

August 21, 2008 Balboa Park Committee Workshop

Speech by Peter Ellsworth, President Legler Benbough Foundation on:

- Assessment of the potential of raising private capital in a public private partnership
- Overview of recent successful charitable campaigns in San Diego
- What would be necessary in structure and process to attract private capital to a public private partnership for Balboa Park

This presentation has been prepared by Bob Kelly, Pres and CEO of The San Diego Foundation, Bill Beamer, Pres. of The Parker Foundation and myself, Peter Ellsworth, Pres. of The Legler Benbough Foundation.

We have been asked for our opinion on the question of how much private capital might be available if some form of public private partnership were to be developed for Balboa Park. This is an important question because presumably one of the reasons for creating such a structure is to enhance the possibility of raising private funds for the Park. Although the question is certainly relevant to the discussion, it cannot be directly answered at this time because we do not know the structure of the partnership or the specific projects for which private money is going to be requested. What we do know is that there is plenty of charitably inclined private money in San Diego for this kind of effort IF the structure is accommodating to private donors interests and the projects for which funds are requested are appropriate for private support.

Our conclusions on the availability of funds are based on money currently being raised for other projects in San Diego.

Over the last few years:

- 1) UCSD has raised over a billion dollars
- 2) The Globe Theatre has raised over 60 million dollars
- 3) The S D Zoo has raised over 40 million.
- 4) The Children's hospital has raised over 140 million
- 5) San Diego State has raised over 90 million
- 6) USD has raised over 200 million
- 7) Sharp Healthcare has raised over 60 million.
- 8) Even small organizations have raised money in the hundreds of thousands of dollars. Cygnet Theatre has raised over \$900,000 in its efforts to revitalize the theatre in Old Town
- 9) Recent Gala's have raised over 1 million dollars in one night.

So, on the basis of these and many other similar examples, we think it is fair to conclude that the charitable money is here. Surely the profile of Balboa Park, its vital history in the City of San Diego, its international reputation and the widespread love of the park on the part of all San Diegans forms a sufficient basis to expect equally successful campaigns on behalf of the Park IF the entity created is properly structured to attract private support.

Let me now turn to the question of what is important in the structure of the entity created to support private donation. Looking at the experience of other Parks, our discussions with experts in the field and based on our own funding knowledge of San Diego, we believe that following are essential.

1) First and Foremost is Leadership. The partnership must be lead by people who have substantial public credibility and a history of leadership that demonstrates that they can be trusted to do what they say they will do. They must be people that can relate effectively to the donors they are soliciting.

2) Second, the partnership must be organized in a way that allows donors with similar interests to work together and associate together to maximize the peer pressure to contribute.

3) It is also critical that the authority of the public private entity be clear. The entity must be able to make the decisions and take the actions that are required to accomplish what it is raising the money for. Nothing is worse than having to go back to the donor and requesting him or her to accept changes to the project they gave the money for. Of course, I am referring here to the need to know what the authority of the partnership is within the broader structure of the Park as a whole. The Park belongs to the people of the City of San Diego and a transparent public process needs to decide major issues in the Park.

4) The private money must be for “additional” things, that is, the City cannot be let off the hook for reasonable expenses of repair and maintenance that legitimately belong to and should be paid for by the Public. Private money is for the extras, those additional amenities that enhance the Park experience beyond the basic necessities. The organized public private partnership can, of course, be of inestimable value in getting broad public support of public expenditures including the passage of bond issues for the park to be used for the “public” share of the costs of the Park.

5) Private money solicited for specific projects will only be raised where the donor believes that the project is relevant, important, and selected by a legitimate process in which, in a best case, the donor had some involvement. It needs to be shown, and a successful track record on this is the best way to show donors, that the projects are fairly costed and that they will be accomplished efficiently and economically.

6) Finally, private money needs to be spent only for the projects for which the money is given. Donor’s are not likely to be persuaded to donate to a park wide pool of funds any more than they are now likely to give money to the City of San Diego for parks. The organization must be structured so that separate park interests are kept separate so that the donors are assured that the money they are giving will go to the areas in which they have an interest.

We recognize that it may not be possible to accommodate all of these in the structure that you propose but what we can assure you is that the closer you come, the more success you will have in raising private money.

We are all aware of the many competing interests in the Park. We applaud this committee for taking on the difficult task of formulating recommendations that take into consideration the legitimate interests of all concerned. We know, that will not be easy. We hope, however, difficult as it is, that you will not fall into the trap of trying to satisfy everyone by coming up with only generalities with which there can be little disagreement. We think that it is critically important that you and the other park stakeholders use this process to address the issues on which there is some legitimate disagreement so at the end of this process what needs to be said, will have been said. Only in this way, will the decision makers in the City have what they need to make appropriate, informed decisions for the benefit of all. What we have said today is offered in this spirit and I hope that you find our comments helpful in achieving your objectives.