

New Sanctuary Readiness and Preservation Project Budget Unveiled

Town Hall Meeting
Oct. 23, 2016

By Chip Nichols, Project Facilities Committee Chair

At the Town Hall Meeting, we were delighted to report that the “renewed” Bell Tower, dedicated that morning, had come in under budget. However, in the process of excavating for the Bell Tower’s 35-foot-deep pilings and going into the surrounding walls to build the forms for the Bell Tower’s concrete and steel core, we uncovered structural problems in the oldest part of the Sanctuary that we could not have known about until this invasive work was done.

These surprises, in turn, led us to re-think many of the assumptions on which our budget was based, and to do that knowledgeably we commissioned a full investigation of the rest of the Sanctuary by our Project Architect Bob Easton, Structural Engineer Bruce Resnick, Jim Spann, co-owner of our Phase 1 General Contractor R. J. Spann, and all of the key subcontractors, who spent weeks boring into and evaluating the foundations, walls, roofs and seams throughout the Sanctuary, and then using this knowledge to “zero base budget” all 40 lines of the detailed Phase 2 construction cost estimate.

This resulted in increases to the estimates for structural steel and wall and roof framing, but happily these could be partially offset by reductions in other line items. Our new budget, summarized in the chart below, is the product of this reevaluation.

Looking Project Revenues, of the \$9.9 million of gifts and multi-year commitments received, as of the end of August we had cash payments totaling \$4,318,151. This reflects a faster payment rate on multi-year commitments than we had budgeted, which allowed us to increase the budget for interest income in line 1f from \$35,000 to \$50,000. This is good in itself, but more importantly it points us to the only two things that we as supporters of the campaign can do to help the budget. First, we need to commit to the remaining \$200,000 needed to reach our \$10.1 million construction cost target. And second, if we possibly can, we need to speed up payment on the commitments we have already made. This will increase cash available for investment and investment income in line 1f and reduce the duration and amount of our bridge loan and our interest cost in line 3j.

All of the Hard Construction Costs are grouped under Item 3. Lines 3a and 3b are the Bell Tower work, which came in under budget. Lines 3c through 3i show a number of changes from the current budget, some of which reflect re-estimates as a result of the Sanctuary-wide inspection, and some of which result from transferring costs between the General Contract line (3c) and lines where we do not have to pay the General Contractor’s profit and overhead.

Line 3c covers all of the hard costs that will be incurred under the General Contract for Phase 2. This includes the increases to cover additional structural steel and framing, offset by reductions in other areas. It also includes \$135,000 of site work and hardscape that had been covered by line 3h of the current budget but for efficiency’s sake needed to be put under the General Contract. But it excludes

\$75,000 for refinishing of our 75 pews, which can be done efficiently outside of the General Contract, free of its 15% profit and overhead factor.

Line 3d shows an increase over current budget because it picks up that \$75,000 for pew refinishing. It also covers \$100,000 for moving and storage of the pews and all of the Sanctuary's other contents during the time the Sanctuary is in construction, and \$135,000 for removing, refurbishing, storing and reinstalling the 45 stained glass windows in the Sanctuary. All of these items can be contracted for outside of the General Contract, and we are hopeful we can negotiate reduced prices.

Line 3e also shows an increase—it is miscellaneous other construction costs already incurred before we entered into the R. J. Spann contract (the \$113,398 in Column C) plus two years of construction insurance, the tribute wall and signage, inspections we must pay for, like concrete and welding, and other miscellany.

Line 3f is the Phase 2 contingency allowance, at 20% of line 3c, vs. 17% in the current budget. Even though our professionals' Sanctuary-wide investigation and re-estimating should mean no more major surprises, we considered this prudent.

In Column C you will see that \$32,578 of the Phase 2 contingency has been spent—basically the unanticipated repairs to the walls and roofs in the northwest corner, which was Phase 2 work done during Phase 1. Line 3g is the new organ, and the amount is unchanged from the previous budget. We have spent \$233,195 to date on the down payment and design fees under our contract with C. B. Fisk.

Line 3h covers hard costs associated with the purchase and installation of new landscaping when Phase 2 construction is complete. This line is decreased from the current budget because of the \$135,000 of site work and hardscaping moved from this line into line 3c and because we reduced the budget for landscaping material.

Line 3i covers all of our professional services—Project Architect, Landscape Architect, Structural, Mechanical and Civil Engineers, Permitting work, County permit and processing fees, and others. We have increased the budget here by \$150,000 because the greater complexity of the steel and foundation seismic strengthening will impact this area. As you see in Column C, \$473,975 of the \$1,150,000 has already been spent, but this reflects that a very substantial part of the Phase 2 conceptual and structural design work has actually been completed.

And so our new bottom line is total estimated Project cost, including endowment and other "below the line" items, of \$11,671,346 vs. estimated Project revenue of \$11,677,231 —creating a small budget surplus of \$5,885.