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Profile - The California Endowment's Center for Healthy Communities

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THE ROOFTOPS PROJECT

Photographer/Artist: The California Endowment



Profiles

Not for Profit as Urban Neighbor: The California Endowment's Center for Healthy Communities

When the California Endowment planned new headquarters space for its own operations, its vision also included creating conference space suitable for events by other not-for-profits, opportunities for formal and informal collaboration among not-for-profits with compatible missions, and even incubator spaces for smaller organizations in need of an office presence. In this second article in his series looking at not-for-profits as urban neighbors, **Professor James Hagy**, Director of The Rooftops Project, talks with **Anne-Marie Jones**, Director of the Endowment's Center for Healthy Communities, and **Edward de la Torre**, its Director of Facilities and Events.

Many not-for-profit organizations think, perhaps dream, of the opportunity to share or be hosted in an office or meeting environment that would be comfortable, affordable, and allow them better to serve and focus on their core missions. One extraordinary example of this vision coming together in tangible form can be found at the California Endowment's headquarters in downtown Los Angeles.

The California Endowment was created as a not-for-profit foundation in 1996, as a by-product of the conversion of a nonprofit health insurer into a for-profit entity. As part of the regulatory process in that conversion, an understanding with the State of California arranged for the creation of the California Endowment, initially funded with monies set aside for public

benefit in the conversion process. The Endowment's mission is to "expand access to affordable, quality health care for underserved individuals and communities, and to promote fundamental improvements in the health status of all Californians." Today, the Endowment has approximately \$3 billion, from which some five to six percent is expended each year in furtherance of its mission. It pursues its mission through a diverse and active range of grant-making, research, education, and outreach throughout the state.

"The California Endowment has a much more prevention-oriented approach than standard health care," explains Anne-Marie Jones, who is the Director of the Center for Healthy Communities at the Endowment. The Center's own mission statement explains that the Center "builds leadership and capacity within the nonprofit health sector to mobilize communities for social change."

The Center fulfills the dual purpose of planning and implementing its own programmatic activities throughout the state and serving as the coordinator of what would become the Endowment's conference center in the new space. "A lot of our resources fund prevention-oriented interventions and projects. We also fund advocacy and policy-maker education (not lobbying) and look at process and policy to get at the root cause of some of the higher costs of health care delivery.

"One of the things we did with our strategic plan as an organization, when we went to 14 different places, is to go to a place-based approach. This means deep investment in a very specific geographic area to try to get a better outcome. We deal with the prevention side, education, and access components."

At the outset, the Endowment occupied offices in a typical office park in Woodland Hills, a northern suburb of metropolitan Los Angeles where a number of insurers also had their headquarters. It was from those pedestrian beginnings that the vision for something more first developed.



Photographer/Artist: The California Endowment



Anne-Marie, who has been with the Endowment for 11 years, remembers the earliest days of exploring the future facilities project opportunity. “Our Board started having discussions about our presence and perception and what our footprint needed to be, how we were going to be more effective and to rebrand ourselves, and be better known as a statewide organization that is better accessible by everyone throughout the state.

“Those conversations began in 2001. We started evaluating: ‘What does this mean to us?’” The Endowment embarked on detailed analyses of how the headquarters would link to its core mission. Anne-Marie notes that, “even at the beginning, folks were asking, ‘What is this going to mean for our presence and our reputation?’ We had the luxury of doing a lot of thinking and meeting about what we wanted it to be and how we wanted it to be perceived.” The Endowment also faced and addressed the inevitable choices of whether to buy or to build, optimal size and function, and location.

By 2002, the Endowment settled on the site of a former main United States postal annex in downtown Los Angeles, which it purchased from the federal government. “This is considered the birthplace of Los Angeles, the confluence of many cultures, and environment, and context, and it is a great transportation hub,” Anne-Marie notes.

With the site identified, what role would the facility serve, what image would it project, and how could the design best support those objectives? These questions were foremost in Anne-Marie’s mind, too. “Yes, what was it really going to look like? We knew that we wanted a medium-sized construction, and we knew that we were going to plan for extra space.”

The facility that resulted has approximately 200,000 square feet of space, including some 140,000 to 150,000 square feet for offices and a state-of-the-art conference center, plus an outdoor atrium meeting space, garage, and storage facilities. One level serves as the headquarters for the California Endowment staff. The ground floor common areas, in addition to housing the conference center, provide opportunities for executives from various community nonprofits to run across each other informally for conversation and collaboration.

The idea of a conference facility to support both the California Endowment’s own programming and to host outside not-for-profits was part of the design process from the outset. The conference facility has 13 rooms with

flexible configurations and a capacity of up to 350 persons. This created the opportunity for Edward de la Torre, the Endowment’s Director of Facilities and Events, to join the project.

Like many corporate real estate executives, Ed came to facilities management by an indirect path. He had been a business major with a focus on human resources. His career began with running events at the Getty Center in Los Angeles while he was still in college. His next position was to be responsible for events at another well-known arts institution, Los Angeles’ Skirball Cultural Center. That job expanded into responsibility for the Skirball’s operations and facilities management. Then he moved to the California Endowment.

“I was brought in to run the conference center and build it out when I got here.” Ground had been broken for the project in 2004, and the Endowment moved in 2006. “It was pretty close to opening.”

Ed planned the operations for the future center, enabling the initial concept of the Endowment leadership. “Over time, we have taken over the facilities management and operations for all of the Endowment’s locations.”

Like most not-for-profit facilities teams, the Endowment faced and addressed the balance between space that was welcoming and functional and spending dollars wisely. Anne-Marie recalls those discussions.

“We wanted to build a conference center that was top of the line, so that people in nonprofit organizations that don’t have the experience of coming into a facility that has top-notch equipment, and top-notch furniture, would have the ability to work and do the things that they would not normally have the ability to do. We built a pretty high-end conference center, from video-conferencing to state-of-the-art computer systems, things they wouldn’t have somewhere else.”

It was a success and quickly became in demand within the not-for-profit community. “It is jam-packed every day, all year round,” Anne-Marie observes with a sense of satisfaction. Ed adds that “we have had something like 800 or 900 organizations in the first five years.”

The use of the conference center is focused purely on public benefit, hosting only events of not-for-profit organizations and government agencies. The space is provided to these organizations without charge, other than for catering provided by an outside operator but even then at an advantaged price. The meetings or events are health care driven, in keeping with the Endowment’s own focus. “And we define health very broadly,” Anne-Marie explains. “So it includes things like the built environment.”

Ed enthusiastically elaborates. “Everything from fire departments and police departments to the environment, to things that would normally be considered health-related like hospitals.”

Annie-Marie comments that, “it has worked out very well. It has been very popular and it is used by a lot of organizations that we don’t give grants to, because we have a much stricter definition and programmatic guideline for giving grants.”

To make the operation of the conference center most manageable, it is available 8 a.m. to 5 p.m. Monday through Friday and is not open nights or



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weekends. There are not fund-raising or other after-hours events. This avoids the challenges of the extra staff and overtime associated with extended-hour operations, as well as those of quickly resetting space that might be the case with multiple events in the same space on a single day.

In addition to providing hosted space for conferences, the original design also contemplated the possibility of providing office space to compatible nonprofit organizations. Anne-Marie set the stage before our walk-through. “We decided that we were going to have tenant space, which started out being one floor, about 27,000–28,000 square feet, and then we increased that to another partial floor, so perhaps 35,000 square feet of tenant space.”

The office spaces on the upper floors are laid out around a central atrium with lots of glass and natural light. The décor is modern and comfortable. Unlike a typical design where individual organizations are separated by partition walls and demised space, at the Endowment workstations are open with shared corridors and amenities like coffee centers and copiers. Each hosted organization has identity signage to set its presence apart. Anne-Marie and Ed confirm that this informal, communal workplace design has worked well, perhaps because the hosted organizations share common goals and an enthusiastic focus on improving community health, broadly defined.



Photographer/Artist: The California Endowment

YOUR HOME, THEIR ENDOWMENT, ONE COMMON NEED: MORE STORAGE!

What advice would the Endowment team have for other organizations planning a new facility from scratch? The first response from Annie-Marie and Ed was mutual and immediate. More storage.

“Definitely,” Ed emphasizes. “Every single place that I have been, storage is a problem. And every place I have ever worked, from the Getty, to the Skirball, to here, you end up stealing parking places and putting cages up and creating storage. People do not realize how much space is required for daily operations . . . storage of chairs, tables, equipment, especially if you have event spaces.”

“Storage is huge,” Anne-Marie adds.

Beyond storage, their focus turned to issues associated with daily operation of the office and event spaces. “As time has moved on, having a programming system in place now, where we can manage our operations, is key.” Ed says. “There are different programs in place for tenants to communicate with our staff.”

“Like a ticketing operation. That was a nightmare for two years.” Anne-Marie notes. The Endowment needs to manage reservations of meeting space and work orders for maintenance activities. Ed suggests that “better systems are available now. Finding one that works for your organization is important. Inventory systems are also a huge problem for a facility roughly this size. Inventory programs are either too big for simple processes like ours, or too small. One of our biggest headaches here is inventory systems, for asset management and asset tracking of everything from furniture to supplies.”

The team also selected building technologies carefully during the design process. A rooftop garden was considered and sounded wonderful, for example. “But the engineers were concerned about the waterproofing technology,” Ed reflects. “And who was going to operate it? Who was going to actually manage it? And it is going to take money to run.”

Anne-Marie nods. “All of those things. It seemed like a great idea, and it was so innovative. But there was a big conversation about whether we were ready to take that risk. We could wait a few years and see who else is going to do it.”



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FACILITIES BUDGET FORECASTING

Since the California Endowment headquarters is still a relatively new facility, it does not yet have the need for investments in immediate capital repairs that many other not-for-profits face. But Anne-Marie and Ed were sympathetic when we asked them about the challenges that repairs can pose for any organization.

Anne-Marie: I have worked at shoe-string organizations before, where literally the chairs would break and the computer would crash and die. Well, you will have to share with that person and figure something out that works. That is the mentality. They have no chair. Is it unavoidable or catastrophic? No. We'll just figure it out.

Ed: I think you have nailed it on the head. I have consulted with a lot of other organizations that come to see our facility. They may do a very poor job of budgeting. I have always been a big advocate of having a very solid budget and getting your numbers right, really paying attention to them and going by what you have.

Annie-Marie: And being honest about it.

Ed: And being honest about it. A lot of people aren't.

RTP: Is it lack of knowledge or is it hopeless optimism?

Anne-Marie: Hopeless optimism.

Ed: And lack of knowledge. [sympathetic laughter all around the table]. I don't think people bother to examine what real costs are. When looking over a lot of [facilities] budgets, the numbers are so far off. It was amazing that there can be numbers that are so far off. They are often just arbitrary numbers. All it takes is a little investigation, looking into how much is being spent on each line item.

RTP: There is not always standardization of categories, either. When you look at apples to apples, even comparing single-site organizations, you get vastly different results because people categorize expenses in different ways. Do you find this?

Ed: Absolutely.

Anne-Marie: And reserving for facilities needs is not something that anyone at any not-for-profit is ever going to want to hear, when funding is short for programmatic activity and staff. Now you are talking like the corporate man. They may feel "that is not part of our mission, it's not part of our values." And yet it is a necessity. You have to do it.

Ed: You have to have that balance.

Anne-Marie: And you have to look at real costs, and think about building up a capital reserve.



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How might the successes of the Los Angeles space be applied elsewhere in furtherance of the Endowment's mission? One natural question from not-for-profits elsewhere in the state is whether a similar facility might someday be added, closer to them. This is much on the minds of the Endowment staff.

"It is a great investment for us, this site right here, it has been very successful for us," Anne-Marie says. "It has helped raise our profile, and to build contacts with other grantees that we might not have had as close a relationship with. But it is expensive, and we are a foundation. We look at it as an in-kind donation to not-for-profit organizations. But it is still an expensive enterprise."

The Endowment's next biggest offices are Oakland and Sacramento, and they have some conference capability there that is made available to outside organizations. "But we don't have the same kind of leased space up there," Anne-Marie notes. "There are questions that come from staff, and even some community members, and contractors and vendors, and grantees. And the answer is that we are constantly evaluating whether we can do that. But it always comes back to whether that is an effective use of our resources."

This brings the discussion back again to the conviction about fiscal management that Anne-Marie and Ed share. Budgeting and forecasting for facilities costs must be thoughtful and honest. Ed comments, "That is the conversation we have here, when we start talking about expanding and having a bigger center in Oakland or Sacramento. If you ask people whether, if we are going to do this, they are going to pull it out of their program budgets, the conversations tend to die very quickly." As an organization that keeps its core mission foremost and avoids becoming over-committed to real estate, the California Endowment can be a model for many others.



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Note: The personal interviews in this paper were edited for content and space. Quotations otherwise unattributed are taken from public print and Web-based communications of the California Endowment and are used here with permission. The author would like to acknowledge the contributions of O'Malley Miller, a partner with the Los Angeles office of law firm Munger, Tolles, and Jan B.A. Janson, a retired senior pharmaceutical industry executive in Nice, France, in the development of this article.



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