



### The North Bay Wildfires' Impact on Sonoma County Nonprofits and Their Fundraising

#### A Second Report from PRG, February 2018

#### **Background**

In October 2017, just days after the fires, the Partnership Resources Group team conducted a listening tour with current and former clients in Sonoma County. Many were profoundly impacted by the disaster. The aim of these conversations was to provide a trusted and sympathetic ear to their fears, hopes and fundraising concerns. These discussions also became avenues for expressing profound feelings of loss, pride, anxiety, determination, and sadness.

PRG subsequently issued a paper, "After the Fires – Findings from Client Conversations," addressing seven primary themes that arose from these meetings together with what we saw as the implications of each of these findings. Among these were:

- Agencies not commonly perceived as being on the front lines of fire relief would need to define and communicate ***the unique role nonprofits also play as 'second responders'***, to their clients, donors and the public.
- In the immediate weeks following the fires, it was unclear how the millions of dollars in ***fire-related philanthropy pouring into Sonoma, Napa and Mendocino counties would be distributed equitably*** to agencies best-positioned to serve the fire survivors, in particular people who were the most disadvantaged.
- ***Early reports documented a surge in homelessness***, with the likelihood of an additional 'second wave' of the homeless to come, comprised of renters priced out of the market, displaced students, disoriented seniors, survivors whose FEMA benefits would soon lapse, and those already living on the economic and social margins who lacked homeowners insurance or the savings to rebuild.
- ***The disaster was spawning significant displacement over a disparate workforce***, including doctors, teachers, service personnel, and non-profit staff. We learned that many had lost their housing, in some cases their jobs were gone, and they were either temporarily forced out of the community due to a lack of affordable housing or likely never able to return to Sonoma County.
- ***Most agency spokespersons expressed grave concerns about the future sources and sustainability of charitable dollars while at the same time the needs and numbers of their clients were expanding***, their workforce was being thinned by displacement, donor fatigue was feared to be setting in, and the disaster would gradually fade from the newspaper headlines.

These findings contributed to the broad dialogue among the major disaster fundraisers, nonprofit agencies, development professionals, nonprofit management, elected officials and community leaders at-large. Clearly, responses and solutions to a disaster of this proportion would be ongoing for years.

As a result, PRG was encouraged to conduct a second round of conversations to determine how agencies were faring with their overall fundraising, their operations and financial equilibrium, what they saw as emerging challenges and opportunities, and what types of outside assistance might help them continue to fulfill their mission during the challenging months ahead.

During January and February, PRG discussed these and other issues with staff and Board members at 12 agencies, representatives of the three largest fire recovery funds and elected officials. Findings from this second round of conversations while primarily focused on fundraising, also include important feedback on other major issues – housing, overall agency well-being, long-term financial sustainability, where help is still needed and General Conclusions.

### **I. Affordable Housing, Unquestionably the Most Critical Need**

While it may appear obvious that rebuilding thousands of homes and businesses lost in the fires (by some estimates more than 5% of the county's entire housing stock) is the region's highest priority, several aspects of this re-housing challenge emerged, as especially critical.

#### **A. Immediate, affordable housing is needed right now.**

Every day more members of the workforce are being forced out of their homes due to escalating rents and the end of temporary, post-fire shelter arrangements. They are becoming part of the 'new homeless' or are leaving the community. The longer they stay away, the less-likely they are to return. These are the invisible-displaced who are not mentioned in the articles about rebuilding or the curious lack of response to available FEMA trailers. If not checked, this trend will deplete an already-scattered workforce and have negative impacts on the agriculture, hospitality, education, and nonprofit sectors of our economy.

While there are several well-intended efforts to address this growing need, there is no perceived single individual or organization creating an effective, county-wide plan to respond to the increasing tide of secondary homelessness. There was consensus that funders and community leaders might begin to fill this leadership vacuum by:

- *Providing a financial incentive* to encourage development of an immediate plan to create interim, transitional housing.
- *Providing investment capital to promising, short term housing options* such as Habitat for Humanity and Homes for Sonoma that are capable of immediate, shovel-ready shelter solutions.
- Local banks might consider forming a financial pool to invest in worthy projects.
- Appointing a “housing czar” that will monitor, convene and coordinate a myriad of housing initiatives.

## **B. A ‘tsunami’ of new homelessness is anticipated.**

The resources of the front-line nonprofits and public sector agencies serving the unhoused will be sorely tested by the projected numbers of new homeless people. There was a shortage of these housing units and services before the fires, made significantly worse by the disaster. There simply aren’t enough crisis beds, transitional shelters and permanent, affordable units available today or even in the intermediate pipeline. Some suggested responses:

- *Through targeted grants, encourage inter-agency solutions* that leverage resources and scale-up services for the increasing homeless population.
- Advocate for a moratorium on rent increases and for inclusion of a significant percentage of affordable housing in the re-build plans.

## **II. Agencies are Holding Their Own but the Financial Future is Vastly Uncertain**

Our interviews yielded a wide range of information about finances, fund development programs, agency plans, and needs for 2018 across the non-profit sector.

### **A. Immediate fundraising is generally stable; 2017 year-end giving surprisingly strong.**

- *Year-end fundraising in all but two agencies we visited was at-or-above comparable numbers for the previous year.* In some cases, the number of actual donors declined but the total dollar return was higher. There is strong evidence that the phenomenal emotional giving response to the fires (believed to exceed \$150 million) is still influencing giving. Several agencies who emphasized the advantages of appreciated stock gifts did, in fact, see a larger-than-usual number of such gifts.
- *Results from long-scheduled, year-end fundraising events were mixed.* Some events were cancelled or postponed until 2018. At least two reported net event revenue that was considerably below projections yet three others produced results beyond expectations. Emphasizing the role that the agency played during and immediately after the fires and focusing the fundraising message on a fire survivor or a key recovery program were cited as reasons for that success.

**B. The aftermath of fires continues to have a deep emotional impact on agencies.**

- *Most agencies identified staff that had lost homes, had been displaced, or were struggling with new jobs or assignments. “Just coming to work was heroic”* said one Executive Director. Some Board members lost homes or businesses, while many were otherwise, impacted. “Our Board members are simply too distracted to give it their all,” said one Board chair. In the days immediately after the fires, most of those with whom we spoke had reached out repeatedly to clients, patrons and other constituents to offer support, assistance, and in some cases shelter.
- *Agency leaders are apprehensive about the secondary impacts on the many staff that are renters as well as the delayed aspects of PTSD among their Board, volunteers and clients.* Our conversations with nonprofit leaders in New Orleans who experienced Hurricane Katrina reveal that the grieving process for an individual can be reactivated by a traumatic trigger such as an exceptionally windy night, for years after the disaster.
- A notable lesson is that many nonprofits require better *internal disaster response plans*, particularly with respect to staff communications, emergency logistics and client contacts.

**C. Agencies are uneasy about 2018’s fundraising and are retooling in any way they can;**

- *The concern that local gifts would be diverted from agencies to the larger fire relief funds is not supported by the evidence.* Estimates are that more than two-thirds of the contributions received by the three largest relief/recovery funds came from donors outside the four, affected counties. This suggests that many local donors may have either made their fire-related gifts directly to their favorite local agency or did not give at all. Therefore, the speculation that giving fatigue is widespread among local donors may not be present to the degree feared.
- *There is opportunity for nonprofits to convert first-time, out of area donors to become sustaining investors in the ongoing fire recovery process.* Donors who gave directly to an agency are generally being stewarded and engaged to continue their support of that agency. However, a major question remains about providing the many donors who contributed through one of the fire relief funds with the opportunity to now extend their support to a particular agency and, in so doing, begin to establish a long-term giving relationship.
- *There is a greater-than-usual commitment to spring fundraising appeals across all agencies.* Some who normally don’t solicit donors mid-year are planning to do so. Others are using these appeals as an opportunity to re-contact lapsed donors with a strong, new message about the value of their mission in post-fire recovery. Some plan to segment their messaging to first-time fire donors.

A few agencies are using a Board 'match' as leverage to encourage stepped up giving. Response to the mid-year appeal may be a more reliable indicator of fading fire-related giving energy and a harbinger of donor fatigue.

- *The time has come for organizations to reframe their messages from dramatic stories of loss to how they are responding to permanent changes in the landscape.* It is also an opportunity to reinforce that agencies are drawing from experience they have developed over years and there is a renewed commitment to tackling areas of longstanding need as ways to keep communications relevant in a fluid environment.
- *Nearly every agency we interviewed expanded contacts with their donors and are intensifying their stewardship relationships.* Most are using these opportunities to report on their work during, and following the fires, how they utilized fire donations, and to underscore their relevance in the on-going recovery effort.
- *Cross-agency collaboration in client services and in fundraising is gaining traction among agencies around the county and becoming increasingly relevant to donors in their gift decisions.* A coalition of front-line homeless/anti-poverty agencies has increased their cooperation in the face of more widespread, urgent need. There is also talk of multi-agency efforts to combine fundraising events. Donors and community leaders will welcome such collaboration to maximize efficiency and leverage impact.
- *Aside from the post-fire period and going into 2018, nonprofits (and some donors) are uneasy about how the federal tax changes will impact charitable giving.* Some estimates are that donations will be reduced by billions of dollars nationally. Agencies that are largely funded through government grants are closely watching political developments in Washington, particularly the ongoing budget debates, with grave concern. Ultimately these reductions may have a much more devastating impact on some local providers than philanthropic fallout from the fires.

On the other hand, a generally robust stock market supports the wisdom of encouraging donors to continue making gifts of appreciated stock in 2018. Additionally, the fact that 10,000 baby boomers are turning 70 ½ every day underscores the value in advising these donors to direct gifts from their IRAs to a local charity, as a means of reducing the tax burden of their Required Minimum Distributions.

- *Broad concerns were expressed about the transparency, coordination and seamless transition in the closure of the RCU Fund, the anticipated 2018 wind-down of Tipping Point's funding, and a "hand-off" to the more enduring funding entity -- the Community Foundation Sonoma County's Resilience Fund.* Agencies hope for an allocations process that is inclusive and transparent. There appears to be less clarity about the role that ReBuild North Bay and the various city/county departments will play in funding nonprofits' in the recovery.

#### **D. Tech support and fundraising assistance most needed**

In the tumultuous aftermath of the fires, facing an uncertain fundraising environment and pondering many dilemmas in the year ahead, agency leaders were asked to reflect on what type of help beyond direct fire relief would be of greatest benefit. Both the funders and nonprofits identified areas that would bolster their capacity:

- **“Needs Assessment”** was a term widely used, signaling a desire to have measurements and facts that will help funders drive grantmaking decisions and agencies determine the most effective allocation of their resources. While there is anecdotal evidence of some narrower assessments taking place there is, at present, no central source of information. There is no easy fix here – good assessments take time, yet the needs in the fire-affected communities are urgent and fluid. In the meantime, it was expressed that in the absence of a commissioned needs assessment, assessing needs will, for now, fall to the agencies and their abilities to share this learning with funders and donors.
- **Technical support**, including professional video and marketing resources to re-cast their messages and tell their post-disaster story, social media help to reach new donors, and the installation of a central phone system to access clients dispersed by the fires are examples of the agency’s desired support.
- **Extra hands to counter a shortage of fundraising staff** to gather data and analyze the new crop of fire donors as well as agencies’ existing supporters. A program of small, targeted capacity building grants might be particularly effective in helping agencies navigate the difficult months ahead by securing this assistance. This approach could also be extended to bolstering program and administrative staff who otherwise don’t have the wherewithal to regroup or rebuild, as a way to encourage people to stay at their agencies

#### **General Conclusions:**

1. The North Bay wildfires were the most destructive in US history and no community has undergone a recovery effort of this magnitude. While there are valuable lessons to be learned from other communities, this recovery will require special ingenuity, community consensus, and fortitude with the unknown.
2. Housing, rebuilding and the needs of those most vulnerable to becoming un-housed are the concerns most common among agencies, donors and communities. A cohesive plan to create immediate housing while rebuilding for the long-term (or at least a process to develop such a plan) does not yet seem apparent. This is a frustrating issue and for some, a rallying cry.

3. There is no indication that individual and institutional donors are backing away. On the contrary, giving is up and donor morale is generally high. The onus is now on agencies themselves to communicate their needs, inform the community on how they are responding and generally steward donors as loyal investors in their long-term well-being.
4. Now is a good time for outside funders and the agencies themselves to invest in enhanced the fund development capabilities of the community's agencies. This line of investment does not compete with funds needed to deliver services. More donors than ever before have come forward, including thousands from outside the affected areas. Communicating and stewarding these donors will reap tremendous returns on investment at a time when more resources will be necessary to address post-fire needs. What's more, federal tax and budget changes are already creating enormous financial uncertainty with or without a natural disaster to address.
5. There is a donor and funder expectation of collaboration from the community's nonprofits, especially at a time when efficiency is paramount in an ever-changing service environment. Joint ventures can be complex yet every effort should be made to incentivize collaboration. There is a promising start with discussions of cross-organizational fundraising as well as leveraging multiple agency assets to prepare for the next emergency.

**PRG gratefully acknowledges those who gave of their time to share views and contribute to this report. Comments and new observations are welcome as the post-disaster era continues to unfold. Please share comments with us at [info@partnershipresourcesgroup.com](mailto:info@partnershipresourcesgroup.com).**