

So You Want a New School? Now What?

Jim Rowson, White Rock Christian Academy
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Feasibility Study – What can you afford to spend?
(fundraising, tuition increases, excess cash, financing)

Scope of Project – What do you need/ want to build?

Question: Can you afford to build what you need?

Answer: If yes proceed to the next step
If no then revisit 1 and 2

Next Steps – Building the Team

Probably the most important step in process.

Community – what resources in the community do you have that could help with project?

Administration/ Leadership – what members of the board and admin need to be involved?

Paid Professionals: Project Manager
Architect
Engineers
Certified Professional
Construction Company

Next Steps – Building the Budget

How much does a new building cost?

- Careful about price per sq ft.... it depends what you are building for example a science lab per ft will cost was more than an elementary classroom. Does the school have underground parking? What is the geotech like on the site? What is the finishing like?
- Remember inflation – sometimes you starting talking early about cost and then 4 years later you actually build it and at 3-5% increase per year that can amount to significant cost increase from initial budget
- Preconstruction Budget – can be a significant part of the project. Includes all the “soft costs” of getting the building project to the Building Permit stage. Make sure you have the money to do it right! It is not free!
- Construction Budget – Fix price, Tender, Cost Plus – change orders are costly! Design it right the first time!
- Contingency – you need to allow for this. It is not a case of if but how much you need (10% of hard and soft good rule of thumb)

Next Steps – Building the Dream

- Make sure you have financing in place and know lender requirements before awarding contracts.
- Be conservative on timeline – things take longer than initially expected
- Regular coordination meetings between committee, administration and paid professionals.
- Do you have to build on existing property and maintain a school operation or do you have no students or staff to work around. Safety considerations.
- Is this a multiphase project vs a single phase build?
- Monitoring project – budget and timeline.

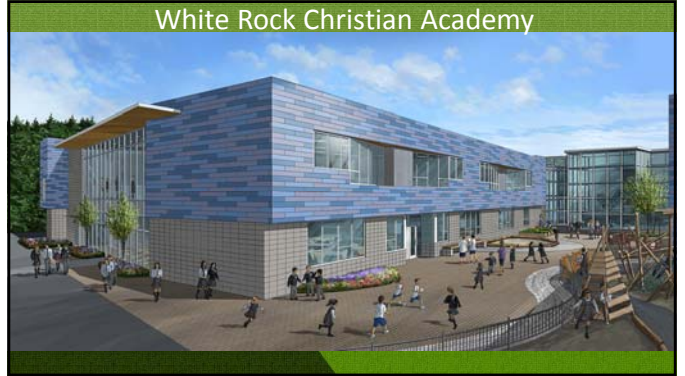
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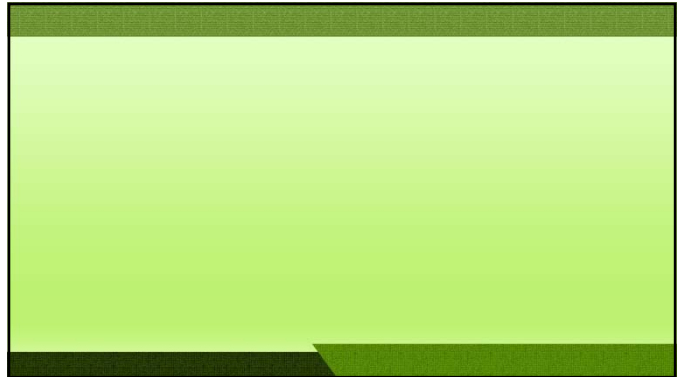
White Rock Christian Academy



White Rock Christian Academy



White Rock Christian Academy



John Knox Christian High School



John Knox Christian High School

Reason for expansion

- High demand at Kindergarten entry level
- Started triple tracking a few years ago
- Current Carver Christian High School is a joint venture of Vancouver Christian School and John Knox Christian School
- VCS is building a high school independently after the potential amalgamation between JKCS and VCS did not go ahead
- JKCS searched for its own property

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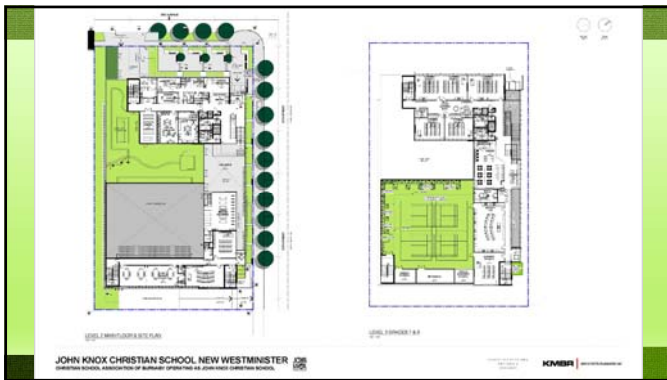
Struck a Building Committee Team 2015

- We looked for skills in development, engineering, IT, design, finance and education
- Located land in New Westminster – only one acre
- Partnered with Calvary Worship Centre
- Held 70 meetings to date
- Strategic plan identified high school expansion
- Chose construction management without fixed fee

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Administration Team

- Identified and designed curriculum for 21st Century Learning
- Hired Carver principal, hired elementary VP
- Provided for full time VP to develop curriculum for high school
- Plan two years in making
- Ministry inspection said it's the best they have seen



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Design operational and capital projection template

- Two past years, construction years and five subsequent years
- Operational projections based on flow through enrollment only with signed others
- Determined family mix for tuition
- Historical cost per student and similar SCSBC

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- Balance sheet, income statement and cash flow statements
- Developed key operational and accounting policy assumptions
- Ensure within SOPSOC limits
- Revise often as changes occur and react to changes quickly for financing
- Transparent with members and parents

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Land Purchase

- Negotiated land purchase in New Westminster in 2016
- Considered moving in public foundation to recover 37% of GST and rent to John Knox
- Obtained ten year permissive property tax exemption from City of New Westminster
- Rent not deductible for secular cost per student and could not get opinion on consolidated filing; so did not proceed with plan

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- Calvary Worship Centre invested \$1.3 million for 4.5% interest in project and using school for worship
- Beneficial owner and not on title
- Operational cost sharing agreement
- Considered PALS as top floor tenant
- Soil contamination found even though Phase 1 and 2 Environmental Studies gave clean bill
- Engaged legal counsel to recover hard costs from previous owner(s); but Section 46 of Contamination Act suggested change of use of property

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Capital Projections

- Initial cost per foot projections
- Hired construction manager to determine
- Hired Quantity Surveyor to confirm
- Hired Project Monitor for bank draws reporting only
- Watch change orders
- Build schedule for completion date
- Each meeting dealt first with schedule and second with managing costs

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Financing structure

- Highly leveraged
- Needed to stay within 60% loan to value ratio
- Value of two campuses \$44 million; max debt \$26.4 m.
- High school property alone did not provide that
- No lender wants to be in second position
- Needed three properties: New Westminster CRC JK Elementary and JK High School
- Three lenders got first charge on each
- Most complicated deal Royal Bank of Canada (RBC) has seen

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Capital Campaign

- Feasibility study by SCSBC
- \$3 million over three years
- Good data base and history of giving
- \$1.7 million in/pledged in to date
- From parents, alumni, New Westminster Christian Reformed Church and Knox Walks
- RBC finances pledged amounts
- Involved board to make calls and visits
- Major event in Spring 2018
- All fundraising done in house

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Total project costs	Million
• Land	\$4.6
• Soft costs	2.6
• Construction	20.4
• Furniture and fixtures	0.8
• Contingency	<u>1.0</u>
• Total project costs	\$29.4

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Source of Funds	Million
• Own cash	\$0.9
• NWCRC	1.3
• CRC Extension Fund	3.7
• Private loans	1.0
• RBC	18.2
• Capital campaign	3.0
• CWC	<u>1.3</u>
• Total project	\$29.4
• Total secured debt	\$23.2

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Project Outcome

- 57,500 square feet of learning space
- Full size gym
- 25,000 square feet covered parking for 40 cars
- Flexible learning environment
- Designed for worship and church needs
- Roof garden
- 450 students in middle-high and 370 in elementary



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Lessons Learned

- City hall building permit department is slow/under resourced
- Make initial membership borrowing resolution 25% higher than budgeted capital costs
- Tighten purchase agreement on soil condition
- Communicate and be fully transparent
- Have contingency plan for housing students if schedule delay
- React to changes as go you along quickly

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Understand where demand comes from and use positives as market plan

- Christian perspective and educational excellence; highest FSA in SCSBC, close to Skytrain and bus stop; flexible learning, cardio room, student commons, rooftop learning space, 21st Century Learning curriculum, strong leadership, strategic plan
- Structure of Intellect program (SOI)
- Word of mouth and non flow through