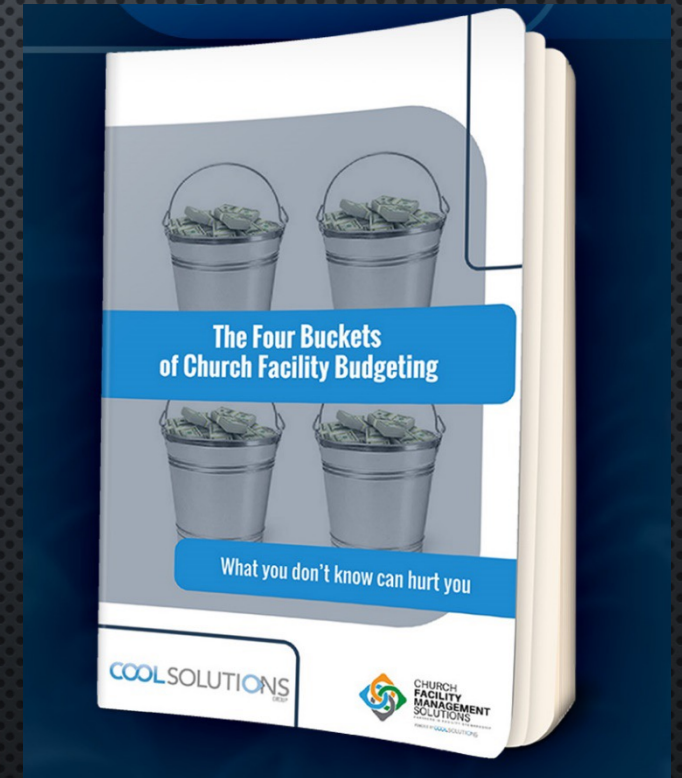
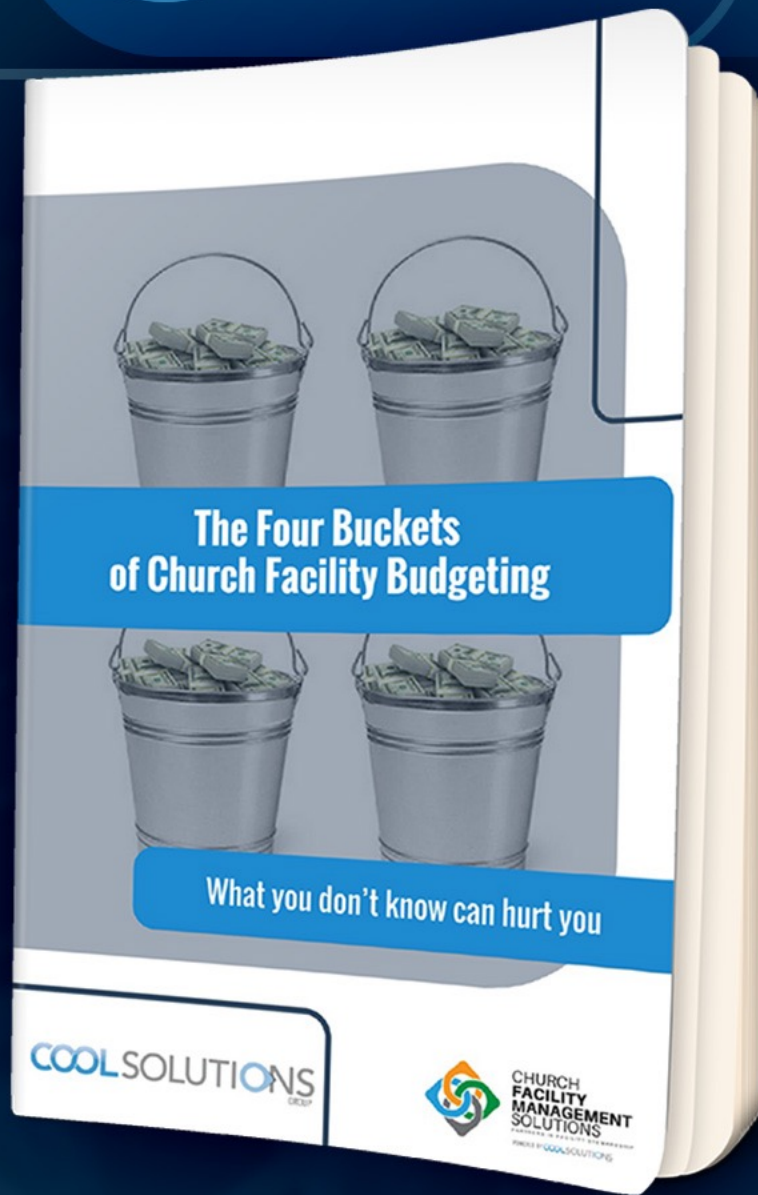


The Four Buckets of Church Facility Budgeting





The Four Buckets of Church Facility Budgeting

What you don't know can hurt you

COOL SOLUTIONS
GROUP



SMART CHURCH
SOLUTIONS



Operational

- 1. Utilities** - \$1.00-1.50/SF annually
- 2. Janitorial** (labor, material, paper products, major cleaning like carpet extractions, window cleaning, etc.) \$1.75-\$2.50/SF annually.
- 3. General Maintenance** - The national average is \$2.50-\$3.50/SF
- 4. Staff** - Based on national surveys by our firm and IFMA, a well-run organization has one Full Time Facility Staff Employee for every 25,000 - 35,000 SF.

- Does not include managerial staff (unless...)
- Does not include grounds or insurance
- Outsourcing may impact these numbers
- Based on research by CSG and IFMA
- Assumes a 6-7 day/week active facility



Deferred Maintenance

- ❑ The practice of postponing maintenance activities such as repairs on real property in order to save costs, meet budget funding levels, or realign available budget monies.
- ❑ The failure to perform needed repairs could lead to asset deterioration and ultimately asset impairment.
- ❑ Generally, a policy of continued deferred maintenance may result in higher costs, asset failure, and in some cases, health and safety implications.

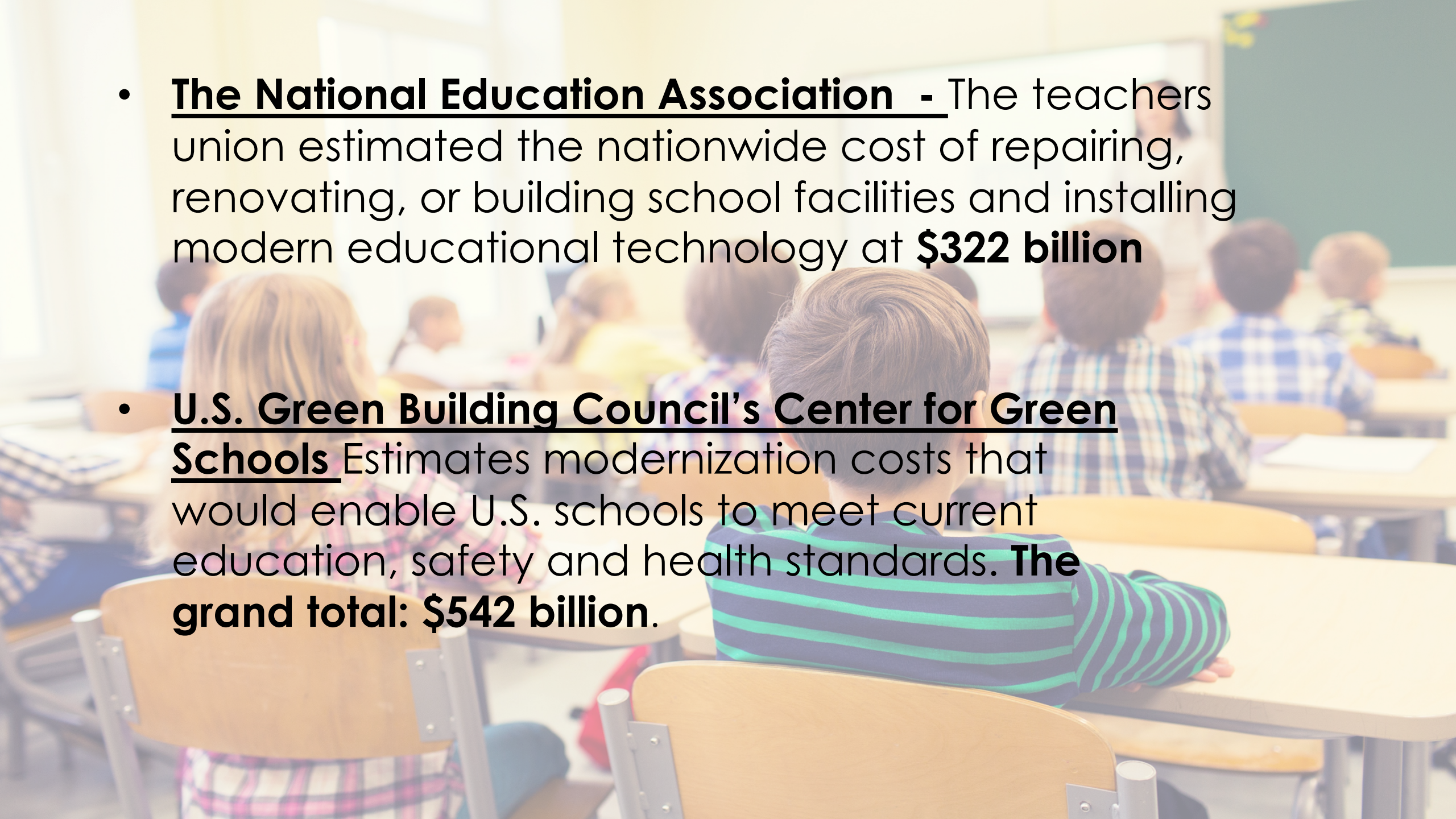
“Every \$1 in deferred maintenance costs \$4 of capital renewal needs in the future.”

“If a necessary repair is deferred and allowed to remain in service until the next level of failure, the resultant expense will be 30-times the early intervention cost.”



Preliminary Deferred Maintenance Assessment

ITEM	COMMENT	POTENTIAL COST in 2016 DOLLARS	PROJECTED ETA
GENERAL ITEMS			
Floor finishes	Assuems 60% of all buildings at \$4/SF	\$ 480,000	1-5 years - phasing
Painting	Assuems 60% of all buildings at \$1.50/SF	\$ 180,000	1-5 years - phasing
Roofing	Varies (some areas have longer life and not included)	\$ 250,000	1-10 years - phasing
Windows at A Building	Clean and colored	\$ 150,000	1-3 years
Other general items	Varies (ceiling grids, mirrors, toilet partitions, etc)	\$ 210,000	1-5 years - phasing
Parking Lot	Approximately 225,000 SF (2800 tons)	\$ 420,000	1-3 years
Furniture Fixtures and Equipment	Not including pews	\$ 120,000	1-5 years - phasing
AVL and technology	DID NOT EVALUATE		
MECHANICAL			
HVAC Controls System	18 years and at end of life	\$ 350,000	1-2 years
Building A HVAC	See HVAC Report	\$ 72,625	1-2 years
Building B HVAC	See HVAC Report	\$ 25,500	1-2 years
Building C HVAC	See HVAC Report	\$ 107,200	1-2 years
Building D HVAC (1)	See HVAC Report	\$ 17,500	1-2 years
Building D HVAC (2)	See HVAC Report - 240 ton unit	\$ 420,000	5 years
Building E HVAC	See HVAC Report	\$ 128,250	1-2 years
Building F,G,H HVAC	See HVAC Report - 15+ year old units	\$ 42,000	1-2 years
GN Building	See HVAC Report	\$ 17,500	1-2 years
ELECTRICAL			
Lighting - General	Upgrade to energy efficient - Varies	\$ 275,000	1-5 years
Lighting - worship	Upgrade to LED - labor intensive	\$ 375,000	1-5 years
	PROJECTED TOTAL*	\$ 3,640,575	
	*NOTE: This is not an exhaustive or inclusive list. It also makes certain assumptions on quantity and timing. However, it is a reasonable guide as to the amount of monies that are needed to address deferred maintenance.		

- 
- **The National Education Association** - The teachers union estimated the nationwide cost of repairing, renovating, or building school facilities and installing modern educational technology at **\$322 billion**
 - **U.S. Green Building Council's Center for Green Schools** Estimates modernization costs that would enable U.S. schools to meet current education, safety and health standards. **The grand total: \$542 billion.**



There are only 98,000 public schools in America...and over 350,000 churches.

1. Schools are an “entitled” entity in our current social structure. However, our ministry and educational facilities have been ENTRUSTED to us which places even more responsibility on the stewards.

2. Public Schools are funded through taxes...which means their funding is not provided out of the goodness of contributors’ hearts.



CAPITAL RESERVE (Life Cycle Planning)



FACING THE INEVITABLE

Life Cycle Planning



3 FACTS

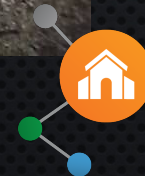
FACT 1:

ALL BUILDINGS DETERIORATE AT AN ANNUAL RATE OF 1-4%



FACT 2:

AS SUCH, NEARLY EVERY PHYSICAL COMPONENT OF YOUR FACILITY WILL BE REPLACED OR HAVE A MAJOR OVERHAUL



FACT 3:

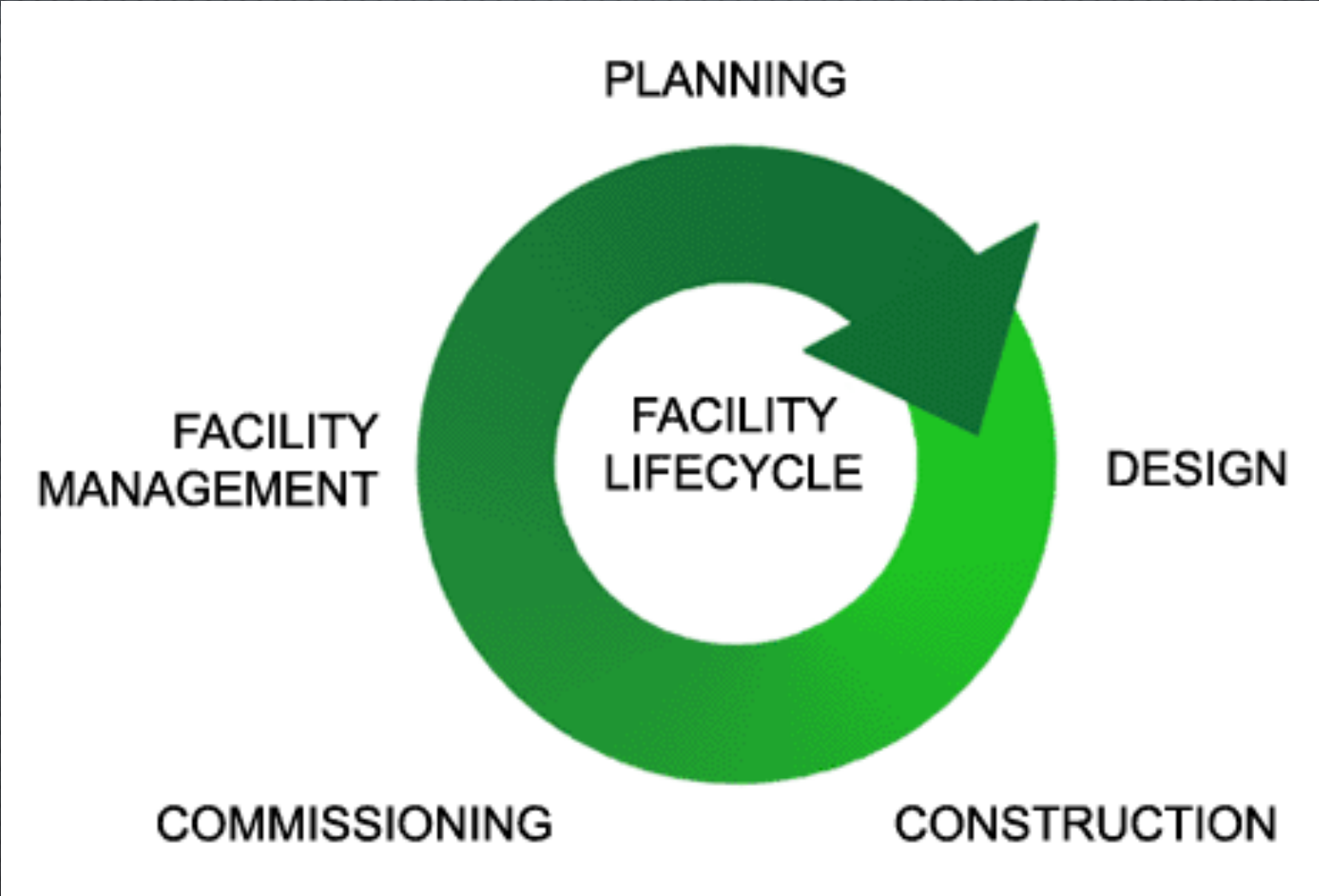
**ALL THE ABOVE WILL REQUIRE
DOLLARS**

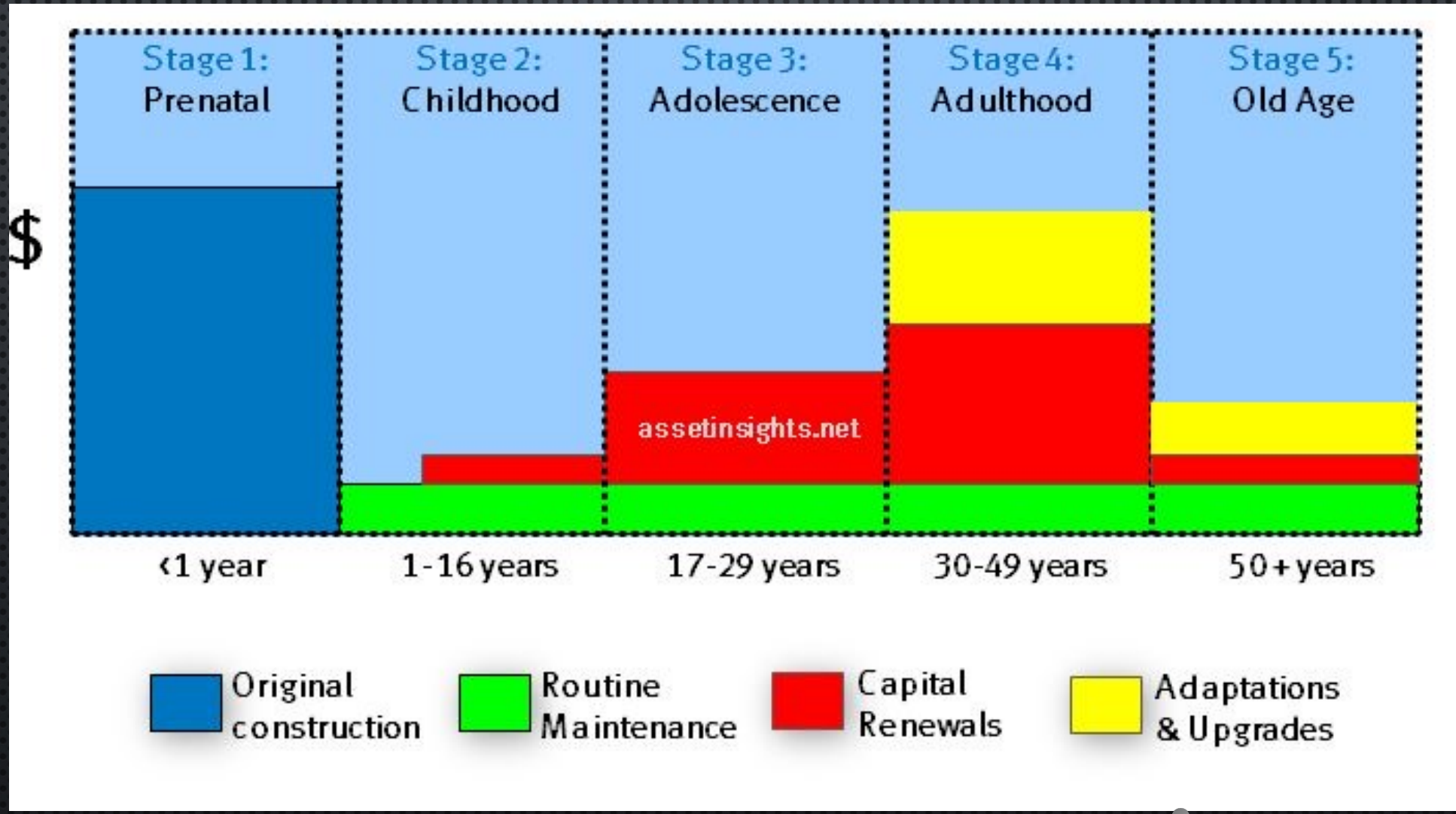


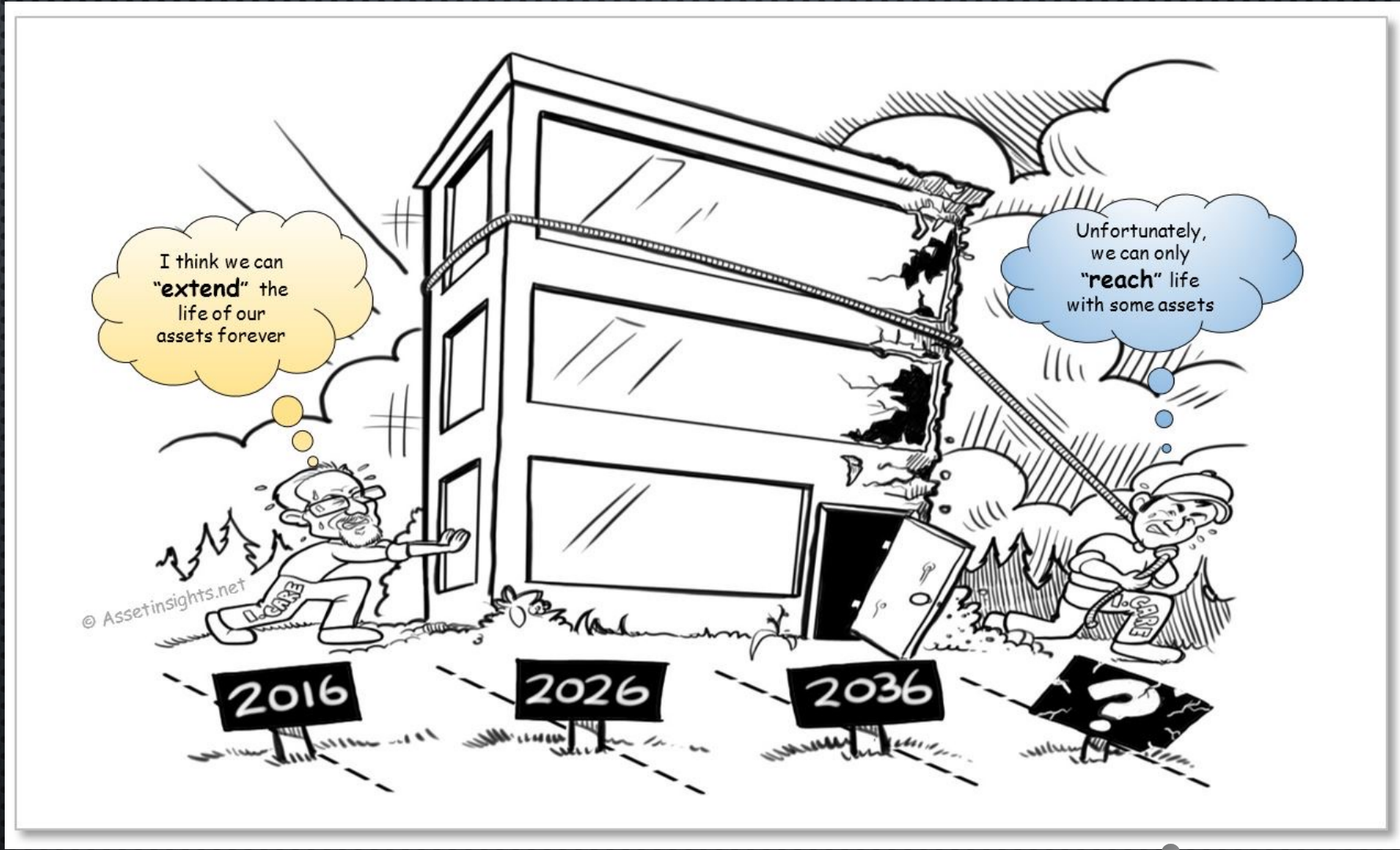
**BONUS FACT:
IF YOU DO NOT KEEP UP WITH THE
NATURAL RATE OF DETERIORATION, THE
RATE CAN GROW EXPONENTIALLY**



LIFE CYCLE







THE REAL COST OF FACILITY OWNERSHIP

INITIAL COST:

>30,000 SF Facility

\$4,654,500.00

DEBT:

\$3,000,000
15 year am.
6% interest
Payoff in 7 yrs.

\$1,100,000.00

OPERATIONS - \$5.25-7.50/SF*

- > Utilities - \$1.00 - \$1.50
- > General Maintenance - \$2.50 - \$3.50
- > Janitorial - \$1.75 - \$2.50

* Does not include managerial staff, grounds, or insurance

Operations - \$5.25-\$7.50/SF
Capital Reserves - \$1-3.00/SF
TOTAL: \$6.25 - \$9.50

ASSUMPTION: \$7.00/SF

\$210,000.00 Annually

**ASSUME A 40 YEAR LIFE
CYCLE AT 1.5%*
ANNUAL INFLATION**

* 1.5% may be too low...just saying

Initial Cost = \$4,654,500

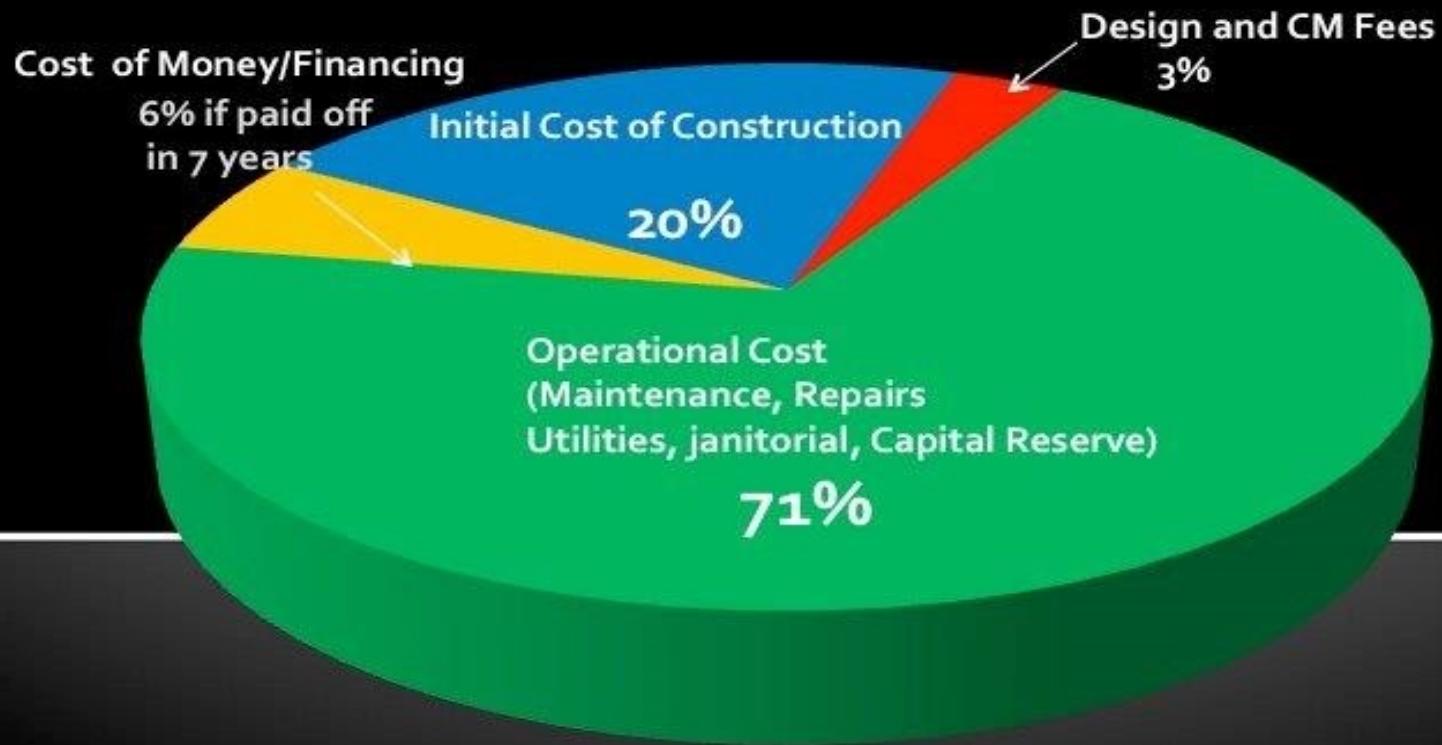
Cost of Money = \$1,100,000

Operations = \$13,440,000

TOTAL COST OF OWNERSHIP

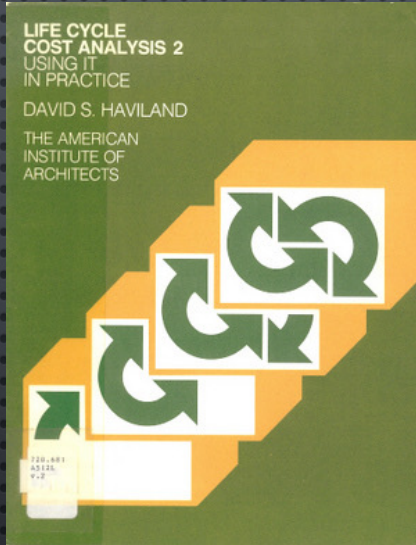
\$19,194,500.00

TOTAL COST OF OWNERSHIP – 40 Years

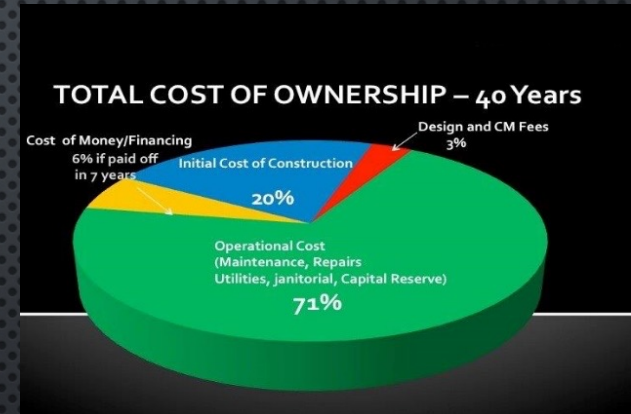




80% OPERATIONS



85% OPERATIONS



71% OPERATIONS

THE FIRST CAPITAL RESERVES ACCOUNT

2 KINGS 12:4-15

5 “Let every priest receive the money from one of the treasurers, then use it to repair whatever damage is found in the temple.”

**6 “But by the twenty-third year
of King Joash the priests still
had not repaired the temple.”**

8 “The priests agreed that they would not collect any more money from the people and that they would not repair the temple themselves.”

PS: They hired people to do it!!!

BTW...

The Original Facility Managers Were
Considered Holy Men

Numbers 3:14-38

Levites were the first Facility Guys



RESERVES

CAPITAL RESERVE (NOUN):

an amount of money that a company or organization keeps in a special account for future needs.

Cambridge Business English Dictionary ©

1. Money...Dollars, Green Backs, Currency

2. Special Account...Designated

3. Future...Down the road, not for now



THIS IS NOT A RAINY-DAY FUND

YOU MUST FACTOR YOUR DETERIORATION RATE ON THE CURRENT REPLACEMENT VALUE (CRV)



CURRENT REPLACEMENT VALUE (CRV)



HOW MUCH IS ENOUGH?

\$2-3/SF ANNUALLY
PLUS WHAT YOU NEED TO
ADDRESS DEFERRED
MAINTENANCE

Tegular upgrade	\$	2.95	SF
2x4 ACT	\$	2.10	SF
Painted Gyp Board	\$	1.85	SF
Tectum/pre-finished	\$	5.00	SF
Painted Structure	\$	1.00	SF
ROOFING			
30 year architectural asphalt shingle	\$	3.00	SF of roof
Architectural standing seam metal	\$	9.00	SF of roof
Membrane roof	\$	6.50	SF of roof
WINDOWS			
Standard storefront	\$	45.00	Glass SF
Ballistic glass	\$	60.00	Glass SF
Stained glass (leaded)	\$	150.00	Glass SF
HVAC			
Heat Pump/Furnace	\$	2,750.00	Ton
Chiller	\$	3,500.00	Ton



ELECTRICAL	YEARS
Bulbs (compact fluorescent)	8,000 to 10,000+ hours
Bulbs (halogen)	4,000 to 8,000+ hours
Bulbs (incandescent)	1,000 to 2,000+ hours
Bulbs (LED)	30,000 to 50,000+ hours
Fixtures	40
Lighting Controls	30+
Service Panel	60
HVAC	YEARS
Air Conditioner (central)	7 to 15
Air Exchanger	15
Boiler	40
Condenser	8 to 20
Dampers	20+
Dehumidifier	8

USE A TOOL

The screenshot shows the eSPACE Life Cycle Calculator web application. The interface includes a navigation menu on the left with icons for a grid, user profile, and refresh. The main content area is titled "LIFE CYCLE/ Capital Reserve Calculator" and has sub-tabs for "Calculator", "Capital Groups", "Items", "Summary", and "Depreciation". The "Calculator" tab is active, displaying a table with columns for Capital Group, Item/System, Location & Other Notes, Current Replacement Value, Remaining Useful Life, Projected Total Replacement Cost, Annual Budget Requirement, Start Date, and Estimated Retirement Date. The table is organized into sections: "Capital Group: Elevators" (with two rows for Elevator 1 and Elevator 2), "Capital Group: Equipment" (with one row for Playground Equipment), and "Capital Group: Equipment - Maintenance" (with one row for Pro Team - Back Pack). Above the table, there is a control for the "INFLATION FACTOR PER YEAR" set to 3%, a "Save & Calculate" button, and an "+ Add New Item" button. The top of the browser window shows the eSPACE logo, "Life Cycle Calculator", and navigation links for "Work Order Management", "Event Scheduler", "Knowledge Base", and "Support".

Capital Group	Item/System	Location & Other Notes (bldg, room, area, etc)	Current Replacem... Value	Remaini... Useful Life	Projected Total Replacem... Cost	Annual Budget Requirem...	Start Date (m/yy)	Estimated Retirement Date	
Capital Group: Elevators									
Elevators	Elevator 1	Main Campus - North side	\$52,000	20	\$93,918	\$4,696	May 2007	May 2027	
Elevators	Elevator 2	Main Campus - South Side	\$65,000	20	\$117,397	\$5,870	June 2009	June 2029	
Capital Group: Equipment									
Equipment	Playground Equipment	Main Campus - North Playground	\$95,000	20	\$171,581	\$8,579	December 2010	December 2030	
Capital Group: Equipment - Maintenance									
Equipment - Maintenance	Pro Team - Back Pack	Main Campus	\$4,800	3	\$5,245	\$1,748	December 2015	December 2018	

Prioritize

LARGEST LINE ITEMS

- HVAC
- Roofing
- Asphalt

OPERATIONAL IMPACT

- HVAC (see a pattern)
- Building Envelope (Windows, Caulk, Doors, Insulation, Air/Water Intrusion)
- Lighting/Electrical

VISUAL IMPACT

- Parking and site concrete
- Floor finishes
- Wall Finishes
- Lighting

FREE eBook





Capital Projects:

- Renovations
- Additions
- New Construction
- Repurposing

BEST CASE SCENARIO





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