

## Information for the Annual Congregational Meeting

**February 3, 10 a.m.**

**Voting will take place as follows:**

- 1) Furnace Replacement
- 2) Phase A Renovation to provide Accessible washroom
- 3) Phase B Building Addition

Building plans for Phase A, Phase B, plus more detailed information about the furnace are located on the bulletin board in the fellowship hall.

**If you prefer, you can submit your questions in writing anytime before the meeting. Please include your name so we can address your concerns.**

**Submit your questions to:**

**Building use, plans, and General: Esther Mueller**

**Financial: Flora Rosnau**

**Furnace, high efficiency and geothermal: Louis Eckert**

## **This information has been jointly prepared by:**

**Building use committee:** Esther Mueller, Phil Ruhlman, Pastor Holm, RuthAnn Jeanson

**Property committee:** Gerald Mueller, Glenn Schwartz, Doug Allen , Richard Eves, Barb Mason, Louis Eckert

**Finance committee:** Flora Rosnau, Louis Eckert, Art Robinson, Gary Tubbe, Bob Nickerson, Jackie MacDonald

**The Building Use committee** has studied what is working well in our church and what we are lacking. Many things are working well, but what we are lacking is a handicapped washroom, a private pastor' study, and general storage.

With an aging congregation and the wish to be more accessible to the general public we feel upgrading our church facility to a full wheelchair accessible status is our biggest priority. Storage is always an issue and the pastor feels very strongly that a private pastors' study is important to the congregation and anyone that would like to talk to the Pastor in private.

**The Property committee** has been investigating the condition and efficiency of the current Church heating system.

**The Finance committee** has been investigating the financial aspects of these initiatives. There are government grants for which we will be eligible, but as we are voting we need to be aware that we can not be assured of the amount of support (if any) that we might receive. In any case, we need to complete and fully fund the project before any monies are forwarded as the result of a successful application. It appears that it is possible to fund a change to our heating system through savings in energy costs. The renovation and building addition could entail undertaking a mortgage. A mortgage for the full amount may be difficult to attain due the fact that many months we do not receive the required funds to operate the church. We may need to turn to alternative methods to finance the addition. The prices presented are estimated to the best of our ability. Please note that the real cost can only be known when we select a contractor and sign a contract. Prices do not include any furniture that is needed.

A ***YES vote*** will mean that ***the members of this congregation are willing to financially support the added cost to Bethany Lutheran Church.***

**Property committee:** A new furnace is a must. Our existing furnace is often in need of repair and needs to be replaced due to its age. The only question is: should we purchase a high efficiency natural gas furnace or choose a more environmental friendly geothermal system? The initial costs vary greatly, but the real question is with the rising cost of natural gas, and the amount of natural gas we currently are using; What are the long term cost saving's going the Geothermal route compared to high efficiency furnace? Currently, all the buzz is about **environmental friendly** geothermal and as we are writing this report, property has not been able to get a second quote from a retailer, they are all very busy.

**Furnace: estimated cost between \$ 22,659.00 – \$ 54,800.00**

**High efficiency Natural gas Furnace:** There is a low initial cost, no cooling. We would save about 15% - 20% in fuel cost compared to the current use. Estimated cost over 10 years = \$139,944.00\*\*

- **Ricks and Heating and Cooling:** Trinity High Efficiency Gas Boilers \$22'659.00 + gst
- **Generations Heating and Cooling:** Viessmann Viotodens WB2 15-60 high efficiency condensing boilers \$31,000.00 + gst

**Geothermal:** This has a higher initial cost but the option to add a cooling system. This system has no fuel cost but additional electricity costs. We would save about 60-75% compared to the current use. Estimated cost over 10 years = \$130,650.00\*\*

Geothermal:

- Brant Geothermal \$ 54,800.00 + gst  
*Air Conditioning of the Fellowship Hall ( optional)* *add 5,300.00*

\*\* Total estimated heating costs for 10 years. (includes energy cost, capital cost and amortization of borrowed capital)

**Financing options for furnace:**

- #1 Totally fundraise all the money through fundraising appeals and donations.
- #2 Vendors financing. Typically higher borrowing costs compared to a bank loan.
- #3 3rd party financing through a company that specializes in financing this type of installation.
- #4 Bank loan/ private loan or a combination of both, repaid mostly by energy savings, especially geothermal.
- #5 Use the present Capital Fund to completely fund the geothermal project.

***The plans are preliminary and the interior layout can be changed without extra cost. At this meeting we request that the discussion be restricted to the financial aspects of the plans.***

**Phase A:** estimated cost: \$25,000 - \$ 30,000

This is a renovation of our existing building.

This includes a handicapped and family friendly washroom, total renovation of the existing washrooms, private pastors' study and storage for pastoral items and church archives. All secretarial items will be relocated to the large room at the end of the Fellowship wing (choir room).

This part of the proposed renovations may be eligible for funds from Trillium Foundation, the question is how much. The next application cycle deadline is March 1, 2008. We can not start building before a decision is made by the Trillium Foundation if we are seeking funding. It should also be noted that we will not receive any grant money until the project is completely finished. This means that we need bridge financing.

***Financing options for Phase A:***

- #1 Totally fundraise all the money through fundraising appeals and donations.
- #2 Use \$ 20,000.00 from existing savings/investments and fundraise the balance.
- #3 Pursue Trillium Foundation funding for approx. 1/3 of the projected costs. ***We would need bridge financing for anticipated Trillium Foundation funded portion.***

**Phase B:** estimated cost: \$135'000 – \$175'000 (\$150.00 - \$200.00 per sq. foot)

This is new construction and will increase the size of the Church building.

This is an addition of approximately 882 sq. feet. It will consist of two new general purpose rooms, a secretarial office, and a working sacristy/storage area.

***Financing options for Phase B:***

- #1 Totally fundraise all the money through fundraising appeals and donations.
- #2 Mortgage, bank or private, with the building as collateral.
- #3 Issue vouchers. Example: 200 vouchers for \$1000 each, that can be picked up by members. Our goal would be to redeem a portion of the vouchers each year.

## Financing of Phase A

The Trillium Foundation provides grant monies to Charitable organizations that further the initiatives of the Trillium Foundation. The Phase A renovation qualifies in a category that promotes full accessibility to all citizens. (Wheel chair accessible washroom)

Conversations with Trillium Fund information officers indicates this type of project would be fully funded. However, at this time it is not clear how much of the total Phase A would qualify.

The next intake of proposals is March 2008. Funding decisions require up to 90days. Projects may not commence until a decision to Fund has been made. The project must be completed before funds are forwarded.

Currently Bethany has savings and investments of more than \$20,000.00. The monies are a mix of Bequest Fund, Memorial Fund, Accumulated Surplus etc.

It would seem feasible to fundraise and/or appeal for the balance of the project costs to secure the total estimated costs of \$30,000.00. A successful Trillium Fund application would provide funds for future projects.

## Financing of Phase B

This type of project could exceed fund raising and appeal expectations. This would require long term financing. Informal discussions with our bank has provided some guide lines.

A mortgage would be established with amortization over several years, perhaps 25years.

As Bethany is a Church , the Bank would not provide funding greater than 60-65% of the total Phase B project. There is also the requirement to demonstrate the ability to cash flow the additional monthly costs. We need to have a clear plan.

Bethany Equity

$$\$175,000.00 \times 40\% = \$70,000.00$$

Mortgage 25 yr Open , Variable , Monthly

$$\$175,000.00 \times 60\% = \$105,000.00$$

$$\text{Monthly Payment} = \$776.00$$

$$\text{Total Interest Cost} = \$127780.00$$

## Recommendations:

- I. Building Use Committee recommends that the furnace be replaced in 2008, and recommends Option # 4 for financing.
- II Building Use Committee recommends that Phase A be initiated in 2008 after applying for and receiving an answer regarding Trillium Funds, regardless of answer, and recommends Option # 2 for financing.
- II Building Use Committee recommends that Phase B of the building be initiated after Phase A is completed, and recommends Option # 2 for financing.

**\*\* Total estimated heating costs for 10 years.**

**High Efficiency Gas vs. Geothermal**

Energy Cost 2008 – (Budgeted for existing furnace))		\$11,000.00
	<b>High Efficiency Gas</b>	<b>Geothermal</b>
	Estimate cost 85% of current Assumed annual increase 3% 10 year amortization at 7.5%	Estimated Cost 40% of current. Assumed annual increase 3% 10 year amortization at 7.5%
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Year 1	11,000 x 85%= 9,350.00	11,000 x 40% = 4,400.00
Year 2	9,630.00	4,532.00
Year 3	9,919.00	4,668.00
Year 4	10,216.00	4,808.00
Year 5	10,523.00	4,952.00
Year 6	10,839.00	5,100.00
Year 7	11,164.00	5,254.00
Year 8	11,499.00	5,411.00
Year 9	11,844.00	5,573.00
Year 10	<u>12,199.00</u>	<u>5,741.00</u>
10 Year Energy Cost	\$107,183.00	\$50,439.00
Capital Cost + ½ GST	23,300.00	56,400.00
Amortization Cost (10 yr, 7.5%, monthly)	<u>9,761.00</u>	<u>23,767.00</u>
Total Heating Cost (10yr)	\$139,944.00	\$130,650.00

Bank Finance 10 year Open Variable Loan  
 1 to 1-1/2 % over Bank Prime (Currently 6% Dec 17, 2007)  
 Monthly Payment  
 Secure with Capital Fund

Vendor /Third Party Finance - Max term 7 years  
 Approx. 8%  
 Monthly payment  
 Secure with Capital Fund

The Federal Government has established the EcoEnergy Retrofit Program. This program has a component for Institutions and Small Business. Our furnace replacement will qualify for a grant of a portion of the cost. The level of support requires calculation of energy savings by an independent energy specialist at the time of application. It has been suggested that the Geothermal system would generate a rebate from \$4,000.00 to \$7,000.00. The High Efficiency Gas Furnace will qualify for a significantly smaller grant.

**Building Use Committee recommends the Geothermal option**  
**The Evangelical Lutheran Church in Canada recommends that congregations choose the greenest options when faced with a choice (in this case Geothermal).**