

# Saint Thomas Church and Choir School

## Sustainability Task Force Report

### Executive Summary

The vestry-appointed Sustainability Task Force was charged with researching and presenting options that could offer a way to achieve long-term sustainability, while also preserving the core mission of Saint Thomas to worship, love and serve our Lord Jesus Christ in the Anglican Choral tradition. The fundamental financial challenge is to eliminate or dramatically reduce the structural deficit that Saint Thomas has operated with for at least 45 years. Most recently, the deficit crisis has become acute due to the rising cost of doing business, looming capital projects and the vulnerability of the General Fund, as evidenced most recently in the market downturn of 2022. Additionally, the scale of the problem means that a revenue solution focused solely on fundraising will not work. Therefore, the task force has sought to identify structural solutions that will reduce expenses, increase revenue, and/or realize the asset value of existing real estate to secure the mission.

The task force is composed of four vestry members, four Choir School trustees, and four members of staff. They have explored five possible options:

1. **Close the Choir School and sell the building**, putting the proceeds in the endowment and securing outstanding music in the Anglican tradition using professional adult singers in the immediate near term. At the same time, we would create an elite after-school chorister program that would be built over several years.
  - a. **Action Steps**
    - i. Greg Zaffiro requested a renewed valuation of the building in 2023. The estimate was between \$30 and \$40 million, with the caveat that there is a limited market for the site as there are no development rights attached to it.
    - ii. Market study for elite training for classical voice in non-school setting.
2. **Add a day program for lower grades, Pre-K through 3 or 5**, charging market rate for Manhattan. The revenue would subsidize the traditional Choir School model. It could create a pipeline for students to build enrollment.
  - a. **Action Steps**
    - i. Market study for new Pre-K through grades 3 or 5 school in midtown
    - ii. Space utilization study to identify maximum capacity
    - iii. Estimate of capital expenditures for build-out of new program space
3. **Sell the building and relocate the school to another site**. Use the proceeds of the sale to create a larger school with the choristers as the focal point.
  - a. **Action Steps**
    - i. Estimate of capital expenditure to retrofit site
    - ii. Estimate of start-up costs of larger school (as compared to having a larger school on current site)
    - iii. Assess funding mechanisms for both capital and start-up costs
    - iv. Market study for new elementary/middle school in Manhattan

4. **Enter into a partnership with another school** whereby they would provide the academic education of the boys, while Saint Thomas would continue to offer rigorous musical training in a boarding environment so that the boys could provide liturgical leadership for worship and offer classical repertoire through concerts. Members of the task force have initiated conversations with 8 schools. All but one potential partner indicated two substantial obstacles: the logistics of scheduling as well as transporting the choristers from other locations and the admission of our students immediately and without additional requirements.
  - a. **One school** was receptive to the concept of partnering with Saint Thomas.
    - i. Their schedule is flexible and would accommodate the 2-3 hours of daily musical instruction necessary for effective chorister training.
    - ii. They have room to take all 23 returning students.
    - iii. They will admit Saint Thomas students with no additional testing or conditions.
    - iv. The school is close in proximity to both the Choir School and the Church.
    - v. They are tuition-dependent.
  - b. **Action Steps**
    - i. Meeting with Head of School and Director of Finance
    - ii. Model out budgetary impact of savings combined with ongoing expenses for residential program and supplemental educational elements required for music.
    - iii. Drill into detailed analysis of logistical issues associated with partnership:
      1. Schedule (both daily and annual)
      2. Provision for lower grades
      3. Cost and personnel required for retention of boarding program
      4. Test appetite amongst funders for support of this concept
      5. Stress test with current families

Each of these structural changes to the School will also require a major philanthropic campaign to secure funds for endowment, capital, and increased annual revenue. The Sustainability Task Force will provide the vestry with all the information gathered, analyzed, and discussed prior to its June meeting, at which point the vestry will authorize additional study of the options most likely to be successful.

The Task Force is exploring the possibility of a **Sale-leaseback of the building**, negotiating a favorable rate of interest and rent. Although on its own, this would not solve the structural deficit, it would be a form of financing that could be used in tandem with any of the other options. It is possible the Choir School would continue to operate as is, and the sale proceeds used for capital investments and/or to shore up the invested funds for the school's support. At the end of the lease period (likely 15 or 20 years), Saint Thomas would have to renegotiate the terms of the lease, buy back the building or give up occupancy.

**c. Action Steps**

- i. Meet with prospective finance organization to determine appetite and value of potential deal
- ii. Assess the impact on Saint Thomas operations and the function of the School when the lease term is complete

Over the summer, the Sustainability Task Force will continue its work, and in the fall will submit its final recommendations to the vestry for consideration.