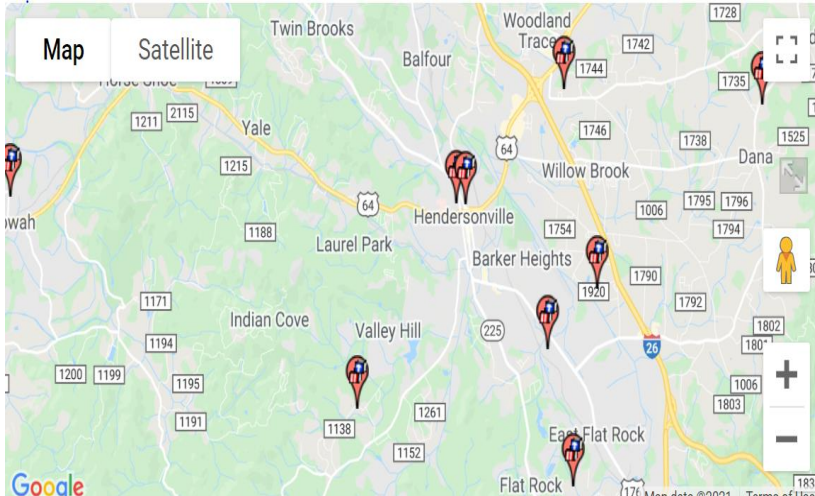


# Property Planning Update

Prepared for the Early Childhood Education  
Committee of the WCCA Board

December 13, 2021

# WCCA Children's Services Facilities



- WCCA has fifteen active child care sites in Henderson, Polk and Transylvania County
- Sites are selected for their proximity to high need neighborhoods, transportation and other support services
- Seven of the sites are Childcare Centers with multiple classrooms
- Five sites have commercial kitchens
- Six sites are classrooms located in HCPS elementary schools – locations change annually based on enrollment
- Two additional sites are not currently active: the new Tebeau Drive site and the Columbus Children's Center that closed earlier in 2020 due to flooding
- WCCA currently serves over 700 children and families each year or about 40% of eligible children in its market area
- WCCA has the potential to serve 15-20% more children in the near future

# Factors influencing Planning

## Several factors contributed to WCCA's renewed focus on property planning from 2019-2021

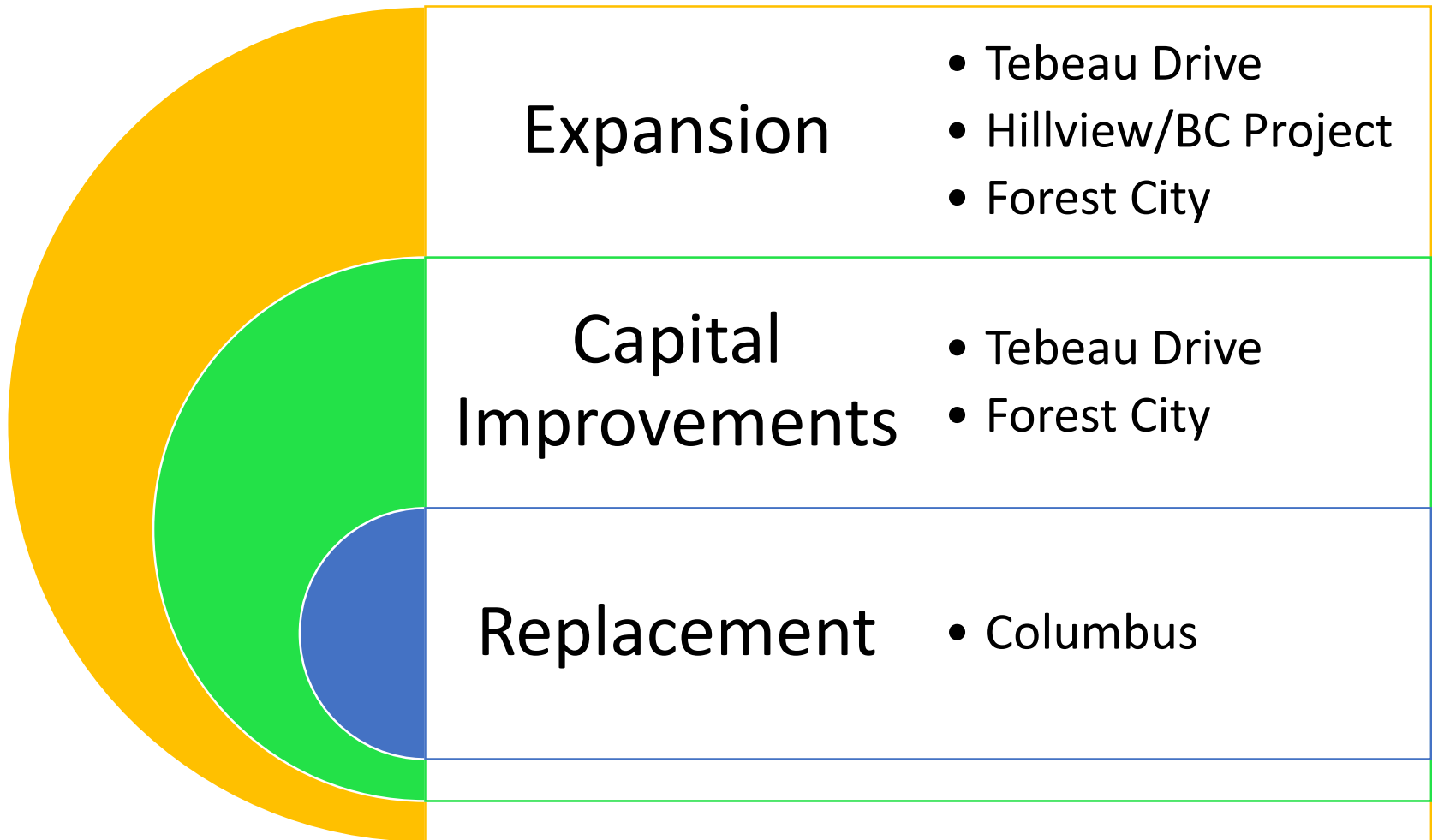
- WCCA has historically deferred major capital improvements on agency owned properties; space constraints today are barriers to strategic program expansion
- In 2019 and 2020 WCCA took advantage of new grants to expand NC Pre-K and Early Head Start programs increasing the demand for larger more cost effective childcare centers
- Historically, program growth was managed by adding stand alone classrooms at Public School or other leased sites. Having multiple stand alone sites with single classroom is significantly less efficient than a childcare center where several classrooms can share fixed cost
- WCCA also enjoys a partnership with the Public Schools where it receives free space for NC Pre-K classrooms. Legislative reform for classroom student/teacher ratios began to impact the availability of classroom space in the school system in both Henderson and Transylvania County schools
- WCCA's ability to raise capital to support expansion and improvement projects is strong
- WCCA's strategic plan focuses on serving more children and calls us to plan for future program space needs

# Project types

There are three basic project types that WCCA management is considering – the team believes that some combination of these projects over time will meet our needs

1. Capital Improvement on existing properties
  - a) Extends the life of the facility for additional years
  - b) Allows for additional uses and potential cost sharing or income generation
  - c) Maintains asset value
2. Replacement space for existing classrooms / facilities
  - a) Resolves concerns about classroom availability in Public Schools
  - b) Provides additional administrative space
  - c) Buys us time to plan and fund raise for expansion projects
  - d) Could potentially provide additional space for program growth
3. Expansion space for program growth
  - a) Allows for mixed program planning – grant funded and private pay
  - b) Reduces burden on HCPS permanently
  - c) Provides additional space to grow NC Pre-K program

# Current Projects by Type



# Tebeau Drive – Expansion



**Project Description** - Tebeau Drive was formerly a licensed child care facility serving up to 77 children. It is located near one of WCCA's main catchment areas near Bruce Drysdale Elementary school and in close proximity to Hendersonville Middle and High Schools. It is a turnkey property in an ideal location.

Mortgage = \$648K

Funding Sources:

- WCCA financing through First Citizens
- Cash down payment = \$172K

- WCCA has a mortgage on Tebeau Drive of \$648K – the building is valued at \$810K
- Tebeau was purchased in 2020 as an expansion project for NC Pre-K and Early Head Start programming – with the addition of the NC Pre-K classrooms Tebeau can immediately serve 76-94 children

# Brevard College – Expansion Project



Plans have changed for this project – we are now looking at building a new building on WCCA property nearby using funds from the sale of land

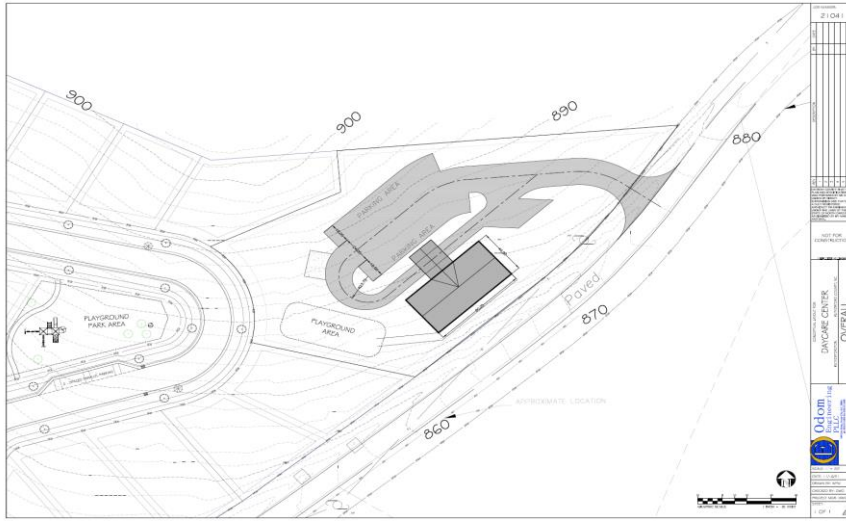
WCCA will seek to continue its Internships and partnership with Brevard College Early Childhood Education Department

## Project Description

Lease land on BC Campus in partnership with BC. Build childcare center to house 4 classrooms and incorporate BC Early Childhood Education Internship program.

- WCCA already leases at least 3 additional classrooms for HS / NC Pre-K space in Transylvania County as a result of the school system providing NC Pre-K programming – monthly leases total approximately \$3600
- WCCA has received planning grant funding from Pisgah Foundation to develop plans for the building and start an internship program. The grant amount is \$165,710.00
- WCCA has the opportunity to leverage its initial funding and this partnership to apply for additional funding from other serious capital funding sources including: Canon Foundation; the Duke Endowment; WNC Community Foundation and DHHS
- Our goal would be to fund raise about \$1-1.5 Million for the building from private sources and an additional \$600K from Head Start
- Fund raising for the building and the partnership with Brevard College will build strong relationships with private foundation funders and help raise awareness for WCCA's mission in WNC

# Forest City – Expansion Project



## Project Description

- WCCA already leases classroom space from a local vendor in Forest City – there is a 5 Year lease for \$1200 per mont
- WCCA was approached by the Dogwood Health Trust and Gateway foundation to see if we have interest in putting a childcare center in a low income development they are building in Rutherford County
- WCCA will be gifted the land
- Preliminary site evaluation suggests we can build a building similar to the Columbus Children’s Center



# Tebeau Drive – Capital Improvements



- Budget: \$775K
- Funding sources – described on next page
- Contractor is selected
- Finalizing contract documents
- Demolition will start shortly after
- Project estimated timeframe 5-7 months

## Project Description

Renovate newly purchased Tebeau Drive to increase its capacity to 5 EHS classrooms and 3 NC Pre-K classrooms. Renovation involves structural repairs, addition of interior walls and bathrooms, electrical and HVAC improvements, paint and parking lot.

- WCCA has a mortgage on Tebeau Drive of \$648K – the building is valued at \$810K
- Tebeau was purchased in 2020 as an expansion project for NC Pre-K and Early Head Start programming – with the addition of the NC Pre-K classroom Tebeau will serve 94 children
- Expected renovation timeline is approximately 6-18 months depending on extent of renovation and availability of capital

# Tebeau Drive Renovation

Tebeau - Uses of Funds	
Activity	Construction Estimate
Demolition	\$ 51,648
Interior Building 1	\$ 181,032
Interior Building 2	\$ 144,826
Exterior Parking Lots, Grading, Sidewalks, Grounds	\$ 398,270
<b>Total</b>	<b>\$ 775,776</b>
Tebeau - Sources of Funds	
Funding Source	Funds Available
Federal - ARPA	\$ 266,133.00
Federal - EHSIV Start Up	\$ 79,824.00
Federal - Operating	\$ 53,500.00
State	\$ 9,000.00
Foundation	\$ 370,431.00
Local Fundraising (TBD)	\$ 60,000.00
Insurance Claim	\$ 38,000.00
<b>Total</b>	<b>\$ 876,888.00</b>

# Forest City Lease Site – Capital Improvements



- Budget: \$110K
- Funding sources – described on next page
- Contracts are final
- Demolition has begun
- Project timeframe= 90 Days

## Project Description

Renovate leased 483 Broadway Street to increase its capacity to 3 EHS classrooms. Renovation involves structural repairs, addition of interior walls and bathrooms, electrical and HVAC improvements, paint and parking lot.

- WCCA has a five year lease at this site in Forest City
- WCCA can use EHSIV start up funds to cover the cost of renovations

# Forest City Lease Site - Renovation

<b>Forest City Lease Site - Uses of Funds</b>	
Soft Cost - Architecture, Civil	\$ 8,000
Construction Cost (per Contract)	\$ 102,150
<b>Total</b>	<b>\$ 110,150</b>
<b>Forest City Lease Site - Sources of Funds</b>	
Federal - EHSIV Start Up	\$ 24,100
Federal - ARPA	\$ 78,050
<b>Total</b>	<b>\$ 102,150</b>

# Columbus Child Care Center – Replacement Project



Land Purchase Cost = \$52K  
Building Cost = \$1.9 Million

WCCA has received soft cost funding from DHHS for the project (\$270K). WCCA is awaiting approval of the building project (\$1.96 Million). The Agency also has received \$182K from Dogwood Health Trust.

## Project Description

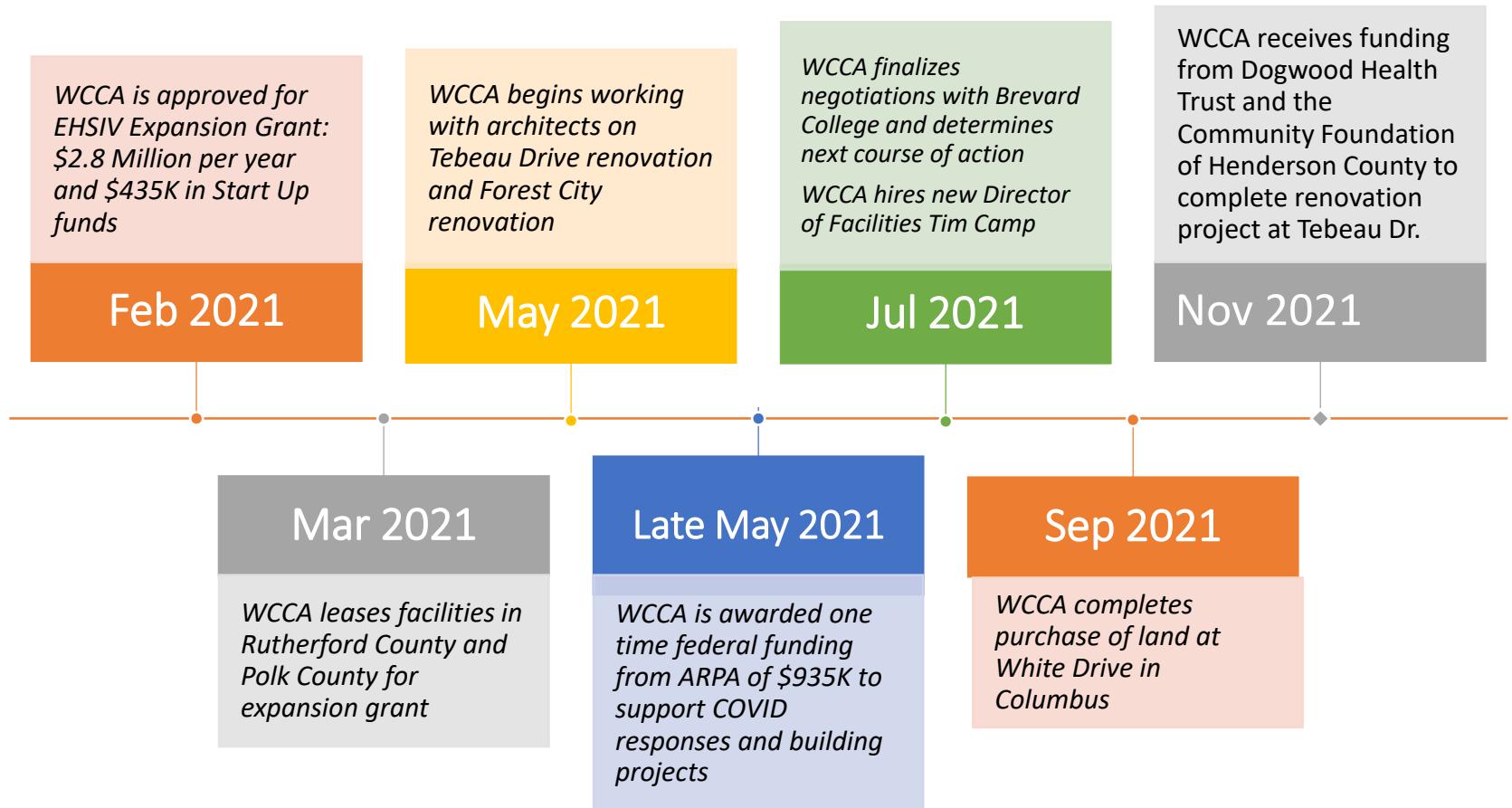
Purchase land from Thermal Belt Outreach ministry. Build a child care center that can accommodate up to 5 classrooms.

- WCCA was leasing space in Columbus for approximately \$5K per month. The leased facility flooded twice in early 2020 causing the center to close permanently in that location.
- After extensive property research in Polk County WCCA's management team determined that the best option would be to build a replacement facility.
- WCCA has the opportunity to leverage its relationships with the School system, other non profits and capital partners to continue to provide and expand child care services to meet the growing need in Polk County
- If Federal funds are not available, WCCA can employ a combination of local, regional and private fundraising to raise a portion of the building costs and consider financing the remaining amount

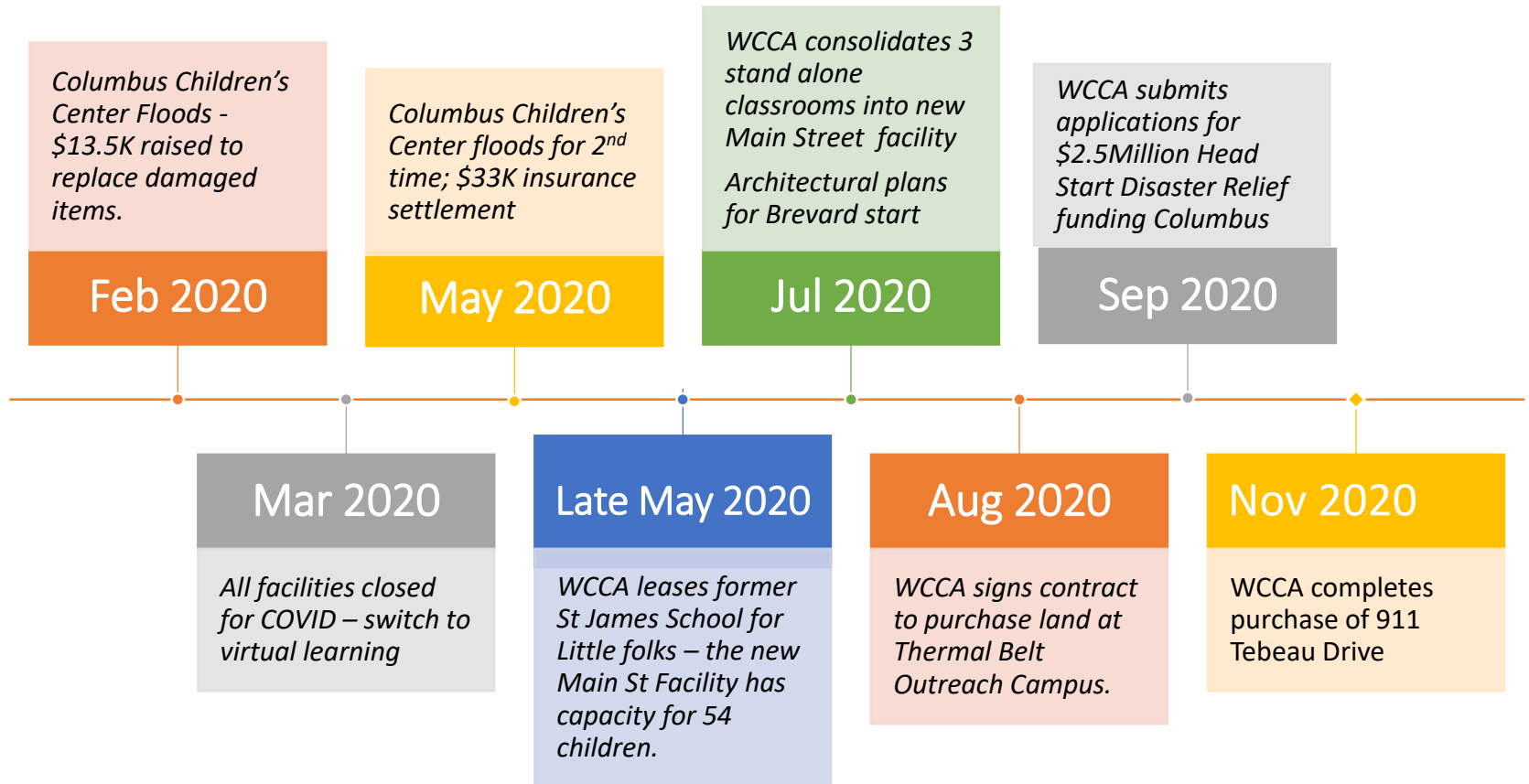
# Funding Sources – Columbus Children’s Center

Columbus Children's Center - Uses of Funds	
Soft Cost - Architecture, Permitting, Other	\$ 270,000
Construction Cost (per Quote 12/9)	\$ 2,027,469
Total	\$ 2,297,469
Columbus Children's Center - Sources of Funds	
Federal 1303	\$ 1,996,954
Federal Other	\$ 270,000
Foundation	\$ 182,145
Total	\$ 2,449,099

# Progress in 2021



# Progress in 2020





# WCCA's Capital Capacity

## FAST Financing Facts

- WCCA Current Debt to Income Ratio
    - 19.2%
    - Leveraging capability = +20%
    - Roughly another \$1.6 Million and up to \$500K equity line
  - Current Available Capital
    - Unrestricted Cash = \$1.25 Million
  - Potential Sources of Capital
    - Leverage equity in 7<sup>th</sup> Ave
    - Leverage equity in Hillview
    - Unrestricted Operating line \$300K
    - Head Start minor project capital \$<250K – does not require a Notice of Federal Interest
    - Head Start major project capital >\$250K - requires a Notice of Federal Interest
    - Foundation grants
- WCCA currently has the debt capacity to take on at least one additional major capital project
  - WCCA could also use some unrestricted cash reserves for purchasing land (\$50K) and its debt capacity for financing a building but not more than \$1.9 Million
  - Additional financing will be limited for a few years after these activities
  - WCCA can request federal funds for renovation projects less than \$250K
  - WCCA can also raise funds with private donors and foundations for specific projects

# Strategic Approach

- A combination of projects will be necessary to meet WCCA's future needs
- Since capital and fundraising capacity is limited annually, prioritizing projects is essential
- Some potential criteria for prioritizing projects:
  - Timeliness – how quickly can the project be completed
  - Cost – is it feasible within WCCA's current means
  - Scalability – ability to meet current and future needs
  - Sustainability – operating efficiency and ROI
  - Flexibility – future income potential or mixed use space