

CLACKAMAS COUNTY BOARD OF COUNTY COMMISSIONERS

Policy Session Worksheet

Presentation Date: Oct 6, 2015 **Approx. Start Time:** 1:30 PM **Approx. Length:** 60 min

Presentation Title: Parrott Creek Ranch Deferred Maintenance & Capital Campaign

Department: County Administration, County Counsel & Facilities Division, Finance

Presenters: Laurel Butman, County Administration; Marc Gonzales & Jeff Jorgensen, Finance; Stephen Madkour, County Counsel

Other Invitees: Executive Director Linda Winnett, Board Members & Fundraising Consultant, Parrott Creek Ranch; Rick Gruen & Gary Barth, Business & Community Services

WHAT ACTION ARE YOU REQUESTING FROM THE BOARD?

Staff is seeking guidance on addressing deferred maintenance and responding to a request for capital support at the Parrott Creek Ranch facilities.

EXECUTIVE SUMMARY:

The County purchased the property where Parrott Creek Ranch is located with proceeds of a special levy passed by voters for the purpose of “acquisition of property, construction, and first-year operation of a residential ranch facility for boys in need of removal from home but amenable to treatment in the community rather than placement at the State Training School.” The 80 acre property includes, in addition to the facilities, 41 acres of forested land.

Parrott Creek Ranch (Parrott Creek) operates under a lease agreement with the County that calls for the County to perform some maintenance functions. Currently, for many reasons, the Parrott Creek facilities are suffering from prolonged maintenance deferrals. A February 2015 Facility Assessment commissioned by the County identified slightly over \$1 million in deferred maintenance work (inclusive of improvements for code and ADA compliance) that would need to be accomplished to meet all the maintenance deferred needs.

Parrott Creek received two grants in the last three years that focus on technical assistance for board fundraising training and capacity building from the Meyer Memorial Trust. With the Trust’s financial assistance, consulting services were contracted and consequently the board and staff have increased their abilities to raise funds. In addition the board and staff completed a strategic planning process focusing on capacity building with an emphasis on diversifying operational revenue. A plan to launch fee for service (private and insurance pay) offerings to the public was another result of the planning process. This increase in funding is designed to not only underwrite current services but provide revenue for increased demands after the Master Plan is completed.

Recent conversations between the County and Parrott Creek have resulted in a proposal that could meet some of the deferred maintenance needs while at the same time ensuring that non-critical work would not take place in buildings that are planned for replacement. Parrott Creek has proposed that the County invest approximately \$500,000 over three years toward decreasing the maintenance backlog, prioritizing safety and maintenance items.

In parallel, Parrott Creek would continue to plan and launch its capital campaign to realize the Master Plan. In general, foundations do not give large donations for capital campaigns until 40 to 70 percent of the total amount is raised. Parrott Creek Ranch recognizes the strong partnership between the County and Parrott Creek and would see the \$500,000 investment for deferred maintenance as one critical contribution from the County that will allow them to launch their capital campaign. Parrott Creek is also seeking additional seed money from the County to launch its capital campaign.

In addition, to ensure better success in fundraising efforts toward its capital campaign, Parrott Creek desires to update its current lease with the County. This provides both the County and Parrott Creek an opportunity to clarify the roles and responsibilities of both entities. The County has also wanted to update the lease for

some time. This would be an opportunity to set forth in writing the steps toward ultimately conveying a portion or all of the aforementioned real and improved property to Parrott Creek Ranch, an interest of Parrott Creek's as well, provided the facilities conveyed are in good repair. Successfully negotiating an updated lease would be another critical County contribution toward the launch of Parrott Creek's capital campaign.

Parrott Creek plans that any new buildings constructed and any existing facilities upgraded through the Master Plan would be owned and maintained by Parrott Creek. This would relieve the County of the maintenance responsibilities. Given this ownership desire on the part of Parrott Creek and that the property was originally purchased for the creation of a residential ranch facility, it is reasonable to consider the possibility of a no-cost conveyance of a portion or all of the property on which the facilities are built from the County to Parrott Creek. A no-cost conveyance would also ensure that there would be no requirement for Parrott Creek Ranch to repay any of the approximately \$452,000 CDBG funds that the County has invested in Parrott Creek since 1986.

Financing Opportunity

Of the 80 total acreage of the property, 41 acres is forest land. A 2014 report from County Parks & Forestry provides a comprehensive analysis of the area and details of a potential timber harvest (Attachment 6). The County could harvest about 1,000 thousand board feet (MBF) from approximately 31 acres of this forest land which has soil well suited to tree planting and growing. There is additional pasture land that could be planted and put to use as well.

The forested area was logged in the 1930s and left to regenerate naturally. Because thinning is not an option due to the quality of the forest, logging here would impact the view shed of two or three neighbors. However, advantages to harvesting the available timber here are that the invasive plants that have overrun the forest could be eradicated and that the area could be replanted with a better mix of trees. This would result in a much healthier forest with enhanced views and habitat and the potential for thinning in years to come without such visible impacts. For purposes of this policy session and discussion, County Parks & Forestry was asked to update the pricing within its 2014 report. Updated pricing revealed that harvesting the timber today as noted above would yield approximately \$350,000, contingent on market conditions at the time of harvest.

In general, revenue from County forest assets in our timber inventory is dedicated to ongoing maintenance of County parks in order to relieve the General Fund from that obligation. The property on which Parrott Creek Ranch is located was originally purchased with levy proceeds approved by the voters for the purpose of establishing a residential ranch facility. Given the strong nexus between the property and Parrott Creek as well as voter intentions, using the proceeds from the initial harvest of the timber for improving Parrott Creek facilities would seem to make sense. However, moving forward toward conveyance of property Parrott Creek, it is possible that the forest property could remain in County ownership as part of its forest asset and timber inventory base. In that case, County Parks & Forestry would bear the long term responsibility managing the young stand for future timber production with future proceeds dedicated to ongoing maintenance of County parks.

FINANCIAL IMPLICATIONS (current year and ongoing):

Recommendation #1 requires a General Fund investment of \$500,000. Recommendation #2 requires a General Fund investment of \$150,000 augmented by approximately \$350,000 in one-time timber revenue. Recommendation #3 requires a General Fund investment of \$500,000 augmented by approximately \$350,000 in one-time timber revenue.

LEGAL/POLICY REQUIREMENTS: None at this time

PUBLIC/GOVERNMENTAL PARTICIPATION:

County Administration, Finance, and Facilities have collaborated with the Parrott Creek Executive Director and members of the Parrott Creek Board to bring these recommendations forward. If a decision is made to proceed with a timber harvest, we will proceed with the usual public involvement process for timber sales.

OPTIONS:

ROLES & RESPONSIBILITIES

1. Direct staff to enter into negotiations to update Parrott Creek's lease with the County to clarify roles and responsibilities and address conditions for conveyance of property to Parrott Creek.
2. Direct staff to enter into negotiations to update Parrott Creek's lease with the County to clarify roles and responsibilities but *not* address conditions for conveyance of property.
3. Decline to update Parrott Creek's lease at this time.

FINANCING

- A. Direct Finance to put forth a General Fund policy level proposal for the FY 2016-17 budget in the amount of \$500,000 (either one-time or in increments over three years) dedicated to decreasing the amount of deferred maintenance at the Parrott Creek facilities.
- B. Direct Finance to put forth a General Fund policy level proposal for the FY 2016-17 budget in the amount of \$150,000; direct County Forestry to harvest the timber on the property; and direct Finance to dedicate both the General Fund amount (\$150,000) and the timber proceeds (\$350,000, more or less) to decreasing the amount of deferred maintenance at the Parrott Creek facilities.
- C. Direct Finance to put forth a General Fund policy level proposal for the FY 2016-17 budget in the amount of \$500,000 (either one-time or in increments over three years) dedicated to decreasing the amount of deferred maintenance at the Parrott Creek facilities and direct County Forestry to harvest the timber on the property, the proceeds of which (approximately \$350,000) would be dedicated to the Parrott Creek capital campaign.
- D. Decline to address or consider financing at this time.

RECOMMENDATIONS:

ROLES & RESPONSIBILITIES

Staff respectfully recommends that the Board approve Roles & Responsibilities option #1 directing staff to enter into negotiations to update Parrott Creek's lease with the County to clarify roles and responsibilities and address conditions for conveyance of the facilities and a portion or all of the property to Parrott Creek. *The Parrott Creek staff and Board concur with this recommendation.*

FINANCING

Staff respectfully recommends that the Board approve Financing option B or option C and direct staff to proceed accordingly. *The Parrott Creek staff and Board concur with options A and C.*

ATTACHMENTS:

1. Existing Facility Assessment by Scott Edwards Architects (February 13, 2015)
2. Parrott Creek Master Plan Phasing Notes
3. Parrott Creek Child & Family Services -Strategic Business Plan Outline
4. Parrott Creek Child & Family Services Board List
5. Parrott Creek Capital Campaign Readiness Paper
6. Timber Harvest Possibilities Parrot Creek Property

SUBMITTED BY:

Division Director/Head Approval JJ

Department Director/Head Approval MG

County Administrator Approval LSB

Attachment 1

Existing Facility Assessment by Scott Edwards Architects

Attachment 2

Parrott Creek Master Plan Phasing Notes

Attachment 3

Parrott Creek Child & Family Services -Strategic Business Plan Outline – for the time period of the next 1-3 years depending on the objectives –

Goal 1. Stable funding sources- Parrott Creek has adequate resources to maintain effective programming

Consistent government/contract funding

- Strengthen relationships with strategic partners (Clackamas Co., OYA, major contributors)
- Raising awareness of reality of what current funding levels buy as services
- Explore more county funding for residential work
- Educate those who place kids about Parrott Creek

Increase Fundraising

- Fill the gap between contract funding and actual cost
- Sufficient funds to support appropriately staffed organization
- Six months of operating reserves (e.g. \$600,000)
- Identify and expand partnerships with foundations
- Strengthen donor relationships, involve board so it is more peer to peer
- More point of entry events

Define an ongoing revenue stream

- Property
- Mission related business

Expand and Improve Marketing

- Increase public awareness of who Parrott Creek is and what we do
- Market public benefit and return on investment of our core competencies
- Enhance public profile-staff volunteer in community-presence in schools
- Increase client testimonials
- Interface more often with other professionals, social service agencies, referral agencies
- Create a case statement

Implement an Evaluation of PC Programs

- Measure and demonstrate the success of PC programs
- Measure impact, report outcomes, and develop best practices

Goal 2. Personnel- Staff, Board and Volunteers- Parrott Creek is a great place to work and volunteer

Staff- that is well trained and paid at competitive wages

- Appropriately staffed organizational structure
- Provide market rate wages for staff with retirement – to retain excellent staff
- Staff leadership development and succession planning
- Consistent training- professional development funding
- Communication enhancement for staff

A strong and vibrant board

- Recruit additional board members
- Establish board committees – job descriptions, membership, team leaders
- Establish board sustainability/succession plan
- Board training and professional development opportunities
- Advisory council(s) to augment the work of the board
- Emphasize fundraising expectation

- Commitment to board diversity-past family or client on board
- More opportunity for board/staff interaction and info sharing

Volunteer support structure

- Dedicated staff member to recruit, train, and manage volunteers
- Creating group volunteer projects - for groups from companies
- Providing volunteer opportunities that match individual volunteer's interests, skills and schedule
- Establish positive relationships between staff and volunteers
- Volunteer recognition and appreciation
- Volunteer training and screening process
- Recruitment of more volunteers

Goal 3. Programming- Parrott Creek is a vital link in creating healthy family systems

Expand Community Based Programming- for the general public and for current clients

- Market analysis of what the community wants, needs
- Identify facility/staff/infrastructure needs
- Develop cost and billing structure
- Fee for Service
 - o Youth Mental Health
 - o Family Counseling
 - o D & A counseling for current clients
 - o Post Residential Services
- Prevention (working with youth, families, schools before juvenile justice involved)
 - o Educational Workshops for parents, teachers [and/or] Groups for youth
 - Substance Abuse Education, Delinquency prevention
 - Sexual Acting Out Behavior/Sexting
 - Bullying/Cyber Bullying
 - Gender Roles, Healthy Personal Values, Teen Development

Goal 4. Improve Capital Assets-The Ranch is a physically beautiful place that meets the needs of staff and clients

Current campus improvements

- Improve relationships with county commissioners and key staff
- Communication; develop clear and concise list of capital needs
- Update lease agreement/renegotiate
- Build new relationships with vendors/businesses to help with repairs, use skilled volunteers

Master Plan

- Use parts of the Master Plan that make sense for current needs; single rooms
- Thoughtful, measured steps, focused on bigger vision
- Targeted development efforts that will set up PC for a capital campaign
- Develop marketing plan to solicit capital funds

Parking lot list - Mission Related Business- Supplement contract and private gift funding

Attachment 4
PARROTT CREEK CHILD & FAMILY SERVICES
BOARD OF DIRECTORS
February 2015

Chair

Donna Bane, Non-Profit Organization Consultant

Vice Chair

Butch Pollard, President at Supply Source

Secretary/Treasurer

Missy Wryn, Director of Finance, Merlo Corporation

Members

William Bruce Shepley, Lawyer/Judge

Tammy Haney, DHS/Child Welfare

Gayland R. Looney, Owner-Perlo Construction

John Wentworth, Senior Deputy DA, Clackamas County

John Tucker, CEO, Dave's Killer Bread

Advisory Members

John Foote, District Attorney, Clackamas County

Wilda Parks, Former CEO N. Clackamas Chamber

Joshua Monda, VP of Sales/Co-Founder

Grindstone Collection Strategies, Inc.

Former Client of Residential Program

Emeritus Members

Lloyd Anderson, Retired CEO Port of Portland

Sandy Lindquist

Laura Henderson, Healthcare Sales

Doug Fogg, Retired Health Care Administrator

John Foote, District Attorney, Clackamas County

John T. Lauka, CPA Lauka & Associates

Attachment 5

Parrott Creek Child & Family Services Capital Campaign Readiness

What is the capacity building history of Parrott Creek to date?

Parrott Creek Child and Family Services contracted with me in January of 2013 to help them increase their ability to raise funds. I did this by working closely with the Executive Director and board after an assessment/training process followed by a development plan. At that time they had a quick succession of development directors (common in the sector) and they wanted to regroup before hiring another one.

The board and staff responded quickly to my teaching of best practices in fundraising and in the last several years there has been a 66% increase in giving.

In 2014 Abby Link was hired as a part time Development Director. In a short period of time she demonstrated her ability to raise funds and soon after her hours were increased to fulltime. During her tenure our Annual Fundraising Luncheon giving increased 33%. She is adept at meeting with individual donors and building closer relationship with them, networking in the community and assisting with and creating successful strategies for fundraising, donor cultivation/stewardship, and campaigns.

During the last two and a half years the board has increased its personal giving, become more involved in asking for financial support from their personal networks and are actively participating in cultivating and stewarding donors. This bodes well for a future capital campaign because board members are a central part of the fundraising process.

In a short period of time Parrott Creek has strengthened its infrastructure around fundraising making it more likely than ever for them to complete the first phase of the Master Plan.

What does the outline of the 1st phase of the capital campaign look like?

An important step in creating a successful campaign that includes a government stakeholder is demonstrating to funder a strong partnership between the nonprofit and the government. This includes a clear understanding of the ownership of the property and financial support for the project.

The next step is getting a solid cost on the project by meeting with the architect, and any other contractors who will help determine the costs for the campaign.

Ongoing Parrott Creek will continue to deepen and develop relationships with existing donors and prospects that have the capacity to give at the leadership level for the campaign. This includes; one on one visits as well as small and large group activities, tours of the facility, speaking engagements around the area.

Once there is a clear understanding with the County about their role and contribution to the campaign and the cost of the project is determined, the Quiet Phase of the campaign is started. This includes asking donors with capacity to help make lead gifts, meeting with supporters who could provide in-kind support (lumber, windows, etc.) and informing foundations that Parrott Creek has a relationship with that this campaign has started. In the conversations with the foundations they will be asked if they would be interested in giving to the campaign, if so about how much and at what point they would be willing to consider making a gift. In general foundations will not make a gift unless the organization has raised 40-70% of the total goal.

List of committed and likely gifts

Sources

Seed money from a donor - \$50,000 with the potential to give again (committed)
Board and Leadership Staff- to be determined
Parrott Creek donors with capacity
Foundations

Likely sources

CDBG
County
In-Kind- sources for lumber and windows
State

Attachment 6

Timber Harvest Possibilities Parrot Creek Property