

# **Thomas Memorial Library Capital Fund Raising Discussion**

## **Introduction**

Determining the appropriate mix of public and private dollars for a capital project is an art rather than a science. Every community is different both in its ability to contribute to a capital fund and its inclination to do so. That said, while a majority of funding for public library buildings comes from public sources, most projects attract at least some private funding.

The consultants could list numerous projects that were totally funded with public dollars and many that were funded solely with private gifts (usually from a single donor). Nevertheless, a vast majority of projects fall between these two extremes. Without conducting a formal fundraising feasibility study, it is impossible to accurately assess the willingness of Cape Elizabeth residents to support a library building project. Some excellent information was collected by Critical Insights a number of months ago. The data in the telephone survey conducted by Critical Insights offered several reasons to be optimistic about the Library's ability to attract significant support.

The Library was viewed positively by most in the community and it was seen as an important institution in the community. More than half of the respondents to the survey indicated that they would be inclined to contribute to a capital campaign for the Library if "...the organization's leaders were to demonstrate a compelling need to expand..." More than one-quarter of respondents indicated that they would be "very likely" to support expansion if a compelling need was demonstrated. The survey also showed particularly strong support for expenditures related to services to children and for upgrading technology at the Library.

## **Capital Fund Targets**

One approach used by some libraries is to use public funds to construct the facility (including architectural fees, site preparation, bonding costs, etc.) and to seek donations to purchase the furniture and equipment. Other libraries are confronted with an expectation by elected officials to raise a specific percentage of the entire project cost. Commonly observed targets for private funding run from 10% to 35% of total project cost.

Following is a brief analysis of what these different funding levels would mean for the envisioned Cape Elizabeth library building project:

Cost estimates (in 2009 dollars) for the “clean-slate” scenario that has been selected by the Library Study Committee fell in a range between \$ 5,081,640 and \$ 7,784,640. For our illustration, we will use an easily divisible figure that falls between the two extremes. Our discussion will use a cost of \$ 6.6 million.

The estimated cost for equipment and furniture for the clean slate scenario was \$756,840. This amount represents approximately 11.5% of the \$ 6.6 million dollar figure. In the consultants’ opinion, this would be a modest, and quite achievable, fundraising target for the Library. A high end target has also been suggested in conversations with some community leaders. That percentage is 33.33% (1/3) of the project costs. This would amount to a fundraising target of \$ 2.2 million. The consultants are unable to speculate on whether this is a realistic target beyond saying that there are libraries that have been successful in their efforts to attract contributions of this magnitude.

The typical approach to a major campaign such as this is to look at the effort in terms of a pyramid with a small number of large donations accounting for a large percentage of the total amount raised and a large number of smaller donations accounting for the balance. Following is an illustration that shows the breakdown of giving that would approach or exceed the high-end, \$ 2.2 million target:

# of Gifts	Average/Range of Gift	Low	High
1 or 2	\$ 500,000 - \$ 1,000,000	\$750,000	\$1,000,000
6	\$ 75,000 - \$ 125,000	\$450,000	\$750,000
10	\$ 25,000 - \$ 50,000	\$250,000	\$500,000
100	\$500 - \$1,000	\$50,000	\$100,000
1000	\$50 - \$100	\$50,000	\$100,000
		\$1,550,000	\$2,450,000
	Percentage of \$ 6.6 million	23.50%	37.12%

As is illustrated above, the success of a campaign such as this is very dependent on a small number of large gifts. It is clear that there are a number of residents of Cape Elizabeth (and some former residents of Cape Elizabeth with fond memories of the Town) who would be capable of making the “capstone” gift to the Library. It is unclear at this time whether anyone with the capacity to give such a gift is inclined to do so. Further exploration will be needed to determine whether a low-end target (fundraising for furniture and equipment) or a high-end target (25% – 35%) of total costs would be appropriate.

## Encouraging Giving

As was noted in the Critical Insights survey, people are more or less likely to contribute to aspects of a facility about which they hold strong feelings. There are several aspects of the Thomas Memorial Library project that would appear to be attractive components to emphasize in fundraising efforts. Critical Insights noted that respondents to the survey were most likely to give if children benefit from their contribution. The construction of new, high-quality quarters for the Cape Elizabeth Historic Preservation Society may also be attractive to some donors.

One frequently employed strategy used to attract major gifts is “naming rights.” While naming rights are often limited to the entire building (the Town and the Library Study Committee will need to determine whether the “Thomas” name is inviolate), naming rights are sometimes extended to departments, meeting rooms, and so forth. Below is a picture from a Texas Library (Canyon, TX) where numerous donors were recognized for sections of the Library.



Some libraries that go in the direction of fundraising for furniture and equipment develop “wish-list” catalogs that picture specific furnishings needed along with the quantity needed and estimated cost. While this approach is very unlikely to attract the major “capstone” donor, it is an effective approach to garnering the many smaller gifts that make up the base of the pyramid.

Along with this brief discussion of fundraising, we are also providing a copy of a file containing a typical fundraising feasibility report.