



Saint Stephen Catholic Church Salado, Texas

Strategic Facilities Plan

*strategic process for strengthening
and sustaining parish achievement*

July 2011



From Our Pastor

Dear Parishioners,

In April, once the first stages of setting up ministry leaders was accomplished and we had completed the 5-year plan for our parish, I asked the Parish Council, under the direction of Larry Simonette, and the Finance Council, under the direction of Pam Hoernis, to take a look at our facilities in relation to our financial picture. There were several questions and concerns I had since becoming pastor at St Stephen:

1. The operating budget of the parish requires approximately \$3000.00 per week while we were bringing in only \$1500 to \$2,000 per week, the reason I went through the Cavan Program of increasing our offertory after the two councils recommended I proceed.
2. We were looking at building a new church, and we were also committed to a debt on new property that appeared to me to be unserviceable at our present income levels.
3. Our activity levels increased dramatically and we were beginning to have scheduling conflicts.
4. The economy took a drastic downward turn in 2008 with many parishioners having pension plans affected, retirement stocks and bonds plummeted and some parishioners were having to go back to work out of total retirement.
5. I had heard many parishioners comment about knowing next to nothing about the purchase of new land “almost overnight”.

In my communication with the Parish Council president, I had asked for some specific parameters to be followed in creating a facilities plan:

1. Involvement of every major ministry leader in the plan.
2. Invitation to parishioners who had special skills and knowledge in order to produce the best possible results and recommendations.
3. Bulletin and pulpit announcements at every step of the process in order to keep parishioners informed and up-to-date.
4. Connection between the Finance Council and Parish Council through their respective presidents to ensure that the financial projections would be sound and accurate with regard to parish planning.



From Our Pastor

Cont.

The next part of the process includes parishioners' approval on the conclusions and recommendations contained in the plan, monitor closely parishioner size and the economy to understand that if our situation changes in the future, we will revisit these issues. The recommendations include:

1. Not to build a new church – based on the lack of need [Mass attendance] and ability to pay[Financial picture].
2. Not to keep the 30 acre lot purchased in 2008 and to immediately sell it – reduce debt and stabilize our financial situation.
3. Repair and update our present campus buildings in order to continue and even enhance our ministerial activity.
4. To expand our present facilities to include new classrooms, office, and a youth facility.

As previously promised, I will not move forward until I have the consent of the majority of parishioners. The steps I must take, depending on the consensus of the parishioners, will be the following:

1. Approach the Diocese of Austin through the office of the bishop to get permission to sell the property purchased in 2008.
2. Immediately stop payments on the principal of the land until the answer is received from the bishop's office but continue to pay the interest as required by law (due in two installments in April and October).
3. Set in motion the implementation process outlined on page 35 of the Strategic Facilities Plan.

If the diocese wishes us to proceed differently, I will inform the parishioners in a timely fashion. Praying that you will prayerfully consider your responses, I am

Sincerely in Christ,

Rev. Gregory A. McLaughlin,
Pastor St Stephen Parish



Facilities Planning Team

The Saint Stephen dedicated planning team of parishioners who tirelessly invested many long hours in the process as well as provided numerous innovative thoughts and ideas:

David Alvarez	Environmental Assessment
Michael Harwell	Environmental Assessment
Pamela Hoernis	Finance Council Ministry
Dennis Lumpkin	New Sanctuary Model
Bella Martinez	Hispanic Ministry
Robert Michalewicz	Facility Portfolio analysis
Sister Ann Pennington	Social Justice Ministry
Laura Snyder	Religious Education Ministry



executive summary



Contents

Strategic Facilities Plan overview

Saint Stephen Parish Plan

The process

environmental scan

facility portfolio analysis

space utilization/expected growth

future sanctuary model

financial projections

Conclusion / recommendations

Recommended next steps

Questions



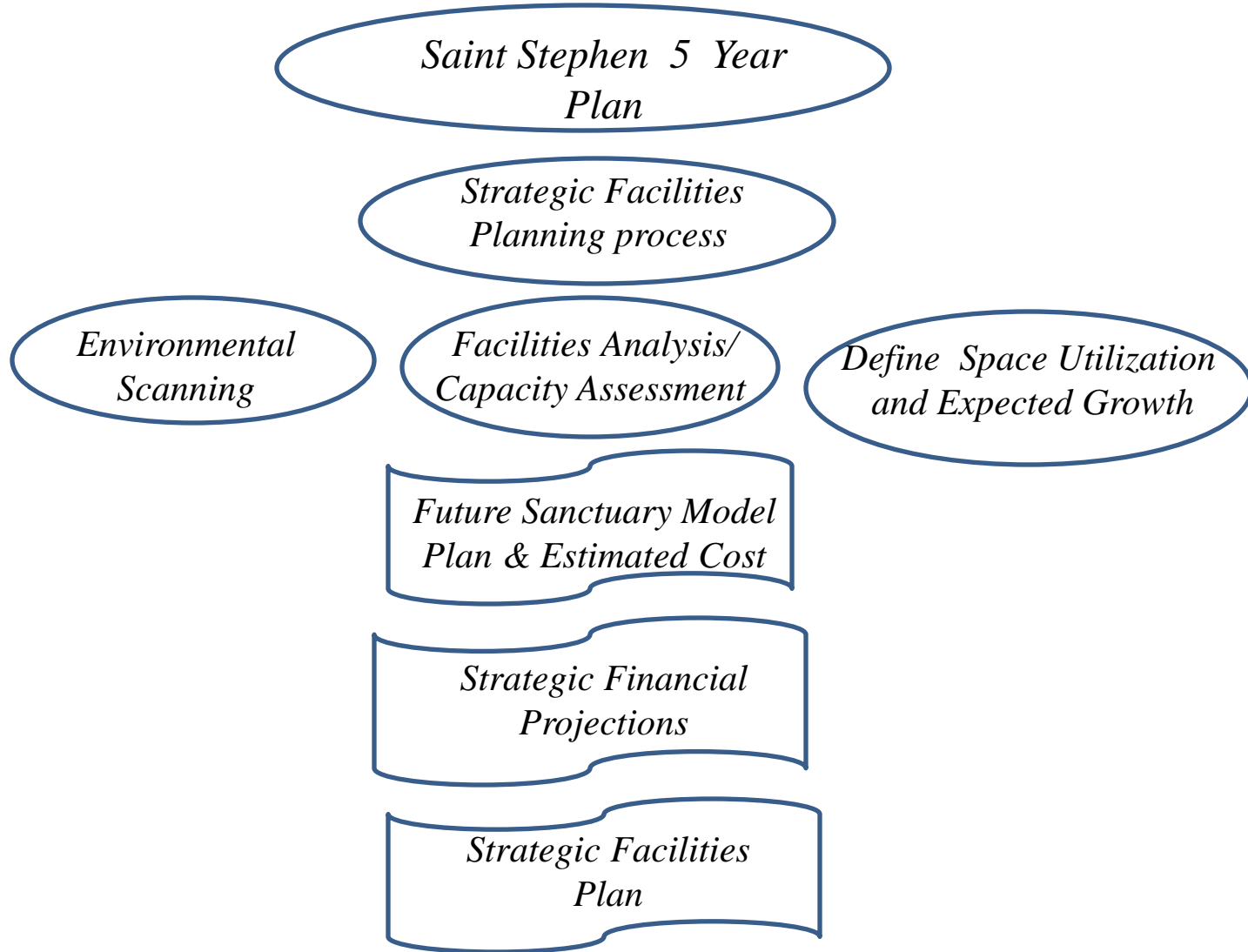
strategic facilities plan overview



strategic facilities plan

- Addresses facility requirements for a five to seven year time frame
- Encompasses entire portfolio of space that sets strategic facility goals based on the parish's five year plan.
- Strategic facilities goals, in turn, determine short-term tactical plans, including prioritization of, and funding for, annual facility related projects.
- Assess whether or not Saint Stephen will need to build a new sanctuary in the next 5 to 7 years providing it has the financial wherewithal

Strategic Facilities Planning

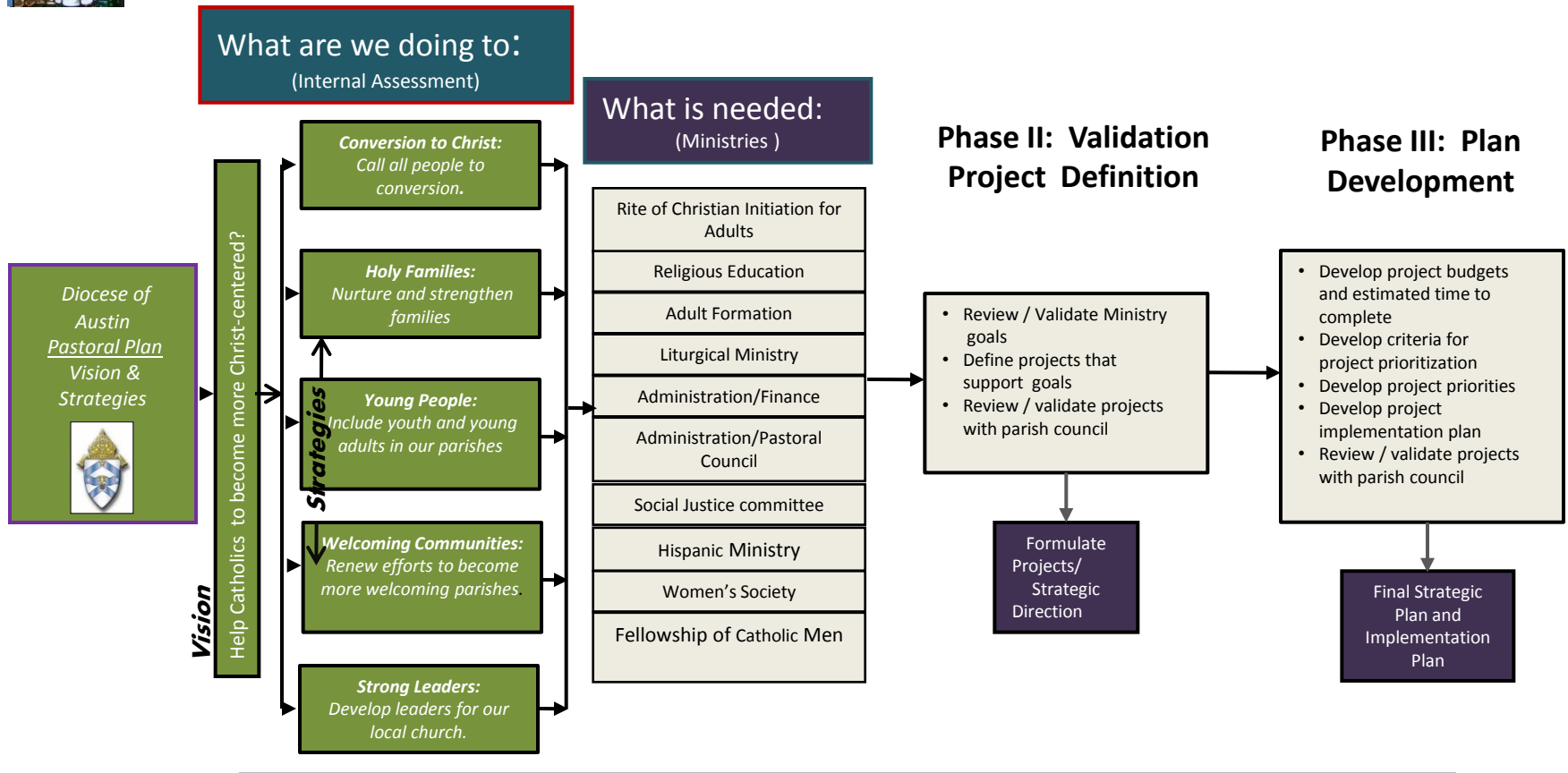


There is no right way to build the wrong thing!'



Approach to the Saint Stephen Parish Plan

Phase I: Analysis





the process



the process

Components of the strategic facility plan include:

- Environmental scanning (to include Demographic assessment)
- Facility portfolio analysis and documentation, condition surveys to include building and site usage, and capacity analysis;
- Define space utilization and expected growth
- Future sanctuary models
- Financial projections;
- Presentation materials for council approval; and
- A facility improvement / development schedule.



environmental scan

a process of gathering, analyzing, and dispensing information for tactical or strategic purposes



environmental impact

(internal scan)

- April of 2008 purchased 30 acres of land for \$375,000 for the construction of a new church
- Architectural drawings rendered, next step is to move forward with Phase I of the construction project
- A decrease in parishioner membership in last 3 years
- Fund raising process, while in progress, is lagging
- Parish is struggling to service debt
- Unable to cover monthly operating expenses from weekly offertory
- Situation that now exists as later discussed is construction of a new church still viable



environmental impact

(external scan)

- Jobless rates: national at 9.2%; local 7.8%
- Inflation increase in coming year(s) due to increase in gasoline and food prices
- Use of consumer credit is rising, potential rise in bankruptcies
- Value of U.S. dollar declining (6% drop since January 2011)
- US economic outlook in next 3 to 5 years not promising
- Salado home/property prices fallen first time in 20 years.
- General appearance and serviceability of the municipal space of the Village of Salado has deteriorated
- Negative effect on property values and desirability of selecting Salado as a choice for relocation



space utilization/expected growth

Identifies short and long-term worship seating and needs for all church ministries



the process

Density (current/future cont.) *(master plan)*

Estimated persons associated with Saint Stephen religious life

Adults	approximately 120
Youth	approximately 125

Current attendance of church services adults and youth

Saturday 5:30 PM	approximately 25
Sunday 8:00 AM	approximately 35
Sunday 10:00 AM	approximately 75
Spanish Mass	approximately 30

Estimated growth in the religious life of Saint Stephen parish over the next 5 to 7 years

Adults	approximately 5% = 153
Youth	approximately 5% = 167

Current capacity of the Saint Stephen sanctuary: 160



the process

(master plan)

Density (current/future)

School age members who attend regularly scheduled religious education

- *Grade School:* 69 students (grade pre K-5th)
- *Middle School:* 24 students (grade 6-8)
- *High School:* 32 students (grade 9-12)

Estimated growth next 3 to 5 years of students that will attend religious education

Grade Schools

- Numbers will stay approximately the same.
- Students who leave are replaced with approximately the same number the following year.
- No new growth anticipated unless new families join the church.

Middle School

- Numbers will stay approximately the same.

High School

- Will possibly see a decrease as current students get older and leave.
- Not as many students currently moving up to the higher grade levels.

Note: average of 50% of our students attend religious services elsewhere



New Program Growth

Religious Education

- Implement a RCIA program for children who are not baptized or catechized. (Will require additional space (classroom) and teacher)
- Start a women's bible study group during the day (Classroom space needed)
- Explore more adult formation for parents of children in the RE program (no space to meet on Wednesday evenings)
- Need a special space for the youth of the parish that is not shared space. A place they could call their own.

Social Justice

- Office space for one-on-one
- Conduct Social Justice group presentations that could include representatives from other parishes (a small Classroom space needed)
- Set up a library for Social Justice resources (would require space similar to a small classroom)



facility portfolio analysis

a complete evaluation of existing buildings, site and their uses



facility portfolio analysis

- Major and minor improvements to existing buildings have been identified (see Capital Expenditures next page)
- Proposed improvements to be constructed in phases over the next 7 years
- Buildings are in a good condition, with exception of parish office Building
- Have an estimated life expectancy of 15 to 20 years
- Essential that assessment be conducted at minimum annually since seldom buildings go untouched



the process

Capital Expenditures

BUILDINGS AND GROUNDS	2012	2013	2014	2015	2016	2017	2018	Total
Church Building	7,000	15,000			15,000	4,000	4,000	45,000
Sanctuary			11,165	100				11,265
Sacristy			700	100				800
Crying Room			700					700
Church Office	40,000			100				40,100
Rectory								
Marian Room				100				100
Connecting Rooms			1,400					1,400
Parish Hall	1,000							1,000
Kitchen				100				100
Main Hall								
Restrooms	500							500
Classroom 1				100				100
Classroom 2				100				100
Classroom 3				100				100
Youth Building	15,000			100				15,100
Storage Building								
Parking Lot	6,000							6,000
Church Grounds								
Grand Total	63,500	15,000	13,365	300	15,000	4,000	4,000	122,365
Inc/Dec Over Prev Year		-54,500	-1,035	-13,065	14,100	-11,000	0	



the process

Capital Expenditures Items

BUILDINGS AND GROUNDS	2012	2013	2014	2015	2016	2017	2018
Church Building	Replace AC	Northex Main			Replace Ruf	Replace AC	Replace AC
Sanctuary			Replace Carp	Fire Exting			
Sacristy			Replace Carp	Fire Exting			
Crying Room			Replace Carp				
Church Office	Replace Bldg			Fire Exting			
Rectory							
Marian Room				Fire Exting			
Connecting Rooms			Replace Carp				
Parish Hall	Repair Found						
Kitchen				Fire Exting			
Main Hall							
Restrooms	Repair Plumb						
Classroom 1				Fire Exting			
Classroom 2				Fire Exting			
Classroom 3				Fire Exting			
Youth Building	Purchas/Bld			Fire Exting			
Storage Building							
Parking Lot	Seal Surface						
Church Grounds							



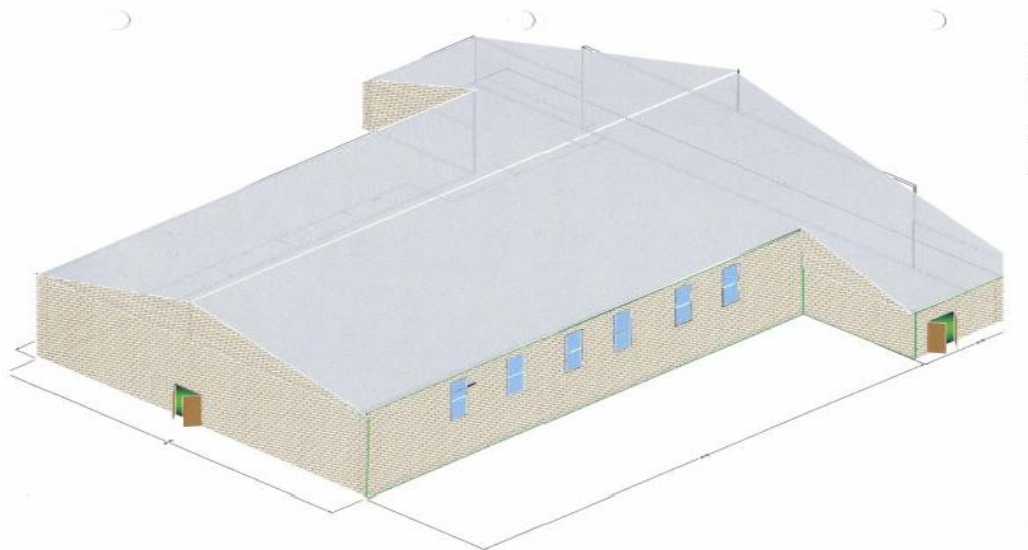
future sanctuary model

Caveat: Please be advised that the following commentary, model and financial projections are included only to provide an order of magnitude and by no means should be construed as a proposed new sanctuary for the Saint Stephen parishioners



future sanctuary model

The following Sanctuary model and associated costs are not to be construed as a proposed or recommended facility but have been prepared to round out a comprehensive facilities strategy as Saint Stephen goes forward and presents an order of magnitude only





future sanctuary model

(Building Size, 6800 Square Feet)

Projected Estimated Costs (2011 Dollars)

Site Preparation	\$166,532
Foundation	98,736
Building	708,628
Exterior Finish	77,384
Interior Finish	119,476
Rectory (2,200 Square Feet)	<u>228,206</u>
Projected Estimated Cost	<u>\$ 1,398,962</u>



financial projections
before any major financial decisions,
financial projections are essential



profit and loss

2011--2017

	2011 Annual Budget	2012 Annual Budget	2013 Annual Budget	2014 Annual Budget	2015 Annual Budget	2016 Annual Budget	2017 Annual Budget
<i>Families (5%)</i>	120	126	132	139	146	153	161
Operating Income	\$ 150,968	\$ 158,237	\$165,862	\$173,859	\$ 182,247	\$ 191,045	\$200,274
<i>Expenses (contains 7 year projected maintenance \$122,365 Cap. Ex.)</i>	\$168,622	\$239,902	\$190,848	\$195,440	\$188,188	\$208,292	\$203,498
Operating Net Income	\$ (17,654)	\$ (81,665)	\$ (24,986)	\$ (21,581)	\$ (5,941)	\$ (17,247)	-\$3,224
Development Fund Income	\$ 64,592	\$ 56,385	\$ 58,253	\$ 60,201	\$ 62,231	\$ 64,348	\$66,555
Expenses (Interest, Fall Fest	\$ 19,224	\$ 18,744	\$ 18,867	\$ 18,994	\$ 17,947	\$ 15,782	\$14,042
Development Fun Net Income	\$ 45,368	\$ 37,641	\$ 39,386	\$ 41,207	\$ 44,284	\$ 48,566	\$ 52,513
Total Combined net Income	\$ 27,714	\$ (44,024)	\$ 14,400	\$ 19,626	\$ 38,343	\$ 31,319	\$ 49,289
Land Loan Value @ beginning of year	\$ 254,000	\$ 244,000	\$ 244,000	\$ 244,000	\$ 224,374	\$ 186,031	\$ 154,712

1. All amounts are year end balances.
2. Year 2012 Expenses contain \$69,500 estimated capital expenditure. (please see page 21 Capital Expenditure.)
3. There is no payment on Land Loan principle until year 2015 because of negative cash balance.



balance sheet

2011--2017

	2011 Annual Balances	Annual Balances	2013 Annual Balances	2014 Annual Balances	2015 Annual Balances	2016 Annual Balances	2017 Annual Balances
<i>Cash</i>	\$27,714	\$44,024	\$14,400	\$19,626	\$38,343	\$31,319	\$49,289
Total Current Assets	\$27,714	\$44,024	\$14,400	\$19,626	\$38,343	\$31,319	\$49,289
<i>Fixed Assets</i>	\$640,000	\$640,000	\$640,000	\$640,000	\$640,000	\$640,000	\$640,000
<i>FM 2268 Property</i>	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000	\$400,000
<i>Blackberry Property</i>	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000	\$240,000
Total Assets	\$667,714	\$684,024	\$654,400	\$659,626	\$678,343	\$671,319	\$689,289
<i>Long Term Liabilities</i>							
<i>Mortgage Payable</i>	\$254,000	\$244,000	\$244,000	\$244,000	\$224,374	\$186,031	\$154,712
Total Liabilities	\$254,000	\$244,000	\$244,000	\$244,000	\$224,374	\$186,031	\$154,712
Net Assets (owner's equity)	\$413,714	\$440,024	\$410,400	\$415,626	\$453,969	\$485,288	\$534,577
Total Liabilities and Equity	\$667,714	\$684,024	\$654,400	\$659,626	\$678,343	\$671,319	\$689,289



the process

financial analysis

- Unable to cover monthly operating expenses from weekly offertory
- Struggling to pay off mortgage of 30 acres acquired in 2008 to build new church
- Due to weaken financial condition limitation in extent of services that can be provided
- Do not anticipate a major growth in parishioners in next 5 to 7 years
- Do not anticipate any major revenue growth in next 5 to 7 years
- Strong balance sheet, heavy on fixed assets (real estate) which is not readily converted into cash
- *Going concern* status could be questionable

Going concern: able to operate indefinitely and will generate enough resources to stay operational

Generally Accepted Accounting Principles—GAAP



conclusion / recommendations



conclusion / recommendations

Does the St. Stephen parish need a new church? No.

- Sunday 9 AM Mass, largest service, occupies 60 - 75% of capacity
- Projected growth in membership calls for no additional seating
- Additional space is required for RE education and meetings
- Two additional classrooms would meet this need and could be done economically

Can the St. Stephen parish afford a new church? No.

- Based on current and future financial projections unable to do so
- Current financial condition requires Pastor and staff to monthly juggle finances
- No reserve for contingencies other than the diversion of payments on the principal of the land loan
- Condition is intolerable and unnecessary—needs to be dealt with expeditiously
- Saint Stephen must eliminate deficit operating condition



conclusion / recommendations

Can the St. Stephen parish afford the 30 acre lot purchased in 2008? No.

- Can't afford the 30 acres we are struggling to pay off.
- Is exacerbated by need to pay property taxes plus the costs associated with upkeep
- Eliminating a \$30,000 annual interest and principal payment would stabilize our financial position.
- Recommend that arrangements be made to sell the 30 acres as soon as possible

Will the St. Stephen campus fulfill the needs of the parish for the next 5-10 years? Yes.

- Must provide for additional education and meeting space
- Must continue a rigorous maintenance program to prevent deterioration of current buildings, building service equipment and grounds.



*recommended
next steps*



implementation

- Tasks at a project level for all major improvements will be clearly and concisely set out
- Tasks will be listed with the individuals responsible for completing each task
- Each task, and its duration, must be framed within a clear timescale
- All project/tasks will be monitored for activity and progress and reported—delays to be highlighted and corrective action taken
- Projects are documented on Excel spreadsheets that will be used for the purpose of project management and execution



questions?