Greenway Evolution & General Financial/Operating Review

Board of Directors and Greenway Leadership Council

May 1, 2012
Topics for today

• Facts about the Greenway Conservancy
  – Conservancy transparency, including tour of materials on website [rfkgc.org/documents]
  – Administrative and Development cost benchmarks
  – Direct labor comparisons
  – Administrative cost detail
  – Replacement cost analysis

• Park evolution
  – Greenway-wide and in each of the 5 parks

• History of the public/private partnership

• Greenway operating model
Facts about the Greenway Conservancy

To supplement presentation shown at February public meeting:
Conservancy uses best practices for non-profit transparency

• Audited annually: 7 years of clean opinions

• Board-approved transparency policy, accepted by the Attorney General’s office

• At least 4 public meetings annually, all shown on our website calendar

• Public documents available one click from home page
  – Audits, federal tax filings, Annual Reports
  – Public meeting minutes, Board policies, Legal documents, and more
  – Senior staff bios

• GuideStar Seal for transparency

• 350+ pages of content on website
Conservancy administrative and development expenses are reasonable, according to Charity Navigator guidelines.

Scoring, per Charity Navigator benchmarks

- **Best score all years**
- **Best score '11 & '12**
- **Second-best score '10 & '13**

FY10 and FY11 from audited financials; FY12 and FY13 comparable presentation

- CN scoring: Admin <15% receives top score; Development 0-10% is top score, 10-15% next score
- RFKGC is not formally rated by Charity Navigator yet since CN evaluates charities with 5 years operating data and RFKGC has only FY10 and FY11 figures since park operations began
Caring for parks is dependent on people: Greenway similar to Boston Parks and to DCR

**Labor costs as a percentage of operating costs**

- **Boston Parks Dep't**: 66%
- **DCR**: 65%
- **Greenway**: 58%

- WORK Inc. provides people for basic park maintenance

- RFKGC – salaries+benefits from FY11 audited financials
- City of Boston Parks & Rec FY11 Personnel Services as % of Operating Budget from [http://www.cityofboston.gov/budget/](http://www.cityofboston.gov/budget/)
50% of administrative direct expenses are not cash costs

**FY11 administrative direct expenses**
drawn from audited financials

- **50%**: Non-cash: donated space
- **139**: Non-cash: donated services
- **112**: Non-cash
- **90**: In-kind office space
- **21**: In-kind legal
- **15**: Other
- **31**: Legal
- **33**: Marketing
- **57**: IT + telecom
- **64**: Accounting
- **114**: Office expenses
- **250**: BID outreach

**Auditor-approved, moderate approach for overhead allocation:**
- Overhead (e.g., contingency, in-kind rent+utilities, legal, accounting, office supplies) allocated to departments on a % of total operating budget basis
- Administrative salaries are not allocated
Preliminary replacement cost analysis suggests $12M+ cost over next 10 years

- Conducted inventory of park assets by parcel
  - Original CA/T bid documents
  - Aerial map calculations for ground covers
  - Field checks

- Costs based on original bid construction cost

- Estimated lifespans

No current source of funds to address
Multiple studies of non-profit CEO/Executive Director compensation

Sources:
- “Charity Navigator 2010 CEO Compensation Study”, 8/2010, n=3,005, median is medium-sized Northeast non-profits
- RFKGC comparables, see previous slide, n=8
Where would Conservancy appear in Herald’s salary database of 39 top local non-profit execs?

Salary shown is most recent on Boston Herald website (as of January 30, 2012); most (including RFKGC) are 2007 pay
Park evolution
There was a Green Monster before there was a Greenway
Plans for an urban park

Architects, landscape architects, city planners and others discussed how to transform the space, produced by dismantling the elevated Central Artery, into a signature urban park.

- With community input, MTA completed the design in 2003/4.
- Greenway Conservancy started operation in 2005.
- Park construction complete in 2007/8.
The Greenway’s location over the tunnel, design and civic mission drive operating costs

2004: “ensure the Greenway’s future as a first-class public space”

2008: “ensure … Greenway is operated, maintained, managed and actively programmed, financed and improved to the highest standards”
Conservancy faced immediate challenges:

- Soil health
- Moisture levels
- Irrigation system
- Plantings and garden
- Fountain repair

Standing ground water amidst electric wiring

No root growth due to initial planting issues

Inadequate drainage
Greenway-wide Improvements

- Skateboard deterrents
- Park wayfinding signs
- Tables, Chairs, Umbrellas
- Planters
- Distinctive food vending
- Winter Lights
Progress in each of the five Greenway parks

- The North End Parks
- The Wharf District Parks
- Ft Point Channel Parks
- Dewey Square Park
- Chinatown Park
Enjoyment For All. Active/Passive Choices
The North End Parks: Before & After

61 N. Washington St
North End Parks

Parcel 10 fountain repairs

Replacement of tables & chairs

Winter Lights

Redesign & planting of Parcel 5
Wharf District Parks: Before & After

Custom House Tower

Flour and Grain Exchange building
Wharf District Parks

Rowes Wharf Plaza before

Rental carousel

After - Plaza with tables & chairs

Parcel 15 redesign & plantings
Fort Port Channel Parks: Before & After

Boston Harbor Hotel
Dewey Square Park

Food Vending

Farmers Market

Lawn restoration

Occupy Boston
Dewey Square Park

Dewey Square Demonstration Gardens

Earth Day volunteer project & event

Rain Garden

Pollinator garden
Chinatown Park: Before & After
Chinatown Park

Community driven projects

New park furniture

Planters
Chinatown Park

Winter Lights

Community use

Seasonal Plantings
The Greenway model: Public/Private Partnership

Responsible for successes to date
Meeting the Expectations for the Greenway - 2004

Greenway Conservancy
- Created in 2004 after design decisions made & during active debate about how to pay for parks;
- Model chosen for fundraising and dedicated management;
- But annual expenses - maintenance, program and operating costs - still unknown.

Memorandum of Agreement – Conservancy created by State, MTA, City, & Kennedy family
- “The Public Parties have agreed...that the creation of a private, charitable corporation to serve as a conservancy for the Greenway is the most effective way to ensure a true private-public partnership…”
- Term of MOA - July 15, 2004 to June 2012/13;
- Develop “a long-term business plan for the Conservancy and identifying all sources of funding sufficient to fulfill the requirements of the Long-Term Operations and Maintenance Plan, Security Protocol, the Events Plan and Budget for the Greenway” (costs projected as park construction ended and wrapped into 2008 Greenway Business Plan)
Meeting the Expectations for the Greenway - 2008

Business Plan
Expense projections FY09-12:
- Core Operating - $6-6.5M
- Special projects/improvements
- Capital investment in maintenance facility, park equipment

Chapter 306/Laws of 2008: Confirmed public/private partnership
- “The conservancy shall be...dedicated to ensuring that the greenway is operated, maintained, managed and actively programmed, financed and improved to the highest standards.” Section 8
- “Nothing in this act shall be construed as establishing the conservancy as a governmental body.” Section 1
- Five-year renewable lease with MassDOT through June 2013
- State contribution of 50% toward operating and capital expenses – up to a cap of $5.5M
The public-private model: government (40%) has leveraged other support (60%)

**Total Conservancy revenue and support since inception**
Total FY05-FY11 revenues and support = $35.2M

- **Government support** $14,143,388 (40%)
- **Private philanthropy** $18,167,464 (52%)
- **Endowment income, including unrealized gains** $2,344,861 (7%)
- **Other** $515,060 (1%)

**Notes:**
- Numbers may not sum due to rounding
- Figures from FY05-FY11 Financial Statements
  - “Government” includes cash and in-kind
  - “Private philanthropy” includes cash and in-kind contributions, Inaugural event revenue, Gala, Annual Fund, & Mother’s Walk
  - “Endowment income” includes interest and dividends, as well as realized and unrealized gains
  - “Other” includes earned income and insurance recoveries

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Greenway Conservancy
Rose Fitzgerald Kennedy

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Conservancy’s operating approach
The Conservancy’s mixed model for M+H of both staff and contractors provides numerous advantages

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<th>In-house</th>
<th>Outsourced</th>
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| **Staff** | • Maintenance: 5.5 FTEs + 1 PT seasonal  
• Horticulture: 4.5 FTEs + 4 seasonal staff  
• Supplemented by Green and Grow youth development program |
| **Volunteers** | • 377 volunteers contributed 1,113 hours in 2011  
• Targeting 400+ volunteers contributing 1200+ hours in 2012 |
| **WORK Inc.** | • Basic “mow, blow and snow” care – e.g., trash, lawns, snow removal  
• 2-3 people in parks from 7AM-11PM every day  
• Selected via competitive procurement  
• Non-profit providing vocational services for individuals with disabilities |
| **Specialty contractors** | • E.g., WET Care, designers of Rings Fountain (and Bellagio fountain!)  
• E.g., Organic consultant from Battery Park City Parks  
• E.g., Contracted lighting installation for *Botanica* (temporary art piece) |

- Committed, welcoming in-park presence 17 hours/day, 365 days/year
- Deep and growing technical knowledge of the parks
- Flexibility to buy necessary expertise
- Costs managed via bidding
Volunteers

Green and Grow youth workforce development program
One park illustrates the Conservancy’s mixed approach for horticulture and maintenance work.

**HORTICULTURE**

- **Lawn**
  - Aeration by staff
  - Mowed by WORK Inc.
  - Organic advice from specialty consultant

- **Trees**
  - Care by staff

- **Beds**
  - Plantings and care by staff (and volunteers)

**MAINTENANCE**

- **Light Blades**
  - Programmed by staff
  - Repairs by specialty consultants

- **Rings Fountain**
  - Troubleshooting by staff
  - Filter baskets cleaned by staff
  - Repairs by specialty consultants

- **Hardscape**
  - Masonry work by staff
  - Power-washing by WORK Inc.
  - Skate deterrents installed by specialty consultants

- **Trash + litter**
  - 2x (or more) daily by WORK Inc.
Complexity of the Rings Fountain (I)
Complexity of the Rings Fountain (II)
Rings Fountain:
“the most unconditionally happy spot in all of Boston”

Quote from Peter Schworm, The Boston Globe, “Refreshing Change”
Charity Navigator: $179K median salary for Northeast non-profit CEOs

"We know from the conversations taking place in the comment section of our charity ratings pages that many donors continued to be concerned by what they believe to be excessive charity CEO pay. Many donors assume that charity leaders work for free or minimal pay and are shocked to see that they earn six figure salaries. But these well-meaning donors fail to consider that these CEOs are running multi-million dollar operations that endeavor to change the world. Leading one of these charities requires an individual that possesses an understanding of the issues that are unique to the charity’s mission as well as a high level of fundraising and management expertise. Attracting and retaining that type of talent requires a competitive level of compensation as dictated by the marketplace."

- August 2010 study of 3,005 charities using 2008 compensation
  - $185,000 = median salary for 645 charities in the Northeast
  - $178,620 = median salary for 246 medium-sized charities in the Northeast