

## Rose Fitzgerald Kennedy Greenway Conservancy Public Statement

February 7, 2012

The Commonwealth of MA and hundreds of residents worked tirelessly for more than a decade to conceive, design, and construct the Rose Kennedy Greenway. The Conservancy is honored to have been the steward of the Greenway since 2009 on behalf of the public.

In response to Secretary Davey's letter of February 1, we look forward to updating a business plan for the Greenway that builds upon the past successes with philanthropic support that have been leveraged by a steady contribution of State funds, and integrates the potential additional revenue from a proposed Greenway Business Improvement District for Park Operations that is gaining the support of nearby property owners. Working in partnership with Secretary Davey and his team, we will revisit all assumptions and determine a practical, equitable, and sustainable framework for the parks.

### What is the Greenway Conservancy and who formed it?

The Rose Fitzgerald Kennedy Greenway Conservancy was formed specifically and intentionally as a non-profit corporation to raise charitable donations and to operate the Greenway on behalf of the Commonwealth who is the owner of the land. The Commonwealth of MA and the City of Boston chose the nonprofit charitable organization model in 2004, and again in 2008, declining the option to operate, manage, and maintain the Greenway through existing public agencies. The 2008 statute enacted by the Legislature says: "Nothing in this act shall be construed as establishing the Conservancy as a governmental body". At the same time, we readily comply with other provisions in the statute and the Lease with MassDOT that ensure transparency in how we carry out public purposes on the State's behalf.

### Is the Conservancy following recognized best practices in fulfilling its public mission and transparency in operations?

Yes. Transparency is not new at all for the Conservancy. Its Audit and Risk Management Committee looked at the Conservancy's practices in 2010 in comparison to nonprofit watchdog group standards, friends groups of other parks, and state groups. Our transparency practices compared very favorably. In fact, the Conservancy has the *GuideStar Exchange Seal* for demonstrated commitment to transparency. GuideStar is the central source for information on nearly 2 million U.S. non-profit companies.

We are taking this opportunity to codify all our existing practices into a comprehensive policy that will be submitted to the Office of the Attorney General on or before February 10<sup>th</sup>.

### Was the Conservancy intended to be 100% financially self-sustaining?

No. The Greenway Conservancy was specifically intended to be a public/private partnership, in which the Conservancy develops private support to supplement and leverage State funds.

The explanation lies in the history of the Greenway. Regulatory approvals for the Big Dig, notably the Environmental Certificate in 1991 required that the State build and maintain the Greenway. The State designed the Greenway with active community support and input. Its most popular features – fountains, lighting, granite plazas and promenades – are complex and expensive. The Conservancy was created in 2004 *after* design decisions had been made, and after extensive debate about how to fund the parks. Public officials chose the conservancy model as a proven way to reduce the financial burden on the State, attract private sector dollars, and ensure a high level of quality operations, while retaining public input and participation.

### What are the results to date of the public/private funding model?

The Conservancy model has been a success; each \$1 of MassDOT annual funding leverages more than \$1 of private support.

The public-private funding partnership began in 2005 when the MA Turnpike Authority gave a one-time \$5M contribution to match dollar-for-dollar contributions from private donors. This paved the way for the on-going support from the private sector. The Conservancy has brought in an additional \$13.2M against \$9.1M of other public funds. In total since inception, Government has contributed 40% of total Greenway revenue, while the Conservancy has brought in 60%.

The recession continues to hurt the nonprofit community, but private support for the Greenway increased significantly last year from the challenges of FY10 (\$809K fundraising) to a strong FY11 (\$1.9M).

### What are other measures of the Greenway Conservancy's impact?

Over the last three years that the Conservancy has operated the park, we have accomplished the following:

- 70% increase in attendance at **Greenway offerings** - food trucks, free Wi-Fi, farmers' markets, concerts, and more - from 2010 to 2011
- Beautiful horticulture that is maintained organically - the second park in the country to do so
- A planning process underway for public art on the Greenway
- A planned **iconic Boston carousel** for 2013, an amenity that will attract both tourists and Bostonians alike, and will contribute revenue to our operations
- And even more: visit our website for presentations

In addition we benchmark the cost of delivering these services to assure that we are spending in a cost-effective manner. Following is a chart that summarizes the results of a 2010 survey:

## Greenway's O&M cost/acre low relative to similar urban signature parks



|                        | Total O&M     | Acreage     | O&M per acre     |
|------------------------|---------------|-------------|------------------|
| Bryant Park            | \$4.4M        | 8           | \$546,648        |
| Millennium Park        | \$11.4M       | 25          | \$456,880        |
| The High Line          | \$2.5M        | 7           | \$366,269        |
| Discovery Green        | \$2.6M        | 12          | \$219,500        |
| Battery Park City      | \$4.7M        | 36          | \$190,838        |
| <b>THE GREENWAY</b>    | <b>\$2.6M</b> | <b>15.5</b> | <b>\$165,164</b> |
| Olympic Sculpture Park | \$1.0M        | 9           | \$112,444        |



- "Total O&M" is maintenance, horticulture, and public programs
- All park figures shown are from December 2009; Greenway is audited figure from 2009-2010 (FY10)
- Most recent Greenway figures (FY11 audited) would be: Total O&M = \$3.2M; per acre = \$207,498

### How is State money used and reported on?

In 2008 the legislature agreed that the State would contribute 50% of the costs of maintenance, operations, programming and capital improvements up to \$5.5 million dollars, and the Conservancy would raise the balance from the private sector. The recession and strain on public budgets forced the State to reduce its annual contribution from a high of \$2.9M in FY10 to \$2.1M this year and to narrow its funds to support only maintenance and horticulture functions. We provide regular financial reports to MassDOT and a special Statement of Functional Expenses on the use of State funds in our annual audit (posted on our website).

### How is the Executive Director's compensation set?

The Board sets the annual compensation for the executive director after formal study. It considers training and experience, scope of the job, performance in the job, review of comparable non-profits, current market conditions to recruit and retain talent, and prevailing economic conditions. As our publicly-available 990's filings demonstrate, Nancy's total compensation declined during the recession, from \$225,000 in FY08 (\$165,000 plus bonus) to \$165,000 in FY11 (no bonus). MassDOT does not contribute to the executive director's salary.

Leading a non-profit corporation requires an individual who has a grasp of the issues impacting its mission, extensive management and fundraising proficiency, and the ability to connect multiple public and private stakeholders to create a compelling vision for the future of the Greenway. For this fiscal year, the board reviewed compensation at ten organizations, including local non-profits and nonprofits which run comparable parks across the country. The average compensation was \$226,000, and therefore the board believed an increase to a salary \$185,000 was justified.

When does the Conservancy report on its executive director's compensation and compensation for top managers?

The Conservancy reports its top compensation figures in its yearly 990 filings to IRS ("5 current highest compensated employees who receive reportable compensation of more than \$100,000"). The most recent filing (FY11) contains expenditures from July 1, 2010 to June 30, 2011; however the compensation schedule, as required, is on a calendar year basis of January 1, 2010 to December 31, 2010.

Each year in January we post the 990's, including the compensation schedule, on our website for review by the public and the press. Nancy's recent raise and the compensation of other employees making \$100,000 or above fall into the period for the FY12 990 which will be filed at the conclusion of the audit.

Will you release all information requested under the State Public Records law?

We readily complied with the Secretary's letter of January 25th to provide a great deal of information. We provided them to the Herald and the Globe at the same time. Information that the Conservancy is required to provide under the Greenway statute will continue to be publically available, including the expenditure of public funds.

The State receives and assesses information that allows it to gauge if its money is spent cost effectively and for the right purposes. At the same time, the Conservancy's fundraising ability – for which it is being held accountable – must remain strong. That is why private nonprofit corporations organized for charitable purposes are not public agencies that are subject to the State Public Records Law.