

# Youth Center Renovation Project – Financing Request

1/24/2022

# Purpose of PowerPoint

- Project Overview
- Status of Project Quotes
- Recommended Project Financing
  - Renovation within General Contractor scope
  - Furnishings and finishings beyond General Contractor scope
- Forward Plans

# Project Overview

- The renovation of the original church building with primary objective of creating a Youth Center is part of the church's approved strategic plan
- The renovation focus includes major improvements to the basement and a new, more compliant entrance
  - New bathrooms, new storage closet, renovated kitchenette, renovated assembly room, new ADA compliant entrance to main floor and narthex in what is now the back of the building, removal of damaged and worn-out wood structures, new boiler, updated plumbing and electrical

# Youth Center Quote Status

- Three budgetary quotes received
  - All three General Contractors (GCs) recommended by architect
  - Quotes adjusted as necessary to provide comprehensive apples to apples comparison
  - All quotes will require refresh upon completion of detail drawings for phase 2
- Sufficient information to request renovation General Contractor (GC) financing

# High Level GC Quote Comparison

| Company                                 | Trinity      |  | Thurston   |  | Commercial Interiors |
|---|--------------|--|------------|--|----------------------|
| Quote Approach                          | Parametric   |  | Bottoms Up |  | Bottoms Up           |
| Interaction                             | None         |  | Some       |  | Considerable         |
| Phase 1                                 | \$ 360,286   |  | \$ 241,910 |  | Yes                  |
| Phase 2                                 | Not provided |  | \$ 119,025 |  | Not provided         |
| Quote Total                             | \$ 360,286   |  | \$ 360,935 |  | \$ 264,828           |
| Combo Discount                          | Not provided |  | \$ 5,000   |  | Not provided         |
| Adjust for Phase 2                      | \$ 178,538   |  | \$ -       |  | \$ 130,928           |
| Adjust for Flooring                     | \$ 36,625    |  | \$ -       |  | \$ 19,350            |
| Adjusted/Discounted Total               | \$ 575,449   |  | \$ 355,935 |  | \$ 415,106           |
| Average of Thurston and Commerical Int. | \$ 385,520   |  |            |  |                      |
| Average + 10%                           | \$ 424,072   |  |            |  |                      |
| Outstanding architect fees              | \$ 9,247     |  |            |  |                      |
| Outstanding civil engineering fees      | \$ 15,315    |  |            |  |                      |
| Allocation for permits                  | \$ 10,000    |  |            |  |                      |
| Total                                   | \$ 458,634   |  |            |  |                      |
| Financing request                       | \$ 460,000   |  |            |  |                      |

All three requested more phase 2 information prior to final quote.  
 Trinity and Commercial Interiors quotes uplifted to match completeness of Thurston quote. Trinity quote eliminated as excessive.  
 Average of Thurston and Commercial Interiors used for financing request.

# General Contractor Renovation Financing Request

- \$460,000
- Allows completion of both phases
  - Average provides margin for Quote updates for phase 2 (i.e. did not rely on low bid)
  - Additional 10% provides risk margin
  - Added outstanding costs (architect, civil engineer, permit allocation)

# Total Project Cost

- \$500,000
  - \$460,000 for items within the General Contractor renovation scope
  - \$40,000 allowance for items outside the General Contractor renovation scope such as
    - Seating/Chairs
    - Appliances (break room and elsewhere) – refrigerator, oven (no stove), microwave, coffee/beverage maker, vending machine, washer/dryer, utility sink
    - Cabinets for break room – kitchen renovation other than floor are outside the scope of the General Contractor renovation activities
    - Exterior landscaping / painting

# Forward Plan

- Obtain Phase 2 detailed engineering drawings from architect (done)
- Provide drawing updates to GCs (done)
- GCs update bid (expect by end of next week or early the week after)
- B&G reviews final bids and provides final renovation cost to Trustees/Finance (+ 3 days)



# Financing Options Discussed

## 10 Year Term

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|                        |              |
|------------------------|--------------|
| Principal              | \$679,204.00 |
| Monthly payment amount | \$ 6,876.61  |
| Annual cash commitment | \$ 82,519.32 |
| Total interest         | \$145,989.23 |
| Total cost of loan     | \$825,193.23 |

## 20 Year Term

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|                        |              |
|------------------------|--------------|
| Principal              | \$679,204.00 |
| Monthly payment amount | \$ 4,115.84  |
| Annual cash commitment | \$ 49,390.11 |
| Total interest         | \$308,598.23 |
| Total cost of loan     | \$987,802.23 |

## 15 Year Term

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|                        |               |
|------------------------|---------------|
| Principal              | \$ 679,204.00 |
| Monthly payment amount | \$ 5,275.48   |
| Annual cash commitment | \$ 63,305.81  |
| Total interest         | \$ 236,383.10 |
| Total cost of loan     | \$ 949,587.10 |

## 30 Year Term

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|                        |                |
|------------------------|----------------|
| Principal              | \$ 679,204.00  |
| Monthly payment amount | \$ 3,404.94    |
| Annual cash commitment | \$ 40,859.34   |
| Total interest         | \$ 512,576.19  |
| Total cost of loan     | \$1,225,780.19 |

# Financing Proposal

- Combine outstanding debt on office building with Youth Center renovation to keep cash flow relatively constant
- Principal would include
  - \$460,000 related to the renovation of the Youth Center
  - Approximately \$200,000 balance of mortgage on office building
  - Approximately \$6,000 of closing costs
- Financing would be obtained through the Virginia Methodist Foundation
- Continue with monthly payment amounts from existing office building loan
  - Monthly payments would be \$4,500 rather than \$4,116.
  - Additional principal payments would shorten term by two years

| Proposed financing option |              |
|---------------------------|--------------|
| Term                      | 20 years     |
| Principal                 | \$679,204.00 |
| Monthly payment amount    | \$ 4,500.00  |
| Total annual amount       | \$ 54,000.00 |
| Additional principal paid | \$ 92,197.77 |