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National Resource Network Team

**To:** Mayor Kyle Deaver  
City Manager Dale Fisseler  
Malcolm Duncan, Board Chair, Prosper Waco  
Matthew Polk, Prosper Waco

**Re:** **Proposed Exit Strategy for City of Waco and Prosper Waco**

**Date:** August 17, 2016

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## INTRODUCTION

In August 2015, the Network Resource Network made its largest single investment in technical assistance in a year-long engagement in Waco, Texas. Based on its assessment visit, the Network determined that Waco had already done much of the hard work of identifying its key challenges and bringing key stakeholders to the same table, with Prosper Waco serving as the backbone organization that bound the solutions and stakeholders together. At the time of the assessment, the Network also believed that there was significant alignment between the work of Prosper Waco and the City government.

The Network, the City and Prosper Waco agreed to work together to identify strategic projects where the experience and expertise of the Network could move the City and its partners forward in addressing its core challenges in the areas of Health, Financial Security and Education. The Network also realized that Prosper Waco and the City needed to see significant wins—a need to move from planning and discussion to action.

During our year of work in Waco, a few things became clear.

There were some areas of significant progress:

- The City and its partners are making progress in meeting and addressing its goals related to health. As indicated by the most recent Community Health Needs Assessment survey, the percentage of uninsured residents in the community is now 15 percent, only slightly higher than the national rate of 12 percent and, while survey methodologies differed, down from nearly 23.9 percent in 2013. The City, Prosper Waco and external partners are also on the verge of moving forward with funding for a Community Health Worker program designed to reduce reliance on emergency rooms and address specific health challenges.
- Prosper Waco has made progress related to its education goals. It launched Project Link to provide support to high school students making the transition from high school to college. Working with

community partners, it launched Vroom, an on-line tool to support parents in preparing their children for school.

- In the area of financial security, Prosper Waco, the City, the Chamber of Commerce and local higher education institutions have worked together to launch CampusTown to better engage local college students in economic opportunities.

Yet, there remain significant obstacles to success – some anticipated by our assessment, but some that were at odds with our initial findings:

- While Waco has made more progress than many other cities that have sought to take on poverty through a collective impact approach, there remained significant outstanding issues related to the role of Prosper Waco as a backbone organization.
- While the City had taken some steps toward addressing the challenges identified through the Prosper Waco initiative, its level of engagement was – until recently – largely limited to the Mayor and the Health District.
- While Prosper Waco and the City had embraced the notion of expanding overall economic opportunity as a means of reducing poverty in public statements, there had been relatively little work linking efforts around community development, economic development and poverty reduction.
- While there was wide recognition of the importance of education in meeting the overall goal of poverty reduction, Prosper Waco’s goals do not include student achievement or performance metrics for WISD or other school districts serving Waco’s children.

Our work in Waco over the last year was designed to build on the community’s growing number of areas of success and begin to address the remaining challenges. This memo seeks to summarize the work of the Network – as partners to the City and Prosper Waco – and outline a set of recommendations for continued action by the City and Prosper Waco in the coming year.

## THE NATIONAL RESOURCE NETWORK IN WACO

The Network has worked to make progress in each of the key outcome areas identified for the community through Prosper Waco:

**Financial Security:** Community, economic and workforce development strategies and implementation of high school summer internship program

**Health:** Support for efforts to reduce reliance on emergency rooms for primary care

**Education:** Alignment of library, parks and recreation and other city resources with efforts to improve kindergarten readiness

In each of these areas, the Network sought to support the City and Prosper Waco through planning, implementation and facilitation.

The Network's work included planning support to advance initiatives that would support one or more of the identified community outcomes.

A Network team performed an opportunity assessment of Downtown Waco and its ring neighborhoods (primarily East Waco), and ultimately developed a priority-setting community and downtown development plan, which included strategic advice related to downtown and ring neighborhood activation and investment, as well as fair housing. The opportunity assessment conducted a review of existing conditions in Downtown Waco, including real estate development and tourism opportunities that could attract new economic activity to Waco, given strategic support. Preliminary recommendations to support Downtown economic growth included optimizing public investment to promote Downtown economic development; improving real estate development incentives and policies to better attract private investment; developing a tourism and entertainment district that can draw new visitors and economic activity to Waco; and enhancing Downtown marketing and programming to improve the productivity of existing tourism resources.

Following the presentation of the opportunity assessment report, the Network performed additional analyses and conducted meetings leading to a final Downtown and ring neighborhood development recommendations report. The final report identified key investments in Downtown and ring neighborhoods, identified funding sources and presented an action plan of three interventions are essential to near term success—modify TIF to support district-scale infrastructure investment, strengthen the collaborative leadership for Downtown development and activation, and initiate a strategy to preserve, engage, and empower East Waco.

The Network provided planning support to the leadership of the Waco Library, by supporting a reopening plan for the East Waco Library Branch. The plan included both immediate and long term programming options that would strengthen the library's role as a community partner in East Waco. The reopening plan consisted of bold pilot program ideas, rooted in best practices research from library systems across the country, focusing on community engagement, anchor institution partnerships and workforce development partnerships. The plan also included a section on collaborative programming and shared space opportunities for the Waco Library and the Parks and Recreation Department. The reopening planning occurred alongside a conversation with the library about how their One Book, One Waco program fit within the Prosper Waco goals and how the program could serve as a catalyst for interdepartmental cooperation.

## **Implementation**

The Network worked to successfully develop and implement several key programs.

The work of the Network team led to the launch of a pilot Summer Internship Program for students at Waco High School. The program successfully placed 20 high school students in two-week summer internships with various employers in the City, including the City of Waco, Waco ISD Career and Technology Education Department, Prosper Waco and the Health District. Early feedback suggests that

the students had positive experiences and other area employers have expressed interest in participating in future years.

The Network provided strategic support for the development of Fire Department health initiatives designed to reduce reliance on emergency room medical care. The Network worked with leadership in the Fire Department to identify initiatives that could complement the development of the Community Health Worker program. The Network facilitated a meeting for the Fire Department with Prosper Waco and other local health partners. From that meeting, the Fire Department discussed establishing a data sharing agreement with Prosper Waco, so that Prosper Waco can help identify heavy users of EMS services, specifically in the zip codes where a Community Health Worker will be present. There was also a discussion around making sure that frequent EMS users with mental health issues are referred to the proper agencies for ongoing care.

The Network provided strategic support for investment in East Waco Park. This included proposing that the City use CDBG funds to revitalize the park as part of overall strategic focus on revitalizing East Waco. The City has incorporated this investment into their draft FY2017 Action Plan, allocating approximately \$250,000 in CDBG funds to infrastructure improvements in the park—including improved accessibility features, lighting renovations for safety and pedestrian connections for future crosswalks.

The Network supported Prosper Waco’s efforts to develop a Workforce Readiness Credential (WRC) that could, in a sense, certify that an individual is “work ready.” McLennan Community College (MCC) took up the charge of developing an assessment for workforce readiness and developing a WRC pilot. The MCC team worked with other partners to develop a workforce readiness course designed to provide adult learners with employability skills that Waco area employers have said they need, as well as design an assessment for these skills.

The Network provided implementation support for the development of the Waco Foundational Employment Network (WFEN,) a collaboration of social service providers and education and job training organizations working collectively to develop and support strategies to increase employability and income for Waco’s lowest earning workers. WFEN members collectively advance Prosper Waco’s financial security goals by building the capacity of local social service providers to prepare Waco’s low-wage workers to access jobs and retain foundational employment that puts them on track for jobs that pay a living wage.

### **Facilitation and Partnership**

During the Network’s final working visit, a strategic planning session was held with key City staff to begin the conversation on how Prosper Waco goals could best be integrated with the day-to-day work of the City. The meeting was intended to be the initial session of an ongoing dialogue between City leadership and department heads.

The Network helped to build a closer working relationship with Workforce Solutions, the principal state funded workforce development agency in the region. Workforce Solutions' efforts had previously been disconnected from other workforce development efforts in Waco, specifically at Prosper Waco. The Network team helped Workforce Solutions identify ways in which they could be a more formal and engaged partner to Prosper Waco. This was done by leveraging their existing resources and staff to minimize the amount of outreach that the respective organizations have to do to support employer engagement for the WFEN target population and Opportunity Youth. MOUs have been drafted and submitted to formalize this partnership.

The Network helped establish a partnership with the Regional Administrator from the Department of Health and Human Services. The Network facilitated a day long site visit, where key health partners in the community had a chance to acquaint HHS with the health challenges in Waco and learn more about available HHS initiatives to improve health outcomes.

The Network connected City officials and stakeholders with Robert Wood Johnson Foundation, which led to Waco being selected as one of four pilot cities to develop a first-ever dashboard for essential health data through the Foundation's Municipal Health Data for American Cities Initiative.

## NEXT STEPS

Ongoing work remains to be done to ensure continued success in Waco.

### **Redefine the Relationship between Prosper Waco and the City so that it is clear that there is no distinction between the Prosper Waco Goals and City of Waco Goals**

City leadership and Prosper Waco need to work together to make it clearer that Prosper Waco's goals and the goals of the City as a whole are the same. It was clear from the work that began in the City strategic planning session that City staff and leadership are open to this goal. City staff and leadership – in some cases, for the first time – began to understand that they were already working to meet the goals articulated by Prosper Waco.

City managers started to identify a series of ways, big and small, that incremental changes in the work that they do could better meet some of the goals. By facilitating ongoing discussions around current initiatives and identifying new initiatives, City leaders will have an opportunity to seize on the momentum that the planning session initiated.

City leadership can start by identifying three specific initiatives and supporting implementation. The City Manager and Assistant City Managers could build progress updates for initiatives into monthly department head meetings to be sure everyone is aware of the continued work.

The strategic planning session that the Network helped to facilitate should not be a one-time event. City leadership should consider holding semi-annual brainstorming sessions, akin to the initial planning

session, to demonstrate the leadership's commitment to identifying and facilitating the development of new initiatives.

The clearest way to align the City's goals with the goals and metrics identified by Prosper Waco is through the budgeting process. The adoption of an outcomes based budgeting process would further enable the City to measure and track the alignment of City department work with the Prosper Waco goals. After the Network had been in Waco for several months, we grew concerned over the lack of knowledge of that City departments had of the Prosper Waco goals. The Network saw a potential remedy in the Budgeting for Outcomes (BFO) process—a way of budgeting that focuses on achieving specific results in high priority areas. In January, the Network detailed how initial steps toward BFO could be integrated into the budget process. At the time, the City expressed concern that implementation of BFO in FY 2017 would be difficult due to need to identify resources for and implement recommendations of a job classification and compensation study.

The City's proposed FY 2017 budget incorporates the compensation recommendations. Once the City completes the FY 2017 budget process, it should move forward with introducing the BFO process in Waco for FY 2018.

The strategic planning session also proved that there was a need for greater clarity as to the role of Prosper Waco and its relationship with the City. Prosper Waco leadership understands that the City is a critical partner and funder. City leadership, other than at the highest levels, is far less clear about the nature of the relationship. As suggested above, they don't have a real understanding of what Prosper Waco does and how the goals relate to their own work.

The relationship needs to be defined less by funding and more by the role of the City as what Matthew Polk described as an "implementation partner": if City leaders and managers begin to take on City led initiatives designed to meet the goals of Prosper Waco, then Prosper Waco should actively provide support for implementation – as it would for any other partner. Prosper Waco should be responsible for organizing and convening and coordinating non-City partners in the community that can support the City's work in achieving outcomes. If the relationship evolves in this way, the benefits of a win-win approach will be clear to all.

This new relationship can and should be more clearly defined in the contract between the City and Prosper Waco. The current contract expires on September 30, 2016 and renegotiation should focus on specific, measurable actions and outcomes that reflect this redefined relationship.

### **Target East Waco for Improvement as a Model for Place Based Development**

There is tremendous potential for revitalization in East Waco utilizing a place-based development strategy. Developing a detailed, data driven plan for East Waco's immediate and long term success will help create a model that can be applied to future targeted neighborhoods.

The City should take steps to gain control of the entrance on both sides of the Washington Avenue and Waco Suspension Bridges, by purchase option or regulatory action. The bridge and its surrounding area can serve as a vitality connector between Downtown and East Waco. Buying the surrounding parcels would give the City the kind of control it needs to usher in a unified plan for East Waco and to ensure that the opportunity for equitable development remains. The renovated location of the East Waco Library and Fire Station #1 are anchor points and it is crucial that Elm Street development up to those points remain inclusive and not squeeze out any mid-level business and residential activity. The City will also be in a position to influence East Waco's infill opportunities, which allow for cultural preservation and business corridor revitalization. The Suspension Bridge is a great pedestrian asset for Waco, connecting to trails and the street system on either side of the river. City control of the place where pedestrians land on either side of the bridge will help ensure that there is a safe passage to either Elm Avenue or Downtown

To bolster strategic investment in East Waco, the City should develop a priority land use plan that utilizes City-owned and tax foreclosure properties, and identifies property for acquisition (particularly along Elm Ave) as options for local business incubation and opportunities to leverage Section 108 financing. One of the strongest ways to secure Federal funds is to identify projects with a wide-reaching community impact. A priority land use plan demonstrates coordinated efforts for strategic investment. Section 108 loans enable the city to leverage dollars in a way that is in fact cheaper than committing existing CDBG dollars that are needed for existing projects. The City could use Section 108 loans as their match in competing for New Market Tax Credits in East Waco. The City also needs to consider whether its conservative approach to debt should be modified to accommodate strategic investments for growth. East Waco is an incredibly ripe opportunity for Federal dollars and putting up matching funds will make applications that much more competitive. In identifying match funds, it makes sense to use the "cheapest" money, which in this case would be Section 108 funds. Using previously encumbered CDBG funds takes away from other projects, which might not have the same additional funding opportunities that certain other economic development projects are afforded.

Performing a comprehensive assessment of East Waco would provide the City with a better understanding of East Waco's demographics, assets, and infrastructure. This assessment should include a demographic survey that determines who actually lives there (not just based on Census data), an analysis of current infrastructure, and focus groups with residents to determine local needs and opportunities. From our time in Waco, we learned of the many ways that community investment is already in place in East Waco—East Waco Library, Fire Station #1, YMCA, schools, a health clinic, parks, and housing development. By detailing these assets along with their conditions and clearly identifying the population they serve, the City will have the information needed to inform development needs. From there, a subsequent East Waco unified plan can maximize the existing community infrastructure and address the needs of the present population.

Just as East Waco can be a model for how the City develops place based strategies, the East Waco Library can be a model for how the City begins to align its resources and operations with the goals of

Prosper Waco. City leadership needs to remain committed to implementing both a short and long term plan for providing community engagement opportunities once the East Waco branch re-opens that maximize the use of the library in ways designed to improve educational, health and financial security outcomes for the residents of East Waco.

Library leadership has noted that it faces significant staffing challenges. The City should support efforts to seek AmeriCorps and Texas State Library and Archives Commission grants to meet these challenges. The Library also needs to regularly and actively work to reach out to community organizations and build partnerships: the Library needs to be clear about its goals and needs and work to identify partners that can work with it to meet and accomplish them. Neighborhood and civic organizations have been enlisted to support the re-opening of the branch, but the need is for long term sustainable partnerships. Workforce Solutions, Baylor and the Mayborn Museum all have the resources and interest in precisely those sorts of partnerships, but the Library needs to be clear about what it needs and what it offers to potential partners.

J.H. Hines Elementary School in East Waco poses both a challenge and an opportunity for the neighborhood, City leadership and Prosper Waco. While the success or failure of East Waco's redevelopment is not solely dependent on the transformation of J.H. Hines, the ability to achieve transformation in a way that results in equitable redevelopment does require significant, serious and sustainable improvements in the school. If WISD cannot on its own develop a plan for transformation, the City should actively consider playing a leadership role in the effort – including partnering with one or more outside organizations – potentially including Baylor – to take on a more effective operation of the school.

Efforts to transform J.H. Hines are also an opportunity for the City to lead on efforts designed to support students and families outside of school. One of the ideas generated during the May strategic planning session was to increase kindergarten readiness in the Estella Maxey Housing Complex. This project would be a strong opportunity for the City to play its role as implementing partner and Prosper Waco a provider of strategic support.

### **Move Key Initiatives from Planning to Implementation to Sustainability**

Based on our work over the last year, the Network team believes that there are six key initiatives that are ripe to move from planning to implementation or implementation to sustainability.

#### Health

The planned implementation of the Community Health Worker program provides an excellent opportunity to move Fire Department health initiatives to implementation. The Fire Department leadership should continue their dialogue with the health community and Prosper Waco to identify ways in which they can use data and their knowledge of the community to be a partner in reducing emergency room overreliance and reducing instances of revolving door care.

In June, the Network and Prosper Waco convened a meeting of the Health District, health providers and the Fire Department that led to a consensus on the potential for a partnership where the Fire Department developed complementary efforts for referral of cases to the community health worker program. Firefighters responding as first responders on EMS 911 calls can act as a critical referral sources to the Community Health Worker program. In addition, as the program is developed, the Department agreed to work with Prosper Waco to provide data that can inform how and where to target resources based on frequent callers to 911.

Mental health crises often require emergency 911 responses as well. Again, incorporating the Fire Department in its first responder role into strategies to provide access to mental health care is an important means of identifying those most in need.

This is a different role for the Fire Department. But this sort of partnership is a model for how City resources – the Fire Department receives more funding than any other City department other than Police – can be used to support collaborative efforts to achieve health outcomes. Moreover, in addition to better health outcomes and less cost to hospital emergency rooms, this partnership could also lead to reduced 911 calls to the Fire Department.

#### Education

With advance time for preparation, the City should work with Prosper Waco, current partners and additional employers to expand and sustain the high school internship program. This summer, 20 high school students were placed into two-week internships at Baylor, WISD, the City and Prosper Waco. Next summer, WISD, the City and Prosper Waco should work to expand the program to include more students and more employers for longer periods.

Prosper Waco will complete an evaluation of the program by August 31. Once the evaluation is complete, Prosper Waco should convene a program steering committee that includes Prosper Waco, WISD (Donna McKethan, Ed Love, Shawntee Reed, and Scott McClanahan – Director of Advanced Academics), Baylor, the City and other core partners.

The Steering Committee should develop a full-implementation plan and a funding strategy for scaled and full-implementation that includes expansion to additional high schools and an explicit connection to Project Link. To build upon the first year’s apparent success, the program will need to have a formal “home” –or at least an organization willing to incubate the program for another year until it finds a permanent home.

#### Financial Security

Continued work on meeting financial security outcomes should focus on large scale reforms to the City’s economic development strategies and structure and targeted efforts to improve workforce development opportunities.

A comprehensive and coordinated approach to investment in the urban core is essential to support Waco’s economic vitality and maximize the impact of the City’s limited economic development resources. In keeping with the recommendations of the Downtown and Community Development Strategy, we recommend shifting TIF investment from project-specific reimbursements to a district scale infrastructure investment that can catalyze new development above existing market potential. This would include: expanding the TIF boundary to encompass developing areas such as East Waco (and potential for new tax increment), developing a district infrastructure plan to guide the timely disbursement of TIF funds, and bonding against TIF revenues to deliver public realm investments that can attract new development its approval process, so that the TIF Board reviews and approves a single project plan, rather than requiring the authorization of all TIF expenditures. Additionally, we recommend developing a clear rubric for use of the City’s current real estate development incentive policies based on economic impact and project need to increase the range of viable development proposals and support a return on the City’s investment. Finally, we recommend advancing development of publicly-owned parcels in a community and fiscally-supportive manner and pursuing the range of philanthropic, federal competitive, and tax credit resources that can leverage the city’s investment.

The recommended increase in downtown and community investment, programming, and marketing will require capacities and resources beyond those of the current downtown and community development organization. Like concerns over the relationship between Prosper Waco and the City, there is an apparent lack of alignment between the economic development goals of the City and the goals and actions of organizations funded by the City. If organizations currently funded by the City in the area of economic development are not delivering the desired outcomes, the City should explore alternative partners or alternative models. For example, rather than relying on existing organizations, the City might wish to empower an umbrella organization – either inside or outside of city government – that clearly aligned its efforts with the desire outcomes, particularly for downtown & ring neighborhood programming and capital planning.

The City, Prosper Waco and their partners need to take three steps forward on workforce development by implementing a pilot for the new workforce readiness credential, creating a permanent structure for WFEN and developing a pilot program specifically targeted at Opportunity Youth.

With MCC planning to pilot the Workforce Readiness course and credential with an inaugural cohort, it will be important for Prosper Waco to provide ongoing support to the program. The Network has provided several paths that MCC could pursue for recruiting students, each involving partners who share the goal of bolstering financial security through workforce development. Prosper Waco is in a position to foster collaboration between these partners. Furthermore, Prosper Waco can ensure that the Workforce Readiness pilot is well integrated with WFEN, which would advance the goal of integrating MCC’s workforce readiness training and the WRC as a city-wide standard for “readiness” for all Waco

training and education programs. Additionally, Prosper Waco can use their engagement capacity to keep local employers informed about the pilot so they know there is an effort underway to address their concerns about the lack of employability skills among potential entry level workers in the city.

WFEN has been collectively advancing Prosper Waco's financial security goals by building the capacity of local social service providers to prepare Waco's low-wage workers to access and retain foundational employment that puts them on track for jobs that pay a living wage. Now that a strong foundation is in place and the project moves onto Phase III, it will require several steps to begin institutionalizing the network, starting with finding a home and a Project Manager—both roles that Prosper Waco is in a position to incubate. These steps will help provide structure to the emerging network and ensure a more efficient operation. In conjunction with the ongoing work for WFEN, much of the same work can be done to further develop the Employer Resource Network (ERN) by implementing a similar framework.

From the start of the Network's time in Waco, we have been eager to address the challenge of reducing the number of Opportunity Youth in Waco. With the help of Prosper Waco staff, the Network convened a group of interested partners who are eager to begin working on the Opportunity Youth challenge, specifically the OY Partner Network, which we believe has the most potential to become a bona fide collective impact model. To be sure that the Opportunity Youth Partner Network is reaching its intended demographic, we advise Prosper Waco to use its data and research capacity to assess the Opportunity Youth situation with the creation of a data guide that could serve as both the OY primer and a community-wide "call to action."

### **Institutionalize Prosper Waco**

With so many real challenges that Prosper Waco is suited to tackle, it can be tempting to keep the organization's capacity open by limiting the role they play in programs that are brought before them. It is clear that Prosper Waco has done good work in their role as a community convener, as seen through the many partnerships they have facilitated. However, real progress will require persistence. As long as the challenges exist that Prosper Waco was created to address, they must remain the leading organization to address these very real issues. Prosper Waco will need to be more active in their role as a supporting partner to their implementing partners by providing backbone support that extends beyond facilitation and communications and involves more programmatic incubation.

To cultivate Prosper Waco's capacity to incubate, the Prosper Waco Board should consider undergoing a careful review of the depth of support that the organization has provided to its partners and identify where that support can be moved to the next level. The board should also consider adopting standard operating procedures guiding the incubation process, specifically guidelines for identifying the optimal incubation period that promotes programmatic success, but doesn't overcommit Prosper Waco's capacity and resources.

Towards the end of our time in Waco, we grew concerned about the Prosper Waco's reluctance to embrace their incubation role and we came to see it as a symptom of organizational risk-aversion. There seems to be a fear that if Prosper Waco serves as an incubator they either will never be able to fully separate from a program or if a program fails at any stage, it will be seen fully as a failure on the part of Prosper Waco. Overcoming this risk-aversion, and embracing the possibility of failure will be crucial to the ongoing success of Prosper Waco. To temper this risk-aversion, the board needs to clearly communicate to the executive leadership and staff that measured risk-taking is both expected and essential in a backbone organization such as theirs. By recognizing risk as a gateway to opportunity and lasting impact, in conjunction with the protection afforded by defined expectations on the length of Prosper Waco's incubation role in a project should put the organization's actions in line with its stated intentions.

However, the act of recalibrating the scope of an organization's day-to-day work presents its own challenges. These challenges should be addressed by ensuring that the board, executive leadership and staff of Prosper Waco all receive adequate, ongoing professional development and support. We encourage the board to regularly seek out board governance training, to make sure that all board members are operating with the same information and therefore can all be held to the same standard. As for the staff of Prosper Waco, we advise offering regular professional development opportunities around collective impact, including theory of action and collective metrics. A better understanding of collective impact theory, from the board level down to staff, will help put Prosper Waco on a path to being a stronger backbone organization.