NRP). Hailed as “an innovative effort to bring residents into the priority-setting process of their city,” NRP funding was supposed to span two decades and provide \$20 million a year to neighborhood groups in Minneapolis<sup>3</sup>. While neighborhoods have already developed action plans for Phase II of NRP, continuation of the Phase will possibly, if not likely, cease. For many neighborhoods that rely on NRP this eventuality means both staffing cuts and the rethinking of long-term plans. State and county funding for neighborhood organizations will also experience cuts in the coming years. These funds are not integral to the operations of most neighborhood organizations and so these cuts are not as harshly felt by most groups.

The District Councils in St. Paul are faced with some similar challenges to groups in Minneapolis. Like Minneapolis, St. Paul faces a fiscal crises that threatens some the city’s basic services like the fire and police departments. Neighborhood organizations in St. Paul additionally feel the results of city-wide cuts. Unlike Minneapolis, St. Paul’s support of neighborhood

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<sup>1</sup> “Funding for Neighborhood Organizations: A Study of Trends Over 1993-1996,” J. Spoonheim, 1998.

<sup>2</sup> Ibid.

<sup>3</sup> “About the NRP,” 2002. Accessed at: [www.nrp.org/R2/AboutNRP/default.html](http://www.nrp.org/R2/AboutNRP/default.html)

organizations will likely be cut rather than disappear all together. Due to this difference, neighborhood groups in St. Paul will likely not need to rethink the long-term goals of their organization to account for the loss of a major funding program. Additionally, most District Councils do not rely on county or state funding for the majority of funding so these cuts will not too harshly impact them.

## **Private Funding**

To capture the attitudes of funders in the current funding environment, several foundations and corporate-givers were interviewed. These interviews attempted to gain information to better understand funders interest or disinterest in funding neighborhood organizations, their criteria for judging between projects, and their concerns regarding funding neighborhood work. Like public funding, funds coming from private givers have decreased in the past few years due to an overall decline in the economy. Because of this decrease, neighborhood organizations feel an increased pressure to adapt to the goals and focuses of givers, yet they find it difficult to asses what givers look for in determining successful projects. Factors that the interviewed givers felt differentiated successful organizations and projects from unsuccessful ones were strong leadership, internal capacity, ability to see through long-term goals, and clear outcomes. The following commonalities were found among those foundations interviewed in regards to neighborhood work.

### *Funder Reasons for Funding Neighborhood Work*

- Ideological Alignment: Of the givers who generally reported funding neighborhood work, most have a core belief in the value of this type of work. In all, these organizations were more willing to support long-term neighborhood work and to offer support in general operations. Neighborhood organizations differentiate themselves from other groups, in the eyes of these givers, through their ability to provide, “civil participation, connection among people, and problem-solving.”
- Historically Successful Relationships: Givers that funded neighborhood work and saw those funding choices as highly successful reported a willingness to fund such work in the future. One funder noted that a neighborhood organization’s project that they fund in Minneapolis has been quite successful which makes them want to establish other relationships with grassroots organizations, like neighborhood groups, in the future.
- Emphasis on the Problems of Urban Areas: Neighborhood work was one of the best ways to directly impact problems such as poverty, economic inequality, and a lack of the arts in urban areas, according to some funders. These problems, often specific to certain neighborhoods within a city, can be effectively impacted by neighborhood organizations that, “support people where they live and work...and level the playing field.”

### *Funder Reasons for Not Funding Neighborhood Work*

- Broad Impact: Several of the givers interviewed expressed a concern with funding neighborhood work because of a perceived notion that this type of work only benefits a small

group of families or individuals. Some of the givers that expressed this concern had never funded neighborhood work due to this reason, yet other givers who felt this way had funded neighborhood work at one time but felt the result of that work unsatisfactory. One giver noted that his foundation was moving away from neighborhood work to address more regional concerns, thereby broadening the impact of their funding.

- Issue-Oriented: All givers, whether foundation or corporate, use their central focuses (housing, economic development, youth development, crime prevention) to determine which projects to fund. Several of the interviewed givers spoke to a desire to fund an “issue” related to one of their focuses, rather than a “place.” Some givers felt that funding a place limited the impact of any given project (this concern related to the one described previously) while funding an issue gave them greater freedom to address problems on a wider scale.
- Results-Based: Many of the interviewed givers reported that the outcomes of neighborhood work were not “results-based” making them less attractive than other projects. Voiced several times was the concern that the results of neighborhood work are not visible. Another results-based concern centered around the difficulty in evaluating the effectiveness of neighborhood work. Numbers of people served, a decrease in crime, or the improvement of youth are the type of evaluative outcomes that givers desire. Without such means to gauge the success of neighborhood organizations, givers feel that the positive outcomes of neighborhood work are unclear.
- Programmatic Focus: Projects and programs that reach residents are the most desirable to givers. Unwillingness on the part of givers to fund general operations clashes with the needs of neighborhood organizations who must first increase general operations capacity to be able to offer extensive programs for residents. Yet givers feel that programs are most beneficial to residents, have the greatest impact, and utilize dollars the best.
- Maintenance of Long-Term Goals: “Tendency to lose focus and loss of institutional memory,” were two reasons one giver stated as a drawback to neighborhood work. This suggests that givers feel that neighborhood groups fail to demonstrate an ability to sustain capacity and goals over an extended period of time. Givers’ reluctance to fund long-term projects and goals of neighborhood organizations is attributable to this perception.

## **Neighborhood Organizations: Case Studies**

Several criteria were used to select the following organizations as case studies. Organizations were chosen based not only on the amount they receive in funding but also on the variety of sources from which they receive funds. While the three organizations described below are large, consideration was also given to what information smaller neighborhood organizations would find most useful. Due to these considerations, the organizations were also picked based on their focus. One of the organizations is service-oriented while another runs no programs. This variety allows organizations of varying intent to glean useful information from the case studies, regardless of the size of the researched organizations. Location was the final criteria. Some mixture of organizations in Minneapolis and St. Paul was chosen.

## **Macalester-Groveland Community Council**

The Macalester-Groveland neighborhood is located in St. Paul and is bounded by Summit Ave. in the north, Randolph Ave. in the south, Ayd Mill Rd. in the east and the river in the west. Although Macalester-Groveland is a densely-populated, largely residential neighborhood with approximately 21,000 residents, the neighborhood is also populated by several commercial clusters. Additionally, two colleges, the University of St. Thomas and Macalester College, fall within the neighborhood's borders.

During the period in the early eighties when St. Paul first designated neighborhood groups to represent 19 District Councils (17 Citizen Participation Planning Districts), one district council was chosen to represent both the Macalester-Groveland and the Highland neighborhoods. After residents expressed concern about the size of the neighborhood, the two neighborhoods split into two district councils. For the past 20 plus years in which the Macalester-Groveland Community Council has represented the neighborhood, a service-oriented focus has persisted. Currently, the Macalester-Groveland Community Council runs several longstanding, neighborhood service projects including KidsPark (a childcare facility), recycling, home improvement, crime prevention, and youth organizing. KidsPark and the recycling program are the largest and most highly recognized of Macalester-Groveland Community Council's projects. KidsPark is a drop-in childcare center for kids ages infant to five that provides respite for parents in the neighborhood. Recycling is a program started by Macalester-Groveland residents, due to an interest in environmental issues, prior to the implementation of St. Paul's citywide recycling program. When St. Paul instituted a recycling program, Macalester-Groveland decided to keep recycling as a neighborhood program. Currently they have a contract with the city to perform their own recycling services, a program run through the Macalester-Groveland Community Council.

Macalester-Groveland Community Council receives funding from a variety of public, private, and revenue-generation sources. Public funding accounts for 74% of their total funding and comes from five sources. The bulk of this funding passes through the organization as part of their recycling contract. Private funding, which comes from 4 sources, accounts for 11% of the Council's total funding. Finally, revenue-generation accounts for 15% of funding, and comes from three sources including KidsPark revenue, event fees, and newsletter advertising.

### *Organizational Strengths*

The following organizational strengths of the Macalester-Groveland Community Council contribute to the organization's success:

- **Institutional Memory:** For the first twenty years from the inception of the Council, only one Executive Director ran the organization. Current staff members at the organization attribute much of their continued success to the systems built up by this executive director and the support she received from the Board of Directors. The long-term goals originally conceived under this person and the Board provided the organization with the capacity to see long-term, systemic goals to fruition.

- Reactive to Community Needs: Since the inception of the recycling program some years back, the Macalester-Groveland Community Council has been very receptive to the needs of neighborhood residents. Many of the programs run by the Council received direct input from community members on both utility and feasibility.
- Stability: Stability within the organization can be attributed to several factors including the length of stay of the original Executive Director, a supportive Board, long-standing programs, and successful community relationships with both residents and other groups, such as the schools. These factors allow the Council to focus on a variety of neighborhood needs without sacrificing the strength of the organization.
- Systemic Organization: An additional benefit of the long-term executive director to the Council is that she established a set of long-term goals. These goals established the success of the organization by increasing its capacity to serve the residents. Currently, with the stable capacity of the organization, employees of the Council are free to address the needs and wants of neighborhood residents through several different projects and programs.
- Appropriate Combination of Long and Short-Term Goals: The Council achieves both long and short-term goals. As mentioned previously, the systemic nature of the organization sustains its capacity and internal strength. Given this strength, the Council is free to meet short-term neighborhood needs.

### *Funding Strengths*

The following funding strengths contribute to the success of the Macalester-Groveland Community Council:

- Vested Interests: Macalester-Groveland receives funding from several institutions, including the schools, that fall within their borders. Presumably these entities care about the success of the organization because that success directly impacts their own institution. Since these institutions have a vested interest in the success of the organization they are willing to establish a long-term funding relationship. Justifying projects requiring funding to these institutions is easier because they actually see, and are affected by, the results.
- Fundraising Short-Term Needs: Securing funding for long-term, general operations is becoming increasingly difficult. Stability in the general operations of the Council forces the organization to only fundraise for specific, short-term projects. These projects are easily envisioned by funders and have palpable results.
- Resident-Supported: Recycling and the KidsPark program stemmed from the needs and wants of residents. These residents continue to believe in and support the programs which aids in the project's continued success in terms of revenue-generation.
- Exclusive Funders: The Council has funding relationships with several non-traditional funders. These institutions are non-traditional in the sense that they exist outside of the public

(state, city, county) versus private (foundations, corporate-givers) dichotomy and so their giving relationship with the Council is exclusive.

- **Proven Success:** The Council, which has successfully established several programs without outside funding, is attractive to funders given past successes. Because the Council is able to execute programs and fulfill short-term goals, their abilities are clear. Funders trust such an organization to properly, and successfully, utilize their funds to the maximum benefit of the residents.
- **Revenue-Generation:** Macalester-Groveland Community Council runs several programs that generate revenue. Most of the programs are long-standing (most have been in existence for over ten years) and the recycling and KidsPark programs are self-sustainable<sup>4</sup>. With the revenue that the Council generates, they maintain a full-time rather than a part-time staff person, increasing their capacity.

### **Whittier Alliance**

Whittier neighborhood is located just south of Downtown Minneapolis. Mixed residential and commercial clusters exist in the neighborhood with the commercial area consisting primarily of the section of Nicollet Ave. known as “Eat Street.” Just over 15,000 residents live in the neighborhood which is highly diverse. Approximately half of the neighborhood’s population is people of color (mainly African-American, Hispanic, and Asian).

Established in 1979, the Whittier Alliance began with a large grant from the Dayton-Hudson Corporation which sustained the organization for its first several years. While the Whittier Alliance focuses on economic development, housing is also a main focus. This can be attributed to fact that the Alliance actually formed to combine several neighborhood groups, including a community development corporation. In recent years, the Alliance focused on the development of a NRP Phase II, ten-year action plan for the neighborhood. Whittier Alliance was among one of the first neighborhood organization to receive NRP which lead to a transition from a volunteer-driven organization to that of one with four full-time staff.

Whittier Alliance receives funding from both public and private sources. Public funding accounts for 79% of total funding and comes from four sources. Private funding, which accounts for the remaining 21% of total funding, comes from five sources of which three are foundations and two are corporate givers. Since the Whittier Alliance focuses solely on fundraising for general operations and does not run any programs, they receive no funds from revenue-generation. Much of the Alliance’s action plan relies on NRP Phase II funding. With the future of that funding in limbo, a greater emphasis has been placed on foundation fundraising.

### *Organizational Strengths*

The following organizational strengths of the Whittier Alliance contribute to the organization’s success:

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<sup>4</sup> Occasionally private grants will be used to support the recycling and KidsPark programs. The grants are for special needs that enhance the programs.

- Increased Capacity: In the mid to late nineties, the Whittier Alliance Board decided to dedicate funds to increasing the capacity of the organization. This allowed for the hiring of more staff people with dedicated roles. Another benefit to the increased capacity was that it allowed for the hiring of experienced staff people who eventually saw through the Alliance's Phase II Action Plan.
- Institutional Memory: Along with the dedication to increasing capacity came stability. Employees, including the Executive Director, committed to staying with the organization for an extended period of time. The long-term employees of the Alliance provide some stability and follow-through on long-term goals, goals that are often lost when an organization experiences yearly turnover.

### *Funding Strengths*

The following funding strengths contribute to the success of the Whittier Alliance:

- Defined Plan: Whittier Alliance's Action Plan has clear goals that could be implemented. This defined plan is important to Whittier who relies on funding solely for general operations. In the current funding environment where general-operations fundraising is difficult, plan's that are results-based, like the Action Plan, are most attractive to private funders.
- Funder Research: Prior to attempting to secure funding, the Executive Director researched funders and their funding practices. From this research, a relationship was established between the Alliance and several funders. When approaching funders for funding, the Alliance had already established which funders would most likely fund their needs and the funders were already aware and understood the needs of the organization.
- Organizational Differentiation: The Action Plan formulated by the Alliance set the organization apart from other organizations. Usually securing funding for general operations or long-term goals is more difficult than project fundraising, yet the Alliance was able raise funding for the Action Plan because of the clear, result-based outcomes.
- Varied Funding Sources: Although Whittier Alliance relied on public funding through NRP for much of the last ten years, the organization anticipated changes in the public funding environment and stepped up private fundraising. Due to these increased attempts, the Alliance has seen a large increase in both the amount and the number of private funders that fund their organization. Since these funding sources are many and varied, the Alliance is not forced to rely on one or two funding relationship for its success.

### **Powderhorn Park Neighborhood Association**

The Powderhorn Park neighborhood is located in South Minneapolis and is bounded by Lake St. in the north, 38<sup>th</sup> St. in the south, Cedar Ave. in the east, and Chicago Ave. in the west. In 2000, approximately 9000 people lived in the Powderhorn Park neighborhood. The neighborhood is

highly diverse with about half of the population being African-American and Hispanic. Retail businesses lining the Lake St. edge of the neighborhood make-up much of its commercial area.

The Powderhorn Park Neighborhood Association (PPNA) began in 1982. Until the onset of NRP in the early nineties, PPNA was largely a volunteer driven organization with only one part-time staff. PPNA currently has five full-time staff people. This growth took place in one of the three transitional periods for the organization. Between 1988-89 the organization increased its funding and capacity. In 1994, the organization experienced more growth due to the onset of NRP. In 1998, the organization was able to match leverage funds with NRP and began to generate revenue through its programs. A couple years before the period in 1994, PPNA began to experience the capacity growth it maintains today. While the organization changed while it grew, five focuses persisted. These focuses include housing, economic development, arts, restorative justice, and family and youth.

PPNA receives funding from public, private, in-kind, and revenue generation sources. While a large part of PPNA's funding once came from NRP money, that has changed with the current state and local fiscal crises. PPNA now receives private funding from five sources including two foundations. In-kind contributions also comprise a bulk of PPNA's funding. Contributions include space, utilities, and park support. Revenue-generation accounts for the fastest growing segment of PPNA'S funding. The organization is able to generate revenue through a variety of activities including fiscal agent services, art fair incomes, and donations. Future funding for the organization will rely even more heavily on revenue-generation activities such as these, plus additional activities currently being implemented.

### *Organizational Strengths*

The following organizational strengths of the Powderhorn Park Neighborhood Association contribute to the organization's success:

- Systemic Organization: Like other organizations described earlier, PPNA engages in long-term planning. This planning focuses on the organization's long-term goals and provides stability in general operations. Due to this stability, PPNA is free to engage both in projects and programs that meet the needs of residents and in activities that raise more funds to run such programs.
- Appropriate Combination of Long and Short-Term Goals: Related to PPNA's successful long-term planning, is the organization's appropriate balance of long and short-term goals. While the achievement of long-term goals provides stability for the organization, this stability allows them to undertake projects that respond to community needs.
- Reactive to Community Needs: PPNA offers several programs that respond to needs of neighborhood residents including restorative justice, arts, and programs for youth and family. One program, computer training for kids, addresses needs in the community and, in turn, involves community members in the organization.

## *Funding Strengths*

The following funding strengths contribute to the success of the Powderhorn Park Neighborhood Association:

- Revenue-Generation: PPNA generates substantial revenues from varied sources. The current Executive Director suggests that PPNA's success in its revenue-generation stems from their ability to identify programs or projects they are already running that could bring in revenue. This means that the organization finds ways, such as providing vending services at their art fair, that generate revenue without changing the nature of the activity. For PPNA, combining such revenue-earning opportunities with fee for service activities, like fiscal agent services, brings in funds without burdensome planning and coordination.
- Resident-Supported: As part of PPNA's revenue-generating activities, donations are also received from community members. These donations attest to the support of the residents for the organization and the willingness on their part to contribute to the organization's success. While donations do not make up a large part of the organization's funding, donations in general come from people who have a vested, long-term interest in seeing the organization succeed.
- In-Kind Support: In-kind support comprises a large amount of the funding for PPNA and includes office space and utilities, among other things. While some of the in-kind support that an organization can receive may seem trivial, when in aggregate several small in-kind services free up substantial funding for other projects. Also, in-kind support can be obtained from groups that wouldn't traditionally fund neighborhood organizations and are, thus, an untapped resource.
- Fundraising Short-Term Needs: With PPNA's organizational stability and revenue-generation, fundraising focuses on short-term needs. These needs usually consist of projects to be implemented once or over a short time frame. As funders lean away from funding general operations, their focus moves towards projects with results. Short-term projects often meet these criteria better than others.

## **Collaborations: Case Studies**

Several criteria were used in choosing the following collaborations. Projects were deemed successful if they had broad support from varied interests. Additional consideration was given to the success of the collaboration in raising funds. As with determining the overall success of the collaboration, funding successes were determined by those projects that had broad and varied funding support. Location variation also factored in to the choice of the following collaborations as case studies.

## **Midtown Public Market**

The idea for the Midtown Public Market originally stemmed from two members of the Corcoran Neighborhood Organization Land Use and Transportation Committee in March 2002. Noticing a currently undeveloped corner on Hiawatha and Lake St., they proposed the establishment of an open-air summer farmer's market. After the idea gained support within the Corcoran Neighborhood Organization and within the neighborhood itself, the project expanded to a community-wide project including several other neighborhood organizations. These neighborhood organizations, and formal partners, include: Corcoran Neighborhood Organization, Longfellow Community Council, Standish-Ericsson Neighborhood Association, Bancroft Neighborhood Association, East Phillips Improvement Coalition, Seward Neighborhood Group, and Powderhorn Park Neighborhood Association.

Several other individuals and groups joined the farmer's market collaboration as either formal partners or as supporters. Another partner is the Minneapolis Farmer's Market, which is run by the Central MN Vegetable Grower's Association (MNVGA). Some of the supporters of the project are: RT Rybak, HI-Lake and Longfellow Business Associations, YWCA, Metropolitan Council, and the Minneapolis Public Schools, among others. While all of these supporters and partners do not play a role in the operations of the collaboration, they have been influential in giving the project legitimacy.

While not currently open, Midtown Public Market is scheduled to open in July 2003. Initially the Market will be a warm weather only market, yet plans are for it to eventually become a year-round, self-sustaining marketplace. Currently, the Market collaboration receives funding from public private, revenue-generation, and in-kind sources. Public funding accounts for 40% of total funding and comes from two sources. Private funding accounts for 48.5% of funding and comes from three sources. Revenue generation in the form of donations accounts for 8.5% of funding. Formal in-kind funding comes from the Minneapolis Public Schools and it accounts for 3% of total funding. In-kind support is also received in the form of office space, website design, logo design, and landscaping.

### *Organizational Strengths*

The following organizational strengths of the Midtown Public Market contribute to the collaboration's success:

- Makes Sense for the Area: The area in which the Market will sit is appropriate for the proposed project. Hiawatha and Lake is a high traffic area that is convenient for potential Market shoppers to visit. An additional aspect that makes this spot attractive is that it is off the new Light-Rail Transit line, which will likely increasing patronage at the Market.
- Attracts Diversity: The Market attracts a diverse group of people. Individuals and families from the neighborhood will benefit from and use the Market given its proximity to their homes. People from outside the surrounding neighborhoods will likely be willing to drive to the Market to purchase, especially since the quality is assured given the Market's partnership with the established MNVGA.

- Resident-Supported: Residents support the project for a variety of different reasons. The Market will provide residents with work or entrepreneurial opportunities. Secondary effects, such as crime prevention due to an increase in foot travel, are another benefit to residents of the surrounding neighborhoods.
- Expertise: The Market collaboration receives the integral support of the MNVGA. This group lends both legitimacy and technical support to the project. Without their participation, important aspects such as securing farmers to sell their goods and attracting customers would be extremely difficult.

### *Funding Strengths*

The following funding strengths contribute to the success of the Midtown Public Market Collaboration:

- Broad Support: Support from a variety of groups representing various interests attracts funders. Funders perceive projects such as this one that impact a broader base of people as the most beneficial.
- Timing: While the role of timing should not be overstated, it often plays an important role in the success of any given project. Other groups proposed farmer's markets to the Minneapolis Farmer's Market with little success, yet the Market is successful because the project was proposed to this integral partner at the right time. Knowing the environment surrounding a project, and the receptivity of that environment at any given time, often aids in attracting key partners and making the project attractive to funders.
- Well-Established Partners: The MNVGA lends legitimacy to the project. Potential project funders perceive the project as successful given the participation of these established partners.
- Vested Interests: The MNVGA wants to participate because they receive some of the benefits of a successful market. Their participation is essential in terms of funding because, if the Market hopes to be self-sustainable within five years, the role of the MNVGA will increase while the role of funding from neighborhood organizations will decrease.
- Results-Based: Projects with visible or clear results are attractive to funders in the current funding environment. The Market is a results-based project in that it provides a concrete end result.

### **Great Northern Corridor**

The Great Northern Corridor collaboration began in 1996 to revitalize the area in St. Paul surrounding the Great Northern Railroad. Vacant buildings, outdoor storage, and contaminated soils posed some of the greatest challenges in the development of the site. Railroad tracks that split the site in two also created difficulties in planning and development. Yet given the location

of the site and its proximity to both Downtown St. Paul and two industrial centers, Energy Park and Empire Builder, it seemed an appropriate location for industrial development.

Two CDC's, North End Area Revitalization (NEAR) and Greater Frogtown CDC, and two district councils, Districts 6 and 7, are the formal partners involved in the project with NEAR taking the lead role. Other supporters of the project come from diverse interests and include Ramsey County Public Works and Rail Authority, St. Paul Public Schools, St. Paul Port Authority and City Council, Metropolitan Council, Minnesota Senate and House of Representatives, and job developers including Employer Solutions and Lifetrack Resources, among others.

Great Northern Corridor maintains five focuses including employment, housing, education, commercial redevelopment, and recreation. Commercial redevelopment in the form of an industrial park, the main focus of the project, is expected to positively impact the surrounding area by improving housing, streetscapes, and commercial clusters. This expectation underlies the main vision of the project which is to provide other family necessities within walking distance of the industrial park.

The Great Northern Corridor collaboration receives funding from public, private, and in-kind sources. Public funding is raised for specific short-term needs when necessary. Private funding currently comes from 4 sources and comprises the bulk of funding. While one foundation is among the funders, three of the private funding sources are corporate givers. In-kind support is also received in the form of office space, a computer, a telephone, internet service, and administrative assistance.

### *Organizational Strengths*

The following organizational strengths of the Great Northern Corridor contribute to the collaboration's success:

- Broad Support: The Great Northern Corridor collaboration attracts both numerous and various types of organizations. The scope of the project impacts its success because the several parties dedicate time and staff members to see the project through. Variety in groups provides expertise on several different aspects of a project that encompasses many differing focuses.
- Dedication by Core Members: Core partners in the collaboration are dedicated to the project even though it requires a sustained, long-term investment. This dedication is evidenced by the hiring of a staff person to work solely on the collaborative project.
- True to Vision: No major shifts in the project's vision have taken place. This is especially important for a long-term project such as the Great Northern Corridor because small shifts in focus could potentially change the nature of the entire project or derail certain aspects of the project.

## *Funding Strengths*

The following funding strengths contribute to the success of the Great Northern Corridor collaboration:

- **Long-Term Investment:** When complete, the results of the project will be lasting and long-term yet funding for the project is secured for smaller, more short-term needs. Funders are more receptive to funding short-term needs in the current funding and environment so, while Great Northern Corridor is a long-term project, securing funding for the several short-term is a highly effective strategy.
- **Broad Support:** Support from a variety of groups representing various interests attracts funders. Funders perceive projects such as this one that impact a broader base of people as the most beneficial.
- **Vested Interests:** Collaborations such as this one that impact a diverse group of people in various situations are attractive to funders, yet attracting groups to participate in the collaboration involves demonstrating the project's potential impact. Many groups want to participate in the Great Northern Corridor collaboration because the results of a successful project positively, and directly, impact their groups.
- **Results-Based:** Projects with visible or clear results are attractive to funders in the current funding environment. The Great Northern Corridor is a results-based projects in that it provides a concrete end result.

## **Future Funding Environment**

Funding, both public and private, is cyclical in nature. Many people involved in neighborhood work want to know what comes first: Does an organization become successful because of its original support from a public sector or a foundation grant or must neighborhood organizations first be independently successful to receive grants? Given the case study material provided, both scenarios appear to be true. PPNA and the Whittier Alliance both increased their capacities and became the organizations they are today because of NRP Phase I funds. These organizations are now attractive to funders because of the increased capacity and internal strength they demonstrate. Conversely, Macalester-Groveland Community Council built capacity and strength largely on its own, and now the programs that originated through neighborhood and organization support, demonstrate the soundness of the organization to funders. The following section addresses trends, where the needs of funders meet the successes of neighborhood organizations, that are apparent in the preceding interviews and case studies. Recommendations are also provided to suggest what steps neighborhood organizations should take to successfully attract funders and generate funds.

## **Trends**

The neighborhood organizations and collaborations described in this study embody successful organizations, in the eyes of funders, in several ways. These ways include:

- Internal Strength and Capacity: This strength helps funders believe that project funds given to these organizations will be successfully utilized. The importance of this aspect can not be overstated. Without it, organization's lack a clear vision to see through long-term goals and effectively administer short-term goals.
- Visible or Evaluative Results: Funders are attracted to funding these types of programs because they can see the effects of the investment of their funds. Likewise, neighborhood organizations with visibly successful projects or programs establish a reputation as a sound organization.
- Support of Many and Varied Groups: This broad support circumvents funders' fears that neighborhood work does not impact enough people. The characteristics of successful collaborations disprove some of the fears funders have about funding neighborhood work.

## **Recommendations**

While the overall nature of neighborhood work provides value and should remain unchanged, neighborhood work in the future will have to adapt to the changing nature of the funding environment. Keep in mind that one of the most important factors underlying the success of neighborhood organizations is the internal strength and capacity of the organization. Without this, seeing even short-term goals to fruition is difficult. Below are possible steps that neighborhood organizations can take to increase revenues:

- Form Collaborations and Coalitions: Collaborations and coalitions demonstrate to givers that the impact of neighborhood work is widespread. Collaborations, which often form around a specific project, are most successful when they integrate various types of organizations, not just neighborhood ones. This integration provides much needed legitimacy and technical expertise for the project. Some funders fear that neighborhood organizations are unable to see projects through, yet strong support from multiple agencies, organizations, and important individuals quells these fears. Coalitions, which form when several neighborhood organizations come together to form a larger organization, may be a trend of the future, especially in Minneapolis. It may no longer be reasonable to assume that over sixty neighborhoods can receive continued support from the city. Coalitions effectively broaden the impact of neighborhood work and pool the resources of several neighborhoods. Small neighborhood organizations that might otherwise cease to exist may find strength and renewed support as part of a coalition.
- Identify and Utilize Revenue Generation Possibilities: Revenue generation is an emerging and growing trend among neighborhood organizations. By generating revenue, neighborhood organizations become self-reliant for the long-term. Without revenue generation, neighborhood organizations are forced into a continual cycle of securing funding and then wondering how long that funding will last. Revenue generation can provide stable income for organizations and increase their capacity because *revenue generation is an exclusive funding source*. As the Executive Director of PPNA noted, revenue generation attempts should stem from projects or opportunities that already exist. If you have a neighborhood newsletter,

generate revenues through advertising. If you run a monthly or yearly event, charge a small fee for entrance. These strategies do not alter the nature of the organization or the program, they just take advantage of an opportunity that already exists. Be wary of getting into a situation where the creation of programs/projects or a change in the nature of the organization serves the sole purpose of generating revenue. These changes will likely not be successful.

- Implement Results-Based Programs and Projects: Successful neighborhood organizations and collaborations run projects or programs with visible, evaluative results. These results illustrate to funders the general value of neighborhood work through clearly defined outcomes. It is easy for funders to see how these projects or programs will positively impact neighborhood residents. Implicit in funders positive view of programs and projects is that the results of such programs can translate into fulfillment of the intangible goals of neighborhood work such as heightened community awareness, increased sense of security, and greater civic participation.
- Utilize Non-Traditional Funding Sources: Neighborhood organizations must begin to fundraise from other sources than state, county, or local governments and foundation or corporate givers. Several of the organizations and collaborations examined for this study receive funding from outside of the typical public and private sources. These are often institutions, businesses, associations, or groups that have a *vested interest* in seeing the organization succeed. Many times these vested interests reside within the boundaries of the neighborhood and so the successes of the organization directly, and positively, impact upon them. Other times these vested interests care about the success of the organization even if they do not reside in the neighborhood, because they still receive some benefit to supporting the organization. This means they will be more apt to invest in the organization over the long-term. As with revenue generation sources, these non-traditional sources are usually *exclusive* (non-competitive).

## **Possibilities for Future Research**

Possible future research related to this topic:

- Comparative studies between the Twin Cities and other metropolitan areas for further public and private funding options.
- Examination of the role of coalitions of groups in neighborhood work.
- Creation of a handbook compiling public (federal, state, county, local) funding sources and private (foundations, corporate givers) that support neighborhood work in the Twin Cities.

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