

Holy Cross Church Expansion

How did we get here?

Back in 2005, we recognized a need for more space to accommodate the growth of the church. A design concept was developed, with a rough estimate of costs. Then, a capital campaign was undertaken to see if the congregation had the means and the willingness to support such an expansion. The Raising the Roof campaign was very successful, so the work of moving from design concept to actual building was begun in 2007.

Here's where the first problems were encountered. The rough estimate from the design concept was that the expansion would cost about \$1.5 million, **but that was just a very rough estimate**. Once we began talking with contractors and getting bids for construction, it was clear that the project would cost more than that; by fall of 2008, the cost of construction alone was estimated at \$1.7 million. Over the next year, the building committee worked to cut as much as possible, but the cost of construction alone was still around \$1.5 million. This would just pay the contractor; all of the other costs of building would be above and beyond that.

Meanwhile, we were pursuing the Conditional Use Permit with the City of Redmond, which was necessary for us to build, and running into unexpected hurdles there. This is where the "swimming pool" comes in: in order to contain runoff from our hardscape, we needed a single, much larger vault than we had expected (as opposed to the two smaller vaults originally planned.) This change had significant impact on many aspects of the project. These additional costs made it impossible to build the whole project as initially planned.

Could we have challenged the city's requirements? It's possible, but the outcome of any challenge would have been very uncertain, and doing so would have delayed any construction at least another year, given our choice to do as much of the construction in the summer as possible.

When it was clear that we couldn't do everything, we asked the contractor for an estimate of splitting the project into parts. The choice was made to just do the site work, which was cleanly separable from the rest of the building and would prepare us for pursuing the expansion at a later time. The site work included the larger vault for storm water retention, parking lots, and utilities (moving away from septic system.)

Where did the money go?

Architect Fees / Design	\$100,000.00	Plans, revisions, mtgs w/ city, contractor
Civil Engineering	\$97,000.00	vault
Misc. Consultants & Engineering	\$51,300.00	traffic consultant, structural engineer, landscape design
City of Redmond	\$107,500.00	
Utility Fees	\$6,200.00	
General Contractor	\$916,000.00	including change orders and tax
Legal Fees	\$5,500.00	
Misc. Costs	\$30,000.00	LED lights for parking lot
	<u>\$1,313,500.00</u>	

Pledges Received to Date	\$1,444,553.00
Less Costs to-date	\$1,313,500.00
Landscaping Allowance for Phase 1A	<u>\$65,000.00</u>
Net	\$66,053.00

Where are we now?

We think we can finish the whole project for about \$1.6 million. We have put in conservative guesses at each point, and built in an additional contingency fee on top of that, then added 10% tax on everything. We currently have numbers from a contractor that would indicate about \$1M for construction alone; the plan is to get a refresh of those numbers from a different contractor soon, along with their expectations as to how much a three year wait will impact their bid.

General Contractor	\$1,046,000.00	estimate
Construction Management Fee	\$50,000.00	to minimize change orders
Architect Fees & Reimbursables	\$31,000.00	any revisions, plus mtgs w/contractor, city
Structural Engineering	\$5,000.00	
Acoustical Consultant	\$4,000.00	
Permit Fee & Special Inspection Allowance	\$30,000.00	
Landscaping	\$20,000.00	
Landscaping Bonding	\$30,000.00	required by Redmond
Sanctuary Furniture	\$75,000.00	
Kitchen Equipment & Hood	\$40,000.00	
Sound System	<u>\$7,000.00</u>	
Sub Total	\$1,338,000.00	
Contingency (10%)	<u>\$133,800.00</u>	
Sub Total	\$1,471,800.00	
Sales Tax (10%)	<u>\$147,180.00</u>	
Total	<u><u>\$1,618,980.00</u></u>	

Have we underestimated the cost again?

Maybe, but we're much further along in the process than before, so there are fewer unknowns. The biggest risk remaining is that we're not starting work for three years, so we don't know how construction costs will change over that time. We have a better idea of what construction costs are, and where we can cut costs if we need to, because we went through the process of getting estimates from a contractor and reworking those estimates when the price was too high. Site work is the part of construction with the most unknowns, and we've completed that. We have been working with the city for several years now, so we're less likely to run into a major problem with them again. Another unknown is whether we find problems in the current building when we start to tear into it to add on.

Why not start sooner?

It takes money to build. We looked at several possibilities, but our options for borrowing money are very limited. The diocese doesn't have this kind of money available to lend, and is not willing to co-sign a loan. There is a national organization that lends money to Episcopal churches, but on a much smaller scale than this; they loan out \$100,000, not \$1,000,000. Banks aren't really eager to lend to churches, either; they look really bad when they have to foreclose on a church.

What happens if we don't raise enough?

We'll have to decide that as a church family. If we're close, then there are places we can cut; we can live with the old sanctuary furniture for a while longer, for example. Or maybe we have to build with cheaper materials, though that may be penny wise and pound foolish – we might need to replace things sooner and operations costs might be higher. Or perhaps we live with the shell of a kitchen for a while.

If we're significantly short, then we'll have to reconsider everything, including whether this is the right time to pursue this expansion.