

Next Steps for FUMC

February 20, 2021



First United Methodist Church of Santa Rosa

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Introduction

First UMC of Santa Rosa has had a long, rich, and vibrant ministry for over 160 years. The congregation has responded to the call of Christ to serve the community. As society changed, the church adapted to meet the needs and interests of God's people.

In July 2019, the Church Council commissioned two teams to consider God's call upon the congregation at this time and place: the Discernment Team and the Financial Planning Group. These teams have presented the enclosed reports to the Church Council and here we present them to the congregation.

We encourage you to carefully read and prayerfully consider the reports. They envision continued vital ministry for the congregation, as well as a significant change in response to our changing circumstances.

Following are dates of Zoom meetings at which we will offer opportunity for church members to share their reflections. We encourage you to attend a meeting that is convenient for you. Listed in this report and our online newsletter, *What's Happening*, you will find the Zoom codes, or you can participate by phone by dialing the numbers listed:

Sunday, March 7 3:00 p.m.

Zoom Link: <https://us02web.zoom.us/j/84996158892>

Phone 1-669-900-9128, Enter Meeting ID 84996158892#

Thursday, March 11 10:00 a.m.

Zoom Link: <https://us02web.zoom.us/j/84437251058>

Phone: 1-669-900-9128, Enter Meeting ID 84437251058#

Monday, March 15 7:00 p.m.

Zoom Link: <https://us02web.zoom.us/j/89307628281>

Phone: 1-669-900-9128, Enter Meeting ID 89307628281#

Thursday, March 18 3:30 p.m.

Zoom Link: <https://us02web.zoom.us/j/84282670209>

Phone: 1-669-900-9128, Enter Meeting ID 84282670209#

Saturday, March 20 4:00 p.m.

Zoom Link: <https://us02web.zoom.us/j/88215056875>

Phone: 1-669-900-9128, Enter Meeting ID 88215056875#

Monday, March 22 10:00 a.m.

Zoom Link: <https://us02web.zoom.us/j/84473622526>

Phone: 1-669-900-9128, Enter Meeting ID 84473622526#

Wednesday, March 24 7:00 p.m.

Zoom Link: <https://us02web.zoom.us/j/81412413633>

Phone: 1-6690900-9128, Enter Meeting ID 81412413633#

Saturday, March 27 9:00 a.m.

Zoom Link: <https://us02web.zoom.us/j/89213321813>

Phone: 1-669-900-9128, Enter Meeting ID 89213321813#

Monday, March 29 2:00 p.m.

Zoom link: <https://us02web.zoom.us/j/81884332171>

Phone: 1-669-900-9128, Enter Meeting ID 81884332171#

If you are not able to attend a Zoom meeting, but wish to speak with a church leader to share your reflections, you may email feedback@fumcsantarosa.org or call any of the following church leaders:

Norm Bryan 707-483-4153

Bob Cheal 707-569-2640

Sam Cox 618-528-0482

Lynne Garrison 707-799-0760

Pastor Lori Sawdon 707-327-9196

Bill Stephens 707-697-9743

The Church Council will hold a special meeting on April 10th to consider the recommendation made on page 10. We anticipate a Church Conference in May to vote on the recommendation.

The powerful hymn, *Once to Every Man and Nation* by James Russell Lowell includes the phrase, "new occasions teach new duties." The twenty-first century poses new conditions in which the church of Jesus Christ is called to live out the good news of God's love. The work of these ministry teams is offered to guide FUMC in faithful discipleship and stewardship in this new age.

**A CALL TO THE CONGREGATION OF THE FIRST UNITED METHODIST
CHURCH OF SANTA ROSA
February 20, 2021**

“...The church is not a building, the church is not a steeple,
the church is not a resting place, the church is a people...”
-- Avery and Marsh, Hope Publishing Co., 1972

“When we examine the soul of the church, we miss the concept if we only look at the
location of the wood or concrete. The ‘historical’ Methodist Church has been a
presence, not a place. It is the body of well-meaning, God-serving folks who have
joined with others in the spirit of community. Where should the church be?
Anywhere the love of God is needed.
That is our history, and that is our future.”

-- from **Forward Through the Ages – A History of the Methodist Church in Santa Rosa**
By Norman M. Hardin, 2012

During this past challenging year, two FUMC ad hoc committees – **the Discernment Team** and the **Financial Planning Group** – have been at work, sometimes meeting separately and sometimes jointly, striving to discern God’s call to our church.

Members of the Discernment Team have included: Norm Bryan and Bill Stephens, (Co-Chairs); Sonda Anderson, Sam Cox, Mike Ferrel, Pat Hannon, April Nichols, Paul O’Rear, Ian Riggle, Bill Ward, Pastor Lori Sawdon.

The Discernment Team has wrestled with these questions:

- **Who are we?**
- **Who is our Neighbor?**
- **What is God calling us to do and be?**

Looking at each in turn, first:

Who are we?

In considering this question, we must first look at the two statements that are at the core of all we do, our Mission Statement and our Oneness in Christ Statement.

Mission Statement

We the people of First United Methodist Church of Santa Rosa commit ourselves to the mission of growing loving communities of faith centered on Jesus that express themselves through both personal spirituality and social responsibility, reaching up to God and reaching out to all people in God's love.

Oneness in Christ Statement

We affirm that all persons are precious to God and of sacred worth. God pours out amazing love and grace to everyone.

We seek to be an inclusive church. We warmly invite into our life and mission all people without regard to race, nationality, sexual orientation, ability, age, gender identity, financial circumstances, or marital status.

We are a large and diverse community of faith. We certainly do not always agree on theology or public issues. Our desire, however, is to build bridges of mutual respect and understanding. Above all, we seek to love one another as Christ has loved us.

We are learning that the words of our founder, John Wesley, are true: "We do not have to think alike to love alike."

Values

The team, with input from the congregation, next looked at the values that underlie our UMC Membership Vows. These turned out to be:

Prayers

- Prayer is essential to our worship experience. Our private prayers connect us to God and our shared prayers connect us to one another.

Presence

- We offer our presence to all, no matter their circumstance. We share God's loving grace through our compassionate action.

Gifts

- We value generosity and recognize it is sometimes sacrificial. We give of ourselves to bring God's love to those around us.

Service

- Our church's service is evident by our care for each other, especially in times of need, and through help for those at the margins in the community.

Witness

- We are the hands and feet of Christ and we witness through our welcome, inclusivity, and works of justice and compassion.

We next considered the demographics of the congregation; age, attendance and giving.

- Increasing in age
 - 64% are 65 or older
 - 44% are 75 or older
- Declining in average Sunday attendance - 26% from 2016 to 2020¹
 - 389 in 2016
 - 289 in 2020
- Declining in pledge income - 11% from 2016 to 2020
 - \$755,155 in 2016
 - \$670,334 in 2020

We concluded that we are an inclusive congregation, with strong mission and values, with increasing age and decreasing attendance and giving.

We next looked at the second question:

Who is our neighbor?

From various sources, several major trends in Sonoma County became clear:

- The population is increasing in age as more retirees move to this area
- At the same time, total population and church attendance is declining
- The cost of housing is increasing dramatically
- Homelessness and hunger are on the rise

These trends were underlined when we looked at a snapshot of data about Sonoma County from the January issue of *Sonoma Magazine*:

- 5,024,700 meals served by Redwood Empire Food Bank – 200% increase since the pandemic started
- 22% increase in applications for CalFresh benefits in 2020
- 45% of students qualify for free or reduced-price lunches
- 1 in 6 workers lost their jobs in March/April – ½ returned to work
- 9.9% of citizens living in poverty
- 8.2% under 65 without health insurance
- Growth in unhoused population due to high cost of living
- Latinos make up 30% of the community, but 77% of Covid19 cases
- Struggles in Education
 - 4 in 10 high school students have one or more failing grades
 - 71% of high school students feel anxiety
- Increasing wildfire exposure
 - 5 of top 20 California wildfires in recent times in Sonoma County

Given these demographics and the issues facing many in Sonoma County, the Discernment Team is recommending that our primary ministry focus should be on:

- Seniors
- Young families, children, and youth, especially low-income families, with attention also to further developing our overall children and youth ministries
- People experiencing homelessness and hunger

Having decided on *Who are we?* and *Who is our neighbor?*, we then asked the question:

What is God calling us to Be and Do?

After much prayer and discussion, the Discernment Team consensus was the following ministry priorities:

- Valuing human connection, we are called to regularly and intentionally connect with and support all within our church community.
- Neighbors whom we are especially called to serve include seniors, young families, and people experiencing homelessness and/or hunger. We will be mindful of their needs and interests in our ministries.
- Recognizing the call to make and grow disciples of Christ, we will offer online and in-person small group gatherings for spiritual formation such as: Bible study, accountable discipleship, prayer, fellowship, and the study of and action on existing or developing social issues.
- We are called to be an inclusive community, to advocate for racial justice, and to participate in our society's pursuit of equity for all. We will offer ongoing opportunities for study and action to further racial justice and the formation of God's Beloved Community in Santa Rosa, California, and the United States.
- We affirm our status as a Reconciling Congregation and our membership in the Reconciling Ministries Network. We are committed to the full inclusion of LGBTQIA+ persons in the life, ministry and leadership of the church.
- We are called to tell God's story and FUMC's story using digital tools, print media, and other means. We desire to tell these stories in ways that invite engagement from community members.
- We are called to advance digital forms of ministry, including online worship, classes, Zoom meetings, social media, etc.
- The pandemic forced the closure of our buildings, prompting us to adapt ministry in creative ways online, via delivery and drop-offs, front porch visits, etc. This experience has provided some new perspective on the use and need for buildings. The question of whether FUMC's future is centered in one or two campuses has been an underlying question in our work.

Introduction to the Report of the Financial Planning Group

Building upon the work of the Discernment Team, the Financial Planning Group has considered the following questions:

- How can we best accomplish our future ministries through our prayers, presence, gifts, service and witness, staying true to our church's values?
- How can we constructively recognize and discuss our challenges of present resources and, together, discern the best path forward regarding our properties?
- Understanding our rich heritage, our present strengths, and God's call as springboards to a vibrant future, can we dare to see opportunities, as well as challenges?

How we steward our financial resources to accomplish future ministries has been the task of the Financial Planning Group (FPG). The report that follows details the considerations and options researched and discussed by the FPG.

FUMC faces undeniable financial challenges: our age demographics; our perennial budget difficulties; our \$1.2 million mortgage due in 2023; and our need to fund present and future pastoral and staff positions (FUMC staff budgets have been cut 30% over the past four years).

Fortunately, we are rich in: heritage; talented, committed leaders and members; and a wide range of ministries that serve both members and those "at the margins" in our community. We are also rich in buildings and property. These strengths suggest we have the assets to continue seizing opportunities to, in the words of the UMC mission, "make disciples of Jesus Christ for the transformation of the world."

The members of the Discernment Team and the Financial Planning Group believe that, with the leading of the Spirit, and with prayerful and collaborative deliberations and "hands-on" effort, we can meet both our challenges and our opportunities in the months and years ahead.

Report of The Financial Planning Group to the Church Council
EXECUTIVE SUMMARY

The Financial Planning Group (FPG) was formed in mid-year 2020 for the purpose of exploring options and making recommendations to maintain the long-term financial health of our church to sustain and further develop vibrant ministries.

- The FPG studied financial data, including the fact that nearly two-thirds of the church's pledged contributions is coming from persons 70 years and older. Overlaid with standard mortality tables, this data calls into question the church's future ability to support current operations.
- Declines in membership and giving resulted in staff reductions, further eroding the church's capacity to grow. In turn, these reductions have placed additional and unfair burdens on remaining staff.

To address these challenges, the group studied various options, most of them centering on the use of properties. **Our work has led us to the consensus that the church can best respond to God's call for us to be in effective future ministry by consolidating to one campus.**

We therefore recommend that the church consider and accept our conclusions and engage in a period of prayerful discernment as to whether the Montgomery site or Stony Point site offers the most effective long-term location for FUMC's future ministries.

We make this recommendation mindful of the incredibly good work which church leaders and members have devoted to the two-campus model during the past 25 years. The financial, physical and spiritual gifts committed by so many have borne much fruit. And so we know that our recommendation will generate very difficult deliberations.

We do now invite the congregation to engage in conversations regarding our recommendations during the months ahead which will lead to the wisest decision for the future of our church.

In studying options, a considerable amount of research has been undertaken during the past six months:

- We reviewed a study of use of church properties undertaken in 2016.
- Keegan and Coppin, a leading commercial real estate firm, assessed the potential market value of both the Montgomery and the Stony Point campuses, and presented to us the challenges for potential sale of each.
- The committee considered the pros and cons of consolidating to each site, including: what space, equipment and other infrastructure exists; and what modifications would be required short-term and long-term.
- We contracted with The Nova Group to assess the condition of each property and major maintenance work required for both properties during the next 10-12 years as they now function.
- We studied the comparable current occupancy costs for each site.
- We discussed the necessity for a resolution to the California Tiger Salamander issue as a prerequisite to any future building at the Stony Point site.
- We explored very general estimates for costs of any future building at Stony Point.

The pages that follow discuss the above elements of our work in greater detail.

Report of The Financial Planning Group to the Church Council

The Financial Planning Group (FPG) was formed in mid-year 2020 for the purpose of exploring options and making recommendations to maintain the financial health required to sustain and further develop vibrant church ministries. It has been co-chaired by Sam Cox, Finance Committee chair, and Lynne Garrison, 2020 Trustees Chair. Members include: Pastor Lori Sawdon; Bob Cheal; Janin Comiskey; Jennifer Dornbush; Jack Dupre; Mike Ferrel; Naomi Niimi; and Bill Ward. Heather Young, 2020 Church Council Chair, participated in the early meetings and offered valuable information about work of the 2016 Assets Study Group. Denise Rich, incoming 2021 Staff Parish Relations Committee chair, has participated in recent meetings.

FUMC has a history of struggling to fund its operational budget, even when the church membership was much larger. During the past decade this has been exacerbated by a decline in membership and income.

In 2013, member pledged and non-pledged contributions were \$785,514 with 219 pledging units. By 2019, contributions had declined to \$677,584 with 154 pledging units.

More specifically, the FPG researched and developed data on the aging of our congregation. This information showed that 63% of FUMC's 2020 pledges was given by persons over 70 years old, and 84% came from those over 60 years old. When this information was overlaid with standard mortality projections, a loss of \$27,000-\$30,000 annually is projected for the next several years (Appendix A).

In addition to these sobering projections is the fact that several members of our church, encouraged by family who live in other parts of the country, are moving or are considering moving to be nearer to family, given the California wildfires, public safety power shutoffs, and high cost of living.

In recent years, the church has managed these impacts through cuts to program and staff. During the period 2016-2020, total staff salaries have been reduced by 30% (more than \$107,000). Staff reductions have included: an Associate Pastor position reduced by 75%; the Director of Worship & Creative Arts (Doug Albertson's position) was reduced by 50%; and a Director of Youth Ministry position was reduced by 20 hours and remains unfilled. Since Pastor Lori Sawdon's arrival in 2018, the Church has eliminated 1-3/4 positions. Making these cuts saved the church from larger deficits. However, the staff losses have reduced the church's capacity to enhance its ministries and has placed unrealistic burdens on pastors and staff, taking an unfair personal toll on them.

A retrospective look back on the income side reveals a decline in finances which has been at work for a least a decade. During the past 12 years, FUMC's weaker financial health has been disguised by special infusions of funds unrelated to "regular" member contributions.

- Significant portions of the Barbara Ferguson Fund gift of \$500,000 granted to the church to build a youth program during 2008-2014 were used to fill budget gaps.
- When the church moved from a Capital Drive model of funding mortgage payments to a model of including support of mortgage payment as a part of the Annual Campaign in 2015, new policies were established for how this would work. This new model has been difficult for members to understand, and in 2015-2018, there was inconsistency in how mortgage principal and interest were reported on the income and expense statement. In some years, this

created the impression of a more favorable “bottom line” than was actually the case.

- For several months during 2014 and 2015, the church leased Stony Point space to the AccuBore company for \$3,500 per month, providing a boost to income.
- In some years, the church has conducted mini midyear campaigns to plug budget gaps.

Another consequence of the church’s aging is the decline of many members’ physical strength and energy to take on volunteer projects, especially those relating to building and property work.



During the past two-plus decades, the future of the two-campus model has been discussed several times. After interviews with 126 members in 2014 as a part of a feasibility study for a new capital campaign, consultant John Dodson wrote about the differences of opinion regarding the two-campus ministry:

“This is the issue we believe may cause the greatest divide and perhaps the most contention in the church. Opinions on the success of this model are sharply divided, with some taking a strong position defending its success, others a strong position about it being unworkable. And the majority of people we talked with are in the middle, confused, uncomfortable, and unsure how this is supposed to work and how they are supposed to feel about it.”

In 2016, the Church Council was cautioned by the Finance Chair that the long-term viability of the church operations was in danger, based on a projected large budget deficit, declining membership and pledges, and perennially similar challenges. The Church Council then somewhat reluctantly tasked a committee to evaluate use of the church’s properties. That study produced a document outlining four possible options regarding property:

- Make no change
- Sell Montgomery properties
- Sell entire Stony Point properties
- Sell partial Stony Point properties

But financial appeals to the congregation and budget cuts relieved the immediate crisis, and the study never received serious consideration.



Early in its work, given this history and the inescapable age demographics of the church, several FPG members stated their sense that it might be best to consolidate to one site in order to preserve present and future ministries. As the discussions continued, the FPG developed a list of options relative to these issues. These included:

- A. Sell Montgomery property, and consolidate to Stony Point.
- B. Sell Stony Point property, and consolidate to Montgomery.
- C. Retain Montgomery property, maintain a congregation at Stony Point, and sell a portion of Stony Point outright to a developer; OR Retain Montgomery property, maintain a congregation at Stony Point, and partner with a developer on purchase or lease basis to build affordable housing on a portion of Stony Point land.
- D. Sell both Montgomery and Stony Point properties, and acquire a more modest property, emphasizing that “the church is not a building, the church is the people.”
- E. Perhaps as an incremental step, sell the Susanna Wesley House.
- F. Perhaps with outside consultation, develop stronger, ongoing operational giving commitments among church members.
- G. Perhaps with outside consultation, conduct a campaign to eliminate or substantially reduce the mortgage balance.

The pros and cons for each option were discussed. As discussions continued, a majority of the FPG agreed that consolidating to one site provides the best opportunity for a strong ministry and for financial health.



Keegan and Coppin, the Santa Rosa-based commercial real estate firm, provided the FPG with market value information for the Montgomery and Stony Point sites, as well as observations about the particular aspects of marketing each site for sale (Appendix B). In September, the Discernment Team and FPG met jointly to share ideas, and the consensus was that consolidation to one site is the wisest conclusion.

The FPG next considered various financial aspects of both the Montgomery and Stony Point locations:

- What are the general pluses and minuses of each site?
- What space, equipment, and other infrastructure exist at each site?
- What additions to or modifications of property, equipment and other infrastructure would be required short-term and long-term by consolidating to either site?
- As the two sites now exist, what major maintenance and repairs will be required during the next 10-12 years at each site? To address this aspect, the Trustees contracted with The Nova Group, a San Francisco-based firm, to conduct brief “Condition of Property” assessments for the Montgomery site and the Giffen House and Worship Center at Stony Point.
- As the operations at the two sites existed during 2019, what were the occupancy costs of each site (Appendix C)?

CONSOLIDATING TO STONY POINT AND SELLING THE MONTGOMERY PROPERTY

Pluses of Consolidating to Stony Point:

- *We would maintain ownership of this 7.58 acre site for future ministries
- *We would maintain children and young family ministries at current site
- *We would save a large portion of the \$90,000 - \$95,000 in current Montgomery annual occupancy costs
- *We would eliminate increasing maintenance costs at 70-year-old Montgomery campus versus newer, versatile SP building.
- *We would maintain the Community Garden, Safe Parking, and land for playing fields, VBS and other activities.
- *A Montgomery sale in the \$2.5 – 2.8 million range, based on the Keegan & Coppin market value estimate, would provide funds to pay off \$1.2 million mortgage balance and leave in excess of \$1.4 + million after closing costs toward further SP development.
- *We may be more likely to retain Stony Point congregants and financial support.

Minuses of Consolidating to Stony Point:

- *Major disruption for majority of present membership, risk losing significant number of members and financial support
- *Loss of Montgomery kitchen
- *Uncertainty of how much money we would net from Montgomery sale --- unless sold as a church or another entity that would utilize the buildings, the demolition costs and city development fees would significantly drive down sale price
- *Uncertainty of short-term to mid-term potential for further building at Stony Point, especially if we lose significant number of donors and depending on resolution of the California Tiger Salamander issue.
- *Limited space to coordinate Sunday morning schedules for two or three worship services and coffee fellowship time
- *Limited space for meetings, church school growth
- *Loss of rental income from at least some of the outside groups who rent space at Montgomery
- *Maintenance costs of the 7.58 acres are likely to increase --- ongoing landscaping, cottage needs removal, future of the barn, etc.

What We Have At Stony Point

Worship Center holds 120 – as of Feb. 2020 average total FUMC Sunday worship attendance is approximately 220-240

Facilities have 4,420 square feet of space not including 792 square feet of storage in pump house and garage.

19 paved parking spaces and 20 gravel parking spaces, with additional parking available at RL Stevens School or in the field when the ground is dry.

On-street parking TBD

One office in Giffen House

Two Sunday School/meeting rooms in Giffen House

Nursery space in Worship Center

Kitchen in Giffen House

Fellowship time can be held on the patio in good weather

Community Garden

Soccer Field

Cottage - needs to be removed, unusable

Garage - storage for garden equipment

Pump house - houses well, pump and water storage for irrigation

Barn - used for storage (area is not included in facilities calculations)

Space for growth, notwithstanding the California Tiger Salamander issue

IF WE CONSOLIDATE TO STONY POINT, WE WOULD NEED AT LEAST THE FOLLOWING:

Short Term (first 12 months)

Rent office space and storage space for contents of Fellowship Hall, kitchen and bride's closet, and several other storage spaces at Montgomery, at least until new kitchen and fellowship hall are built.

Upgrade the video and sound equipment, and add or move recording equipment.

Purchase new canopies to cover the patio area.

Long Term (beyond 12 months)

Convert Giffen House to church office area.

Build a new building to house Sunday School/youth room and meeting rooms, fellowship hall and kitchen. (We have met with two area building contractors --- one of them the contractor who built our Stony Point Worship Center. To construct a building similar in design to the Worship Center, having a commercial kitchen, restrooms, offices and meeting/church school spaces, both contractors indicated we should plan for \$475-\$500 per square foot. This gives a very general idea of costs).

Add additional paved parking.

Purchase an organ? (Electronic organ is now available).

Add solar panels?

Preschool located across from RL Stevens could be a needed service

WHAT WE WOULD GIVE UP, AT LEAST SHORT/MID-TERM:

Preschool

Spirit Cafe as a "dine in" ministry

Pipe Organ

Stained glass windows

Much of our community meeting spaces

Based On The Nova Group Report, What Major Maintenance And Repairs Will Be Required At Stony Point During The Next 10-12 Years?

The Nova Group estimated \$26,500 (in today's dollars) during the next 10-12 years:

\$2,250 - Flatwork and walkways

\$5,200 - Building Cladding/Exteriors

\$10,000 -Roof Systems

\$450 -Water Heater

\$3,600 -Heating/Cooling System and Controls

\$5,000 -Inside Furnishing

(The report covered only the Giffen House and the Worship Center)

CONSOLIDATING TO MONTGOMERY AND SELLING THE STONY POINT PROPERTY

Pluses of Consolidating To Montgomery

*Depending on the state-accepted formula for mitigating the salamander issue, we could conceivably net \$2.5 million for the sale of SP, after closing costs, in the current market climate. This would pay off the mortgage and have 1.4 million for future ministries and/or to modify Montgomery to accommodate SP worship and other activities (Obviously, these figures, like all others in this report, are today's estimates).

*Moving Children's Ministries to Montgomery utilizes classroom space and provides a base to market Montgomery for growth of young family/children's ministries.

*We may be more likely to retain Montgomery congregants and financial support

*We would retain the kitchen and fellowship hall, making Spirit Café and special events more workable

* We would retain space for Preschool re-start

*We would retain ample space for office functions and the music program.

Minuses of Consolidating To Montgomery:

- *Increasing maintenance costs for a 70-year old facility
- *Uncertainty whether Stony Point congregation would move to Montgomery
- *Potential difficulty in coordinating Sunday schedules and parking space; uncertainty how required modifications would be received by the Montgomery congregation
- *Mid-century architecture/appearance of the Montgomery facilities may be a negative in marketing to young families

What We Have at Montgomery:

Sanctuary holds 250 people.

21,543 square feet of space excluding Susanna Wesley House which is 1,745 square feet

32 off street parking spaces, 24 on street parking spaces.

Office space for 5-6 staff people and a copy room, reception area, mail boxes, etc.

Full commercial kitchen and fellowship hall for 200 people.

Second kitchen in McMullin room; kitchen in Susanna Wesley House

10 or more Sunday School rooms.

3 Meeting rooms (Carriage House, McMullin, Williams Parlor)

Library

Chapel

Preschool - office, classrooms and playground

Storage space

Approximately 74 solar panels

IF WE CONSOLIDATE TO MONTGOMERY, WE WOULD NEED AT LEAST THE FOLLOWING:

Short Term (first 12 months)

- Some form of reconfiguration of chancel area to accommodate the Praise Band
- Make any necessary changes in use of upstairs Sunday School rooms.

Long Term (beyond 12 months)

Finish upgrades to Susanna Wesley House

Reconfigure chancel area to accommodate all styles of worship (permanent).

(Note: use of Sanctuary for all services would leave Fellowship Hall for fellowship between services... and/or Remodel Fellowship Hall for contemporary worship (acoustics questionable, AV & recording equipment needed)

Add an elevator to second floor (ADA)

Remodel ALL bathrooms

Remodel/modernize Fellowship Hall.

Replace the kitchen cabinets and kitchen floor

Remodel the Sunday School and meeting rooms.

Based On The Nova Group Report, What Major Maintenance And Repairs Will Be Required At Montgomery During The Next 10-12 Years?

The Nova Group Report estimated \$99,500 (in today's dollars) as follows:

\$6,000 for park lot seal coatings

\$15,600 for exterior painting

\$57,000 for re-roofing

\$900 for water heater replacement

\$20,000 for replacement of various furniture, fixtures and equipment

WHAT WE WOULD GIVE UP IF WE CONSOLIDATE TO MONTGOMERY:

The Community Garden

Safe Parking

Soccer field

Outdoor space for VBS, Trunk or Treat, etc.

Appendix A

Recent Giving By Age/Projected Losses in Pledged Income Due to Mortality

	2016 actual	2020 forecast	2021 estimate	2022 estimate	2023 estimate	Death Probability per year
<61						
# of Pledging Units	54	34	34	34	34	0.00%
% of Pledging Units	27.3%	21.9%	22.9%	23.9%	25.0%	
Avg Pledge	2014	3556	3556	3556	3556	
Dollar Total	\$108,759	\$120,914	\$120,914	\$120,914	\$120,914	
% of Total Pledges	16.0%	18.6%	18.6%	18.6%	18.6%	
61-65						
# of Pledging Units	18	9	9	9	9	1.00%
% of Pledging Units	9.1%	5.8%	6.0%	6.2%	6.4%	
Avg Pledge	\$3,904	\$3,862	\$3,862	\$3,862	\$3,862	
Dollar Total	\$70,279	\$34,760	\$34,372	\$34,063	\$33,599	
% of Total Pledges	10.3%	5.3%	5.5%	5.7%	5.9%	
66-70						
# of Pledging Units	24	15	15	15	14	1.60%
% of Pledging Units	12.1%	9.7%	10%	11%	10%	
Avg Pledge	\$3,333	\$3,714	\$3,714	\$3,714	\$3,714	
Dollar Total	\$79,990	\$55,706	\$55,710	\$55,710	\$51,996	
% of Total Pledges	11.8%	8.6%	9.0%	9.4%	9.2%	
71-75						
# of Pledging Units	34	22	21	21	20	2.50%
% of Pledging Units	17.2%	14.2%	14.5%	14.7%	15.0%	
Avg Pledge	5350	3791	3791	3791	3791	
Dollar Total	\$181,903	\$83,410	\$81,355	\$79,346	\$77,336	
% of Total Pledges	26.8%	12.8%	13.1%	13.4%	13.7%	
76-80						
# of Pledging Units	23	23	22	21	20	4.10%
% of Pledging Units	11.6%	14.8%	14.9%	14.9%	15.0%	
Avg Pledge	\$4,509	\$5,140	\$5,140	\$5,140	\$5,140	
Dollar Total	\$103,716	\$118,230	\$113,543	\$108,968	\$104,753	
% of Total Pledges	15.3%	18.2%	18.3%	18.4%	18.5%	
81-85						
# of Pledging Units	32	19	18	17	16	7.00%
% of Pledging Units	16.2%	12.3%	12.0%	11.7%	11.4%	
Avg Pledge	\$3,253	\$5,025	\$5,025	\$5,025	\$5,025	
Dollar Total	\$104,083	\$95,470	\$89,229	\$83,415	\$78,139	
% of Total Pledges	15.3%	14.7%	14.4%	14.1%	13.8%	

86+

# of Pledging Units	13	33	29	26	23	13.00%
% of Pledging Units	6.6%	21.3%	19.7%	18.1%	16.8%	
Avg Pledge	\$2,386	\$4,290	\$4,290	\$4,290	\$4,290	
Dollar Total	\$31,015	\$141,586	\$125,268	\$110,854	\$98,241	
% of Total Pledges	4.6%	21.8%	20.2%	18.7%	17.4%	
TOTAL PLEDGING UNITS	198	155	148	142	136	
TOTAL DOLLARS	\$679,745	\$650,076	\$620,390	\$593,269	\$564,979	
REDUCTION			\$29,686	\$27,121	\$28,290	

Assumptions: No growth or decline except for mortality.
Death probability is average for each group
male/female.

J.D. 7/7/2020

APPENDIX B

From: Brian Keegan
Sent: Nov 5, 2020 1:45 PM
To: 'Sam and Suzanne Cox'
Subject: RE: First United Methodist Church Properties

Hi Sam

Thanks for your patience. Dave and I have been doing some research and analysis and have concluded the following:

1507-1551 Montgomery Drive

- The value still lies in selling the property with the buildings, as the value on the land alone is significantly less
- The zoning is R-1-6, R2 which in best case scenario would allow 13 units per acre. The total of both sites is approx. 1.148 acres so the max development would allow 15 units. An estimate on land value would be approximately \$50,000 per unit which would be a total of \$750,000
- The analysis including the buildings is less than the previous analysis I sent in May 2019. Most churches are in similar predicaments to you, doing online services. That being said the residential portion is slightly more valuable than before. Here is a breakdown of our opinion of market value if we were to list the property:
 - Sanctuary 3,666 sf \$125/psf \$458,250
 - Fellowship 14,648 sf \$125/psf \$1,831,000
 - Small house 814 sf \$125/psf \$101,750

○ Parsonage	1,745 sf	\$440/psf	\$767,800
○ Meeting	2,415 sf	\$125/psf	\$301,875
○ Extra Parking	8,400 sf	\$20/psf	\$168,000
○ TOTAL			\$3,628,675

- Please keep in mind that the market for this type of purchase is soft right now, and it is likely that a Buyer would negotiate that price down. This would be a ballpark listing price and you would expect to negotiate based on your motivation
- Doing a lot split can be quite costly. The soft costs alone for engineering, architectural, and plans submitting to the city/county can easily be north of \$50,000. I asked two clients who recently did a lot split and they both gave numbers around \$60,000. Additionally, one had to spend a large cost in splitting the water utility (\$150,000)

2150 Giffen Ave

- As you know, there is a lot of nuance involved with the site and its development potential. When doing an analysis like this we separate the buildings from the remaining land, not because you would be doing a lot split, it is just the way we break down the various aspects that give the property its value.
- Regarding the California Tiger Salamander, I spoke with Melanie Day with Ca Fish and Wildlife and also spoke with a private biologist. I confirmed that the property is still in the 2:1 mitigation ration on the salamander map (see attached). The way that the ratio is determined is the distance from your site to the closest breeding pools (see the key on the attached map). Your site is within the yellow boundary meaning it is within 2200 feet from the closest breeding pool. That distance requires 2:1 mitigation (a developer must buy mitigation credits of 2 acres for every 1 acre developed. Mitigation credits are costing approx \$180,000 per acre). I believe that you have a letter with a federal biological opinion that there are no salamanders on site, it may not make a difference because the mitigation is determined by distance. HOWEVER, Melanie Day did say that they take things into consideration like “barriers” meaning that effectively the area all around your site has been developed and it would be difficult for a salamander to migrate from a breeding pool to your site. A developer could also lean on the federal opinion that there is no CTS on site, though I believe the letter you have is rather old and may not be as efficient as a new opinion. To develop the property the city/county would require a CEQA environmental report and CA fish and wildlife doing an incidental take permit. Melanie said that there is no way to give a clear answer here on which way this could go.

- Current building values

○ Sanctuary	3,200 sf	\$200/ft	\$640,000
○ Giffen House	1,220 sf	\$160/ft	\$195,200
○ Well House	360 sf	\$80/ft	\$28,800
○ Garage	432 sf	\$80/ft	\$34,560
○ TOTAL			\$898,560

- Since we don't know what would happen with the salamander, here are two scenarios:
- SCENARIO 1 (no mitigation)
 - Buildings \$900,000
 - 6 Acres \$3,900,000
 - Total \$4,800,000
- SCENARIO 2 (2:1 mitigation)
 - Buildings \$900,000
 - 6 Acres \$3,900,000 - \$2,160,000 (2:1 mitigation) = \$1,740,000
 - Total \$2,640,000

You could list at the higher number but I would guess that any offers would come in closer to the lower number. Also, it may be a long escrow period for the Buyer to determine the environmental impacts. Potentially you could sell the property for less if it is a shorter escrow and the Buyer takes a risk.

Please feel free to call with any questions.



Brian Keegan, OPERATIONS DIRECTOR / SREA | LIC. 01809537

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APPENDIX C

Montgomery Drive / Stony Point Campus Cost Comparison 2019 Calendar Year

Vendor	Description	Montgomery	Stony Point	Total
Various vendors	Janitorial	\$ 22,479	\$ 3,890	\$ 26,369
PGE	Gas and Electric	\$ 17,957	\$ 5,850	\$ 23,807
Insurance	Property and Liability	\$ 14,558	\$ 7,839	\$ 22,397
City of Santa Rosa	Water/Sewer	\$ 11,147	\$ 1,281	\$ 12,428
Various vendors	Maintenance and Repairs	\$ 9,856	\$ 5,087	\$ 14,944
Recology	Garbage/Recycling	\$ 8,548	\$ 3,113	\$ 11,660
AT&T	Phone	\$ 5,137	\$ 3,342	\$ 8,479
B.E. Bird Landscape, Inc.	Landscaping	\$ 2,200	\$	\$ 2,200
County of Sonoma	Property Taxes	\$ 506	\$ 5,319	\$ 5,825
AT&T	U-Verse (Cable and Internet)	\$ 419	\$ 541	\$ 960
	Total Costs - 2019 Calendar Year	\$ 92,807	\$ 36,262	\$ 129,070
	<i>Monthly Average Cost</i>	<i>\$ 7,734</i>	<i>\$ 3,022</i>	<i>\$ 10,756</i>

Notes:

2019 calendar year was chosen for cost comparison because it represents a typical non-covid year.

PGE costs for Montgomery Drive include Susanna Wesley House metering

Landscaping costs for Stony Point are included in Maintenance and Repairs costs

Insurance costs are allocated on an estimated 65% Montgomery / 35% Stony Point basis.

2/20/21