

May 9, 2017

Memorandum

To: Church Council & Prince of Peace Lutheran Church Congregation

From: Teri J. Traaen, Ed.D., D.P.A., Church Council President

Re: Final Report – 2016-2017 Council Accomplishments; Future Goals & Projects

The Prince of Peace Lutheran Church Council has worked diligently on many projects and issues during the 2016 -2017 fiscal year. Many of these items were as a result of a much more involved and fully participatory Council in terms of all levels of responsibility that rests with the elected Council as described in the POP Church Constitution. The various areas of work are listed below in summary fashion to assist the incoming 2017-2018 Council in assuming these duties and responsibilities:

Audit – Fall 2016 – An external financial audit was conducted in the fall of 2016 by the Firm of Metz and Associates, PLLC. Affirmative results of that audit were posted on the POP website under the Council communications area for review by all congregational members. A hard copy of the full report is also available in the church office for review upon request.

Attendance Documentation & Reporting - The Church Council was able to clarify the correct reporting formula that is required for use by the ELCA Church wide organization and adjusted its reporting process to exclude anomaly Sunday's such as Easter and Christmas. The reporting formula is determined by the Church wide office of Research and Development and all ELCA congregations are required to use this formula for consistent reporting. The Church Council is responsible for compilation of these monthly/annual figures and reporting to church wide as prescribed (i.e. ELCA Membership Reporting Form A; longitudinal data metrics compiled from this annual reporting through the Grand Canyon Synod Office.) In addition, the annual Congregational Meeting agenda should include the number of new members, as well as the number of exited members, and the reasons for members leaving our congregation. This annual reporting allows for ongoing and healthy, constructive dialogue about our work as a worshipping community and where we can apply new ideas about outreach and retention of members.

Bank Fees/Insurance Costs – Extensive work was done reviewing the current Wells Fargo Bank accounts and associated fees. Additional work was done reviewing options with local credit unions in terms of comparable costs and services. Desert Schools Federal Credit Union provided an in-depth response to our request for data on what aligned services might include as well as long term support and costs to the campus and the financial staff. Currently the payroll expenses per employee per payday are cost prohibitive to making a transition to a credit union. However, in the interest of good stewardship of donor resources, the Church Council will revisit the option for service provision across existing credit unions in the area of the POP and whether

overall costs can be lowered in the near future. In addition, the option for kiosk set-up and use on our campus for sustained giving was reviewed as a part of the overall package offered by Desert Schools Federal Credit Union. General insurance and liability coverage for the church campus have not been reviewed this year. Church Mutual is the current carrier for POP Coverage. The key contact for the POP current coverage is Julie Alft. She can be reached at Jalft@churchmutual.com. An additional carrier who is interested in providing a competitive bid is Church Asset Management. The contact for this organization is Risk Management Specialist, Mr. Alan Johnson ajohnson@lcam.com 9426 West Melinda Lane, Peoria, Arizona 85382. 800.200.7257, etc. 4229.

By-Laws/Model Church Constitution/POP Constitution – Significant work was done by a four member committee this spring clarifying via by-law format the opportunity for the use of Executive Sessions, as well as the legal and appropriate guidelines (Robert’s Rules of Order) for exceptions within this meeting structure in the format and application of this meeting process to handle Church Council matters. The May 2017 congregational meeting will include the acceptance of this work on the meeting agenda. In addition, an initial review was done of the current POP Church Constitution in relationship to the ELCA Model Constitution. Additional work will be completed during the summer of 2017 to finalize updates merging the standards from the current POP constitutional document to include the newest mandatory items from the ELCA Model Constitution-2016. This final constitutional document will be brought before the congregation at its next meeting (regular or special) for a congregational vote in fall of 2017. Monthly Church Council meeting agendas are now constructed using the standard Robert’s Rules of Order format for ease of use by all Council members, as well as congregational members.

Cell Tower Project/SRP Land Lease Review – Approximately twenty (20) months ago, POP was approached to install a large cell tower on the south western side of the campus at the front entrance of the parking lot nearest the canal. A third party made the contact with a POP past Church Council President. Extensive research was required on the legal requirements for our involvement in this project and the following was determined: a) a structure of this type causes increased liability/insurance costs for the church campus (i.e., it is open to passers-by and thus can be a safety hazard for which the church could be sued; b) the construction of this type of structure requires many neighborhood meetings whereby the Church would have to embrace this project publicly and convince the surroundings business and residential neighbors that this was in everyone’s best interest to change the neighborhood in this fashion; c) long term monthly payments for ‘rent’ of our campus in this way are under the control of the cell tower provider and not POP; d) review of ongoing financial impact on our church campus requires full disclosure to the full congregation and a congregational vote prior to entering into a multi-decade contract of this type; e) none of this information was shared with the Church Council nor was it known prior to an initiated investigation on the part of a newer Council member. This project was halted as it was determined to not be in the best interest of the church or in any way related to the

mission of POP. In addition, a review was done of the current Salt River Project land lease that has been a part of the POP Budget for many years. It was determined that the annual cost for this SRP Land Lease is minimal in terms of costs. Therefore, there will not be any additional work done to reduce this cost at this time.

Church Council Training & Development - The Church Council completed a four (4) hour training session this fall with designated trainer, Don Stevens, Esq. Don is a retired attorney and served as the first Vice President for the Grand Canyon Synod Council upon the inception of the ELCA in 1987 and beyond. Don is available, at no charge, to provide annual Church Council training and has written a comprehensive curriculum to support this work. He is available to all individual congregations in the Grand Canyon Synod for support and work throughout the year also at no charge. Direct contact details for Mr. Stevens are: Don@DonStevenslaw.com. Documents reviewed throughout the fall in support of the ongoing work of the Church Council included: **Congregational Treasurer's and Bookkeeper's Financial and Accounting Guide; IRS 501 (c)(3) Tax Guide for Churches and Religious Organizations; Wells Fargo Business Account and Fee Schedule; Model Constitution for the Congregations of the Evangelical Lutheran Church in America - 2016; Fiduciary Duty Flow Chart Obligations of non-Profit Directors; Guidelines for Revising an ELCA Congregation Constitution; General Standards for Not for Profit Directors.**

Contract Signatures/Project Contracts – Legal research, as well as work with the Grand Canyon Synod Office of the Bishop, confirmed that all contracts related to Prince of Peace Lutheran Church must be signed by the Church Council President. Paid employees and staff cannot enter into contracts on behalf of Prince of Peace Lutheran Church for any goods or services (i.e., Pastor, Director of Youth Ministries, Office Manager, Youth Program Coordinator, Preschool Director). The reason for this exclusion of staff from this action is that it protects employees' from personal liability and provides for protection also for POP. One historical contract remains in place and cannot be cancelled due to its origination by a former staff member. That contract cannot be broken and must be honored to its conclusion.

Directory Updating - The POP Church Directory had not been updated in many years (last update unknown and not verifiable). The membership Directory was updated this spring. This was done using the comprehensive attendance software known as *Shepherd's Staff* to verify ongoing attendance against the most recent version of the online directory as the first basis for the work completed. The next level involved direct phone calls to listed attendees and members for clarification and updating of data. The entire project took approximately 20 hours to complete. Of note is the fact that we are carrying some names of individuals who attend once per year or less often (based upon the most recent attendance records and trending), yet still wish to be listed in our membership directory. In addition, some members were deeply appreciative of being called as they are homebound and the phone contact was most welcome. The next phase of work will include contacting exited former members and inviting them to return to POP if they are interested in doing so.

POP Preschool/Church Partnerships – Significant work was done this year on the status and relationship of the preschool and the Church/Church Council. Confirmation was provided through legal research that the preschool is and always has been a ‘*ministry program*’ of Prince of Peace Lutheran Church. It is not a separate business entity. The Preschool Board is in place as a ‘committee’ of the church and has no greater authority than any other committee reporting to the Church Council. The Church Council is responsible for all financial decisions regarding the Preschool and will certainly continue to welcome a full review of any recommendations brought forward from the Preschool Board. Council responsibility includes all employment, as well as budgeting and infrastructure decisions. Any significant decisions regarding expansion of the Preschool requires full congregational involvement and voting during a congregational meeting. The Church Council is responsible for full disclosure of all information ahead of an agenda item(s) related to the Preschool.

Staff Compensation/Benefits Structure/Annual Review – Annual reviews of market salary for staff wages/salaries had not historically been conducted at POP. This was done for all church staff and preschool positions. Salaries and wages were found to be competitive in all areas. Compensation adjustments were made this year. It is recommended that a professional market assessment across job classifications and titles be conducted minimally every 2-3 years by a certified human resources professional. In addition, staffing patterns for POP should be reviewed annually based upon ELCA standards and the current active membership and outreach efforts of the church campus before staffing decisions are brought forward to the congregation for review and vote.

Vendor Selection Committee – The Church Council created and put into place a formal Vendor Selection Committee to handle all infrastructure decisions for our aging church campus. The purpose of the formation of this Committee is to insure the timely and appropriate use of stewardship dollars from member and guest donors who wish to support the ongoing needs of the POP campus. In addition, this eliminates the real and potential conflict of interests that have occurred in the past where current/past members of POP were designated vendors for services without a competitive bidding process in place or voted approval by the full Church Council of contracts being signed for services. The new process includes two current Church Council members as well as a member of the Preschool Board as the seated Vendor Selection Committee. Additional members may be added in the future as needs are determined for POP. In addition, the POP Office Manager handles the posting online of competitive projects open for bids and seeks proposals from licensed businesses who wish to bid on providing services to our church campus. The Vendor Selection Committee now reports monthly to the Church Council at its regularly scheduled meeting on the status of projects and brings recommendations for contracting with vendor bidders based upon review of competitive bids for sourced campus

projects. 'Emergency' issues regarding the church property are referred to the Vendor Selection Committee for remedy.

Future Projects

'ELCA 'God's Work. Our Hands.' Sunday – September 10, 2017

On **Sunday, September 10, 2017** ELCA congregations will again join together for God's Work. *OurHandsSunday*. This is in conjunction with the 500th anniversary of the Reformation. Church wide resources are available at ELCA.org/dayofservice.

Explore Debt Reduction of Current Mortgage/Alignment of Future Projects

Ongoing stewardship of declining POP resources lifts up the topic of our church's debt and how to best manage the resources from donors now and in the future. This is a key discussion item for the entire congregation to be a part of and should not be limited to only elected Council members/longer term POP leaders since donor opinions drive actual giving. In addition, any potential expansion of the Preschool to include an infant care program (i.e., infrastructure modifications) must be examined in relationship to the current debt load and ongoing comprehensive maintenance costs for our aging church campus. Designated donors, if they understand specific longer term debt expenditures, may elect to reduce/eliminate existing debt now as a part of tax deductible donations as opposed to longer term estate planning/trust decisions.

Leadership Development

There is a significant opportunity for POP to encourage a 'new' level of leadership throughout the congregation. Tapping new/different leaders is of paramount importance in insuring the ongoing sustainability of our church campus. This opportunity includes providing an onboarding learning process by encouraging multiple numbers of individuals to serve on various committees, including those committees for which newer leaders may not have a primary skill set. This allows for leadership skills development. In addition, representatives from all age groups within our congregation are of significant importance as we work to develop stronger ties to all generations within our neighborhood and community. This can be launched by offering two sessions each year for aspiring church lay leaders. Instruction should be provided by a joint team of internal past/current leaders and an external Grand Canyon Synod trainer. This allows for a comprehensive understanding of local ministry goals, as well as global ELCA denominational guidelines to be taught.

Outreach to Former/New Members

POP has an opportunity to do constructive outreach to former members and invite them to return to POP in the near future. In so doing, there is a great chance to do more extensive partnership with other ELCA churches in the central Phoenix/Scottsdale areas for combined outreach to the

greater community in service to others. Council received a first draft of a new and returning member project outline during its April 2017 meeting. A key component of this project can be the '*Congregational Vitality Survey*' used by many ELCA Congregations. Access to this survey is through the ELCA Church wide office. In addition, the ELCA perspective now being used to reach new members is through mission based work being done by current congregational members to demonstrate outreach capabilities to bring about constructive change in the greater community. Our ongoing Pack-a-Thon is a marvelous example of this type of work in partnering with the greater community. Additional work can be done in many ways to move beyond the physical church 'doors' of our building and bring potential new members in based upon who we are as a church and what we embrace as a congregation.

