

**From:** [Walesh, Kim](#)  
**To:** [Downtown West Project](#)  
**Cc:** [Severino, Lori](#)  
**Subject:** Estolano Advisors 2.21.21 Stakeholder Report Out Presentation: Community Benefits Fund  
**Date:** Wednesday, February 17, 2021 6:17:54 AM  
**Attachments:** [EstolanoAdvisors021221 Google SJ Report Out Preso.pdf](#)

---

# COMMUNITY BENEFITS FUND

**Stakeholder Report Back**

February 12, 2021, 2:00 pm - 3:30 pm

# AGENDA

1. Introduction - *Kim Walesh, City of San José* [2:00 pm - 2:10 pm]
2. Stakeholder Feedback - *Estolano Advisors* [2:10 pm - 2:30 pm]
  - a. Interviews to Date and Case Studies
  - b. Fund Priorities
  - c. Fund Structure
  - d. Fund Governance
  - e. Community Engagement
  - f. Fund Leverage
3. Potential Fund Structure - *Estolano Advisors* [2:30 pm - 2:50 pm]
4. Discussion - *Estolano Advisors* [2:50 pm - 3:20 pm]
5. Next Steps - *Kim Walesh, City of San José* [3:20 - 3:30 pm]

# INTRODUCTION

EA was asked to support the City of San José and Google in exploring the pros and cons of various funds, with an eye to **approaches for investment, governance, accountability processes, and fund operations.**

Key activities in late December and January included: **Interviews with local stakeholders;** and **Research and interviews on funds** throughout the country.

# **STAKEHOLDER FEEDBACK**

# INTERVIEWS

- Chris Funk, Superintendent, **East Side Union High School District** (ESUHSD)
- Alison Brunner, CEO, **Law Foundation of Silicon Valley**
  - Nadia Aziz , Directing Attorney, Law Foundation of Silicon Valley
  - Kiyomi Yamamoto, Leading Policy Attorney, Law Foundation of Silicon Valley
- Barrie Hathaway, President & CEO, **JobTrain**
- Dr. Mary Ann Dewan, **County Superintendent of Schools, Santa Clara County**
- Chris Thompson, Director/San Jose, **Knight Foundation**
- Kevin Zwick, CEO, **United Way**
- Nancy Albarran, Superintendent, **San José Unified School District** (SJUSD)
  - Stephen McMahon, Deputy Superintendent, SJUSD
- Mary Papazian, President, **San José State University** (SJSU)
  - Jennifer Malutta, Director of Local and State Government Relations, SJSU



# INTERVIEWS

- Jean Cohen, Interim Executive Officer, **South Bay Labor Council**
  - Sarah McDermott, Political Director, **UNITE HERE LOCAL 19**
  - Sanjay Garla, Director, **United Service Workers West**
  - David Bini, Executive Director, **Building & Construction Trades Council**
- **Si Se Puede Collective**
  - Camille Llanes-Fontanilla, Executive Director, **SOMOS Mayfair**
  - Jessica Paz-Cedillos, Executive Director, **School of Arts + Culture**
  - Cayce Hill, Executive Director, **Veggielution**
  - Veronica Goei, Executive Director, **Grail Family Services**
  - Maritza Maldonado, Executive Director, **Amigos de Guadalupe**
- Scott Ekman, Director, Global Real Estate, **Adobe**
- Jeffrey Buchanan, Director of Public Policy, **Working Partnerships USA**
  - Maria Noel Fernandez, Deputy Executive Director, Working Partnerships USA

# INTERVIEWS

- Nicole Taylor, President & CEO, **Silicon Valley Community Foundation**
  - Gina D. Dalma, EVP, Silicon Valley Community Foundation
  - Avo Makdessian, VP of Community Relations and Learning, Silicon Valley Community Foundation
- Reverend Ray Montgomery, Executive Director, **People Acting in Community Together** (PACT)
  - Marci Gerston, Housing Team, PACT
  - Mary Helen Dohery, Housing Team, PACT
- Poncho Guevara, Executive Director, **Sacred Heart Community Service**
  - Tuấn Đình Janelle, Housing Policy & Organizing Team, Sacred Heart Community Service
- Tomiquia Moss, Founder & Chief Executive, **All Home**
- Jennifer Loving, CEO, **Destination Home**
- Kim Walesh, Deputy City Manager, **City of San José**
- Jeff Ruster, Assistant Director of Economic Development, **City of San José**
- Jill Bourne, Library Director, **City of San José**
- Zulma Maciel, Director, Office of Racial Equity, **City of San José**
- Jacky Morales-Ferrand, Director of Housing, **City of San José**

# INTERVIEWS - CASE STUDIES

- Claudine del Rosario, Fund Manager, **SoMA Fund**
- June Reyes, Fund Staff, **City of Portland Clean Energy Community Benefits Fund**
- Kris Hermanns, Chief Impact Officer, **Evergreen Impact Housing Fund, Seattle Foundation**
  - Cynthia Wong, Senior Advisor, Seattle Foundation
- Jason Petrait, **Workforce Development Council of Seattle-King County**
- Daniel Wolf, **City of Cambridge Community Benefits Fund**

# CASE STUDIES

Fund	Keyword(s)	Fund Partners (administrator in <b>bold</b> )
<b>City of Cambridge Community Benefits Fund</b>	Community Engagement	<b>City Manager</b> / Advisory Committee
<b>San Francisco SoMa Fund</b>	Community Stabilization	<b>Mayor's Office of Housing and Community Development (MOHCD)</b> / the Board of Supervisors/ Advisory Committee
<b>Seattle-King Workforce Funders Collaborative</b>	Workforce Development/ Public-private Partnership	Seattle-King County Government/ <b>Workforce Development Council</b> (Nonprofit Organization)
<b>Portland Clean Energy Community Benefits Fund (PCEF)</b>	Workforce Development/ Social Justice/ Climate Resilience / Community Engagement	Grant Committee/ Mayor/ <b>Planning and Sustainability Department</b>
<b>Evergreen Impact Housing Fund (EIHf)</b>	Affordable housing/ long-term, low-interest loans/ Public-private partnership	Washington State Housing Finance Commission/ <b>Seattle Foundation</b>
<i>Other examples</i>		
Funders Together to End Homelessness San Diego	Homeless Prevention/Services	<b>Catalyst of San Diego &amp; Imperial Counties</b>
David and Lucile Packard Foundation, J.B. and M.K. Pritzker Family Foundation Early Childhood Development Collaborative	Early childhood education/Pediatric initiatives	A collective of philanthropic funders with support from the Bridgespan Group (Nonprofit)
San José Digital Inclusion Fund	Digital Access + Literacy	<b>City of San José</b>

# FUND PRIORITIES

## FUND PRIORITIES: COMMUNITY STABILIZATION

Focus Area	Examples
<b>Affordable housing preservation</b>	Acquisition (and rehabilitation as applicable) of existing buildings occupied or unoccupied that are market rate, naturally occurring affordable housing, or have expiring affordability covenants and applying new, long term affordability restrictions to stabilize existing housing stock.
<b>Homelessness and displacement prevention</b>	Anti-displacement and rapid re-housing strategies such as short term rental subsidies, employment counseling, eviction defense, social services, tenant advocacy etc. -- intervention is tailored to need of the individual with unstable housing, to prevent them from falling into homelessness.
<b>Homeless services</b>	Homeless services outreach, temporary shelters, navigation centers, mental health services, addiction support services, etc.
<b>Housing innovation research</b>	Support for R&D and pilot programs for housing innovations like land trust models, co-op models, co-living models, rent to own models, community ownership models. Innovations can also include modular housing and other construction technologies, new financial tools, and other areas that would reduce time/cost of affordable housing production, preservation and protection.
<b>Small business stabilization</b>	Displacement prevention/mitigation for small, local businesses

## FUND PRIORITIES: OPPORTUNITY PATHWAYS

Focus Area	Examples
<b>Early childhood education</b>	Support affordable, accessible, quality early childhood education and child care for low-income households.
<b>Career exploration</b> (middle + HS)	Support educational opportunities for middle and high school students from local schools, focusing on San Jose youth from low-income families and high-risk neighborhoods. Support job shadowing and internships to develop foundational skills and remove barriers to postsecondary education and employment.
<b>College / Post secondary scholarships</b>	Provide funds for college and post secondary scholarships for students from low-income families
<b>Adult upskilling</b>	Support job training and career pathways, including emphasis on (i) construction trades and (ii) IT-enabled jobs not requiring a college degree, (iii) other good paying jobs.
<b>Small business and entrepreneurship</b>	Support careers for local residents in small business and entrepreneurship, such as incubation/accelerator programs and support for creative businesses and artists

Do the stated **fund priorities** meet community needs?



# FUND PRIORITIES

- I. **Most interviewees agreed the fund priorities reflect the need in San José**
  - A. Express priorities in stronger language.
    - 1. Not just a job, but a family supporting job
    - 2. Not financial literacy, but asset building
  - B. Focus on a subset of priorities to make a deeper impact
  - C. Add displacement prevention to fund priority list.
  - D. Fund priorities must be viewed through a racial equity lens.

# FUND PRIORITIES

## II. Other comments on fund priorities:

- A. Need for funding for housing insecure students
- B. Focus on small businesses, not innovation.
- C. Include digital equity as a fund priority
- D. Engage school districts to ensure alignment
- E. Consider displacement that may occur outside of the impact area as a result of this development
- F. Fund projects/programs outside of immediate impact area - East San Jose

# FUND STRUCTURE

**One** fund? Or **two**?

# FUND STRUCTURE

## I. One fund

- A. Local stakeholders overwhelmingly agreed on the need for one fund.
- B. Community stabilization and economic mobility are highly interconnected and should be funded, tracked, and evaluated concurrently.
- C. Easier to track the disbursement of money if they are under one fund.

# FUND STRUCTURE

## II. One fund with two program areas

- A. Stakeholders with experience managing funds generally agreed on the need for discreet program areas
  - 1. For example, funds for **affordable housing preservation** and **upskilling** may have different grantees, donor bases, grant periods and reporting requirements
- B. Separating the fund into program areas can help attract donors that may be interested in one category but not the others

What is the role of the **City of San Jose** over the life of the fund? Of **community**? Of **Google**?

# ROLE OF . . . THE CITY

- II. **Stakeholders agreed the City - as initial fund recipient - is crucial in establishing the integrity of the fund** (*paraphrased quotes below*)
  - A. Most local stakeholders felt someone else should manage the fund.
  - B. The City may have a role in the ongoing oversight of the fund, but day-to-day operations should be handled by another party.



# ROLE OF . . . COMMUNITY

## II. Stakeholders broadly agreed community engagement was crucial

- A. Community members must be meaningfully involved in order for this fund to be viewed as credible.
- B. Fund priorities must be informed by lived experience in the affected areas.
- C. Support community members - through stipends or capacity building - to ensure they can fully engage.

## IAP2's SPECTRUM OF PUBLIC PARTICIPATION

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decision.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Source: International Association for Public Participation (IAP2)

## IAP2's SPECTRUM OF PUBLIC PARTICIPATION

	INFORM	CONSULT	INVOLVE	COLLABORATE	EMPOWER
PUBLIC PARTICIPATION GOAL	To provide the public with balanced and objective information to assist them in understanding the problem, alternatives and/or solutions.	To obtain public feedback on analysis, alternatives and/or decision.	To work directly with the public throughout the process to ensure that public concerns and aspirations are consistently understood and considered.	To partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.	To place final decision-making in the hands of the public.
PROMISE TO THE PUBLIC	We will keep you informed.	We will keep you informed, listen to and acknowledge concerns and aspirations, and provide feedback on how public input influenced the decision.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how public input influenced the decision.	We will look to you for advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible.	We will implement what you decide.

Source: International Association for Public Participation (IAP2)

# ROLE OF . . . GOOGLE

## II. **Feedback on the role of Google varied...** (*paraphrased quotes below*)

- A. Google should contribute to this fund only - and leave management, governance to others.
- B. The Google platform (its people, products, etc.) should be leveraged to help the region solve its most pressing problems.
- C. Google can be true partner in the community that commits to addressing expressed community needs, rather than an extension of their own agenda.
- D. Limit the perception of this being the “Google Fund.”
- E. This fund can serve as the “gold standard” for tech company / City collaboration
- F. Should have the capacity to advise, but not the capacity to decide.

Should the City serve as the **fund manager**?  
A third party? Why or why not?

Most stakeholders felt that the City **should not** manage this fund

# FUND MANAGER

## I. City of San Jose : **PROS**

- A. City possesses the administrative capacity and experience to disburse funds and manage grants
- B. City has track record of deploying funds in collaboration with local philanthropic organizations
- C. Public sector has predictable means of public involvement (e.g. City Council meetings) should stakeholders need to surface questions/concerns about the fund(s)
- D. Centralized analytics that can help track performance of the fund over time and in relation to other citywide trends, policies, investments
- E. Council-approved strategies in place: Anti-Displacement, Workforce Development, Education and Digital Literacy that can be implemented through the fund

# FUND MANAGER

## I. City of San Jose : **CONS**

- A. Public sector procurement processes may hinder the flexibility and adaptability of the fund(s)
- B. Perception that City has fallen short in including community voice in planning processes and decision making
- C. Concern over political influence over the fund priorities and distributions
- D. Concern around public noticing requirements which may slow down the process
- E. Perception that the City may lack relationships with investment community (e.g. potential private, philanthropic donors to the fund)



# FUND MANAGER

- I. **A third party (local foundation, experienced non-profit): PROS**
  - A. Potential for speedier granting process
  - B. Independence from the City could be more attractive to other funders
  - C. Separates fund from political influences
  - D. Stronger fundraising experience
  - E. Stronger relationships with private/philanthropic investors

# FUND MANAGER

- I. **A third party (local foundation, experienced non-profit): CONS**
  - A. Potentially limited, less predictable channels for community involvement
  - B. Potential lack of rigor in grantee performance management
  - C. Concern over potentially high administrative costs/overhead

# FUND GOVERNANCE

What role should a **governance body** play in the management of the fund?

# FUND GOVERNANCE

- I. **Stakeholders generally agreed on the need for a governance or advisory body**
  - A. Works with fund staff to review applications and determine readiness
  - B. Provides subject matter expertise (both technical and lived experience)
  - C. Oversees performance of the fund over time
  - D. Makes recommendations on grants to whoever ultimately has decision making authority

# COMMUNITY ENGAGEMENT

How can/should the fund **engage with community?**

# COMMUNITY ENGAGEMENT

## **I. Community must have a substantial decision making role**

- A. Must be a part of the governing/advisory group
- B. Must be compensated for their participation
- C. Fund administrators must also support community members by providing capacity building and training opportunities to ensure they are able to participate at the same level as other members
- D. Community members must also play a role in reporting back to their networks



# COMMUNITY ENGAGEMENT

- I. Fund administrators can also play a role in ensuring engagement**
  - A. Consistently identifying barriers that may impede community engagement
  - B. Any annual reporting, evaluation, must be publicly available for review
- II. Case Study: Portland Clean Energy Community Benefits Fund**
  - A. The City conducted one-on-one engagement with community to develop guiding principles and the scoring criteria
  - B. Next steps in community engagement
    - 1. Conversations with community residents - proposals that directly address resident needs get additional preference
    - 2. Neighborhood-scale outreach activities
    - 3. Further engagement with non-profit organizations

# FUND LEVERAGE

How can the fund ensure it attracts **net new private/philanthropic dollars**?

# FUND LEVERAGE

- I. **To attract net new private/philanthropic dollars, the fund must**
  - A. Avoid the perception of being “the Google Fund” or “Diridon Fund”
  - B. Must be perceived as relatively independent from the City or not too closely tied to any one tech company
  - C. Must have a strong clear, vision, mission, funding priorities, metrics for success
  - D. Have more than one major donor at the onset
  - E. Must be aligned with, or fill a different need than the other local funds

# CASE STUDY

## I. Evergreen Impact Housing Fund

- A. The Seattle Foundation manages the fund and is responsible for fundraising
- B. Investments are divided into annual funding rounds:
  - 1. Round 1 (Credit Unions)
  - 2. Round 2 (Microsoft)
- C. Multiple funding rounds allow individual investors to receive attribution and fund unique projects within the funding priorities
  - 1. Also allows the fund manager to adjust the terms of each investment, as needed

# CASE STUDY

## I. **Seattle King County Workforce Funders Collaborative**

- A. The collaborative consists of the largest philanthropic funders in Seattle
  - 1. Representatives come together to align their funding strategies
  - 2. Yet, members mainly fund the projects that align with their individual priorities
- B. It is clear that there is value in bringing together big funders - many members continue to join collaborative meetings to learn from one another
- C. More work to be done to achieve the goal of pooling philanthropic resources among the organizations

# POTENTIAL FUND STRUCTURE

What are the qualities of a **good fund manager**?



# FUND MANAGER

## I. Ideal Qualities

- A. **Commitment:** To the mission, vision, and outcomes of the fund(s)
- B. **Experience:** Proven success in managing funds of a similar type/scale
- C. **Transparency:** Must be able to clearly report on progress and outcomes
- D. **Credibility:** Must have credible relationships across multiple audiences
- E. **Competence:** Ability to disburse funds efficiently, consistently identifying roadblocks and identifying solutions
- F. **Adaptability:** Must be able to evaluate grantee and program performance, and respond accordingly

# CASE STUDY

## I. **Evergreen Impact Housing Fund**

- A. The Seattle Foundation developed and wholly owns the Seattle Foundation Impact Funds Manager LLC, which holds fiduciary responsibility for the Fund
- B. The Seattle Foundation is well-suited to host the Fund for three reasons:
  - 1. Strong investor relationships and fundraising experience
  - 2. Neutral third-party with strong administrative accountability to community members
  - 3. Committed to the issues in the community it serves



# FUND STRUCTURE

## III. **Recommendation: One fund, One operator, two program areas**

- A. Identify an operator with staff experienced in administering both types of funds.
- B. Funding types should be kept separate (e.g. one fund, multiple funding categories)
- C. Tracking, reporting, evaluation of these program areas must be coordinated and reported concurrently - it must be easy for stakeholders to track the fund's performance
- D. Clearly defined and delineated funding categories may attract additional donors/investors into the fund - they target where their \$ goes

# CASE STUDY

- I. **San Francisco South of Market (SoMa) Community Stabilization Fund**
  - A. One fund, but two grant types:
    - 1. Capital grants
    - 2. Service grants
  - B. This two-part focus allows the fund to address the varying timelines, requirements, associated with different types of projects.

What role should a governance body play in the management of the fund?

# FUND GOVERNANCE

## I. **Recommendation:** Advisory Group Composition

- A. Advisory Group Composition
  1. A third individuals with lived experience (residents of impact areas);
  2. A third technical expertise (e.g. affordable housing finance, grantmaking, workforce development);
  3. A third members representing the City and major funders
  4. For example: 15 board members (5, 5, 5)
- B. Members must commit to the mission, vision, goals of the fund
- C. Ability to make subcommittees
- D. Group members or their organizations would not be eligible for grant funds
- E. Full group meetings should be publicly accessible
- F. Fund manager should offer support and training for residents on the board

# CASE STUDY

## I. City of Cambridge Community Benefits Fund

- A. The Fund is managed by an Advisory Committee comprised of the following (per the City website):
  - 1. 3 City staff (appointed by City Manager)
  - 2. 3 local nonprofit representatives
  - 3. 1 Cambridge Community Foundation representative
  - 4. 1 business/property development representative
  - 5. 1 University representative
  - 6. 4 local residents



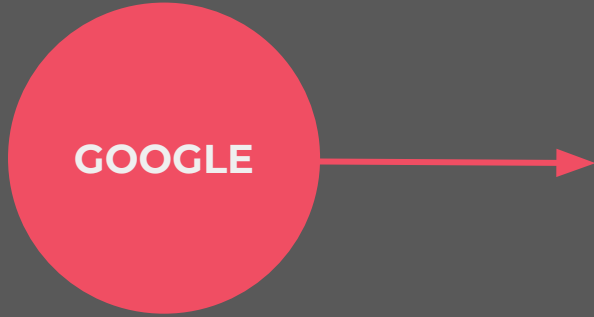
# CASE STUDY

## I. **Portland Clean Energy Community Benefits Fund**

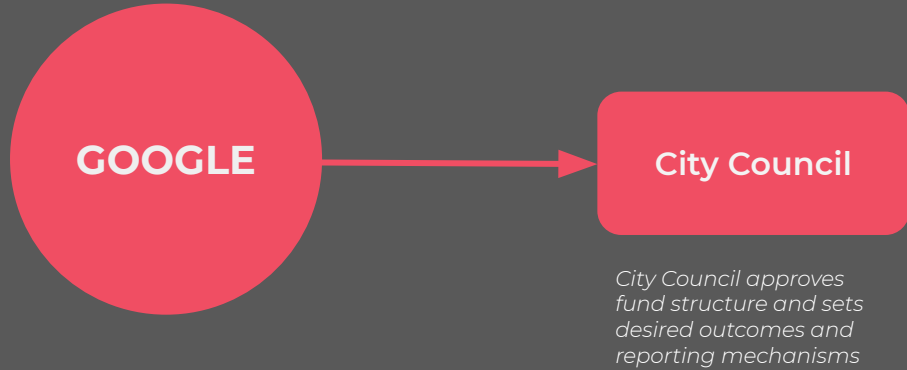
- A. The Fund's Grant Committee consists of nine (9) Portland residents
- B. The Committee structure requires a diverse membership. More specifically, the Committee must:
  - 1. Reflect the racial, ethnic, and economic diversity of Portland
  - 2. Include at least 2 residents living east of 82nd Avenue
  - 3. Have members with experience in the Fund's project areas
- C. The Committee makes funding recommendations to the Mayor and City Council
- D. Following initial nominations from the City Council, the Committee is responsible for appointing new members

# Fund Structure (Concept)

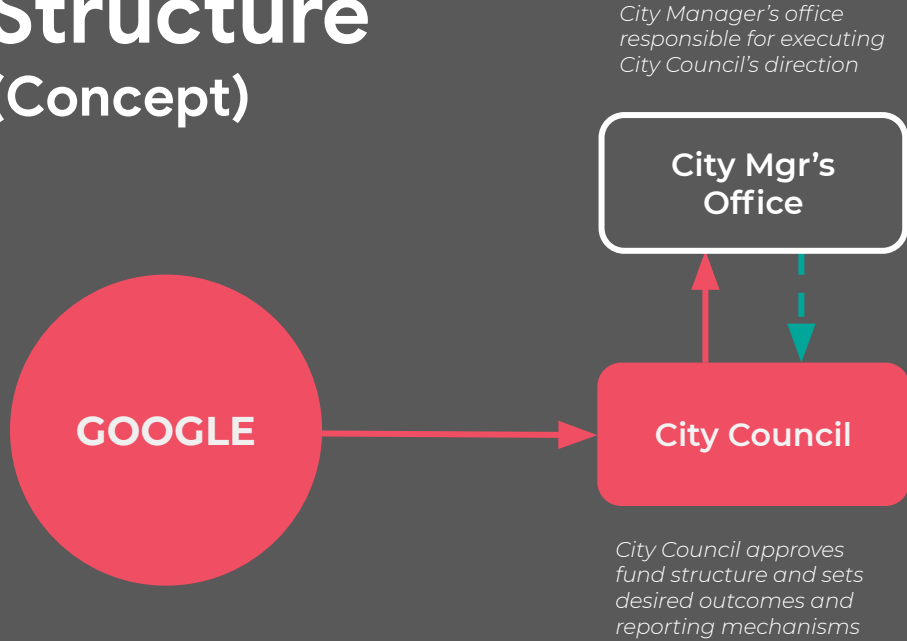
# Fund Structure (Concept)



# Fund Structure (Concept)

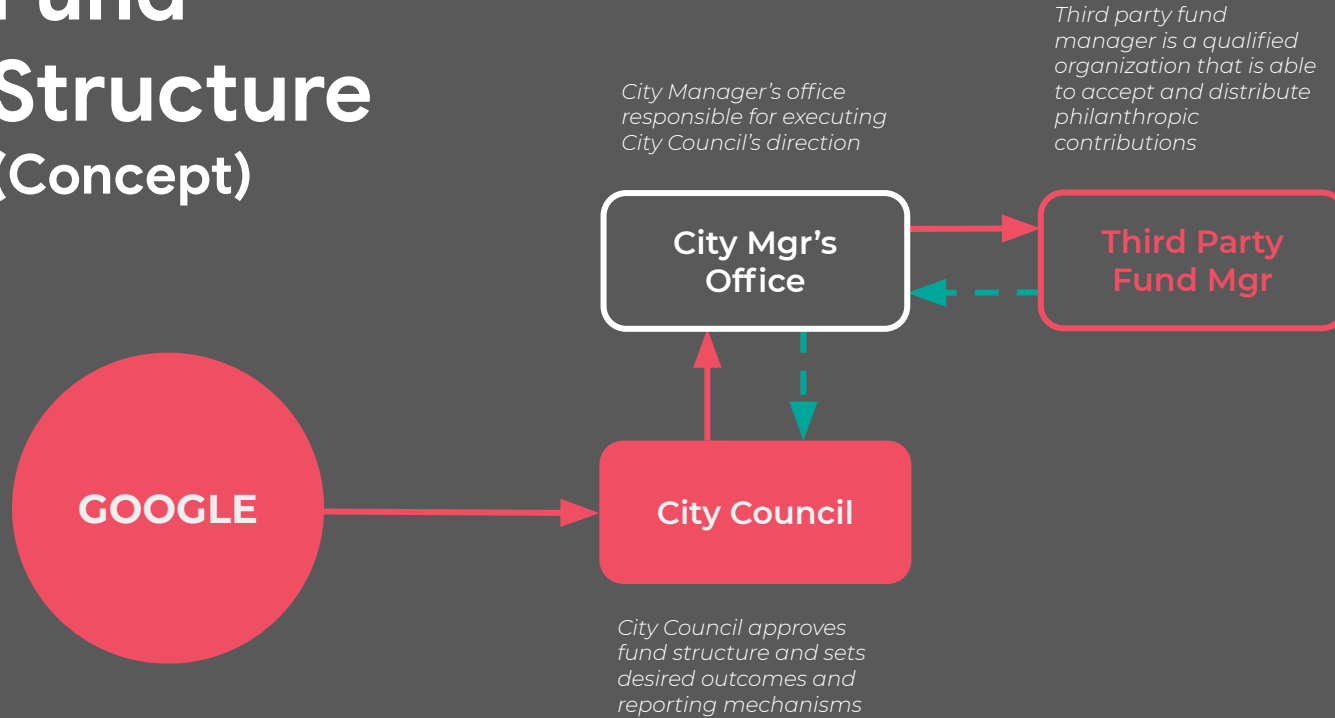


# Fund Structure (Concept)



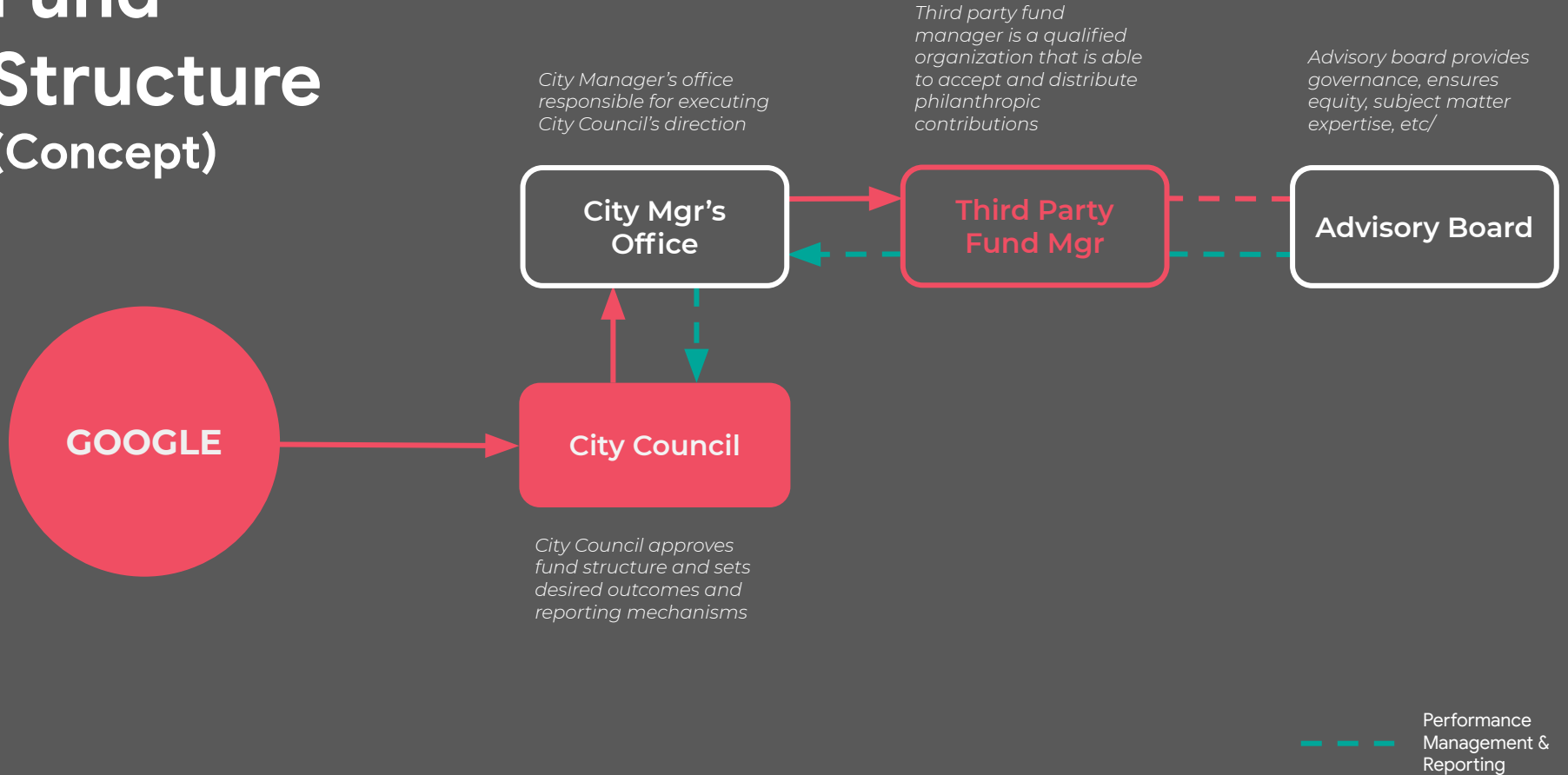
--- Performance Management & Reporting

# Fund Structure (Concept)

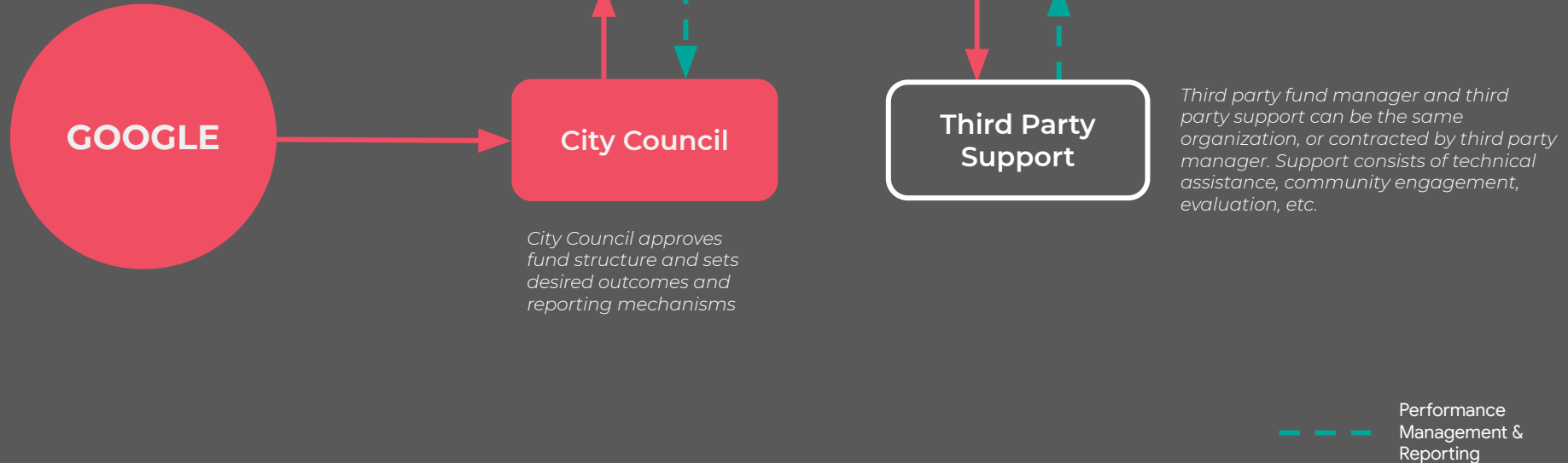


--- Performance Management & Reporting

# Fund Structure (Concept)

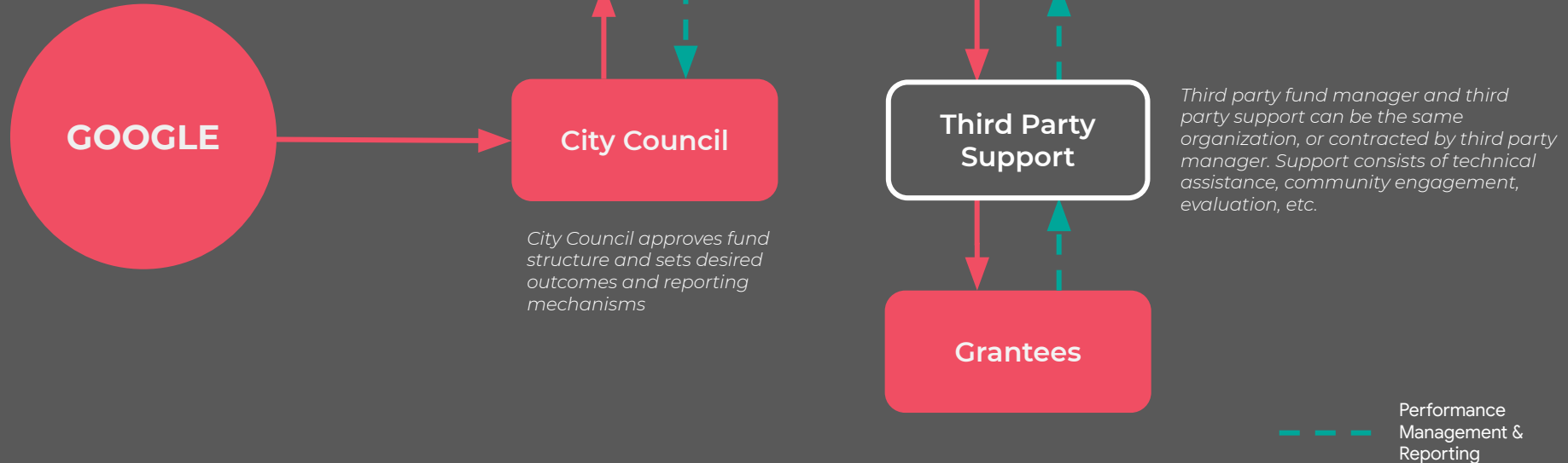


# Fund Structure (Concept)





# Fund Structure (Concept)



# Recommended Initial Activities for Fund Manager

## I. These activities below are crucial to the success of the Fund:

- A. Fund Manager Initial Activities (with Advisory Board)
  - 1. Develop a strategic plan
  - 2. Needs assessment and metrics development
  - 3. Expenditure plan
    - a) Identify the right pilot grant period (2-3 years?)
    - b) Encourage partnerships and joint applications
    - c) Assess outcomes after first grant cycle and adjust if necessary
  - 4. Technical Assistance (for applicants)
  - 5. Evaluation Process
    - a) How well did we do with 1-4 (above)?

# CASE STUDY

- I. **Seattle King County Workforce Funders Collaborative**
  - A. **Regional Strategic Plan:** The Plan helps align WDC's approach and vision with other efforts in the region
- II. **City of Cambridge Community Benefits Fund**
  - A. **Needs Assessment:** Data findings helped inform the Fund's priorities.

# CASE STUDY

## I. **Portland Clean Energy Community Benefits Fund**

- A. The City of Portland provides “Application Support Grants” (of up to \$5k) to support smaller nonprofits in submitting grant applications
- B. Types of supports include the following
  - 1. Training and workshop participation
  - 2. Community Engagement
  - 3. Grant Writing
  - 4. Organizational Technology (e.g. necessary software or hardware)

# DISCUSSION

**Role of the City:** What is the appropriate role of the Council?

**Role of the City:** How hands off should the Council be?

**Role of Google:** What is the appropriate role of Google?



**Fund Manager:** How (if at all) should the Fund Manager be accountable to the City?

**Community Engagement:** How do we ensure the fund is continuously informed by community priorities?

**Fund Leverage:** How can the fund best position itself to attract net new private/philanthropic dollars?

# NEXT STEPS

# Recommended Phased Planning for Fund

1. Concept Plan
  - a. Council approve fund concept, including broad outline of the fund structure and high level direction for fund priorities (e.g. one fund, two program areas, third-party manager, and Advisory Board)
2. Implementation Plan
  - a. Develop, then Council approves, an Implementation Plan for the fund (e.g. Approve details of the governance structure, responsibilities and relationships, solicitation process for fund manager, specific Advisory Board composition and appointment process, address legal issues such as conflict of interest, and Council delegation of authority to third party to make funding decisions, determine required City staff support, and community engagement guidelines)
3. Start Up: Appoint Advisory Group members, Select Fund Manager

# Next Steps

1. Draft language describing Fund concept to be included in recommended Development Agreement/Community Benefits Plan (feedback at March 15 SAAG meeting, March 20 community meeting)
2. Council directs Administration to initiate implementation of the Fund, including detailed Implementation Plan for Council approval and solicitation for Fund Manager (with Downtown West approval)

# **COMMUNITY BENEFITS FUND**