

**Early Childhood Center Questions Raised by Ascension Leadership Group
Founders Hall, January 16, 2019, 7:00 pm**

What will the school contribute? For how many years?

The school board has committed to funding \$125,000 per year for an indefinite period upon completion of the building and fulfillment of the existing debt in June of 2020. At an estimated interest rate between 5.0 and 5.5%, \$10,416 per month will service \$975,000 of debt in 10 years. It was asked if the school would be open to servicing debt for 15 years or 20 years. The Principal answered yes. (\$10,416 a month will service \$1,300,000 of debt over 15 years at the same range of interest rates.)

The pro forma is conservative for the surplus anticipated, and additional funding might be possible.

We are committed to fund any potential gap, but if it should be necessary to service long term debt, how much debt service would we be taking on?

Church Finance has prepared a handout summarizing the basic costs for the sanctuary renovation, debt repayment, campaign costs, and ECC at the top, as well as basic assumptions about sources of funding. The bottom section is various scenarios of debt service needed to take on both short term and long term debt.

Why build a bigger ECC? What is the community demand? What is the potential impact for One Ascension?

Currently the early childhood center has 107 students per day. The new facility would have 132 licensed children each day. In addition to serving more families, the new facility will create a central drop off, simplifying things for families with multiple children.

There is also a 947 ft parent/toddler room that will bring an additional 50 children and parents onto campus each week. The nine year Nature Explore certification process would continue in the new facility, a big draw for our families. Many preschool families have joined us without having a church home and ended up becoming active members at Ascension.

In 2015 the tuition income was \$860,400 compared to \$1,480,000 today. The original house was licensed for 47 children, plus 12 children in the church nursery. We later added a license for another 12 children in the church music room, but lack of bedding for napping limited the amount who could enroll. Each modular is licensed for 30 children. Again, daily license is for 107 today. We are "grandfathered" into some older space requirements per child, new requirements we must now build to are 35 unobstructed feet indoors and outdoors per student.

We have consistently had a waiting list, and we anticipate continuing to have a waiting list. Typically families who apply with infants get into the program around the time their child is three, or they have sometimes aged out of the program. Preference is given to church families, and then siblings. Typically there is not space available by the time open enrollment to the public starts.

Council President looked into Gavin Newson's proposal to add preschool to public education. The proposal is limited to low income families and four year olds, so it is unlikely to have much effect on our program.

Is the One Ascension garden still part of Phase 2 of building?

The garden will be phased in, and existing elements of the garden can be moved. Minimal landscaping required by the City has been included. The numbers we are using today represent the basic requirements to license and open the ECC facility. The garden and additional landscaping could be completed later and use "sweat equity" from members of One Ascension.

Are delineated costs known?

Absolutely. Master Plan Implementation Team (MPIT) has maintained a very detailed spreadsheet of the site preparation, possible City fees, and various aspects of the build costs. We need to be prepared to share these costs in a summary format that is helpful, but not overwhelming in detail.

Why has the cost gone up so much for the ECC?

There are 7 basic changes impacting the cost.

1. The ECC building went from 10,800 square feet to 13,500 square feet predicated on program needs. There is a larger square footage per child required now and we have added a flex space that will host 5 groups of ten toddlers and ten parents each week in addition to the licensed program students. The original cost was \$2,800,000. Increasing the raw size of the building by about 35% has an equal cost increase.
2. Building costs have gone up about 7% per year from 2014 to 2019, an additional 35% increase.
3. We were going to build the ECC on the flat lot where the modular buildings are currently located. Moving it to this location increased the grading costs significantly.
4. Creighton has included contingency funds. We went from Rough Order of Magnitude discussions five years to detailed plans we are looking to be attainable, much like the sanctuary renovation.
5. City fees originally thought to be around \$200,000 could be \$500,000 at worst case, based on the City's published fee schedule.
6. The building design changed from a simple rectangle to an open concept "U shape."
7. We have spent about \$200,000 in non ECC related expenses that must be accounted for: \$87,000 in campaign costs and \$115,000 for debt reduction.

How do we raise the additional funds needed?

The Capital Action Team is committed to leading this effort. Marc Rieke, our consultant for the Mission Possible campaign, has encouraged us to reach out to those who have not responded (which the team has), continue to pursue large gifts, and continue communication and asking for gifts throughout the 3 years of the campaign. Additionally, many of those who have given have suggested extending the campaign a year.

In addition to reaching out to those in the congregation, our ECC Director commented during her presentation that there are ECC families with means who are likely to contribute once they see “dirt is being moved” on the campus.

It was asked if the Foundation can service any of the debt.

We can do another capital campaign, or conversely consider a debt reduction campaign. Our current costs are predicated on selling the ECC parcel, and on current building costs and City fees. Waiting until we have raised enough money would increase costs significantly. There is a sense that “now is the time.”

We concluded with the statement that the leadership of Mission Possible 2.0 program needs to be more widely embraced by all of Ascension’s leaders as they realize the vision God has given us.

Has our fundraising advisory group advised us on next steps?

Yes, the CAT has been communicating with Marc Rieke, our advisor at The Enrichment Group. CAT is considering adding a 4th year to the campaign, writing grants, and approaching some single large donors in our community.

Has there been any discussion of building a scaled back version of the ECC building?

The square footage of the ECC is dictated by space requirements from licensing, as well as programmatic needs to host the Parent/Toddler program, which will generate additional income. Cutting back on square footage could mean reducing the head count of the program or the ability to do parent/toddler classes, which would reduce revenue potential.

Will the church have access to the new facility?

The church can have access on the weekends.

Are we ready to ask the congregation to vote?

Yes, the council approved the agenda for the Congregational Meeting, including a proposed motion to build the Early Childhood Center.

The anticipated motion will read:

To approve building the new Early Childhood Education Center, pursuing a loan of up to \$3,000,000 from Thrivent Financial to meet the potential short term and long term costs.