

Project/Program Profile

Name of Project/Program: Rancho Cielo Youth Corps (RCYC)

Organization: Rancho Cielo

Location of Project/Program: Salinas, CA

Year Project Completed/Program Began Operation: 2008

Funding Sources: Program-related earned revenue from paying projects with local businesses, individuals and public buildings; sales of furniture built as part of the program; foundations; individual contributions

Populations Served: Underserved at-risk youth in Monterey County, 18-24 years of age, mostly on probation, parole, and/or gang-affiliated

Number of People Served: Approximately 140 participants since 2008

Number of Staff: 3 Rancho Cielo staff, not including other employees paid through other agencies and participants themselves who are employees

Total Cost of Operation: Varies by year, \$770,000 including wages paid to participants for FY 2012-2013

Partners: Monterey County Probation Department, community support, CHISPA, Hartnell College, John Muir Charter School, Monterey County Behavioral Health, Salinas Police Department, Office of Employment Training, City of Salinas

Services Provided: Job readiness, job experience and job placement; educational opportunities, support services, and vocational training; behavioral health group when needed

BUSINESS DEVELOPMENT

Social Enterprise

Use these standards for a nonprofit organization's social enterprise. A social enterprise is essentially a business of the organization, and it achieves a social purpose while using private sector approaches and business models.

(Italicized portions offer further explanation. If the standard is not fulfilled by the project, it is noted in the italicized explanation. Crossed-out portions are not applicable.)

Level 1: Program Feasibility Assessment

These basic criteria determine the feasibility of a social enterprise. The focus is on the organizational and financial readiness of the social enterprise.

1. NEED

a. Community Need

i. The social enterprise serves a need in the community for the service or goods it provides.

- 1. Rancho Cielo Youth Corps (RCYC) is intended to be an alternative to incarceration and rehabilitates youth offenders of Monterey County.*
- 2. RCYC has created a fee-for-service niche business to spruce up foreclosed/short sale properties while providing the participants with education, job training, and individualized counseling. RCYC partners with organizations on much larger projects. For example, RCYC is currently hired by P.A.L. to refurbish the old Armory Building in Salinas, building the new football stadium in Salinas, demolishing the guest rooms for renovation at Quail Lodge, and has an ongoing contract for sidewalk repair for the City of Salinas.*

b. Market Study

i. The study confirms the need for, and viability of the social enterprise.

- 1. The success rate of RCYC participants is high, with 80% recidivism reduction, as opposed to the 40% recidivism reduction rate after incarceration.*
- 2. Foreclosure data is well documented and demonstrates the need for RCYC's services.*

ii. The study informs the organization about competition, demographics of target customers, and barriers to entry.

- 1. Many customers see RCYC as a socially responsible solution, giving RCYC a strategic advantage over competitors. Barriers to entry are low, and relationships with customers have been well established.*

c. Local Support

i. Neighbors and local community members support the social enterprise.

- 1. The community realizes the impact RCYC has made and continues to support the social enterprise. This is evidenced by the increase in earned revenue opportunities coming to the project.*
- 2. RCYC receives many letters from delighted customers.*
- 3. RCYC receives much positive press from the local media.*

~~ii. The social enterprise is compatible with local land use.~~

- 1. Land use issues are not applicable.*

- iii. The social enterprise is in alignment with local city, county, state and/or federal development goal(s).
- iv. The social enterprise is not located in an area with a moratorium or interim control ordinance that cannot be bypassed.

2. ORGANIZATIONAL READINESS

- a. The organization is willing and able to do the social enterprise.
 - i. *RCYC was the brainchild of former Superior Court Judge John M. Phillips to help stem the rising rate of juvenile crime in Monterey County.*
 - ii. *RCYC has appropriate personnel in place to execute the work.*
 - iii. *There is a large pool of available crew members (program participants) as evidenced by the stack of applications from hopeful applicants.*
- b. The social enterprise is in alignment with the mission of the organization.
 - i. *The organization's mission is to partner with the community to provide a safe campus to deliver programs and services that inspire at-risk youth to learn new skills, gain self-esteem and confidence. The vision is to transform the lives of at-risk youth and empower them to become accountable, competent, productive, and responsible citizens.*
 - ii. *Rancho Cielo aims to design and implement a comprehensive set of services and programs in support of their vision by bringing together public agencies, community based organizations, and concerned citizens. These services and programs will provide the support and alternative activities needed to stem the rising rate of juvenile crime in Monterey County and the surrounding area.*
 - iii. *The goal is to make tax payers out of tax users through education, vocational training and employment.*
- c. The Board of Directors embraces a CED strategy and/or embraces the social enterprise as a part of the CED strategy.
 - i. *The Board members are all local residents who contribute to RCYC as a way to change their community for the better. Mostly business people, they embrace elevating these young people to competitive employment.*
- d. The organization and/or its partners have a track record of participating in similar social enterprises.
 - i. *The organization successfully operates other programs to benefit at-risk youth, including Silver Star Youth Program, Rancho Cielo YouthBuild, and Drummond Culinary Academy. Though these are not social enterprises, these programs provided Rancho Cielo with the experience to operate RCYC.*
 - ii. *The staff leadership and the Board of Directors have significant business experience.*
- e. The organization has the financial and operational capacity to undertake the proposed social enterprise.
 - ~~i. The organization can support the additional debt (if any) created by the social enterprise.~~
 - 1. *The social enterprise is not creating additional debt.*
 - ii. The organization has qualified staff that can undertake the social enterprise.
 - 1. *Management is comprised of experienced leaders who have worked in the nonprofit or other related industries.*
 - 2. *RCYC is led by a licensed general contractor; the Assistant is an experienced journeyman; the Case Manager has a Master's degree in social work; the Construction Project Manager has more than 20 years of specific experience;*

the Finance Director has an MBA; the Executive Director has led many large businesses in the private sector.

- iii. The organization has access to reliable, qualified vendors and service providers.
 - 1. *All research indicates that foreclosures are not going away soon, which means continuous opportunities for RCYC.*

3. FINANCIAL FEASIBILITY

a. Program cost

- i. The social enterprise is affordable to the organization, and the projected cost is appropriate to the concept.
 - 1. *The social enterprise is contributing earned revenue, diversifying Rancho Cielo's funding and leading it towards sustainability.*
- ii. The operator or staff providing the cost estimates is qualified and experienced with social enterprises.

b. Funding sources

- i. There are enough sources of funding for the uses.
 - 1. *The social enterprise is funded through fees for services. Banks contract with Rancho Cielo to rehabilitate foreclosed properties. Other customers include court appointed receivers, local property management companies, and even local real estate agents who want to keep properties maintained and in an attractive selling condition.*
- ii. The organization has endeavored to secure all available competitive and noncompetitive funding sources for which the social enterprise qualifies.
 - 1. *The construction work is not limited to property preservation, and this broader scope will lead to more general work referrals. Rancho Cielo is uniquely positioned to transition from property preservation to new construction site services in order to secure more revenue.*
 - 2. *Additionally, the non-profit administration applies for grant and foundation funding to pay for the programmatic aspects of the program, including the case manager, for example.*
- iii. The actual disbursement of each source is timely and in sync with the needs of the social enterprise.
- iv. The organization is aware of the compliance implications of each source.

c. Cash flow

- ~~i. The social enterprise produces enough cash flow to support the proposed debt structure (if any).~~
 - 1. *There has been steady cash flow for the program in recent years and the amount is growing. There is no debt.*
- ii. The social enterprise minimally pays for itself over time. It has a sustainable cash flow.
 - 1. If the social enterprise is low-cost or free, it is subsidized enough to sustain the program.
 - i. *The social enterprise charges a fee for its services and RCYC's earned revenue has grown steadily since it started focusing on the social enterprise.*

Level 2: Practical Considerations

These criteria are essential for a successful, operating social enterprise.

1. MARKET BARRIERS

- a. The organization understands why past social enterprises have not worked and instead addresses prior issues in innovative and alternative ways.
 - i. *According to RCYC's research, there are few local companies providing the same type of services it performs. The program is innovative, and another competitive advantage it has is that banks can potentially earn Community Reinvestment Act credits by hiring RCYC.*
2. DEVELOPMENT TEAM & PARTNERSHIPS
 - a. The organization has assembled the best team for the social enterprise, including vendors, employees, trainers, and management staff.
 - i. *RCYC has a powerful local network of business people and community leaders. It has a large steady labor pool to fold into its program.*
 - b. If the organization is lacking in any area (financial, experience), it has partnered with another entity to operate the social enterprise.
 - i. *RCYC partners with the Monterey County Probation Department and Monterey County Behavioral Health to outreach to and serve at-risk youth.*
 - c. The social enterprise is supported by public sector, private sector, and community partners.
 - i. *Earned revenue opportunities are plentiful. Earned revenue has grown dramatically due to the support of the community.*
 - ii. *Referrals come from public agencies, e.g. Probation, Police Department.*
 - d. Through an open dialogue with the community, the organization has sought and incorporated community participation in the social enterprise.
 - i. *Local banks, property management companies, and real estate agents participate and are easily accessed by RCYC through its existing local networks.*
 - ii. *Rancho Cielo has an influential Business Advisory Council made up of top business leaders in Monterey County. They act as ambassadors for the students and for the program. They advise RCYC on direction, marketing and media, finances, job placement, networking, etc.*
3. SITE CHARACTERISTICS
 - a. The location makes sense for the social enterprise and the target customers.
 - i. *By serving this niche of foreclosed/short sale properties in Monterey County, RCYC helps keep the properties maintained and attractive, which makes them easier to sell for their customers.*
 - b. The social enterprise is located near or adjacent to transit.
 - i. *RCYC is not located near or adjacent to transit.*
4. BUSINESS DESIGN & OPERATION
 - a. The social enterprise is run in the appropriate language(s) for its target customer base.
 - b. The social enterprise is culturally appropriate to its target customer base.
 - i. *RCYC is critical to effect cultural change in the youth. RCYC provides youth with positive opportunities to learn new skills and self-sufficiency while providing the best service to customers.*
 - c. If applicable, the social enterprise is tailored to the geography of its target population base.
 - i. *There is a predominance of foreclosures in the 93905 and 93906 zip codes, where historically, more than 70% of the RCYC members live.*

Level 3: From Feasible to Exemplary

These criteria elevate a social enterprise to an exemplary one.

1. FUNDING & FUNDING REQUIREMENTS

- a. The social enterprise uses a funding program or funding source that is new and innovative.

- i. With little investment, Rancho Cielo has been able to serve more youth, create a predictable funding stream for its mission work, create in youth a sense of stewardship in the community, continue the success of reducing recidivism, and make youth more employable.*
 - b. Each funding source was heavily leveraged to gain further resources.
 - i. The business opportunity has steadily maximized Rancho Cielo's core competencies and allowed it to fund program expansion to have a bigger impact in the community.*
 - c. Certain features of the social enterprise were adapted to capture funding, but the social enterprise was not completely changed in order to capture one particular funding source.
 - d. There are multiple stakeholders providing funding and this mix of funding sources maximizes the feasibility of the social enterprise.
 - i. RCYC has strong relationships with contractors and the construction community; staff has personal relationships with bank owners and executives at all local banks. RCYC's network is growing as it gains wider recognition throughout the market and increased referrals.*
 - ii. Additionally, grants and foundations as well as individuals support the RCYC.*
 - e. The social enterprise exceeds minimum standards required by funding sources.
 - i. There is deeper low and moderate income targeting than required by funding sources.
 - 1. The program gets results required with the youth.
2. FUTURE PROJECTS
- a. The social enterprise strengthens the position (financial, political, capacity, experience) of the organization.
 - i. The success of the program has allowed Rancho Cielo to continue to develop and expand the use of its 100 acre site to include an array of healthy, enriching activities for all of Monterey County's at-risk youth and their families. It has large-scale projects on the horizon including residential housing, sports and recreation fields, the Ted Taylor Vocational Center, and Drummond Culinary Academy.*
 - b. Through the social enterprise, the reputation of the organization was enhanced. Issues that the staff faced were dealt with in a diplomatic manner, enabling future programs.
 - i. The directors, supervisors, coordinators, and crew leaders maintain the current program standards of job training, team building, and case management, all of which have produced success in the past.*
 - c. The success of the social enterprise will enable future funding on other programs.
 - i. RCYC is known to be the "socially responsible" option for hire and has earned recognition in the market, which also helps increase referrals to the social enterprise in general.*
 - ii. There is also the Culinary Academy on campus with a small social enterprise: the Academy Dining Room is open to the public on Friday nights. Customers who hear about one opportunity then sometimes solicit the other.*
 - d. The community is happy with the social enterprise and will participate in more/similar social enterprises in the future.
 - i. The community has praised RCYC efforts and the program has received excellent press, giving it more credibility and a high profile in the community.*
 - e. The community is more knowledgeable about social enterprise.
 - i. The social enterprise has credibility and has created awareness of the juvenile violence issue in Monterey County, which has helped RCYC gain much support from the community.*

3. ENVIRONMENTAL IMPACT

- a. The social enterprise has less environmental impact than traditional businesses during operation.
 - i. *The social enterprise's environmental impact has not been assessed.*
- b. The social enterprise fulfills the triple bottom line.
 - i. *The social enterprise's environmental impact has not been assessed.*
- c. The social enterprise incorporates green features.
 - i. The social enterprise conserves energy and water.
 - 1. *Certain green aspects are used during construction of transitional housing.*
 - 2. *RCYC uses reclaimed water for irrigation purposes.*
 - 3. *Rancho Cielo has low flow toilets and sinks on campus.*
 - 4. *Rancho Cielo is building a new "green" waste water treatment facility on campus required by its EIR.*
 - ii. The social enterprise has an effective recycling program.
 - 1. *The social enterprise operates using the "reduce, reuse, recycle" philosophy.*
- d. The social enterprise takes advantage of green tax incentives.
 - i. *The organization currently does not take advantage of green tax incentives.*
- e. The social enterprise provides green jobs.
 - i. *Jobs created are not considered "green" jobs.*

4. ECONOMIC IMPACT

- a. The social enterprise creates jobs.
 - i. Jobs created provide a living wage.
 - 1. *RCYC has been successful in fostering self-sufficiency for low-income families and achieving sustained employment opportunities in low-income communities.*
 - 2. *For many participants, RCYC is their first job in the legal economy.*
 - ii. Jobs created are for local hires.
 - 1. *Since April 2010, 100% of those completing the program have been referred to jobs.*
 - 2. *RCYC serves Monterey County. All participants are Monterey County residents .*
 - 3. *There is a predominance of foreclosures in the 93905 and 93906 zip codes, where historically, more than 70% of the Rancho Cielo Youth Corps members live. The jobs created are for local hires.*
 - i. Jobs created are for low and moderate income individuals.
 - 1. *All participants come from underprivileged backgrounds, most with no previous legal work experience.*
 - ii. Jobs created provide life skills.
 - 1. *RCYC offers training in job readiness skills with consistently high standards so participants are able to become self-sufficient and able to get ahead in the working world.*
 - 2. *Financial literacy classes are provided.*
 - 3. *RCYC provides training on how to handle legal responsibilities, e.g. to probation, for restitution, for child support*
 - 4. *Resume writing, interview practice, job search, and application completion lessons are provided.*
 - 5. *Monterey County Behavioral Health, one of Rancho Cielo's partners, helps provide mental health, substance abuse, and anger redirection therapies.*

- iii. Jobs created provide health benefits.
 - 1. *With the education and vocational training, members learn new skills, self-esteem, and self-reliance that helps them break the cycle of violence and unhealthy lifestyles.*
 - 2. *Crew leaders are promoted from the ranks of crew members. Crew leaders, as regular full time employees, become eligible for medical benefits and retirement benefits, according to the employment policies.*
 - iv. Jobs created have potential for upward mobility.
 - 1. *RCYC have given participants the support services they need to keep them from re-offending and finding full time employment or college.*
 - 2. *Program graduates maintain contact with Rancho Cielo so that Rancho Cielo can assist in removal of barriers that might reappear and facilitate navigation through complex issues that might come up in the employment workplace.*
 - 3. *Crew leaders are promoted from the ranks of crew members.*
 - v. Jobs created require less funding per jobs created.
5. COMPREHENSIVENESS
- a. The organization provides or connects to other programs that provide multiple services e.g. social services.
 - i. *RCYC has partnerships with and connects youth to the Monterey County Office of Employment Training and Turning Point, Strengthening Families Workshops with California Youth Outreach, and Monterey County Behavioral Health, Sunstreet Centers, providing alcohol counseling, and many others.*
6. DIVERSITY
- a. The social enterprise serves a mixed income clientele.
 - i. *The customers of the social enterprise are mixed income; the participants (crew members) are low income.*
 - b. The social enterprise encourages mixed age, gender, ethnic, etc. participation.
 - i. *RCYC serves young at risk youth, 18-24, to be prepared for regular full time employment.*
 - c. The social enterprise supports minority businesses.
 - i. *RCYC has formed partnerships with many local businesses that sponsor the organization, including Monterey Plaza Hotel & Spa, Monterey County Employees Credit Union, L'Hoist, and Mann Packing.*
7. PUBLIC BENEFITS
- a. The social enterprise provides a service or good that is needed by the community but is currently lacking.
 - i. *The social enterprise helps Monterey County's formerly incarcerated youth stay out of trouble and make smarter choices, earning their high school diplomas, and preparing for full time employment or college.*
 - ii. *RCYC serves a definite need in the community for preservation and property maintenance of foreclosed or short sale properties.*
 - b. The profit from the social enterprise is re-invested into the community
 - i. *The real impact on the economy is significant – not only will 80% of the participants stay out of jail, but they will be employed, paying taxes, and spending their wages back in the community.*

