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**St. Mary's Parish  
2012  
Stewardship Drive**



First I want to thank Noel for all of her hard work researching and laying the groundwork for an annual Parish Stewardship Drive and for developing the Total Stewardship Drive Team.

Thanks also to both Noel and Kate Bixby for working out this year's Total Stewardship Drive with a focus on time, talent, treasure and prayer.

Thank you also to our parish Finance Council for their diligent review of the financial matters of our parish and for fielding a lot of the questions and concerns that came up during the drive.



We called this Town Hall Meeting to answer those questions and concerns.

As the questions and concerns came out, we realized that we made a mistake...we missed a vital communication step. Really, this Town Hall Meeting should have taken place *before* the Stewardship Committee launched the drive...then everything would have been clearer.

I apologize for our oversight and hope that this presentation will help everyone understand where we are, what decisions we have to make and what options we have. I also hope it will clearly communicate the goals that are part of the Capital Projects Fund - and explain why they were chosen as a focus this year.

## Operations

Operations Fund: \$641,203

Operations	Mortgage Interest	Personnel
\$140,043	\$123,500	\$250,687
Ministries	Diocesan	Facilities
\$35,840	\$78,433	\$12,700





Why so little of the total  
budget goes to ministries!?!?

Let's begin with the Operations side of the Drive.

You can see that the goal for the year is the same as our fiscal year budget.

However, the way it was broken out on the sheet raised a lot of concern about how much money out of the budget goes to ministries. The question being asked was "Why does so little of the total budget go to ministries!?"

But that is a *false impression*. (CLICK)

First, it is important to understand that the dollar figure designated for ministries on the bulletin reports is **ONLY** the amount allocated to various ministries for materials, supplies and volunteer education.

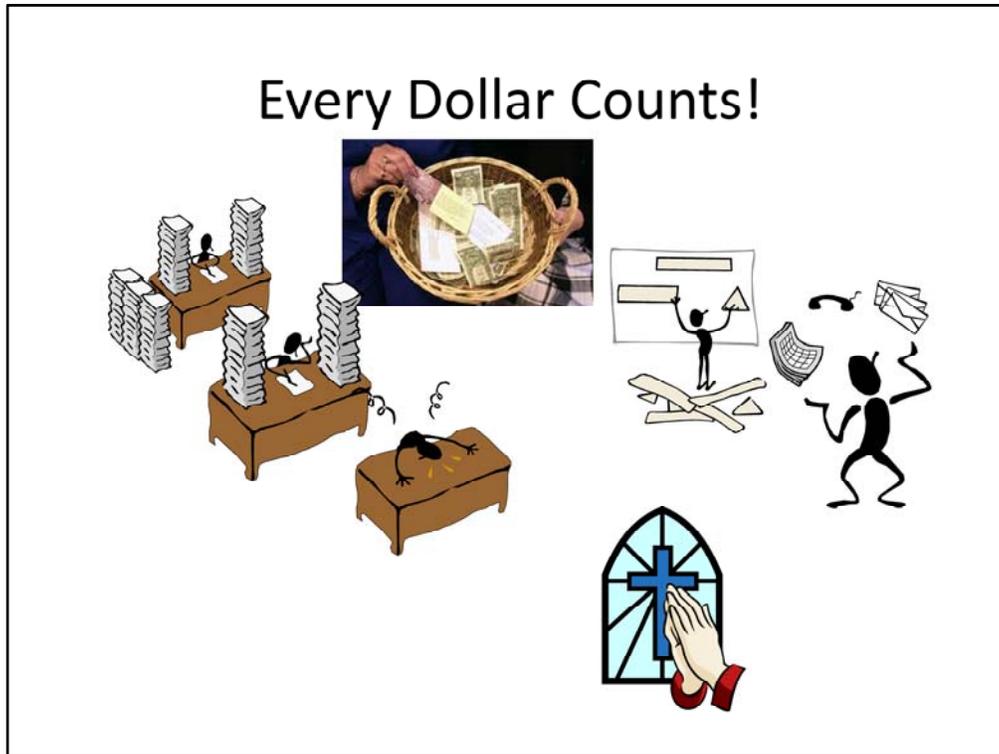


However, a great deal more of the operational budget supports ministries in other ways. Let's look at it this way:

Personnel costs include the positions of Director of Liturgy, the Director of Christian Formation and Youth Ministers, whose entire jobs focus on the ministries included under liturgy and Christian formation.

Office personnel also supports ministries through bookkeeping, communication (web site, face book, bulletin, etc.) and logistical support.

Of course, building maintenance and cleaning, utilities and other fixed expenses also support ministries by providing functional space for meetings and projects.



In this sense, every contribution to our operational budget is a contribution to our ministries and our parish mission.

While we would love to allocate more funds for materials and supplies and volunteer education, we do also need professional, educated staff to help coordinate ministries, ensure compliance with regulations, verify theological correctness, assist with scheduling and communication and to help develop the vision for ministries.

Now, before we move on to the Capital Project Funds side of the drive, I would like to stress that any contributions made to the Capital Projects Fund should not be at the expense of the operational budget.

As much as we want and need to take care of our debt and other Capital problems, we still have to operate day to day and fulfill, as best we can, the mission of our parish in this community.

## Capital Projects Fund

Capital Fund: \$662,070

**Mortgage**

\$73,603

**Balloon Payment**

\$188,467

**Capital Projects**

Sound System: \$108,000

Rectory: \$292,000



Ok...the Capital Projects Fund raised a lot of questions and concerns. First, I will explain the four goals for this year's campaign. There are **only four**. One person raised the concern that giving to the Capital Projects Fund would mean that the Pastor could use the money for any project he wants. That is entirely **not true**. The projects that can be completed under this Capital Projects Fund are limited to those for which we have been granted an exemption from Cathedralricum tax. Our request for an exemption specifically covers: debt reduction, building the Bell Tower; finishing the kitchen; remediating the acoustics problems in our worship area; completing the grill work to separate the Blessed Sacrament chapel from the main worship space; finishing the parking lot; and expanding the parish hall.

Therefore, we will only look at those specific problems when determining goals for our Capital Projects Funds. This year, we chose to focus on the Acoustic Remediation (called Sound System during the drive) and the Rectory because these are the two most pressing needs for several reasons.

The dollar figures associated with these projects alarmed several people. **(click)** We did not mean to employ shock and awe...these are actually high-end figures...the most these projects COULD cost...but relax...they are not set in stone and they are not spending authorizations.

Let's look at each goal under this year's drive separately:

## Debt Reduction

**Mortgage**  
\$73,603

**Balloon Payment**  
\$188,467



Balloon Payment due 9/1/18:	\$1,430,806.
Subtract the amount we had in savings at the time:	<u>-\$300,400.</u>
Total we need to gather over 6 years:	<u>\$1,130,802.</u>
Divided by 6 years:	÷6
Equals amount needed each year:	\$188,467.

The first goal is self explanatory.

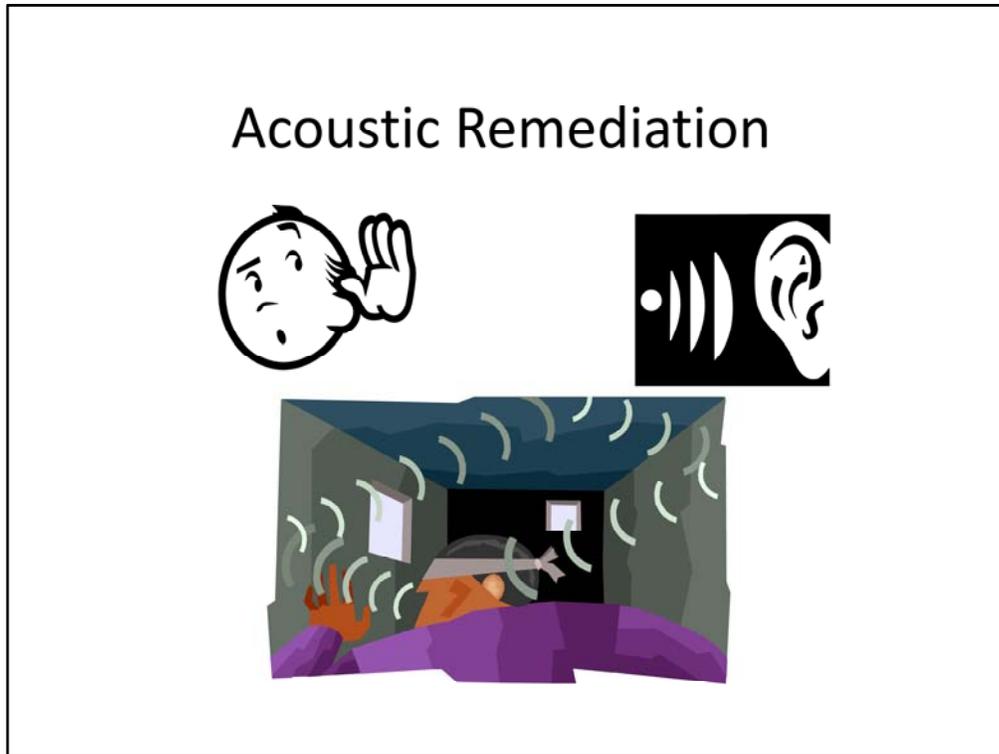
This year, we will need to pay \$73,603 in regular mortgage principal payments.

The balloon payment goal was calculated by taking the total balloon payment due on September 1, 2018,

subtracting what we already had in savings and

dividing the difference by 6, since we have 6 years before the balloon payment is due.

If we were able to collect \$188,467 each year for 6 years, we will be able to pay the remainder of the loan off on the due date and be free of that debt.



The goal called the sound system in the bulletin is actually about remediating the acoustic problems in our worship area.

This project was chosen to focus on first because our primary activity as a parish is to gather together for the Eucharist and to hear God's word proclaimed.

Being able to hear in our worship space depends on where you sit and who is speaking...in most places, you can't understand what is being said without a lot of concentration.

We had Stage Sound come out to evaluate our problem. This company was recommended by other parishes and also by a contact at Virginia Tech.

They explained that for the spoken word to be understood clearly, the reverberation time in a room should average no more than 2 seconds. According to Stage Sound's measurements, the reverberation time in our worship space averages 4.2145 seconds.

The hard surfaces in the room are the reason for the long reverberation time...the sound bounces off the walls, floors, and any other surface it hits.

## Reducing the Echo

Frequency (Hz)	Square feet of 2" thick acoustical panels		
	4000	4500	5000
125	2.35	2.28	2.22
250	2.13	2.02	1.93
500	1.98	1.85	1.73
1000	2.01	1.88	1.76
2000	1.90	1.78	1.67
4000	1.72	1.62	1.54
8000	1.22	1.18	1.14
<b>Unweighted Avg</b>	<b>1.99</b>	<b>1.87</b>	<b>1.76</b>

The solution proposed by Stage Sound involves mounting acoustic panels on the walls above the door and window heights and possibly even ceiling. These panels will be colored to match the current colors in the walls and will blend with the room, so they are not so noticeable.

Based on their measurements, we had them quote three different square footages... 4 thousand, 4500 and 5 thousand.

At 4,000 sq. ft, the average reverberation time was cut down to 1.99 seconds...just below the upper range for clarity. However, certain frequencies of sound would still reverberate above 2 seconds.

At 4500 sq. ft, the reverberation time would be reduced to 1.87 with only two frequencies still reverberating above 2 seconds.

At 5,000 sq. ft., the average reverberation time would be reduced to 1.76 seconds and only one frequency would still be above 2 seconds.

## Cost of installing acoustic panels:

	with a boom lift:	with scaffolding:
4,000 sq.ft.	\$58,839.00	\$61,739.00
4,500 sq.ft.	\$68,821.00	\$71,721.00
5,000 sq.ft.	\$79,402.00	\$82,302.00



The cost for each of these treatments would depend on whether we had people remove some of the pews so a lift could be brought in and could move around the walls freely. If we did not move the pews, they would have to build scaffolding.

Here is the cost for each level, assuming we would not pay tax.

4,000 sq. ft. with a boom lift: \$58,839.00; with scaffolding: \$61,739.00  
4,500 sq. ft. with a boom lift: \$68,821.00; with scaffolding: \$71,721.00  
5,000 sq. ft. with a boom lift: \$79,402.00; with scaffolding: \$82,302.00

## Other Suggestions

- Digital Control System Upgrade: \$16,365.00
- Lighting Control from same iPad: \$4,373.05
- iPad: \$400
- Piano Microphone System: \$1,708.-\$3,389.

While they were preparing the proposal to deal with the reverberation problems, we asked them for other possibilities for improving the sound in the worship space, including making the sound system controllable by a panel or iPad in the worship space...so that if one person is very loud and the next person very quiet, the sound can be raised and lowered in real time.

They included answers to these questions in their proposal.

The best way to make the sound and lights controllable from an iPad in the worship space, which would allow real time sound and light management for liturgical functions, would be to convert the current sound system from analog to digital.

A digital control system upgrade would cost \$16,365.00 **if** we did it at the same time we install the acoustic panels. Upgrading the lighting controls so they could work from the same iPad would cost \$4,373.05. The iPad itself should cost no more than \$400.

Their final suggestion was installing a piano microphone system for better quality sound. That would cost from \$1,708.00 to \$3,389.00, depending on the quality and type of system chosen.

## Acoustic Summary

- Minimum complete job: \$81,685.05
- Maximum complete job: \$106,429.05
- Bare bones acoustic remediation: \$58,839.00



With these figures,

remediation of the acoustic problems in the worship space and upgrading the sound system we have

would cost a minimum of \$81,685.05 and a maximum of \$106,429.05.

If we only do the minimum to reduce the reverberation in the worship space, it could cost as little as \$58,839.

Upgrading to digital at a later date is possible, but would cost more, since discounts were applied based on doing it all at once.

So, you can see we have choices to make regarding the sound remediation for our worship area. No final decision has been made yet, and a lot depends on you. We would value your feedback on this project. At the end of the presentation, I will let you know where to send your suggestions and opinions on this project.

## Rectory



Two options on the table:

- Keep Renting
- Purchase a house that would serve as a rectory for the time being...until our debt is paid off and we have time to make a sound decision for a permanent rectory.

The final project focused on this year is the rectory solution.

Let me begin by saying that **no final decision has been made in terms of whether to buy a permanent rectory off of this property or build a permanent rectory on this property.**

As we noted in our Town Hall meeting on March 11, 2012, either decision requires some strategic planning and consideration of all the pros and cons. We talked about two options for providing a temporary rectory solution and the need to decide which option makes more fiscal sense for our parish.

The two options are:

1. Continue to Rent until the current debt is paid off in 2018.
2. Purchase a house to serve as a rectory until the debt is paid off and we have had time to determine the best permanent option for our rectory.

We need to make a final decision between those two options at this time. So let's look at the numbers associated with each option:

## Renting

- Our rent has already gone up once.
- We have already paid out \$25,495.97 in rent since January of 2011.
- If we continue to rent until the debt is paid in September of 2018...and the rent stays the same...we will pay an additional \$81,000 in rent.
- ( $\$1,125/\text{mo.} \times 12 \text{ months} \times 6 \text{ years} = \$81,000.$ )

We are currently renting a townhouse. Our rent has already gone up once, and likely will go up again over the years.

We have already paid out \$25,495.97 in rent since January of 2011.

If we continue to rent until the debt is paid in September of 2018...and the rent stays the same...we will pay an additional \$81,000 in rent.

Granted, renting would prevent adding to our debt load. But, there is no equity built...the money is just gone.

## Purchasing

The dollar figure attached to the rectory was based on the housing market prices for a permanent rectory...to buy or build a house that would be suitable for more than one unrelated adult to live in.

A temporary rectory would not cost so much.



Many people were surprised by the price tag associated with a rectory. Again, this figure is the highest goal.

Based on research we have done in the housing market and by talking to builders, to buy or build a permanent rectory suitable for unrelated adults to live together...perhaps a priest and a seminarian or a retired priest...it could cost up to \$300,000 or even more.

However, for the time being, we would be looking for something smaller...suitable for only a priest...until we are ready to decide on a permanent rectory.

## Financing a temporary rectory

Financing \$150,000 for 15 years at a fixed 3% interest rate.

Total interest paid in 15 years: \$36,457.04

Interest paid in 6 years: \$22,764.53

Compare to rent for 6 years: \$81,000.

If you look at the houses for sale in Blacksburg, you will see that many range around \$200,000. How much house we could afford would depend on how much of a down payment we could raise.

For the sake of comparing renting to purchasing, I used local mortgage rates and what would happen if we financed \$150,000.

The current rates are right around 3% for a 15 year fixed rate mortgage. I don't think we could get much better than that.

So, on a \$150,000 loan, our payments for principal, interest and property tax would be \$1,157.12 per month. (Only \$32 more than our current rent.)

If we kept it for the full 15 years, we would end up paying \$36,457.04 in interest. Over the 6 years we have until our current mortgage is paid, we would have paid only \$22,764.53 in interest.

Compare that to the \$81,000 we would have paid in rent over the same time period.

## Equity

- Over the same 6 years, we would have built \$52,854.16 in equity, plus any amount we would have put into a downpayment.

That is an asset that we can recoup if we buy or build a more suitable permanent rectory after our church mortgage is paid in full.

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## Rent vs. Buy

	<u>Rent</u>	<u>Buy</u>
Amount spent over 6 years:	\$81,000	\$83,312.64
Amount in equity built:	\$0	\$52,854.16
Amount lost (not recoverable):	\$81,000	\$30,458.48

So, based on a loan of \$150,000, we will spend \$2,312.64 MORE over 6 years if we buy, but we will have an asset that we can sell valued at \$52,854.16 (depending on the housing market).  
If we rent, we have nothing to show for it.

Let's look at renting for 6 years vs. purchasing a temporary rectory side by side to decide which makes better fiscal sense for our parish.

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## Contact

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**Finance Council:**

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Jerry Diffell, 540-961-2519, JDiffell@yahoo.com

So, I hope we all understand the items included under Capital Project Funds a little better. Any comments, suggestions, feedback or questions can be addressed to either Elizabeth Zirkle or any member of finance council. Our contact information is here and in the bulletin.

## Where will my money go?

- The short answer is...where you want it to go.
- We did not include check marks for each project because each one is needed.
- However, if you feel strongly about contributing to only one of the goals, you CAN designate where your money goes.

Before we close, I would like to address one more question that came up. Some people were concerned that they could not specify which project in the Capital Projects Fund they wanted their money to go toward.

I hope you can now see the importance of all 4 goals, I want to reassure you that you can ALWAYS specify where your donation goes.

We did not include check marks for each project because each one is needed. However, if you feel strongly about contributing to only one of the goals, you CAN designate where your money goes.

If you want to only pay for debt reduction, then write debt reduction on your check and your envelope. If you want your money to go only toward the acoustic remediation, right that on your check and envelope. Be clear, so the money counters will see it and note it correctly.

However, if you see the importance of all four of these goals, and you want your donation applied where it is needed, then do not specify ...simply donate to the capital projects fund and your donation will be allocated to whichever of these projects needs the funds the most.

All four of these goals are exempt from Cathedraticum.

## Strategic Planning

- Lots of decisions in the near future!
- Need to plan ahead.
- Have experience in strategic planning?
- Want to be involved in the future of our parish?
- Contact Anna Chisholm, 540-544-6823, [achisholm@vofonline.org](mailto:achisholm@vofonline.org), to get more information.

As we noted during the rectory portion of this presentation, we have a lot of important decisions to make in the near future. We need to decide what our goals are as a parish and a community.

Toward this end, we are hoping to gather a team to begin strategic planning. If you have experience with strategic planning, or if you would like to get involved in the future of St. Mary's, we invite you to put your name in the hat to be part of the team.

We need long term parishioners and new parishioners, and would like a good cross section of the population.

Contact Anna Chisholm if you would like to be considered for a position on this team. We would love to begin the planning process in January.



Any questions or concerns not addressed?

Any comments?