

## **Close the Gap Question and Answers**

**What was the project?** This was a major project for St. Michael's that significantly altered and enhanced our property. The two main aspects were upgrading and enlarging the parking lot and constructing the Rain Garden.

### **What upgrades were done to the parking lot?**

- Increasing parking capacity from 51 to 103 stalls, including additional handicap parking spaces
- Replacing the gravel parking lot surface with asphalt (no more potholes!)
- Making the parking lot and walkways safer through additional lighting and concrete walkways
- Adding a new entrance off of Evans Street
- Adding catch basins and an infiltration bed to meet regulatory requirements and reduce the environmental impact
- Adding new landscaping and irrigation

**What is the environmental impact and how does the Rain Garden help?** Early in the planning and development process, we recognized the parking lot's potential impact, including the removal of trees and loss of open space. Based on inputs from parishioners and discussions with the City, the parking lot and Rain Garden plans were developed to clearly demonstrate that St. Michael and All Angels is not only aware of environmental issues, but is committed to take appropriate actions, including:

- Planting more trees than were cut down, many of which were diseased or dead

- Selecting native plantings for the newly planted areas
- Specifically choosing plants to maintain rainfall on the property.
- Building the Rain Garden around the downspout infiltration bed on the west side of the Church grounds to help bed performance.
- As good water stewards, the rain captured in the gutters will be the water source for the Rain Garden drought tolerance plants.
- Designing the parking lot to allow for the restoration of Meditation Trail

**What is the financial gap that we need to close?** While people have given generously, a few things contribute to the shortfall. Here are the numbers:

- The original Capital Campaign drive resulted in commitments of \$434,509. However, some pledges made in good faith cannot be completed due to donor’s changed financial circumstances, moving away, or deaths, so we realistically expect to receive about \$411,409 of that money.
- Early in the project (Nov. 2017), the total cost was projected to be \$539,625 (including a \$40,000 reserve, but excluding interest). With the vast majority of the work now complete, we estimate that the final total will be \$556,475 (plus interest). Please note that, excluding loan interest, the estimated final total cost represents only 3.12% increase over our 2017 projection.
- The initial interest rate on the loan was 3.5%, which later increased to 5.75%. While this rate may decrease during the term of the loan, prudent management must assume that the current rate remains in place.

Current project estimate	\$556,475
Interest (actual to date and estimated future)	\$ 48,723
Less original capital campaign pledges	<u>(\$411,409)</u>

Total “Gap” to close	\$193,789
Less “Closing the gap” pledges already received	<u>(\$ 65,000)</u>
Remaining pledges and contributions required	\$128,789

**What were the factors that increased the cost of the construction?**

We have done everything possible to manage the budget and be good stewards of St. Michael’s finances. However, several items came in well in excess of the original plan, consuming the project’s reserve and taking the overall project over budget. The most significant overages are:

- Tree and brush removal - \$24,500
- City mandated engineering changes - \$4,800
- City mandated grade changes requiring stairs and handrails - \$24,250

**How have costs been controlled?** To start with, Joe Donahou and Doug Birrell carried out the enormous project management and leadership roles on a volunteer basis. These very successful efforts were critical - otherwise, we would have paid a great deal for the services they provided (and continue to provide). In addition, we estimate that \$24,000 was saved by your hard work at work parties and throughout the weekdays where volunteers worked on hauling, trenching, planting, building, erosion control and more.

**What are the details of our loan?** The Diocese of Olympia’s Board of Directors generously approved the five year, \$500,000 loan in 2018. We drew the loan in two portions (to minimize interest incurred) in the summer of 2018. The original interest rate was 3.5% and it increased to 5.75% in January 2019. Since interest is calculated monthly based on the outstanding principal, the faster that we pay down the principal, the less total interest that we will pay, thereby reducing our ‘gap’.

### **What about the Capital Campaign pledge I am currently paying?**

Our ability to successfully pay off the loan with the Diocese of Olympia depends on continuing payment of existing and 'Close the Gap' pledges.

To contribute to this 'Close the Gap' effort, you could:

- Extend your existing pledge payments through June 2023
- or-
- Stop your original payment and recommit to a higher amount
- or-
- Continue your payments as planned and give an additional lump sum gift, thereby letting us immediately reduce our monthly interest payment. This means that more of our contributions go straight to principal!

### **I'm not able to give any more than I am already - how can I help?**

There is still much we can do ourselves, so pitching in on our upcoming work parties is great, as well as continued support of St. Michael's with your prayers, ministry, and shared encouragement.

**Are there other sources for funding this?** Yes, and if you think of more, let us know! Here's what is presently in place:

- Many of our building-use partners pay a donation for use of the property.
- A special donation was received from both Issaquah Preschool and the Issaquah Philharmonic.
- Several non-St. Michael's teens make a donation to park here and walk to Issaquah High. (St. Michael's teens park free - membership has its privileges!)
- We are able to make an interest-free 'loan' to ourselves from our own Memorial Funds to pay down the debt, and save some interest there. These funds will be paid back after retiring the loan from the diocese.

- Smaller fundraisers like suppers and auctions are possible, but also take a lot of volunteer and staff time. If you have an idea and would like to lead that effort, please let us know. It may be something we haven't thought of!
- Community partners like local businesses have been approached, but none have been able to contribute due to policies restricting gifts to religious entities.
- Matching funds from some member's employers have been a huge help! Costco is a leader in this.

**I'm in - Let's retire this debt! How can I donate?** There are many options for donating, including:

- Use [this link](#) to make a lump sum or recurring payment online. Please note that it is preferable to use the 'Checking' or 'Savings' options as St. Michaels pays a sizeable fee for credit card payments. If scheduling a recurring payment, please also submit a pledge card to help us understand your intent.
- Put your gift and/or pledge card in an envelope marked as 'Close the Gap' in the offering plate. It may also be marked as 'Close the Gap' and sent to:  
St. Michael & All Angels  
325 SE Darst St  
Issaquah, WA 98027
- In addition to making either recurring or lump-sum donations, the option to donate "Appreciated Stock" to the Diocese of Olympia for the benefit of St. Michael and All Angels for the Capital Campaign fund might be attractive to some families. If this option is attractive, the Parish Office can provide necessary information.