



OUUC Capital Campaign

2022-2025

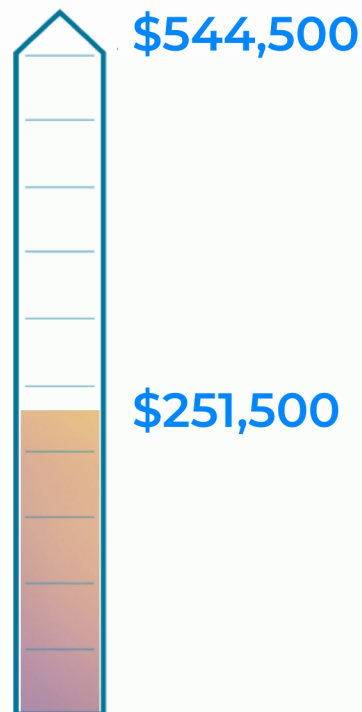
FUNDING OUR FUTURE

About the Campaign

The Capital Campaign is to help support this building, this place that is our physical spiritual home. It emerges from our legacy giving and supports the "branches" and the "leaves" of our congregation.

We have already raised \$251,500, which is 46% of our total goal of \$544,500.

We are asking for \$293,000.



OUUC Giving Tree

Stewardship Drive

Help fund the programs for OUUC so we can live out our mission in the world.

Capital Campaign

Help us preserve this community space and sacred ground for generations to come.

Legacy Giving

OUUC rests on the shoulders and contributions of the people that have come before.



Olympia
Unitarian
Universalist
Congregation



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FREQUENTLY ASKED QUESTIONS

What is the Board asking for?

Healthy churches tend to the future health of their congregations and infrastructure. The Board is looking ahead to ensure our future is adequately funded. This is the basis for our theme for this capital campaign, “Funding our Future.”

The Board is seeking \$293,000 over three years to meet existing and emergent needs of the church. The purposes are to provide funds for replacement of our broken natural gas furnaces with modern, energy efficient heat pumps, fund other capital projects identified in a recently completed Reserve Study, rebuild depleted church capital reserve funds, and pay off or buy down our debt to free up funds for anticipated and ongoing needs. The funds raised in this campaign will upgrade our infrastructure, help ensure our ongoing operations, including our commitment to social justice, and reduce our dependency on fossil fuels.

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Yes, George generously gave OUUC \$100,000 before his death, and, recently, we received a bequest of \$165,337 as well. But our needs far exceed the amounts of those generous gifts.

We are confident that George would not want his gift to be used as an excuse for not giving, but as an inspiration for us to also contribute to OUUC’s future. Part of our intention is that this capital campaign honor George, for whom OUUC meant so much and who meant so much to OUUC. If George, by himself, could give over \$265,000, we hope that the rest of the congregation can give about that same amount (actually a bit more) over three years.

What gave rise to the need for a capital campaign and what specifically would the funds be used for?

Several things came together, all dealing with the general theme of “Funding Our Future.”



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First, our maintenance reserve, the “Building Major Maintenance Fund” (BMMF) was depleted. When COVID hit, the Board determined that we needed to upgrade our ventilation system right away to help ensure the safety of all those who use the building.

That includes members and visitors attending services, meetings, or other events, and church staff who work in the building. The upgrade included improved duct work, new air filters, new electrical work, new vents, new smoke detectors, and related equipment. The Board approved \$94,000 for the engineering and the work to be funded by the BMMF, a 2020 budget surplus and other funds that had been set aside. The total costs came in at just under \$91,000. After that work, the BMMF, that historically had about \$55,000 in it, contained only \$17,452. (There are now two reserve funds, the BMMF and a “Major Project Reserve” that was created after we received the Lanning gift.)

Second, one by one, three of the four natural gas furnaces failed, leaving us with no heat in part of the building for the 22-23 heating season. (The Commons, Sanctuary and classrooms are heated.) This was not entirely unexpected. The furnaces were well past their useful lives and needed replacing. Rather than purchase replacement gas furnaces, the Board decided to purchase heat pumps. Though more expensive than gas furnaces, they are less costly to run, will offer cooling for hot (and getting hotter) summer months, and will reduce substantially our OUUC carbon footprint. They are more consistent with UU and OUUC values. These new heat pumps are estimated to cost in the neighborhood of \$200,000. So, with the reserves depleted, we need to find new money for the heat pumps.

Third, the furnaces are not the only facilities that have met the end of their useful lives. In August, the Building and Grounds Committee submitted to Rev. Mary and the Board a “Reserve Study” that describes other projects needing replacement or attention now. The Study estimated that these immediate projects will cost \$147,000. The Study also identified several more that will need attention in the next few years and explained the need for OUUC to build up its reserves to pay for future anticipated projects and for any unexpected facility costs. So, the Board determined that we should, at a minimum, build that back up to \$55,000, where it once was. The Board is asking for \$37,500 for that purpose.

Finally, because of current economic realities, OUUC faces some large budget challenges for FY 23-24. Current high inflation will drive up costs for the church. (For example, Puget Sound Energy is seeking a 12.9% increase in its electricity rates.)



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This will impact all aspects of church operations and no doubt will require substantial cost-of-living increases to our staff, just to keep up. Add to this the fact that in the FY22-23 budget, the Board found it necessary to use some one-time money to balance the budget, including about \$19,000 of the Lanning gift, just to avoid some major and ugly budget cuts. Those one-time funds will not be available for FY 23-24. The Board is recommending establishing a fund of \$160,000 which can be used to either pay off our loans in one lump sum or pay them off over time without the need to tap into annual stewardship revenue for that purpose. One generous member previously contributed \$2000 to pay off debt, so that gift will go into this fund.

Altogether, including infrastructure and debt payment, the total needed is \$545,000. However, the Board is dedicating the \$81,000 remaining of George Lanning's \$100,000 gift, all of his \$165,337 bequest to this effort, the \$2000 gift to pay off debt mentioned above, and about \$3,000 that remains in the "Major Project Reserve." So, that leaves \$293,000 to be raised.

In sum, the math goes like this:

Overall Need	
Heat pumps	\$200,000
Mortgage Buy-Down or Mortgage Reserve Fund	\$160,000
Restore Building Major Maintenance Fund (adding that to the almost \$17,400 to get to \$55,000	\$37,500
Reserve Study Projects	\$147,000
TOTAL	\$544,500



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We already have available to us:

Remaining Lanning Gift	\$81,000
Lanning Bequest	\$165,000
Mortgage Reserve (Previous Gift)	\$2,000
Remaining Amount in Major Project Reserve	\$3,000
TOTAL	\$251,000

So, that leaves a shortfall of \$293,000 to be made up with the Capital Campaign.

What is the Reserve Study, and how did it come about?

Members of the Buildings and Grounds Committee have long been concerned about deferred maintenance needs for our building, parking lots, and other facilities. The B&G Committee (thanks especially to the advocacy of Don Melnick and the dedicated support work of Marie Arensmeyer) requested and received funds earlier this year to hire a consultant to perform a “reserve study” the purpose of which is to evaluate facility needs, determine the amount of money necessary immediately to address facility needs, and estimate the amount of money that must be put in reserve (preferably annually in the OUUC budget) to fund future facility needs. The Buildings and Ground Committee submitted the consultant’s report to the Board in August.

It is available here. <https://bit.ly/3WxtQNZ>

What does the Reserve Study recommend?

The Reserve Study examines every aspect of OUUC’s building and grounds and identified 46 projects that should be undertaken, some immediately, some as far out as 32 years. It recommends 8 for immediate attention, including the furnaces.



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FREQUENTLY ASKED QUESTIONS

The other seven, listed and numbered on pages 5 and 6 in the Executive Summary of the Reserve Study, are:

- Repairing stairs to the entry of the building (#110)
- Asphalt resurfacing in part of upper parking lot (#120)
- Removing and trimming some trees to preserve parking lot (#173)
- Maintenance of storm water retention pond (#185)
- Sealing concrete masonry (#531)
- Painting of some exterior surfaces (#533)
- Replacement of sealant joints (#534)

Each numbered project is described in detail, including pictures, in the Reserve Study, pages 31-93.

The Study estimates the costs of these high priority projects at \$147,000, though the Study also acknowledges that the amounts could go higher with inflation and delay.

In addition, the Study identifies a number of other projects that should be undertaken in a few years to repair or replace items that are at the end of their useful lives, including, for example, replacement of the skylights, the estimate for which is \$5,700. And, down the road, we will be facing a number of other major expenses, such as replacing our windows and roof, and painting and refurbishing all our interior spaces. These are not immediate needs, but will be necessary starting in 5 years for some and 10 years for others (and 13 years for the roof). The bottom line is that we will need to incur some major expenses if we are to keep a sound building worthy of our congregation.

To fund these projects, the Study recommends substantial additions to the existing \$17,000 remaining in our building major maintenance fund. In addition to the \$147,000 needed in the short term, the Study recommends for 2023 minimum “baseline funding” of \$62,000 to keep reserves from being depleted from funding needed projects in the near future. Immediately, the Board suggests getting the reserve figure up to \$55,000. The Board hopes, and expects, further, necessary additions to reserves will be done through the annual budget process.



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So, are the projects listed above the ones that will be funded?

Perhaps, and most likely some of them will be. Of course, it depends on how much is raised and how much the projects will actually cost. And we assume that, given current inflation, the costs will increase.

At its October meeting, the Board created a “Reserve Study Implementation Task Force,” the purpose of which will be to evaluate the priority of the various projects identified in the Study, determine their costs, and make recommendations on which projects should be done first. The Task Force will also make recommendations on how we should fund future capital needs.

What about solar panels?

Various OUUC members and committees have advocated improving and expanding our current array of solar panels. OUUC’s solar panels are mentioned in the reserve study (at page 86). However, like some other aspects of OUUC’s physical place, this is not listed as a project to be funded as its useful life is not predictable. However, the Study recognizes that the project may be added at a later time and reports some issues with the inverters. And because new facilities are not included in the Reserve Study, adding additional solar panels is not evaluated.

So, depending on competing demands for available capital funds, and the ongoing functionality of existing panels, using capital funds for solar panels should be considered.

Why raise money to pay off our debt? Shouldn’t that just continue to be done through the annual stewardship drive like it has historically been done.

First, a reminder about our debt.

OUUC currently is paying off two loans. One is an interest-free loan from a very generous member. The initial amount of the loan was \$200,000. We pay \$1666.67 each month, with the last payment scheduled for December 2023. The other is a loan from Key Bank. The loan (actually a refinanced loan) was for \$259,752, with a term of 10 years and an interest rate of 5.03%. We pay \$2,767.62 per month, and the last payment is scheduled for March 2028.



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So, for FY 23-24, our debt service payments would be \$33,211 for the Key Bank Loan and \$10,000 for the six months of payments for the member loan, for a total of \$43,211. In subsequent fiscal years, the debt service payments would be \$33,211, only for the Key Bank loan.

Paying debt as you go, as we have done for years, is common. It is the way most homeowners pay off their mortgages. However, some homeowners, at some point, deem it wise to pay off their loans early and free up the money that otherwise would go to the bank for other important purposes.

That is in effect what the Board is proposing here. And it is driven by the budget challenge our church will face in 23-24 and beyond. With inflation of upwards of 10% and with the need to find revenues to replace the one-time money used to balance our FY 22-23 budget, we likely will need a budget increase (and therefore an overall pledge increase) in the neighborhood of at least 15%. And that would only be to maintain current levels of staffing and programs.

So, building a fund to pay off the existing debt would free up \$43,211 in funds for FY 23-24 and \$33,211 for subsequent fiscal years. This money could be used, for example, for staff salary increases, increases in office supply costs, and increased utility bills. And, as the Reserve Study recommends, it could be used to build up reserves for our future needs.

There are two options for paying off the Key Bank loan. First, we could pay it off in one lump sum. That would trigger a modest prepayment penalty. (The bank in effect wants the interest on the loan that it would otherwise collect over time.) The other method would be to create a reserve fund out of which the ongoing payments would be made. That would avoid the prepayment penalty, but it would result in continued payments of 5.03% interest on the loan during its remaining life. The Board estimated it would take a fund of \$160,000, more or less, under either method.



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But isn't using capital campaign funds to pay off the loan using one-time money for an ongoing expense that will get us into budget trouble later?

Not if we pay it all off at once or if we set aside enough in a debt service fund to pay it off over time. And if we do not raise the entire \$160,000 for this purpose, we can pay off just part of the Key Bank loan, thereby reducing future payments, or we can allocate the funds we raise over the remaining life of the loan so that we pay part of our ongoing obligations each year out of those monies.

Given all that the Reserve Study recommends, and our anticipated budget challenges for FY 23-24, is the \$293,000 campaign goal adequate?

Well, frankly, no. But in setting the goal, the Board balanced the needs of the Congregation and what we could realistically ask of the Congregation. The Board recognizes that the same economic realities that make church budgeting challenging also impact the ability of many of our members to increase their financial commitment to OUUC, both in this capital campaign and in the upcoming stewardship drive. Of course, it would be great to raise more than \$293,000 in this effort, but if we can just meet this goal, we will be in a better position to move forward in future years to "fund our future."

I can make a pledge for the stewardship drive or for the capital campaign, but my finances simply will not allow me to do both. What should I do?

In that case, please make a pledge to the stewardship drive. We need to operate the church. We do not want a situation where we have built up capital reserves, but we need to cut staff or programs

But isn't the timing of all this awful? Sure, the church is facing huge issues, but so are all its members. The cost of groceries, rent, utilities, etc. are all skyrocketing. We all face a very uncertain financial future. Did the Board consider that reality?

Yes. The timing is bad, but putting this off would be worse. The furnaces were a bit like the canary in the coal mine (a large canary to be sure). It was a signal that there may be other facilities at risk. Indeed, that is what the Reserve Study shows.



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For example, if the asphalt in the older part of the parking lot is not repaired, the damage could spread and lead to higher costs. It is like a leaky roof in one's home. Let it go for too long, and you need to repair lots of plaster and drywall in addition to the roof itself.

And the ongoing budget needs of the congregation are increasing, leading us to the conclusion that we should try to handle our debt outside the normal annual budget process. If we cannot raise funds to do that, then the pressure on our stewardship drive just increases more. It is a question of whether we pay now or pay later.

But, to reiterate, we are not asking people to do what their finances will not permit. We only ask everyone to do what they can.

So, exactly what happened to the furnaces that failed?

The first gas furnace to fail was one of the two that serves the sanctuary. The heating coil failed and can't be replaced because parts are no longer available for the 30-year-old models we have. (The sanctuary is still getting heat from one furnace and fan/air exchanges from both furnaces.) That was early last Spring.

Then, in August, Marie, our Facilities Manager, noticed that the thermostat in the core area (offices, kitchen, Youth and Spirit Play rooms) wasn't working. When she checked on it, she noticed that the breaker had tripped in the electrical box. She wisely left it off until an HVAC specialist could take a look.

The HVAC specialist told us that the damage was to the circuit board that controls both gas furnaces that serve the core and that this most likely happened due to some failure in the furnaces. In order to see how much the furnaces were damaged, we would have to first replace the circuit board, which was several thousand dollars. Understanding that we wanted to replace the furnaces anyway and that the several thousand dollars for a new board would be just the beginning of costs, we elected to not do any repair and put our energy toward replacing the furnaces with new heat pumps.

The Board has been aware of the need for furnace replacement for several years and was ready to move quickly on what was needed.



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What if I have some questions that are not answered here?

The Capital Campaign Committee is planning some question and answer sessions. Watch the Weekly Newsletter for announcements of those. Or feel free to contact any member of the Committee: Barry Zickuhr, James Trujillo, Elizabeth Rodrick, and Frank Winters. Or, contact a member of the Board.

So, let's say we meet the \$293,000 goal. Will there be a party?

Absolutely! Quite a celebration! And we can all toast George!