

All Saints' Preschool Capital Campaign: Frequently Asked Questions

As of November 6, 2023

1. Why has All Saints' Church decided to re-open our preschool?

The financial health of All Saints' parish has historically relied on a steady income stream from use of the chapel building. A large portion of this space, housing a preschool/daycare for 40 years, became empty when All Saints' Preschool was forced to close at the start of the pandemic. After significant work evaluating a wide range of potential uses, our Preschool Planning Committee concluded that opening a new preschool was the best and most feasible option. (Other uses considered were found to be either unsuitable for the space, or likely to trigger potential zoning or legal challenges.) Operating a preschool directly, as opposed to renting the space to a childcare operator, will maximize the potential income and give the church greater power of oversight, as well as allowing for the preschool to play a more direct role in the life and growth of the church.

2. What role will the preschool play in All Saints' mission and ministries?

All Saints' Preschool always was and will again be a ministry of All Saints' Episcopal Church. We are truly inspired by *the vision of a revitalized preschool as a true asset to our parish*: bolstering our outreach mission, strengthening our connection to the local community, bringing the energy of young families to our community, raising awareness about All Saints' and potentially growing our membership. While the budget impact of preschool revenue is important, there is a much bigger picture here. We see the potential to fill a significant gap in available childcare for our neighbors, and to instill our common values of welcome, love, peace, and service in the curriculum of our preschool. Importantly, this project will require the entire parish to contribute talent, effort, and prayer to the success of the venture, bringing us together for a larger purpose.

3. What will the preschool offering look like when it opens?

The Preschool Project Committee has conducted a thorough review of other childcare businesses in the area as well as interviews with local working parents to understand the market needs and competition. Based on these findings, we propose to open a year-round, full-day childcare facility that serves children from ages 6 weeks to 5+ years. Our goal is to offer the right mix of infant & childcare, preschool and aftercare at a reasonable price. All Saints' Preschool will include daily activities that promote our core values (service to others, respect for all backgrounds, etc.) and will prioritize time and space devoted to outdoor play, physical activity, and movement.

4. If this will be a full-time, year-round daycare program – why are we calling it a “preschool”?

The Preschool Project Committee considered the option of a name change, but we believe that the All Saints' Preschool name is a major asset, as it comes with 40 years of “brand awareness” and positive associations in the community. Several daycares in our area use words like “Preschool” or “Academy” or “School” in their names, so we don't expect confusion to be a challenge to our future marketing efforts.

5. What gives us confidence that a new All Saints' Preschool will be successful?

Demographics suggest that the Glen Rock market can successfully support a new childcare business, as there are 1,900 households with children in Glen Rock, and the town has an estimated 700-800 children aged 0-5 years. Around 70% of Glen Rock adults are engaged in the labor force. The median household income is \$183K. Although many working professionals no longer commute into the city 5 days a week, our market research suggests that full-time childcare is still critically important, and that a local, out-of-home facility can be very attractive for hybrid workers. (If you work from home in Glen Rock, a daycare in Paramus is no longer convenient for your daily commute!)

There are NO other infant/toddler care centers within the borders of Glen Rock. Childcare centers nearby typically have waiting lists for infants. For 2.5-5 year olds, there are several 9am-12pm and 9am-3pm options in Glen Rock, but few have full-day hours, or are open when public schools are closed.

6. Why is a major renovation of the chapel building needed? Couldn't the church just do a smaller, less expensive clean up and repair of the space?

There are four main reasons to undertake a more extensive renovation at this time:

- a) Due to decades of minimal or deferred maintenance in the building, we've found serious deficiencies in the physical space, including water damage. The existing HVAC, security and lighting systems are also inefficient and overdue for an upgrade.
- b) Parent expectations for the quality, cleanliness, openness, and light in a preschool facility have changed. While we don't need to be "fancy," the building does need updates to bring it in line with parent expectations and be competitive with other daycares in attracting new families.
- c) There is an opportunity to change the layout in ways that both allow for higher capacity (bringing in more revenue) and allow for more efficient staffing (increasing bottom line income.)
- d) Because we believe in the importance of inclusion and welcome, there is an opportunity to make the building much more accessible for the disabled, for strollers, the young, and the elderly.

7. What specific improvements/changes are being proposed as part of the renovation?

At the current time, we have a set of draft architectural plans that represent an ideal vision of improvements. The actual work undertaken will depend on final cost estimates from contractors and on the fundraising commitments we receive in the capital campaign.

We will be working over the coming weeks to narrow down the renovation project scope to fit our budget. We may decide to eliminate, delay or phase out certain elements.

The potential changes fall into 6 main categories:

- **Accessibility:** Rebuild the entranceway to create a larger porch footprint between preschool and chapel doors, reached by an accessible entrance ramp. Also, install a small elevator ("lift" similar to the one in the church building) to allow full access to the lower floor. Add a handicap-accessible bathroom to the main floor near the chapel altar for use by chapel worshippers, church staff and church office visitors.

- *Security*: Relocate the main office from the ground floor to the upstairs near the main entrance, and install a glass window for visitor check-in. Install upgraded security cameras to monitor classrooms.
- *Classroom capacity*: Remove walls to enlarge and combine classrooms both upstairs and downstairs.
- *Welcoming environment*: Enlarge windows on the lower level to let in more light. Remove or encase exposed pipes to increase the impression of ceiling height and reduce visual clutter. Replace solid walls with half-glass walls where appropriate to allow visibility into the classrooms and disseminate light throughout the lower level. Replace carpet with solid flooring that is easier to keep clean.
- *Infrastructure improvements*: Replace old boiler heating system with new, efficient HVAC wall units. Remove the oil tank and repave the parking lot to eliminate potholes. Upgrade lighting with basic, but brighter and more energy efficient LED units. Update and repair deteriorating toilet facilities. Repair areas of water damage in ground floor rooms (buckling floors, crumbling plaster etc.) and waterproof to eliminate future water seepage. Ensure the building remains free of mold, lead, asbestos and other contaminants.
- *Chapel improvements*: Reduce the empty space near the altar and lower this area to match the rest of the floor. Replace the current fixed pews with moveable wooden seats. Relocate the rearmost stained-glass window to the unused organ alcove near the altar.

Details on the potential changes can be seen in the architectural drawings, posted online at www.allsaintsglenrock.org/capitalcampaign

8. How would these improvements impact the preschool operations?

An entrance ramp would make it much easier to transport infants outdoors for daily exercise, drills and actual emergencies. A lift would allow injured students and staff, or those with disabilities, to access the space, and would make it easier to transport heavy supplies safely between floors. Relocated office space would enhance welcome for families, and greatly improve security by monitoring visitor check in. Larger classrooms would increase capacity by almost 17%, allow more efficient staffing, and let children move around more freely during their day. Open classroom layouts, enlarged windows, higher ceilings, and glass walls would make the space more appealing to attract new families, retain staff, and provide a welcoming environment for children. Glass classroom walls and an office check-in window would also improve safety by allowing easier oversight of children, teachers, and visitors.

9. How would these improvements impact the chapel worship space?

The proposal calls for some of the back area of the chapel to be used to enlarge our preschool infant classroom, but this would be mostly offset by eliminating the current step/platform near the altar. The resulting chapel footprint will be only slightly smaller. There is an option for flexible seating that can be arranged for any type of worship – traditional rows, a prayer circle, etc. as well as classes, meetings, and other gatherings. The room would still comfortably accommodate the typical chapel attendance, with a more intimate layout better supporting our small group worship and prayer together all while maintaining the current appearance of the chapel.

10. Will the renovations have a negative impact on the historical architecture and charm of the Chapel building or the worship space?

The only proposed change to the building exterior is the addition of a masonry ramp and expanded “porch,” facing the parking lot. They would be built with materials that match the current exterior and they are designed to be an aesthetically attractive addition to the side of the building.

Inside, any alterations to the chapel worship space would be executed with great respect for the historic decor. The intention is to preserve the beautiful woodwork, framing and wall stenciling surrounding the altar. Stained glass windows in the rear would be relocated if the wall between the chapel and infant classroom is moved. There is an option to remove the pews; if that happens, they will be replaced with moveable wooden chairs that are in keeping with the chapel’s style and period. Memorial plaques may be relocated, and will be maintained respectfully within the chapel space.

11. How much money is needed for the preschool renovation and relaunch, and how does the church propose to fund this cost?

The core renovation work is budgeted to cost around \$725K. In addition, we have budgeted another \$100K for classroom furnishing and supply costs. The first 18 months of preschool operations, as enrollment ramps up and overhead expenses temporarily exceed income, is likely to run at a loss approaching \$150K. Finally, we expect to spend \$35K on crucial exterior projects, including a new playground fence, playground mulch, oil tank removal and parking lot repaving. Loan origination fees are estimated at \$15K.

We hope to fund this approximately \$1,050,000 in total costs via \$450K of capital campaign funding from All Saint’s parishioners, former preschool families and the Glen Rock community; \$100K in grant funding; and a \$500K long term loan, to be paid off with preschool income over a 15 year term.

Going forward, any work that doesn’t fit into the renovation budget would only be pursued if there is energy and appetite over time for additional fundraising beyond the current capital campaign goals. We expect that the preschool, once it opens, will run its own parent-led fundraising efforts that can contribute to future capital improvements.

12. Why is the church proposing this mix of loans, grants and fundraising donations? Why not fund the entire project through borrowing?

By balancing the use of loan funding and donation/grants, we can a) keep total interest payments down and b) maximize the future income stream to All Saints’ parish operations and ministries.

While our financial forecasts and historical experience suggest the preschool will be a thriving business, this approach keeps the debt burden to a manageable level for the size of the operation and helps ensure that ups and downs of the economy won’t pose a major risk.

As an additional benefit, an active fundraising effort can bring our parish together in a united purpose, challenging each of us to commit to and contribute to the goal of a renewed preschool ministry.

13. What confidence do we have that we can reach our fundraising goal, given the size of our parish?

Our Preschool Project Committee and Vestry commissioned fundraising consulting firm Kirby-Smith to conduct a feasibility study within the parish this past summer. 40% of parish households responded to the survey and interviews and expressed overwhelming support for the preschool project. The study concluded that a parish-led capital campaign could raise between \$250-\$450K, depending on participation levels. We have set our fundraising goal at the high end of the range. We believe that we can strive for full participation from our parish, and in addition we see an opportunity to reach out more broadly to the Glen Rock community and to former preschool families for support.

14. What is the expected financial income to the parish once the preschool is fully operational?

Our financial model projects a run rate ranging from \$90,000-\$120,000 per year in operating income after the first few years of ramp up. After expected debt payments of approximately \$56,000 per year, and some money retained in a reserve for ongoing preschool needs, this will generate \$30,000-60,000 in income to the parish annually to support the operating budget and/or replenish memorial funds.

15. Are we expecting the preschool to generate more income than before? If so, why?

Our forecast does show an opportunity to improve on past trends in preschool operating income. First, our renovation will greatly improve the appeal of the facility to prospective families, allowing our preschool to set prices more in line with the market (historically our tuition fees were lower than competitors.) Second, by expanding to larger classrooms, we can accommodate more students and yet maintain strong student: teacher ratios, with no increase in staff. A very thorough review of the past financials also suggests that there is room for a more efficient approach to spending, incorporating more modern accounting and tracking systems and tighter operating controls.

We also envision that the preschool, as a 501c-3 non-profit, can engage parents in ongoing fundraising efforts that serve a dual purpose of building community and funding future capital improvements.

16. What has been done to ensure that the financial model is accurate?

The preschool financial forecast was built with expertise and consultation from a range of experts. The core team from the parish included Brian Combs, Megan Findley, Michael Gieger and Don Nagle – all with deep backgrounds in finance and/or business strategy. Father Mark provided insights from his prior experience with church preschools, and our educational consultant reviewed and shared input as we refined the model.

While no forecast can be completely accurate, we have made every effort to develop robust numbers, make conservative estimates, and pressure test key assumptions. A detailed set of expense estimates leveraged 10 years of historical All Saints' Preschool P&L statements. We also gathered external benchmark data on competitors' tuition levels by age group and on teacher salaries in local job postings.

A high-level financial model summary is available online at www.allsaintsglenrock.org/capitalcampaign . If parishioners are interested in seeing more detail, please reach out to the committee to schedule a 1:1 session.

17. Who is involved in decision-making with regards to the preschool plans?

The Preschool Project Committee currently includes:

- Father Mark Collins, who has been involved with preschool operations here and in prior parish roles
- Brian Combs, a Financial Analysis & Planning consultant
- Laurie Geiger, a highly experienced HR executive
- Eileen Wagner, who served as construction manager on our 2010 parish renovation project
- Fred Hamble, a legal and compliance expert
- Megan Findley, a business strategy executive and former Glen Rock BoE trustee
- Don Nagle, who works in finance for non-profit and church entities
- Michael Geiger, our All Saints' Treasurer
- Nancy Treacy, representing vestry leadership

The committee meets several times each month and has assigned owners for various workstreams, such as fundraising, governance, licensing, construction, finance and communications. The team updates the vestry monthly. The vestry provides feedback, and votes to approve any necessary spending.

18. How is the Preschool Project Committee tapping into outside expertise?

The Committee has actively engaged with external stakeholders and sources of information throughout the past 12-18 months. For example, we have attended the annual convention of The National Association of Episcopal Schools (NAES). We have engaged an educational consultant with decades of experience in church-run preschools. We are connecting with key stakeholders from the Diocese and from the Episcopal Church Building Fund, and networking with rectors of Episcopal churches that have preschool ministries. We are working with Kirby-Smith (a church fundraising consultancy) and with a freelance grant writer to ensure our fundraising efforts are productive. Our architectural firm Callori Architects helped us expand and make our church building accessible in 2011. We are also actively reaching out to State childcare licensing representatives and resources to make sure we are prepared to meet all requirements and mandates.

19. What if I have some ideas for the preschool or concerns about the plans?

We'd love to hear from you! Please contact Father Mark or any member of the Committee listed above at any time. Committee members have made themselves available during coffee hours this fall specifically to be available to hear questions and input.

20. Why are we asking for donations? Isn't the preschool a profit-making business that should pay its own way?

In fact, All Saints' Preschool is a 5013-C non-profit entity. All contributions to the Preschool Capital Campaign are tax-deductible and may be eligible if your company has a matching program for charitable donations. Any future income from the preschool, after teacher salaries and basic operational expenses, goes directly to supporting the ministries of All Saints' Church.

While preschool income can be used to pay off renovation expenses over time, it is much better for the future financial health of the Church if we can balance the use of debt with other funding sources. By

funding some of the renovation through a capital campaign, we can minimize debt service payments, reduce risk, and allow more of the future preschool income to directly sustain the church over time.

21. How will we make sure the preschool is well run going forward? What kind of oversight will be provided?

Governance and oversight of All Saints' Preschool will be a collaborative effort managed by the Preschool Director, the Rector, and a School Board. We will continue to leverage learnings and best practices from the NAES resources available to us. From an operational perspective, the Preschool Director will report to the Rector, School Board, and Vestry. The Rector, Preschool Director, School Board and Vestry will be mutually responsible for the long term success of the Preschool and for realizing the purpose and vision for the Preschool. Responsibilities, accountabilities, and collaboration intent will be spelled out in the Parish and Preschool bylaws and will be made available to the parish

22. How will All Saints' Preschool ensure safety and security for the children in our care?

The proposed renovation includes several changes that enhance security: relocating the preschool office to the entrance area with a check-in window so that visitors can be monitored, and installing glass walls so that classroom activities are visible from the hallways. A security camera system would also be installed and viewable from the main office. All Saints' Preschool has always maintained fire safety systems, evacuation protocols, and emergency plans that meet state licensing standards, and we will continue to do so. If we are able to add a ramp at the entrance, evacuations can be safer and quicker, especially for transporting infants and toddlers. In addition, the preschool will follow all state guidelines for staffing ratios, qualifications, and background check requirements.

23. What are the priorities when it comes to staffing up the preschool?

We are committed to hiring highly qualified, warm, and nurturing staff members who fully embrace our vision. The first and most critical hire will be an experienced Preschool Director who believes in an educational approach focused on whole-child development, play-based learning, and community values of inclusion and service. We will ask that Director to seek out committed, creative head teachers and assistants who are energized by service projects, imaginative play and outdoor activities.

We also plan on committing to staff retention, setting above-average pay for teachers, and offering professional development and competitive benefits. We have conducted a thorough benchmarking of teacher salary in local childcare job postings, and used those as assumptions in our financial models.

24. Is it realistic to open by fall of 2024? What happens if the timeline slips?

The Committee has laid out a detailed project plan that lays out the steps required to open by fall 2024, and the timeline is admittedly quite tight. Given the timing of securing funding, completing the renovation, and hiring staff, it is likely that we may not be able to enroll students exactly at the traditional start of the school year in September 2024. Starting later should not prevent a successful launch: parents may seek childcare in any month of the year, as babies are born, work schedules change, and families move into town. We have already planned for a slow ramp up of enrollment, assuming that the preschool may not be at full capacity until 2026, and our financial model anticipates the funding needs accordingly. That said, from the perspective of parish health, a delay is not ideal, as the operating budget will be under pressure – so the Committee is making every effort to push for the targeted

opening date. Some pieces of work will likely be staged to happen after opening, as another way to ensure a timely opening and to manage cash outflows and funding needs.

25. Will the spending on the chapel building take away from other critical maintenance needed by All Saints'?

It is not correct to consider the proposed preschool renovation as competing with church needs – in fact, the one supports the other. The church operating budget will continue to be tight until the return of the critical stream of income from use of the chapel building. No income from the chapel building is possible without significant repairs and renovation to bring the space into acceptable physical condition.

For critical infrastructure projects and repairs, the Treasurer can and will tap our church memorial funds until the returning preschool income allows us to rebuild a healthy financial structure.

26. Did the committee consider a more extensive renovation of the exterior, rearranging the site to improve car drop off, expand parking, etc.?

Unfortunately, our renovation budget will not allow much in the way of exterior work; the interior changes alone are quite costly, especially in this time of inflation and high contractor demand. Although the parking lot will be repaved, the current site layout will not change. This approach also has the benefit of avoiding planning/zoning board review that might severely challenge our timeline to open.

As in the past, the parking lot will be reserved for All Saints' employees, and preschool families will park on the street and walk to the entrance for drop off. Since parents drop off and pick up at different times depending on work schedules, parking and traffic have not historically posed significant problems.