

# **Orcas Senior Center Capital Campaign**

## **(Orcas Senior Center Building Purchase & Renovation Fund)**

### *Overview and FAQs*

#### **Background**

From 1976 through 2022, Orcas Senior Center served the needs of older adults and people with disabilities as a committee of the three-island nonprofit called the Senior Services Council of San Juan County. In 2021, an independent nonprofit organization, Friends of Orcas Senior Center, was established which took over operations of the center on January 1, 2023, and now does business as, simply, Orcas Senior Center (OSC).

In both situations OSC was not and is not a part of San Juan County government. It did not and does not receive local tax dollars. OSC depends on local philanthropy, grants, and volunteers to do its work.

Since January 2023, OSC has markedly increased its service output to the community. Yet, unmet needs for seniors, people with disabilities and their families remain. Today, OSC is at the point where the growing needs of the community surpass the limited space available. OSC has a pre-existing agreement to purchase the County's 49% ownership of the facility. With full ownership of the building, OSC will be able to improve and possibly someday expand the facility as community needs and resources direct.

#### **Frequently Asked Questions**

##### **Why is it necessary for the nonprofit to own the entire building?**

Even now, OSC lacks sufficient space to provide its current level of service efficiently. It occupies only three of 16 office spaces. More space is needed for OSC to achieve its mission and serve the entire community. OSC already serves as a "*community and senior center.*" We can grow, making the resource available to better serve everyone.

##### **More specifically:**

- OSC needs more office and activity space for operations as well as for current and planned programs.

- Certain county services that align with OSC's mission will likely remain in the building indefinitely. Examples include Senior Services and the Public Health Clinic.
- With more space, we can collaborate with other island organizations to provide more services on-site to a wider range of participants. Examples could include Orcas Island Public Library, Orcas Island Park and Recreation District, Orcas Island Health Care District, Compass Health, and Western Washington University Academy for Lifelong Learning.
- Anticipated social, recreational, and intellectual activities such as respite care, a Memory Café, caregiver support, physical activity/games (e.g., ping pong), classes, and discussion or support groups will all require more space.
- Ownership of the building will allow us to reconfigure spaces such as reinstalling a bathroom near the foot care room and creating coffee corner in the dining room.
- Unshared ownership of the building will allow us to conduct repairs on our schedule and use local contractors rather than only those approved by county government.
- Full ownership of the building will give us greater flexibility in applying for grants to take on repairs such as the replacement of the roof and siding repair.
- Full ownership of the building will allow us to rebrand the center as a stand-alone nonprofit. OSC is often misunderstood to be both part of and funded by county government. This will help us in future fundraising to sustain services for the community.

### **How exactly will the building purchase occur?**

OSC currently holds the majority (51%) ownership of the senior center building and associated property located at 62 Henry Road, Eastsound. Our existing joint-ownership agreement with San Juan County grants to the nonprofit an option to buy the County's 49% interest in the building. The purchase will be carried out according to the terms of this agreement.

### **How much will OSC pay for the County's portion of the building?**

As outlined in the existing agreement, the purchase price for San Juan County's interest is a function of an appraisal that was completed in November 2023. OSC will pay the County an adjusted sales value that reflects

the County's 49% interest in the building and associated property. Including legal and other fees, the amount is estimated at around \$750,000.

**Are costs for maintenance and repairs included in the fundraising goal?**

Yes. The estimate of maintenance and repair costs provided to us by San Juan County is \$620,000. This amount includes replacing the roof and gutters, siding, and flooring; adding building security; and maintaining the access road and parking areas.

Our fundraising goal of \$1,500,000 affords purchase, this maintenance and repairs, and limited improvements or renovations.

**Does OSC have a capital improvement reserve fund? If so, why not use it for maintenance, repair, or renovation?**

Yes. OSC maintains a Capital Improvement Fund at the Orcas Island Community Foundation (OICF). In theory, some of these funds could be used for maintenance, repairs, or renovation. However, these funds are intended as an emergency reserve and not as a short-term source for capital, and any funds taken from this reserve would need to be replenished.

**How do you plan to pay for this capital project?**

OSC has undertaken a capital campaign, starting with outreach to potential donors in the Orcas Island community. More than \$560,000 has been raised or pledged as of February 28, 2024. If OSC does not meet our \$1.5 million goal, and additional funds are still needed, we will seek commercial loans from private banks on-island and/or a loan from the USDA Rural Development loan program. In that case, OSC would continue its outreach to local donors to repay such loans.

Financial sources other than philanthropy:

- a. OSC can apply for commercial loans through local banks. Because OSC already holds a majority (51%) ownership in the building, it does not need an escrow payment or to produce other collateral.
- b. OSC may apply for a USDA Rural Development Loan to fund the gap between capital campaign income and purchase/maintenance and improvements. Such loans were recently at 3.625% interest for 35 years. Under USDA rules, we may rent up to 25% of the square

footage. Depending on the size of the loan, OSC could continue its capital campaign to repay any outstanding loan balance, since there is no penalty for prepayment.

- c. Additionally, OSC can apply for state, federal, and/or private foundation grants for *capital* projects.

**What ongoing operational costs (utilities, maintenance, and repairs) are projected after the building is acquired? How will those funds be acquired year after year?**

The nonprofit currently pays 51% of utilities, maintenance, and repairs. When the purchase is complete, the nonprofit will pay 100%. Based on a history of past expenses, OSC will budget an additional \$100,000 annually for the first six years after purchase to include amortized maintenance costs; this amount will drop significantly after that.

OSC Currently expends a total operational budget of approximately \$400,000/year. In addition to facility expenses, this amount includes all costs of operations (i.e., cost of services delivered, including staff salaries and benefits) and payments to the capital reserve fund.

As noted above, OSC will assume building expenses currently paid by the County. Once OSC takes over ownership, it can begin needed maintenance and repairs. This will increase OSC's total annual budget from \$400,000 to \$500,000 for the next six years. OSC may rent some of the newly acquired space to San Juan County and/or other entities that provide services aligned with our mission. In addition to our annual fundraising direct appeal, the nonprofit is seeking state, federal, and foundation grants for *operating* costs.

**What is OSC's full vision for the future? Does OSC have a Strategic or Business Plan? How will OSC work with other providers of nonprofit services in the community?**

OSC is changing to become a "*community and senior center*" for the entire island. While its focus will remain on older adults and adults with disabilities, OSC will include a broader range of offerings that attract and serve people of all ages. In fact, it does so now. OSC will become a go-to place for services, activities, education, recreation, and entertainment on Orcas Island. Inter-generational activities and social engagement will benefit residents of all

ages as OSC becomes a place where connections are made, interests are discovered, and talents are nurtured.

A business plan was last made in 2021 when OSC was an “operating committee” of its parent corporation, the Senior Services Council of San Juan County. As a new nonprofit, our focus last year was on making a seamless transition from being a subsidiary committee to an independent organization. We worked to quickly put in place new legal and business systems, contracts, and policies. We substantially expanded our programs and services. As a result, since this time last year, we have doubled the number of participants in (on average) more than 80 events, programs, and activities each and every month. We have been so successful in expanding our services that we now have no additional capacity to grow without the additional square footage.

Because we are now an independent nonprofit, our focus has shifted from business planning to strategic planning. Writing a strategic plan is our #1 priority for 2024, and the process for doing so has already begun.

OSC is the only nonprofit organization on Orcas Island that focuses on seniors and people with disabilities. As such, OSC is an essential component of the local social service network. The organization represents the interests of older adults *and their families* in public service and program development (e.g., Home Maintenance, and Repair, Dementia Friendly Orcas, and Companion Services). OSC continually works to strengthen its existing partnerships with other community service providers (e.g., Lions Club, health care, public health, emergency services, care coordination, mental health, transportation, Orcas Island Public Library, faith-based organizations, law enforcement, OICF, civic groups, and local businesses). Going forward we will expand our programs and activities to engage islanders of all ages.

**Please contribute to the *Orcas Senior Center Building Purchase & Renovation Fund managed for us at OICF.*** Online, go to <http://tinyurl.com/OSCBuildingFund>

For more information us at [admin@orcasseniors.org](mailto:admin@orcasseniors.org) or (360) 919-9312.

Thank you!

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