

St. Joseph Church
Finance Council Meeting Minutes
April 1, 2016

Members Present: Tom Altenbach (Vice-Chair), Olga Avila Ruiz, Kathy Hansen, Fr. Jorge Roman (President ex officio)

Others Present: Helen Shepherd (Parish Business Manager)

Members Absent: Sergio Moreno, Antonio Garcia

The meeting was called to order at 6:07 pm by Tom Altenbach. Fr. Jorge led the Council in prayer.

Quorum

A quorum was established with three of the five Council members present. Tom Altenbach continues to run the Council as Acting Chair. Two Council seats, including two officer positions, remain vacant.

Minutes

The minutes from the last official meeting held on November 17, 2015 were approved.

Parish Center Project

- **Star Building Systems Contract**

Kathy Cage (Parish Center Project Manager) informed the Finance Council via email of the intent to pay Star Building Systems about \$20,000 to design the steel structure for the building. If we proceed with construction, they will also provide the steel materials needed for a total cost of about \$176,000. Actual construction would be done by a different company. The \$20,000 payment is due immediately as a non-refundable commitment to get started. Fr. Jorge approved this expenditure prior to this meeting.

- **Operation and Maintenance (O&M) Costs and Funding**

A memo (Attachment 1) from Kathy Cage dated April 5, 2013 provides an estimate of O&M costs for the parish center. The memo lists a range of \$71,000 to \$75,000 per year, depending on use. However, when adjusted for expected savings in energy use (reduction of \$6000 to \$7000), and separating a half-time staff person to manage the facility instead of including that in the parish secretary position (reduction of \$20,000), the estimates come in at \$45,000 to \$48,000 per year. The memo also recommends that \$200,000 from the building fund be

allocated to O&M costs, to mostly cover the first five years of operation. Although these estimates are three years old, this is the basis used for determining the ongoing funding required.

There was some discussion about the possibility of using local volunteers to manage the facility, thereby saving that labor cost. However, the Finance Council did not think that was a practical approach. It was also suggested that perhaps the parish secretary could manage the facility, but that person is already fully subscribed in the current job, so no savings is likely in that scenario. Also, the parish secretary is not likely to have the skills and physical capabilities needed to manage use and oversee operations of the facility.

Helen Shepherd presented an analysis (Attachment 2) of our operating income over the last five years. It is assumed that once the O&M allocation from the building fund is depleted, those ongoing costs must be funded from operating income. This analysis shows that when adjusting for various staffing over that 5-year time period, and including the minimum realistic capital expenditures needed, the parish is essentially breaking even. There is no surplus operating income that could be counted on to fund O&M for the parish center.

Helen presented a second analysis (Attachment 3) of three scenarios just looking at this fiscal year, and projecting to end of the year by using data from FY 2015, or the average of the last two years, or the average of the last five years. These projections show a net operating loss in the first two scenarios, and a profit of about \$12,000 in the third scenario. Even this level of profit is not sufficient to fund the estimated O&M costs.

In discussion, Fr. Jorge stated his commitment to continue with the construction on its current schedule. He believes that once the building is constructed, increased parish involvement and subsequent donations will improve such that we can afford the O&M costs. The Council is dubious of this approach. It was suggested that the construction could be delayed while an effort is made to better engage the parishioners and build a strong support base for this project. This far, parish involvement has been minimal. Without strong parish support, the Finance Council sees a very real threat of running out of money and being unable to operate the new facility.

- **Updated Construction Budget**

Kathy Cage provided the Finance Council with an updated construction budget via email (Attachment 4). The budget totals \$1,540,000, including \$53,000 that has

already been spent. This update includes \$200,000 for the operable partition walls, and \$81,000 in miscellaneous costs. It does not include an audio-visual system, tables, chairs, kitchen utensils, pots and pans, or outdoor furniture. It also does not include a contingency allocation. A contingency allocation is needed since 99% of most construction projects end up costing more than the initial best estimates. It is not known how much uncertainty resides in the individual budget elements. However, in discussion it was noted that the estimate of \$110,000 for the planned HVAC system that requires a number of wells to be drilled on site may be quite uncertain, since the limited experience of installing this type of system in Mammoth Lakes has produced both successes and failures that have resulted in increased costs and project delays. The Finance Council is concerned about the lack of adequate contingency funds, and the lack of funding for the above items that are necessary for a fully-functional facility.

In response to a question, Helen stated that our total restricted funds available for the project are about \$1,839,000. When subtracting the current budget total of \$1,540,000 and the \$200,000 O&M allocation, we are left with about \$91,000.

- **Schedule**

The schedule is to complete the construction documents by April 15, and to present the finished plans to the Diocesan Building and Maintenance Committee on 4/28.

St. Joseph Refurbishment Proposal

Helen distributed a memo (Attachment 5) addressed to the Parish Pastoral Council on the subject of refurbishing St. Joseph Church. The pews, kneelers, and carpeting have exceeded their design life and are rapidly deteriorating. A proposal was received from Worship Interiors Group in Riverside, CA to perform a complete refurbishment for \$68,969. The funding for this refurbishment has been anticipated and is available in our capital reserves. The Pastoral Council is being asked to consider this proposal, and if they approve, it will be go before the Finance Council for approval at the next meeting.

Next Meeting

The meeting previously scheduled for April 12, 2016 is cancelled. The Council will be notified of the next meeting to be held sometime in May, pending Fr. Jorge's schedule.

The meeting was adjourned at 7:44 pm.

Respectively Submitted by *Tom Altenbach*, MS Nuclear Engineer (retired), Acting
Chair, Vice Chair, and Acting Secretary