

## NEW FACILITY DEVELOPMENT PROJECT

Commonly Asked Questions:

### **1) Where are we at with our building project?**

The congregation previously concurred with periodic board recommendations that a relationship with SSCSS be created (in the form of an MOU) and that the building project be continued to the current stage. At this point:

- a) Two versions of possible architectural drawings have been prepared, as part of refining a design that would be cost achievable. The congregation approved funds for that initiative.
- b) Formal legal documents have been prepared and are now ready for execution. These would commit us to proceed with the project provided specific conditions are met by both parties. These specific conditions are not “get out” clauses, although failure to meet them could result in termination of the deal – with consequences (both parties will have been spending money up to the point of any termination). The documents essentially affirm the intention of both parties to proceed with the project.
- c) Presbytery has concurred with all actions to date, and endorses the project.

### **2) What congregational decisions are still to be made with regards to the building project? What are the legal steps to follow, and at what point do we enter an irrevocable contract? What are the conditions associated with the legal obligations?**

The congregational decisions that still need to be completed are:

- i. Approval to initiate an every-member-visitation Capital Campaign, and to employ Rob Waller to facilitate this campaign. ( May 15<sup>th</sup> meeting)
- ii. Approval to sign the legal documents ( May 15<sup>th</sup> meeting)
- iii. Approval of removal of final contractual conditions (where congregational approval is required – e.g.: completion of financial obligation, completion of municipal approvals, hiring of project manager, hiring of architect, hiring of contractor) (to be done once Capital Campaign is complete and we have a better idea of loan guarantees)

Note: Some further decisions will be taken by the board periodically as the project continues (e.g.: fund raising initiatives such as golf tournaments/curling bonspiels/galas/etc.)

### **3) What is the master timeline for this project?**

The legal conditions include zoning approvals, municipal approvals, funding finalized and in place, contractor/project management selections complete and other administrative functions established. These will be completed by Dec 2011. The nominal timeline at this point drives us to have funding in place and ready for deposit to a specified building account by the end of February 2012, with sod turning in April of 2012. Completion of the building would be in the summer of 2013.

**4) Is the capital campaign for 3 years? Would it be renewable beyond? Do we have leaders identified to lead this campaign?**

The proposed Capital Campaign will ask for contributions over three years. It is intended that the building project utilize these funds. Needs for further extensions beyond that will be assessed at that time – i.e. extensions will be considered if needed. Potential leaders have been identified, but not yet selected, to lead the campaign.

**5) Where do we think God is calling us in our congregational faith journey? Do we have a clearly articulated church mission and purpose as relates to the building project? Does this correlate with the proposed SSCSS relationship?**

The Waller report identified several consensus points;

- i) 87% of the interviewees felt that a new Sanctuary plan was important or very important, and expressed that the new sanctuary is essential to the congregation's new ministry.
- ii) 80% endorsed or partially endorsed the new Sanctuary building plan and are convinced the plans are essential. Those that partially endorsed (5%) expressed reservations about size, scope and cost.

Developments to date have progressed because of the work done over the last five years to define the church's purpose and mission. A new sanctuary would vastly increase our flexibility to develop new and innovative programming. And by ourselves, we do not have the financial capacity to construct new infrastructure to support Sunday School, meeting spaces and a commercial kitchen. It was identified that a development in partnership with SSCSS, because of the nature of their work addressing social needs in the community, was consistent with our mission statement to be a welcoming community serving God's world.

**6) What is the present appraised value of our land/buildings and assets? What will be the anticipated value of our assets if the project is completed? Will the market value of our assets be greater than present?**

Our land is zoned for public use, and thus cannot attract market rates typical of commercial and multi-family residential properties. It is believed that municipal authorities will not agree to rezone this property for commercial/market housing use. Thus the use of the property has limited attractiveness - mostly to non-profit organizations. A coarse estimate of the value of the property is that all five lots together would be worth approximately \$500,000. Trinity Hall has no credible commercial value. The existing church could be worth perhaps \$200,000-300,000 to another organization – requiring several hundred thousand dollars more to upgrade to current building codes. Total value of current real estate assets at SUC are thus likely much less than \$1M.

**7) What is the “value” for Squamish United in having SSCSS build on our property?**

The value for Squamish United is that SSCSS will address the costs of construction on spaces that we will need to augment our programming. So, for example, the cost of construction of a 1,500 sq ft space would be approximately \$450,000 plus the cost of maintenance. A kitchen of commercial quality would be additional to this. These arrangements do not include maintenance costs. As envisioned, Squamish United would have access to these spaces in perpetuity without the cost of building, maintenance and managing.

Apart from the monetary value, this arrangement aligns very well with our mission statement (“... inclusive community serving God’s world”) and our desire to participate in areas of social concern within Squamish. This proposed agreement provides the community of Squamish with a legacy that will facilitate the delivery of a range of social services to those needing help and provide a catalyst for Squamish United to augment our programs.

**8) Is an option to refurbish the existing church being considered? Is this option realistic?**

The board considered this option in the past, and concluded that while it could be an improvement on our current situation, it did not fully meet our mission and objectives. The Project Overview that was included with the Waller interview invitations noted that if the project cannot be undertaken for any reason (including lack of adequate finances) that a refurbishment plan would be considered at that point. However, it was reiterated that this approach would not meet our stated church mission and purpose into the future and accordingly is not being pursued.

**9) Is an option to sell some or all of the five properties being considered? Is this option realistic? Does this arrangement mean we are giving up ownership?**

It is believed that municipal authorities will not rezone the properties for commercial use, and that subdividing them for individual sale will not add any value. Selling the properties would generate approximately \$500,000.

Alternative ideas such as liquidating our assets (ie: selling our land) and using the proceeds to lease back the renovated multi-purpose space from SSCSS ( ie: the existing sanctuary) would not meet our needs. Such an approach has not been evaluated nor discussed with SSCSS as this approach would compromise SSCSS's current expectations for the project.

Entering into this agreement does not mean we are giving up ownership. It is true we will now be working with a partner but each of us will have a say in the look and feel of this development and any changes that might occur over the next 99 years.

**10) What happens if SSCSS cannot obtain their money? What happens if we cannot raise our money? What if only one party comes up short? What is the long term viability of SSCSS?**

If either party cannot remove their required conditions in the legal contracts ( including financing requirements) the project would (in order of priority) be: i) time extended to permit further fundraising, or ii) reduced in scope to accommodate available funds, or iii) terminated.

SSCSS has operated in Squamish for over 30 years, and has no indication that future funding is at risk. The need for support programs for disadvantaged individuals will continue, so it is not likely that government and other funding sources to SSCSS for these programs will cease.

**11) Who owns the land in the new arrangement? Who owns the building? Will it have economic (i.e.: market) value? What proportion of the entire project will SUC own? What say do we have in strata management decisions – are there specific veto provisions?**

The legal agreements specify that SSCSS and SUC will form a Strata Corporation that will own the land, insure the buildings and administer maintenance of external structure and property. SUC will "own" about a quarter of that corporation (proportional to our financial contribution at the outset). SUC will "own" the entire interior church portion of the building, SSCSS will "own" their interior space. The church structure and the associated strata component can be sold at market value (ditto for SSCSS portion), but such a future sale has pre-conditions that a

buyer must meet (as to use and upkeep). SUC will have equal say in Strata management decisions (i.e. an equal decision process between the two parties) with some specific veto prerogatives (use of property, borrowing, etc.).

**12) Is there a forward financial plan that considers risks like annual operating expenses, potential mortgage costs, declining membership, additional maintenance costs, strata fees, additional ministerial resources, etc.? Are there opportunities for revenue generation in the new building?**

A forward five year plan has been prepared and is being refined by the finance committee. It projects operating expenses and incomes under different assumptions and variables. Current estimates of building costs would not require a mortgage provided fundraising objectives are achieved. The future building has revenue generating potential, but as a conservative outlook the forward five year plan does not include any such income. However, it should be pointed out the five year plan anticipates that with no further changes to current approaches to stewardship, we will operate with a deficit. Initiatives to address this shortfall need to be further developed.

**13) Why do SSCSS get all rental proceeds from “shared space”?**

They are covering the costs associated with the space (admin, cleaning, paying for services) so it stands to reason they should take the proceeds to offset these costs. As well, to the extent possible, we wanted to removed potential irritants to the parties and in previous situations involving shared space, distribution of costs and proceeds over time with changing circumstances has been the source of conflict. The proposed solution addresses that.

**14) What is our forward stewardship plan? For recurring operating expenses? For the building project? For the ministerial housing costs?**

The board is keenly aware that we need to have a financial plan that meets our ongoing operating expenses, and that we must simultaneously support the one-time building initiative. SUC does not have an operating Stewardship Committee as required by the Manual of the United Church of Canada. It is imperative that we find leadership willing to establish a Stewardship Committee and prepare credible annual stewardship plans that include not only money but other gifts of labour and love to our church on a recurring basis. The building project requires a one-time fundraising effort separate from recurring stewardship initiatives.

**15) Sacrificial giving? What does this mean? What do legacy gifts involve?**

Sacrificial giving is a term mentioned by Rob Waller in his report to SUC. Broadly defined, it references the need for SUC congregants to give substantial contributions (beyond current

giving's) to achieve the mission we have all adopted at SUC. Currently, United Church gives contribute on average about 1.5% of income, thus well below the 5% targets nominated by many churches. Others ways of providing sacrificial giving's include leverage of personal assets to the benefit of the church (e.g.: investments, legacies, life insurance, wills, asset purchases, etc.). Legacy gifts can be in kind (contribution of hard goods) or in money and/or promissory notes. If we contract with Rob Waller, he will provide expertise in this area.

**16) How will the new project help us with reaching out to new congregants/adherents/participants in our community? How will this help us connect with other faith groups? How will this raise our profile/impact/relevancy/service in Squamish? How will it assist with our growth of family/youth/young adult programs?**

Without the physical plant (i.e.: space) to support any number of new programs, our current capacity to sponsor/enable family/youth/young adult programs is severely compromised. Having a better designed hub that facilitates outreach programs will enable us to be more active in community ministry. One of our goals in the new building is to be visually inviting and welcoming, drawing people in, in a way that the existing building just cannot do. Other inviting features will include welcoming meeting areas (library rooms/fireplace rooms), coffee nooks, updated washrooms, acoustically and visually pleasing surroundings, etc.

As a partnership with SSCSS in an exciting new building, we will be in evidence to a great many more people than the present building enables. We anticipate that visitors will often take time to explore our portion of the building, perhaps finding solace or quiet comfort there.

**17) Have we addressed environmental concerns? Aesthetic standards? Open access to other areas of the building? SSCSS access to our church facilities?**

The legal documents define processes that the Strata management will follow to establish and adhere to visual and environmental standards for the property. Both parties will have an equal say in those standards. SUC will have open access to meeting rooms/library/fireplace room/child care areas/kitchens of the SSCSS facility when not in use by SSCSS, and our sanctuary will be open to the public during working hours as is our current practice. SUC could consider establishing daytime activities on weekdays that would attract visitors to our portion of the building and thus informally connect with SUC.

**18) Do we have a final cost for this project? If not, is there a window of potential costs? When will the costs be finalized? What is the process for finalizing costs? What are the key drivers of those costs?**

Unlike a residential project, a complex project of several million dollars rarely is "finalized" until the contractor's firm price agreement is signed – about 1 month before sod turning.

Continuous additions/deletions/adjustments before that point mean that the estimates fluctuate at each iteration of the architectural drawings. Current estimates are that the SUC portion will come in at about \$1.5M, with the SSCSS portion at about \$4.5M. We believe final costs will be within 10% of those figures. That uncertainty exists in part because we do not yet have municipal mandated upgrades (sewers, sidewalks, curbs, flood/earthquake/geologic requirements, etc.) locked down. Sizing of the sanctuary and SUC offices will impact cost estimates to a lesser degree.

These estimates are full-cost estimates, and for budgeting purposes we plan at that level. It may be that some savings will be achieved by forgiveness of some fees by the municipality, contributions in kind by contractors, or reductions in assessed infrastructure costs – these will all be gratefully received.

**19) What process can we set up for individuals to inquire/question/obtain answers to questions about the project as it evolves without feeling judged or vulnerable?**

It is hoped that no congregant will feel inhibited from asking any question that relates to the implementation of the project. The board and the facilities development committee welcome questions at all times, as these often stimulate new views and ideas which help our planning.

It is intended that we will hire a professional Project Manager (PM) to oversee actual construction. The board will ensure that periodic reports and meetings will be held with the PM to monitor and guide decisions. A liaison team will be responsible for facilitating questions and answers to the PM, and reporting back to the congregation and individuals in an efficient manner.

**20) What exposure do we have to a mortgage? Can we afford any debt?**

Debt through a conventional mortgage is undesirable, and the intention is to fund the entire project through fundraising, subsidies, grants, congregant contributions and existing investments. The finance committee believes that a modest mortgage would be manageable if it became absolutely necessary. Such a situation would be brought to the congregation for decision before the precedent financial condition is removed from our legal documents and funds transferred to the partnership building account. For clarity, it is not the intention to carry a mortgage for the project – it is SUC's intention to successfully complete fundraising initiatives and acquire sufficient subsidies/grants/foundation contributions to avoid any debt.

Given that the capital campaign will realize funds over a three year period, it will be necessary to obtain short-term bridge financing to cover the delayed committed contributions. This loan would be retired as promised pledges are received.

**21) Are there possibilities for external subsidies/grants/foundation contributions to supplement our internal resources?**

Current financing plans include successfully acquiring subsidies from organizations like the United Church of Canada, environmental groups, social-support organizations and waivers from municipal authorities for certain fees and costs. A comprehensive effort is required to diligently seek out and obtain these subsidies.

**22) Have previously expressed neighbourhood concerns been accommodated in recent plans?**

Three neighbourhood meetings were held to progressively educate our neighbours about our plans. Feedback from those meetings included concerns about parking (alleviated somewhat by putting the parking lot on the east side of the building), increased traffic (alleviated by pointing out that Sunday use would be once per week, and that most clients of SSCSS did not have car transportation), creation of visually pleasing standards for the external areas (addressed in the architectural drawings) and day care noise (alleviated by amending the outdoor playground plan). Although not every observation could be fully accommodated, we have addressed the major concerns raised by our neighbours and believe they are more comfortable with our intent as a result.