

**St. Mark's Episcopal Church
Medford, Oregon**

Building For the Future (BFF) Campaign

Sunday, January 28, 2018

Frequently Asked Questions (FAQ)

The following is an attempt to provide up-to-date answers to questions that have been asked over the past several weeks and months. Please see a BFF Committee member for more information or if you have further questions.

Design

1. How have the plans presented at the October 2017 forum changed?

The bathrooms have been moved to the front of the current parish hall and the nursery and parish offices closer to the central hallway, allowing us to use the current entry area as a lobby. The rest of the plans are substantially as they were presented. We have made sure that the new parish hall is a welcoming space and that we have an exterior that does not overwhelm the church.

2. Why this size, not bigger or smaller?

Our plans cover all our current program needs as well as anticipated future needs. The plan adds a larger parish hall that will accommodate bigger gatherings. It replaces our current offices with new offices, and adds a nursery, music room, commercial kitchen, and food pantry storage, as well as an elevator and handicapped access to the parish hall and church. We have also tripled the number of bathroom stalls and made more of them accessible to those with limited mobility. We have new Sunday School rooms with the flexibility of movable walls that can be opened to make those three rooms become a 1200 sq./ft. room, close to the size of the current parish hall. We can rent out the new parish hall and this room at the same time. All of these new spaces give us room for both more effective ministry and the ability to function as a community center.

3. Why a second floor and an elevator?

We just couldn't get all the square footage we needed in a ground floor. The second floor will have the finance, music and rector's office, vesting room, music room, and three Sunday School rooms. There will be a common area upstairs for computers and copiers. There is no cost difference between building a larger one-story structure and building a smaller two-story one.

The elevator will accommodate the needs of our aging population who need access to the office areas, vesting and choir rooms, etc. without having to use the stairs. We also considered the difficulties of getting handbells, supplies, and equipment from storage spaces to the church. The costs of elevators are much less than they were in the past. We estimate the cost to be roughly \$80,000 and believe it will be money well spent. This part of the building upgrade will make the building fully handicapped accessible to all and open new possibilities of usage.

4. Did we consider handicapped access from the exterior of the building?

The current courtyard is to be redesigned with ramps that will allow for access to buildings for those with a walker or wheelchair. It will be an open landscaped space with a circular drive to allow for dropping off people. Safety has been carefully considered and with that in mind the space will be open and welcoming but not suitable for camping, so as to discourage the homeless from doing so.

5. Will we have adequate parking after the parking area by the garages is gone?

Yes. We have 15 spaces during the week in the YMCA lot and the entire lot on Sundays, on which we have a 99-year lease. We may need to ask the school to free up space. We will continue to have street parking in front of the church. All of this will give us adequate parking.

Mission and Ministry

6. How does this plan support our mission of “Sharing Christ’s love by feeding people in body, mind and spirit.”?

We want to feed people in all three ways—body, mind, and spirit—as much of the time as possible. **In body**, we believe that in addition to our Food Pantry, we have the potential to sponsor community meals and host cooking classes, something that is nearly impossible with our current kitchen and Parish Hall. **In mind**, we believe that we need to have bright, welcoming classrooms for our children and the ability to host multiple adult and children’s classes simultaneously. **In spirit**, we believe that programs such as Lenten Quiet Days and alternative services would be facilitated by our new space.

7. Does this plan support the current programs and consider future needs?

Yes! The BFF committee really looked at how we are using our building and how we want to improve these programs. They also looked for flexibility so that the building can adapt to future programming. We really believe this meets our current and future goals.

8. What will we be able to do that we aren’t able to now, and what will we be able to do better?

If you have ever been to one of our potlucks, you know that space is very tight in our parish hall when everyone is there. A new and larger parish hall will be able to more easily accommodate all of us with room to grow and will be available to others for catered events. Our current kitchen is

extremely small, and a new commercial kitchen will allow both easier preparation and cleanup as well as space for others to rent. We currently have our children and youth classes in the basement and the new building will have light, airy, welcoming rooms upstairs for them. Rather than having to cart food back and forth to the garages, the pantry will be contained within the building, including having a loading dock for deliveries. The library (current fireplace end of the parish hall) will be a good space for small groups. All of the office functions will be in the building. There is a new music/vesting room upstairs and that will free up the old music room for storage and a small workshop for maintenance needs. We will have more space to offer for rent, or offer to Family Nurturing Center and other partners in service.

Costs

9. How much will this project cost and how reliable are those numbers?

We have preliminary estimates that range from \$1.5 million (based on \$125 per square foot) to \$2 million. As we select a contractor, those numbers will be refined in the coming weeks.

10. Does this include site prep, architectural fees, building permits, and utility costs?

The current estimate includes site prep, fees, permits, building plans, etc. Mark's fees also include working with contractors to get bids. Utilities will increase but we will not be paying for Hafer, probably a net positive. As much as possible, we will build an energy efficient structure.

11. Who is the point person on the project and how will they be able to control costs? What has been built into the budget for the unexpected?

Mark McKechnie is our point person for the design phase of the project. A team consisting of Rev. Tom, Debra McFadden, and Mark McKechnie interviewed four general contractors and have discussed their evaluations with the BFF Committee. They have recommended a Construction Manager/General Contractor (CMGC) for the project that will help us refine the design and devise cost containment strategies. The budget will include a contingency fund in case of any cost overruns. Most increased costs result from changes mid-way through the construction process, which we will strive to minimize. We cannot cover every contingency, but we have tried to be very practical and consider as many unknowns as possible. One of the most important controls is in materials. There is a big difference between types and costs of flooring for example. We will use the best materials we can for the money we have available. However, we don't plan to use luxury finishes unless we receive specific donations to sponsor "upgrades" to those materials.

12. What if the project costs more than we raise? What other options do we have?

There are some savings to be made by reducing square footage, controlling cost of building products (carpet squares vs. carpet for example). Some areas might be left unfinished, which is problematic but possible. The Family Nurturing Center has expressed interest in purchasing the garden lots and entering into a long-term lease of our Dagwell Hall property. If cash flow

became a problem, we could get a short-term loan to be paid back when Hafer House sells. If it is leased for a longer term, the lease payments would payments on any loan we might get.

13. What are the maintenance and utilities needs and are they budgeted?

Moving from Hafer House to the new building will likely give us a net savings on utility costs. Maintenance will be less on a new building but is of course something that needs to be in our annual budget. In 2018 we have budgeted \$37,139 for buildings and grounds. This includes utilities, maintenance contracts and supplies along with property insurance. That amount will likely decrease due to lower utility and maintenance costs on the new building.

Sources of Funds

14. How much do we currently have in savings that can be devoted to this project?

We currently have \$1 million that is allocated for this project. \$600,000 is the remainder of our previous capital campaign and \$400,000 came from a generous unrestricted bequest. It is likely that we will use some memorial funds and other designated funds totaling \$50,000. While we do have unrestricted bequests in the St. Mark's Fund (totaling \$270,000), we anticipate needing at least a portion of that money as an operating fund reserve to fill our budget gap in 2019 and beyond and thus we will be extremely cautious about expending those funds for this project.

15. If we aren't making our current operating budget and cannot draw interest from funds that we will spend on the project, how will we cover the continuing deficit?

Neither the funds (nor the minimal interest on them) that we will spend on the project are being used to support our General Fund budget. There is still some money in reserve but of course this is a limited solution. In 2018 we will be drawing about \$50,000 from our operating reserves, eliminating those. After that, we would need to use money from the St. Mark's Fund.

16. How does the sale of Hafer House factor in?

We are finalizing a lease agreement with Rogue Retreat to pay St. Mark's \$2,000 a month plus covering all utilities (including our share). They will continue to let us use our current office space and the ballroom during the construction phase. Those funds could be used to cover a bridge loan or construction loan. Rogue Retreat is working on a Medford Urban Renewal Agency (MURA) grant to buy the building for \$400,000 plus the cost of a sprinkler system (\$23,000). They plan to use the building for women's transitional housing and offices for Rogue Retreat. These programs are well established and are programs that support our mission. If they don't get their grant they will continue to lease the building with an option to buy for up to three years.

17. If we borrow, what is the interest rate and how long are the terms?

Mortgage interest rates are currently running around 4%. We could borrow from a bank or credit union or from the Episcopal Building Fund. Our hope is to raise enough so that we need not borrow any money, but if we did, a 30-year \$400,000 mortgage at 4% would cost \$1,910 per month. We have not yet requested nor secured a loan, so interest rate and terms could be different. This is an option we really intend to avoid.

18. What can we expect in income in the future and/or to cover borrowed money?

We expect to be able to rent the Sunday school rooms, kitchen and parish hall. Examples include rehearsal space for productions at the Holly Theatre, groups who want to cook in a commercial kitchen, weddings, music festivals, etc. We will have one of the few large gathering spaces in the downtown area. Reverend Tom has received preliminary inquiries regarding outside use of any new space. Past experience suggests we might expect to get as much as \$30,000 per year from facilities use fees from the new building.

Fundraising Efforts

19. So, can we do this? How will this campaign be different from earlier efforts?

In previous capital campaigns, we did not have adequate support for the extensive plans that were put forward. This time we have been more methodical and explored carefully all of our options for enhancing the mission and ministry of St. Mark's while being good stewards of our resources. This plan addresses our current needs while retaining flexibility for changes over time. The most obvious need is that the maintenance and expansion of our ministries will require additional space when Hafer House is sold or leased. In the development of this plan we have sought to reduce costs where possible. It is as "lean and mean" as we can make it.

**20. How will my money be used? How will I be recognized for my gift?
Can I give to a specific thing and will there be a donor sign for that?**

Your donation will be used to offset the cost of the total project. If you want it used for a specific purpose and a dedication sign on that item, it can be done. As an example, the current plan is to designate the elevator as the "Landsburgh Lift" to recognize Olive Landsburgh's generous \$400,000 bequest. You might "adopt" the cost of a classroom or other space. You might want to fund a specific area within a space. Smaller projects are also funding possibilities--for example, you might fund shelving in the library, if the library is something you feel called to support. We can put your name on a plate on the room or fixture that your contribution funds, put your name on a list of donors, etc. It might be a great way to remember or honor a loved one. There is also the possibility of engraving bricks in our newly renovated courtyard area.

21. Will you be coming back for more money in future years?

Not for this project. Our intent is to raise enough money for the foreseeable future. We will continue to need funds to maintain the buildings but there are no other pressing needs. We already have a new heating system and roof and little deferred maintenance. One of the main reasons we are doing as large a project as we are is so that we don't quickly outgrow the space and have to go back and ask for more money after a few years.

22. Can I give through my estate?

That is always an option, and St. Mark's welcomes your support in your estate plan! When establishing or revising your will, we hope you will think of your church community and plan for it as you would your family. However, while that planned giving will certainly help in the future it is unlikely to cover any current building costs. We will not be borrowing in anticipation of future bequests.

Oversight and Decision-making

23. Who is overseeing the project and managing the budget?

General oversight of the project will fall to Reverend Tom and Debra McFadden. However, the CMGC will be responsible for the day-to-day construction management. The Building For the Future (BFF) Committee will meet regularly for updates and to make recommendations to the Vestry, who will ultimately approve the allocation of funds. That committee includes Margaret Dials, Betsy Sharp, Debra McFadden, Cal Lanfear, Kit Nilles, Marilyn Meyer, Mark McKechnie and Rev. Tom Sramek. Jr. Jerry Campbell is our capital campaign consultant. Please talk to any of us or any member of the Vestry. We want to hear your concerns and answer your questions.

24. Who will make the final decision on what to build and who will build it?

The Vestry, acting on the recommendation of the BFF Committee.

25. How long will this project take and what is the time line for it?

We are currently in the first of three phases of the Capital Campaign, the Discernment Phase. That phase will be completed when we have solid cost estimates and assured congregational support to move forward, hopefully in the next several weeks. We will then undertake the second phase, a Feasibility Study, to determine how much money may reasonably be raised from the congregation in support of this project. This will take a couple of months. Finally, the "Ask" (or Fundraising) phase will involve soliciting donations from congregational members. Only after all phases of the capital campaign are completed can construction begin in earnest. Our current plan is to begin construction around July 1, 2018.

Estimates of the time of construction have ranged from eight months to a year. It could have been as little as six months, but we still need to be able to use our parish hall for as long as possible, so we are contemplating a two-phase construction process which lengthens the time.



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