

HOW FIRM A FOUNDATION

2019 CAPITAL CAMPAIGN FAQs



1. What is a capital campaign and how is it different from an annual stewardship campaign, which we do every fall?

- A *capital campaign* is a special effort to raise funds beyond the purposes funded by an annual Stewardship Campaign. A capital campaign has a clear purpose, a target amount to be raised, and a specified time period in order to reach the target.
- An annual *stewardship campaign* solicits pledges in the fall of each year to pay for the mission and ordinary annual operating expenses. We create our yearly budget once we have received the congregation's pledges for that year. The annual budget covers expenses such as salaries for staff, program costs and the work we do in our community, and the operating expenses of our facilities.

2. What is the scope of this particular capital campaign?

The Session of Stone Church set a goal of \$500,000 to be raised over three years. The purpose of this campaign is to repair the Lincoln House foundation, and other structural and cosmetic repairs for the house. The estimated cost, as projected by the consulting company, ARTIK, will be around \$450,000.

Also, Session decided to allocate 10% of all funds raised for the purpose of mission partnering with God to do work beyond the bounds of our church. The beneficiaries of these donations will be determined by Session once all funds have been raised.

3. How will the capital campaign work?

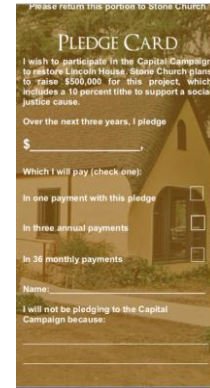
The Session has authorized the Capital Campaign Steering Committee to lead the campaign - Emily and Jody Meacham, Fred Oliver, and Julia Roberts. The Session has also approved subcommittee members to work with the Steering Committee to lead small group presentations and make personal phone calls to the entire congregation. These subcommittee members include: Dhar Blackwood, Bob Cole, Mel Goertz, Janice Goertz, Virginia Holtz, Nick Hurley, Judi Kaiser, Barbara Krause, Rhonda Lakatos, Michelle Smith, and Suzanne Wolfe.

Over the next several weeks, committee members will be presenting and reaching out to all members of the congregation. They will make themselves available for questions, concerns, and conversations about the campaign and the scope of the project we seek to complete. In addition, they will be asking the congregation to

make a financial pledge to the capital campaign to be completed over the course of the next three years. This pledge is in addition to annual stewardship pledges made.

To help you imagine the size of the capital campaign, it may be helpful to think of it this way: our annual budget funded by the stewardship campaign is also about \$500,000. To meet the goal of this capital campaign, each member would need to pledge about one-third more for each of three years. Typically, though, some people can afford more than the one-third increase, and others can afford less. Each individual and family will need to pray and discern what they are willing and able to pledge at this time.

Please communicate your pledge by filling out a pledge card. As a community, we will do our initial turning in of pledges in worship on May 19th. If you cannot attend worship that day, but intend to pledge, please give your pledge card to Jennifer Scott-Brand, the Office Manager, by June 9th. We will tally the numbers and present the final pledged amount in worship on June 16th, followed by a special commissioning prayer for the pledges and the projects they will enable.



4. What repairs does Lincoln House need?

Lincoln House was partially renovated as part of our last capital campaign in 2011, but the building is showing signs of continuing stress, especially in its foundation. Some of that is due to age (90+ yrs.), soil conditions, years of drainage impact, and damage due to the row of trees with invasive roots that were removed from under the north foundation wall a few years ago. There are visible gaps in foundation footings, separation from the house sill plates, a sagging building corner, cracked stucco and cracked, unstable basement walls in a building that is unsecured for a future earthquake.



After the house is placed on the new foundation, cosmetic repairs will be needed for the walls, floors, and windows. In addition, the flooring had significant repairs in 2011 to address past termite damage, but more is needed; and the large, single-panel windows are poor insulators, which contribute to high heating and cooling costs.



5. Is Lincoln House in danger of collapsing?

Not in the near future but the building has deteriorated since 2011 and repairs are urgent due to escalating and rising costs.

Silicon Valley is in the midst of a building boom, which is partially driving rapidly raising construction costs. ARTIK estimated the overall costs are rising at a rate of 8 to 12% each year. In short, the longer we wait, the more this work will cost.

6. How can we be sure costs won't skyrocket?

There are no guarantees. The problems with Lincoln House could turn out to be bigger than what we can see now after we start digging, but we have taken precautions to produce as reliable a cost estimate as possible. Built into the estimates is a 20% design and construction contingency. This is a "fudge factor" which helps to anticipate that things might be worse than we anticipate or actual costs might be higher than predictions.

The estimates are also based on top-of-the-line solutions for problems that may not require them. For example, not all the windows in Lincoln House may need replacing, and the ones that do may be adequately addressed with less expensive windows than have been budgeted for.

7. Are there other ways of paying for Lincoln House repairs?

Yes. The Session is considering the possibility of financing the work through a loan and has investigated seeking loans from the Synod that are under written by the Presbytery of San Jose.

In the Presbyterian Church, presbyteries are the legal owner of the real property of the churches within their boundaries. However, those churches are the trustees of that property, and it's each individual church's responsibility to maintain it and improve it. This has been discussed and investigated with our presbytery.

A loan without a capital campaign would stretch out repayment costs over more years, would be more expensive because of interest payments, and would have to be paid through our annual operating budget, thus reducing what we can afford to do through our annual budget.

It is possible that the church might obtain a short-term loan once the capital campaign concludes so that we can begin work as soon as possible as a hedge against rising construction costs while pledges are being paid. This would keep the loan cost out of our annual budget. It is also possible to receive lower interest rates for some targeted projects, such as for environmental or ADA (Americans with Disabilities Act) improvements or short-term financial assistance.

8. Shouldn't the Capital Campaign be larger in recognition of other projects that Stone Church needs?

The \$500,000 goal of this capital campaign, as determined by the Stone Church Session, was set in recognition of the urgency of repairing Lincoln House. Though this is the goal, it is not the limit.

In preparing for this capital campaign, a feasibility committee established by the Rev. Jim Bender in 2016 compiled a list of needed projects for our buildings. In addition to Lincoln House, the list includes:

- Replacing the concrete steps from the Social Hall into the backyard with an ADA compliant ramp so that all the major entrances to our largest building are accessible to everyone;
- Landscaping the backyard into a space that reflects our environmental values and provides a safer and more usable place for all of us and our visitors;
- Upgrading the utility and function of our kitchen;
- Building a legally conforming handicap access and drop-off from our Lincoln Avenue driveway to the Social Hall;
- Upgrading our church organ;
- Refurbishing the Sanctuary carpet and flooring (completed by other funding in early 2019);
- Improving the lighting and sound systems in our Sanctuary (completed by other funding in 2018)

The Session prioritized this list of projects and determined the Lincoln House repairs are the most pressing. Once Lincoln House is finished, the Session will determine how best to complete the next two top priorities. Any excess funds collected from the Lincoln House project would be seed money for the next two priorities, which are:

- (1) replacing the concrete steps from the Social Hall to back yard so that all the major entrances to our largest building are accessible to everyone; and



the

(2) landscaping the backyard into a space that reflects our environmental values



and provides a safer and more usable place for all of us and our visitors.

9. After the campaign is finished, what are the next steps?

It is the responsibility of the Session to determine the best options for financing and project management. They will be researching, discussing, and determining the next steps over the next few months.

10. What if we do not reach our fundraising goal?

If we do not raise enough money for the repairs, Session will determine how best and most faithfully to proceed.

11. When would work start?

Once pledging levels and timing of income into the fund are known, there will be a new committee created that will work to carry out the restoration - including having bids placed for the work to various vendors, developing the actual work plan and developing a full schedule, etc. A project manager will be identified to lead the efforts. Work could start quickly if Session opted to take out a loan out to get the project underway faster, or Session could decide to just wait for a certain amount to come in from pledges before beginning. All will be decided after the pledging campaign is done.

12. Is 10% tithed to an ongoing project or a specific cause?

A specific mission purpose will be determined by Session.

13. Does the amount include tear-down and removal, or just construction?

The cost estimates included all the work necessary to lift, replace and repair - including logistical considerations to moving of offices, etc.

14. Is Bill Gould's company responsible for the project?

Bill Gould's company, ARTIK, was used to develop the elements and costs of the proposed plan we are funding. In the future, it could be possible to contract with ARTIK to provide management and/or oversight.

Previously, in 2011, they did the remodel plans, and then we contracted with Blach Construction to complete most of the actual work as the prime contractor. ARTIK does many institutional projects and connected us to various resources for design and cost input - i.e. structural engineers, foundation specialist, soils experts, electrical experts. Costs for feasibility consulting work was paid for by using an existing fund left from the last 2011 campaign.

15. What about inflation costs?

Factors were used within the cost planning to allow for a reasonable amount of possible cost increase. We will not know the breadth of what can be included in our budget until we go out to bid. Session would be left to make decisions as to how to raise more money, etc.

17. Who is the point person for the construction company to work through? Is there a project manager?

Session has not appointed our internal point of management for the project. This is yet to be decided. It's possible that we could have an internal and external manager - yet to be figured out.

18. Is the amount being raised strictly for Lincoln House, and not the garden or ramp?

This campaign budget is for the Lincoln House project, deemed the top priority by Session. The next two priorities would be the garden make-over and ADA compliant ramping from the social hall. In the future, with Session's approval, money in excess of what it takes to actually do the Lincoln House project could be deemed seed money for the next prioritized projects.

19. Did anyone run the plans through CE regarding the use of the backyard?

Session members, including CE, were included all along the way on the general plan. The work on Lincoln House will affect the backyard usage. Part of it will most likely be a construction zone for vendors' needs. One could expect fencing to be involved with partitioning the yard for safety reasons.

20. Could I use stock or equities to fulfill a pledge?

Yes, there are certain tax advantages that might be available to you if you choose to do this. Please confer with a tax professional to make sure you know the rules and the timing.

21. Why didn't the garden/social hall ramp/kitchen upgrades get included in this campaign?

The most critical project was deemed the Lincoln House foundation by Session. It needs to be first, so this campaign is just to get that work done as soon as possible. In the future, the other projects will get figured out by Session. In the short term, we were able to improve the lighting in the sanctuary and install new carpets (both on the original list of capital needs) by redirecting some existing funds. So we're making progress.

22. Why can't we just repair the damaged part of the foundation that we can see?

The structural inspections showed that while the visible side along the sidewalk is the worst, the same issues exist along the other sides. Doing a partial repair would still leave the building at risk in an earthquake, etc.

23. Isn't it cheaper to just tear down Lincoln House and put up a new structure?

This was considered as a possible option in the very beginning. It would not be cheaper - it would involve considerable more expense to do so.

24. Why do we think this is the right time to conduct a Capital Campaign? Didn't we just struggle with the yearly pledging campaign?

Waiting for a future repair would see costs going up 8 to 12% per year. With a solid economy, it seems most prudent to move on with a campaign now.

25. Do I have to contribute to this campaign?

As with our stewardship campaign, each person is asked to consider what they can contribute towards the mission of our church. Some can give small, some can give large. There is no requirement to participate, but we hope all will give this prayerful consideration and do their part.

26. Where will the church office be during the construction?

Unknown at this time - a decision to be made in the next phase.