

August 31, 2016



Ms. Cara Pavlicek, Village Manager  
Village of Oak Park  
123 Madison Street  
Oak Park, IL 60302

**RE: Cost Benefit Analysis of Hiring a Development Director**

Dear Ms. Pavlicek,

In our current contract, Village Hall included a requirement for the Oak Park Regional Housing Center to hire a Development Director. In a follow up, Village Hall requested a cost-benefit analysis of adding a Development Director. We have broken down the quantitative measurements, a qualitative analysis, and one idea for future revenue growth.

Quantitative Measurement

Overall costs for adding the Development Director include salary, benefits, and professional development costs -- an annual total of \$65,000 of new expenses to our budget.

The hiring of a Development Director has correlated with some increases in fundraising revenue.

Revenue Source	2015	2016 Actual	Estimated Additional	2016 Estimated	Change 2015 to 2016 Estimated
Rock the House Event	\$7,200	\$9,600	\$0	\$9,600	\$2,400
Annual Benefit Gala	\$19,000	\$41,000	\$10,000	\$51,000	\$32,000
Corporate and Foundation Grants	\$181,000	\$132,000	\$55,000	\$187,000	\$6,000
Individual Contributions	\$58,000	\$43,700	\$19,000	\$62,700	\$4,700
Annual Appeal	\$30,000	\$0	\$35,000	\$35,000	\$5,000
Contractual Income	\$16,000	\$3,000	\$5,000	\$8,000	(\$8,000)
<b>TOTAL</b>	<b>\$311,200</b>	<b>\$229,300</b>	<b>\$124,000</b>	<b>\$353,300</b>	<b>\$42,100</b>

Fundraising expenses are down a bit for 2016. We have project to spend about \$5,000 less on this line item. This saving derived primarily from the Rock the House and Annual Benefit savings on expenses.

The difference amounts to a net loss of \$18,000. For an agency dealing with very tight cash flows and little reserves, it has put a strain on our finances.

### Qualitative Analysis

While there is a net loss regarding the hiring, the change has helped improve our development strategy. In 2016, the Development Director improved our data tracking, added event coordination capacity, and increased our ability to connect with potential funders. We expect these improvements to result in a break-even point in 2017 and become a net gain in 2018.

As we reported before, the corporate and foundation communities do not have housing integration as priorities, and Oak Park is a hard geography to fundraise for outside of the community. However, we are working with Forefront, the Community Foundation, and some professional networks to improve our ability to raise funds from philanthropy. Having a Development Director to coordinate that effort is critical as well.

In the meantime, we will continue to work on improving our event and individual contribution revenues. Fundraising will be part of our strategic plan when we create it and the Development Director will most likely be essential to that plan.

### Possibility for Growth

One possibility to make a significant change would be to find a way to turn the Rock the House event into a larger event. This event has maxed out on the space and opportunity to bring in new revenue. It is an extremely popular event that people look forward to annually. It could certainly draw larger crowds.

Both the Housing Center and School of Rock (our partner in the event) would be interested in expanding the event to a street festival in early summer. The street fair would allow us to significantly increase attendance and sponsorships for the event. We would appreciate help from the Village to accomplish it. We would prefer to have it in eastern Oak Park in order to geographically balance the events in the community and highlight the wonderful neighborhoods there. In time, we believe it could become a destination event the Micro Brew Review. We could bookend the summer with the two festivals.

Sincerely,

Rob Breymaier  
Executive Director