The Montessori Capital Project:

A PATH TO GROWTH
The Big Picture

“Everything that doesn't come from within is in a way secondary information. That which is vital, which is unique, is already within you. One condition is you must pull yourself back to a place within yourself.”

— JON FOSSE
A FEW THINGS I KNOW FOR SURE . . .

- Schools are living organisms and must be nurtured as such
- Schools are very busy places, too much so at times
- Schools possess an inherent tension between desired and actual reality
- Schools hold a lot of stress
- Schools need time to reflect, regenerate, reconnect
- Schools continue to evolve in their roles and responsibilities
- Schools serve many masters
THE PREPARED ENVIRONMENT: IN SERVICE TO THE CHILD
KEY QUESTIONS

• Are your facilities standing in the way of fulfilling your institutional aspirations?
• Are they interfering with the ability to carry out day-to-day operations with grace and efficiency?
• How does a school assess the tension between its desired and actual states of reality?
• How can a school determine its capacity for transformative change and a capital project?
• How does a school move toward such growth through a capital project?

KEY OUTCOMES

• Structural Tension: The ability to assess a school’s present v. desired state of being
• Forecasting: The ability to assess a project’s trajectory and flow across its domains—timing, cost, funding, fundraising, programming
• The Five Capacities: The ability to assess project feasibility through the institutional pillars of strength—financial, community, leadership, administrative, and giving
THE CAPITAL PROJECT: READINESS

Aging, inadequate, or unimagined facilities impede potential, capturing schools in a cycle of need and want:

<table>
<thead>
<tr>
<th>Structural / physical motivation…</th>
<th>Operational motivation…</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unhealthy</td>
<td>• Security</td>
</tr>
<tr>
<td>• Unsafe</td>
<td>• Market appeal</td>
</tr>
<tr>
<td>• Uninspiring</td>
<td>• Health &amp; safety</td>
</tr>
<tr>
<td>• Disruptive</td>
<td>• Time and labor</td>
</tr>
<tr>
<td>• Distracting</td>
<td>• Budgetary</td>
</tr>
<tr>
<td>• Inflexible</td>
<td>• Flow</td>
</tr>
</tbody>
</table>
THE CAPITAL PROJECT: GETTING STARTED

• Why now?
• What do we need v. want?
• What will it cost and why?
• How will it be funded?
• How much can we borrow?
• How much can we raise?
• How long will it all take?

• Who will coordinate all of the moving parts?
• What is admin’s and the board’s role?
• How much is the community to be involved?
• How disruptive will the process be?
• Is it all really worth it?
THE CAPITAL PROJECT: COMMONALITY

• All projects must attain and sustain a state of **URGENCY**!

• **URGENCY** drives a Capital Project & Capital Campaign

• **URGENCY** is the path to achieving a project’s potential
THE CAPITAL PROJECT
School: Hilltop Montessori School

Project Motivation: Eviction
PROJECT

School: Amherst Montessori School

Project Motivation: Limiting Facility —split locations
PROJECT

School: Greenspring Montessori School

Project Motivation: Aging Facilities
PROJECT

School:
The Common School

Project Motivation:
Aging Facilities
**PROJECT**

School:  
The Center School

Project Motivation:  
Inadequate Facility
THE BIG VIEW: A PROJECT . . .

- Possesses a conscience, birthed out of care for the children, their future, and their place in the world.
- Aspires to far more than building green.
- Is so much bigger than a building or a campus.
- Is a transformative opportunity for growth. Get it right.

The Vision:

- Affordable & Accessible
- Environmental stewardship
- Teaching buildings
- Recaptured / redistributed expenses
- Community access
- Student-centered
- Flow
- Healthy & safe
- Technologically advanced
- Academic excellence, curiosity & wonder
THE PATH TO INSTITUTIONAL STABILITY, SUSTAINABILITY AND MATURITY

• Mission-driven
• Time to reflect, to breathe, to create, to regenerate
• Clarity of identity/values
• Truly strategic
• Uncompromising academic quality
• Impeccable communication
• Administrative courage

• Role clarity—expectations & accountability
• A blend of vision, altruism, and business acumen
• Leadership
• Institutional integrity
• Fully formed adults
• In service to the children
• Fully prepared environment
TOOLS TO STIMULATE AND EXECUTE A SUCCESSFUL CAPITAL PROJECT

• Structural Tension
• The Project Forecast
• The Five Capacities
Goal: Deepen & sustain our Montessori commitment to serve the needs of the whole child.

Action #1: Assess and deepen our Montessori practice as a staff and board.

Action #2: Design & implement a comprehensive market analysis.

Action #3: Assess the need for and benefits of enhanced programming.

Action #4: Undertake a highest & best use facilities study.

Current Reality: Experienced, well-trained faculty, Montessori-trained HoS, dedicated board, a well loved but aging and limiting facility, lack of market awareness/data....
CAPITAL PROJECT FORECAST

• Programming
• Cost
• Timing
• Financing
• Fundraising
Capacity is a far-reaching yardstick.

It measures a school’s ability and readiness to step beyond day-to-day operations to act upon a vision of what must be.

The key is the alignment between a school’s current level of institutional maturity and the expansive demands inherent in a Capital Project.

This structural tension is a window into the feasibility of a Capital Project.

THE FIVE CAPACITIES

The Capacities
- Financial
- Community
- Administrative
- Leadership
- Giving
PROJECT FUNDING

• **Equity:** School contribution from internal sources
  • Operating, Reserves, Endowment Accounts

• **Financing:** Construction & Permanent Loan
  • Traditional Mortgage v. Tax Exempt Municipal/State Bond
  • USDA Community Facilities Direct Loan & Grant

• **Grants:** Local / State / National
  • Direct and Matching
  • Playgrounds, Alternative Energy, Community Spaces...

• **Capital Campaign:** The funding gap between Sources & Uses
THE CAPITAL CAMPAIGN: KEYS TO SUCCESS

• Dynamic Campaign Chair
• Strong, dependable Campaign Committee
• Reliable admin support
• Fully engaged HoS
• Steady pace and rhythm
• Urgency and intensity
• Well-crafted Case
• It’s all about the children
MORE KEYS TO SUCCESS...

- Listen!
- Don’t limit potential
- Healthy school
- Established culture of giving...or not
- Full board support
- Well cultivated / stewarded leadership donors
- Engaged grandparent community
- Know thy audience
- ...count the money and cut the ribbons!
A well-conceived and executed Capital Project advances the pursuit of mission-driven outcomes. It gives rise to a fully prepared environment that stabilizes a school and sets it on a firmer, more mature and sustainable footing.
THE CAPITAL PROJECT: TOOLS / RESOURCES
THE CAPITAL PROJECT: KEY EVENTS

• Feasibility study
• Project team formation
• Design
• Permitting
• Fundraising
• Financing
• Contractor selection
• Cost Estimate/Bid
• Construction
• Celebration
# ABC Montessori School

## Multi-Phase Project Sources & Uses Budget Forecast

### Projected Uses (Expenses)

<table>
<thead>
<tr>
<th>Phase 1: New Construction</th>
<th>Phase 2: Renovation</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>10,000sf</td>
<td>10,000sf</td>
<td>$250psf / $100psf</td>
</tr>
</tbody>
</table>

**Direct Costs**

- **New Construction (includes site & civil)**: 2,500,000
- **Modulars (temporary classrooms)**: 75,000
- **Playsands**: 50,000

**Total Direct Costs by Phase**:

<table>
<thead>
<tr>
<th>Phase 1: New Construction</th>
<th>Phase 2: Renovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>2,550,000</td>
<td>1,125,000</td>
</tr>
</tbody>
</table>

**General Conditions (8%)**: In Direct Costs

**Overhead & Profit (4%)**: In Direct Costs

**Direct Cost Contingency (10%)**: 255,000

**Adjusted Total Direct Costs by Phase**:

<table>
<thead>
<tr>
<th>Phase 1 &amp; 2 Combined</th>
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</thead>
<tbody>
<tr>
<td>2,805,000</td>
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</tbody>
</table>

**Indirect Costs / Fees**

- **Fixtures, Furniture & Equipment**: 150,000
- **Permitting/Connections**: 25,000
- **Legal Fees: Revenue Bond**: 50,000
- **Legal Fees: Permitting**: 15,000
- **Settlement Fees**: 15,000
- **Appraisal**: 7,500
- **Insurance**: 15,000
- **Studies & Inspections**: 10,000
- **Moving**: 7,500
- **IT**: 10,000
- **Landscape Design**: 10,000
- **Security System**: 5,000

**Total Indirect Costs**:

<table>
<thead>
<tr>
<th>Phase 1 &amp; 2 Combined</th>
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</thead>
<tbody>
<tr>
<td>762,500</td>
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</tbody>
</table>

**Indirect Contingency (10%)**: 76,250

**Adjusted Total Indirect Costs**:

<table>
<thead>
<tr>
<th>Phase 1 &amp; 2 Combined</th>
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<tbody>
<tr>
<td>838,750</td>
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</tbody>
</table>

**Total Direct & Indirect Costs**:

<table>
<thead>
<tr>
<th>Phase 1 &amp; 2 Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,643,750</td>
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</tbody>
</table>

**Indirect Contingency (10%)**: 364,375

**Adjusted Total Indirect Costs**:

<table>
<thead>
<tr>
<th>Phase 1 &amp; 2 Combined</th>
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</thead>
<tbody>
<tr>
<td>3,609,750</td>
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</table>

**Total Direct & Indirect Costs**:

<table>
<thead>
<tr>
<th>Phase 1 &amp; 2 Combined</th>
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</thead>
<tbody>
<tr>
<td>5,186,500</td>
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</tbody>
</table>

### Projected Sources (Income)

- **Less: Financing (Permanent)**: 2,000,000
- **Less: School Contribution**: 500,000
- **Less: Capital Campaign (see "GAP")**: 0
- **Less: Grants**: 0

**Funding GAP by Phase**:

<table>
<thead>
<tr>
<th>Phase 1 &amp; 2 Combined</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,143,750</td>
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</tbody>
</table>

**Total GAP**: 2,686,500
### THE CAPITAL PROJECT FORECAST: A TIMELINE

<table>
<thead>
<tr>
<th>SCHEDULE OF EVENTS</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feasibility Study</td>
<td>2</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Initial Study</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Study Followup</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital Campaign</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CCC Organization / Planning</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership/Quiet Phase</td>
<td></td>
<td></td>
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<tr>
<td>Public/Community Phase</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Study Followup</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Design</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- A &amp; E RFP / Selection</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>- Concept Design</td>
<td></td>
<td></td>
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<tr>
<td>- Schematic Design</td>
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<td></td>
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<tr>
<td>Design Development</td>
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<td></td>
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<tr>
<td>Construction Documents</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Permitting/Approvals/Support</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- Community Awareness / Support</td>
<td></td>
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</tr>
<tr>
<td>- Site</td>
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<td></td>
<td></td>
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<tr>
<td>- Building</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Pre-Construction</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Interview / Select CM</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>DD Estimate</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Bid Package / Bid</td>
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<td></td>
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<tr>
<td>Gross Maximum Price Agreement</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Finishing: App. &gt; Appraisal &gt; Closing</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction &gt; Occupancy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Phase 1: New Construction</td>
<td>&lt;&lt;&lt; 9 MONTHS &gt;&gt;&gt;</td>
<td></td>
<td></td>
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<tr>
<td>Phase 2: Renovation</td>
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<tr>
<td>Occpency Permits / Move - in</td>
<td>&lt;&lt;&lt; 6 MONTHS &gt;&gt;&gt;</td>
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<tr>
<td>Punchlist</td>
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</tbody>
</table>
THE CAPITAL PROJECT FORECAST: A FINANCIAL PRO FORMA

• Required for loan underwriting
• 7-year cash flow projection
• 5-year projection beyond construction
• Built upon project-influenced operations assumptions
• Yields supportable debt service expense
• Yields NOI required to satisfy debt service ratio
**CAPITAL PROJECT: CAPITAL CAMPAIGN CHECKLIST**

<table>
<thead>
<tr>
<th>Key:</th>
<th>Feasibility</th>
<th>Planning</th>
<th>In-Progress</th>
<th>Complete</th>
</tr>
</thead>
<tbody>
<tr>
<td>Status</td>
<td></td>
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</tbody>
</table>

**A. Organizational Background**
1. Fundraising History: Sources, Constituency, Infrastructure, History  
   Status: In-Progress
2. Board and Management: Experience, Skills, Capacity, Leadership  
   Status: In-Progress
3. Organizational Culture: Attitude, Culture of Giving, Participation, Inhibitions  
   Status: In-Progress
   Status: In-Progress

**B. Case Statement**
1. Project Description: Location, size, design, timing, cost, CC goal  
   Status: In-Progress
2. Project Need: Internal & Community-wide need for services  
   Status: In-Progress
3. Vision and Values: Mission furtherance, Values enhancement  
   Status: In-Progress
4. Impact on the Community: Benefits, Capacity to serve  
   Status: In-Progress
5. Organizational Benefits: New, expanded horizons / goals, deepening capacity  
   Status: In-Progress

**C. Campaign Strategy**
1. Feasibility Study: Capacity, Donor Base, Leadership, Organizational Commitment  
   Status: Complete
2. Donor Identification: Constituency: Existing & Potential, External Donors  
   Status: In-Progress
3. Goal Setting: Funding target, Gift Charts  
   Status: In-Progress
   Status: In-Progress
   Status: In-Progress
6. Stewardship and Cultivation: Friend Raising Events, Activities, Communication  
   Status: In-Progress
   Status: Planning
8. Events: Type, Expense, Staffing, Purpose  
   Status: Planning
9. Donor Recognition: Giving Levels, Naming, Other forms of acknowledgement  
   Status: In-Progress

**D. Campaign Staff and Volunteers**
1. Staffing: Roles, Responsibilities, Existing Staff, New Hires, Expense  
   Status: In-Progress
2. Board Roles: As a Whole, Individual Members, Expectations for Giving & Soliciting  
   Status: Planning
3. Capital Campaign Committee: Makeup, Leadership, CCC - Board interaction  
   Status: In-Progress
4. Consultant(s): Roles & Responsibilities: CC, Project, Finance, Legal  
   Status: In-Progress
5. Education and Training: How to ask for money, How to properly thank donors  
   Status: Planning

**E. Materials and Communications**
1. Case Statement: See above...  
   Status: In-Progress
2. Printed and Electronic Materials: Resources, media, and materials for ask  
   Status: In-Progress
3. Internal Communication: Capital Project Updates for Staff  
   Status: In-Progress
4. External Communication: Campaign Identity, Updates, Connection to Community  
   Status: In-Progress

**F. Integrated Budgets**
1. Sources: Gifts, Pledges, Financing  
   Status: Complete
   Status: Complete

**G. Project Materials / Documents**
1. Gift Charts  
   Status: In-Progress
2. Case Statement (non-site specific version)  
   Status: In-Progress
3. Integrated Capital Project Calendar  
   Status: In-Progress
4. Printed Materials and Individual Donor Packets  
   Status: In-Progress
5. Phased Sources & Uses of Funds  
   Status: In-Progress
6. Estimated Capital Campaign Expenses  
   Status: In-Progress
THE MONTESSORI CAPITAL PROJECT: A PATH TO GROWTH