



Burlington Associates
in Community Development

25 June 2018

To: Randy Cole, City of Columbia Missouri
From: Michael Brown
Re: **Proposal for Services**

Thank you for contacting me and asking Burlington Associates to prepare and submit a proposal for services for me to assist the Columbia Community Land Trust (CCLT) to complete a strategic planning process to chart its course over the next five years. The purpose of this memorandum is to outline two different approaches that could be taken and the cost for my engagement in this process in each of these approaches.

Issues to be Addressed

As you and I have discussed by phone, there are several dynamics and fundamental issues that, at a minimum, will need to be addressed in this strategic planning effort, including:

- As is the case with many nonprofit boards, there needs to be a working understanding of the appropriate roles and responsibilities of the CCLT board of directors and those of its staff, in order for the organization to function effectively and efficiently.
- There needs to be clarity and agreement regarding the terms, conditions, and requirements of the current operating agreement between the City of Columbia and CCLT for the remaining term of this agreement.
- The CCLT board of directors and staff need to set a strategic direction for the organization in advance of the end date of the operating agreement with the City. This strategic direction will, in turn, determine the core functions CCLT will manage (and, by extension, those it will not). Most particularly, a key issue to be resolve is whether CCLT will carry primary responsibility for developing the units to be brought into its portfolio or, as it has done to date, it will rely on public sector and private sector partners to deliver completed, affordable homes to the CLT. Related issues to explore include:
 - If it were to transition into becoming a housing development organization in addition to operating successfully as a stewardship organization, what additional organizational capacity will CCLT need? What additional skill sets will it need on its governing board? What additional paid, professional staffing would be required?
 - What is the level of subsidies that will be needed to make CCLT's homes affordable for its target clientele each year for the next five (5) years, given market appreciation, land costs, mortgage interests rates, and the like?
 - What are the likely sources for these homeownerships subsidies? And how likely will CCLT be able to secure these subsidies – and in what quantities, annually – each year for the next five (5) years?
 - Given its organizational preferences and the likely availability of homeownership subsidies, what is the anticipated scale of CCLT's portfolio development (i.e., the

number of affordably priced homes expected to be brought into its portfolio) each year, over the course of the next five (5) years?

- What is the level of staffing increases that will be required each year to meet this anticipated pace and scale – in terms of administration and operations; portfolio development; and stewardship?
- What are the annual operating budget projections needed over the next five (5) years, due to this expanded mission and these larger portfolio projections? What are resulting projected annual operating costs? And what are the accompanying annual operating revenue requirements and sources? And how much revenue will be generated through CCLT's operations (i.e., portfolio revenue and fees-for-service) and how much will need to be secured from external private sector and/or public sector sources to meet CCLT's annual operating costs and reserve requirements?
- What existing partnerships would CCLT-as-a-developer need to cultivate and nurture – and what new critical partnerships would need to be established and maintained? And what, if any, nonprofit and/or for-profit development partners would CCLT-as-a-developer be unwittingly (or intentionally) competing with?
- In what ways might this new strategic direction impact CCLT's current mutually-beneficial relationship with City?
- What, if any, impact might this new strategic direction impact CCLT's designated geographic service area?

These critical issues – and, undoubtedly, others that will develop in the planning process – will need to be carefully addressed and sufficiently resolved before the Columbian Community Land Trust charts a new course for its future.

Proposed Process and Budget

I see two potential approaches to completing this strategic planning effort, one more intensive than the other:

Strategic Planning

In this approach, I would work with you and with the CCLT board of directors to identify a date and set an agenda for a face-to-face strategic planning session that would focus on coming to agreement around whether CCLT will transition into becoming a development organization and identifying the critical decisions that would need to be resolved in order for that to happen. The earliest I could plan this on-site visit, given my current workload, is likely sometime in August or September.

I would prepare for this site visit and travel to Columbia for a 3-day/2-overnight visit, during which I would facilitate a multi-hour, strategic planning session with CCLT board and staff. While there, I could participate in other meetings and critical discussions about CCLT and its future plans. Following this site visit, I would prepare and submit a 2-3-page, bullet point summary of the key decisions resulting from the strategic planning session and the site visit – for further consideration by CCLT board and staff.

I estimate that I would need a total of twelve (12) hours for pre-visit preparation and for drafting the brief final summary, in addition to the 24 hours (8 hours per day) for the on-site visit. This would result in a total cost for professional fees of \$5,400. Additionally, I would require reimbursement for travel expenses incurred at their actual cost, which I estimate to be in the range of \$850 or so. The total projected cost for this strategic planning-only engagement is **\$6,250**.

Strategic Planning Plus Portfolio Projections

The second, more intensive planning process would include everything outlined in the approach above but, following the strategic planning process, I (assuming a decision is made for CLT to become a housing development organization) would work with you and the CCLT board of directors to complete a portfolio assessment for the first five (5) years of CCLT's operations as a developer. This portfolio assessment would attempt to answer, as accurately as possible, a number of critical decisions that were identified to be resolved in the strategic planning session, including:

- ✓ Based on projected market conditions and land and housing costs, what is the likely level of housing subsidies that would be required each year for households at targeted income levels?
- ✓ What, realistically, are the likely totals of affordably priced homes that CCLT would bring into its portfolio each year during this 5-year timeframe?
- ✓ What would be CCLT's paid staffing (and contracted services) requirements annually during this 5-year build-out?
- ✓ What are the likely fees that CCLT will be able to generate through portfolio revenue and earned-fee income during this 5-year operating timeline?
- ✓ What are the resulting operating budget projections (expenses and reserves, as well as revenue) for the 5-year timeframe between 2019-2023 – and what are the revenue trends for CCLT?

This more intensive and iterative process would result not only in a strategic plan (setting CCLT's direction for the next five years) but also in something that would more akin to a 5-year work plan (outlining the resources – human and financial – that CCLT would need to make this happen). As deliverables, I would provide you (in addition to the bullet point summary of the results of the strategic planning process) a brief, written summary of the core work plan assumptions and a summary of the accompanying financial modeling.

This 'add-on' work could be completed remotely and would require an additional 40 hours of my time, resulting in a \$6,000 increase in the cost for my engagement – for a total cost of **\$12,250**.

I could also, if you think it would be helpful, make one additional visit at the end of this process to work through and finalize the results of this portfolio assessment process with CCLT staff and board of directors and have a number of strategic discussions to explain this plan to key stakeholders. I see two scenarios for this optional, final visit:

- I make a 2-day/1-overnight trip (arriving into Columbia late afternoon on the first day and heading back to STL mid-afternoon on the second day). Total add-on cost: \$2,400 plus an estimated \$700 in travel expenses.
- I make a 3-day/2-overnight trip (arriving into Columbia late afternoon on day #1 and heading back to STL mid-afternoon on day #3), allowing for more time on-site. Total add-on cost: \$3,600 plus an estimated \$850 in travel expenses.

I hope you find this information to be helpful. Should you wish to discuss it further, please let me know and we can arrange a time for a phone conversation. Thank you for your consideration.