

MINUTES OF SPECIAL CHURCH BOARD MEETING, December 8, 2010
FIRST UNITARIAN UNIVERSALIST CHURCH OF SAN DIEGO

OFFICERS:

Everett Howe, President	P	Marv Pulliam, Vice President	P
Susan Weaver, Past President	P	Armin Kuhlman, Treasurer	P

TRUSTEES:

Mark Helders, Secretary	P	Sean Bohac	P	Newt Ferris	P	Katie Jaques	P
Mike Moreau	P	Susan Oliver	A	Julie Schauble	P	Andre Sullivan	P

EX-OFFICIO:

Arvid Straube, Minister	P	Karen Walters, Director of Operations	P
Kathleen Owens, Associate Minister	P	Sue Magidson, Intern Minister	P

Present (p) Absent (a)

(Newt Ferris, Mark Helders, and Sue Magidson arrived after the meeting had started; Sean Bohac and Katie Jaques left after one hour and returned again later.)

Guests included Kath Hillery, Matthew Boomhower (Southern Cross Property Management), Randy Vandewater (Swinerton Builders), Betty Boone, and Doug Diamond.

CALL TO ORDER AND OPENING WORDS

Everett Howe called the meeting to order at 6:07 and read the opening words.

APPROVAL OF AGENDA

No changes were suggested for the agenda.

OVERVIEW OF CONSTRUCTION PROJECT AND COSTS

After noting that we are getting close to having all of the permits required for the Bard Hall project, Kath Hillery gave a presentation outlining the various delays we have experienced with the city's permitting process. The response to the first cycle was two weeks late; the response to the second cycle was five weeks late; the third cycle, five weeks; the fourth cycle, eight weeks. We expect the final hearing for the development permit will be docketed around January 19.

Susan Weaver asked when we expect to finally get all of our permits. Matthew Boomhower said that that might be about four weeks after the development permit is approved. We hope to have a building permit in mid-February. But Swinerton can be on site in December, doing asbestos abatement, utility layout, "soft" demolition, and so on.

Susan asked what excuse the city has given for all the delays we have had. The city hasn't made any justifications; however, they have had layoffs and furloughs in some of the permitting departments.

Matthew and Randy Vandewater described how the Bard Hall project has evolved. The initial goal was for the greenest possible building, with a 50-75 year lifespan. The initial “kitchen sink” version of the project (November 2008) was estimated to cost \$5.3 million. In February 2009 they came back with a \$4.8 million version. They thought that if things went right, they could get costs down to \$4.3 million. But that hasn’t happened.

Matthew said that he was willing to work on a “time-and-material” basis during construction. Platt-Whitelaw have made the same offer.

The soft costs for the project are at 31% of the estimated budget, instead of the more usual figure of about 15%. Some of that extra expense comes from delays, both ours (while we spent a year developing a master plan) and the city’s. The delays cost us money because of the Lewis Street rental, and Matthew’s retainer.

DISCUSSION OF OPTIONS

One option to reduce costs would be to keep the second floor unfinished (the “warm shell” option). That would save us about \$127K now, but finishing the second floor later would cost something like \$200K. Matthew said that it would be possible to get permits to use the bottom floor of the building even if the top floor is unfinished.

Matthew pointed out that it is often hard to put aside money in the annual budget for proper building maintenance, and for that reason he recommends against lowering the quality of the materials used in the project.

He discussed the option of switching builders. However, an initial estimate of fees and overhead from someone on a short list of possible replacement builders did not improve on Swinerton’s estimates.

Not using Matthew would save us his fees, but our staff would have to take over his duties, and their time is already being used.

We could delay starting the project, but the bids from sub-contractors have a 60 day limit, and it’s likely our bargaining power is only going to get worse as the economy improves.

Matthew does not believe there are many cost-cutting options left to consider.

Sean Bohac asked where the other extra costs came in, in addition to the costs stemming from delays. Matthew said that some expected cost savings just didn’t materialize. In addition, we took some unexpected big hits: for example, the city demanded that the cul-de-sac should be able to withstand much heavier use than we originally planned, and this added \$180K.

Armin Kuhlman asked how the current budget estimates compared to the ones from February. Matthew said they were \$300K to \$500K over, and again mentioned the additional historical review, the added rental fees for the Lewis Street house, his own fees, the unexpected greenhouse gas study...

Mark Helders asked about changing the design of the patio in order to reduce costs. Newt Ferris expressed concern about what the congregation would think about making such a big change in the design goals.

Matthew closed by mentioning again that he had been tasked with reducing costs as much as possible while keeping quality up, and not with reaching a \$4.3M budget by any means necessary.

Susan Weaver discussed our current loan package. The agent from the bank we are in discussions with said that it would be easy to change the wording of the loan document so that we could borrow “up to \$2.0M” instead of \$1.5M. And at the 7-year fixed interest rate we have negotiated, the yearly debt service on a \$1.8-1.9M loan would be similar to the debt service we had been expecting in January 2009 for a \$1.5M loan.

Our loan offer expires at the end of December; one reason for urgency is that we would like to lock in the good rate we have negotiated.

The board noted that one of Matthews’s proposed cost reductions for the project — charging the expense of the new memorial wall to a different billing account — would not reduce the amount of money that the church would need to have on hand.

ACTIONS TAKEN

The board agreed that First Church should hold a special congregational meeting on December 19. Everett Howe, Susan Weaver, Karen Walter, and the ministers would work out the wording of the announcement. The purpose will be to vote on a motion allowing an increase in the Bard Hall project budget and an increase in the amount the church is authorized to borrow for construction.

The board decided to postpone drafting the exact resolution until the regularly scheduled board meeting on Tuesday, December 14.

The Construction Project Oversight Team was tasked to talk with Matthew to find ways of reducing the project budget to \$4.8M. The reductions should not come from accounting maneuvers that simply shift expenses to another church account. Also, the changes should not trigger a new round of difficult permitting.

The Finance Committee was tasked with estimating the effects of various loan amounts on the church’s annual budget in the upcoming years.

Both groups were to report back to the full board on December 14.

ADJOURNMENT

The meeting was adjourned at approximately 9:10 p.m.

Respectfully submitted,
Mark Helders