

## FAQs - United School Lease Extension

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Does extending the United School Lease limit the prior vision of unifying the campuses?

1. The unifying of the Shea and Mountain View campus no longer seems financially attainable. The original cost projection for the unification was ~\$18 million. That cost has only increased. Five income streams had to converge perfectly to realize this vision:
  - a. A capital campaign had to generate ~\$8 million. We fell far short of that and the expected lead gifts of ~\$1 million never materialized. Early on the congregation in formal meetings indicated a high interest in unification. Theory, however, did not match reality in terms of willingness to financially invest in the project.
  - b. The Mountain View campus had to yield a sales profit of ~\$4 million. Courting potential suitors and assessing value placed the MV campus at ~\$2.5 million.
  - c. The United School Lease income was needed to cover the ongoing mortgage debt of ~\$300,000 per year on a \$5 million note.
  - d. Preschool tuition would contribute another \$100,000 to yearly building costs.
  - e. Congregational offerings were also needed to ensure solvency.
2. IF CAMPUS UNIFICATION is to occur, it will have to occur incrementally over many years (7-10 years at least). A long-term relationship with the United School is absolutely required for the financial case to make sense. Raising \$13 million-\$15 million dollars in a capital campaign does not see a reasonable expectation.

Does a long-term lease with the United School prohibit a restart of Shepherd's K-8<sup>th</sup> grade day school program.

1. There is no defensible business case for the restart of a full K-8<sup>th</sup> grade day school. Pastor Seidler has represented this opinion to the board for six years and has not had any pushback or counter-proposal from the Board of Directors in that time. Some of the reasons include:
  - a. If we are a Lutheran church, we should have a Lutheran school, that is staffed by trained Lutheran educators. There are more teacher retirements every year than teacher replacements coming out of our Concordia University System. Those new teachers get absorbed quickly by the best and largest schools in the country. We would be hard-pressed to compete against them in terms of new teacher recruitment.
  - b. Scottsdale is incredibly prohibitive in terms of relocation costs. We are a high rent district. The surrounding Greater Phoenix area is not much better. A living wage for a young teacher, not to mention one with a family, is prohibitive. We would need to be charging student families a minimum of \$~16,000 each year per student in a full classroom of 25-30 students immediately to afford a credentialed Lutheran teacher who would live in or near our community.
  - c. The parental expectation of educational excellence in modern 5<sup>th</sup>-8<sup>th</sup> grade education and extra-curricular opportunity is tremendous. Our campus worked well in 1990-2000 when extra-curricular opportunities were less demanding and education was still more focused on the "3-R's". Our Shea campus educational facilities are no longer congruent with 2025 private school educational campuses. That creates a market problem both in terms of curriculum and the facility design now housing that curriculum.
  - d. The school population would initially be drawn from other congregations in a Scottsdale community that is now saturated with private educational enterprises and has progressively less children of school age as a percentage of the population than when Shepherd began its school in the 1990s. We have less available student users who have more school options that are already at high achievement in terms of student achievement, extracurriculars, and school culture.