



Midpeninsula Regional
Open Space District

R-19-131
Meeting 19-26
October 9, 2019

SPECIAL MEETING AGENDA ITEM 1

AGENDA ITEM

Assessment of Private Fundraising Scenarios for the Bear Creek Stables Project

GENERAL MANAGER'S RECOMMENDATIONS

1. Given that the assessment identified a lack of existing donor base, significant upfront costs and time, lack of on-staff development expertise, high level of uncertainty for success, and potential negative implications to the agency if donor expectations are unmet, the General Manager recommends refraining from pursuing a private fundraising endeavor for the Bear Creek Stables Project. However, an opportunity remains for an outside group, like the Friends of Bear Creek Stables, to fundraise for operational, programming, and small-scale improvements in partnership with the operator.
2. If item (1) is approved, direct the General Manager to exclusively focus on implementing the Board-approved Deferred Maintenance Repairs Option, no longer attempting to preserve the large-scale public access improvements as part of the redesign and subsequent construction work, with the understanding that the Board of Directors retains the ability to implement the enhanced public access improvements at a future date.

SUMMARY

At the April 25, 2019 Board meeting to discuss next steps for Bear Creek Stables (Stables), the Board of Directors (Board) requested follow-up information regarding the potential for working with the Friends of Bear Creek Stables (FBCS) to close existing funding gaps through private fundraising. As a result, staff identified four fundraising scenarios to explore:

1. Do not pursue private fundraising effort;
2. Fundraise for "Save the Stables" (i.e. deferred maintenance) with a target of \$1,000,000;
3. Fundraise for ancillary improvements identified as a priority by FBCS. These improvements would be beyond the deferred maintenance repairs and remain within the existing land use constraints of the site. Fundraising target: \$95,000 - \$830,000; and
4. Fundraise for enhanced public access improvements with a target of \$6,000,000+.

Staff engaged Partners in Progress, to evaluate each scenario against the following metrics: probability of success; FBCS member time; District staff time; campaign duration; and additional consulting and financial resources required.

Success for any fundraising scenario is contingent on meeting the following key assumptions:

- The FBCS are willing and committed to leading a fundraising campaign;
- Required financial resources are committed by the District to facilitate a campaign;
- District staff time is committed to facilitate a campaign;
- The District and FBCS enter into an MOU to clearly delineate their working relationship; and
- A project scope under the recommended fundraising scenario is defined and agreed upon by both the District and FBCS.

Given the lack of an existing donor base, significant staff and financial investment, lack of on-staff development expertise, uncertainty on return of investment, uncertainty of reducing the immediate funding needs, and potential risks to the agency if donor expectation are unmet, the General Manager does not recommend actively pursuing a private fundraising endeavor for this project. However, an opportunity remains for an outside group, like the Friends of Bear Creek Stables, to fundraise for operational, programming, and small-scale improvements in partnership with a future long-term operator. This type of effort would not require active engagement and a long-term commitment of financial and staffing resources from the District, and would allow an engaged group to actively support the stables and bring beneficial funds to keep the stables in operation as a benefit for the community.

BACKGROUND

Bear Creek Stables

On January 25, 2017, the Board approved the Stables Site Plan, which included a preliminary cost estimate for Phase I improvements of \$4.5M (R-17-15). Subsequent topographic, geotechnical, and geological studies identified the need for costly sitework to complete the improvements, raising the cost estimate by an additional \$3.3M to \$4.2M. As a result, the unsecured funding gap for the project increased from \$1.65M to approximately \$5M. Details regarding the field studies and increased cost estimate were provided to the Board via FYI memoranda in March 2018 and March 2019.

In light of the new cost information, District staff presented five options for the Stables site for Board review and discussion on April 25, 2019: (1) Pursue the Preserve Plan Site Design, (2) Pursue Deferred Maintenance Repairs, (3) Close Stables and Restore Site, (4) Sell or Lease the Stables Property, and (5) Relocate the Stables (R-19-53). The Board directed staff to move forward with option 2 in the near-term and option 1 as a long-term solution.

Fundraising

District staff have previously explored the possibility of developing fundraising capacity within the District. In 2011, the District worked with Stewart Woods & Associates to complete a study to examine the potential for fundraising at Mount Umunhum. Below are key findings from 2011:

- If the District were to undertake a fundraising campaign, significant time would need to be spent building a pipeline of prospective donors given that no significant donors currently exist;
- The District should not attempt to install a development [fundraising] program within the District or as a related foundation unless it is done in concert with its partners; and
- Building a Culture of Philanthropy at the District is integral to success; this means embedding private fundraising as a priority among staff and shifting practices to become

more donor-centric. This is very different from being grant-focused to secure federal, state, and local grant dollars.

Overall, the report found that the District was not ready or equipped to undertake private fundraising due to the lack of “requisite culture, expertise, staff time, donors, prospect engagement, development database, policies or procedures.”

In addition, while developing the 2018 Grants Program Strategic Plan, District staff revisited the possibility of private fundraising as part of a strategy for external funding. The conclusion was that developing private fundraising efforts should not be considered in the short-term (next three to five years) and that the focus should be on building the Grants Program instead, which targets larger state and local sources of funding.

DISCUSSION

At the April 25, 2019 Board meeting to discuss next steps for Bear Creek Stables, the Board of Directors requested follow-up information regarding the potential for working with the FBCS to close existing funding gaps through private fundraising. As a result, the General Manager worked with District staff to identify four fundraising scenarios for exploration. Building on the first fundraising report completed by Stewart Woods & Associates, which was focused only on the potential for fundraising for enhanced public access, District staff worked with Partners in Progress to assess and compare additional fundraising scenarios.

The report by Partners in Progress (Attachment 1) provides an assessment as to whether each fundraising scenario is feasible or advisable and outlines the necessary FBCS time and District staff time, campaign duration, and additional financial resources required for success. The report also highlights conditions that need to be met for a campaign to be successful.

For each fundraising scenario, the following assumptions apply:

1. The FBCS understands what is involved with each scenario and the group is willing to undertake the effort;
2. A Memorandum of Understanding (MOU) with FBCS and the District can be executed within six (6) months; if the process takes longer, the timelines will be affected;
3. Scoping for a particular scenario can occur in parallel with creation of a MOU to save time, but this is predicated on District staff being identified and available to manage both components;
4. The District is committed to investing financial resources to make the effort successful;
5. Additional support (consultants, campaign directors, administrative support) are available and can be secured quickly to begin efforts once a decision has been made, otherwise the timelines will be affected;
6. The costs associated with each option are estimates based on the latest information and projections available. True costs cannot be calculated until the time that work begins as there are too many factors that can fluctuate within the marketplace; and
7. The economy remains stable and an economic downturn does not occur before or during the project as that can greatly affect fundraising outcomes.

Integral to these assumptions is the understanding that any scenario that includes fundraising will require significant District staff time and financial investment. Even if fundraising is run through a partner group, the District's reputation will be tied to the fundraising effort and therefore the District will assume the risk associated with a campaign because donors will believe that the District is responsible and accountable for the investments. Likewise, a fundraising campaign will not be successful without appropriate investment in building capacity using consulting support, which will involve financial investment by the District. In addition to these assumptions, with any fundraising scenario is the recognition that fundraising is a long-term commitment that requires ongoing donor stewardship to maintain capacity. Due to the significant financial investment for start-up costs, staff time investment, and probability of success for an individual campaign, fundraising for a one-time effort is not typically worth the staff time or risk involved.

The four fundraising scenarios explored by Partners in Progress include:

1. Do not pursue a private fundraising effort;
2. Fundraise for "Save the Stables" (i.e. deferred maintenance), fundraising target: \$1,000,000;
3. Fundraise for ancillary improvements identified as a priority by FBCS. These improvements would be beyond the deferred maintenance repairs and remain within the existing land use constraints of the site; examples may include arena lighting or barn rehabilitation. Fundraising target: \$95,000 - \$830,000; and
4. Fundraise for enhanced public access improvements, fundraising target: +\$6,000,000.

Each scenario was evaluated as low, medium, or high against the following metrics: probability of success; FBCS member time; District staff time; campaign duration; and additional resources required (e.g., financial/consulting). See Table 1: Fundraising Options Summary.

Scenario #1: Do not pursue private fundraising effort

Potential benefits: Because this option relies on the reallocation of existing funding resources rather than active private fundraising, the District will not incur a financial risk nor need to allocate staff time for an initiative that does not have a guaranteed return on investment. In addition, project implementation for deferred maintenance can proceed without delay and without incurring additional costs due to delays and inflation.

Costs: This option requires that the District set aside additional General Funds or increase the allocation of Measure AA funds to cover the full project costs as needed (estimated to be an additional \$1M allocation). Not building private fundraising capacity may be considered a lost opportunity to develop fundraising/development skill and experience among FBCS volunteers and District staff if the District has an interest and a need for ongoing and expanded private fundraising capacity. However, this capacity can also be developed at a later time for a different project that may elicit broader public interest. Because the FBCS has demonstrated a high interest in the future operations of the stables, this option will likely require additional engagement with its members to ensure they remain an integral voice in future repairs and actively engaged in future stables activities.

Fundraising success: N/A

FBCS time: Low (estimated 5 – 15 hours total).

District staff time: Low (estimated 5 – 15 hours total to additionally engage FBCS)

Campaign duration: N/A

Additional resources: Only minimal staff time and attention required for communications and fostering an ongoing positive relationship with FBCS.

Scenario #2: Fundraise for “Save the Stables” (deferred maintenance) - goal: \$1,000,000

Potential benefits: The District currently has a defined budget gap for completing the deferred maintenance repairs. Fundraising to close this gap would facilitate the completion of this phase of work without the need to reallocate District funding. In addition, fundraising would build capacity and the skills that the District and FBCS could later tap into for future funding needs.

Costs: The likely timeline for raising funds is approximately 3 to 4 years; unfortunately, this timing does not align with the repair schedule, which is currently estimated to begin in Summer 2021. Furthermore, advancing District funding to pay for repairs and then fundraising to backfill the gap is not a viable fundraising model as debt funding is only very rarely successful in specific circumstances. Consequently, in order to move forward with critical repairs within the current timeline, fundraising is unlikely to be successful.

In addition, significant District staff time, FBCS member time, and financial investment is required to ensure success. Because neither the District nor the FBCS have any fundraising experience or capacity, this knowledge and skill set needs to be gained and built through consulting support. As a result, this option would require a significant financial investment without yielding a guaranteed return.

Fundraising success: Medium

FBCS time: High (estimated at 10-20 hours per week for each FBCS member, totaling 50-100 hours per week assuming five FBCS members)

District staff time: Medium (estimated at 4 hours per week with a campaign director, and 6 hours per week with a fundraising consultant). Designated staff would participate in the development and finalization of all campaign materials, oversight of prospect identification, stewardship plans, financial negotiations and gift terms with donors, and construction management.

Campaign duration: 3-4 years with a campaign director, 3-5 years with a campaign consultant.

Additional resources: High (\$150,000 - \$250,000 for consulting support).

Scenario #3: Fundraise for ancillary, nonessential improvements - goal: \$95,000-830,000

This scenario is the most difficult to gauge without having a clear idea of what the fundraising goal and scope would be, given the wide fundraising range for this scenario. Therefore, this scenario is predicated on the ability to define a project scope and outline a commensurate fundraising goal before proceeding with fundraising.

Potential benefit: The District would not need to wait for funds to be raised in order to proceed with the deferred maintenance repairs. This scenario allows the FBCS to prioritize small-scale improvements that are important to their members, thereby allowing them to derive maximum benefit from their fundraising efforts while building their fundraising skill and capacity.

Costs: Because ancillary improvements are currently not planned, the District would be incurring the cost of District staff time and fundraising consulting support even though these improvements were not budgeted. Moreover, none of the funds raised would apply to the cost of deferred maintenance. If the District were to proceed with this scenario, significant District staff time, FBCS member time, and financial investment is required to ensure success. Because neither the District nor the FBCS have any fundraising capacity, this knowledge and skill set needs to be gained and built through consulting support. As a result, this scenario would require a significant financial investment without yielding a guaranteed return.

Additional considerations include the need for FBCS to work closely with the District to scope a project that is realistic given the current site and permitting constraints. This coordination with FBCS may take additional staff time.

Fundraising success: Medium to High

FBCS time: High (estimated at 10-20 hours per week for each FBCS member, totaling 50-100 hours per week assuming five FBCS members)

District staff time: Medium to High (estimated at 4 hours per week with a campaign director or 6 hours per week with a fundraising consultant). Designated staff would participate in the development and finalization of all campaign materials, oversight of prospect identification, stewardship plans, financial negotiations and gift terms with donors, and design, permitting and construction management.

Campaign duration: 4-6 years with a campaign director, 3-5 years with a campaign consultant.

Additional resources: High (\$150,000 - \$250,000 for consulting support).

Scenario #4: Fundraise for enhanced public access improvements - goal: +\$6,000,000

Partners in Progress acknowledges that a campaign of +\$6,000,000 is a serious endeavor that neither the District nor FBCS is prepared or equipped to execute. A successful campaign of this magnitude requires history of and experience with fundraising, a solid base of annual financial support, leader donors capable and willing to invest in the future of the organization, and a project scope with a clearly defined impact. Therefore, this option may be more realistic if a smaller fundraising goal is first chosen (e.g., Scenarios #2 or #3) to build capacity before entering into a larger campaign.

Potential benefit: This option is high risk yet high reward if successful.

Costs: Because neither the District nor FBCS have a prepared donor base, the chances of success for this option is low. If this scenario is selected, the District would need to provide even more financial and staff support. Additionally, FBCS will have to grow in size (at least double) with the addition of a campaign cabinet. Cultivating and recruiting a campaign committee will likewise take time, and these members will need to be trained alongside FBCS members. Overall, fundraising would need to be recognized as a high priority by both FBCS and the District and require significant ongoing commitment by both entities.

If fundraising for this option is not selected, no other potential sources of funding are immediately available. Therefore, the Board of Directors is asked to reconsider prior direction to continue preserving the option for the enhanced public access improvements as part of the

deferred maintenance project (i.e. during project redesign and construction). Note that the Board of Directors would nonetheless retain the ability to implement the enhanced public access improvements at a future date when funding is made available.

Fundraising success: Low

FBCS time: High (estimated at 10-20 hours per week for each FBCS member, totaling 50-100 hours per week assuming five FBCS members)
 FBCS would need to recruit additional volunteers and create a campaign steering committee to successfully reach out to, cultivate, solicit and steward donors over the course of the campaign. The campaign steering committee should be made up of lead donors who have committed to making significant gifts. It takes years to develop these relationships.

Staff time: High (Full time campaign director, development staff, administrative support, and other staff across departments as necessary)
 Executing a significant campaign requires a dedicated staff. District staff will need to interact regularly and consistently with the campaign staff on the development and finalization of all campaign materials, oversight of prospect identification, stewardship plans, financial negotiations and gift terms with donors, and construction management. Once the campaign is over, there will still be relationships and expectations to manage.

Campaign duration 5 to 7 years
 This estimated timeframe depends on the resources, networks and availability of the volunteers. They would need to be trained, have the opportunity to practice, develop cultivation events and opportunities, solicit, and steward campaign donors, which lasts beyond the timeline of the campaign itself.

Additional resources: High (\$250,000 – 450,000)
 Necessary resources include a campaign director or consultant, a feasibility study, campaign case statement, campaign collateral, staff and volunteer training, establishing prospect and donor tracking systems, and additional administrative assistance for data entry and other tasks.

Table 1: Summary of Fundraising Options

	Option 1: No private fundraising	Option 2: Save the Stables (deferred maintenance); \$1M	Option 3: Ancillary Improvements; \$95,000 - \$830,000	Option 4: Large-scale Public Access; +\$6M
Likelihood of success	<i>N/A</i>	<i>Medium</i>	<i>Medium to High</i>	<i>Very Low to Low</i>
Financial investment for consulting support*	<i>None</i>	<i>High</i> \$150,000 - \$250,000	<i>Medium to High</i> \$50,000 - \$250,000	<i>High</i> \$250,000 - \$450,000

	Option 1: No private fundraising	Option 2: Save the Stables (deferred maintenance); \$1M	Option 3: Ancillary Improvements; \$95,000 - \$830,000	Option 4: Large-scale Public Access; +\$6M
District staff time and estimated cost	<i>Low</i> 5-15 hours	<i>Medium</i> 4 hrs/week with campaign director or 6 hrs/week with fundraising consultant Cost estimate: \$46,000 - \$90,000	<i>Medium to High</i> 8 hrs/week with campaign director or 10 hrs/week with fundraising consultant Cost estimate: \$53,000 – \$227,000	<i>Very High</i> Full-time campaign director, development staff, admin support, and other dept support Cost estimate: \$707,000 - \$990,000
FBCS time	<i>Low</i> 5-15 hours	<i>High</i> 50 – 100 hours per week, assuming five FBCS members	<i>High</i> 50 – 100 hours per week, assuming five FBCS members	<i>High</i> 50 – 100 hours per week, assuming five FBCS members, plus campaign steering committee
Campaign timeline	N/A	3-4 years	2-6 years	5-7 years
Estimated total District cost (consulting & staff time costs*)	<i>Low</i> \$270 - \$800	<i>Medium</i> \$196,000 - \$340,000	<i>Medium</i> \$103,000 - \$477,000	<i>High</i> \$957,000 - \$1,440,000

* Does not account for inflation.

**Staff costs were estimated using the median salary of a Management Analyst II, inclusive of benefits over the estimated project lifetime. Real staff costs will vary based on which staff members are involved in project management and fundraising oversight.

Fundraising Capacity

Because neither FBCS nor the District have existing fundraising capacity or expertise, this infrastructure and knowledge would need to build over time with the support of consulting expertise. Even if the FBCS leads this effort, the District's financial and staff time investment to build the needed capacity for a modest or large fundraising campaign is significant. Therefore, building this capacity should be considered as a long-term investment for the District rather than a one-time effort for a specific project. The District should consider whether this investment will be part of a new funding strategy to be maintained into the future, either as a lead up to a larger private fundraising campaign for enhanced public access at the Stables or for a different District project. If so, building this capacity may be a worthwhile investment. However, if the District is currently only considering fundraising for an isolated project, then the large start-up costs to build the necessary infrastructure is unlikely to be worth the return on investment.

Beyond the ongoing financial and staff time considerations, the decision to build private fundraising capacity at the District has broader implications within the external community. Specifically, many District partners and nonprofits with similar missions will likely perceive the District increasing its private fundraising capacity as direct competition for regional funding, which may impact the ability for partners to secure private funding. If pursued, the District would need to spend time engaging the external community about these plans and listen to concerns from partners about potential impacts. Furthermore, it is unclear whether public perception would be favorable or not if the District actively solicits donations for a range of projects when funding is already being secured through taxpayer contributions.

Due to the large startup costs for private fundraising, the decision to pursue a private fundraising now for the Stables cannot be disconnected from the larger question about whether the District is interested in building this capacity over long-term. Therefore, selecting Scenarios #2, #3, or #4 now would indicate that the District is interested in building and growing the capacity for the long-term, even if those needs have yet to be defined.

Rather than pursue a private fundraising endeavor at this time for an isolated project, the FBCS could proceed with conducting a smaller scale fundraising effort to support the operations, programming, and small-scale site improvements for the Stables in direct collaboration with the operator. In this scenario, the District would have a very limited involvement in the activities and a much reduced risk overall. At the same time, the FBCS can remain engaged to support the Stables and assist the operator in raising funds to manage the site and make ongoing repairs and small improvements that are within the use limitations of the lease and land use constraints of the site.

FISCAL IMPACT

Partners in Progress estimated the costs and target revenues for each scenario based on the latest information and projections available. However, these estimates are based on many factors that can fluctuate within the marketplace. More specific costs and revenues would be calculated once the Board selects a fundraising scenario to pursue. Since fundraising costs are not currently included in the FY2019-20 budget, the Board would have the opportunity to review the refined costs before approving a budget adjustment, likely in spring 2020.

If Scenarios #1, 3, or 4 are selected, the District would solely fund the deferred maintenance costs. If the Board selects Scenario 2: Fundraise for deferred maintenance repairs, the District would be reimbursed up to the amount raised to help fill the funding gap.

Fiscal Impact to the District by Scenario

	Option 1: Do not pursue fundraising	Option 2: Fundraise for deferred maintenance	Option 3: Fundraise for ancillary improvements	Option 4: Fundraise for enhanced public access
District financial investment*; (Fund 10, General Fund Operating)	<i>Low</i> \$270 - \$800	<i>Medium</i> \$196,000 - \$340,000	<i>Medium</i> \$103,000 - \$477,000	<i>High</i> \$957,000 - \$1,440,000
Fundraising campaign goal (no guarantee goal will be reached)	None	\$1,000,000	\$95,000 - \$830,000	\$6,000,000+
District contribution for deferred maintenance (Fund 40, General Fund Capital)	\$1,000,000	Up to \$1,000,000, depending on fundraising success	\$1,000,000	\$1,000,000

*Include staff time cost estimates but does not include cost escalations

BOARD COMMITTEE REVIEW

This report has not previously been reviewed by a committee.

PUBLIC NOTICE

Public notice was provided as required by the Brown Act. In addition, Bear Creek Stables interested parties were notified of the public meeting.

CEQA COMPLIANCE

The Bear Creek Redwoods Preserve Plan Environmental Impact Report (EIR) analyzed the Stables Site Plan. The Board of Directors certified the Final EIR on January 25, 2017. Two additional project alternatives, the no project alternative and the no special events alternative, were analyzed in the EIR.

NEXT STEPS

If the Board approves the General Manager's recommendations, District staff will work with FBCS to continue to engage the group as implementation for deferred maintenance moves forward. In addition, the deferred maintenance design would no longer try to accommodate the potential future implementation of the enhanced public access improvements, which the District can still pursue at a future date. Furthermore, the FBCS could proceed with fundraising separately in collaboration with the future operator for operational and small-scale site improvements and potentially programming support. District staff would continue to provide background support by reviewing the scope but would not provide financial support or dedicated staff time for oversight.

If one of the fundraising scenarios is selected (#2, #3, or #4), the General Manager will need to identify capacity within the organization to direct staff to work with the FBCS to jointly develop an MOU that outlines roles and responsibilities from each party, including which District departments will be involved and their associated responsibilities. In tandem, the District and FBCS would need to scope the parameters for specific elements to incorporate as the focus of the campaign, and prepare cost estimates. Once the framework for the working relationship and project scope are established, the District and FBCS would contract with a consultant to perform a formal feasibility study, which would include developing a donor contact list, reaching out to potential donors, developing a campaign timeline, and establishing a campaign workplan. Once the feasibility plan is complete, FBCS and the District would create a Request for Proposals for the campaign director or consultant and return to the Board to present the plan and approve the consulting contract. Pending Board approval, FBCS and the District would then formally launch the campaign.

Attachment:

- 1) Bear Creek Stables Project Fundraising Information and Expectations

Responsible Department Head:

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Prepared by/Contact person:

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Bear Creek Stables Project Fundraising Information and Expectations

September 26, 2019

By Partners In Progress

Purpose:

The document is intended to provide the Board of Directors and leadership staff of the Midpeninsula Regional Open Space District (Midpen) objective information to help set expectations for each of the proposed fundraising options for the Bear Creek Stables project that are currently being explored. This document follows from feasibility study findings completed by Stewart Woods and Associates, Board and staff analysis and discussions, and the Board direction provided in the April 25, 2019 Board agenda.

The objective of this report is to provide an assessment as to whether fundraising for each option is feasible or advisable, and estimate necessary Friends of Bear Creek Stables (FBCS) member and Midpen staff time, campaign duration and financial or other human resources required for success. This report also highlights risks associated with each option. Each of the evaluation criteria are designated as low, medium or high with narrative that elaborates on the option.

It is important to note that the following narrative is based on fundraising best practices and the trends/outcomes and analysis of many years of campaign experience and analysis. It does not predict or guarantee any particular outcomes for any of the options.

Assumptions:

There are some basic assumptions and requirements associated with these options.

1. The FBCS understands what's involved with each option and that the group is indeed willing to undertake the effort and is able to do so once a decision has been made.
2. That an MOU with FBCS and Midpen can be executed within 6 months; if the process takes longer, the timelines will be affected.
3. That scoping for a particular option can occur in a parallel process of creating an MOU to save time, but this is predicated on Midpen staff being assigned and available to manage those pieces.
4. That Midpen is committed to investing staff time and financial resources in order to make the effort successful; a fundraising campaign will not be successful without appropriate investment in building capacity with consulting support.
5. Even if run through a partner group, Midpen's reputation will be tied to a fundraising effort because the funds are targeted for a specific Midpen project and infrastructure and because Midpen is financially supporting the effort; therefore Midpen will assume some of the risk associated with a campaign. This makes staff oversight and involvement an essential component for success.
6. There really isn't any way to avoid association or to isolate a campaign to FBCS. If any part of the campaign does not go well, it will reflect on Midpen and its reputation, and addressing will become part of the Midpen's ongoing work.

7. That additional support (consultants, campaign directors, administrative support) are available and can be secured quickly in order to begin efforts once a decision has been made otherwise the timelines will be affected.
8. As noted in earlier documents, that the costs associated with each option are estimates based on the latest information and projections available. True costs cannot be calculated until the time that work begins as there are too many factors that can fluctuate within the marketplace.
9. That the economy remains stable and that an economic downturn doesn't occur before or during the project as that can greatly affect fundraising outcomes.

Terms and Definitions:

MOU – a memorandum of understanding documents the working relationship and expectations of both Midpen and FBCS as they ask and answer questions about how the selected option will work. This will need to be created before fundraising begins. It will include the roles and responsibilities of each organization, approval and authority over particular decisions and ownership of donor information as examples.

Campaign – a special or discreet project or initiative that an organization is fundraising for above and beyond its regular operations. Traditionally the term “capital campaign” is used to describe a brick and mortar project. In recent years, it is being used to describe that, plus programmatic projects and initiatives that are a one-time or a more discreet effort.

Readiness Assessment/Report – an assessment of an organization's readiness to engage in a specific fundraising effort. This assessment and report will examine all the organizations infrastructure, attitudes and resources to evaluate the organization's readiness to take on a larger effort. This precedes a feasibility study or if a feasibility study finds that an organization is not ready, the study becomes a readiness assessment.

Feasibility Study – a study that includes an organizational assessment of fundraising readiness and the interest of and commitment of volunteers, donors and other stakeholders for a larger campaign. During the feasibility study, the organization's vision, campaign case statement and other collateral (materials, schematics, budget, and volunteer organization) are shared in confidential interviews. The information gathered will let the organization know how their vision and campaign collateral is received and how much they can expect to raise from the interviewees. There are many benefits and other important pieces of information that can be gathered during a feasibility study, like confidence in staff and volunteer leaders, donors' commitment to the organization and their capacity for philanthropic gifts in general. In general, a feasibility study will identify any gaps in an organization's fundraising capability. It is also an excellent cultivation tool for existing donors.

Campaign timeline – a campaign has a beginning “quiet phase,” middle “public phase” and an end, which can be either quiet or public. The quiet phase is when leaders are identified and solicited as investors. Leaders are generally already involved and committed to the organization and have already demonstrated a financial commitment. Ideally, 65–75% of the campaign total is raised during the quiet phase, which can last a couple of years. The public phase comes next

and allows the organization to cultivate existing donors and test their capacity, hopefully moving them toward becoming the next wave of major donors. The end comes when all or almost all the money has been raised. These are smaller and sometimes newer donors to the campaign. If an organization cannot close out a campaign, it sometimes needs to go back to the original donors to close out the project. If fatigue has set in (for staff, volunteers or donors), a campaign will be declared completed or loans/lines of credit secured to finish the project. A campaign can take anywhere from three to seven years depending on the size of the campaign and the readiness of the organization.

Case statement/campaign collateral – all the physical/digital materials used to communicate information about the campaign and tools used to engage, cultivate, solicit and steward prospects. This includes all public communications and messaging points.

Campaign Consultant/Development Consultant – consultants (individual or firm) that are hired to help design a campaign, train staff and volunteers, and make recommendations. Once the campaign is planned, the organization, not the consultant, is responsible for execution. Consultants can also coach staff and volunteers throughout the campaign on strategy issues for donors, events, public perception, momentum of the campaign, and other issues that might arise. Consultants will generally not do any cultivation, solicitation or stewardship or other behind the scenes work. Cost – expect to spend anywhere from \$250 - \$500/hour or project fees based on a percentage from 3 - 10% of the total campaign goal.

Campaign Director – individual (contractor or employee) who is hired and designated as the lead on the campaign. He/she is actively engaged in designing and executing the campaign and are considered part of the organization's team. Regardless of status, they are like an employee who will be representing the organization. They will be hands on and doing much of the work. Cost – varies based on experience and availability. Expect \$150,000 - \$300,000/year for full time and a portion of for part-time.

Fundraising options under consideration:

I. Do not pursue fundraising – use allocated MAA funds that have already been set aside and reallocate additional MAA funds from another portfolio or from General Funds as necessary to fill the budget gap.

Fundraising success – not applicable.

FBCS time – low (estimated 5–15 hours total).

Because FBCS has already been engaged in conversation, they will likely require follow-up conversation to close the loop. Depending on their commitment to the project, they may want to get more deeply engaged in issues surrounding the stables and potentially communicating with other stakeholders.

Staff time – low (estimated 5–15 hours total)

Depending on FBCS reaction to Midpen’s selection of this option, staff might need to spend time explaining the process and doing additional work to engage the volunteer group productively. FBCS may also need staff assistance and oversight if communicating with other stakeholders in the community about the project.

Campaign duration – not applicable

Additional resources required – none to very low

This would be minimal and only if staff time and attention were required for communications and managing the FBCS relationship as noted above.

Other comments, risks and considerations –

- Because this option relies on the potential of re-allocating funds currently available to the organization, there isn’t any fundraising required nor is there a campaign timeline. However, because the FBCS is potentially motivated to move forward with fundraising, there may be some additional work following up with volunteers to keep them informed and happily engaged. In addition, there may be some need to communicate with other stakeholders.
- A significant benefit of this option is that deferred maintenance can proceed as scheduled without the need to assess potential delays to the construction schedule or related inflation of costs based on planned additional improvements mutually agreed on upon with option 3: ancillary improvements.
- Any fundraising campaign comes with costs and because success is not guaranteed, there is risk of failure. This option has no risk of losing funds invested in a campaign or of not meeting donor expectations.
- Not doing any fundraising at all is a lost opportunity to develop fundraising skill and experience for Midpen as well as FBCS volunteers if fundraising becomes a necessity or is an interest in the future. Conversely, relying on existing outside non-profit partners for donor solicitations and private fundraising avoids potential competition of donor funds and/or confusion of roles and purpose. In addition, by not engaging in private fundraising, Midpen avoids potential constituency concerns regarding solicitation of donor funds by or with a public agency that is funded through taxpayer contributions to accomplish the same work.

II. Fundraising for “Save the Stables” or deferred maintenance for project costs exceeding available MAA funds – estimated campaign of \$1M.

Fundraising success – medium

The likelihood of success in our geography, even without existing development skill or a pipeline of donors is good with adequate assistance and resources over several years. This would only be possible with a campaign consultant at minimum for assistance and training or campaign director (part time at a minimum of 10–15 hours/week) for the duration of the campaign.

FBCS time – high (estimated 10–20 hours a week for each FBCS member. Assuming five members, this is equivalent to 50 – 100 hours a week)

FBCS would likely need to recruit additional volunteers or a campaign steering committee in order to successfully prospect, cultivate, solicit and steward donors over the course of the campaign.

Staff time – medium (estimated 4 hours a week with a campaign director or 6 hours week with a fundraising consultant – this would be more initially, then the staff time would be reduced slightly as the campaign got underway.

Designated staff would participate in the development and finalization of all campaign materials, oversight of prospect identification, stewardship plans, financial negotiations and gift terms with donors, and construction management.

Campaign duration– 3 to 4 years with a campaign director or 3 to 5 with a campaign consultant’s help.

This estimated timeframe depends on the resources, networks, and availability of the volunteers. They would need to be trained, have the opportunity to practice, develop cultivation events and opportunities, solicit, and then appropriately steward campaign donors, which could last beyond the timeline of the campaign. This time commitment could vary from simple stewardship to elaborate follow-up depending on the donors and the campaign promises.

Additional resources required – high (\$150,000–\$250,000 plus the cost of existing staff time for starting up and costs of consultant on an annual basis)

Resources would include a campaign director or consultant, a feasibility study, campaign case statement, campaign collateral, staff and volunteer training, establishing prospect and donor tracking systems, and additional administrative assistance for data entry and administrative tasks.

Other comments, risks and considerations –

- If Midpen waits until the campaign is completed to start construction, cost increases are predictable and it may be possible that funds raised will have been lost to inflation.
- If Midpen funds the work initially and uses money raised to “payback or re-stock the coffers,” fundraising becomes more difficult because debt fundraising (fundraising to pay back debt) is not very popular among philanthropic donors. Donors give generously to a vision and the excitement of seeing a project come to fruition is an important part of campaign momentum. This type of effort has a low opportunity for success.
- The purpose or value add projects of the campaign will need to be determined before fundraising begins. A feasibility study tests the likely success of a campaign (vision and purpose). It’s an important part of minimizing financial risk/investment, honing campaign messaging and cultivating prospects.
- Raising \$1 million in our geography can be very easy if FBCS happens upon a willing donor with capacity who might make a sizeable gift and/or influence others to make sizeable gifts. However, that is not a reliable fundraising strategy and while it does happen, that scenario is very rare.
- The amount of staff time is not just limited to an individual staff person, it is across departments. Midpen would need to weight the cost of staff resources and outside resources

against the total funds that may be able to be raised to determine if this cost benefit analysis indicates that this is a worthy endeavor.

- The amount of effort and infrastructure required to successfully complete a \$1 million campaign is not much different than a larger campaign. The most significant difference will be the chances of overall success and the length of time that it takes to complete.
- If a small campaign goes well, FBCS and Midpen will have gained valuable experience and started creating a donor base. Both of those can help prepare the organizations with future fundraising projects. A question that should be asked is whether this type of donor base can be cultivated over the long term and additional funds secured for other related activities versus this being a one-time effort. There is much investment that needs to be placed for a campaign. The investment and ongoing cultivation may not be worthwhile if this is strictly a one-time effort.

III. Fundraising for ancillary but nonessential improvements or for programs – estimated campaign of \$95,000–\$830,000.

NOTE - Evaluating this option is difficult. The scope of the project matters. If the scope and the estimated campaign is \$95,000, the project is doable in a shorter amount of time and would be an excellent primer for future smaller operational or capital campaigns. If the scope and estimated campaign is \$830,000, then the work is significantly harder. As the campaign goal increases in amount, all of the criteria being evaluated would reflect increasing difficulty, increasing effort, increasing time and less likelihood of success. Even if the scope is smaller, it will still require development assistant which makes the margin of return even smaller.

Fundraising success – high to medium with a campaign director or a campaign consultant and depending on the amount of money being raised

If the amount of money being raised is \$100,000, the fundraising success will be higher. If the amount of money being raised is \$1M, the fundraising success will be lower. The likely success in this scenario depends on the purpose and the amount of money being raised.

FBCS time – high (estimated 10–20 hours a week for each FBCS member. Assuming five members, this is equivalent to 50 – 100 hours a week)

This number of required FBCS members and the effort can change easily depending on the amount of money that is being raised. However, the start-up effort/cost is similar to option 2.

Staff time – medium to high (estimated 8 hours a week with a campaign director or 10 hours a week with a fundraising consultant – this would be more initially while the scope of the project is defined, then even out to the numbers above throughout the campaign)

Depending on the scope of the campaign, this option will require a medium to high amount of staff time and attention. Staff would need to be directly involved and perhaps act as the lead on any improvement designs, plans, permits, and cost estimates. If staff are involved in managing the construction, that requires more time. If staff were to delegate design and construction to

FBCS and the operator, this staff time might be reduced. In either case staff would need to be involved with oversight of the fundraising and communications.

Campaign duration – medium to high (depending on the scope) from 2 – 6 years

Because the actual project is less defined in this option, it could potentially take much longer than even a larger and better defined project. Successfully raising a large amount of money requires that the project and benefits be clearly defined. Donors won't be willing to invest until they know what they're investing in.

Additional resources required – medium to high (\$50,000 - \$250,000 plus the cost of existing staff time for start-up and the costs of campaign director or consultant for each year of the campaign)

Before the project begins, a significant amount of staff time and resources would need to be devoted to determining the campaign scope given that there are several potential projects that could be selected. Once the scope is determined, campaign resources would include a training, campaign consultant and a feasibility study at minimum; if the scope of the campaign were larger, additional resources would be needed for campaign case statement, campaign collateral, additional staff and volunteer training, establishing prospect and donor tracking systems, and additional administrative assistance for data entry and administrative tasks.

Other comments, risks and considerations –

- This is the most difficult option to both evaluate and to endeavor because it so broad and undefined. It would seem that the flexibility would be less risky but it makes the fundraising effort more difficult.
- The cost of additional resources doesn't reflect the tremendous cost of staff time in determining the actual scope of the project. If FBCS were to be involved or drive the additional projects determination, the experience, ownership and determination of the group would increase and add to the likelihood of their success.
- Public perception is very difficult to manage and the organization risks criticism if a "wait and see how much we can raise" approach is taken. It will be necessary to determine the scope before feasibility and fundraising begins.
- If Midpen is looking to minimize staff time, design, permitting and construction could be delegated to the FBCS and the operator but Midpen needs to be comfortable assuming the risk that the improvements or plans may not conform with the District's long term vision for the site. In addition, staff time for fundraising could be reduced but Midpen needs to assume the risk of a failed fundraising effort or not meeting donor expectations.

IV. Fundraising for enhanced public access – estimate campaign of \$6M+

Fundraising success – low to very low

A campaign of \$6M+ is a serious endeavor that neither Midpen nor FBCS is prepared to execute at this time. A successful campaign of this size requires history of and experience with

fundraising, a solid base of annual financial support, leader donors capable and willing to invest in the future of the organization, and a vision for the project with clearly defined impact.

FBCS time – high (estimated 10 -20 hours a week for each FBCS member. Assuming five members, this is equivalent to 50 – 100 hours a week, not including additional volunteers and steering committee)

FBCS would need to recruit additional volunteers and create a campaign steering committee in order to successfully reach out to, cultivate, solicit and steward donors over the course of the campaign. The campaign steering committee would need to be made up of lead donors who are committed to making significant gifts. It takes years to develop these relationships.

Staff time – very high (Full-time campaign director, development staff, administrative support, and other staff across departments as necessary)

Executing a significant campaign requires a dedicated staff in addition to the support of a volunteer body like FBCS. The campaign staff, even if hired for FBCS, would need to interact on a regular and consistent basis with Midpen staff particularly with regards to the development and finalization of all campaign materials, oversight of prospect identification, stewardship plans, financial negotiations and gift terms with donors, and construction management. Once the campaign is over, there will still be relationships and expectations to manage and continue to cultivate the donor base for an extended period of time.

Campaign duration – 5 to 7 years

This estimated timeframe depends on the resources, networks, and availability of the volunteers. They would need to be trained, have the opportunity to practice, develop cultivation events and opportunities, solicit, and then appropriately steward campaign donors, which will last 2 years beyond the timeline of the campaign itself.

Additional resources required – very high (\$250,000 – 450,000 plus the cost of existing staff time for start-up and the costs of development staff for every year of the campaign.

Resources would include a campaign director, feasibility study, campaign case statement, campaign collateral, staff and volunteer training, establishing prospect and donor tracking systems, and additional administrative assistance for data entry and administrative tasks.

Other comments, risks and considerations –

- This option is high in risk and high in reward. Neither Midpen nor FBCS is prepared for this kind of endeavor. The costs associated with getting it ready quickly are significant. Because there isn't a prepared donor base, the chances of success are less likely.
- A campaign of this size will most definitely require a dedicated campaign director and additional staff assistance for administration/data entry/research, including a dedicated full time employee. A campaign of this size would require numerous prospect/donor events annually.

- Donor, FBCS, and staff fatigue are an important consideration. Any effort that last longer than 5 years starts to run into fatigue issues. Whatever is raised at the end of year 6 of a campaign is considered to be 90 to 95% of what will be raised.
- The size of FBCS will have to grow significantly in size with the addition of a campaign cabinet. It will take time to cultivate and recruit a campaign committee – that will also need to be trained alongside the other FBCS members. The campaign committee will depend on at least one major donor as a key member of the committee.
- To endeavor a campaign of this magnitude would require the development of a donor base that has the capacity for major gifts. Developing relationships with donors takes a significant amount of time. Cultivating them for major gifts takes at least 2 to 3 years. Soliciting them for and closing major gifts generally takes 12–18 months.
- Once the campaign is over, the donor base will need ongoing relationship management. Donors are not transactional; when they invest in an organization, they expect to stay interested and involved in the work of the organization. Regardless of who does the fundraising, donors will believe that Midpen is responsible and accountable for the investments.
- There is also the risk of overlap with donors and diluting their investments in partner organizations that fundraise on a regular basis. Along with dilution, there may be added confusion for donors as to who they are donating to if there are similar entities that are raising funds for similar goals and with the same donor base.

Summary:

- The likely success of a campaign is not only about the staff/volunteer capacity and infrastructure, it's about the pipeline of donors who have been cultivated and are ready to engage in making a significant commitment to and investment in the organization. There is no evidence to suggest that FBCS has any prospects or donors that would participate or carry a sizeable campaign.
- As noted in the feasibility study completed by Stewart Woods and Associates, the current organizations (Midpen and FBCS) are not experienced with development and don't have a pipeline of donors to develop towards a significant campaign. Thus, any amount of fundraising is going to require assistance, training of volunteers and staff, coordination and oversight of volunteers, systems to manage data and relationships, communications support and materials, and stewardship requiring a financial investment.
- The startup costs associated with training, staff time, volunteer time, and consultants to help with scope and a feasibility study exists in any fundraising option. The investment increases with the size of the campaign to include additional and annual assistance. A key question to ask is whether this startup cost and investment in time and energy is worth the pursuit. Typically, this amount of investment is most worthwhile if there is an anticipation for ongoing solicitations over time, versus for a single event.
- Before building development capacity with the intent of additional fundraising in the future, Midpen needs to consider the impact that it will have on existing fundraising partners. The field is already crowded with organizations raising money in the bay area and additional voice could dilute partner efforts and impact partner relationships as Midpen becomes a competitor in the fundraising space.

- In all of the options that include fundraising, Midpen staff will need to be involved in establishing an MOU with FBCS, scoping the project, and oversight, coordination, and execution of the fundraising campaign. Midpen needs to consider whether this is the best use of staff resources, recognizing that the fundraising may not yield the desired funding goal and may be less than the total cost to Midpen.
- Regardless of how successful any of the campaign options are, any effort will be attached to and associated with Midpen. There really isn't any way to avoid association or to isolate a campaign to FBCS. If any part of the campaign does not go well, it will reflect on Midpen and its reputation, and addressing it will become part of the Midpen's ongoing work.
- The difference in the size of the campaign and the clarity of purpose is reflected most in the likelihood of success and the length of the campaign.
- If Midpen is willing to assume some amount of risk to the reputation and brand of the organization, then the amount of staff oversight necessary in the fundraising area could be slightly reduced. If Midpen is willing to assume some amount of risk with regards to construction and project management, or confer that responsibility onto a lessee, then the amount of staff time could also be slightly reduced. These are important decisions that should not be made lightly as the impact of damaged public opinion can be very difficult to overcome.
- Successful fundraising in the Bay Area requires a tremendous amount of skill, experience and sophistication on the part of the solicitors. Success is also determined to a degree by timing and good fortune. As was mentioned above, in our geography, a single donor can make an entire campaign with a single gift and by influencing other donors. But that is not something that a campaign can count on even when there are strong relationships or connections in place.
- Donor and staff fatigue in campaigns occurs at the 5-year mark and potentially earlier if there isn't enough support. Many campaigns are cut short or called finished when fatigue sets in. The negative impact of fatigue can affect an organization for years after a campaign has been ended.
- The expectations and relationship with donors doesn't end with a campaign — that goes on for a long time and requires management. By engaging in fundraising, you are starting relationships that can't be ended easily without ramifications. So regardless of which entity executes the fundraising campaign, Midpen will be seen as an integral part, partner or parent of the campaign because of their financial support of the campaign. This is in fact what anchors the reputation of Midpen to the success of the campaign. A fundraising campaign of any size will initiate relationships; the relationships with donors who might make a large investment could require attention of Midpen staff for a few years upwards of a decade.

Summary

	Option 1: No private fundraising	Option 2: Save the Stables (deferred maintenance); \$1M	Option 3: Ancillary Improvements; \$95,000 - \$830,000	Option 4: Large-scale Public Access; +\$6M
Likelihood of success	<i>N/A</i>	<i>Medium</i>	<i>Medium to High</i>	<i>Very Low to Low</i>
Financial investment for consulting support	<i>None</i>	<i>High</i> \$150,000 - \$250,000	<i>Medium to High</i> \$50,000 - \$250,000	<i>High</i> \$250,000 - \$450,000
District staff time and estimated cost	<i>Low</i> 5-15 hours	<i>Medium</i> 4 hrs/week with campaign director or 6 hrs/week with fundraising consultant Cost estimate: \$46,000 - \$90,000	<i>Medium to High</i> 8 hrs/week with campaign director or 10 hrs/week with fundraising consultant Cost estimate: \$53,000 – \$227,000	<i>Very High</i> Full-time campaign director, development staff, admin support, and other dept support Cost estimate: \$707,000 - \$990,000
FBCS time	<i>Low</i> 5-15 hours	<i>High</i> 50 – 100 hours per week, assuming five FBCS members	<i>High</i> 50 – 100 hours per week, assuming five FBCS members	<i>High</i> 50 – 100 hours per week, assuming five FBCS members, plus campaign steering committee
Campaign timeline	<i>N/A</i>	3-4 years	2-6 years	5-7 years
Estimated total District cost (consulting and staff time costs*)	<i>Low</i> \$270 - \$800	<i>Medium</i> \$196,000 - \$340,000	<i>Medium</i> \$103,000 - \$477,000	<i>High</i> \$957,000 - \$1,440,000

*Staff costs was estimated using the median salary of a Management Analyst II, inclusive of benefits over estimated the lifetime of the project. Real staff costs will vary based on which staff members are involved in project management and fundraising oversight.