

St. Joseph Church
Minutes for the Joint Meeting of the Finance and Pastoral Councils
July 13, 2017

Finance Council Members Present: Tom Altenbach (Chairman), Joe Price (Vice-Chairman), Antonio Garcia, Olga Avila, and Fr. Jorge Roman (President ex Officio on both Councils)

Finance Council Member Absent: Kathy Hansen

Pastoral Council Members Present: Sonja Bush (Secretary), Priscila Guerrero, America Hernandez, Rosanne Lampariello, Veronica Saray, and Fernando Villapando

Pastoral Council Members Absent: Dave Dore (Chariman), Juan Alvarado (Vice-Chairman)

Others Present: Helen Shepherd (Business Administrator), Kathy Cage (Parish Center Project Manager), Robert Creasy (Project Architect), Margie Altenbach (Parishioner)

Note – The following minutes are slightly condensed from what was distributed to the Councils. The full version is available for review in the Parish Office.

Quorum

The meeting was called to order at 6:25 P.M. Fr. Jorge led the assembly in prayer. A quorum was established for both Councils: four of the five Finance Council members were present; five of the eight Pastoral Council members were present, with a sixth arriving late.

Purpose

The purpose of this joint meeting was to review the bids received for the construction of the Parish Center, and decide on the course of action for the project.

Bid Review

Three bids were received and opened during a previous meeting with the bidders on July 12 and reviewed in detail by Kathy Cage and Robert Creasy. These bids were made available to the Councils at this July 13 joint meeting, but copies were not distributed.

All three are considered valid bids to complete the construction project. There are some differences in the total work to be performed. In order to make a comparison as valid as possible, the total bid amounts were normalized so that each would represent the complete identical project. This normalization increased the amount of each bid to represent what we would expect to pay in the contract, but it did not alter the rank order from highest to lowest price.

The lowest normalized bid came in at \$1,888,471.

It was noted that the bids do not include purchase and installation of moveable walls for partitioning small meeting rooms, a feature considered very desirable throughout the planning process. The bids also omit furnishings like tables and chairs, audio/visual equipment, and kitchen appliances and equipment (except for a range hood). However, Kathy offered to donate a kitchen sink.

Affordability

As of July 13, 2017, there is **\$1,729,588.76** in the Parish Center Fund. There are three significant allocations of this amount.

1) Operation and Maintenance

A sum of **\$200,000** has been assumed as a reserve bank to pay for the anticipated Operating, Maintenance (O&M), and Replacement costs of the facility during its early life. This is based on a study by Kathy dated 4/12/16 (see the Website, <http://www.mammothcatholicchurch.org/parish-hall-project>) that concluded the total costs in this area would be \$25,338 per year. This reserve would then cover about seven years of initial operation. **It was noted that this calculation does not include an allowance for management of the facility.** Kathy brought up the question of whether we are actually allowed to use money from the Parish Center Fund for O&M, or if it is restricted to construction costs only. There was no answer available, so this question remains unresolved.

2) Other Construction Costs

A sum of **\$147,309** was quoted by Kathy and Robert to represent the other anticipated costs needed to complete the project. These include continuing costs for the project manager and architect, permit fees, lawyer costs to review the contract, special inspections and consultant charges for any design changes, and the cost of the solar electric system that will be contracted separately. There was no specific breakdown given for each item.

Also, the total does not include any contingency for unanticipated costs or costs incurred due to change orders to the general contract (GC).

3) General Contract

Subtracting the two amounts noted above from the total Parish Center Fund (\$1,729,589 - \$200,000 - \$147,309) leaves a balance of **\$1,382,280** available for the GC.

The difference between the amount available for the GC and the lowest normalized bid (\$1,382,280 - \$1,888,471) leaves a shortfall of **\$506,191** to complete the project as designed and bid.

Addressing the Shortfall

Several potential strategies were suggested to make up the shortfall.

1) Capital Campaign Fund

There is about \$183,000 in the Capital Campaign Fund, which is restricted to capital repairs or improvements to existing facilities. Since the Church parking lot has been in need of repaving for three years, it is appropriate to use money from this fund for the repaving. Parking lot and site preparation work is also needed for the Parish Center. It was decided to commit **\$150,000** from this fund towards the parking lot resurfacing portion of the site work. The Finance Council voted 4–0 in favor, and the Pastoral Council voted 6–0 in favor of this commitment. It was desired to keep the remaining \$33,000 in the Capital Campaign Fund to allow for the impending refurbishment of the Church interior, should the refurbishment project be approved by the Pastoral Council.

2) O&M Reserve

It was evident at this point that we could not afford to keep the O&M Reserve, and we needed to commit the **\$200,000** from that reserve for construction. It was noted that our operating income over the last three years has been consistently running very close to break even and at times negative. Therefore, we cannot anticipate paying for the O&M costs of the new facility with operating funds in the near future. There was a discussion on various ways to gain some revenue from hosting functions at the facility that could offset some of the O&M costs. However, Helen noted that an inquiry to the Diocese revealed that every parish in the Diocese with a separate parish center facility loses money on its operation. **A firm plan on paying for the O&M costs of our new Parish Center remains unresolved.**

3) Loan

The possibility of a loan was discussed briefly. This option is not viable because, as noted above, there is no surplus of operating funds that would allow us to pay off a loan debt.

Action Plan

It was decided to set a maximum GC price at \$1,732,000. The Finance Council approved this decision 4–0, and the Pastoral Council approved it 5–0 with one abstention. The abstaining voter thought the amount was too high a price to commit to.

Both Councils voted unanimously to authorize Robert (in Kathy’s absence, who will be on vacation for the next two weeks) to negotiate with the general contractor submitting the lowest bid to reduce his price and/or revise the project scope to come within the authorized price of \$1,732,000. If the scope is revised, the new project design will be presented to the Councils for approval. In that event, it will also need to be approved again by the Town of Mammoth Lakes. It is highly desired to limit the changes in the design in order to minimize any new fees associated with the Town’s reapproval.

If a general contract cannot be agreed upon within the authorized price, the Councils unanimously authorized Robert to negotiate a contract to execute the site preparation work, including the parking lot repaving. This contract will also need the Councils’ approval, and work will start as soon as possible. During the two months this work will last, we will continue our quest to secure the necessary funds and negotiate a follow-on contract to complete the project.

Building Committee

The last item discussed concerned the status of the Building Committee. It was clarified that the Building Committee no longer exists, and all parishioner input on this project comes through the Finance and Pastoral Councils.

Conclusion

The meeting was concluded at 8:13 P.M. No further meetings were scheduled at this time.

Respectively Submitted by *Tom Altenbach*, Finance Council Chairman