

# **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 January 1, 2023, and now does business as 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. We cannot meet those needs in the space currently available to us at the Orcas Senior Center building. Accordingly, OSC has an agreement to buy the County's 49% ownership of the facility, so it can expand over time and meet the growing need. 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?**

OSC lacks sufficient space to provide its current level of service effectively. The nonprofit is challenged to respond adequately to the growing need and expectations of today's and tomorrow's older adults. Full use of the facility is necessary to achieve our 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 occupies three (3) of the 16 office spaces in the building. We need more office and activity space for business 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: the 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 café space 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 owns the majority (51%) of equity in the Senior Center building at 62 Henry Road in Eastsound. Our agreement with San Juan County grants to the nonprofit an option to buy the County's 49% interest in the building. Under that agreement, the nonprofit will pay the County 90% of the appraised value of its 49% interest.

**What is the purchase price of the County’s portion of the building?**

As outlined in the existing purchase agreement, the purchase price for San Juan County’s interest in the building will be a function of the appraisal that was completed in November 2023. The adjusted sale value is \$1,860,000. OSC will pay the County 90% of the adjusted value of the County’s 49% interest in the building. That amount is \$820,260.

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

Yes. The original estimate of maintenance and repair costs provided us by San Juan County is itemized below:

Flooring	\$ 50,000
Roof & Gutters	\$275,000
Siding	\$250,000
Security Cameras	\$ 25,000
Road & Parking	\$ 20,000
<b>TOTAL:</b>	<b>\$620,000</b>

Our fundraising goal of \$1,500,000 affords purchase (\$850,000), immediate maintenance and repairs (\$350,000) plus future maintenance, repairs, improvements (e.g., solar), and renovations (\$300,000).

**Does OSC have a capital improvement reserve fund? If so, how much is in that fund?**

Yes. OSC maintains a Capital Improvement Project (CIP) Fund of \$60,000. In 2023 the County presented OSC an accelerated building lifecycle schedule of maintenance costs (\$620,000 see above) reflecting estimated costs based on public procurement prices. Those costs exceeded the formerly anticipated and scheduled CIP budget, making it more economic and mission-effective to exercise our purchase option funded through this one-time capital campaign rather than to fund the *status quo*.

**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 \$580,000 has been raised as of April 15, 2024. If funds in addition to the capital campaign are needed to complete the purchase, OSC will seek commercial loans from private banks

on-island and/or a loan from the USDA Rural Development (RD) loan program. OSC will continue its outreach to local donors to repay any loans.

Financial sources other than philanthropy:

- a. OSC will apply for commercial loans through local banks. Because OSC already owns a majority (51%) equity 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. OSC will continue its capital campaign to repay any outstanding loan balance, since there is no penalty for prepayment.
- c. Additionally, OSC will apply for state, federal, and private foundation grants for *capital* projects.

**What ongoing operation 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 expense, 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 budget of approximately \$400,000 per year. This includes utilities, maintenance, repairs, capital reserve fund, and operations (i.e., cost of services delivered including staff salaries).

As noted above, OSC will assume building expenses currently paid by the County (\$100,000/year) for the next six years. That is, OSC's new total budget will increase from \$400,000 to \$500,000 to accommodate the full cost of operations, maintenance, and repairs. OSC may rent some of the newly acquired space to San Juan County and/or other agencies providing services aligned with our mission. In addition to our annual fundraising direct appeal,

the nonprofit will seek state, federal, and foundation grants for *operating* costs.

**What is OSC's full vision for the future? Does OSC have a 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, OSC will include a broader range of offerings that attract and serve people of all ages in our community. OSC will become a go-to place for services, activities, education, recreation, and entertainment on Orcas Island. Intergenerational activities and social engagement will benefit residents of all ages as seniors and "younger" learn from and give to each other.

A business plan was last made in 2021 when OSC was part of its parent corporation, the Senior Services Council of San Juan County. Since then, OSC has succeeded in a seamless transition from a subsidiary committee to an independent nonprofit organization (effective January 1, 2023). We have successfully increased our services to clients to the point where we now have no additional capacity to grow in this building without the additional square footage. Throughout 2023, we have worked to put in place new legal and business systems, contracts, and policies. Writing a new business plan is our #1 priority for 2024. Revenue to support the business plan includes the annual appeal, membership, fundraisers, donations, and grants.

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, Companion Services, and Dementia Friendly Orcas). OSC continually works to strengthen its existing partnerships with other community service providers (e.g., health care, public health, emergency services, care coordination, mental health, transportation, Orcas Island Park and Recreation District, Orcas Island Public Library, faith-based organizations, law enforcement, Orcas Island Community Foundation, 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 <https://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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