

# Building Back Better

Discerning a post-flood plan for property and staffing.

## 1.0 The purpose of this document

Having recently experienced a flood that significantly damaged ministry space, and with the resignation of both the office administrator and youth worker, decisions need to be made regarding church property and its staffing structure. This document is intended to provide a summary of relevant information, alongside the resulting preferences of church leadership, to support the church in discerning Christ's leading in property and staffing.

## 2.0 Church property

Believe it or not, the story of our post-flood rebuild began before the flood itself. It began with a series of documents that started being prepared in 2022, aimed at creating a master plan for the long term growth of the Church. While these documents never got beyond the draft stage, the information they uncovered was used to guide our rebuild investigations. These draft documents were, 'Planning for Growth: Projections for growth and associated staff and property needs', and 'Analysis of Village Baptist Church office accommodation options.'

### 2.1 The 'Planning for Growth Document'

This document was intended to support longer-term planning for staff and property using growth and income projections. Regarding property, this document identified that if we're comfortable with two Sunday services along with periods in which the kids and intermediates were out from the beginning of the service, we could accommodate as much as 20 years of growth, or a Sunday attendance that reached 700 people, within the existing envelope of the building. Furthermore, this could be achieved with minimal alterations to the present building but required there be no reduction in space that was presently available for church ministries.

### 2.2 The Draft 'Analysis of Village Baptist Church office accommodation options' document

This document was intended to identify and investigate alternative office accommodation options to resolve the worsening health and safety issues associated with the church cottage. This document identified that the health and safety issues present in the building meant that inaction was not viable, while the repair work required to bring the building to a habitable standard was between \$400,000 to \$500,000. This included the significant caveat that additional work may be discovered during the renovation that would increase its final cost. Additionally, it was also noted that the resulting building would remain poorly optimized for office work.

Given the need for future growth, this document also recommended that we don't utilize existing ministry space for office space, unless that space was replaced by new ministry space of equal or greater size.

### 2.3 Zoning Considerations

An important consideration that has also emerged is regarding the restrictive nature of both local zoning, and of the national policy standard on the use of highly productive land. When the church purchased the present property and began the development of it, zoning rules allowed us to build and expand upon 'places of assembly'. This right has been progressively restricted and was finally removed in 2019. Further to this, in 2022 a national policy standard was released that is more restrictive again regarding the use of land that is deemed 'highly

productive'. As the church land is considered 'highly productive', we fall under those restrictions. The result of these restrictions is that the church leadership is operating under the assumption that we will be unable to construct any further site coverage after this rebuild for 20-years. This expectation was considered 'reasonable' when raised with the planners and quantity surveyors we have met with thus far.

#### 2.4 The flood and our response

During the flood in February, the church experienced damage that had a considerable effect on our ability to conduct both services and ministry within our buildings. The most significant damaged involved;

- The short-circuiting of the pumps in the pump shed, removing our ability to provide water from the bore.
- The contamination of the café water tank, removing our ability to provide drinkable water onsite.
- The extensive flood damage to the rear four kids' ministry rooms, removing our ability to provide space for our Sunday programs.
- The silt contamination under the church office, rendering it unsafe for staff use.

As the issues related to the pumps and water tank have now been resolved, our focus has since shifted to the kid's ministry rooms and offices, the most challenging of which is the office.

The challenge the office presents is that the flood damage was not enough to write the building off. This means that while the highest estimate of a potential insurance payout does cover the cost of removing silt and repairing some electrical circuits that were damaged in the flooding, it isn't enough to either renovate it to a habitable standard or replace it with an alternative building. The result of this is that regardless of the option chosen by the church, there will be a material deficit between the funds available, and the cost to rebuild.

The kid's ministry areas are a different matter. The proposed alterations are minor, and so the estimated insurance payout for their repair should cover much/all the work that is required. Here it is worth noting that as these rooms are built on a concrete slab foundation, they are unable to be raised above the February flood line without a considerable escalation in costs. This is because raising the building would require additional cladding to be installed. The installation of this cladding would trigger an alteration to the existing building consent which would require us to bring the entire building up to modern cladding standards, resulting in a complete reclad including new joinery for the entirety of the ministry center. It is because of this considerable escalation in costs that we have not explored this further.

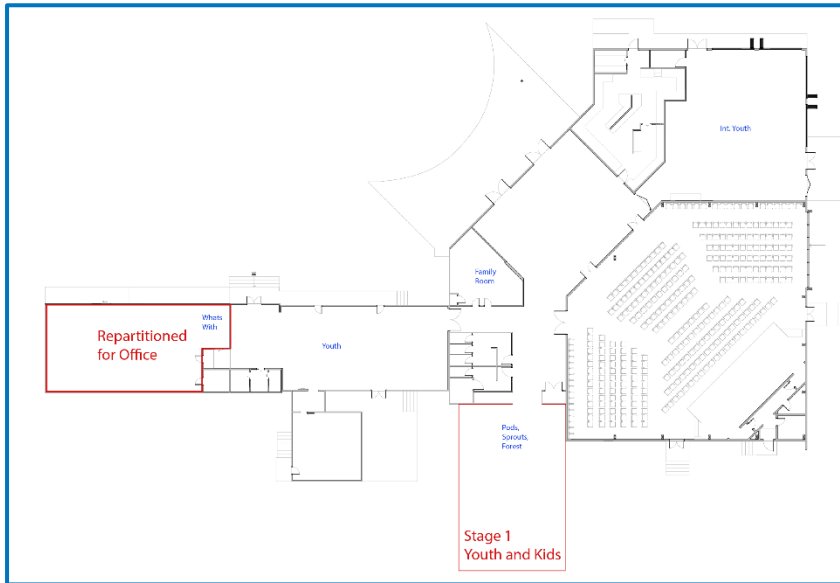
Using the two draft documents alongside a consideration of our zoning status, the property development committee focused on options that fell into two main categories. Firstly, the construction of a new office building with the renovation of existing ministry space. Or, the construction/addition of new ministry space, with old ministry space being repurposed for offices. These options were then shared with the church in an all-church email dated 18<sup>th</sup> April 2023.

#### 2.4 Preferred options and their costs

Option A involves:

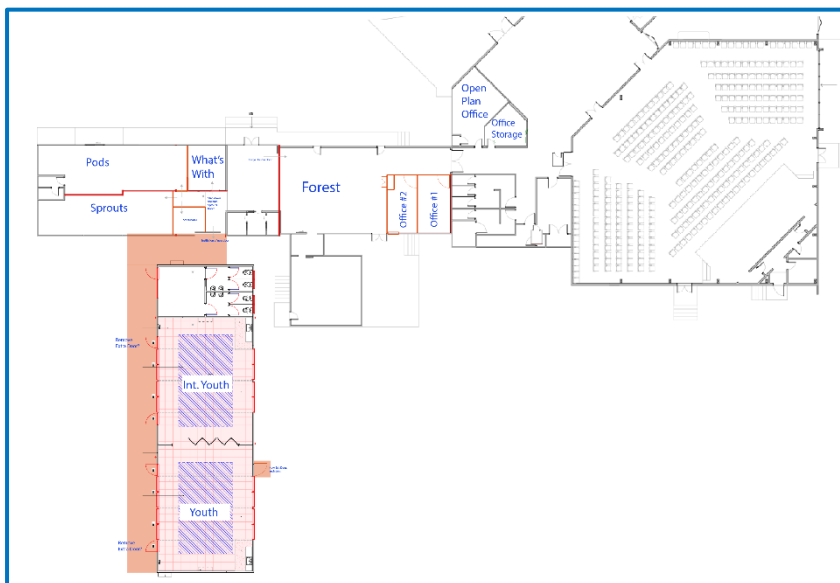
- The demolition of the church office (155m<sup>2</sup>).

- The construction of the first stage of the planned kids-youth hall (160m2).
- The repartitioning of the flooded ministry center rooms into office and ministry space.



Option B involves:

- The demolition of the church office (155m2).
- The repartitioning of the ministry center to create two offices that will compliment the present open plan office.
- The repartition of the four flooded ministry rooms into two large ones for Sunday programs.
- The removal of the ministry center kitchen, allowing it to be used for Sunday programs.
- The addition of a repurposed transportable classroom (166m2) to provide space for Sunday programs and other mid-week ministry opportunities.



Of the two, Option A is more costly, with an expected building cost of \$5,053.13 per m2. This results in a total estimated project cost of approximately \$960,000 - \$1,280,000 (ex. GST). As this is a new build, it will also take longer to complete than Option B.

Option B has an estimated introductory cost of approximately \$570,000 - \$760,000 (ex. GST). However, if we completed a full upgrade of the classroom the costs would extend to \$680,000 - \$900,000 (ex. GST). As a classroom has been identified which is both available and transportable, the time to complete this project will be shorter than Option A. With both cost and time considerations, Option B is considered the preferred option from the Building Committee, Finance Committee, and the church eldership.

*Note: The reason for the broad costings noted above is because of the highly volatile nature of construction pricing, and because they have been developed from broad concepts rather than developed plans. We have intentionally chosen not to progress these costings beyond broad concepts as we wanted to obtain enough information for the church to participate in the discernment process, without overcommitting resources such that it would be difficult to change course should we discern Christ calling us in a different direction.*

### **3.0 Church staffing**

Since the founding document was signed on Sunday 15<sup>th</sup> September 1985, Village Baptist has seen considerable growth that has resulted in it becoming one of the larger churches in the Baptist denomination. To release the funds required to accommodate that growth, and to create a solid foundation for the generations to come, we have consistently run the church with minimal staff. While we have historically been able to manage this through extremely high levels of volunteerism, societal change has seen a reduction in the amount of discretionary time available to families. This has resulted in a reduction in the degree to which church families are able to serve at the level we've seen in the past, shifting that workload from its past volunteer base, onto the staff. Alongside this social change we have also seen progressive increases in reporting requirements regarding both finance, and health and safety. This has had the effect of further increasing the workload that needs to be managed regardless of that which comes with congregational growth.

The result of this is increased pressure on the church staff, along with a diminished capacity to conduct the kind of pro-active pastoral contact that many have expressed a desire to see.

To help us better quantify our present staffing levels, a survey was conducted of similar sized churches within our regional association, the results of which were included in the 'Planning for Growth' document. The churches surveyed included Northpoint Baptist, Palmerston North Baptist, Hutt City Baptist, and Hosanna Porirua Baptist. Across each of these churches, their pre-COVID staffing levels ranged from 1.6-2.22 full-time equivalents (FTE) per 100 attendees, with an average of 1.85 FTE. When the same measures are applied to Village Baptist, we result in a figure of 1.2 FTE per 100 attendees. This indicates that we would require a 54% increase in staffing to bring our levels into line with the average across our region.

In recognition of this, during the second half of 2022 the church eldership supported the staff in reviewing the present staffing structure. The purpose of this review was to identify both weaknesses and opportunities within the current structure so that we can construct an improved one that would better support the church. This process included the development of an exhaustive table with every task that needs to be completed within church life to support a healthy congregation. Against each task was an allocated hourly requirement that was set by mutual agreement. Not only would this enable us to identify weaknesses and opportunities,

but also the construction of a staffing structure built on tangibles: tasks and the hourly requirements to complete them.

With the resignation of both our office administrator and youth worker in 2023, the opportunity has emerged to speed up implementing a new staffing structure. This will enable the church to address its low staffing levels at the same time as filling its staffing vacancies.

### 3.1 The considerations given to a new staff structure.

As a key component to any change, the eldership has identified the benefit from having another trained and called pastor on staff. This gives depth to our pastoral team, such that if something were to happen to one, the other is available to step in. It also ensures that we have the capacity within the pastoral team to engage well with the many challenging and complex issues that are emerging, issues that are particularly felt by our youth.

However, if we were to call a second pastor, it is important to recognize the present 'market' for pastoral candidates as this will shape how we tailor the job description. Within the pastoral market there is a significant undersupply of pastors relative to pastoral vacancies. Additionally, the role of a 'Youth Pastor' has become increasingly undesirable. This is because it has developed a reputation for pigeonhole'ing the employee, making a later move into adult focused pastoral ministry difficult. Thus, the role of associate pastor with oversight of youth is seen to be more desirable in the present market. With this considered, any viable pastoral role will almost certainly need to be fulltime and tailored around that of an associate pastor with an oversight of youth.

We have also recognized that the administrative role, currently occupied by Gill, has changed overtime. Her role has progressively shifted away from reception work into administrative/compliance work. Alongside a recognition of this shift, it was felt there would be a benefit to intentionally consolidating administrative/compliance in a newly developed role, allowing this to be shifted (almost) entirely off the plate of our pastoral leaders and onto that of a church administrator.

Finally, there is a recognized need to increase the hours allocated to Kid's Ministry. If we were to shrink the tasks assigned to our Kids Ministry Director in order that they aligned with the hours presently allocated to them, we would need to remove almost all pastoral support for parents and volunteers, along with the planning and leading of an annual Light Party. Thus, if we are going to continue planning and running the light party as we have done, we will need to increase the hours given to our Kids Leader by at least 0.1 FTE, or 4 hours per week.

### 3.2 The staffing recommendation and costing

Using the tables developed and the considerations above. The proposal is to call an associate pastor on a full-time basis. This associate pastor would be responsible for overseeing and leading the youth and pastoral care teams, with additional hours given for developing lay-leadership, direct pastoral care, and preparing Sunday message on a 1-in-4 basis.

In addition, we propose employing a full-time church administrator who would oversee church compliance, Health and Safety, communications, accounting, database management, rosters, and hireage of the property.

Additionally, we proposed increasing the hours given to our Kids Ministry Director by 0.1 FTE to 0.5 FTE total.

Due to the increased hours and the change in roles, this would result in an increase in staffing costs of \$72,730 per annum.

#### 4.0 Funding the rebuild and new staffing structure.

Currently the church has a cash reserve of \$411k, some of which is reserved for specific uses and working capital. What this means is that not all of it is equally 'available' to address property and staffing costs. The funding plan below assumes that reserved funds are allocated to the property rebuild, while unreserved funds are allocated to supporting the new staffing structure.

##### 4.1 Funding for Property

Of the reserved funds that are available to this project, we can draw from our Property Development Reserve (\$83k), Elma Sims Reserve (\$10k), and Net Cyclone Donations (\$42k). This results in a total of \$135k available for our rebuild. Add to this a high estimate for the insurance payout excluding chattels (\$130k), and the total amount available increases to \$265k. This results in a funding shortfall of \$695k-\$1.02m should we progress with Option A, or \$305k-\$450k should we progress with a no-frills version of Option B. This shortfall would need to be made up via donations and/or borrowing (at this stage the Church has no existing debt).

Assuming the church decides to proceed with Option B, this funding shortfall could be resolved through two appeals: one in August 2023, and another in March 2024.

Considering the number of households who call Village Baptist their home, the August appeal could see a giving breakdown like that shown in the table below. As can be seen, such an appeal could realize as much as \$281k for this project. This table recognizes that different households are in different financial positions and so their ability to support this rebuild will also look different. These numbers also assume a combination of one-off donations and additional regular giving that is in addition to tithes and offerings.

*For example: One household's donation might involve a one-off gift of \$2,400 alongside an additional commitment of \$50 per week for 52 weeks, resulting in a total donation of \$5,000.*

Number of Households	Giving Level	Total Given	Running Total
2	\$ 25,000.00	\$ 50,000.00	
8	\$ 10,000.00	\$ 80,000.00	\$ 130,000.00
12	\$ 5,000.00	\$ 60,000.00	\$ 190,000.00
20	\$ 2,500.00	\$ 50,000.00	\$ 240,000.00
25	\$ 1,000.00	\$ 25,000.00	\$ 265,000.00
30	\$ 500.00	\$ 15,000.00	\$ 280,000.00
10	\$ 100.00	\$ 1,000.00	\$ 281,000.00

The March appeal could then focus on the donation of tax rebates. As these rebates amount to 33% of total eligible donations, and with the church receiving ~\$600k in donations per year,

donating the associated rebate could then realize the remaining \$200k required to complete the project.

#### 4.2 Funding for Staffing

In the approved budget for the 2022-23 financial year, we planned for an operating deficit of \$5,300. However, year to date, our giving is up on budget by an average of \$1,196 per month. When projected forward, this would total \$14k above our budgeted giving for this financial year.

Assuming there are no further savings to be found within our existing expense lines, this would result in Village Baptist concluding the financial year with an operating surplus of ~\$9k. If we apply this surplus to the proposed staffing increase, the amount outstanding would decrease to ~\$63,700 per annum.

To smooth this increased staffing expense, we could then utilize the \$216,498 we have available in unreserved cash.

If we assume that it takes 2 years for the church to grow enough to absorb this cost, then we would expect to utilize our untagged operational absorb the full ~\$63,700 in the first year, ~\$31,850 in the second year, followed by nothing in the third year. The total drain on unreserved operational cash would then amount to ~\$95,550, or 44.1% of unreserved cash.

If we assume that it takes 3 years for the church to grow enough to absorb this cost, then we would expect to utilize our untagged operational absorb the full ~\$62,700 in the first year, ~\$42,466 in the second year, and ~\$21,233 in the third year. The total drain on unreserved cash would then amount to ~\$127,399, or 58.8% of present unreserved cash.

What this means is that assuming total church giving can increase by 13% across the next three years, our unreserved cash is sufficient to temporarily absorb the increased cost of this new staffing structure, while retaining enough for working capital.

#### **5.0 Summary**

Our thanks to the property committee (Brett Ennis, Ken Foote, Marcus Smith, Matthew Witherford and Ross Stewart) for the large amount of work that has occurred in a short period of time to guide the preparation of this plan and document.

Following review by the Church's Finance committee and the Church's Eldership we propose the Church supports option B for the property re-development and the proposed staffing increase.

In total, this requires a regular increase in giving of 13% to cover the staff costs and a total investment into our property of \$450,000.

Next Sunday, the 25<sup>th</sup> of June 2023, after the Church service there will be a presentation of this information in detail. Then on the 16<sup>th</sup> of July 2023 there will be a special family meeting to vote on the options available.