



# CITY OF SANTA BARBARA

## COUNCIL AGENDA REPORT

**AGENDA DATE:** September 18, 2012

**TO:** Mayor and Councilmembers

**FROM:** Administration, Library Department

**SUBJECT:** Contract For Capital Campaign Counsel For Children's Library And Endowment Fundraising Campaign

### **RECOMMENDATION:**

That Council:

- A. Authorize the Library Director to execute a Professional Services Contract in a form of contract approved by the City Attorney, with Whaley LeVay in the amount of \$96,000 for Library Capital Campaign Counsel for a fundraising campaign of \$5,000,000 for a new Children's Library and an endowment for future library services;
- B. Authorize the transfer of \$96,000 from the Library's Maximus Trust account to the Library Department's General Fund; and
- C. Increase estimated revenues and appropriations in the Fiscal Year 2013 Library Department, General Fund, by \$96,000.

### **DISCUSSION:**

#### **BACKGROUND**

The Central Library was last renovated in 1980. Since then, changes in demographics, services and technology have made the current space arrangement obsolete. In October 2010, Council approved a project to develop a preliminary design for the relocation of the Children's Library, and to plan functional improvements throughout the rest of the Library. The preliminary design has been completed and includes the initial relocation of the children's section from the main floor to the lower level and a future improvement program to renovate additional areas of the library. The cost of the relocation of the Children's Library is approximately \$2,700,000.

As a next step, the Friends of the Santa Barbara Public Library, following a competitive proposal process, retained Whaley LeVay in 2011 to conduct a campaign planning study. The findings confirmed that raising \$5,000,000 for a new Children's Library and an endowment to support future library service is feasible.

However, the report also indicated that the Library faces significant challenges in launching a capital campaign because of the lack of a formal development program, a seasoned fund-raising board and a well-cultivated donor base. Given these factors and the fierce competition for charitable dollars in the community, the Library needs to conduct a professional campaign with a commitment of sufficient resources and professional guidance.

In addition to funding the campaign planning study in 2011, the Friends of the Santa Barbara Public Library have received grant monies and individual donations for the Children's Library project which were used for additional assistance by Whaley LeVay in initial preparation and planning for the Library capital campaign, drafting a case statement, and assisting in the hiring an experienced fundraiser. Those funds have now been expended.

## PROJECT DESCRIPTION

The Library Department seeks to hire an advisor to assist it in continuing with the work of developing campaign strategies and guiding their implementation. Because Whaley LeVay conducted the feasibility study and made initial contact with a group of prospective donors, the Library would like to continue working with them to guarantee continuity of information. Julie LeVay, one of Whaley LeVay's founding partners, led the consulting team that conducted the campaign planning study and is uniquely positioned to conduct this engagement. She has been involved in numerous campaigns of varying sizes, conducted locally and nationally, and for a variety of types of organizations, including the Webb School (\$21 million), and Harvey Mudd College (\$84 million).

Whaley LeVay will serve as Campaign Counsel and in that role will provide campaign strategy development, including goals, timeline, volunteer campaign leadership structure/job descriptions, identification and management of prospective donors, and gift solicitation strategies. Whaley LeVay will direct the work of the staff team assembled for conducting the campaign: Irene Macias, Library Director, Janice Pegram, Capital Campaign Manager, Beverly Schwartzberg, Library Services Coordinator and clerical support staff. Volunteer leadership recruitment, a key aspect of the campaign, involves the recruitment and solicitation of donor prospects. Activities may also include other types of services such as review of a proposal, presentations to a committee, and help with solicitations.

The overall goal of the fundraising campaign is to raise \$5,000,000 by 2016. This includes \$3,000,000 for a new Children's Library and associated fundraising costs and \$2,000,000 for an endowment for future library services. Whaley LeVay will guide the campaign efforts through June 30, 2013 under this contract; although specific totals are not guaranteed, the campaign plan has a goal of raising \$2,000,000 by June 30, 2013.

**BUDGET/FINANCIAL INFORMATION:**

Staff recommends that Council authorize the increase of revenues and appropriations in the Fiscal Year 2013 Library Department General Fund by \$96,000 for this project. The Maximus Trust, a bequest to the Central Library, will provide the funding for the contract in the amount of \$96,000.

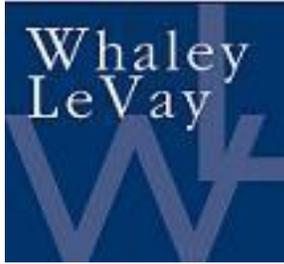
**ATTACHMENTS:**

1. Capital Campaign Whaley LeVay Workplan
2. Proposal to The Santa Barbara Public Library Capital Campaign Counsel August 2012

**SUBMITTED BY:** Irene Macias, Library Director

**APPROVED BY:** City Administrator's Office





PROPOSAL TO  
THE SANTA BARBARA PUBLIC LIBRARY

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CAPITAL CAMPAIGN COUNSEL

Julie LeVay  
August 2012

[www.whaleylevay.com](http://www.whaleylevay.com)

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## INTRODUCTION

### **OUR UNDERSTANDING OF THE ISSUES**

The information upon which this proposal to the Santa Barbara Public Library is based comes from knowledge gained through Whaley LeVay's campaign planning study, as well as subsequent campaign planning counsel provided under the auspices of the Friends of the Library.

The Santa Barbara Public Library has long been considered a community treasure, noted for its collection, architecture, educational resources and cultural events. Located in downtown Santa Barbara at the corner of Anapamu and Anacapa streets, the Spanish Revival building first opened in 1917. Reconstruction followed major earthquake damage in 1925; the Faulkner art and music wing was added in 1930, and major remodeling was completed in 1980.

Major renovation is again on the drawing board. The architectural firm of LPA, Inc. has been engaged to design an expanded children's library that will occupy the first floor of the building which is currently closed to the public. Given the current economic climate, the cost of relocating the children's library must be funded with philanthropic support. Recognizing the value of a diversified funding base, the Library also seeks to establish a development program and begin building an endowment.

As a first step in this process, Whaley LeVay was retained in late 2011 (under the auspices of the Friends of the Library) to conduct a campaign planning study. The significant findings of that study are as follows:

- Raising \$5 million for a new Children's Library and an endowment to support it appears to be feasible.
- The Santa Barbara Public Library is a well-respected, but not particularly well-understood institution.
- The Library faces significant challenges in launching a capital campaign because it does not have a formal development program in place, has not built a well-cultivated donor base, and does not enjoy the benefit of a seasoned fund-raising board.
- Given these factors and the fierce competition for charitable dollars in Santa Barbara, the Library must be prepared to conduct a very professional campaign with a commitment of sufficient resources.

Santa Barbara Public Library now seeks counsel to develop campaign strategies and guide their implementation.

**SERVICES**

Whaley LeVay will serve as Campaign Counsel for the Santa Barbara Public Library's capital campaign. In that role, we will provide the following services.

**CAMPAIGN STRATEGY DEVELOPMENT**

Whaley LeVay will develop basic campaign strategies and plans. We will initially produce a written campaign plan that will address issues such as financial objectives, timetable and phasing, volunteer leadership structure, donor prospect requirements, etc. This document will serve as a guide to get the campaign moving in the right direction. As time moves on and capacity is built within the Library staff, the planning process will become more collaborative.

**VOLUNTEER LEADERSHIP RECRUITMENT**

Successful campaigns depend on the level of influence and commitment of volunteer leadership. Effective solicitations require volunteers who first make their own capacity-level campaign pledges and then ask their peers to do the same. The Library must recruit volunteers who will give at capacity, are influential with potential donors and who are willing to use their influence to benefit the campaign. Whaley LeVay will work with Library staff to identify potential candidates and create recruitment strategies. This will be an iterative process that will be refined as initial volunteers are recruited and additional candidates are identified.

**PROSPECT STRATEGY DEVELOPMENT**

Prospects are to a campaign what fuel is to an engine. To conduct a successful campaign, the Library must be able to identify a sufficient number of prospective donors with sufficient giving capacity and a strong interest in the project. These prospective donors must also be properly cultivated so that they are ready for solicitation as the campaign moves forward. Whaley LeVay will work with Library staff and volunteer leadership to develop strategies for cultivating and soliciting prospects. This will include the sequencing and timing of soliciting prospects.

**ONGOING CAMPAIGN COUNSEL**

Capital campaigns are unpredictable and it is important to be able to respond to unforeseen challenges as well as serendipity. Whaley LeVay will meet with Library staff on a regular basis to assess campaign progress and make recommendations regarding any necessary changes in strategy.

**OTHER**

Typically during a campaign the consultant is asked for other types of services – help with a solicitation, review of a proposal, presentation to a committee, interviews of job candidates, etc. While these cannot always be anticipated, they almost certainly arise.

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**PERSONNEL & COSTS**

**PERSONNEL** We propose that Julie LeVay, one of Whaley LeVay's founding partners, lead the engagement. She led the consulting team that conducted the campaign planning study and is uniquely positioned to conduct this engagement. Her resume follows.

**COSTS** Fees: We propose conducting this engagement for a fixed fee of \$9,600 per month. As in the past, much of our work with you will be conducted on the phone and via email, as well as offsite drafting and reviewing documents, etc. This would include up to two days per month onsite (which can be split into four half days) working directly with Library staff.

Also, should the Library request work that is outside the scope of this engagement, such time would be billed in addition to fees for the study according to the fee schedule below.

Partners	\$300.00 per hour
Senior Consultants	\$240.00 per hour
Support Staff	\$45.00 per hour

Expenses. Out-of-pocket expenses will be billed in addition to fees. Expenses include travel beyond Santa Barbara, secretarial, telephone charges, photocopying, postage, and other direct expenses incurred in the course of the engagement. . Fees and expenses will be billed and payable monthly. Invoices are sent by the 7<sup>th</sup> day of the month following the billing period and payment is expected by the 28<sup>th</sup> of the same month.

## ATTACHMENTS

### **ATTACHMENTS**

Attached to this proposal you will find:

- Whaley LeVay Qualifications
- Resume for Julie LeVay
- Selected Clients
- “Guidelines for Success: Advice for Organizations New to Fund Raising”

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## WHALEY LEVAY QUALIFICATIONS

### EXPERIENCE WITH CAPITAL CAMPAIGNS

The numerous campaigns in which the partners of Whaley LeVay have been involved have been of varying sizes, conducted locally and nationally, and for a variety of types of organizations.

The goals of the campaigns range from \$2.1 million for St. Mark's School in Altadena, California (which actually achieved \$5.0 million) to \$230 million for the Statue of Liberty- Ellis Island Foundation (which raised over \$500 million). A few other campaigns in which we have been involved are Seattle Repertory Theater (\$15 million), Harvey Mudd College (\$84 million), and The Webb Schools (\$21 million).

### GENERAL APPROACH TO CAMPAIGNS

1. Conducting a campaign planning study. The study provides critical information needed to evaluate the institution's plans from a fund-raising perspective, to test the appeal of the case for support, to assess the community's giving potential and to gather information upon which to develop effective strategies.

The primary focus of our studies is on how to raise as much as possible of the amount an institution needs to achieve its plans while leaving it in a strong position for future fund raising.

2. Assistance in preparing and planning for a campaign. The study provides the blueprint for preparing for the campaign—e.g., upgrading support systems, training staff and volunteers, developing a good, well-researched prospect list, etc. It is crucial that the institution have the necessary infrastructure in place to support a major campaign and that a good plan is developed to guide the staff and volunteers through the campaign. A significant investment is usually required to ensure a successful campaign, and that investment is even more significant for organizations new to fund raising. For more information, see page 9 of this proposal.

Our role in this phase is to work with staff to accomplish these tasks. It should be noted that during this phase certain pivotal gifts are usually solicited, as well.

3. Assistance with conducting the campaign. When the institution is prepared and plans are laid, the organized solicitation process begins. (As noted above, certain pivotal gifts will already be closed or still under solicitation.) Usually there is a quiet or leadership-gift phase followed by a public or general-gift phase.

Our role during the campaign is to provide ongoing help in developing strategies for individual prospects and for the solicitation process as a whole. In addition, we help with developing policies and written materials, review campaign progress and suggest course corrections, as needed, and provide solicitation training for staff and volunteers. We continue to look ahead to ensure that, as the campaign moves forward, the

institution is prepared for the next challenge. Throughout the campaign, we work as a team with staff and key volunteers in developing and implementing plans—providing more or less help, depending on the needs and the decision of the staff member in charge.

## **APPROACH TO CONSULTING**

All of our engagements are characterized by the following:

Senior-level professionals. The firm is modeled on the principle that our clients deserve the attention and insight of senior professionals. We have chosen, therefore, not to employ a cadre of junior-level associates to provide service to our clients. Instead, at least one of the firm's two partners stays intimately involved with each engagement while providing most—if not all—of the service. The firm's associates and specialists, when included on an engagement, work under the direction of a partner and usually provide specialized services.

Customized approach to each engagement. Our goal is to offer institutions a customized approach because no two organizations are the same. Each faces unique challenges shaped by its history, environment and current situation. We conduct studies and help design campaigns and other fund-raising programs tailored to the special needs of each organization.

Working as a team with clients. In helping position organizations for long-term success, we work closely with volunteers and staff members who will bear the ultimate responsibility for achieving that success. They bring an intimate knowledge of their institution and, often, good fund-raising experience. We bring objectivity, creativity and broad development experience with a large number of similar institutions. Together we work to strengthen institutional advancement programs and achieve success in capital campaigns and other fund-raising efforts.

Personalized service. Our highly personalized service limits the number of institutions we can serve. In seeking new clients, we look for organizations that desire a consulting relationship in which the firm's partners stay directly involved and have a personal stake in the client's success.

## RÉSUMÉ

**JULIE H. LEVAY**  
**Partner**

Julie LeVay brings to clients more than 30 years of consulting and institutional development experience. Ms. LeVay was formerly a senior associate of Bentz Whaley Flessner where she served a variety of clients. Her particular areas of expertise include campaign planning and strategy development, institutional audits and training, strategic planning, and campaign management.

Throughout her consulting career, Ms. LeVay has provided service to such clients as:

**Escuela de Agricultura de la Region  
Tropical Humeda San  
Jose, Costa Rica**  
Campaign Planning Study

**Jacksonville Community Foundation  
Jacksonville, Florida**  
Marketing Study

**La Jolla Country Day School  
La Jolla, California**  
Development Assessment, Campaign  
Planning Study, Interim Advancement  
Management, Campaign Counsel

**Marin Academy  
San Rafael, California**  
Development/Marketing/Communications  
Audit, Interim Advancement Management,  
Campaign Planning Study

**The Nueva School Hillsborough,  
California** Development Assessment,  
Campaign Planning Study, Campaign  
Counsel

**NYU – Stern School of Business  
New York, New York** Development  
Audit

**The Pittsburgh Foundation  
Pittsburgh, Pennsylvania**  
Strategic Planning Study

**Pardee RAND Graduate School  
The RAND Corporation  
Santa Monica, California**  
Campaign Planning Study

**Saint Joseph Mercy Health System  
Ann Arbor, Michigan**  
Post-campaign Assessment, Major Gifts  
Study, Major Gifts Program Counsel

**Santa Barbara Public Library  
Santa Barbara, California**  
Campaign Planning Study

**Seattle Repertory Theater  
Seattle, Washington**  
Campaign Planning Study, Campaign  
Counsel

**University of Maine  
Orono, Maine**  
Strategic Development Planning

**Walsh College  
Troy, Michigan**  
Campaign Planning Studies, Campaign  
Counsel

**The Webb Schools  
Claremont, California**  
Campaign Planning Study, Campaign  
Counsel

Prior to her consulting career, Ms. LeVay served The Claremont Colleges where she directed a successful capital campaign. Ms. LeVay has also served as the chief development officer for the San Francisco Opera, and has held development positions with the University of California, Santa Barbara, and Cate School.

Ms. LeVay is a graduate of the University of California, Santa Barbara and Marlborough School. She is a frequent speaker and has made presentations for CASE, NAIS, CAIS, AFP, AHP and the Foundation for Independent Higher Education.

## SELECTED CLIENTS

**AFS Intercultural Programs USA**, New York, NY  
Strategic Planning Study and Counsel, Board Training

**The Beaumont (Hospital) Foundation**, Troy, MI  
Strategic Plan Development, Fund-Raising Counsel

**Betty Ford Center**, Rancho Mirage, CA  
Development Audit, Strategic Development Planning

**The Buckley School**, Sherman Oaks, CA  
Development Audit

**California State University System**  
Office of the Chancellor  
Campaign Planning Study, Advancement Planning

**Campbell Hall**, North Hollywood, CA  
Campaign Planning Study and Campaign Counsel

**Cesar Chavez Foundation**, Los Angeles, CA  
Strategic Development Planning

**City College of New York**, New York, NY  
Strategic Development Planning

**The Community Foundation**, Jacksonville, FL  
Asset Development Planning Study

**Drake University**, Des Moines, IA  
Advancement Audit, Campaign Counsel

**Elon College**, Elon College, NC  
Development Audit and Strategic Planning

**EARTH College**, Costa Rica  
(Escuela de Agricultura de la Region Tropical Humeda)  
Campaign Planning Study

**Grand Canyon National Park**, Grand Canyon, AZ  
Strategic Development Planning, Strategic Planning

**Harvey Mudd College**, Claremont, CA  
Campaign Planning Study

**Herberger Theater Center**, Phoenix, AZ  
Fund-raising Counsel

**Huntington Memorial Hospital**, Pasadena, CA  
Campaign Planning Study, Campaign Counsel

**Lewis University**, Romeo, OH  
Campaign Planning

**La Jolla Country Day School**, La Jolla, CA  
Advancement Audit, Campaign Planning Study,  
Communications Audit, Campaign Counsel

**Los Angeles Chamber Orchestra**, Los Angeles, CA  
Campaign Planning Study, Campaign Counsel

**Los Angeles Philharmonic**, Los Angeles, CA  
Counsel for Disney Hall campaign, Development Audit

**Los Angeles Women's Foundation**, Los Angeles, CA  
Campaign Planning Study, Campaign Counsel

**Marian High School**, Bloomfield, MI  
Strategic Planning

**Marin Academy**, San Rafael, CA  
Development/Communications/Marketing Audit  
Interim Advancement Management  
Campaign Planning Study

**Marymount High School**, Los Angeles, CA  
Campaign Planning Study, Campaign Counsel

**Mercy Health Foundation**, Farmington Hills, CA  
Planning Study

**Minnesota Children's Museum**, St. Paul, MN  
Organizational Assessment

**National Audubon Society**, New York, NY  
Campaign Counsel

**New York University**, New York, NY  
**Stern School of Business**  
Development Audit

**Pardee RAND Graduate School**, Santa Monica, CA  
Campaign Planning Study

**San Jose State University**, San Jose, CA  
Development Audit

**Seattle Opera**, Seattle, WA  
Development Program Assessment, Campaign Planning  
Study, Campaign Counsel

**Seattle Repertory Theatre**, Seattle, WA  
Campaign Planning Study and Campaign Counsel

**St. Joseph Mercy Health System**, Ann Arbor, MI  
Campaign Planning Study and Campaign Counsel

**The Webb Schools**, Claremont, CA  
Campaign Planning Study, Campaign Counsel

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## **Guidelines for Success: Advice for Organizations New to Fund Raising**

*An Occasional Paper*

From the \$250 million campaign for the Statue of Liberty-Ellis Island Foundation to a \$2.2 million campaign for St. Mark's School, Whaley LeVay's founders have helped organizations, large and small, develop new fund-raising programs and conduct successful first-time campaigns. Based upon our experience, we offer the following guidelines for organizations undertaking their first major fund-raising effort.

**Build on a solid foundation.** Organizations that are new to fund raising often underestimate the amount of time and work that goes into creating a foundation for successful fund-raising. Most colleges, museums and other organizations that raise large sums of money have been working at it for years. They have developed effective strategies, a strong donor base, a pool of qualified prospects and a cadre of trained volunteers. They have built an experienced staff whose members know the organization's constituents, and understand the techniques of fund raising and the systems necessary to support it.

A organization that is new to fund raising does not have this foundation. Limited short-term success can be achieved without it; long-term success cannot. An organization undertaking its first fund-raising effort must suppress the impulse to jump immediately into soliciting gifts. It must first commit itself to developing a strategic fund-raising plan, identifying and qualifying prospects, and building the internal capacity to carry out the plan successfully.

**Develop a good plan.** We have seen many new organizations fall short of achieving their fund-raising potential because they began asking for gifts too soon. Some of their best prospects were solicited before a strategy had been developed which would motivate them to give at the highest level possible.

The early gifts of a few key prospects always set the standard for others. These gifts must be solicited first and they must be significant. If not, fund-raising potential will be limited. Rushing to solicit these pace-setters without having the proper strategy and plan in place can be disastrous for the overall success of the effort.

In fund raising, there are no points awarded for how fast solicitations are done... only for how much money is actually raised.

**Fund raising costs money.** The cost of fund raising for institutions with established fund-raising programs—Harvard University or the Mayo Clinic, for example—typically runs 15% to 30% of the total raised. This consistent level of expenditure over a period of years forms the foundation of successful fund-raising—solid planning, well-cultivated prospects, a cadre of trained volunteers, an experienced staff that has built strong constituent relationships, and sophisticated support systems.

Unless they invest in building this foundation, new organizations cannot raise much money. While they can often secure initial funds from a core group of committed supporters, achieving maximum success depends upon investing in and building a strong fund-raising program.

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## **Guidelines for Success:**

### **Advice for Organizations New to Fund Raising**

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New organizations have two options: 1) They can attempt to “fast-track” the process by making costly investments early in the process; or, 2) They can take several years to build fund-raising capacity at a more reasonable level of investment. Actually, the second option can be costly as well. If the new organization opts for the slower, more economical approach, it will raise less money during the first few years. Sometimes, given this foregone income, it can cost more to be frugal.

**Success demands a business-like approach.** Starting a fund-raising program is much like starting any business. A start-up company must know the business it is entering as well as its market, environment, relevant economic factors, etc. Many business failures are due to a lack of understanding of these factors.

It is the same with fund raising. The fundamentals must be understood and applied. Often those starting new fund-raising efforts make basic decisions based upon too little knowledge, and these decisions later result in missed opportunities and diminished results.

New organizations must approach fund raising as they would any business. If the leaders do not know fund raising from both a volunteer and staff perspective, they must seek expert help and avoid making basic decisions until they are better informed.

**Today’s environment is tough.** The environment for fund raising is more harsh than it has been in the past for one primary reason: competition. During the last few decades public funding has decreased for nearly all non-profit organizations. Suddenly, organizations which have depended upon tax-based funding have had to begin raising funds from the private sector in order to survive. The result has been dramatically increased competition for charitable dollars.

Equally important, the competition is not just for charitable dollars, but for everything needed to raise those dollars—influential volunteers, experienced staff and technologically-advanced development offices.

**Success requires a new level of sophistication.** In response to increased competition, organizations are making increased demands of prospective donors. Fund raisers have become more clever, aggressive and business-like as they try to get an edge on the competition.

Organizations new to fund raising are immediately thrown into this highly competitive environment. There was a time when a new organization could gradually bring its fund-raising effort up to match the more sophisticated operations of its competitors. Today, that is a very costly approach in terms of lost opportunity.

## **Guidelines for Success: Advice for Organizations New to Fund Raising**

*continued*

**The bottom line.** Fund raising is tough...very tough for an organization that is just getting into the game. The bottom line is that success in today's competitive environment requires new organization to do things right and to spend the money necessary.

A new organization which is determined to achieve success quickly must create a first impression which establishes its relevance and importance in the minds of prospective volunteers and donors. It must develop a thoughtful, realistic yet aggressive fund-raising plan and then recruit the right volunteers—people who can provide the access and influence needed for success. Also, it must conduct its initial fund raising so that a proper giving level is established which sets a standard for other donors to meet.

New organizations have important opportunities that come with entry into the fund-raising arena. If these initial opportunities are missed, most organizations find it takes a long time to reposition themselves and begin securing the level of gifts necessary for success.