

## Campus Project Oversight Team

### Board Report

December 15, 2009

#### Construction Costs and Budget

Early in 2009, our Congregation voted to approve a construction project with a maximum cost of \$4.3 million dollars to replace Bard Hall with a new sustainable building that will increase our meeting and office space and significantly upgrade our kitchen and restrooms.

Approximately \$1.28 million of funds for the project have been allocated to “soft costs” which include our construction manager fees, the architects’ fees, all contractor pre-construction fees, the city review and permit fees (including biology and historical consultants), site surveys, soil-testing, fundraising, legal fees, and the Lewis St. rental. Phase One of reconstruction involved the installation of a new, larger electrical service, and was completed in October of 2009. The cost of the electrical upgrade was about \$0.36 million, which was \$80,000 under the budget established by the construction manager. This leaves approximately \$2.66 million to allocate to the entire second phase of construction, which includes a new fellowship hall, a new cover over the Meeting House, a stairway to the sidewalk, and many infrastructure improvements that will result in a campus that is accessible to all.

Our construction manager, architects and contractor are currently preparing the construction plans and documents that are needed to secure a building permit. Because these plans are not complete, it is not possible to create a detailed cost estimate for this project. It is possible, however, to create a cost framework based on previous construction plans that have been prepared for First Church. In September of 2008, our architects presented the Campus Renovation Team with drawings for a replacement for Bard Hall that incorporated the congregation’s expressed desires for the ultimate fellowship hall. The cost estimate for this building was between \$5.5 million and \$6 million. It was agreed that this building was beyond the reach of the financial standing of this church, and the architects were directed to scale back the size and scope of the building. Revised plans were submitted to the Campus Project Oversight Team in April of 2009. These plans were approved in concept, and it was determined at that time that a new cost estimate, which would cost several thousand dollars, would present an unnecessary expense. Thus, the cost estimate for the current building is based on subtractions from the cost estimate of the previous, more expensive building. For example, the square footage of the new building is less than that of the previous design, so the estimate was reduced by the anticipated average cost per square foot multiplied by the number of square feet that have been removed from the project. Other anticipated cost savings are expected to come during the bidding process when subcontractors can suggest better ways to build things that will save us money. This process is referred to as Value Engineering, and it saved over \$30,000 in the Phase One project. In addition, our professionals have been looking for ways to reduce the cost of the building to our budgeted amount of approximately \$2.66 million. At this point, they think they are approximately \$200,000 to \$400,000 over budget. All of these reductions have been made to items that will not seriously limit the sustainability or quality of the building. Sacrifices have been made, but not to the level that will reduce the expected lifetime of the building or the utility of the meeting and office spaces.

As the construction plans are being drawn, our building contractor is reviewing them in order to assist the architects in finding the most cost-effective way to accomplish our project. When the plans are complete, the contractor will seek subcontractor bids on all parts of the project. The subcontractors will also be asked for their value engineering suggestions. Only when the bidding process is complete will we know exactly how much our project will cost.

All of our design professionals are well aware of our budget constraints. They are working diligently to meet our requirements of a sustainable, well-built, and affordable building. When the bidding process is complete, there will be an opportunity for the church Director of Operations to make minor changes to parts of the project if needed to bring the cost in line with the budget. These changes would decrease the durability of materials used, however.

While the design professionals are preparing detailed construction plans and documents, the City of San Diego is currently reviewing our project proposal. The project is currently undergoing Process 2 review, which means that the development approval can be granted by city staff rather than by a hearing officer. The first round of City comments asked for additional information regarding biological and historical resources. The biology report has been submitted and accepted, and we will not be required to make any changes to our project to protect biological resources. The church has hired an historical consultant, Ms. Marie Burke Lia, to create a report that will help the City determine the historical significance of Bard Hall and the other buildings on campus. Ms. Lia is a local attorney who specializes in historical review issues. Betty Boone has agreed to assist in research for the report, if needed. If City staff determines that the property is potentially significant, the study will be forwarded to the Historical Resources Board for consideration of a historical designation. The impact that this report and potential hearing before the Historical Resources Board may have on our construction timeline and design has not yet been discussed with our consultant. Potentially, it could move us from a Process 2 review to a Process 3 review, which means the approval decision for a development permit will be made by a hearing officer rather than city staff. We will not know until February whether we are in a Process 2 or Process 3 review with the City. A Process 3 review could also add several months to our timeline.

I am pleased to report that all of our professional staff has responded promptly and professionally to all requests made of them, whether these requests are from the church, or from the City. I have every confidence that we have a strong team of professionals who will assure that we are satisfied by the results of this project.