



# **SHIPYARD LEGACY FUND:**

*Process Overview  
and CAC Recommendations*

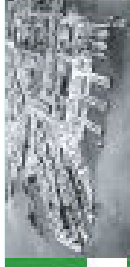
Presentation to:

**San Francisco Redevelopment Commission**

*September 18, 2007*

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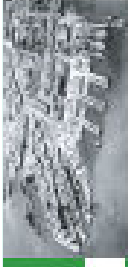
**Prepared by Urban Strategies Council  
and  
PolicyLink**



# Enhanced Community Benefits

## ASSETS:

- **Land Sales Proceeds**
  - A portion of net land sales proceeds
- **Community Facility Parcels**
  - Six acres for community facilities



# **Urban Strategies Council Tasks**

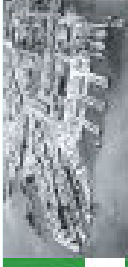
- 1. Synthesize Existing Needs Assessments**
- 2. Inventory BVHP Programs and Analyze Gaps**
- 3. Develop “Roadmap” – Fund’s Initial Investments**
- 4. Identify Organizational Models (“QPE”- Quasi Public Entity)**
- 5. Conduct Community Outreach and Consultation**



# Developing Shipyard Legacy Fund Recommendations

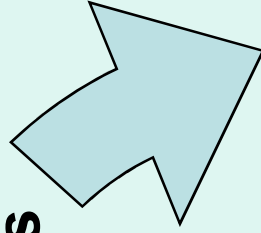
CAC recommendations will include:

1. **Investment priorities;**
2. **An initial investment strategy (“investment roadmap”); and**
3. **What type of organization should the QPE be.**



# **The Process: Supervisory Team, CAC** **Special Sessions And Community Workshops**

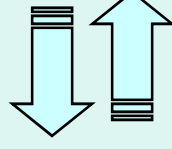
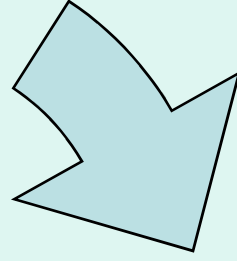
**CAC takes action on  
recommendations**



**CAC**

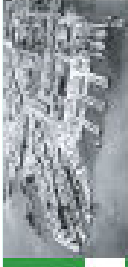
**meetings and  
discussions**

**Community  
Workshops -  
Participants offer  
their preferences  
and feedback**



## **SHIPYARD LEGACY FUND**

- 1. What to invest in  
(priorities and gaps)**
- 2. Investment strategies  
(Roadmap)**
- 3. What type of  
organization should the  
QPE be**



## Recommendations on Investment Priorities

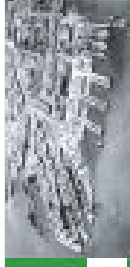
- “*Engine*” of change: Economic Development:
- Emphasizing: employment, housing and financial and asset development
  - Incorporate focus areas: 1) youth development; 2) elder services; 3) arts, culture & recreation; 4) health, environment and safety



## Roadmap Recommendations on

### How to Invest and Spend:

1. Place most of the money in an endowment.
2. Use the remainder of the money for immediate, direct spending.
3. Decide percent of money for endowment and percent for direct spending after CAC knows how much money the SLF will receive and when.
4. Identify funds for the start up and operating expenses of the QPE.



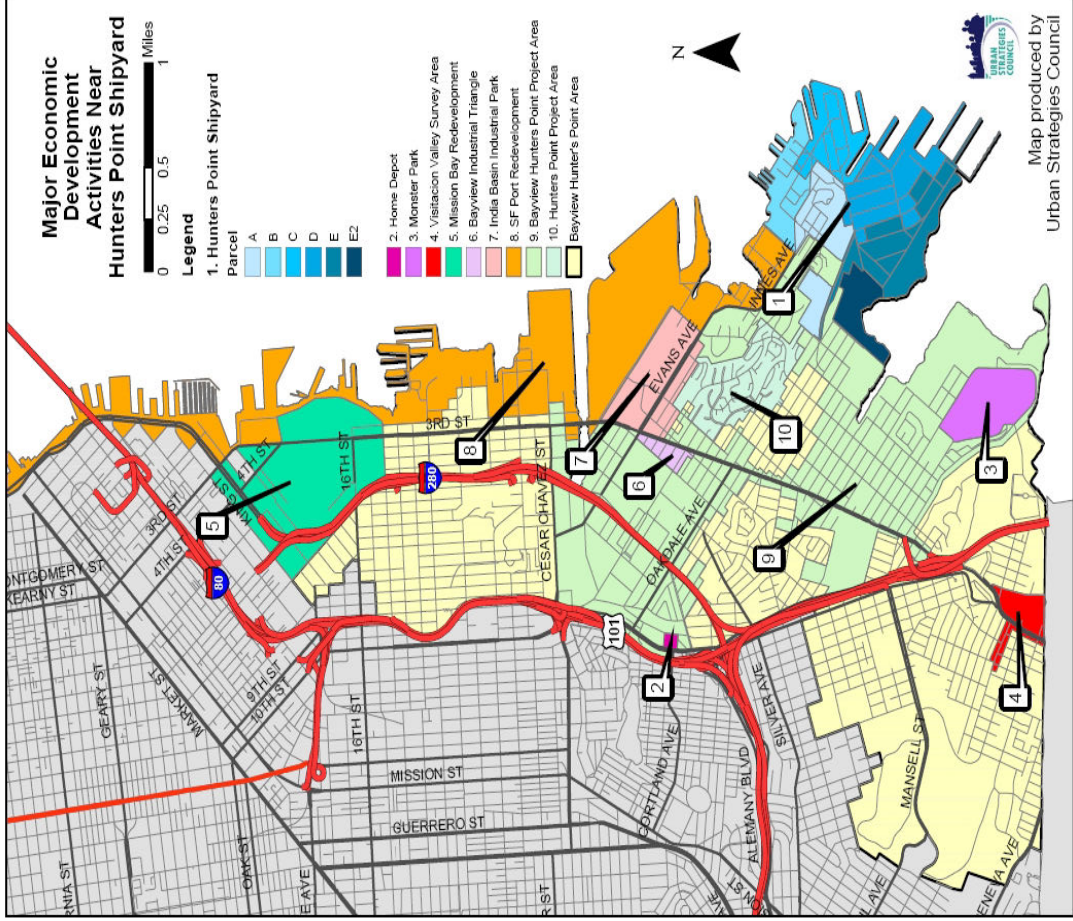
## Roadmap Recommendation #1:

### First Matched Spending Project

#### Community Benefits Project

- Immediately create Community Benefits Project to develop high levels of **community capacities** to participate in land use and development planning.
- Provide resources to support **community planning and development**.
- Require that Legacy funds for this program are **matched** by other sources of funds.

# Opportunity Map





## Roadmap Recommendation #2:

### Second Matched Spending Project

#### Working Families Center

1. Create multi-service center to help residents reach financial goals.
2. Ensure strong links to existing programs.
3. Require that Legacy funds for this program are **matched** by other sources of funds.



## Roadmap Recommendation #3:

### Environmental Justice Fund

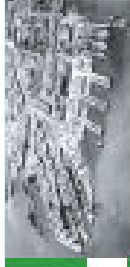
- The fund would provide grants, loans and financial assistance to organizations, small businesses and residents to address environmental health issues.



## **Roadmap Recommendation #4:**

### **Signature Project**

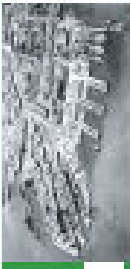
- Identify and Invest in a Signature Economic Development Project.
- “Double Bottom Line” - both a Financial and a Social Return on Investment.
- Consider if Community Parcels will be good location for the Signature Project.



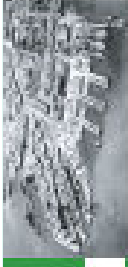
## Roadmap Recommendation #5:

### Community Facilities Parcel

- Determine the best use of the community parcels.
- Consider use of parcels in the Signature Economic Development Project.



# THE QUASI-PUBLIC ENTITY (QPE)



# Four Major Decision Areas for QPE Structure

- 1. What sort of governance?**
  - Structure of the governing board
  - Additional advisory board(s)
- 2. What type of entity?**
  - Legal and tax status
  - Compliance with conflict of interest and public meeting requirements
- 3. How will things get done?**
  - Which programs will be internal versus external?
  - Core staff size and functions
  - Use of consultants and/or partnerships
- 4. How will funding work?**
  - At start-up
  - Plans for long-term sustainability



# **Legal Structure, Tax Status and Start-up Issues**

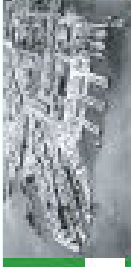
**RECOMMENDATION #1: The QPE  
should be a Nonprofit Public Benefit  
Corporation.**

**A. Multiple Organizations.**

**B. Original incorporators.**

**C. Start-up period.**

**D. Tax Status.**



# **Legal Structure, Tax Status and Start-up Issues**

**RECOMMENDATION #1: The QPE should be a Nonprofit Public Benefit Corporation.**

**A. Multiple Organizations.** Once established, the QPE should consider creating and controlling one or more additional for-profit and/or nonprofit corporations to carry out elements of its mission.



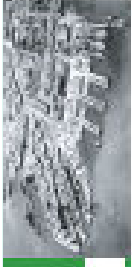
# Legal Structure, Tax Status and Start-up Issues

**RECOMMENDATION #1: The QPE should be a Nonprofit Public Benefit Corporation.**

**B. 7 Original incorporators (Incorporating Board).**

- The Director of the San Francisco Redevelopment Agency,
- A representative from the Mayor's Office,
- The District 10 Supervisor,
- One well-respected resident of the BVHP, neighborhood selected by the CAC, and
- 3 members of the Citizens Advisory Committee

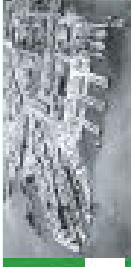
should serve as the original incorporators of the QPE, filing and signing the Articles of Incorporation.



# Legal Structure, Tax Status and Start-up Issues

**RECOMMENDATION #1: The QPE should be a Nonprofit Public Benefit Corporation.**

**C. Start-up period.** The original incorporators would oversee the selection of an initial board of directors. They would also set up the initial board meeting of the QPE and work with the new board to prepare and adopt the Bylaws for the QPE.



# **Legal Structure, Tax Status and Start-up Issues**

**RECOMMENDATION #1: The QPE should be a Nonprofit Public Benefit Corporation.**

**D. Tax Status.** The QPE should apply for federal tax exemption as a 501(c)3 public charity and state tax exemption under Section 23701d of the Revenue and Taxation Code.

# **Governance**

**RECOMMENDATION #2: The QPE shall be governed by an independent board of directors.**

- A. Relationship to SFRA**
- B. Type of board**
- C. Board size**
- D. Board member selection**
- E. Board Terms**
- F. Board composition**
- G. Board Officers and Committees**
- H. Board procedures and policies**
- I. Advisory Boards**

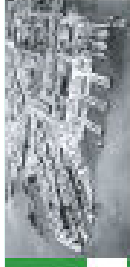


## **Governance**

**RECOMMENDATION #2: The QPE shall be governed by an independent board of directors.**

### **A. Relationship to SFRA.**

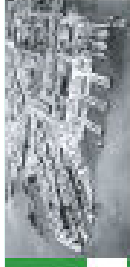
- The SFRA should have one seat on the board of directors.
- The SFRA should approve the portion of the QPE annual budget that pertains to the expenditure of the principal funds that the agency has transferred to the QPE.
- The SFRA should not have the authority to change the policy decisions of the QPE unless activities are legally impermissible.



## Governance

**RECOMMENDATION #2: The QPE shall be governed by an independent board of directors.**

- B. Type of board.** The governing board of the QPE should be what is generally known as a “policy board,”
- C. Board size.** The QPE board should be medium-sized, with 17 voting members.

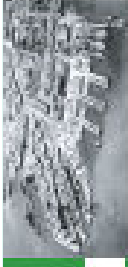


## **Governance**

**RECOMMENDATION #2: The QPE shall be governed by an independent board of directors.**

**D. Board member selection.** The founding board of the QPE should be made up of 10 initial appointments and 7 remaining members. The 7 remaining members shall be appointed by the initial 10 appointees or elected.

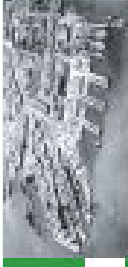
**E. Board Terms:** The terms of the initial Board members shall be determined by lots with board members drawing terms of 1, 2 or 3 years. A limit of two terms should be considered.



## **Governance**

### **RECOMMENDATION #2: The QPE shall be governed by an independent board of directors.**

- F. Board composition.** The QPE should strive through appointments and/or outreach and procedures for elections to ensure that the board membership should be representative of the diversity of the community
- G. Board Officers and Committees.** The Bylaws of the board should establish officers and standing committees, as well as temporary committees if and when they are needed.



## Board Composition *Initial Appointments*

### *Initial 10 appointments*

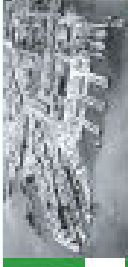
- ❖ CAC – 1 member
- ❖ BVHP Redevelopment Project Area Committee – 1 member
- ❖ San Francisco Redevelopment **Commission** – 1 member
- ❖ Mayor’s Office of Community Development– 1 member
- ❖ District 10 Supervisor – 1 member
- ❖ Organization representing BVHP small business community – 1 member
- ❖ Organization representing BVHP faith community – 1 member
- ❖ 6 BVHP public housing tenants’ organizations – 3 members



## **Board Composition-Initial appointments**

The 10 appointed members select the additional 7 members with attention to diversity including:

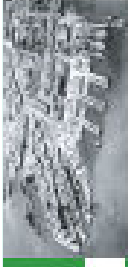
- ❖ The majority reside in the BVHP area
- ❖ Represent the needs of all residents with particular attention to the needs of low-income populations.
- ❖ Represent different neighborhoods within the BVHP area
- ❖ Represent major racial/ethnic groups present in the community (African American, Latino, Asian/Pacific Islander, Caucasian)
- ❖ Youth participation (there should be 2 youth participants to provide support for each other)
- ❖ Seniors participation
- ❖ Technical expertise relevant to project activities



# **Governance**

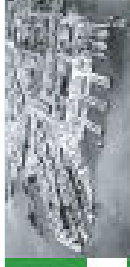
## **RECOMMENDATION #2: The QPE shall be governed by an independent board of directors.**

- H. Board procedures and policies.** The initial board will draft Bylaws. These Bylaws should include the following components: Meeting Notice, Open Meetings, Quorum, Suspension or removal, Replacement of appointed members, Decision-making, Conflict of Interest.
- I. Advisory Boards.** The QPE may also choose to establish one or more advisory boards to obtain additional counsel from groups that the QPE seeks to benefit and engage or on particular organizational activities.



# **Operations**

- RECOMMENDATION #3: The QPE will have the option of carrying out its program priorities through the direct work of its staff and through relationships with other organizations.**
- A. Use of BVHP Area Resources.**
  - B. Internal Staffing.**
  - C. Use of Consultants, Contractors, and Partnerships**



## **Operations**

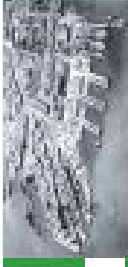
**RECOMMENDATION #3: The QPE will have the option of carrying out its program priorities through the direct work of its staff and through relationships with other organizations.**

**A. Use of BVHP Area Resources.** The QPE shall engage qualified BVHP organizations in carrying out its programs or services unless there is no local organization with capacity or for any functions core to its mission.



## **Operations**

- RECOMMENDATION #3: The QPE will have the option of carrying out its program priorities through the direct work of its staff and through relationships with other organizations.**
- B. Internal Staffing.** The initial board of directors should hire an Executive Director for the QPE. The Executive Director will lead the recruitment and selection process for other staff.

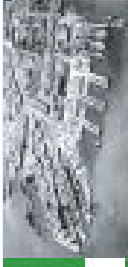


# **Operations**

**RECOMMENDATION #3: The QPE will have the option of carrying out its program priorities through the direct work of its staff and through relationships with other organizations.**

## **C. Use of Consultants, Contractors, and Partnerships**

- The QPE should adopt a policy that outlines its procedures for entering into contractual relationships to specify when sole sourcing is appropriate and when competitive bidding is required, and the rules governing public access to information regarding contract information.
- The QPE shall establish a first source policy which shall give preference to BVHP businesses and residents.



# **FINANCES**

## **RECOMMENDATION # 4: The QPE will**

**need to secure a fiscal agent.**

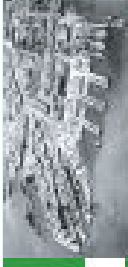
- A. Start Up- Fiscal Agent**
- B. Start Up- Registration with the Attorney  
General**
- C. Long Term Sustainability**



## **FINANCES**

**RECOMMENDATION # 4: The QPE will need to secure a fiscal agent.**

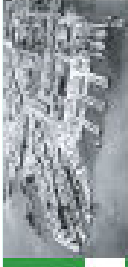
**A. Start-up - Fiscal agent.** The QPE should establish a fiscal sponsorship arrangement with a nonprofit 501(c) 3 tax-exempt organization that would serve as its fiscal agent to receive and administer any funds contributed to the QPE.



## **FINANCES**

**RECOMMENDATION # 4: The QPE will need to secure a fiscal agent.**

**B. Start Up – Registration with Attorney General.** The QPE needs to register with the California Attorney General within 30 days after receipt of assets.

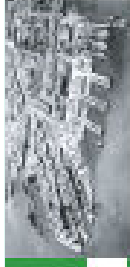


## Finances

**RECOMMENDATION # 4: The QPE will need to secure a fiscal agent.**

**C. *Long term sustainability***

The QPE will be structured to maximize its opportunities to receive additional sources of operating funds and investment capital from government, philanthropic, or private sector sources, and to leverage its existing sources to accomplish greater community benefits.



## **DEVELOPMENT AND DISPOSITION AGREEMENT REQUIREMENTS FOR QPE**

**The QPE will comply with local and  
state laws regarding**

- **Open meetings**
- **Public records**
- **Conflict of interest**
- **Contracting and purchasing**



## Next Steps

- Commission Action on October 2, 2007
- Start-up Planning and Implementation

For more information and documents, see

<http://www.urbanstrategies.org/slfp/index.html>