

The Arete Project

City of Gustavus Endowment Grant

10/31/20

I. Project Summary

In spring 2021 the Arete Project intends to break ground on a new educational building: a central campus hub equipped to deliver enriching programs in citizenship, stewardship, and leadership for learners of all ages. We seek funding in the amount of \$43,253 through the City of Gustavus Endowment Grant to support the initial building phases, including design work, site prep, and laying the foundation.

The educational building will occupy about 3000 square feet on the Arete Project campus on Good River Road. It will include a large classroom, two offices (initially used as gap year dormitories), a library/presentation space, a small commercial kitchen and dining area, and restroom, shower, and laundry facilities. During summer months, the educational building will be the primary indoor facility for community workshops, day camps for local young people, visiting courses, and lectures and recitals open to the community. During the winter months, the educational building will be the primary venue for our gap year program, offering a handful of diverse young leaders from around the country the chance to immerse themselves in the wisdom and lifeways of Southeast Alaska. Gap year courses, which offer college credit through UAS, will be open to Gustavus high school students, broadening and enriching our town's educational opportunities while, hopefully, giving the families of older students a compelling reason to remain in Gustavus.

In combination with other capital gifts and grants (both pledged and in-hand), we anticipate that the building will be entirely dried in by fall 2021 and ready for use by fall 2022.

II. Organizational Overview

The Arete Project is a 501(c)3 educational nonprofit headquartered in Gustavus, Alaska. Our mission is to educate a diverse generation of leaders for lives of citizenship, stewardship, and leadership. Arete Project programs invite learners of all ages to connect to community and place through courses that integrate hands-on learning with the liberal arts and sciences. Founded in 2014, the Arete Project began running courses in Icy Strait in 2018. In 2019, the Arete Project purchased the former Good River Bed & Breakfast as its permanent campus and home. Unfortunately, all summer 2020 courses were canceled due to Covid-19, but planned programs for 2021 include day camps for local students, community workshops, and the pilot of our gap year for young leaders. We can be reached via email at laura@areteproject.org or by phone at 907-697-2112, and our EIN is 83-0952003.

As we expand our programming in and for Gustavus, our single most crucial need is a facility well-equipped to house our educational programs. Such a facility does not currently exist on our campus.

We are fortunate that our team includes a few key staff and board members with the skills and experience to lead such a substantial capital project. Executive Director Laura Marcus brings a strong fundraising track record, including having raised over \$400,000 towards the organization's \$1.2 million capital campaign since spring 2019. She also has substantial experience delivering world-class educational programming in modest, rustic facilities such as the one we plan to build.

Arete Project board member Hank Lentfer brings 30 years of experience as a builder and woodworker in Gustavus. As a long-time resident, he knows all there is to know about the local contracting options, supply chain, and construction considerations. Our new caretaker Tanner Horst also brings several years of experience as a contractor and shop teacher.

Experience with several smaller projects in 2020 have given us the experience we need to make a larger project successful. Over the past few months we've installed a new composting outhouse, two woodsheds, a rather Cadillac composting facility, a yurt, two greenhouses, and a new pump house and water system. Not a bad list for a summer when everything was topsy-turvy! These projects have given our organization and its key personnel a solid grounding in the logistics and expenses of local construction.

We are in regular communication with local contractors regarding this undertaking. We are working with Ben Stroeker and Anya Maier on building design (on a paid and volunteer basis respectively). Fairweather Construction is likely to handle site prep, while Gustavus Construction handles the bulk of the building itself. Berry's Specialty Contracting and Salmon River Electric are on deck for the plumbing and electrical work respectively.

III. Project Description

A. Problem Statement

Retaining & meeting the needs of Gustavus high schoolers

With the phenomenal resources of Glacier Bay National Park and the varied expertise of local community members, Gustavus is primed to deliver one of the most extraordinary high school experiences on earth. So why do so many students leave for Juneau, Sitka, or down south when they hit 9th grade? Perceiving the limits to local curricular, extracurricular, and social opportunities for older students, many families choose to try their luck elsewhere. Though addressed only obliquely in the city's Strategic Plan, the outflow of young people from Gustavus weakens school enrollment and thus school funding, leading to a vicious cycle where the student exodus and school resource constraints perpetuate one another. Of course, many teachers, volunteers, and Park staff go out of their way to make place-based and experiential learning opportunities available to students: from Jessie Soder's annual science project to Sea Week to the annual moose butchering project. Unfortunately, the evisceration of public funding for K-12 education and staffing vacancies at the National Park constrain further efforts to connect existing local educational resources with the school curriculum.

Sustainable economic development

With the closure of several key Gustavus businesses in recent years – including the Gustavus Inn, Sunnyside Market, Pep’s Packing, and Alaska Discovery – there is a growing need for local businesses that can serve the community, build our tax base, and provide local employment opportunities. Even before the pandemic, nearly 80% of Gustavus business owners believed lack of local jobs “severely” or “somewhat” threatened local economic stability. Covid-19 has only added to these economic stresses by driving down tourism, one of our core local industries, at least through 2020.

B. Community Benefit

Retaining & meeting the needs of Gustavus high schoolers

The Arete Project specializes in creating challenging and enriching place-based learning opportunities for young adults ages 15-23. Beginning in 2021, our gap year program will bring annual cohorts of students in this age group for immersive educational experiences based in Gustavus. In addition to expanding the social scene for young adults, the gap year will also allow local high school students to enroll in our academic courses for little to no cost, allowing them to earn college credit through UAS. To be clear, under no circumstances are we attempting to “poach” students from Gustavus School. Quite the opposite. We hope to work hand-in-hand with the school to supplement rather than replace the high school experience. We are likely to offer only 1-2 gap year classes at a time, so students can simultaneously complete their remaining coursework at Gustavus School, thus counting towards the school’s enrollment (and consequent per-student funding).

The new educational building is crucial to the success of our youth-focused programming. It will provide classroom space, temporary housing for gap year students, and facilities appropriate to the experiential dimensions of our courses (e.g. a kitchen for preserving & butchering projects and storage space for outdoor gear). While our 2021 gap year will have only six students, the new building will allow us to double that number, drive down per-student costs, and thereby make it possible to offer free or low-cost enrollment in gap year courses to local Gustavus students. Because we place strong emphasis on recruiting diverse cohorts, the gap year will also allow Gustavus youth to live, learn, work, and play alongside students from extraordinarily different backgrounds. Such relationships form a strong relationship for peer learning; Gustavus students can help gap year students build Alaska skills (e.g. how to filet a salmon or split kindling) while gap year students will bring their own diverse array of talents and abilities to the local student community.

Sustainable economic development

Secondarily, the Arete Project has the potential to be a key player in the city’s economic development goals. We have the capacity not only to serve locals, but also to draw visitors from around the world who seek to learn about this dynamic place. Many national park gateway communities are home to nonprofits that offer educational programming centered around the park and its resources, such as the Teton Science School, NatureBridge, and (here in Alaska) the Murie Center for Science and Education. Such institutions have a mission that allows them to drive up revenue-generating tourism, elevate local scientific and cultural discourse, create local

jobs, and enrich local educational options – all under one roof. We aspire to serve this role within the Gustavus community and in partnership with Glacier Bay National Park.

A cozy, beautiful, and functional educational building is central to this vision. We imagine a space where we can host an evening lecture by a visiting scientist, convene a writers' retreat, host workshops on venison butchering or watercolor painting, run rainy-day indoor activities for a summer camp, and of course run our gap year program. Such programs would be open to community members – in many cases *taught* by community members – and would doubtlessly draw interest from tourists residing at local lodges.

The Arete Project has already received national attention in the *New York Times*, NPR, and *The New Yorker*. With the right facilities and the right suite of programs, we would help put Gustavus on the map for precisely the kind of curious, ethical traveler we want to seek.

C. Link to City's Goals

Retaining & meeting the needs of Gustavus high schoolers

This proposal directly addresses Value B, Goals (5), and (6) as written in the city's Strategic Plan. These include: "Support[ing] quality schooling for youth that develops excellent thinking and social skills;" and "Provid[ing] opportunities and activities that prepare youth for life outside of Gustavus while encouraging appreciation of the natural and social environment here." Elsewhere in the Strategic Plan, student attrition at Gustavus School is also cited as a cause for concern, primarily for funding reasons.

Perhaps due to the fact that the city has little direct control over Chatham School District, the Strategic Plan is notably silent when it comes to concrete educational projects. The Arete Project has the benefit of being a private institution, both free from the regulatory apparatus of the state education system while able to offer college credit through our local public university. With the city's support, we can help meet its stated goals by:

- Providing enriching, place-based academic opportunities for Gustavus high school students
- Enabling Gustavus high school students to earn college credit while residing at home
- Engaging Gustavus high school students with diverse peer cohorts from around the country, both socially and academically

Sustainable economic development

This proposal also addresses Value B, Goal 1 from the city's Strategic Plan: promot[ing] economic well-being for everyone. Within its first year of operation, the Arete Project provided employment opportunities to five Gustavus residents, regularly hired local contractors, and procured much of our food and supplies from local businesses. The new educational building would not only increase our reliance on our local contractors and supply chain, but would eventually result in a variety of new full- and part-time positions open to Gustavus residents. As stated above, we also believe we can help grow local tourism and thus the city's tax base.

D. Concluding Statement

The city of Gustavus is poised to offer a world-class education to students of any age. At this very moment, we already possess the resources, environment, talent, and expertise to bring it about. The Arete Project can connect those dots and be that catalyst. We can help create a local, place-based secondary education that would be the envy of any school district. We can help enrich the cultural and intellectual life of this community, while drawing in visitors from outside to take part. We simply need the facilities to make it happen. Support from the Endowment Grant would help us do it.

IV. Project Goals & Objectives

A. Long-Term Goals and Milestones

For the purposes of this grant, there are both immediate, tangible goals – largely consisting of measurable milestones in the building process – and broader, long-term goals involving the educational offerings available in Gustavus, Alaska. The former are quite straightforward and are laid out in the chart at the end of this section.

The latter are more complex and more easily addressed as a narrative. As you will have read, we believe that one of the primary benefits of the educational building will be the opportunities it offers to our local high school students. As soon as possible, we hope to make gap year courses open for no or nominal cost to Gustavus high schoolers, allowing them both the educational benefits of college-credit-granting coursework and the social benefits of a diverse peer group from around the country. Though the gap year is beginning in 2021, Covid-19 will likely prevent us from inviting local high schoolers to participate in those courses; our Covid-19 Response Plan currently requires our on-campus community to form a non-porous bubble, though of course this is subject to change. And, while we may be able to begin inviting the participation of local students in 2022, we are presently highly constrained by classroom space – a challenge that the educational building would rectify.

By no later than 2023, we hope to include local high school students in gap year courses. Success in this arena would be measured primarily by the number of high school students taking advantage of this opportunity. Ultimately, we hope that at least half of Gustavus high schoolers will choose to enroll in one or more course during their academic career. We will further measure success by analyzing student learning outcomes, course evaluations written by students themselves, and number of students successfully transferring their UAS credit to their college. And, though many factors influence these decisions, we hope longer-term to see more and more families choosing to remain in Gustavus throughout their child's high school career.

We also believe that the educational building will be utilized and enjoyed by people of all ages from across the Gustavus community. Since acquiring the campus in August 2019 we have kept careful documentation of the Gustavus residents who have attended an event at (31), volunteered for (16), and been employed by (5) the Arete Project. Assuming we can safely run workshops and summer camps in 2021, we will keep track of the number of locals who avail themselves of such opportunities. We hope that between 50 and 75 people Gustavus residents will attend one of our programs in 2021, and between 75 and 100 in 2022.

We anticipate that many of these opportunities will be subsidized in part by revenue from the gap year, the success of which depends on the completion of the educational building.

Lastly, we will keep track of the numbers of non-locals who participate in our programs, both those coming for longer-term programs (like the gap year) and shorter ones (like day-long workshops). Ultimately we hope that our offerings will draw more and more revenue-generating tourism to Gustavus. While this may initially be difficult to measure, certainly well-established institutions like the Teton Science School and Murie Center draw their own visiting clientele to their respective communities. It will likely take the Arete Project a number of years to build such a reputation and become a draw in its own right. But given the strong application numbers to our programs and the national media attention we've received, we are well on our way.

B. Short-Term Goals and Milestones

MILESTONE	DATE	FUNDING REQ'D	MEASURING SUCCESS
Educational Building design complete	12/31/20	\$2,800.00	Building design is complete. See attachments for current progress.
Gap year launch	1/5/21	n/a	Gap year runs successfully. Generates excess revenues up to \$25,000 that can be applied to the building project.
First Arete Project community workshop	4/1/21	n/a	Workshop series for Gustavus community launches & runs successfully.
Site prep begins for educational building	5/31/21	\$12,400	Excavation work complete. Gravel pad laid.
Foundation poured	6/15/21	\$23,800	Foundation is poured. See budget for specifications.
Educational building is dried in	7/31/21	\$130,200	Building is dried in. Costs reflect framing & roofing materials, exterior doors & windows, and all labor.
Second gap year begins	1/5/22	n/a	Gap year runs successfully. Generates excess revenues up to \$25,000 that can be applied to the building project.
Educational building completed	9/1/22	\$521,550	Educational building is complete. Ribbon cutting!
Third gap year begins	1/5/22	n/a	Gap year runs successfully. Courses are open to Gustavus high school students.

V. Budget

A. Narrative

Raising funds for our educational building is the next major focus of the Arete Project's ongoing \$1.2 million capital campaign, begun in April of 2019. To date, the Arete Project has raised more than \$400,000 towards the campaign total, with the majority of those funds (\$368,000) dedicated towards the purchase of the campus in August 2019. This includes the acquisition of some non-real property associated with the location (two trucks, a couple of large wood stoves, etc.). Other projects have included many small infrastructural upgrades, most importantly the installation of a new water system that has the capacity to serve the main building once it is completed.

Our primary goal over winter 2020-21 is to raise \$200,000 towards the new building. This amount would allow us to comfortably complete Phase I: getting the building dried in by the end of summer 2021. Gustavus Construction has quoted us a total of \$169,200 for that work, the details of which you can find below. It is for the initial portion of this work – design, site prep, and foundation work - that we request funding in the amount of \$43,253 from the city of Gustavus.

We will be able to leverage a grant from the city of Gustavus with a request to the M.J. Murdock Charitable Trust: one of the two major capital grantmaking organizations in our region. They will welcome a full grant application as soon as we have raised \$200,000 towards the project. Due to Covid-19, the Murdock Trust is being extremely flexible and accommodating with its grant submission deadlines, knowing that every nonprofit is reeling from the pandemic in various ways.

We hope to raise the entire amount for this project without taking on debt. With regard to other funding sources, we anticipate that we will be able to dedicate as much as \$25,000 towards the building from the revenue of our initial gap year program. We will also be making “asks” of four other current and prospective individual donors this holiday season, each of whom has the capacity to make five- or six-figure gifts, and all of whom have a substantial history with the Arete Project. While we initially hoped to raise the full projected amount of the new building by next summer, Covid-19 has radically altered the fundraising landscape, making it virtually impossible for us to connect to new prospective donors in 2020. We are optimistic that the situation will improve over the course of 2021, and that we will be able to raise the remaining funds towards the building by spring 2022, completing the project by the end of that summer. We furthermore hope that the other major grantmaking foundation in our region – the Rasmuson Foundation – will once again begin accepting capital grants.

Once built, the educational building will be central not only to the Arete Project's educational work but also to our business model. When the gap year is running at full capacity (i.e. twelve students) we anticipate gross tuition revenues amounting to \$240,000 annually. Because of the clear linkage between the completion of this building our potential earned revenue, we may consider taking out a loan to complete the building if left with no other option. Within 3-5 years, we believe revenue from the gap year will be able to significantly subsidize the Arete Project's local programming: not only the cost of gap year courses for local high schoolers, but other educational initiatives serving the whole community.

B. Partial Funding

As you will see in the detailed budget below, the funds from the Endowment Grant would be applied to the most exciting part of this project: breaking ground and pouring the foundation. While we would be honored to receive the full amount of the grant from the city, we realize that you are considering many worthy projects, and we would be able to put any amount to good use.

We plan to move forward with the educational building whether or not the city contributes funding, but in the present fundraising climate, it will certainly prove much more challenging. We hope we have demonstrated in the narrative sections above the value that this project could add to the educational life of the Gustavus community.

PHASE I

Design Work	\$2,800
Excavation & Site Prep. Removal of organic material for entire footprint of the building, replacing with non-frost-susceptible sand and gravels in 6" lifts to achieve proper compaction. Final grade to be no less than existing natural grade.	\$12,400
Foundation. 18" wide by 8" deep concrete footer with 8" wide by 24" tall ICF stem wall. Includes labor and materials.	\$23,800
Framing. Standard stick frame with 2x6 walls, 2' centers, 2x10 floor joists, 1 1/8th" deck sheathing, and engineered trusses. Cost includes freight.	\$51,400
Framing Labor. Includes all labor tools and equipment to frame entire structure as per plan.	\$46,500
Roofing materials & labor. Skyline snaplock roofing with concealed fasteners. This is a 50 year roof.	\$16,700
Exterior doors & windows. Includes materials and labor.	\$15,600
PHASE I TOTAL	\$169,200

PHASE II

Insulation, interior finishings, furniture, fixtures, & equipment (including commercial kitchen)	\$521,550
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**PROJECT
TOTAL**

Est. \$225/sq foot x 3070 (4-5 Energy Star Rating)	\$690,750
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ANTICIPATED FUNDING

City of Gustavus Endowment Grant	\$45,253
Gap Year Revenue (\$25k in 2021 and 2022)	\$50,000
Individual Gifts (goal to raise \$150k-\$175k in winter 2020-21 and remainder by spring 2022)	\$225,000
Murdock Charitable Trust Capital Grant (anticipated submission March 2021)	\$200,000
Rasmuson Foundation Tier 1 Grant (anticipated submission 3/21)	\$25,000
Rasmuson Foundation Tier 2 Grant (anticipated submission 1/22)	\$150,000
TOTAL ANTICIPATED FUNDING	\$695,253