

# SAN BRUNO

## Community Foundation

### Strategic Plan 2.0

*Adopted by the San Bruno Community Foundation Board of Directors, September 1, 2021*

In late 2020, the Board of Directors of the San Bruno Community Foundation launched a three-part strategic planning process on future program and investment strategies once the Foundation has fully disbursed \$50 million to the City of San Bruno for the design and construction of a new Recreation and Aquatic Center (RAC) for the San Bruno community:

- Diversity, equity, and inclusion (DEI) training, led by Dr. Rona Halualani of Halualani & Associates, for the Board to examine internal biases/leanings and adopt practices that promote diversity, equity, and inclusion in the Foundation's decision-making processes and communications.
- Community Listening Campaign 2.0, led by the Public Dialogue Consortium (PDC), to solicit from members of the San Bruno community feedback on the Foundation's programs thus far and input on current community needs and a vision for the Foundation going forward.
- Strategic planning deliberations by the Board, facilitated by Dr. Shawn Spano of PDC, to develop a forward-looking plan articulating the Foundation's program and investment strategies once its investment portfolio decreases after the Recreation and Aquatic Center is funded, its role in the community, and the size and scope of its ongoing operations.

In response to the feedback received during Community Listening Campaign 2.0, as a result of the strategic planning deliberations, and while embracing a commitment to diversity, equity, and inclusion, the Board seeks to adopt the following action items, which collectively make up its updated Strategic Plan for the Foundation:

#### **1. Program Strategy**

The Board reaffirms the Foundation's Program Strategy Framework, as originally approved by the SBCF Board on October 7, 2015, and by the San Bruno City Council on November 10, 2015, including the Foundation's purpose, vision, and mission statements, guiding principles, funding criteria, and program categories. In particular, the Board reaffirms the Foundation's three-bucket program strategy:

- Crestmoor Neighborhood Memorial Scholarship (Foundation-run program)
- Community Grants Fund (responsive grantmaking)
- Strategic Grants (strategic grantmaking)

The Board seeks to continue all three program areas on an ongoing basis, maintaining the Crestmoor Scholarship and the Community Grants Fund at current program levels and Strategic Grants as the annual budget allows.

## **2. Investment Strategy**

Once the Foundation has fully disbursed the \$50 million in RAC grants to the City, the Foundation will update its investment strategy as follows:

- Quasi-Endowment starting balance: \$25 million
- Annual Quasi-Endowment payout target: \$1.75 million, adjusted annually for inflation
- Quasi-Endowment spend-down time horizon: Approximately 20 years
- Strategy formally revisited by the Board: At least once every five years

Based on the Foundation's current operating expenses and program disbursements, the \$1.75 million annual Quasi-Endowment payout will enable the Foundation to maintain its current level of operations and a meaningful level of investment in the San Bruno community. The Foundation Board acknowledges that this payout rate, in the absence of the development of other funding sources, will likely result in the Foundation exhausting its assets approximately 20 years after the new strategy is implemented.

Under the current timeline for the construction of the RAC, this strategy will likely take effect beginning in fiscal year 2023-2024. The Investment Committee will be tasked with reviewing the Investment Policy Statement and the Investment Operating Plan and recommending amendments to both documents to reflect the new investment strategy prior to the implementation of the new strategy.

Given the Foundation's total assets of approximately \$79 million as of June 30, 2021, the Foundation will likely have in excess of \$5 million to invest outright in Strategic Grants in the next two years in order to begin fiscal year 2023-2024 with a \$25 million balance in the Quasi-Endowment. At the time new investment strategy takes effect, the Board can decide whether to maintain any assets in excess of \$25 million in the Strategic Pool to be used outright to fund Strategic Grants or to roll all or some portion of those assets into the Quasi-Endowment.

## **3. Operations**

As part of the Strategic Plan, the Board also commits to the following operational actions:

- a. Maintain Current Program-Focused Business Model

The Board affirms the current program-focused business model. By declining to transition to a business model focused on both program and fund development, the Board acknowledged its original decision not to fundraise to avoid competing with other local nonprofits, the substantial costs of building up a viable fundraising operation, and the belief that the

Foundation's partners, which implement the Foundation's initiatives, may be better positioned to fundraise than the Foundation, which primarily operates as a grantmaking body.

b. Ensure Diversity in the Composition of the Board of Directors and Grant and Scholarship Review Panels

With regard to Board appointments and acknowledging that the San Bruno City Council appoints Board members, the Board is committed to continuing to prioritize diversity and to embracing an expansive definition of diversity to include expertise, experience, and skill sets valuable on the Board as well as other background and demographic characteristics. The Foundation will also continue to individuals with diverse backgrounds and perspectives on the community panels that review and evaluate Community Grant and Crestmoor Scholarship applications.

c. Increase Visibility and Awareness of the Foundation's Programs, Spending Decisions, and Program Results

The Board endorses continued efforts to effectively communicate with the San Bruno community and other stakeholders about the Foundation's programs and operations. The Executive Director will continue to manage outreach and communication activities, with guidance from the Board as needed

d. Continue to Invest Wisely to Ensure Broad Community Benefits

The Board affirms its fiduciary duties to the Foundation to ensure that the Foundation's assets are invested for the long-term of the community with the guidance of a Board-selected investment management firm and in accordance with a Board- and City Council-approved investment policy statement.

e. Continue Current Process for Developing Annual Budget

The Board affirms the current process, led by the Executive Director, to develop the annual budget, particularly once the new investment strategy is in place and the Foundation is relying primarily on the Quasi-Endowment payout to fund programs and operations: maintain Community Grants Fund and Crestmoor Scholarship disbursement levels at the same as the previous year, factoring in whether the Foundation has received any restricted donations earmarked for either program; estimate necessary operating costs assuming current activity levels; and reserve the balance of funds for Strategic Grants.

f. Create Ad Hoc Committee to Identify Strategic Grantmaking Priorities and Assess Potential Strategic Grant Opportunities

The Board will create a new ad hoc committee to review the community needs and program ideas identified in Community Listening Campaign 2.0, recommend to the Board priority areas for both larger (at least \$1 million) and smaller (under \$1 million) Strategic Grants, and assess proposals and opportunities for Strategic Grants in the near- and mid-term.