

F. M. KIRBY FOUNDATION SOLICITATION EVALUATION FORM

DATE: April 10, 2024
Program Area: Environment/Animals
Grant Type: Board Grant

REQUEST DATE: February 6, 2024

APPLICANT:
Great Swamp Watershed Association
P.O. Box 300
New Vernon, NJ 07976

CONTACT: Ms. Lynne Applebaum, Director of Institutional Relations

AMOUNT REQUESTED: \$135,000
BUDGETED AMOUNT: \$85,000

NATURE OF REQUEST: General Operating Support and Capital Funding for the Acquisition of the Ferber Farm

GRANT HISTORY

SUPPORT: 1998-2023

OF APPROVED GRANTS: 24

TOTAL DOLLARS: \$427,000

LAST GRANT DATE: 02/28/2023

LAST GRANT AMOUNT: \$40,000

FYE DATE: 06/30

AFS DATE: 01/15/2024

Year Approved	Approved Amount	Approval Date	Grant Purpose
2023	\$40,000.00	02/28/2023	Support of Program Services-\$35,000; toward capital expenses for the Conservation Management Area-\$5,000
2022	\$30,000.00	02/28/2022	Program Services
2021	\$30,000.00	02/26/2021	Program Services
2020	\$25,000.00	04/30/2020	Program Services
2018	\$25,000.00	12/21/2018	Program Services

LAST SITE VISIT DATE: October 2020

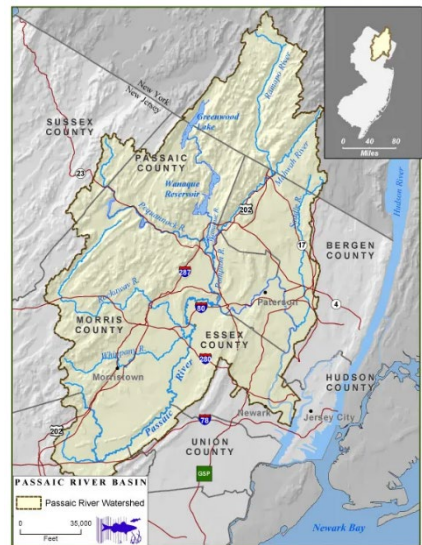
ENDORSEE: N/A

APPLICANT: Great Swamp Watershed Association

FINANCIAL ANALYSIS COMMENTS: The FY24 budget for the Great Swamp Watershed Association (“GSWA”) projects an 8% increase in expenses and a 13% increase in revenue over the audited actuals. The budget has remained stable over the past three years, with revenue remaining fairly consistent. GSWA maintains diversified revenue streams that include: corporate donations, foundation donations, program/event revenue, individual donations, and membership fees.

The audited financials are for FY2023 (July 1, 2022 - June 30, 2023) and the auditors’ comments are unqualified. GSWA utilized different firms for their FY2023 and FY2022 audits, and some categories were delineated differently in the most recent audit, making the basis for comparison more challenging. The organization saw a 65% increase in revenue over the previous fiscal year, though if you back out the “in-kind donations” (\$550,000 land easement donation), revenue only increased by 9% (\$90,250). Cash contributions comprised 65% (\$703,779) of total revenue with in-kind donations backed out. Expenses saw an 8.5% increase over the previous fiscal year, leaving GSWA with a surplus of \$136,132, not including the value of the easement donation. Program services comprised 82% of total operating expenses and personnel costs comprised 65% of total operating expenses. The Executive Director’s salary comprises 12% of total operating expenses and 18% of staff compensation, but at \$133.7K, is not inappropriate and comparable to other leadership salaries in this docket. At the time of audit, GSWA held \$1.8M in investments (majority mutual funds) and had \$2.1M in assets available within 1 year (enough cash on hand to cover 2 years of operating expenses). Board members contributed \$28,130 in FY23 (an average of less than \$1,500 per Board member and only 3% of the total operating budget) and Sally has mentioned that the Board does not have a minimum give/get policy. The current office lease amounts to \$34,500 per year and GSWA has access to a \$350,000 line of credit on which they carry no balance (this is relevant for the capital campaign request). There were no red flags as a result of my review.

ORGANIZATION DESCRIPTION: Founded in 1981, the Great Swamp Watershed Association (“GSWA”) seeks to protect and improve the water resources of the Passaic River region. While GSWA was initially founded to attend to the areas within the “Great Swamp” (lower Morris County), they were named the Waterkeeper Alliance Affiliate for the Passaic River in 2016 and now represent and advocate for the health of the entirety of the Passaic River watershed. In this capacity, GSWA represents all community members affected by the health of this body of water in terms of policy and advocacy. This includes measuring and tracking the health of the river and its subsidiaries and providing education and community events that promote awareness and education about the watershed and the surrounding environment.



LIZ CROWLEY COMMENTS:

General Operating Support Request

GSWA currently owns 86 acres including, most prominently, the 52.23-acre Conservation Management Area (“CMA”) in Harding Township which provides a space for recreation and education, as well as a home to many unique native plants, birds, and other species (including a very large snapping turtle that I had the pleasure of running into recently). As a

APPLICANT: Great Swamp Watershed Association

land-owning entity, they are accredited by the Land Trust Alliance. In 2023, we provided \$5,000 to GSWA (in addition to our annual support) for some one-time maintenance and repair needs at the CMA, and this was used to remove 20 trees that were dead and posing a threat to visitor safety.

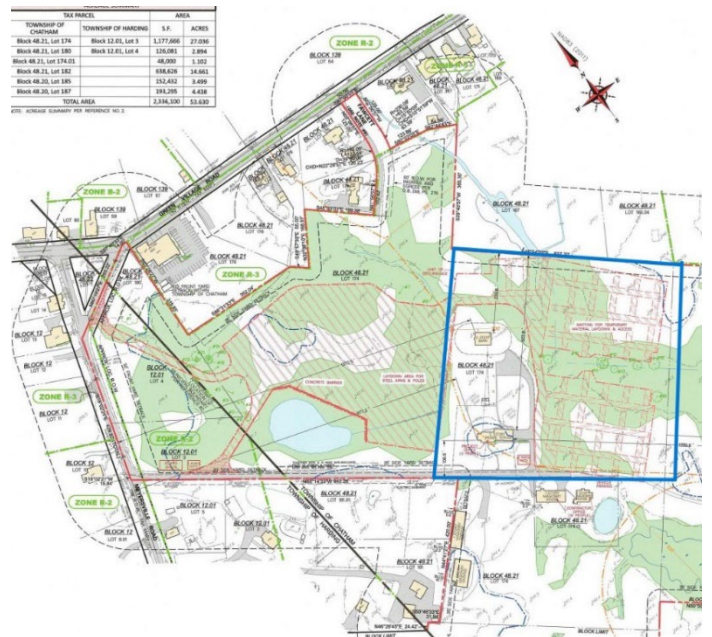
A crucial part of GSWA’s work is its efforts to educate and train a future generation of environmentalists and citizen scientists. Their educational programming instills a sense of responsibility for the watershed in the next generation, as well as a broader appreciation for nature and an understanding of the importance of protecting water sources. GSWA hosts educational programs for public school students at their CMA and hosts an annual internship for undergraduate students that provides hands-on experience with environmental science, land stewardship, and nonprofit management. In 2023, GSWA engaged over 2,200 students (kindergarten through college) in STEM environmental educational programs, conducted 49 public programs (reaching more than 1,700 individuals), and continued their annual much-loved Native Plant sale resulting in the sale of 25,500 plants to 590 community members! They also continued to monitor water quality in the region, identifying anomalies in one area that will be brought to the attention of the municipality, and continued to advocate for appropriate development in the wetlands region.

In 2024, GSWA is hoping to continue to increase its community outreach and educational efforts, especially in urban areas, via collaboration with other nonprofits. I will note that I am disappointed to learn that the eel monitoring program has not taken off yet and would like to keep tabs on this proposed project going forward. GSWA remains a delightfully quirky, but very much effective, local conservation nonprofit advocating for some of the most environmentally valuable land in the Foundation’s backyard.

Request for Funds toward the purchase of the Ferber Property

I communicate with Sally Rubin and Lynne Applebaum fairly regularly and, in 2023, they brought up the opportunity to purchase and renovate a nearby property for an office space. The purchase of this property, the Ferber Property, represents a unique and exciting opportunity for GSWA to increase its office space, create new revenue streams, and expand educational programming. The transaction is a bit complicated, but I will try to provide a succinct summary.

Currently, PSE&G (a New Jersey utilities company) owns a 50+-acre property in Harding and Chatham. PSE&G has been holding the property for several years with the idea that it might be used for one of their projects but, as it has gone unused, they would be eager to get it off of their books (please see site plan insert). The initial plan was to sell the entire property to the [Great Swamp National Wildlife Refuge](#) (NWR), a division of the U.S. Fish and Wildlife Service, to account for a right-of-way on NWR’s property that PSE&G must pay for every year. However,



APPLICANT: Great Swamp Watershed Association

NWR identified a portion of the property that they felt might be more appropriate for acquisition by the GSWA (the two organizations work very closely). The parcel in question is a 3.4-acre portion in the middle of the larger parcel which houses a farmhouse and a barn (outlined in blue on the insert). For those familiar with the area, it is located behind the Green Village Fire Department on the border of Chatham and Harding Township. NWR does not want to take ownership of this parcel because A) it would not help their programming and B) they do not want to take responsibility for the existing structures. NWR requested that PSE&G subdivide the acreage and sell this portion directly to GSWA (because of NWR's federal affiliation, they would not be able to directly relay the property to GSWA).

GSWA hopes to renovate the farmhouse and use it for office space (they are currently renting their office space for \$3,000/month) and renovate the on-site barn for use as an indoor educational and event space. The house contains a garage which GSWA would convert into a water testing facility and the adjacent property (which will be owned by NWR) contains a pond that can be used for additional educational opportunities. I have toured the property and agree that it presents an excellent opportunity for GSWA; they will be able to utilize the space for increased programming and the overall acquisition represents a move forward in GSWA's journey as a nonprofit. The barn renovation also offers an opportunity for fundraising events and community space (an additional source of income). On an aesthetic note, the property itself is currently an idyllic pastoral portion of Morris County and relaying the land to GSWA would ensure that the atmosphere of this beautiful part of our community remains intact amidst an atmosphere of rapid development.

Due to the particulars of this unique opportunity, the cost of the acquisition of the property itself is rather minimal especially when the current land values in the area are considered. While the appraised value of the property is \$550,000 (I have to imagine it would be much higher if it were zoned for residential use), PSE&G has provided GSWA with some credits based on land they are "trading" to NWR (previously donated lots that are not of use to GSWA) and some saved costs for PSE&G that are the result of the property transfer. The total cost of acquisition, therefore, would be \$66,050. With soft costs (legal fees, architectural fees, engineering, insurance, permits, etc.) and the cost of immediate repairs to the farmhouse to make it usable as an office, the total cost of the project is estimated at \$171,050.

Cost of Ferber Farm Acquisition	\$	66,050.00
Soft Costs (Acquisition fees)	\$	80,000.00
Immediate Repairs to Farm House	\$	25,000.00
Net Cost of Ferber Farm Acquisition	\$	171,050.00

There are a few hurdles that GSWA faces in the path towards ownership, the main one being that rezoning of the property for nonprofit use will require approvals from Harding Township's and Chatham Township's Planning Committees (the driveway is technically located in Harding Township and the structures are in Chatham Township). The proposed grant from FMKF would be invested into the soft costs, which are challenging to raise funds for but necessary to move the project forward and prepare GSWA for the Planning Committee negotiations. While Sally does not foresee the inspection revealing any unsolvable issues, theoretically, the project could be squashed if the Committee is not in favor.

APPLICANT: Great Swamp Watershed Association

The remaining funds required for immediate repairs (hard costs) would ideally be raised from individual donations (they are planning a public ask on Earth Day); however, GSWA has cash on hand and a \$350,000 line of credit that the Board has approved for use for this project if needed. The funds currently used to pay monthly rent will be put towards debt replenishment and, beyond that, will be invested into a “Repair and Maintenance” fund.

After the purchase of the property is complete and the title has transferred, GSWA will embark on a multi-year capital campaign in 2025 (2026 at the latest) to raise \$1.5 million to renovate the house and barn. They have contracted a consultant (The Angeletti Group) to run the campaign and are in the planning phase. Our second-year commitment as part of the two-year grant I am recommending could be put towards the campaign or utilized to pay back any debt accrued in the acquisition.

I spoke with Sally Rubin, JJK, and SDK about various ways the Foundation could potentially support this effort, including waiting until 2025 to contribute to the campaign for the barn renovation. However, the two-year funding commitment at this early phase in the project appeals for several reasons: 1) We would be able to help GSWA purchase the property and convert it to office space which, from an organizational strength standpoint, would empower a longtime community partner to take a meaningful step towards further growth while maintaining their admirable fiscal stability. 2) It is very unusual for a nonprofit to have access to an opportunity like the one presented to GSWA with the Ferber Property. While there is a slight risk due to the contingencies, I feel that it is outweighed by the potential benefits of the property acquisition. Finally, 3) I believe that the early contribution and commitment from FMKF is an important vote of confidence in the local philanthropic community (and potentially with the Harding Township Planning Committee) that will signal other donors to contribute to the upcoming campaign.

With a tighter budget in 2024 and with acknowledgment of the still pending nature of the acquisition, I recommend that we split this grant into two payments over the course of two years along with a commitment towards general operating support for both years. As I write this, GSWA is still awaiting the signed contract from PSEG (it should be coming any day now!), so our provision of the capital funds should be contingent upon a signed contract for the purchase of the property, with the general plan described above in place. In the event that the contract falls through, I still recommend the general operating support for 2024 and 2025.

RECOMMENDATION: I recommend \$35,000 for General Operating Support in 2024 and 2025 and \$100,000 in support of the Ferber Farm acquisition in 2024 and 2025, for a total of \$170,000 to be distributed in the following manner:

2024: \$35,000 G.O.S./\$50,000 Acquisition (\$85,000 total)

2025: \$35,000 G.O.S./\$50,000 Acquisition (\$85,000 total)

JUSTIN J. KICZEK COMMENTS: I appreciate LDC’s attention here to the contingencies of this grant, and SDK’s advice here has also been valuable.

APPLICANT: Great Swamp Watershed Association

Upon my own tour of the property, I was struck by the possibilities the barn offers for fundraising events, inclement weather field trip instruction, and potential earned revenue. Importantly, this occasion puts GSWA on the border of the Great Swamp itself, making a potential permanent home by the area of concern. This could help make their mission feel more grounded and connected to the land itself.

I do feel like \$1.5 million for the full renovations might be an underestimate. The barn has beautiful features to it, but to make it a workable site for events, it will require a lot of work. If school trips are to go here, there will need to be more paving or grading of the driveway. Finally, I imagine adapting a home that has not been inhabited for a decade for the needs of a modern office will also be a costly affair. With rather limited annual giving by the Board, I hope Sally and her team have some donors who are ready to step up for this project.

Let's be sure the grant agreement letter spells out the necessity of having the PSE&G contract complete for the release of the two payments for acquisition.

Kudos to LDC for all the work put in to this effort!

RECOMMENDATION: I recommend \$170,000 in total, to be distributed in the following manner:

2024: \$35,000 G.O.S./\$50,000 Acquisition (\$85,000 total)

2025: \$35,000 G.O.S./\$50,000 Acquisition (\$85,000 total)

APPLICANT: Great Swamp Watershed Association

DISPOSITION:

- Declination
- Hold for review on/about:
- Approval for: **\$170,000**
- Recommended Grant Payment(s):
 - 2024: \$85,000**
 - \$35,000 - General Operating Support**
 - \$50,000 - Support of the acquisition of the Ferber Farm property**
 - 2025: \$85,000**
 - \$35,000 - General Operating Support**
 - \$50,000 - Support of the acquisition of the Ferber Farm property**
 - 2026:**
- Hold for Board Review: **April 26, 2024**
- Payee Other Than Addressee:
- Insert Information:
- Other: **Include multi-year grant letter with the following grant contingency: The release of the year one payment of \$50,000 towards the campaign is contingent upon a signed contract with PSE&G for transfer of property. The release of the second year payment of \$50,000 towards the campaign is contingent upon Planning Committee approvals.**

Initials: JK

Date: 04/16/2024

Check #

Date: