

## Stepping Stones

### New Church Progress -Two Latest Updates

Those of you who have followed our Stepping Stones column over the years, attended town hall meetings, and meetings with our architects are aware of the challenges that we have faced designing the church that our parishioners want, while remaining on budget and being fiscally responsible with your sacrificial donations.

#### Construction Challenges and Trends:

- The rising costs of certain materials- Although some prices this year have begun to show signs of softening, the level still remains greatly elevated compared to pre-pandemic prices.\*
- Inputs to nonresidential construction fell by 0.1% in July and were down 2.7% over the past 12 months, according to the Associated Builders and Contractors. But those inputs were still up 39.1% compared to February 2020\*\*
- Inflation, labor shortages and costs, shipping, and transportation issues continue to impact construction pricing.

We are not the only Catholic church whose building project was impacted by COVID and its aftermath. From California to Texas and places in between, increased costs and a challenging financial environment are leading owners to adjust their projects.

Here are our two latest updates: a change in the timeline and a new construction cost estimate.

1. Due to additional structural and mechanical (i.e. HVAC, electrical, etc.) details that needed to be further analyzed prior to issuing final CD documents, the delivery of final CDs will now be December 8th instead of November 17th. This timeline change will delay subsequent steps:
  - a. construction bidding process may not be completed until early February instead of late January
  - b. groundbreaking will move to late winter/early spring.
2. Following our most recent financial review with the diocese, we asked Nabholz to provide an updated cost estimate to include the latest design elements captured in the 50% CD review completed at the end of September. Unfortunately, the new construction cost estimate has increased to \$11.7 million, up from \$10.5 million. This change is driven by higher overall costs versus the previous May 2023 estimate (+4.5% increase), higher HVAC costs due to system complexity (+\$200K) and added scope (+\$500K).

We anticipated some of the higher costs by including in our financial estimate a 10% contingency. Since we are now 70% of the way through the CD phase, a 5% contingency is appropriate. As a result, the net cost change from our previous cost estimate, including contingency, is +\$800K (\$12.3M versus \$11.5M). To be clear, this is an estimate, the final costs will not be known until we complete the construction bidding process in February 2024.

Also, the impact of the higher costs is that our funding to expense ratio is now 72.5% versus the 80% target sought by the diocese. We continue work to close the gap by:

- Asking current donors to increase their pledge by at least 10-15%
- Reaching out to parishioners who have not yet made a pledge
- Examining added scope costs to see what savings might be realized.

Please contact Bob Mahler, the new church project coordinator, to make a pledge or increase your current pledge by mid-November so that those new pledges can be factored into our latest funding estimates. Bob can be reached via email at [bmahler@sjfay.com](mailto:bmahler@sjfay.com) or 479-442-0890 ext 217.

Please continue to pray for God's will as we move forward with this exciting project. We live in uncertain times, but with our faith firmly in God, we will lay the foundation for our future.

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\*Construction Dive News, June 1, 2023

\*\*Engineering News Record, August 11, 2023