

Financial Feasibility Study
Executive Summary
Westside Unitarian Universalist Church
June 10, 2012

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Purpose of the Committee

- The committee formed as an action planned in the latest strategic plan for Westside Unitarian Universalist Church (WUUC).
- Our purpose was to gather and deliver information about physical expansion, here or elsewhere, so the members of WUUC can make informed financial decisions about location, property sizes, and needs fulfillment.
- The feasibility committee has worked in parallel with the needs assessment committee, whose goal is to deliver recommendations that offer guidance for future decisions about acquisition and expansion.
- Deliver a written report to the congregational meeting in June 2012.

Scope of the Study

- Examine expansion at our current location.
- Assess current value of church property.
- An expansion cost model for another location.
- Benchmark Horizon UUC expansion.
- Survey of funding scenarios.

Expansion at our Current Location

- Any expansion must meet local, state, and federal guidelines.
- Southward physical expansion of our current location is significantly limited to within 15 feet of our property line, which is the fence.
- Building expansion onto the playground would reduce the number of children the school could enroll under Texas Child Care Licensing, effectively eliminating the Montessori School as a tenant and limiting future location use as a school.
- Two parameters define the number of people a church sanctuary can accommodate: sanctuary square footage and the number of off-street parking spaces.
 - A minimum of 15 square feet per seat is required for the seat's space and general circulation.
 - One off-street parking space is required for every four seats located in the sanctuary. Current handicapped parking spaces (out of code) and spaces in back of St. John's Episcopal (not our land) *do not count*. Off-street spaces across Lipscomb total 44, so multiplied $\times 4 = 176$ total seats, space permitting.
 - Existing parking legally limits us to an additional 27 sanctuary seats.
- Addition of required handicapped parking would require curbside designation along Page Avenue with minimum lengths of 240" each according to Texas Accessibility Standards (TAS).
- Expansion of the sanctuary would require additional restroom space according to TAS.
- Expansion *may* also require a sprinkler system in the sanctuary according to the Fort Worth Development Department.
- The building structure and underlying soil stability are not conducive to building a second story on Page Avenue.

- Preliminary conclusions: expanding south, we could possibly add 1,500 square feet to our sanctuary, but only 405 square feet could be legally useful for seating based on the maximum allowable by our available off-street parking. For each handicapped parking space provided, we could add 4 more sanctuary seats, increasing the sanctuary footprint by another 60 square feet. In addition, we could add up to 1,400 square feet for fellowship hall expansion, restrooms, and storage.

Current Value of Church Property

- A verbal appraisal was obtained by the board from a licensed commercial appraiser, who employed generally accepted standards of worth measurement and current values per square foot for current use. The choice of a verbal report was an economic one.
- Our property is appraised at \$650,000.
- Selling price may be subject to reductions for estimated costs of repairs.

Cost Modeling for Expansion

- Modeling additional monthly cost of expansion into a larger home is subject to new location purchase price, down payment, and length of the mortgage loan financed.
- Assumptions:
 - Purchase price of \$1,000,000.
 - Down payment using net proceeds from sale of Page Avenue.
 - Mortgage payment modeled for 10-15-20-30 years at 5% interest.
 - Predictable overhead costs and no school income modeled.

Sale of Page Avenue

Market Value	\$ 650,000.00
Repairs	\$ (25,000.00)
NTAUUS Note	\$ (329,172.00)
Net Proceeds	<u>\$ 295,828.00</u>
Capital Campaign	\$ 100,000.00
New Property Cost	\$ 1,000,000.00

Financing of New Property

Term==>	<u>10 Year</u>	<u>15 year</u>	<u>20 year</u>	<u>30 year</u>
Principle==>	\$ 604,172.00	\$ 604,172.00	\$ 604,172.00	\$ 604,172.00
Down==>	\$ -	\$ -	\$ -	\$ -
Total==>	<u>\$ 604,172.00</u>	<u>\$ 604,172.00</u>	<u>\$ 604,172.00</u>	<u>\$ 604,172.00</u>
Monthly Payment	\$6,408.18	\$4,777.75	\$3,987.27	\$3,243.33
Interest rate	5.00%			
Total Payments	\$768,981.77	\$859,995.66	\$ 956,944.27	\$ 1,167,597.34
Interest	\$ 164,809.77	\$ 255,823.66	\$ 352,772.27	\$ 563,425.34

Increased Costs of Operations (20 year loan)

Budget '11 - '12 minus current mortgage	\$ 205,381	
+ New annual mortgage burden	\$ 47,847	
+ Additional P.T. minister	\$ 20,000	
+ Additional sexton wage & benefit	\$ 12,900	(doubles current sexton)
+ Additional utilities	\$ 8,100	(increase utilities by 50%)
+ Additional insurance	\$ 5,232	(doubles current insurance cost)
+ Additional aesthetics & building	\$ 6,904	(doubles current budgets)
= Pro forma operating plan	\$ 306,364	66% increase revenues over '11-'12

Scaled Pledging Scenario

<u>Average Req.</u>	<u>Pledge Units</u>
\$ 2,015.55	152
\$ 1,750.65	175
\$ 1,531.82	200
\$ 1,361.62	225
\$ 1,225.46	250
\$ 1,114.05	275
\$ 1,021.21	300
\$ 942.66	325
\$ 875.33	350

- Current estimated pledging units is 152, pledging an estimated annual average of \$1,150.
- Preliminary conclusion: new location costs of operation increases would require a combination of membership and average pledging growth to sustain WUUC.

Benchmarking Horizon UUC Expansion

- Horizon UUC, Carrollton, expanded their building with an investment of \$800,000.
- Membership averages 280 with annual pledges between \$270,000 to \$285,000.
- Their expansion capital campaign yielded more than \$500,000.
- Financing of the remaining balance was done internally by construction bonds sold to members with interest @ 3%. Term of the bonds was two – five years.
- No loans were obtained from NTAUUS or banks.
- Cost of new construction was \$150 per square foot. Similar costs could be expected for Westside if new building was attempted.
- Congregational surveys were completed about existing building deficiencies. Design planning was undertaken with key stakeholders, church leaders, and other highly interested congregants. Master planning for the site was completed to determine feasibility of the site supporting the future vision of the church with phased breakdowns. Preliminary project size was determined in collaboration with the architect and projected funding cash flow. Design refinement was done iteratively using the “construction manager at risk” method.

- An internal task force reviewed bidding architects and contractors.
- Particular attention was paid to developing and staying on a plan, avoiding last minute additions and scope creep. A qualified and highly engaged congregant was designated as project manager to represent the church with contractors.

Survey of Funding Scenarios

- Net proceeds from sale of 901 Page Avenue.
- Capital campaign proceeds.
- Proceeds from endowments.
- Internal financing by Westside members via a non-traded mortgage real estate investment trust.
- Short term construction bonds.
- External financing by NTAUUS or lending institutions.