

## **A memo from the Pastoral and Finance Councils**

As everyone has probably heard we have an urgent situation with the church roof. The roof has been failing for several years but we have been putting off fixing it in anticipation of doing it at the same time as, and in conjunction with, the new church. At this point we can no longer wait to make the necessary repairs. We also have the issue of seismic code upgrade to the existing church. It makes sense to do both at the same time as the upgrades involved removing part of the roof so we do not want to put on a new roof and then have to remove part of it to do the other work. Additionally it will be more cost effective to do both as one project. We always knew that the code upgrades would need to be made before the existing church could be used for any other purpose.

The seismic upgrades have always been a part of the overall budget for the new church and included in the plans for the new church. Ideally we would have done this as one complete project, but since this is no longer possible (we are not sure the roof would last through another winter) it has been decided the new roof and the seismic upgrades will be done this September. The roof will cost approximately \$150,000, the seismic upgrade approximately \$184,000, and the architect fees, including soft costs of \$52,000 (which have been mostly paid using parish operating funds) for a total of \$386,000 not including contingencies and sales tax.

We looked at two payment options –The first option was to use the money that the parish put into the building fund to pay for the improvements. The parish, for the last five years, has been putting \$100,000 of operating funds of the parish into the building fund. This represents parish income from the offertory collections and other income sources rather than any funds donated expressly for the building fund. This was done for two reasons. First, and most important, was to get the parish set up to make the mortgage payments on the loan once the new church was completed. Rather than suddenly have to make those mortgage payments this gave the parish the opportunity, over time, to adjust spending to accommodate the anticipated mortgage payment rather than needing to make sudden changes to be able to make those payments

The second option was a loan from the Archdiocese, amortized over 15 years, to pay for the construction. There were two problems with this approach. The first was that the interest on the loan would be 5.5% while the interest on the money in the savings account was only 3.25%. This is a 2.25% negative spread which meant the loan would cost more than the interest we were making by leaving the cash in the fund. The second problem was that the Archdiocese required that the money in the building fund be collateral for the loan which meant that we would not have access to the funds (equal to the unpaid loan amount) in the building fund.

As a result, and in the interest of being good stewards and fiscally responsible, the decision was made to use the funds the parish had put into the building fund to pay for this work. Also taken into account in this decision was the fact that the roof repair and seismic upgrade were always part of the overall project for the new church.

The rebates from the Annual Catholic Appeal will be put back in to the building fund.