Edmonton Non-Profit Shared Space Feasibility Toolkit

A Resource for Non-profit Co-Location Initiatives in Edmonton

THE CITY OF Edmonton COMMUNITY SERVICES

Funding Provided by the Government of Alberta

ACKNOWLEDGEMENTS

We would like to extend a heart-felt thank you to all the individuals and organizations that participated in this project. Over the past 4 months we have had the pleasure of working with the non-profit community in Edmonton to explore ideas and models for developing secure, affordable and inspiring spaces for the organizations that work tirelessly to contribute to the health and well-being of the city.

We consulted with over three dozen organizations, and many more individuals, in the Edmonton region. Thank you to everyone who took time out of their busy schedules to participate in our consultations. The insights and information you provided were invaluable and we did our best to address your questions, needs and priorities.

We hope that this toolkit will serve to inspire and inform your journeys into shared space.

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We would also like to thank the Nonprofit Centers Network, Tides Shared Spaces, and the Centre for Social Innovation for generously sharing their experience and resources for this project.

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1.0 INTRODUCTION

Welcome to the world of shared space! In today's political and economic climate, more and more non-profit organizations are coming together in shared spaces to realize economic benefits, operational efficiencies and collaborative potential.

The concept of co-location is not new. Resource-strapped non-profit organizations have been sharing office space and photocopiers for decades; however, a new trend is emerging in the world of shared space. Many new multi-tenant non-profit centres are intentionally moving beyond co-location and creating dynamic centres of social change and innovation. These centres are not only providing much-needed space and resources to non-profit organizations, but are also serving to break down silos, increase opportunities for collaboration and cooperation, create knowledge and learning networks and spark social innovation.[1] Multi-tenant non-profit centres or shared spaces can also serve as community hubs and help to raise the profile of the non-profit sector.

There are hundreds of examples of multi-tenant non-profit centres and shared spaces around the world. Each is unique and a reflection of the specific organizations and communities involved in each project. Resources, partnerships, politics, and real estate are only some of the factors that determine the development and design of a non-profit centre that meets the needs of organizations within a specific community.

The purpose of this toolkit is to help you get started on the road to shared space development. It is full of information, resources, examples, questions and checklists to get you thinking and point you in the right direction. You can read and work through this document from front to back, or you can pick and choose the sections that are most relevant to you and your stage of exploration and development. Use the table of contents to guide your exploration.

The first section of this toolkit deals with issues around **ownership, legal structure and governance**. Following this, we outline options and considerations for **building operations and shared services**. Next we discuss issues related to **finance**, and conclude with some **local resources**, and a discussion of the **role of the municipality.**

In addition to this toolkit, we highly recommend that you check out the *Nonprofit Centers Network* (www.nonprofitcenters.org), a San Francisco-based non-profit organization dedicated to supporting the development of multi-tenant non-profit centres. You can become a member of the network and have access to a wide range of resources, examples and support for your shared space development. Additional resources are also noted in Appendix 1.

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[1] Soots, Sousa & Roseland (2009). "Beyond Co-location: Clustering the Social Economy". Research Final Report. BC-Alberta Social Economy Research Alliance

2.0 OWNERSHIP STRUCTURES

Some of the first things to consider when exploring a shared space development are:

- Who will own the building;
- How will relationships within the building be managed; and
- What is the proposed governance structure?

The type of ownership model will determine how relationships are established, how important decisions are made, and how the overall space is governed and managed.

There are several types of ownership structures for multi-tenant non-profit centres – from private ownership to tenant co-operatives to condominium models. The type of structure you choose will depend on several factors, including[2]:

- **Vision & Mission** – What is your vision for shared space? What kind of centre are you trying to create?
- **Participation** – What is the envisioned level of participation from tenant organizations and what kind of 'community' are you trying to build?
- **Money & Financing** – Do you have sufficient financial resources to consider owning a building, owning a unit or partnering with other organizations for joint ownership?
- **Partnerships & Relationships** – What kinds of relationships do you have with other organizations, the private sector, government, etc?

The following section outlines 4 general ownership models (including equity and non-equity models) to get you thinking about what model might be best for you. Examples of each of the models are provided so you can see how the models work on the ground. Please note that these models are conceptual examples for illustrative purposes and variations of the models are possible. Each shared space development will have its own unique configuration of relationships.

SUMMARY OF OWNERSHIP MODELS
NON-EQUITY
1. Government-Owned or Sponsored
2. Private Ownership
EQUITY
3. Non-profit Ownership a. Single Non-profit Ownership b. Collaborative Non-profit Ownership c. Co-operative Non-profit Ownership
4. Condominium Ownership

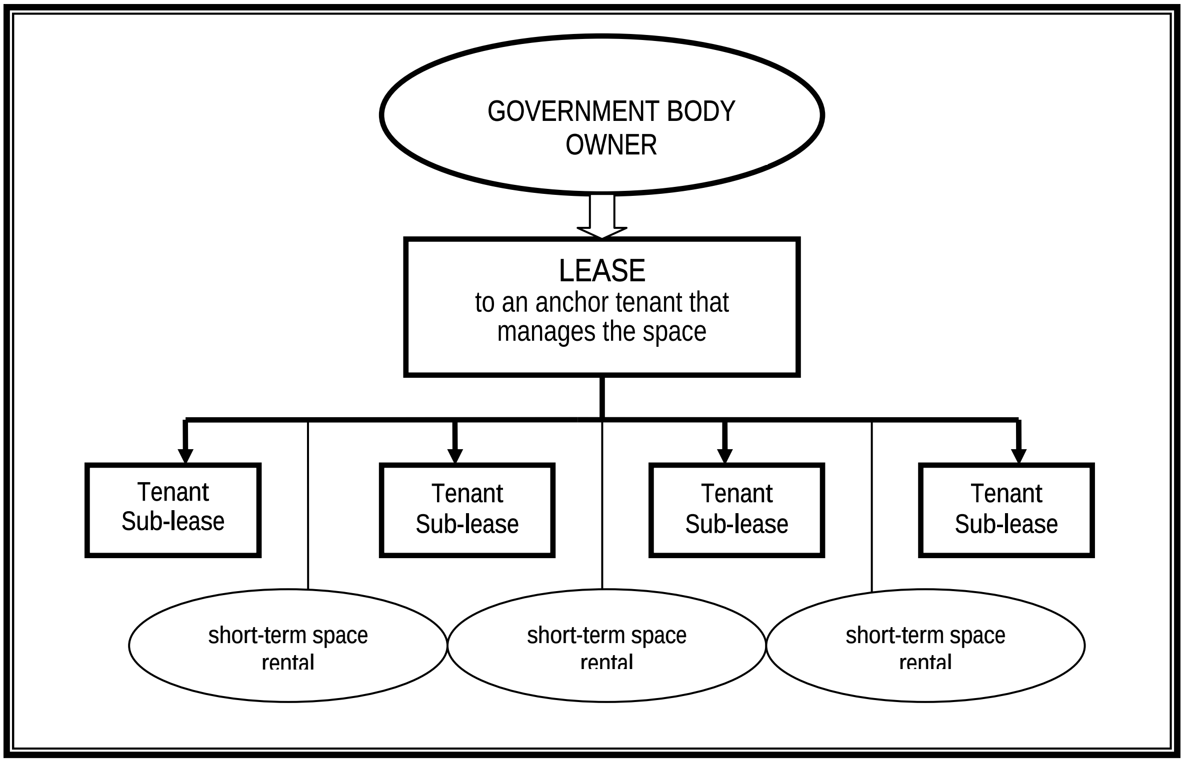
In simple terms, equity models are those that build the assets of an organization, require significant levels of financial investment and as a result, imply varying levels of risk. Non-equity models, on the other hand, are less risky from a financial perspective, but do not contribute to organizational asset development.

[2] Adapted from: Connor, Hamilton & Wintermute (2004). "Ownership & Governance". Midwest Regional Conference, Fairhill Center. Nonprofit Centers Network Webinars.

2.1 Model 1 – Government Owned / Leased (Non-Equity)

Government-owned and government-leased buildings are examples of non-equity ownership models for non-profit shared space. In such models, a government agency can lease a building to a primary organization (or partnering organizations) that in turn manages the space. Office space is then sub-leased to tenant organizations and, in some cases, short-term space rental is also made available. Alternatively, government may lease space directly to non-profit tenants. In either case, space may or may not be subsidized.

Figure 1. Government Owned / Sponsored Model



The City of Edmonton offers less than market rent leases to qualifying non-profit organizations in City-owned buildings at an annual rent of $1 per year plus operating costs. Space is allocated based on availability and according to criteria outlined in the City's *Non-profit Leasing Guidelines*. You can call the City's '311' number to be put on the waiting list for these spaces.

Examples – Government Owned / Sponsored

The Woodwards Building is a development and historic renovation project in downtown Vancouver. The City of Vancouver purchased the Woodwards building from the Province of BC in 2003 and began to involve the community and residents in designing and plan a socially, environmentally and economically sustainable development.[3] When completed, the development will combine market and non-

[3] City of Vancouver (2009). http://vancouver.ca/bps/realestate/woodwards/

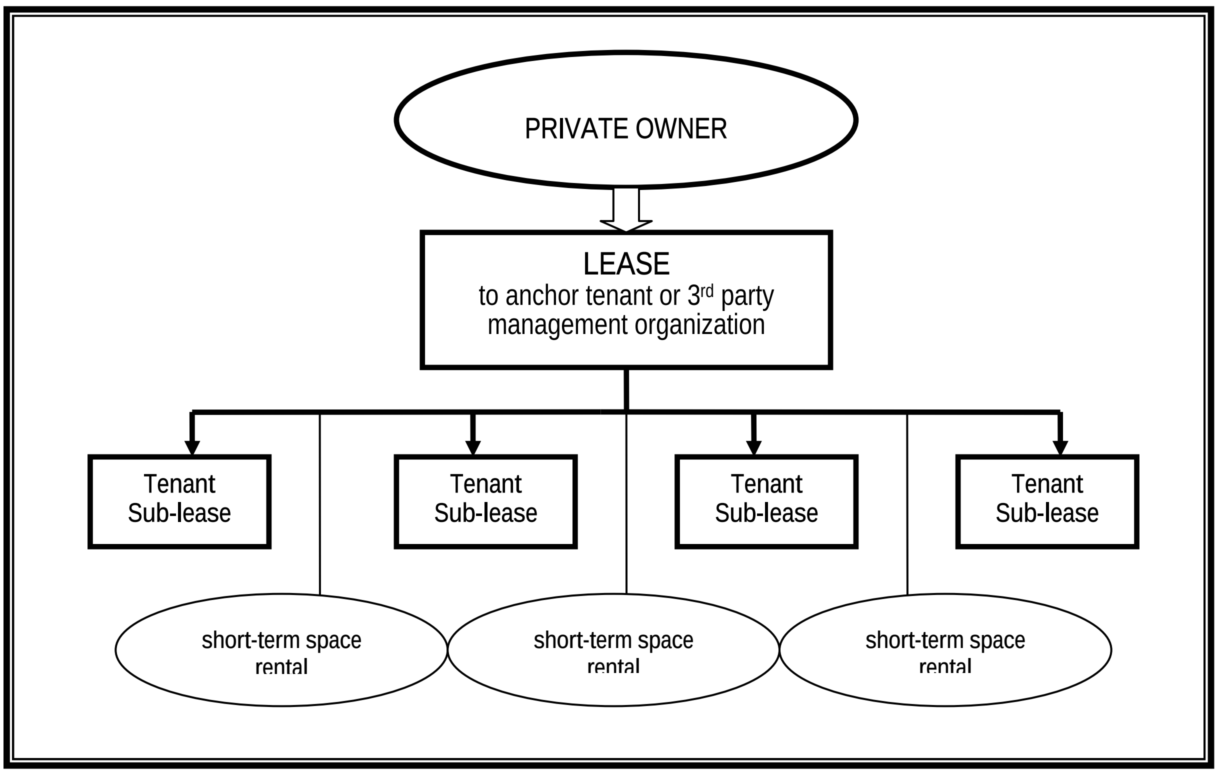
market housing, along with commercial/retail and institutional arts space. The City of Vancouver has designated 31,500 square feet of space for lease to non-profit organizations at a rate of $1 per year. Non-profit organizations will, however, be required to pay for all operating and maintenance costs which are estimated to be approximately $7 - $9 per square foot. In addition, organizations will also be expected to pay for all operating costs associated with programs and services as well as any capital upgrades required in their space.

For more information, see: http://vancouver.ca/bps/realestate/woodwards/

2.2 Model 2 – Private Ownership (Non-Equity)

Leasing and sub-leasing space from a private building owner is another common shared space model. In such cases, a private owner (usually a real estate or development company) leases space to an anchor tenant or third party management organization. This organization, in turn, sub-leases to other non-profit tenant organizations and also manages the short-term rental of spaces such as meeting rooms and conference facilities (Figure 2). In the private ownership model, a private landlord may also lease space directly to non-profit tenants.

Figure 2. Private Ownership Model



Example – Private Ownership

The Centre for Social Innovation (CSI) is a dynamic shared space in downtown Toronto which houses more than 100 organizations, projects, and individual social innovators. Tonya Surman of the Commons Group and Margie Zeidler of Urbanspace Property Group came together in 2003 to envision a shared space for the social mission sector in Toronto. The Robertson Building is owned by Urbanspace Property Group and two floors are leased to the Centre for Social Innovation. Urbanspace paid for the leasehold improvements and the Ontario Trillium Foundation and the Harbinger Foundation also contributed with core operating grants to assist with start-up and operational costs. The Centre for Social Innovation is incorporated as a non-profit and is the primary leaseholder with Urbanspace. CSI serves as a third-party operator and sub-leases space to non-profit and other mission-based organizations. The landlord (Urbanspace) has no legal relationship with the sub-tenants. The initial 5% rent subsidy from Urbanspace to CSI has been normalized over the past 5 years.[4]

The CSI also has a core staff of 7 people dedicated to animating the "shared space community" and providing opportunities for learning. From formal capacity building workshops to informal social mixers and open-space style message walls, the staff animates the community and provides the conditions for interaction, collaboration and learning.

For more information, see: http://socialinnovation.ca/

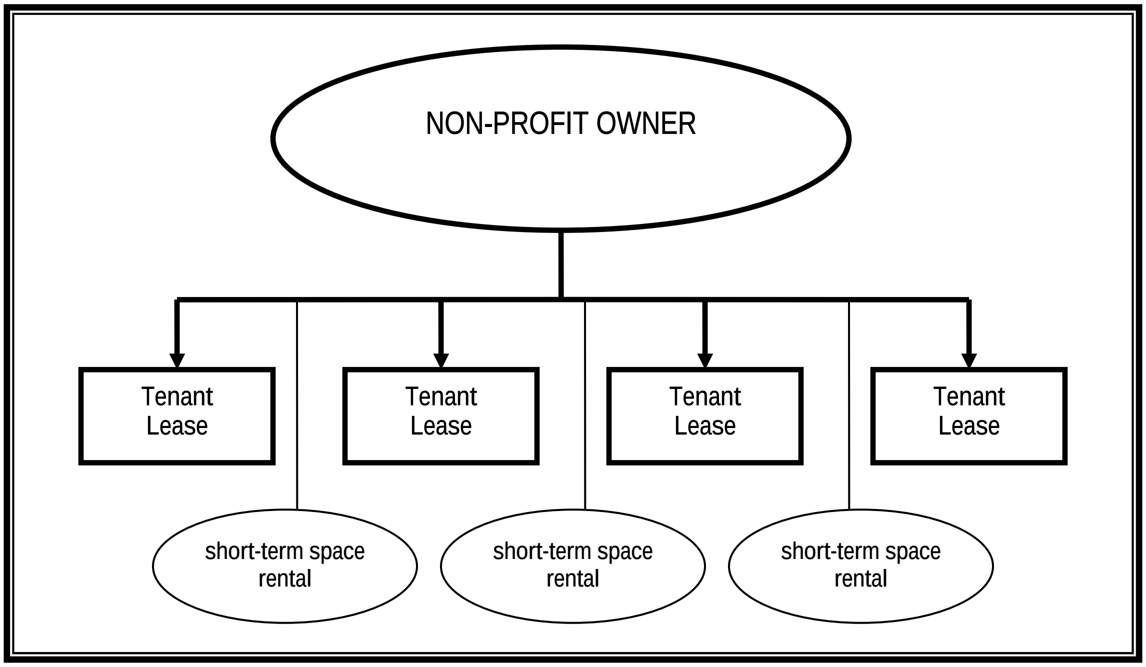
2.3 Model 3 – Non-profit Ownership (Equity)

2.3.1 Single Non-profit Ownership

In some cases, a non-profit organization is able to raise and leverage the capital necessary to purchase a building and develop a multi-tenant non-profit centre. Often, a new non-profit corporation is created with the purpose of operating and managing the shared space. Space is leased to tenant organizations and, in some cases, short-term rental of other spaces (such as meeting rooms and gallery space) is made available to the broader community (Figure 3A, next page).

[4] Personal communication with Eli Melinski, Program Manager – Centre for Social Innovation. (November 2009)

Figure 3A. Single Non-Profit Ownership Model



It is worth noting that non-profit building ownership requires a significant amount of financial investment for purchase, renovation, and operations. Successful models have relied heavily on intensive capital campaigns, private investment, fundraising and loans. It is important to consider the time required to raise capital and leverage the funds necessary to make a non-profit ownership model succeed.

For more information on incorporating as a non-profit company in Alberta, please visit the Service Alberta website, http://www.servicealberta.ca/714.cfm.

Example – Single Non-Profit Ownership

The Alliance Center is a 6 story multi-tenant non-profit centre in Denver Colorado. In an historic building renovated to serve as a model of green building technology, the Alliance Center provides below-market-cost offices and shared services to nonprofit organizations focusing on a wide variety of sustainability issues. In June 2004, the nonprofit organization, The Alliance for Sustainable Colorado purchased the 100-year old warehouse building on an empty lot. The purchase was made possible through a loan from a wealthy community member (30%), and the non-profit organization obtained the other 70% of the financing through a commercial loan.[5]

For more information on the Alliance Center, see: http://www.sustainablecolorado.org/center/.

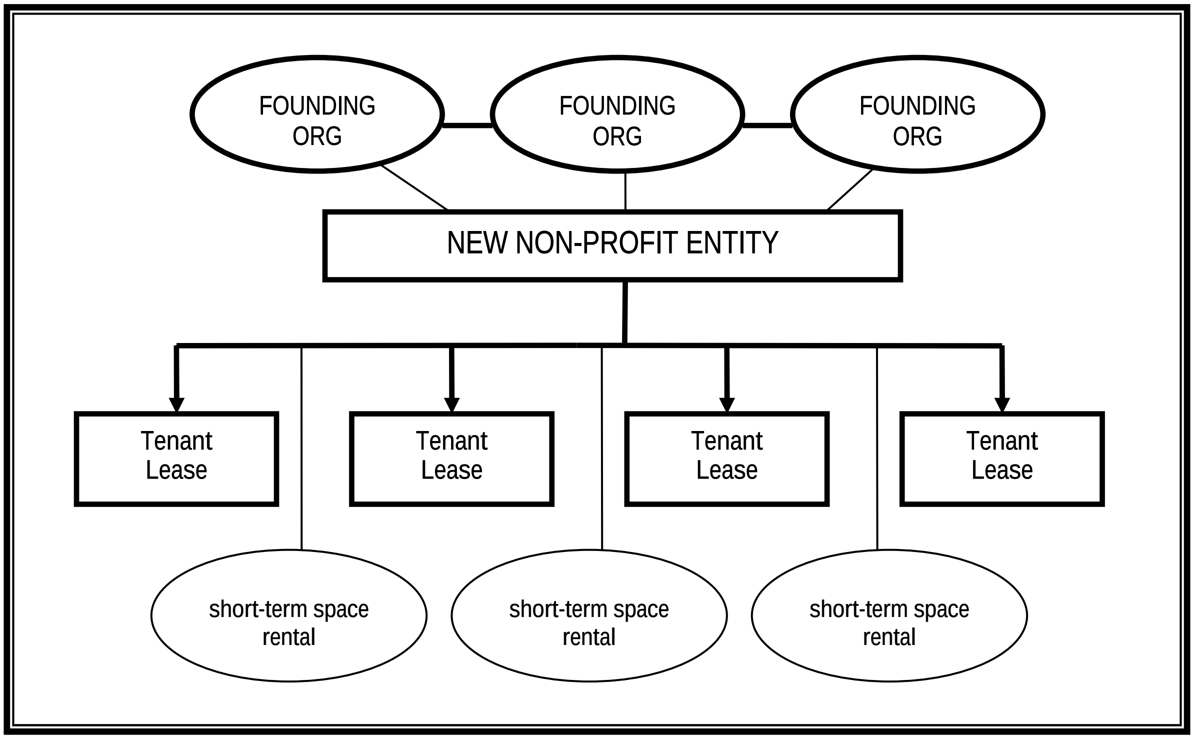
2.3.2 Collaborative Non-Profit Ownership

In the collaborative non-profit ownership model, several founding organizations come together to purchase a building. Often a new non-profit entity is formed.

[5] City of Edmonton – MTNCs Best Practices Research Summary Table (2009).

Agreements among founding organizations cover topics such as real estate, legal requirements, finance and management. The new organization leases space to other non-profit tenant organizations and provides short-term space rentals, if available (Figure 3B).

Figure 3B. Collaborative Non-Profit Ownership Model



Example – Collaborative Non-Profit Ownership

Storehouse 39-3-10 in Calgary is a non-profit organization consisting of three founding agency partners: Community Kitchen Program of Calgary Society, NeighbourLink of Northwest Calgary, and Calgary Eye Way Society. Each works to address issues of poverty and homelessness in Calgary. Storehouse 39-3-10 was established to enable these organizations to co-locate and collaborate under one roof to achieve greater efficiencies and expand their program capacity.

With contributions from the federal and provincial government, foundations, corporate and private donors, Storehouse 39-3-10 purchased a building which is being converted into shared warehouse space, meeting rooms, training and Board rooms, copy and mail rooms, and reception areas. In addition to the three founding agencies, Storehouse 39-3-10 offers space and resources to other non-profit organizations as reasonable rates.[6]

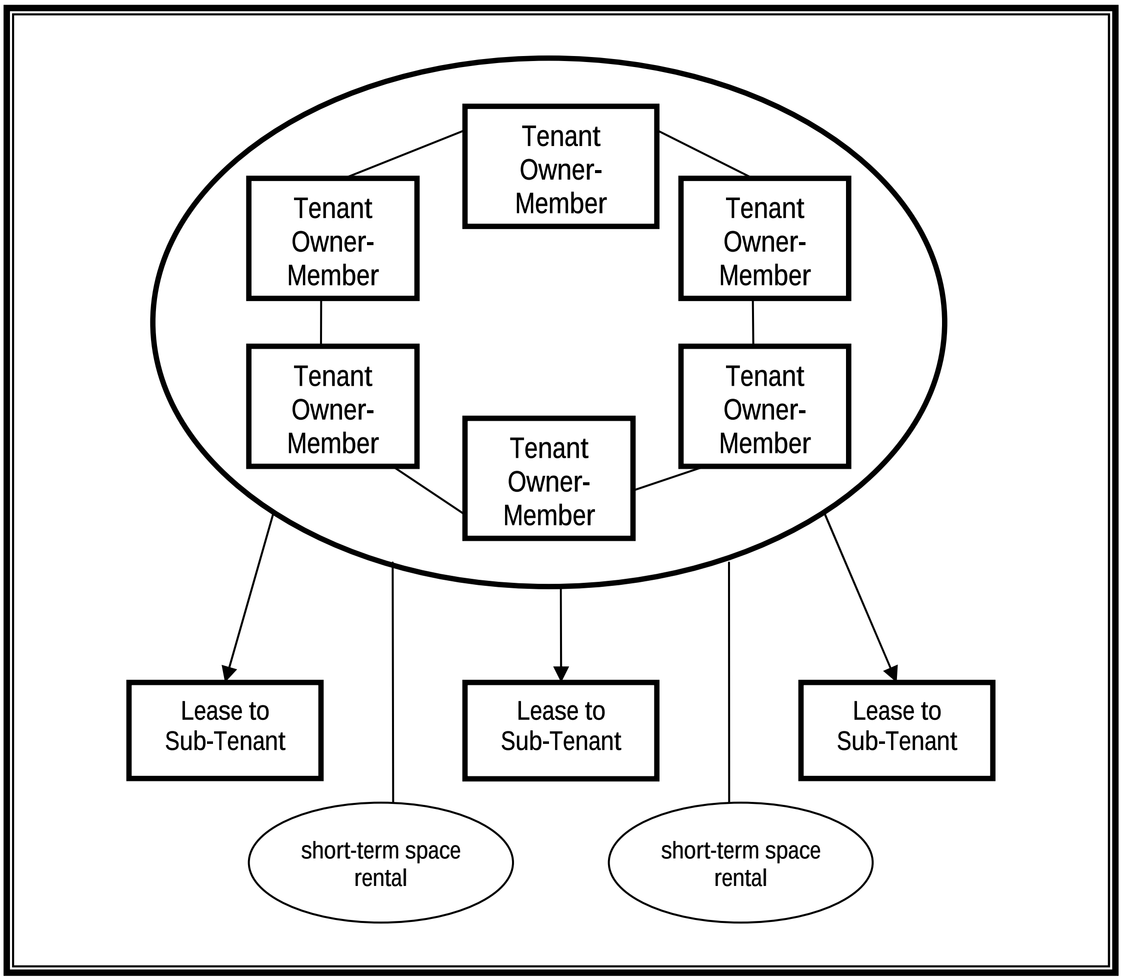
For more information about Storehouse 39-3-10, see: http://www.storehouse39.ca/.

[6] From: http://www.storehouse39.ca/content/view/12/ ; see also: Soots, Sousa & Roseland (2009). "Beyond Co-location: Clustering the Social Economy". Research Final Report. BC-Alberta Social Economy Research Alliance.

2.3.3 Co-operative Non-Profit Ownership

Depending on the number of organizations involved and the resources brought to the table during the initial stages of the project, the co-operative model can be used to create non-profit, shared space. In the co-operative ownership model, several non-profit organizations come together to form a co-operative (under the Co-operative Association Act), and serve as member-owners of the building. Additional office and short-term rental space can be leased or rented to other non-profit organizations (Figure 3C). Incorporated as a co-operative, the centre is governed according to co-operative governance principles. [7]

Figure 3C. Co-operative Non-Profit Ownership Model



For more information on how to incorporate as a co-operative in the Province of Alberta, please see the Government of Alberta (Service Alberta) website, at: http://www.servicealberta.ca/711.cfm.

[7] For more information, see the Canadian Cooperative Association (www.coopscanada.coop)

Example – Co-operative Non-Profit Ownership

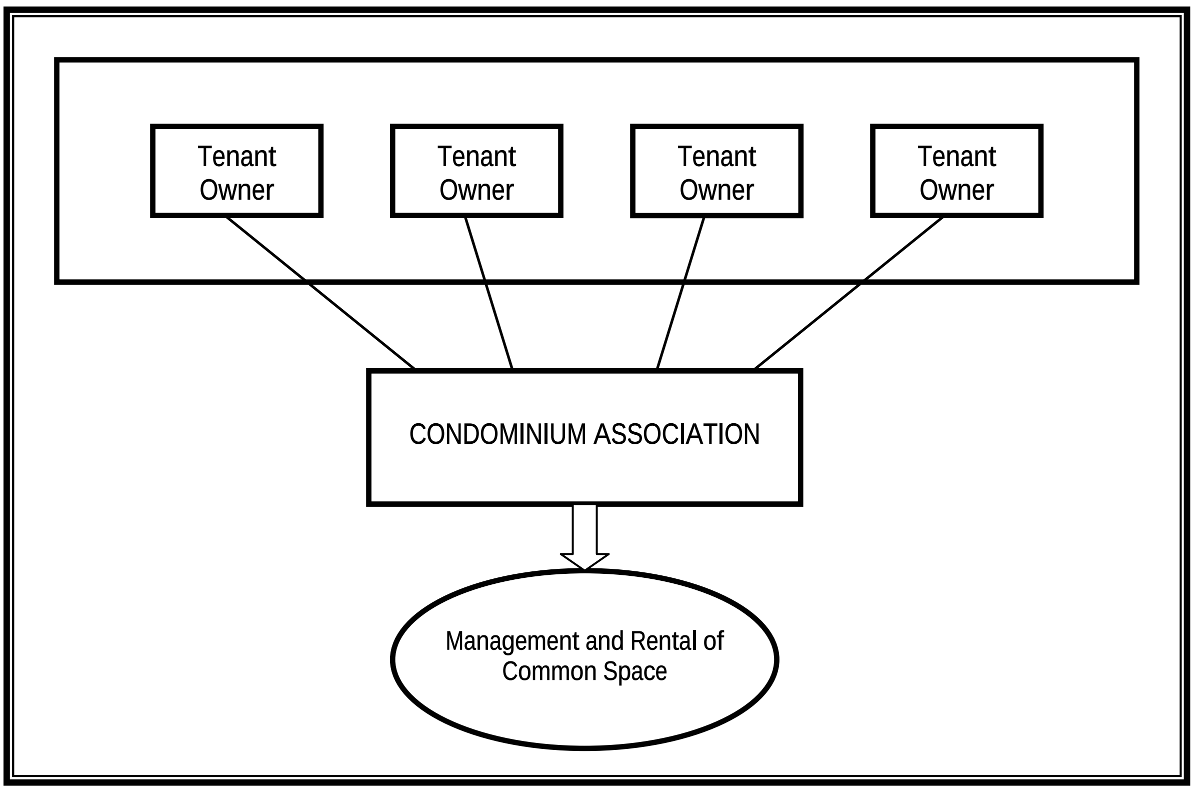
The Social Justice Centre in Madison, Wisconsin was founded in 2000 when a group of progressive non-profit organizations – the Wisconsin Community Fund, Madison Community Cooperative, Tenant Resource Center, and Citizen Action of Wisconsin Education Fund – came together to create a non-profit office center with a social justice focus. As a co-operative, resident organizations share the responsibilities of administration, maintenance, and governance of the building.

For more information see: http://www.socialjusticecenter.org/.

2.4 Model 4 – Condominium Ownership (Equity)

Condominium ownership is another equity-based model where several non-profit organizations jointly invest in the purchase of a building. Similar to residential strata-developments, a Condominium Association is established to oversee the operation and governance of the building. Each tenant owns their own unit, with a shared but divided interest in the common spaces. Each tenant is responsible for securing their own financing and is responsible for any improvements, renovations, etc. within their own unit. The Condo Association manages the common spaces within the building and establishes bylaws, budgets, and operating agreements (Figure 4).

Figure 4. Condominium Ownership



For information on specific Alberta legislation and regulations for condominium ownership, see the Government of Alberta (Service Alberta) website, at: http://www.servicealberta.gov.ab.ca/993.cfm.

Example – Condominium Ownership

The Youth Opportunity Center in Nashville, TN is an example of a condominium-style shared space that houses 12 youth-serving agencies (3 owners, 6 tenants, 3 partners). Several non-profit organizations jointly invested to purchase and build the centre. Each organization owns its own unit and the condo association sets bylaws and enforces policies. There is shared security, janitorial and maintenance services as well as shared IT, training and reception.[8]

For more information on the Youth Opportunity Center, see: http://www.oasiscenter.org/opportunity.

2.5 CREATING A NEW ORGANIZATIONAL ENTITY

As you can see, there are several possible ownership models and relationship configurations for a multi-tenant non-profit centre or shared space that include both equity and non-equity options. In most cases, you will want to consider creating a new organizational entity to remove the burden of risk from any one organization and to enable the project to develop on an appropriate scale and in a suitable fashion. When establishing an independent organization, it is important to consider setting up an organizational structure that financial institutions (such as banks) will lend to if borrowing money is part of your development strategy.

> *Some Notes on Legal Structure & Incorporation*
>
> *Shared spaces can be successfully run as charities, nonprofits or for-profits. The choice is really up to you. Consider carefully the relative advantages and disadvantages. A nonprofit is perceived as part of the sector; simply being a nonprofit can carry you a far way in reputation and trust. On the other hand, a for-profit generally has a bit more freedom in its activities and its ability to respond quickly without navigating a Board of Directors. Ultimately, the question may come down to resources. If you intend to rely in part on grants, donations and volunteers, then you must incorporate as a nonprofit. If however, you seek loans through debt or equity, then you may elect to become a for-profit. It is important to consider the relative advantages and disadvantages when wrestling with this decision. If you do decide to become a nonprofit, recruit Board members or advisors who occupy some of the following occupations: architect, developer, lawyer, city councillor, tenant representative, voluntary sector leader, and business leader. In the case of CSI, priority was given to Board members who would help create a Board culture that was entrepreneurial, nimble, and strategic, rather than mired in day-to-day administration.*
>
> *Source: Centre for Social Innovation*
> *Open Spaces www.openspaces.socialinnovation.ca*

[8] Adapted from: Nonprofit Centers Network and Tides, "Ownership and Governance", presentation at the Building Opportunities Conference (2009).

For more information on setting up a non-profit company in the province of Alberta, see the Government of Alberta (Service Alberta) website, at: http://www.servicealberta.ca/714.cfm.

2.5.1 Ownership – Key Questions & Considerations

With all of these different ownership models, how do you decide which model is best for you?

The table on the page following outlines some key questions and considerations for you to think about as you decide on an ownership structure for your shared space. This checklist is meant to serve as a guide to help you assess the ownership model most suited to the project you are considering. Ask each member of your working group (the collection of non-profits you are considering sharing space with) to carefully set out their responses and collectively discuss the results. Clarify areas of agreement and disagreement. The most fruitful discussions are likely to come from those areas where there is significant variance in your collective responses. Identify areas that require further exploration and consideration.

Table 1. Ownership – Key Questions & Considerations[9]

OWNERSHIP						
KEY QUESTIONS & CONSIDERATIONS						
Y=Yes, N=No, P=Partially, DN=Don't Know NA=Not Applicable	**Y**	**N**	**P**	**DN**	**NA**	**Rationale**
Are you interested in collaborating with other organizations in a shared space development (i.e. interested in more than simply finding office space)?						
Do you have funds to invest in pre-development and project planning?						
Do you have financial assets that can be used or leveraged?						
Are you willing to put in time and energy into the development a capital-intensive project?						
Have you discussed sharing space with other organizations?						
Are you willing to enter into financial relationships with other organizations?						
Does everyone involved need to bring some type of equity to the table?						
Will you create a new organizational entity? • How much liability is your organization willing to take on? • Do you need to create an easy way to accept contributions for the development? • How much is your organization willing to risk?						
Do you have project management expertise?						
Do you have a supportive Board?						
Is there enough continuity within your Board and staff to see a project through?						
Do you have significant fundraising capabilities?						
Do you have real estate development expertise within your Board and/or staff?						
What is the exit strategy if one or all organizations want to discontinue? • If someone who brought an asset to the project pulls out, what happens to the rest of the partners? • Are organizations only reimbursed their initial investment upon sale or are they entitled to a percent of the appreciation on the building?						

[9] Adapted in part from: Nonprofit Centers Network – Ownership & Governance Checklist

3.0 GOVERNANCE AND BY-LAWS

Securing space is one thing – what happens in that space is another. The systems and structures of governance within a shared space depend on several factors, including:

- The specific ownership model;
- The vision and mission (of the shared space); and
- The size and number of tenants.

Ownership models and governance structures determine how strategic decisions are made and by whom. It is important to think through these issues carefully when developing a shared space. The following sections highlight some key aspects of governance to consider in a shared space development.

3.1 DECISION MAKING

Having a clear vision and mission for your shared space will assist in developing an appropriate governance structure. Key questions to ask that will help you determine your governance path are:

- To what extent are co-operation, participation and consensus important to our vision/mission; and
- Where do we want the locus of decision-making to lie?[10]

Answering these questions will take you down one of two governance paths, each with its own set of benefits and drawbacks: 1) a top-down governance model, and 2) a participatory-governance model

3.1.1 TOP-DOWN GOVERNANCE MODEL

A hierarchical or top-down governance model simply means that there is an organization or governing body that establishes systems, structures and processes for the overall functioning and operations of the centre. Participatory processes may also be put in place, but ultimate decision-making power rests with the governing organization or body.

An example is the third party operator (3PO) model. Usually incorporated as a non-profit organization itself (with a Board of Directors), the 3PO exists with a purpose to manage the shared space, lease/sub-lease to tenant organizations, and ensure the overall efficient and effective operations of the facility.

Most successful models of non-profit shared space have some form of top-down governance model. Best practices research[11] indicates that this is an effective model for decision-making and management in multi-tenant non-profit centres. Four of the six ownership models outlined in the previous section lend themselves to this type of

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[10] Interview with E. Melinski, Centre for Social Innovation. Nov. 10-09.
[11] City of Edmonton – MTNCs Best Practices Research Summary Table (2009); Sharing for Social Change: An Exploration of Shared Space and Shared Service Models in Ontario's Nonprofit Sector. Conference, June 2008

governance. What is important in this model is the creation of an efficient and effective business model for the shared space facility.

Top-Down Governance Model	
Benefits	**Drawbacks**
• From a business and operations point of view, this model is often preferred for its efficiency and effectiveness.[12] • Removes burden of extra management and decision-making tasks from tenant organizations, allowing tenants to focus on their own organizational missions.	• Less participatory • Need to build trust between 3PO and tenant organizations • More challenging to build a sense of community

Example

The Centre for Social Innovation (CSI) in Toronto is an extremely successful example of the 3PO model. Incorporated as a non-profit organization, CSI is a third party operator with 6 full-time and 2 part-time staff dedicated to creating and managing a space that fosters social change and innovation. Opportunities are provided for participation, input and feedback from the tenant community, but ultimate decision-making power lies with CSI and its Board of Directors. Referred to as a "benevolent dictatorship" the CSI has the community's best interests in mind.

> *"…We have found that too much dialogue and surveying can prevent action and paralyze the community. In general, we don't cede decision-making to the tenants but instead retain final say on matters of significance. We absolutely listen to and respect the contributions of our tenants but in the end, it is our responsibility to manage the overall well-being of the space and community, and sometimes that means making decisions that are not unanimously agreed upon. However, we have earned our ability to make unfavourable decisions because we have demonstrated that the community's best interests are our priority through years of hard work and dedication."*
>
> *Centre for Social Innovation (Toronto)*

3.1.2 PARTICIPATORY GOVERNANCE MODEL

This type of governance model can take a variety of forms (e.g. co-operative one-member-one-vote or consensus-based systems). Participatory governance flattens the hierarchy of decision-making and as such its effectiveness is dependent on the participation and co-operation of all tenant organizations. This type of governance structure requires more time and attention to process-related details as well as up-front work to establish the terms and conditions of co-habitation, and a clear

[12] Conference: Sharing for Social Change – an Exploration of Shared Space and Shared Service Models in Ontario's Nonprofit Sector. June 18, 2008.

understanding of roles, responsibilities and expectations. Skilled facilitation and mediation are crucial to the success of this governance model.

Participatory Governance Model	
Benefits	**Drawbacks**
• Democratic decision-making allows all members to have a voice • Builds sense of community	• Time consuming • Less efficient • Takes time away from the work of individual organizations

Example: Participatory Governance

Central Interior Community Services Co-op (CICSC) in Williams Lake, BC is a co-operative consisting of five non-profit social services organizations who came together to improve service delivery and cope with the challenges of changes in government and service contracts. As a co-operative, the CICSC is governed through democratic and participatory processes. Three primary documents provide structure and focus to the governance process: 1) *Memorandum of Association*; 2) *Rules of Association*; and, 3) an internally developed *Shareholders Agreement* which incorporates the membership principles. Each member appoints a senior staff member to the Board of Directors as well as a Board member representative. The CICSC Board is made up of 10 individuals representing five member organizations (each organization has one vote). The functional administration of the co-op is managed by the Integrated Management Committee (made up of Executive Directors and the Finance Manager).[13]

3.2 Governance – Key Questions & Considerations

How decisions are made and how relationships are built and maintained are crucial to the success of a shared space. The following table outlines some key questions and considerations to get you thinking about establishing an appropriate governance structure.

Ask each member of your working group to carefully set out their responses and collectively discuss the results. Take time to clarify areas of agreement and disagreement. Remember that the most fruitful discussions are likely to come from those areas where there is significant variance in your collective responses.

[13] Burrill, Anne. (2006). History and Development of the Central Interior Community Services Co-op. Prepared for the Central Interior Community Services Co-op by Anne, Burrill, Changemaker Consulting.

Table 2. Governance – Key Questions & Considerations[14]

GOVERNANCE						
KEY QUESTIONS & CONSIDERATIONS						
Y=Yes, N=No, P=Partially, DN=Don't Know, NA=Not Applicable	**Y**	**N**	**P**	**DN**	**NA**	**Rationale**
Are co-operation, participation and consensus important to your vision/mission?						
Does your organization have the time, resources and capacity to put towards general management decisions and activities within the centre?						
Have you considered the creation of a separate non-profit organization to serve as a 3PO?						
Have you established a committee of representatives that could play a management/decision-making role?						
Have you considered the roles that owners, tenants, and other community members will play in the governance of the centre?						
Have you listed the skills and expertise you want and/or need on the Board of Directors?						
Have you thought about the structure and function of the Board of Directors?						
Have you considered risk management and mitigation with your Board of Directors?						
Will tenants have representation on the Board or will there be a separate tenant committee?						
Have you considered the agreements, bylaws and protocols that would be useful given your tenant community?						
Do you have skilled facilitators and mediators within your staff or Board?						

[14] Adapted in part from: Nonprofit Centers Network – Ownership & Governance Checklist

3.2.1 BOARD OF DIRECTORS

A Board of Directors has an important role to play in the development, decision-making and strategic planning of a shared space. A strong Board provides a foundation and framework for the success of the development. In addition, the members of the Board of the shared space will serve as community ambassadors for the project and the centre when it is complete. It is important, therefore, that Board members subscribe to and believe in the overall vision and mission of the centre. The following table outlines the development stages of a project and the corresponding Board roles and characteristics.

Table 3: Development Stages and Board Roles[15]

SHARED SPACE DEVELOPMENT STAGE	BOARD STAGE	BOARD CHARACTERISTICS
Idea / Start Up	Organizing Board	Hands on; Fills the role of staff.
Growth	Governing Board	Board transitions to oversight; Staff takes on day-to-day administrative tasks.
Maturity		Board concentrates on planning, oversight and fundraising.
Review and Renew (or decline)		Board leads process of renewal or dissolution.

It is also important to consider the composition of the Board. Who do you need around the table? Does it make sense to only have tenant representation or are there other important seats to fill? Answers to these questions will depend on the size and type of space you are developing and the ownership and governance models.

Experience in the following areas will be a great asset when selecting Board members for a non-profit shared space:

- Real estate development expertise;
- Legal expertise;
- Financial management;
- Project management; and
- Sophisticated non-profit management experience.

[15] Connor (2003), The Collaboratory for Community Support; in NCN webinar: Attracting High Performing Boards, 2009

Representation from diverse sectors might prove valuable. At a minimum, consider:

- Community representation (to see the long term vision);
- Other community leaders stakeholders (for fundraising purposes); and
- Community and tenant representation (especially if the building is government owned).

Regardless of who is on the Board, it is important that ALL Board members share and support the same vision and are committed to the success of the development.

Risk Management

Managing and mitigating risk is an important function of the Board of Directors. In simple terms, risk management is the identification and management of potential threats to the organization. Generally, this involves reviewing operations of the organization, identifying potential threats to the organization and the likelihood of their occurrence, and then taking appropriate actions to address the most likely threats.[16] The following is a list of considerations for shared space projects:[17]

- Conduct a risk management assessment at various stages of the development of the shared space project and ensure you are properly covered;
- Ensure good management through a strong and diverse leadership group for the shared space project (or Board of Directors if you have established an organization to run the shared space project);
- Establish, update and review personnel policies for each of the participating non-profits (including staff and volunteers) in so far as they apply to the shared space project;
- Talk to your insurance agent regarding property and liability coverage. In fact, this may be one area where participating non-profits may make some significant savings by combining their insurance products;
- Shared space projects will likely mean that you will have a greater number of people moving around your premises. This poses additional security risks to property, privacy, and personal information. Non-profits with high needs for privacy for their clients or volunteers e.g. family counseling services, may want to consider separate entrances. This will include developing protocols to ensure staff and client safety in cases of domestic and other violence.

There are a number of excellent resources available to non-profits around risk management, including the Volunteer Alberta website. www.volunteeralberta.ab.ca/riskmanagement/

3.2.2 Charters, Bylaws & Policies

Establishing agreements, community charters, bylaws and protocols can go a long way in ensuring effective governance and a strong community of tenants within a shared space. This report includes a number of successful models, outlined below.

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[16] McNamara (2008). Basic Considerations in Risk Management. Free Management Library. Authenticity Consulting, LLC

[17] Adapted from: McNamara (2008). Basic Considerations in Risk Management. Free Management Library. Authenticity Consulting, LLC

The Thoreau Center for Sustainability in San Francisco has a **Community Charter** outlining commitments and responsibilities of organizations within the tenant community. Each tenant must agree and sign the Charter.

The Fairhill Center in Cleveland, Ohio has drafted a set of **Bylaws** outlining the roles and responsibilities of the Board, committees and officers.

The Central Interior Community Services Co-op in Williams Lake, BC has a set of **Inter-organizational Protocols** and **Consensus Decision Making Guidelines** to facilitate relationship building and decision making within the centre.

The Centre for Social Innovation in Toronto has **Tenant Co-operation Policies** to encourage co-operation amongst tenants and ensure smooth operations of the centre. Samples can be found in Appendices 2.1 through 2.4 at the end of this document.

The Nonprofit Centers Network (www.nonprofitcenters.org) is an excellent resource for examples of charters, bylaws and policies for the governance of non-profit centres.

Conflict Resolution

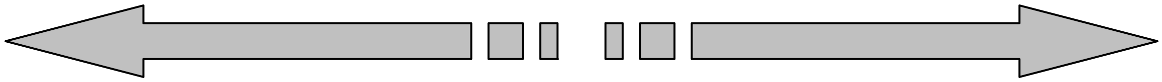
It is a good idea to establish conflict resolution policies and ensure that each tenant is aware of and familiar with them. In a shared space you want to make sure that any conflict that arises can be dealt with in an efficient, effective and transparent manner in order to maintain trust and good relationships amongst tenants.

Establishing protocols around channels of communication and steps to resolving conflict are important. At the Centre for Social Innovation in Toronto, tenants are encouraged to resolve issues; if this is unsuccessful or impractical, a CSI staff member assists in the situation and offers a solution. If this solution is deemed unsatisfactory, both parties are required to document their concerns in a letter, which is then reviewed by the Board. The Board then issues a final decision which must be adhered to, or which can otherwise trigger a tenant's eviction.

The Central Interior Community Services Co-op (CICSC) in Williams Lake has a conflict resolution policy that outlines a process of conflict resolution within the co-op and the role of formal mediation and arbitration in that process.

3.2.3 COMMUNITY ANIMATION

Shared space exists on a continuum from co-location (simply sharing office space) to collaboration (working together to create a whole that is greater than the sum of its parts). Where you fit on this continuum will depend on the vision and mission of your shared space development as well as the needs and interests of your organization.



CO-LOCATION ------------------ CO-OPERATION ------------- COLLABORATION

As mentioned in the introduction, the concept of co-location is not new; however, a new trend is emerging in the world of shared space. Many new multi-tenant non-profit centres are intentionally moving beyond co-location and creating dynamic centres of social change and innovation. These centres are not only providing much-needed space and resources to non-profit organizations, but are also serving to break down silos, increase opportunities for collaboration and cooperation, create knowledge and learning networks and spark social innovation.[18] Multi-tenant non-profit centres or shared spaces can also serve as community hubs and help raise the profile of the sector.

'Community animation' is the process that turns shared space into community space, inspiring and connecting members while sparking new ideas and demonstrating the unique value of working together.[19] But community animation doesn't just 'happen'. It requires the creation of a physical and social environment that fosters trust, allows for interaction, and encourages collaboration. It requires a commitment to community building and the time and resources to do so.

Ownership and governance models that include a third party operator (3PO) or management organization with dedicated staff and resources can be in a better position to animate the community of tenants within a shared space. However, any community of non-profit organizations can move beyond co-location to realize greater organizational benefits through collaboration and learning by allocating time and resources to this end. Establishing a 'community animation' or 'innovation and learning' committee is one way of doing this.

The Nonprofit Center in Boston, the Centre for Social Innovation in Toronto, and the new David Brower Center in Berkeley are some examples[20] of shared spaces with staff committed to animating the community of tenant organizations toward collaboration and innovation. Programs and initiatives offered include:

- Workshops on organizational capacity building, financing and training;
- Social events and networking opportunities;
- Potluck lunches;
- 'Salon' discussion groups;
- Community notice and messaging boards; and
- Community events, conferences and workshops.

Think about the kind of community you would like to create. Host a visioning session with the organizations you are considering sharing space with and engage your creative minds in how you can move beyond co-location to create an inspiring centre for both the tenant organizations and the wider community.

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[18] Soots, Sousa & Roseland (2009). "Beyond Co-location: Clustering the Social Economy". Research Final Report. BC-Alberta Social Economy Research Alliance.
[19] Open Spaces: Catalyzing Social Innovation. Centre for Social Innovation: www.openspaces.socialinnovation.ca
[20] www.nonprofitcenterboston.org; www.socialinnovation.ca; www.browercenter.org

4.0 SHARED SERVICES: BIG & SMALL (BUT BETTER TO START SMALL)

The decision to co-locate is often driven by the desire to collectively reduce operational costs due to rent or, in some cases, to secure a long term location. However, non-profits who undertake shared space discussions soon find their discussions expanding well beyond the sharing of physical space.

Early on in the planning for co-location, you will likely discuss obvious points of cooperation - the shared use of common areas such as front reception, meeting rooms and storage areas. This will lead into the exploration of shared human resources, ranging from shared janitorial services to the more ambitious sharing of accounting and legal services. Combining operational or administrative “back end” services can lead to cost savings, allowing non-profits to put a higher percentage of their scarce resources into fulfilling their missions.

> *We spent over a year building up our shared space project and moving in together. It wasn’t easy but we were excited as we thought about what we could achieve together. Then the Board of the other non-profit collapsed and almost took our organization down with it. We thought we know enough about them but we moved to fast. We got married too soon when we should have had a trial engagement.*
>
> *Edmonton Area non-profit*

Some projects share receptionists or jointly manage volunteer programs and human resource functions. Others integrate front line client services. The latter, in particular, allows the partners to serve a greater range of clients, provide a wider range of services and deepen their overall impact on the community. Indeed, this combining of non-profit missions, the combining of parts to make a greater whole, can allow non-profits to achieve far greater impact and offer some of the most exciting benefits of sharing spaces.

While the sharing of services seems a natural evolution from the sharing of physical space, make no mistake, shared services can require significant planning and investment to work. In fact you are likely to find that the discussion over sharing services can often be far more involved and difficult than the debate over the physical layout of the building. Some failed shared space initiatives found that while negotiations over the physical space use went smoothly, their projects and partnerships broke down when it came to exploring shared services. In addition, sharing the physical assets of the building – like the photocopier – can be relatively easy, while sharing people – like a receptionist – will be more complex and may prove to be a source of conflict.

Non-profits have cultures – personalities. These can be as varied as their missions and services. Organizational culture is as important as mission when determining the right kind of tenant mix and the capacity to share services. Organizations that know each other, and have worked together on previous projects, will have an advantage in this area. Those who don’t know each other should consider visiting one another's current spaces to get a 'feel' for each organization’s culture. This will help determine if there is a fit or if you will have to negotiate some changes for the arrangement to work. Just as you would want to be careful in choosing roommates, you would want to be careful in choosing your office mate.

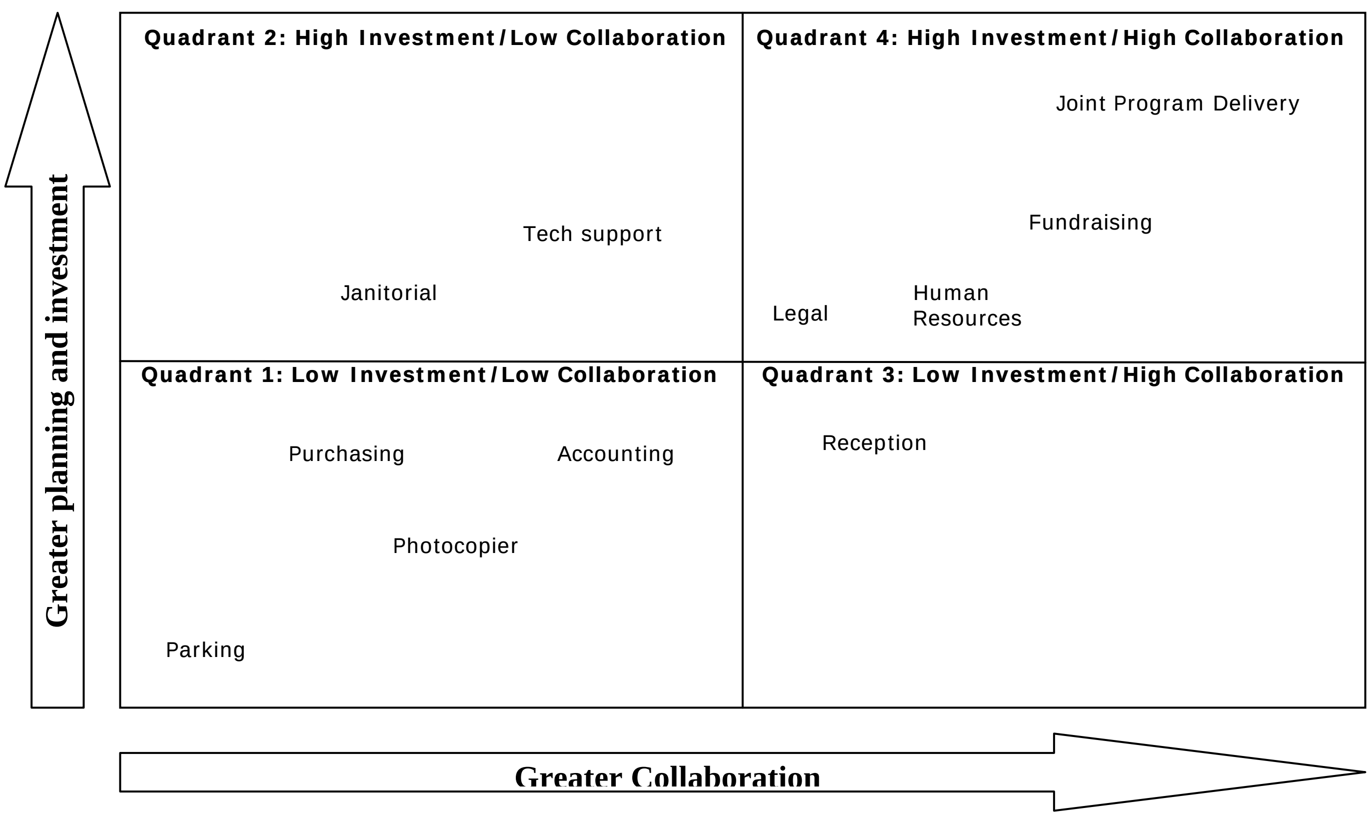
4.1 WEIGHING THE BENEFITS AND RISKS

As with any investment, you will want to undertake a cost benefit analysis of a proposed sharing of services. Some shared service decisions will be relatively easy to make. For example, everyone in your shared space will need to make photocopies. Combining your photocopying needs into one contract is a relatively simple matter with few operational, financial or liability risks. In another instance, non-profits that rely heavily on volunteers may pursue joint recruitment, training, and management of volunteers. While this may reduce costs and potentially lead to the sharing of what is becoming an increasingly rare resource, nonprofits often have distinct requirements of their volunteers, and there is a potential conflict of interest - who's volunteer is it anyways? - can also arise.

The diagram below outlines various examples of shared services and the tensions and trade-offs between investment and collaboration. Those shared services that require relatively low financial commitment and involve sharing physical assets instead of people, should be relatively easily to implement.

Please note that the positioning of the shared services in each of the quadrants is for demonstration purposes only as the planning, investment and collaboration required vary depending on the number of tenants, the size and experience of each tenant. As an example, sharing reception amongst two tenants can take far less planning than amongst twelve. Non-profits that have conducted joint fundraising events in the past will have an easier time taking on more complex collaborative fundraising campaigns.

Figure 5. Investment vs. Degree of Collaboration



Quadrant 1: Low Investment/Low Collaboration
Shared services in this quadrant are relatively non-threatening, requiring simple decisions and little financial commitment. This is the quadrant where non-profits with low resources and risk threshold levels operate. Shared service discussions should start in this quadrant, particularly if potential partners have little previous experience working collaboratively with each other.

Quadrant 2: High Investment/Low Collaboration
Shared services in this quadrant require higher levels of financial commitment and planning. Opportunities to collaborate may take the form of "back end" services that don't have a direct connection to the missions of the partnering non-profits but do have a direct impact on efficiency. Joint purchasing of relatively generic services that all non-profits require, such as janitorial, maintenance or IT services, can require a degree of planning but will not require extensive collaboration. Concerns around the security of data must be addressed to avoid inadvertently sharing personal information.

Quadrant 3: Low Investment/High Collaboration
Shared services in this quadrant may require relatively complex planning and modest financial investment. The decision to share a receptionist, however, could become the "face" of the collaboration – an important symbol to the partners and to the public.

Quadrant 4: High Investment/High Collaboration
Shared services in this quadrant entail the largest degree of planning and investment. Activities in this quadrant pose the highest risk, but also have the greatest potential payoff in terms of achieving a collective mission. Planning initiatives in this quadrant will require a deep understanding of tradeoffs as well as a long term investment in time and/or finances. Given that these services often speak to the heart – the mission and identity – of the partnering organizations, strong, innovative leadership and significant consultation with stakeholders (clients, volunteers, and funders) is needed before work commences. A shared advertizing campaign or a joint fundraising event may be relatively simple to plan and implement, but choosing to combine these elements in a public way makes a strong statement regarding the willingness to collaborate.

Remember, as with any investment, the potential risk is usually proportionate to the reward.

4.2 SHARED SERVICE IDEAS

Depending on the nature of your physical space and the nature of your partners, there are literally hundreds of shared service ideas that you can consider. To add to the list below, consider the following types of questions[21].

- What key services are common to the highest number of partners in our initiative?
- In what service do we have the least technical expertise? Could it be outsourced?
- What professional services are most commonly outsourced? Could we negotiate a discount or group rate?
- What services do we collectively spend the most money on?
- For what other services/purchases could we negotiate the greatest cost savings?

Shared Services linked to use of physical space	**Shared services linked to purchase/management of physical assets/technologies**
• Conference/Meeting Rooms • Kitchen/pantry/lunch area • Library/Resource Room • Locker rooms/showers • Onsite restaurant or cafe • Parking • Secure bicycle storage • Storage/supply room • Performance/Rehearsal space • Sports/gym facilities	• Audio-visual equipment • High speed internet access • Photocopier • Office Supply Purchasing • Software Purchasing • Computer Systems • Computer Servers • Catering contracts • Information management • Office Supplies
Shared Back End Services • Child care • Mailroom services • Technology support staff • Human Resource Recruitment • Human Resource Management • Job Sharing • Group catering contracts • Benefits programs • Insurance packages • Legal assistance • Organizational management assistance • Personal development courses • Professional development training • Job lists • Job/volunteer lists • Newsletter • Recycling	**Shared Front End Services** • Volunteer Recruitment • Volunteer Training • Volunteer Management • Combined strategic planning • Joint Boards • Public and community relations • Fundraising • Combined funding proposals • Program integration • Research • Evaluation • Fundraising assistance/resources • Networking events • Newsletters

[21] Adapted from powerpoint presentation: Under One Roof-Revenue: Generation Through Shared Services, Tim Wintermute, Ma Tim Wintermute [is this correct?], Executive Director Of the Hannan Foundation and Vice Chair of The Nonprofit Centers Network, Global Strategic Innovations Conference, March 22, 2007

4.3 MANAGING YOUR SHARED FACILITIES AND SERVICES

Once you have come to an agreement on the type and level of service you want to share, you will need to decide how to manage those services. Your decisions regarding project ownership, governance and decision making authority will provide the broader framework for this discussion.

Many shared space projects start with a collaboration or partnership agreement, part of which spells out the ownership and governance structure but also specifies how the space will be managed. Components of such a partnership agreement could include:[22]

- Statement of Recognition/Respect for all Participants
- Identity of Legal Owner(s) of Property and Building
- Obligors on Building Loan
- Length of the Agreement
- Categories of Participants: Owners/Tenants/Users/Other
- Obligations of Owner(s)
- Obligations of Non-owner Tenants
- Terms of Tenancy – duration, rent, all terms of lease agreement
- Obligations of Non-Tenant Users
- Obligations of all participants for maintenance of facility
- How the right to use and occupy building space is determined
- Designation of building areas for primary use of specified participants
- Days and Hours of building operation
- Ownership of Capital Equipment in Building
- Terms for each participant's use of capital equipment
- Obligations of each participant for maintenance and management costs – how and when they are paid and who paid to
- Terms of participation in governing entity
- Dispute resolution procedure
- Terms for withdrawing/exit
- Terms for use and maintenance of common areas
- Other terms/obligations re joint undertakings (e.g. publicity; fundraising)

Partnership Agreements will help you lay out key facility management and shared service decisions and should be established and agreed upon before tenants move in or construction of the facility begins. The greater the degree of detail you can arrive at in the beginning, the lower the potential for conflict later on.

4.4 SHARE SERVICE AGREEMENTS

In addition to your partnership agreement, each shared service project should have its own specific protocols or service agreements. You may think that you can simply negotiate access to the shared photocopier as the need arises but what happens when one tenant has a massive print job and ties up the photocopier for hours? Similarly while sharing reception services amongst a number of organizations should be stress free, a clear process on how inquiries are dealt with on behalf of each organization will help ensure that is the case. Without these agreements you may well find the organization with the most money, or sometime the loudest voice, gets

[22] Adapted from Yazwa, G. Management Recommendations for Hope Centres, Boys & Girls Clubs of South Puget Sound

an unfair amount of service. The degree to which you can plan for and avoid such conflict will influence how successful you will be.

You will want to answer the following questions when developing shared service protocols.

- What is the cost of the shared service?
- How do tenants pay (e.g. per usage, flat rate, proportion of overall budget, etc.)?
- Who has access to the service and how is that controlled?
- Is the service required by all tenants or just a few?
- In the case of equipment, who is in charge of maintenance and troubleshooting?

4.5 STAFF REQUIREMENTS

Small shared service projects, involving few partners and relatively few assets, may be managed by a committee involving representatives from each tenant organization. The greater the number of partners and shared service projects, the greater the need for staff dedicated to the running and management of the facility and its shared services. The size of the project may also justify shared security, reception and maintenance staff.

As with any shared service, there are significant gains to be had by combining staffing dollars. For example, non-profit partners are likely able to recruit higher quality services when they combine their common staffing needs and create full-time equivalents. In addition larger projects are likely to require full time managers. Appendix 3 provides a sample of job description for the manager of a large shared space project.

Regardless of the staffing level, projects that involve shared staff will require an even greater degree of discussion between project partners. Shared service protocols for staff should address the following questions.

- How are they supervised
- How are they compensated?
- How is their performance reviewed and who do they communicate with?
- Who has final authority on staffing issues?
- Whose employee are they?

Many of the answers to staffing questions will be made easier if your project has already decided upon its ownership and decision making structure.

4.5.1 SHARED SERVICES: KEY CONSIDERATIONS

This checklist is meant as a guide to help you assess the shared service models most suited to the project you are considering. Ask each member of your working group (the collection of non-profits who you are considering a shared space project with) to carefully set out their responses & collectively discuss the results. Clarify areas of agreement & disagreement. The most fruitful discussions are likely to come from those areas where there is significant variance in your collective responses. They can be used to outline key areas of agreement and those areas where more work has yet to be done.

Table 3. Shared Services – Key Questions & Considerations

SHARED SERVICES KEY QUESTIONS & CONSIDERATIONS					
Y=Yes, N=No, P=Partially, DN=Don't Know, NA=Not Applicable	**Y**	**N**	**P**	**DN**	**NA**
Do you and your potential shared space partners share a similar vision?					
Do your potential partners work in the same way? Are your work cultures similar?					
Have you had previous experience sharing this service with other non-profits?					
Does the potential return (financial/mission impact) justify the financial investment and planning investment?					
Do you, or one of your potential shared space partners, have the technical expertise to evaluate the costs and benefits of developing this shared service?					
Have you determined what kind of technical assistance you need to evaluate this shared service?					
Are you, your Board and leadership, willing to set aside time to study the issues involved in shared services? • Staff • Volunteer • Board • Management • Client • Funders • Public					
Does one or more of your shared space partners have the capacity to lead the development of this shared service or should you outsource its development?					
Does the group include people with the skills, knowledge, commitment and time to get the work done?					
Have you identified how embarking on this shared service will affect your non-profit's mission?					
Have you fully demonstrated your plans for sharing services to your funders? Do they understand the benefits? (Increased access to resources, including capital, may be possible. Funders of non-profits tend to reward acts of collaboration.)					
What are the specific capabilities of your shared space partners?					
Which of your collective activities have the potential to increase revenue for all partners? Reduce expenses?					
What collective technical service needs do all of your partners need and should be outsourced?					
Which services do your partners use in common? Which ones do your partners have particular expertise at?					
Which services do all or the majority of your partners outsource for which you can negotiate a discount or group rate?					

4.6 COMMON ROADBLOCKS AND THEIR SOLUTIONS

Sharing work space is just the beginning to providing collaborative solutions that help non-profit organizations create efficient operations and maximize their impact. Like any worthy goal, the road is not always easy. Here are some of the more common challenges you may encounter along the way along with suggestions regarding how to get around these common roadblocks.

Roadblock	Solution
Too Big – It can be easy for non-profits to catch "collaboration fever" and push for more integration and planning than potential partners are comfortable with. Potential partners may start to fall off, scared by the time, risk and investment involved.	**Start small** and grow over time– while initial brainstorming and excitement helps with the visioning, take time early on to check in on the comfort levels of potential partners. Start with easy shared service projects and build partner comfort level from there.
Lack of Clarity – Shared space and shared service issues can take on a life of their own and the individuals negotiating the shared service can forget they represent whole organizations. Consequently other non-profit staff, Board members and volunteers can feel left in the dark.	**Put it in writing –** The sooner you can start drawing up drafts of your partnership agreement the better. This agreement will act as the live document for the negotiating team as well as a crucial reference point for those negotiating on behalf of their organizations. Such drafts will allow for greater consultation with various stakeholders.
Partners leave the project *Partnerships are easy …we will all just get along.* Just because you are all non-profits with laudable social missions does not mean you will come to an agreement. In fact you are likely to encounter a level of conflict and disagreement that you have rarely encountered.	**Be realistic** - The process of negotiating shared services is anything but easy. To succeed, all shared space partners must have a deep organization-wide commitment to sharing. Many shared service concepts fail because attention was not given to developing a clear understanding and description of joint expectations. Generally, organizations that have led a shared service project are more likely to be successful.
Staffing burn out - Your organization moves down the shared space path but finds that is it starting to lose focus on its core mission; staff are exhausted.	**Be clear on your investment** - Organizations should remember that while many shared services can reduce financial costs and improve efficiencies in the long run, the initial additional costs of time and energy must be included in the shared service calculation. In the non-profit world, staff and/or volunteer time, not cash, is likely to be the largest contribution to any shared service project. Invest wisely.

5.0 FINANCE

This section may contain words and ideas that are new to you. To help you with these concepts, we have bolded "technical" finance terms and have provided a glossary in Appendix 4.

For a shared space initiative to succeed, the various partners must develop a business plan that accurately projects the initial capital costs associated with a development or renovation, and anticipates expected revenues and ongoing operating costs. Only **equity** projects normally include significant **capital expenditures**, although rental properties might require modest tenant improvement expenses. The sources and uses of funds for capital (**equity**) projects are itemized in the following section.

The section on **operating budgets** (sources of income and expenses) applies equally to **equity** and non-equity options. An example of a detailed operating budget is provided in Appendix 5.

5.1 CAPITAL BUDGETS

Equity models are ones in which non-profits own the land and/or the building. These models require significant investment, normally in the form of cash or land. As illustrated in Section 2, Ownership, Legal Structure and Governance, such buildings can be owned by a single non-profit, a partnership, a group of agencies operating as a co-operative or a corporation. The owners of such buildings can either use all the space themselves or they can sub-**lease** areas to either non-profit or for-profit tenants.

5.1.1 USES OF FUNDS FOR CAPITAL PROJECTS

Planning for a major capital project will take months, if not years. Pre-development costs (those incurred before you start digging the foundation or renovating the building) can be significant and must be budgeted as part of the overall project. The following chart illustrates the types and sizes of items that will require financial resources. Note that the costs are listed to provide a sense of relative scale – they are for purposes of illustration, not for realistic budgeting.

A large, new project can take up to three years to design, finance and build. Ongoing fundraising may be required after completion if not all grants and donations are received as planned. That being said, construction may have to begin before all funds are secured. For this very reason, capital projects may be risky.

Table 4. Milestones in the Development Process

MILESTONE	RELATIVE COST	TIMEFRAME
Organizational Strategic Plan	$10,000	Months 1-3
Business Plan	$20,000	Months 3-5
Deposit on Land/Building	$150,000	Month 8
Pre-development Phase Complete (Design, facility planning)	$200,000	Months 9-14
Fundraising Plan (A professional or a capital campaign)	$100,000	Months 15-36
Financing Secured (Cost of securing financing, insurance)	1-2% of amount borrowed	Months 15-18
Acquisition and Renovation or New Construction of Large Building (50,000 sq. ft.)	$5,000,000	Months 18 - 36

5.1.2 TYPES OF FUNDS

When developing capital projects, non-profits will (most likely) have to seek out various kinds of financial resources. Broadly speaking, such resources fall into two categories – funds which must be repaid (debt) and those that are unencumbered i.e. they do not have to be repaid. **Debt** can take various forms. It can be repaid at market rates, it can be repaid at below market rates, or it can be deferred until a future date (**patient capital**).

Equity is the value of the cash or goods that the owners invest in the project. Equity can take the form of land, cash or donated goods services (i.e. donated in-kind services such as legal services or construction materials). Equity can come as a result of savings (cash in the bank), grants from funders, or land. Land values normally represent 10-12% of total project costs. The land value will have to be substantiated via an independent **appraisal.**

Project developers will need a minimum of 30% in equity to leverage the amount of debt necessary to finance the project. Mortgages, of any size, will be very difficult to obtain if the potential owners do not have any **assets** (items that can be sold for cash) or **collateral** (items of value that can be seized if the mortgage is not repaid).

In mixed use developments, office space is combined with some other use such as housing or a cultural facility. The advantage of such a partnership is that the grants associated with the housing or arts components may serve as equity for the office space by covering off the purchase of the land as well as common expenses such as foundations and roofs.

5.1.3 SOURCES OF FUNDS FOR CAPITAL PROJECTS

Unfortunately, the sources of funds for capital projects change all the time. This makes it difficult to plan and budget, as the number of funders interested in capital projects seems to be declining and the maximum amounts provided by government grants are not keeping up with inflated building costs. This requires developers of non-profit space to pursue non-traditional sources of funding and cultivate new partnerships and ways of financing such projects.

What follows below is a sample of current potential sources of funding and financing for shared space projects. Note that ongoing debt (a mortgage) is a legitimate and perhaps necessary part of the overall financial package. Given the current economic climate it is unlikely that all of the required funds can be raised and, therefore, debt (and the cost of debt servicing) will likely play a part in any capital project.

Table 5. Sources of Capital Funds

TYPES OF FUNDS	POTENTIAL SOURCES
Debt	
• Market Rate, commercial loan (interim financing and/or mortgage)	• Credit Unions and Banks
• Below Market Rate or Favourable Term for a Loan	• Social Enterprise Fund- http://socialenterprisefund.ca/ • Canadian Alternative Investment Co-operative - http://caic.ca/ • Foundations making **Program Related Investments** in Real Estate. This can be done via the direct purchasing of land or building or through below market loans/mortgages.
• Community investments	• Bonds or promissory notes used to raise funds from citizens
Equity	
• Grants	• Community Facility Enhancement Program (CFEP) - http://www.culture.alberta.ca/cfep/default.aspx • Community Initiatives Program (CIP) - http://www.culture.alberta.ca/cip/default.aspx • Historic Preservation Partnership Program, Historic Resource Conservation - http://www.culture.alberta.ca/ahrf/historicresourceconservation.aspx • Heritage Canada – Cultural Spaces Program - http://www.pch.gc.ca/pgm/fcec-capf/index-eng.cfm • Rotary Clubs of Edmonton - http://www.clubrunner.ca/CPrg/Home/homeD.asp?cid=447 • Private Foundations
• Benefactors	• Benefactors can donate real estate (land and/or buildings) in exchange for charitable receipts for **fair market value**, where donations are made to registered charities. Bequests of property can also be made to local community foundations.
• Land or building	• City • Churches • School Boards • Other Public Buildings
• Cash	• Non-profit's reserves • Fundraising campaigns as supported by enhanced tax credits for charitable donations from the Community Spirit Program - http://www.culture.alberta.ca/communityspirit/default.aspx
• In-kind contributions	• Donations of services or goods from architects, donated supplies, etc.

What follows are two examples of non-profits that own their buildings and sub-**lease** them to other non-profits. La Cité Francophone is a non-profit organization that owns and manages a cultural and community centre in Edmonton. It is the sole owner of the centre. La Cité has secured a mortgage to help finance its expansion. In contrast, the Argyll Community League and Japanese Canadian Association are co-owners of their building which serves both the Japanese community of Edmonton and the local neighbourhood. The building is debt free.

Table 6. Example Sole Non-Profit Ownership with Multi-party Leases - La Cité Francophone[23]

What is the legal structure?	La Cité Francophone is owned by one shareholder – Association Canadienne Francaise d'Alberta (ACFA), a non-profit operating in the Edmonton region. La Cité Francophone, in turn, has a dual incorporation – one entity is a non-profit Corporation (La Cité) and one is a charitable organization, Centre Communautaire d'Edmonton. The ACFA does all of the cultural programming in the region. La Cité Francophone is the administrative arm and provides management services for the building. The Centre is the fiscal agent - all funding for construction flows through the Centre Communautaire. The legal relationship is spelled out in a "Use Agreement".
Who owns Land?	La Cité Francophone
Who owns the Building?	La Cité Francophone
What were the Capital Costs?	La Cité Francophone opened its doors in 1997. In 2008 it began plans to expand its facility by another 56,200 sq. ft - more than doubling its space from 49,000 to 104,000 sq. ft. The budgeted cost of the expansion was approximately $20.3M. The sources of funds were: • Government of Canada (Heritage) grant - $4M • Government of Alberta (Culture) grant - $4M • City of Edmonton grant - $4M • Community Fundraising (cash)- $0.5M • Private mortgage/debt - $7.8M (Servus Credit Union)
Who leases the space and on what terms?	La Cité has a diverse portfolio of tenants that includes cultural organizations, preventative social service organizations and professional/commercial services. Twenty-four of the current twenty-six tenants have non-profit status. A medical centre and post office are the only exceptions. The anchor tenant is the School Board. With the expansion will come the University of Alberta (Faculty St. Jean), a restaurant with catering and banquet facilities, and greater numbers of meetings rooms. La Cité will continue to balance the theatre use, the restaurant use, and the community use.

[23] Personal communication with Gerard Forget, manager of La Cite Francophone. (December 2009)

How are Operating Costs Managed?	Unithéâtre manages the theatre and all the room bookings on behalf of La Cité. In exchange, Unithéâtre uses the theatre for its own productions and keeps 50% of the profits generated by renting out the theatre. In addition, La Cité pays for half of the technician-related expenses of the theatre. At the end of the year, the total building expenses are shared 80/20, with La Cité absorbing 80% (offset by tenant charges) and Centre Communautaire paying 20%. The Centre Communautaire receives casino funding which fully covers its 20% of the expenses.
How are Operating Revenues Managed?	The majority of space is currently leased to non-profit organizations at approximately two-thirds of fair market value. Non-profit lease rates in the newly expanded facility will average $18/sq ft. compared market rates between $20 and $28 per sq. ft. (in 2009). When the space more than doubles there will be more than double the rental revenue. All of the rents will increase in the new area, plus there will be more revenue from meeting rooms, the restaurant and other food-related services. Historically vacancy rates have been 0% so there is little concern about future vacancy loss.
Role of the City of Edmonton	City of Edmonton provided $4M for the expansion.
Lessons Learned	It was very difficult to manage the waiting period – the months spent awaiting the decision on the Federal grant application. All other grants were contingent on federal approval so there was no cash to proceed with architectural drawings, permits and tenders. Once the Federal funds were approved, La Cité had only one year in which to get permits, tender and construct the building. It was extremely difficult timing. Managing the building is easy. All of the rental revenue is automated. All of the room booking is centralized with Unithéâtre. There are no problems with maintenance and operations. La Cité has always carried a mortgage – the organization is not afraid of debt. La Cité has aggressively paid off 2 of the 3 initial mortgages (by using a floating interest rate) and systematically reduced expenses for waste disposal, utilities, and telephone charges. Further, La Cité has found new ways to make money such as advertising bulletin boards in elevators and public areas, and well as an outside billboard. Tenant selection is the key to the success of the building. The tenants blend well together and achieve greater synergy than if they did not share space. Leadership has to continually balance revenue generation with community benefit.

Table 7. Example Joint Ownership with Sublease - Argyll Community League and Japanese Canadian Association in Edmonton[24]

Who owns the Land?	City of Edmonton with a perpetual lease to the Community League.
Who owns the Building?	Jointly owned by the Argyll Community League and the Japanese Canadian Association (JCA). Both of these entities are non-profit Societies.
What were the Capital Costs?	The cost of renovating and expanding the existing community league building was $320,000 (1995 – 2000).
Who paid for the Capital Costs?	Members of the Japanese Canadian Association pooled funds provided by the Federal government as part of a reparation package for Japanese Canadians. The Association donated $250,000 toward the renovation and expansion. The Community League contributed $70,000 which it had saved in a "legacy account". The building is mortgage free.
How are Operating Costs Managed?	The Community League and the JCA have a contract which states that the League is responsible for all building-related maintenance and utility costs while the JCA is responsible for replacing all furniture and fixtures (such as the stove in the kitchen). The direct cost of operating the building is approximately $10,000 per year. Extraordinary expenditures (such as landscaping a friendship garden) are covered by other sources such as casino funds.
How are Operating Revenues Managed?	League-based rental revenues revert to the League. JCA based rentals accrue to the JCA. Third party-rental revenues (from weddings and special events) are divided equally among the two partners. The average annual revenue of $10,000 allows the building to break-even. The sources of income are: third-party rentals ($5,000), community league user rentals ($2,000) and Japanese Community use ($3,000).
Lessons Learned	Without this partnership, the league building would either have been demolished or continue to stand dormant. The league on its own cannot afford to operate and maintain the facility. The building is fully booked weekends and evenings with "the most affordable rates in town". The partnership has been a huge success.

5.1.4 WHO IS READY FOR A CAPITAL PROJECT?

In order to successfully tackle a large capital project, an organization should have the following types of characteristics:

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[24] Personal communication with Dave Troutman, President Argyll Community League. (November 2009)

- Strong, established and recognized leadership from staff and Board members, all of which are in full support of the project;
- Sufficient funds to invest in pre-development activities such as planning, deposits on land/building, and preliminary feasibility assessment work;
- A history of fundraising success; and
- A demonstrated ability to execute complex projects and plans[25].

Table 8. Capital Budgets – Key Questions and Considerations

CAPITAL BUDGETS						
KEY QUESTIONS & CONSIDERATIONS						
Y=Yes, N=No, P=Partially, DN=Don't Know, NA=Not Applicable	**Y**	**N**	**P**	**DN**	**NA**	**Rational**
Did we include all hard and soft costs in our budget?						
Did we include a provision for price escalation during construction or secure a fixed price contract?						
Did we build in a contingency in case the project is delayed or experiences unforeseen expenses?						
Is the proposed level of debt really sustainable or will fundraising to reduce or pay off the debt distract us from our mission?						

5.2 HOW DO YOU KNOW IF THIS IS FOR YOU?

Imagine that a group of 9 non-profits needed a total of 32,000 sq. ft. of shared space. They currently pay a total $32,000 per month for their current space and cannot afford to spend any more in the near future. It appears that they can purchase a newer building for approximately $2M. They are able to secure grants and use their joint savings to make a 35% down payment on a building ($700,000). This leaves a mortgage of $1.3M. The monthly cost of borrowing $1.3M at 6% over 15 years (commercial mortgages do not have 25 year amortizations) is $11,000.

The table on the page following shows that the venture could come close to breaking even but ONLY if the building is property tax exempt, there is no **vacancy loss**, and all of the anticipated monthly expenses can be verified by the existing building owners. Is this a case of bold vision or rose coloured glasses? Verification of the reasonableness of these assumptions is the crucial next step to assessing the feasibility of the project.

[25]Sabrina L. Smith, et. al. A Capital Projects Primer, Silicon Valley Council of Non-Profits, n/d, pg. 4.

QUICK AND DIRTY FEASIBILITY ASSESSMENT		
Revenue		Total Monthly Income
All co-owners		*$32,000*
Vacancy Loss		$0
Total		$32,000
Monthly Expenses	Cost Per Sq. Ft.	Total Monthly Cost
Mortgage	n/a	$10,919
Common Area Costs	$4.00	$10,667
Management Fees	$1.00	$2,667
Utilities	$1.00	$2,667
Property Tax	$0.00	$0
Maintenance	$1.00	$2,667
Replacement Reserve	$1.00	$2,667
Contingency	$0.00	$0
Total		*$32,252*
Net Operating Income		**-$252**

5.3 Operating Budgets

Both owners and renters of space must develop comprehensive operating budgets. Such budgets should include expenses such as mortgage payments, building insurance, security and other items normally covered in a **triple-net lease** arrangement. The operating model might also include sub-lease revenue and income earned from other sources such as billboards.

Do not rely on historic space requirements to estimate the amount of space required. Similarly, don't use your current lease rate when project operating budgets. Cost savings can be expected from shared space arrangements in part due to reduced need for dedicated space. Specifically there should be reduced space requirements due to the sharing of **common areas** such as photocopying areas, kitchens and meeting rooms. These savings should be reflected in the budget.

5.3.1 Rental Income

Market rates for leased space, as well as "all-in" break-even rates for shared space must be determined. Revenue projections should be based on an analysis of current market rental conditions (such as vacancy rates), historical lease rates and average occupancy costs. These data can be obtained through publically available reports such as the Edmonton Office Report 2009, developed by Avison Young[26].

The rent collected from all sources must be sufficient to cover all operating costs and (if required) provide a return on investment. Normally financial institutions require that the "**Debt Service Ratio**" be 1.15. This means that you must generate $1.15 in

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[26] See www.avisonyoung.com

net operating income for each $1 you have in debt. Alternatively, you must clear 15 cents on each dollar of debt to provide a cushion against vacancy loss or unanticipated expenses.

It is important to remember that the rent must cover the cost of providing both a dedicated rental area as well as the use of common space in bathrooms, hallways and kitchens. A blended rate that reflects the proportion of dedicated and common space should be developed for each tenant.

5.3.2 Expenses – Individual and Common

Depending on the ownership arrangement, expenses will come in two forms – direct/individual and common. Common expenses are normally apportioned based on the percentage of owned or leased space.

The following checklist illustrates the types of items listed in income and expense projections, based on building costs (not including shared services or amenities).

Operating Expense Projections	Operating Income Projections
• Mortgage	• Rental Income
• Utilities	• Sub-lease Income (long term lease)
• Management Fees	• Casual Use Income (Board room)
• Operating and Maintenance	• Other Income (parking, bill board)
• Taxes and Insurance	
• Replacement Reserves	

Note that non-profit organizations should not assume that they will receive a property tax exemption. Non-Profit organizations can apply for property tax exemption under the Municipal Government Act. Applications are submitted to the City of Edmonton; not all applications may be approved.

Shared services can be lumped into a total operating budget (that includes elements such as telephones and photocopiers) and then pro-rated based on percentage of square footage. Alternatively some of these services can be charged out based on a fee for service basis, i.e. based on volume of photocopying.

5.3.3 Sources of Operating Funds

The sources of funds for operating grants directly applicable to building operations appear to be few in number. The following examples of operating grants should be carefully reviewed to ensure that proposed building expenses qualify.

Potential Sources of Operating Funds:

- City of Edmonton, Community Investment Operating Grant - http://www.edmonton.ca/for_residents/resident_services_programs/community-investment-operating.aspx
- Alberta Gaming and Liquor Commission - http://aglc.ca/pdf/charitable_gaming/gain_manual_final.pdf#page=64

As the example on the page following illustrates, a successful shared space initiative can be financially self-sustaining (covering its operating costs) without ongoing subsidies. The Canadian Centre for Social Innovation makes its financial statements available on the CSI website. The projected budget for its expansion is provided in Appendix 4 in order to illustrate the anticipated income and expenses.

Table 9. Example of Private Ownership with Head lease and Sublease – Centre for Social Innovation

Who owns the Land?	Urban Space Property Group (private sector, for-profit corporation)
Who owns the Building?	Urban Space Property Group, subleasing 16,000 sq. feet to the Centre for Social Innovation CSI, a non-profit organization operating in Toronto, Ontario.
What were the Capital Costs?	Urban Space donated $250,000 to pay for tenant improvements and the salaries of the Executive Director and the receptionist for the first year of operation. Urban Space also donated another $100,000 to cover the capital costs associated with the expansion from 6,000 to 16,000 sq. ft.
Who leases the space and on what terms?	The Centre for Social Innovation has a 5 year lease with the Urban Space Property Group. The lease includes slightly below market lease rates. The CSI, in turn, sub-leases various types of spaces on various terms. For example, office space is leased to qualifying non-profit organizations on one year terms. Other types of customers include organizations renting board rooms. Those using "hot desks" or work stations pay on a fee for use basis. In total, CSI rents out 20 office spaces and 30 desk stations to non-profits and individuals working in the sector.
How are Operating Costs Managed?	"Tenant organizations pay for their office space based on the square footage of their office suite and an equivalent proportion of the common space. CSI levies an administration charge on top of this base rent, as well as a monthly shared amenities fee that covers shared space services such as security, telephone, cleaning services and equipment leases." [27]
How are Operating Revenues Managed?	Through combined sources of long-term and short-term rental revenue, the CSI generates enough profit to cover the salary of the Office Coordinator and a portion of the salaries of the Executive Director and Program Manager. The balance of these salaries is covered by the Trillium and Harbinger Foundations and consulting services to the non-profit sector.
Lessons Learned	The CSI has never had a vacancy. It successfully raised the interim financing needed to cover the operating deficit for the first year of its expansion. It is considered a model of social innovation that reflects the successful partnership of the private, public and non-profit sectors.

[27] Centre for Social Innovation, Expansion Opportunity: Loan Request Package, 2007, p. 4.

5.3.4 Renting from the Private Sector in Alberta

Alberta has one of the highest charitable tax credits in the country. Albertans, for example, receive up to a 50-cent tax credit for every dollar donated over the $200 threshold. While owners of rental property cannot receive tax credits for providing below market rents, they may chose to donate back a portion of the rents received in exchange for a charitable tax credit. The following table illustrates the combined tax credits available to those who make contributions to registered charities. See http://www.culture.alberta.ca/communityspirit/taxcredit.aspx for more information.

Table 10. Enhanced Charitable Tax Credit

Total Annual Donations*	Alberta	Federal	Total Tax Credit
$500.00	$83.00	$117.00	$200.00
$1,000	$188.00	$262.00	$450.00
$2,000.00	$398.00	$552.00	$950.00
$5,000.00	$1,028.00	$1,422.00	$2,450.00
$10,000.00	$2,078.00	$2,872.00	$4,950.00
$25,000.00	$5,228.00	$7,222.00	$12,450.00

Table 11. Operating Budgets – Key Questions and Considerations

OPERATING BUDGETS						
KEY QUESTIONS & CONSIDERATIONS						
Y=Yes, N=No, P=Partial, DN=Don't Know, NA=Not Applicable	**Y**	**N**	**P**	**DN**	**NA**	**Rational**
Did we conduct market research to affirm the market value of our leased space?						
Did we conduct market research to confirm that there is demand for our space, whether from non-profits or for-profits, and on what terms?						
Does the projected revenue make reasonable assumptions about vacancy loss?						
Does the projected revenue sufficiently cover staffing costs required to manage the facilities and shared services?						
Did we apply to the City for a property tax exemption?						
Did we include all of our operating subsidies as revenue?						

How do you identify opportunity?

A shared space can take many forms. The trick is to identify and seize opportunities that might help make that dream a reality. When exploring options, organizations should ask themselves the following types of questions.

- *Is a school going to be declared surplus by the School Board? Could the school become a shared non-profit space?*
- *Do any community leagues have underutilized buildings? Could such leagues partner with non-profits to create multi-use facilities?*
- *Are there derelict buildings that could be donated to charities or foundations?*
- *Have any of the City of Edmonton's neighbourhood revitalization plans revealed opportunities to redevelop real estate for non-profit and community uses?*
- *Can we partner with a developer of some other use, such as housing, to help reduce costs and create synergies for clients?*

6.0 POTENTIAL ROLES OF THE MUNICIPALITY

The following is a list of potential roles that a municipality could play in supporting shared space development.

Ownership & Governance

- Make some spaces available for non-profit leasing in City-owned buildings (where possible).
- Consider potential non-profit use of surplus schools and sites.
- Encourage new commercial developments to allocate a percentage of square footage to non-profit space.

Operations & Shared Services

- Encourage non-profits to reduce operational costs by pursuing shared services.
- Develop a shared service award program to showcase examples of non-profits that increase their effectiveness through collaboration.

Finance

- Purchase land and donate or lease it to the non-profit(s) for less than market rent.
- Purchase a building and donate or lease it to the non-profit(s) for less than market rent.
- Waive property taxes.
- Provide grants to offset rental costs.
- Provide in kind technical support/expertise

General Knowledge

- The City could work with other key stakeholders to support shared space development through sponsoring webinars and other collaborative learning opportunities for non-profit organizations interested in shared space development.

APPENDIX 1: RESOURCE GUIDE

Centre for Social Innovation – www.socialinnovation.ca
The CSI operates an Open Space Network in which you can find financial templates, resource materials, webinars and guides. There is a $400 fee for joining.

Non-Profits Centers Network - www.nonprofitcenters.org
The website has a searchable database and many helpful resources regarding capital campaigns and detailed operating and expense budgets. Many resources are available free to those who log in. Additional benefits are available to members for a fee of $250.

Tides Shared Spaces - http://www.tidessharedspaces.org
Tides Shared Spaces is a program that provides quality, stable workspace for nonprofits and education for people who are creating successful capital projects. Current, relevant publications are available free on the website.

APPENDIX 2.1:
THOREAU CENTER FOR SUSTAINABILITY – COMMUNITY CHARTER

The Thoreau Center Community Charter acknowledges each organizational tenant's commitment to being a member of a community not just an occupant of a building. The Charter outlines our shared community values, purpose, and responsibilities.

The Thoreau Center for Sustainability is committed to providing its tenant organizations with an environmentally sustainable workspace and a vibrant learning community. Tenants contribute to the Thoreau Center by participating in community events and programs, and Presidio-wide initiatives. The Thoreau Center shares the Presidio Trust's intentions to preserve the natural beauty of the park and offer cultural activities that reflect the history and promise of our unique location.

The Thoreau Center intentionally selects tenants with the potential to contribute to the community. We believe that connecting organizations and sharing information is as essential a service offering as maintaining and improving the building. The Thoreau Center and its tenants cooperatively develop and sponsor a regular program of sustainability education events, art exhibits, programs, and projects. We actively support our tenants' outreach initiatives to broaden public awareness about their important work, environmental and social issues, and the activities of the Presidio at large.

By creating and sharing this document, we seek to inspire all organizations and individuals currently working at the Thoreau Center to consciously recognize their participation in the communities of the Thoreau Center and of the Presidio.

Some ways you can participate include:

- Presenting at or attending our Brown Bag Lunch Series
- Suggesting artists or helping curate art exhibitions
- Participating in our Zero Waste program
- Participating in our book discussion group through the Whole Earth Library
- Attending Town Hall meetings
- Helping maintain a safe and healthy community space

Please take a moment to acknowledge your engagement in this collective intention by reading and signing below to add your contribution to the Community Charter Document.

We, individual and organizational Thoreau Center community participants, embrace our role as vital contributors in realizing the purpose of the Center as a community of organizations working for a healthy environment and a just society. As public acknowledgement of this role I would like to add my signature to the Community Charter Document.

(Source: Thoreau Center for Sustainability, San Francisco; Nonprofit Centers Network: http://www.nonprofitcenters.org/)

APPENDIX 2.2:
CENTRAL INTERIOR COMMUNITY SERVICES CO-OP - INTER-ORGANIZATIONAL PROTOCOLS

1. **Opportunities for new services:**
   - Executive Directors of member agencies shall inform the Integrated Management Committee of any and all new contracts or consulting opportunities which may become available and which may be of interest to member agencies.
   - One member agency will subscribe to BC Bid and forward all notifications to all member agencies.
   - Member agencies shall not compete for contracts, although they may apply jointly, as separate agencies or as the CICSC.

2. **Communications:**
   - Members shall receive approval of the Co-op Board or the Integrated Management Committee prior to releasing any Co-op related information to the media or others.
   - All agencies shall receive minutes of Co-op Board meetings for their records and for distribution to staff members and/or Board Members as appropriate.
   - CICS Integrated Management meeting minutes may be shared with individual Boards.
   - Members shall contribute articles to the Co-op Newsletter.

3. **Fundraising:**
   - Member Agencies may continue to conduct individual fundraising activities.
   - Members will inform other Co-op members of individual fund raising activities in order to avoid duplication and competition.
   - In order to benefit from Co-op fundraising activities, agencies must assist with organizing the activity.
   - Each member agency is represented on the Co-op fundraising committee in order to strategize and engage in fundraising activities jointly.

4. **Integrated Management Committee:**
   - The IM Committee is comprised of Executive Directors of member agencies, as well as the Finance Manager of the Co-op.
   - The position of Chair is rotated annually and minutes of meetings are recorded.
   - The Chair will receive agenda items and distribute the agenda.
   - Meetings are held weekly.

5. **Co-location:**
   - Member tenants will participate in the building user committee.

- Member tenants will participate in the risk assessment for 51 4th.
- Member tenants will participate in emergency drills.
- All member agencies will participate in the OHS committee.

(Source: Burrill, Anne. (2006). History and Development of the Central Interior Community Services Co-op. Prepared for the Central Interior Community Services Co-op by Anne, Burrill, Changemaker Consulting.)

APPENDIX 2.3:
CENTRAL INTERIOR COMMUNITY SERVICES
CO-OP CONFLICT RESOLUTION GUIDELINES

Consensus Decision Making

Consensus is a decision-making process that fully utilizes the resources of a group. A consensus decision represents a reasonable decision that all members of the group can accept. It is not necessarily the optimal decision for each member. By combining their thoughts, people can often create a higher-quality decision than a vote decision or a decision by a single individual. Further, consensus decisions can be better than vote decisions because voting can actively undermine the decision. People are more likely to implement decisions they accept, and consensus makes acceptance more likely.

In simple terms, consensus refers to agreement on some decision by all members of a group, rather than a majority or a select group of representatives. The consensus process is what a group goes through to reach this agreement. Complete unanimity is not the goal - that is rarely possible. However, it is possible for each individual to have the opportunity to express their opinion, be listened to, and accept a group decision based on its logic and feasibility considering all relevant factors. This requires the mutual trust and respect of each team member.

Acting according to consensus guidelines enables a group to take advantage of all group members' ideas. It is more difficult and time consuming to reach than a democratic vote or an autocratic decision. Most issues will involve trade-offs and the various decision alternatives will not satisfy everyone.

What the consensus process requires

Consensus demands a high level of trust among the members of the group. People need to believe that each member is a fair and reasonable person of integrity who has the organization's best interests at heart. There are no perfect groups or perfect individuals, but for consensus to work the members must believe that everyone is honestly doing their best.

Consensus and groupthink are different. Groupthink occurs when everyone expresses agreement with a decision, but some people are just going along because they feel obligated to reach an agreement and avoid conflict. Thus although there appears to be a consensus, some people have not resolved disagreements they consider important. In consensus, all agree with the decision and all important disagreements are resolved.

Another important element of the consensus process is a good facilitator. This person is responsible for seeing that everyone is heard, that all ideas are incorporated if they seem to be part of the truth, and that the final decision is agreed upon by all assembled. The facilitator is the servant of the group, not its leader. It is his/her job to draw out and focus the best thinking of the group, not to use his/her position to impose or elevate his/her own.

Key guidelines for consensus decision-making

1. Come to the discussion with an open mind. This doesn't mean not thinking about the issue beforehand, but it does mean being willing to consider any other perspectives and ideas that come up in the discussion. Approach the decision on the basis of logic and reason.
2. Make sure everyone is heard from and feels listened to. Listen to other people's ideas and try to understand their reasoning.
3. Describe your reasoning briefly so other people can understand you. Avoid arguing for your own judgments and trying to make other people change their minds to agree with you.
4. Do not assume that someone must win and someone must lose when a discussion reaches a stalemate. Instead, look for the next most acceptable alternatives for all parties. Try to think creatively. Explore what possibilities exist if certain constraints were removed
5. Avoid changing your mind only to reach agreement and avoid conflict. Do not "go along" with decisions until you have resolved any reservations that you consider important. When dissenting members finally agree, do not feel that they have to be rewarded or accommodated by having their own way on some later point.
6. View differences of opinion as helpful rather than harmful. Differences of opinion are natural and expected. Seek them out, value them, and try to involve everyone in the decision process. Disagreements can improve the group's decision. With a wider range of information and opinions, there is a greater chance that the group will hit upon a more feasible or satisfactory solution.
7. Avoid conflict-reducing techniques such as majority vote. Stick with the process a little longer and see if you can't reach consensus after all.

Attitudes that Support Consensus

1. Cooperation
2. Share information freely
3. Mutual trust
4. Acknowledge differences
5. Willingness to be vulnerable
6. Willingness to compromise
7. Common ownership of ideas
8. Take responsibility for failures as a group
9. Value conflict
10. Equalize power

(Source: Burrill, Anne. (2006). History and Development of the Central Interior Community Services Co-op. Prepared for the Central Interior Community Services Co-op by Anne, Burrill, Changemaker Consulting.)

APPENDIX 2.4:
CENTRE FOR SOCIAL INNOVATION – TENANT CO-OPERATION POLICIES

Updated January 2009

The tenant cooperation policies have been created to encourage cooperation among the tenants and to promote the smooth operation of the Centre for Social Innovation (CSI).

Values Statement

The tenants of the Centre for Social Innovation are committed to using fairness, transparency, respect and flexibility to guide their work and interaction. CSI seeks to go beyond cooperation to a place of true collaboration and innovation in our joint pursuit of our social missions. The baseline to achieve this is to recognize that CSI is not only a physical environment, but also a social and psychological one. Everyone needs to feel welcome, comfortable and empowered. It is our shared commitment to work towards creating this 'safe space' wherever and however possible.

General Operating Policies

Good Neighbourliness

Consistent with the Value Statement noted above, all tenants enter into a social contract at CSI as well as a legal contract. You are not required to make friends, meet people or collaborate – but our hope is that all of these things will happen naturally and that they are part of the reason that you are here. We hope that you will bring your positive energy and ideas to our shared environment to help us continually strengthen this community and the value of our shared space.

At minimum, you must recognize and be respectful of CSI as a shared work space. CSI reserves the right to terminate the lease of any individual who is deemed to be compromising the well-being of other tenants or the space as a whole.

Common Spaces (reception, kitchens, shared work spaces, etc.)

1. Tenants should leave common areas as clean as or cleaner than they found them.
2. Given the large number of people in the common space at anytime, please limit interruptions and respect that other people are working in the space.
3. The kitchen areas of the Centre will require that all tenants clean-up after themselves and their guests. Moreover, it is expected that all tenants will 'pitch-in' to keep the space clean and orderly.

Meeting Rooms

When planning and holding your meetings and events in the space, please ensure that you respect the work environment of the other tenants.

1. We ask that tenants use our dishware and cutlery for all events in order to reduce waste.
2. Tenants are responsible for their own set-up and clean-up of the meeting rooms.

3. In order to prevent spills, our policy is 'no tables, no drinks' – this means that coffee cups are not permitted in the meeting rooms unless there are tables to place them on.
4. No permanent markers may be used at CSI to prevent damage to the white boards.
5. Tenants may use the meeting room equipment at no charge. However, you are responsible for the equipment's safe use and you are expected to return it in working order. A procedures manual for boardroom equipment is available for easy reference.
6. Room bookings are scheduled on a first-come first-serve basis.
7. Meeting rooms are reserved using the scheduling book in the 4th floor reception area. We hope to move online in 2009.
8. The Centre for Social Innovation is not responsible for items left unattended in the meeting rooms.
9. CSI reserves the right to assign a different meeting room to a group in order to coordinate the multiple needs of the user group and the Centre.
10. Tenants will be billed for hours of meeting room usage over their leased amount.

Shared Amenities

In order to benefit from reduced costs through sharing, all permanent office and permanent desk tenants of CSI will pay a flat rate for basic shared amenities. These will include: security, cleaning, kitchen facilities, fax machine, access to the shared Internet service and other services as agreed.

Security

Each tenant is responsible for ensuring the security of their individual work space and their equipment. Tenants are also expected to do their best to ensure the shared security of the common spaces. Any tenant working in the space outside of regular office hours assumes responsibility for the security of CSI. We are all vulnerable to a security breach, so it is of the utmost importance that everyone strictly adheres to the security protocol. Failure to do so could result in being asked to work strictly within the regular hours of CSI operation. Please see CSI staff if you have any questions about security procedures.

Hours

CSI is open and staffed from 9 am – 5 pm, Monday to Friday. Tenants working outside of these hours will be responsible for the security of CSI and must ensure that all alarms are activated before they leave.

Mailing Address & Event Promotion

As stated in your lease agreement, it is a requirement that wherever you post your address that you include the words @ Centre for Social Innovation. This ensures that people know where to find you, that mail can find you and that we all collectively strengthen our brand. This is true for business cards, event promotion, sig files, brochures and other places where your address is rendered. Tenants should also include their specific suite number if possible.

Cleaning

A cleaning company will provide services twice a month in the common areas and in each of the private offices. Tenants will need to be responsible for garbage, recycling and general tidying during the times between the cleaning services.

Noise

At all times, noise needs to be kept at a reasonable level. A shared environment will never be completely quiet, but all tenants are expected to be respectful of the needs of others. Please be conscious of those around you and their need to focus on their work. See our Noise Policy for more information.

We also ask that tenants be mindful of wearing high-heeled, or "clicky", shoes. When walking back and forth on wooden floors, these shoes make a loud noise, and can be distracting to those trying to work.

Walking our Talk

Wherever and whenever possible we will practice an environmental/fair trade/local/equity procurement policy. It is expected that all tenants and their guests will take all actions to ensure that we maintain our high standard of environmental sustainability,

Enclosed Offices

Light

To keep the light flowing into the Centre, please keep the glass portion of the walls dividing the offices free of boxes, furniture, etc. If tenants want to cover the windows to block sun (applicable only on east wall windows), only sheer white curtains will be permitted.

Floors

One of the most beautiful features of the building is the wood floor. We are committed to keeping the floors in as good a shape as possible. As a result, we ask all tenants to ensure that there are either rubber rollers on any chairs used, or that a plastic mat is used under chairs with plastic rollers. If repairs are necessary, you will be charged from your security deposit.

Alterations to offices

Any alteration whatsoever to the offices – including, but not limited to, new paint colours, installation of shelving, bolting artwork to walls – must be approved by CSI and the Landlord before initiating. The tenant will be responsible to return their office back to the standard upon their departure. Any costs accrued to CSI will be deducted from the security deposit.

Bikes

Bikes are not allowed in the offices. Bike storage is provided in the basement.

Conflict Resolution Process

1. If a tenant has a problem with the actions or behaviours of another tenant, she or he must first try to resolve the problem directly with that person or group.
2. If the problem persists, the tenant will be asked to put the complaint in writing and address the note to a member of the CSI staff team. CSI staff will review the complaint, speak with both parties, and propose a solution.
3. If the problem persists, or if either party is dissatisfied with the proposed solution, the issue is elevated to the Centre for Social Innovation Board of Directors. The CSI Board has final say and will offer a solution. This solution must be followed; if the problem persists, CSI may choose to terminate the lease of either party based on its best judgment.

CSI is committed to ensuring fairness, transparency, accessibility and accountability in the conflict resolution process. We have not yet had an issue elevated to the Board level in over four years of operation. Our hope is that all tenants will show flexibility, compromise and respect, and that we can work collaboratively to address and concerns.

(Source: Centre for Social Innovation - Open Spaces: Catalyzing Social Innovation. www.openspaces.socialinnovation.ca)

APPENDIX 3:
POSITION DESCRIPTION - FACILITY AND ASSETS MANAGER

The Boys & Girls Clubs of South Puget Sound is seeking to add a new member to its highly motivated and successful management team. The Facility and Assets Manager will have the opportunity to work with 4 stand-alone Boys and Girls Clubs and 5 new Hope2 community centers that include Boys and Girls Clubs—a total of approximately 400,000 square feet. The position will report to the Finance Director.

The person that we are looking for will be a professional with a broad experience and proficiency in facilities management. You should have experience working with City and County officials, leased as well as owned properties and with uses relevant to the BGCSPS properties such as nonprofit service providers, schools or community centers.

Specifically, the Facilities and Assets Manager will:

- Prepare, monitor and have accountability for the overall facilities budget. Advise the Finance Director on appropriate M&O reserve levels
- Negotiates agreements with anchor and associate tenants of the Centers and monitor compliance with agreements
- Manage facilities personnel, including Hope2 Center community centermanagers.
- Prepare bidding process, select vendors and contractors, develop contracts and manage relationships with vendors and contractors.
- Direct the maintenance and repair and, as needed, renovation of all facilities.
- Prepares plans, approves requisitioned materials and directs the construction of ancillary buildings.
- Directs purchasing, requisitioning and warehousing of facility related supplies, materials and equipment and maintain records incidental to all activities of the facility.
- Prepare cost studies and develop standardized maintenance and preventive maintenance procedures.
- Prepare statistical information and reports.
- Consult with program staff, other department directors, community center managers in the Hope2 centers, center partners, and other building users
- Maintain contact with relevant local and county agencies.
- Design, implement and direct building safety programs and security systems.
- Review accident and incident reports and takes appropriate action; Advise and/or respond to emergencies on a 24-hour basis, as needed.
- Plan and direct landscaping and maintenance of grounds.

Minimum Qualifications

- Five years of experience in facilities management, one year of which must have been at the manager level, including supervisory experience.
- Ability to organize, analyze, interpret and evaluate problems and provide practical, cost effective solutions; ability to juggle multiple priorities.
- Ability to communicate effectively with customers, co-workers, contractors and the general public, both orally and in writing. Effective facilitation and personal interaction skills appropriate to achieving consensus within a complex work environment.

- Working knowledge of equipment, materials and supplies used in facilities maintenance; working knowledge of equipment and supplies used to do repairs.
- Knowledge in the proper and safe techniques of building maintenance. Some knowledge of first aid and applicable safety precautions. Experience selecting and overseeing consultants and contractors for building repairs and renovations
- Preferred: A Bachelors degree and experience operating a multi-use facility that serves children and youth. Or any equivalent combination of education, experience and training that provides the required knowledge, skills, and abilities.

Physical Demands

The physical demands and work environment described here are representative of those that must be met by an employee to successfully perform the essential functions of this job.

Reasonable accommodations may be made to enable individuals with disabilities to perform the essential functions. Work involves walking, talking, hearing, using hands to handle, feel or operate objects, tools, or controls and reach with hands and arms.

Vision abilities required by this job include close vision and the ability to adjust focus. The employee may be required to push, pull, lift, and/or carry up to 20 pounds.

Work may periodically require the employee to climb, balance, bend, stoop, kneel, and/or crouch.

APPENDIX 4: DETAILED OPERATING BUDGET[28]

The table on the two pages following is a projected income and expense budget developed to support the expansion of the Centre for Social Innovation. This is a fairly complex budget as it has multiple types of tenants – all renting different spaces for different amounts of time and money. The budget illustrates the various types of rental revenues that are possible - from long term office rentals to monthly desk rentals and occasional use of the Boardroom.

The related expenses include fixed expenses such as the mortgage, as well as the costs for common areas and a reserve for equipment repair/maintenance. The budget illustrates that given projected revenues and expenses, it will take almost three years to overcome the losses associated with the first year's expansion.

[28] Alan Zimlicki, Financial Feasibility and Market Analysis, ASZ Associates (2007), p. 24. Available at: www.nonprofitcenters.org

Appendix A – Projected Fourth Floor Expansion Budget, Years 1-5.

Cost Centre	Year One	Year Two	Year Three	Year Four	Year Five
Private Office Suites					
Revenue	178,320	222,900	227,358	231,905	236,543
Operating costs	69,518	69,518	70,909	72,327	73,773
Net	108,802	153,382	156,449	159,578	162,770
Permanent Desks					
Revenue	78,720	98,400	100,368	102,375	104,423
Operating costs	26,880	26,880	27,418	27,966	28,525
Net	51,840	71,520	72,950	74,409	75,898
Incubated Desks					
Revenue	0	0	0	0	0
Operating costs	2,880	2,880	2,938	2,996	3,056
Net	-2,880	-2,880	-2,938	-2,996	-3,056
Transient Desks					
Revenue	52,063	73,500	74,970	76,469	77,999
Operating costs	18,240	18,240	18,605	18,977	19,356
Net	33,823	55,260	56,365	57,493	58,642
Boardroom Rental					
Revenue	11,475	20,250	20,655	21,068	21,489
Operating costs	15,600	15,600	15,912	16,230	16,555
Net	-4,125	4,650	4,743	4,838	4,935
Boardroom - Internal Use					
Revenue	0	0	0	0	0
Operating costs	7,085	7,085	7,226	7,371	7,518
Net	-7,085	-7,085	-7,226	-7,371	-7,518
Common Space Costs					
Revenue	9,000	18,000	18,360	18,727	19,102
Operating costs	125,597	125,597	128,109	130,671	133,284
Net	-116,597	-107,597	-109,749	-111,944	-114,183
Shared Amenities					
Revenue	53,856	67,320	68,666	70,040	71,441
Operating costs	46,140	46,140	47,063	48,004	48,964
Net	7,716	21,180	21,604	22,036	22,477
VoIP Telephone (ongoing costs)					
Revenue	28,800	36,000	36,720	37,454	38,203
Operating costs	24,000	24,000	24,480	24,970	25,469
Net	4,800	12,000	12,240	12,485	12,734
Staffing Costs					
Revenue	0	0	0	0	0
Operating costs	113,000	113,000	115,260	117,565	119,917
Net	-113,000	-113,000	-115,260	-117,565	-119,917
Equipment & Repair Costs					
Revenue	0	0	0	0	0
Operating costs	10,438	6,000	6,000	6,000	6,000
Net	-10,438	-6,000	-6,000	-6,000	-6,000

Capital Costs (Leaseholds & Furniture)					
Revenue	0	0	0	0	0
Capital costs	233,086	10,000	10,000	10,000	10,000
Net	-233,086	-10,000	-10,000	-10,000	-10,000
Investments					
Confirmed Loans and Donations	160,000	0	0	0	0
Operating costs	0	0	0	0	0
Net	160,000	0	0	0	0
Loan Repayment					
Revenue	0	0	0	0	0
Loan Repayment	0	25,000	25,000	25,000	25,000
Net	0	-25,000	-25,000	-25,000	-25,000

Total Revenue	572,234	536,370	547,097	558,039	569,200
Total Operating Costs	692,464	489,940	498,919	508,077	517,419
Total Net Income	**-120,230**	**46,430**	**48,179**	**49,962**	**51,782**

APPENDIX 5: GLOSSARY OF FINANCIAL TERMS

Appraisal – An evaluation of the market value of some asset by an independent expert.

Asset – Anything owned by a business that has commercial or exchange value.

Base Rent – The basic yearly rental rate specified in the lease.

Collateral – Assets pledge by a borrower to a creditor that will be given up if the loan is not paid.

Common Areas – Portions of the building designated for the benefit of all, or a group of tenants, such as lobbies, corridors, lavatories and mechanical areas.

Credit – The ability or right to buy or borrow in return for a promise to pay later.

Debt – A claim on the earnings of the organization issuing the debt (the issuer) that entails scheduled repayment of interest and principal and has repayment priority over equity investments if the organization declares bankruptcy.

Debt Service Ratio – The ratio of estimated project net operating income to debt service. This ratio is used by lenders to provide a cushion between the amounts of funds remaining after the payment of a project's operating costs and the annual mortgage payment.

Equity – The amount of an owner's free and clear or unencumbered interest in real property which represents the difference in the property's market value and the amount of debt and other liabilities.

Fair Market Value - The rental income that could reasonably be achieved under prevailing market conditions at a specified time.

Lease - A written agreement under which a property owner allows a tenant to use the property for a specified period of time and rent.

Operating Expense – The cost to the landlord of heating, lighting, air conditioning, maintenance, insurance and general operation of the property.

Patient Capital – Funds obtained from investors who are willing to wait to be repaid and compensated far longer than the norm.

Program Related Investments – A way for foundations to use their assets to support program objectives while still complying with legal restrictions on foundation investment. PRI's can take several forms including below market-rate loans, loan guarantees, equity investments and recoverable grants.

Replacement Reserve – Funds sets aside on an annual basis to be used for anticipated replacement of major items.

Triple-Net Lease - A lease that includes the base rent, as well as the tenant's share of property taxes, insurance and operating expenses

Vacancy Loss Allowance – The anticipated amount of income that will be lost from unoccupied rental property units.

Sources:

Julia Ann Parzen & Michael Hall Kieschnick, Credit Where It's Due: Development Banking for Communities. Philadelphia: Temple University Press, 1992

Frank F. Degiovanni et al, Bank-Ability: A practical guide to Real Estate Financing for Non-Profit Developers. New York: New School for Social Research, 1996.

Charles S. Isaacs, Square Feet. New York: Community Resource Exchange, 2008