

August 2009



Dear Church Family,

It is hard to believe, but six years have passed since we began planning for the construction of a Family Life Center. Two different committees have worked to plan a facility that will provide for our church family as well as meet many needs in the community.

The Building Steering Committee is ready to present a recommendation for the construction of the facility. In preparation for that recommendation, a Town Hall Meeting will be held on Sunday, August 16, at 6 pm.

This issue of "Insights" contains information regarding the proposed facility. The information is presented in the format of "Questions and Answers." As you read the information, many of your questions will be answered.

Please make a special effort to be present for the Town Hall Meeting. Pray and seek the leadership of God, study the enclosed material, and be present to participate with the church family in making this very important decision.

As always, the Shepherd Loves the Sheep,

Dr. Dan Murray

Sunday, August 16 at 6:00 pm

ALL CHURCH TOWN HALL MEETING

To Consider A Recommendation From

"The Point"

Building Steering Committee

Questions & Answers About “THE POINT” Recommendation

Consideration of Projected Costs

Q: What is the current estimate to complete the project as designed?

A: \$2,476,956

Q: Is this a bid?

A: No. This is an estimate based on opinions from some of the contractors that would be included in the bid process.

Q: When was the last estimate presented to the church and how much was the projected cost?

A: The estimate presented to the church was dated 3/2/08. The March 2008 estimate was \$3,073,906.

Q: Why is the current estimate so much less?

A: Due to the past months of a slower economy, overall costs of construction supplies and labor have decreased.

Q: Are preferred contractors currently available to bid on our project?

A: Yes. The information given to the committee suggests that contractors that previously would not have bid on our project due to availability are now aggressively looking for work.

Q: Has anything been left out of the project that had been proposed previously:

A: Yes. The audio/visual allowance of \$200,000 is not included. The building would be constructed with the appropriate wiring and outlets for this equipment to be added at a later date. Also, the kitchen equipment allowance has been reduced from \$115,000 to \$60,000. This allowance still allows for a well functioning kitchen.

Q: What would be the “Soft Cost” total?

A: The construction “soft costs” would be approximately \$150,000. This amount would include architect and construction management fees, building permits, and temporary utilities to the construction site. The building “soft costs”, allowing The Point to be fully functional, would be \$80,000. This would cover the purchase of Café, office and game room furnishings, work out equipment, banquet tables, chairs, and dinnerware.

Q: Is there a contingency amount included?

A: No.

Consideration of Other Building Options

Q: Can we scale down the building to reduce our costs?

A: Yes. The approximately 6,000 square feet that would contain the coffee shop, office area, game and meeting room could be postponed for later construction. The best estimate of potential savings is \$400,000 - \$450,000.

Q: Can we postpone any other items to a later date and still construct the building as designed?

A: Yes. We can postpone installation of all Kitchen Equipment and reduce the budget \$60,000. The kitchen area would still be constructed with the appropriate plumbing and electrical considerations. The vent hoods would also be installed. Another item that could be postponed for a later date would be the gym flooring. This would reduce the budget \$65,000 and mean that initially the gym floor would be sealed concrete. The floor would be striped for play until the appropriate gym flooring could be installed.

Q: Did the committee consider a remodel of Paradigm to include a gym?

A: Yes. Our architect and contractor did study the possibilities of a remodel. While it is possible to add a gym, the issues this presents combined with the cost associated do not make this a viable option. It was first studied to include the gym within the existing walls. The roof line is not tall enough to support a gym, and other building compliance codes would become factors. Next it was considered to add a gym as an addition. Due to the water drainage easement, the footprint for the addition of a gym would require the addition to be placed in the parking lot in front of the current building. This presents multiple issues such as parking availability, fire wall requirements and aesthetic questions.

Q: Did the committee consider a remodel of the Fellowship Hall, Kitchen, Chapel, Bluebonnet Room, and Bridal Room area of the current building?

A: Yes. Our architect and contractor did study the possibility of a remodel of this area. A studied approach to this option would require months of preliminary design, hazardous materials testing, and negotiations with permitting authorities at the State and local level. A cursory review of the list of the likely compliance issues led our consultants to suggest that cost estimates could possibly approach \$1,600,000. Additionally, it is unlikely the church could use the facility while modifications were being made throughout the building. The major cost factors of the remodel are due to the age of the current building. The entire facility would be required to be brought up to current ADA, fire, hazardous material, and energy compliance codes. There are some ceiling height issues in a remodeled fellowship area that would require architectural study. The committee determined a remodel would be most cost effective at a time when the entire sanctuary facility is remodeled. The Point facility would then make an excellent temporary worship space.

Q: Did the committee consider construction of a “gym-only” concept on the property set aside for The Point?

A: Yes. Our architect and contractor did study this possibility. The “gym-only” concept would include approximately 10,653 square feet. This would allow for the gym as currently drawn including the bleachers. It would also include an entry foyer and two restrooms. The kitchen, stage, and exercise room would not be included in this concept. Due to the same site requirements for soil, drainage, and parking even with a much smaller facility the estimated cost could approach \$1,500,000. The committee determined this was not a good cost value for the church to consider.

Financial Considerations

Q: What were the total receipts during the LIFEvision Campaign?

A: \$1,601,890.18

Q: Are there additional monies expected to come in from the Campaign?

A: Yes. It is possible for an estimated \$300,000 to come in from proceeds from donated real estate and previously pledged amounts.

Q: How much have we spent on this project to date?

A: As of 7/29/09, that amount is \$694,026.73. Included in this amount is \$238,010.51 that was paid on the Property Acquisition Note. There are approximately \$15,729.40 in billings to be paid upon the completion of the West Annex Parking Lot project.

Q: How much money do we have in the bank to spend on this project today?

A: It is estimated after outstanding expenses, that we will have approximately \$1,000,000 in cash to spend on the remainder of the project.

Q: What is our current balance on the Property Acquisition Note?

A: \$343,498. Recall that \$114,000 of the outstanding balance is in designated funds waiting for the opportunity to purchase additional property.

Q: How much money is still needed to build The Point?

A: Approximately \$1,500,000 will construct the building. The interim interest financing could range from \$50,000 to \$70,000, depending upon the terms and length of the financing agreement. After construction is completed, at what time funds are available, additional soft costs would total approximately \$230,000. This would allow for the addition of equipment such as the audio/visual equipment, exercise equipment, security cameras, and additional basketball goals.

Q: How can we pay for the outstanding balance?

A: Estimates for short term financing suggest that terms could be arranged that would produce a monthly/quarterly payment in the range of:

- * \$750,000 @ 6% for 20 years fixed: \$5,372 per month/\$16,122 per quarter
- * \$1,000,000 @ 6% for 20 years fixed: \$7,165 per month/\$21,495 per quarter
- * \$1,250,000 @ 6% for 20 years fixed \$8,955 per month/\$26,865 per quarter
- * \$1,500,000 @ 6% for 20 years fixed \$10,747 per month/\$32,241 per quarter

Q: Would this payment come out of the Church Operating Budget?

A: No.

Q: What is the estimated future operation costs of The Point that would impact future Church Operating Budgets?

A: Anticipated impact to the annual budget would be approximately \$75,000 to \$100,000 a year operating a full schedule. Future operation costs are dependent upon the number of hours scheduled for the building to be open. Operational costs are also impacted by the kinds of events scheduled. This amount reflects costs for support personnel, maintenance, supplies, and utilities. Costs could be minimized by reducing the hours the facility is open.