

**CAPITAL CAMPAIGN
FEASIBILITY/IMPLEMENTATION STUDY
CONDUCTED FOR**

**OUR REDEEMER'S LUTHERAN CHURCH
SEATTLE, WA**

JULY 2016

PREPARED BY



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FOREWARD

In May 2014, Rev. Steve Olson, of Olson Advancement, first met with leaders from Our Redeemer's Lutheran Church to discuss the possibility of a capital campaign for building remodel and renovation. Following that meeting, it was determined that additional steps would first be taken for visioning and strategic planning, and first increasing staffing for the mission and ministry of ORLC. Later that summer, he met with those planning the fall stewardship program, and then served as a guest preacher during a stewardship Sunday in October 2014.

In 2015, guidance was provided via phone and email conversations in the process of engaging an architect and planning for a capital campaign. In March 2016, a proposal to conduct a Feasibility Study was presented. The purpose of the Study was to solicit feedback on the Remodel/Renovations Plan Concept and then provide recommendations on implementing a capital campaign.

A total of 33 interviews were conducted, in addition to meeting with the Our Redeemer's Lutheran Church staff. The interviews were conducted onsite June 23-26 and June 30, 2016. Altogether, the responses of 54 people are included in the summary. Those who were interviewed represent a sample of active members of the congregation. A list of those interviewed is included in the Appendix, along with the criteria used for those invited to participate.

This report includes a Summary of Interview Responses, Conclusions and Recommendations for consideration, and an Appendix with background materials for the Study.

I acknowledge with appreciation and thanks the fine work of Don Boelter and Nancy Oldenkamp, in providing information, scheduling interviews and preparing study materials. I thank Pastor Kathy Hawks and the staff and the leaders of the congregation for the opportunity to serve the people of Our Redeemer's Lutheran Church.

SUMMARY OF INTERVIEW RESPONSES

Those interviewed represented a good range of length of membership and a wide range of ministry activities within the congregation. (See criteria for and list of those interviewed in the Appendix).

Years of Membership	Interviews
0-5	10
6- 10	5
11-20	5
21-40	7
41+	6

Congregational Climate

There is a very high level of overall satisfaction among the people of Our Redeemer's Lutheran Church. When asked to name both strengths and challenges of the congregation, most were far more able to identify multiple strengths.

Strengths (in order of those mentioned most often):

Open and Inclusive

ORLC takes me for who I am

Outreach – Connected to the Neighborhood

We're not afraid to get our hands dirty

Healthy Community with Good People

Meaningful connections

Welcomed Calvary folks

People get along – no significant disputes

Pastor Kathy's leadership

Can connect at a deep level

Progressive homilies

Visionary

Music Program

Choir, traditional, contemporary

Additional strengths mentioned:

- Age diversity
- Growing – More young people participating
- Good at selecting leadership
- Dealing with Homelessness
- Living out the mission
- Volunteerism and Involvement
- Attendance Improved with two services

Challenges:**Bridging gap between worship services and generations****Small volunteer pool**

We do a lot of things (sometimes maybe too many)

The Building**Financial stewardship****Hard to get to know people**

Comment from both newer members and long-term members

Have moved from a pastoral to a programmatic church

Changing Culture

Reaching 20 somethings

Changing neighborhood and economics

Sustaining long-term viability

Lack of ethnic diversity (but inherent in Ballard)

Sports draw children and families away on Sundays

Additional challenges mentioned:

- More Bible studies, faith formation, and spiritual education needed
- Preschool not paying enough in rent
- Children's ministries (but now gaining momentum)
- Changing dates means less people participate (eg VBS)

Summary of Responses to Remodel/Renovation Plan Concept

Positive responses mentioned most often:

Entrance

Stained glass from Calvary a wonderful idea
No longer will look like a fortress

Visibility

85th Ave curb appeal
Able to show vibrant activity
Opens to the neighborhood

Worship Space

Flexibility of worship space
Not having to move FH space as much
Eliminating balcony
Getting rid of pews
Organ and piano on the same level

Accessibility – Emmaus walk from parking lot to entrance

Also mentioned:

- Youth area
- More restrooms
- Open spaces for administration
- Tech in adult classrooms
- New sound systems
- Showers in FH area
- Better energy efficiency

Additional Comments:

I like it all!
Much more practical and contemporary than what we currently have
Footprint almost the same – does what needs to be done – practical

Concerns Expressed for Concept Remodel/Renovation Plans

Lack of storage

Where do FH chairs go when not in use?

Narthex Area

Disruptive flow anticipated

Noisy

Sound from street

Need areas to collect various donations (Otherwise cluttered)

Loss of Classroom and meeting spaces

Outdoor Spaces/Alcoves

Concern with becoming area for people to sleep

Not planned for families with young children

No cry room in worship area

No improved classrooms for children

Cost

Can we afford it?

What will be cost benefit?

Accessibility

No elevator to basement

Access to chapel area

Other comments:

- *Worship chairs (would rather have pews)*
- *Likes the traditional setup in sanctuary*
- *Smaller sanctuary*
- *Conceptual mismatch with old building – too modern*
- *Need a better sound system*
- *Add washing machine and dryer – could be used for those who are homeless and for cleaning table linens*
- *Disappointed not doing anything with kitchen*
- *Need an acoustical engineer for the Fellowship Hall*
- *Dig a basement under Fellowship Hall*

Questions Posed

Questions

- *Where will the organ pipes be?*
- *Will there be restrooms where showers will be installed?*
- *Will lighting be fixed?*
- *Will there be sound in nursery?*
- *Will there be video screens in worship space?*
- *Plans for library transition?*
- *Will there be new flooring in the Fellowship Hall?*
- *Partitions for FH?*
- *Can we make sanctuary lighter?*
- *Gender-neutral bathrooms?*
- *How long will this take to build?*
- *Where's the original bell?*
- *What do we do during construction?*

Openness and Readiness for Campaign

When asked of the **anticipated overall acceptance** of the Campaign in the Congregation:

- **Good or Excellent** **64%**
Energy to build on
Process has been transparent
- **Fair** **4%**
- **Uncertain** **32%**
Wish I knew – don't know economic conditions
Don't know what the financial response will be

Responses when asked if Our Redeemer's Lutheran Church **should** conduct a Capital Campaign:

- **Yes** **53%**
A lot of thought and effort has already gone into this
Take a shot!
Good experience so far with process
- **Yes, with some reservations** **37%**
Don't know how this works
How much needs to be raised?
I can't contribute more than I already am
Not certain we can pull this off – if we need to phase – how do we decide?
- **Uncertain** **3%**
- **No** **7%**

When asked if this is a **good time** in the life of Our Redeemer's to conduct a Campaign:

- **Yes** **90%**
Prices keep going up
Why not?
As early as possible
Economy good
Momentum
Great time
In good health financially
Before tax time (but there is election)
Many new people – do it now
Should have happened last year!
Good first step
Good a time as any
Program years begins
Good attendance and interest at informational meetings
Pastor Gretchen on board – Pastor Kathy returning from sabbatical
- **No** **10%**

Financial & Volunteer Support for Campaign

80% indicated they would personally provide financial support. Commitments were not asked for during the interview, but the invitation was given to provide a possible range, if they chose.

\$100,000 or more	1	\$5,000- <\$10,000	2
\$20,000- \$30,000	3	\$1,000- <\$5,000	3
\$15,000- <\$20,000	2	Support as Can /No decision yet	- Many!
\$10,000- <\$15,000	2		

When asked whether they have included Our Redeemer's Lutheran Church in their will, 6 households indicated they have, and an additional 4 indicated they are considering including the church in their estate plans.

When asked what would be a reasonable goal for raising financial support for a Campaign over the next three years, most were uncertain on what might be attained in 3 year pledges. 94% expect that a **mortgage** would be okay to be part of the plan

In addition to providing financial support by all in support of the Campaign, 19 of those interviewed indicated they would be willing to volunteer time in leading or supporting a Campaign effort, and an additional 6 were uncertain but might consider doing so.

Additionally, recommendations of others with the potential to provide a leadership role in their financial and public support of the Campaign will be provided,

Suggestions for Effective Approach and Communication Plan

Approach

Show need – what will they get – best bang for buck
 People put themselves out there as examples – “join me . . .”
 Connect spirituality and donations
 Hire a good consultant
 Solicit a lot of people’s thoughts – include young people
 Show benefits – will be here and in use – details, but not too much
 Be clear on the financials
 Make sure people are on board with design process – otherwise easy to distance yourself
 (we’ve decided and you pay doesn’t work)
 Have equal representation from 9 and 11 a.m. worshippers
 Remind of the process
 Transparency
 Honesty – nothing hidden

Messaging

Community effort – all of us investing in this community
 Investing in our future
 Lift the vision!
 Tie the story together – mission and ministry why? Expectations?
 Tie to the mission – purposes of the building
 Values of community – Ballard area
 Staying within the footprint
 Why it’s needed and how it will be used
 What am I paying for? (be budget conscious)
 Be candid about property across the street

Communication to date

Already good communication – involved many – strategic plan – strong sense of ownership
 Continue transparency
 6/5/16 – good program
 Having the concepts displayed has brought excitement – really like the architect

Means of Communication

Range of approaches
 Face to face – verbal
 Website
 Announcements regularly – but not too long
 Continue emails
 Keep inviting
 Sermon emphasis
 More opportunities to get to know one another – more community building
 Identify segments – multi levels of communication – visual

Suggested Next Steps

Keep access to plans
 Hone the concept
 Do another iteration before the campaign
 Begin design development
 Share costs
 Share plans for what happens during construction

Thoughts on Possible future uses of Parking Lot and Pea Patch

Parking Lot

Important to keep as parking (10)

Great idea to lease as we are for PL

Provides safe place for community

Wait – keep as is (4)

No rush – could eventually enhance to make more useful

Maintain PL and do something that would be part of our vision (low income for elderly, multi-use housing, sell strip for housing) (4)

Not in favor of building housing (2)

Pea Patch

Pea patch valuable to community (6)

Would rile up community if changed use

Put up sign – community doesn't know PP belongs to church (2)

Keep PP as PP – (but could sell to the city as a community garden)

The PP is nice – we like it - but it's not our mission

Sell PP – get the money out of it.

Put Nyers Urness type house on pea patch

Additional ideas:

Opportunity to expand mission such as retirement community at Salem LC, Mount Vernon

Not homeless shelter – consider retired pastor housing – something that supports a religious motive

Community building for youth

Partner with org to provide low income housing

Additional comments, suggestions, and questions

Comments:

This will accomplish much
Excited for the process
Like what's being proposed – been at meetings – feel well informed
Trust in architect – spiritual spaces – look good
I trust the process
All or nothing – go for it
I'm glad they're thinking about the next thing – and not staying as is
Good to get the input – everyone has a different angle – exciting and scary!
More modernized
Leveraging your mission!
Waiting for a long time
We discern things – this has been a plan-full process – we want to start a good dynamic
Appreciation expressed for the feasibility study
Ballard standards – what we do for our homes – what will we do for this home?
Strategic plan – is it accessible – VAB committed but . . .
Concerned about upheaval during construction
We have significantly increased staffing in last 3 years
Faith in VAB – disappointed with architect
Every 40 or 50 years you get a shot at this!

Suggestions

Both 9 and 11 worshippers – provide for all
New sound and lighting in sanctuary. Keep sanctuary to feel like sacred space as changes are made to accommodate both services
Incorporate programs into campaign
Do reasonable chunks with attainable goal
Improve lighting for crossing dark street from parking lot
Rent out facilities for more income
Could start right in FH – don't need to wait
Use carpet tile for FH
Make sure they know construction business
Go out and knock on doors again
Visualize – focus on redesign ourselves – make it more welcoming!

Questions

How much support is there?
How long would we be out of sanctuary? Timeline? Use of space during construction?
Infrastructure – electrical/plumbing – will these be improved?
Is congregation growing?
Priorities and phasing?

CONCLUSIONS AND RECOMMENDATIONS

1. **Overall, there is strong support of the proposed remodel and renovation as a Vision Aligned Building:**
 - Transforming Spirituality
 - Inviting people in/ Ministry-focused outreach
 - Deepening community
2. **The congregational climate is a very favorable to proceed with a Campaign.** The people of Our Redeemer's Lutheran Church have a very strong sense of identity as a close community of faith that is engaged in the neighborhood and is committed to serving others. Based on the interview responses, and the preparation to date in development of a strategic plan and increased staffing now in place, the latter half of 2016 is a good time to conduct a Campaign.
3. **Further development of the Remodel/Renovation Concept Design should continue to address questions and concerns raised.** While overall good participation can be anticipated, the level of financial support will rise as excitement builds with the impact on the vision, mission and ministry of Our Redeemer's Lutheran Church that can be realized as the result of a Capital Campaign.
4. Specific recommendations for making a strong case of support include:
 - a. Continue lifting up the vision for the future, and how building enhancements will help serve the vision of Our Redeemer's Lutheran Church:
 - b. Encourage additional conversation throughout the congregation using the responses in this study.
 - c. Questions raised during the study can be addressed.
 - d. Modify the plan based on feedback.
 - e. Utilize the communication suggestions that have been made. This will help the process of moving from:
 Awareness . . . to understanding . . . to interest . . . to participation.
5. **The recommended financial goal for the Campaign is \$800,000.**
 This is based on the capacity of the congregation, the potential for major gifts, commitment estimates provided during the study, and current annual support. Ultimately, the actual scope of the project will be determined by the gift and pledges shared in the campaign.

Gift Table for \$800,000 Goal Over 3 Years

<u>\$ Gift Range</u>	<u>Number of Gifts Needed</u>	<u>\$ Subtotal by Gift Range</u>	<u>\$ Cumulative Total</u>
100,000	1	100,000	100,000
75,000	2	150,000	250,000
50,000	3	150,000	400,000
25,000	5	125,000	525,000
10,000	10	100,000	625,000
Gifts Important	Many!	175,000	\$800,000

6. A long-term mortgage should be considered in the planning process.

In addition to short-term construction debt as gifts are made over a three year period, determine whether additional long term debt should be taken on for the project and, if so, the amount. Interest rates are very favorable in the current market. Our Redeemer's is in a good financial position. The balance sheet is healthy, and there is no current debt that would need to be factored into a new project.

7. Determine Borrowing Capacity.

As the capital campaign is underway, potential lenders can be engaged. When the capital campaign is complete and the amount of gifts and 3-year pledges are known, borrowing capacity can then be determined. Each lender considered will have slightly different criteria. Criteria from the Mission Investment Fund (MIF) includes: Maximum of 4X Annual Budget AND 75% of Campaign pledge total for mortgage and interest payments.

8. Determine Scope of the Building Project.

Gifts, 3-year pledges, and borrowing capacity will determine the scope of the project. Once this is determined, the congregation would be asked to approve moving forward with the building project and to borrow from a lender for a construction loan and mortgage.

9. Consider an additional three year campaign (2020-2022)

In order to maximize the project and to responsibly manage debt, so that it does not impact annual ministry goals and benevolence, consideration should be given to conducting at least one more capital campaign in 3 years. A future capital campaign can be used to make mortgage payments (instead of initially burdening the annual ministry budget), pay down principal, provide for further facility enhancements, and potential mission outreach construction projects.

10. Continue the communication and planning process.

Develop a timeline for the Campaign. Much of the success of a Campaign is in planning and preparation! The following is a proposed timeline for a Fall 2016 Stewardship & Capital Campaign.

Suggested Timeline

Review Feasibility Study Report	July 2016
Continue Information Communication with Congregation	July – Sept
Refine Plan Concept based on Feedback	July - Sept
Select Campaign Consultant	August
Set Financial goal based on estimated costs and FS recommendations	August
Design branding/Theme	August
Recruit General Chairpersons	August/September
Conduct Major/Leadership Gift Visits	August/September
Congregational Vote to Proceed with Campaign	September
Recruit Leadership Team for Campaign	September
Conduct Stewardship and Capital Campaign <i>(Messaging: Strong support for annual ministry is important. Gifts/pledges for Campaign are over and above!)</i>	October - November
Congregational Vote to Proceed with Construction & Financing based on Campaign Results	January 2017