Planning, Funding and Building Your Church Project

- Architect
- Financing
- Capital Campaign
- Selecting a Contractor
- Furnishing Your Facility
The concept of “church” named and described by Christ and His early followers referred to the communities of believers who gathered to worship, learn, give support to each other, and spread the Word of God to others. Each congregation understood its mission in the purist sense as these early Christ-followers met in homes, caves, and catacombs.

Church meeting places have changed for the better, but it is as important today as it ever was for each community of Christ to understand fully its particular mission for its members and its outreach to others. It is never just about the building, the furnishings, the parking lot, the landscaping. It is always about why you are a congregation and how Christ is working through you in ministries and missions.

When you understand God’s purpose, you are ready to evaluate your current facilities in that light, your planning will become more focused; your members will become more involved; your probability of success is more certain.

“And I tell you that you are Peter, and on this rock I will build my church...”

Matthew 16:18
The businesses and individuals who have come together to produce this guide for churches share a belief and commitment to use their knowledge, skills, and resources to assist Christian churches in fulfilling their missions. We recommend the following steps in assessing your church's facility needs and moving forward in your capital development:

1. Bring the congregation together in discussions about the mission of your church, its current status, and its vision for future growth and service;

2. Determine your facility needs to further your ministries and mission
   - Form a building committee
   - Select an architect

3. Establish a preliminary project budget and develop a funding plan
   - Consult with a capital campaign advisor to assess your fundraising opportunities
   - Talk with a bank about your borrowing capacity
   - Assess your furniture, fixture, and equipment needs

4. Select a capital campaign consultant and conduct your capital campaign

5. Finalize project scope and furnishings; select a general contractor

6. Finalize financing arrangements and begin construction.

The information that follows is designed to deepen your understanding of the process and the professionals whom you will need in planning, funding, and building your church project.
The Role of the Architect

An Architect guides a Church through a 7-Phase process:

1. Programming is the cornerstone to success of the Project – the time during which the Architect keenly listens to the Church’s needs. This includes workshops with the Building Committee to gather general and specific information for functional requirements related to site and facilities – inclusive of:
   - Worship
   - Education
   - Fellowship
   - Recreation
   - Administration
   - Ministries
   - Town Hall Meetings with the Congregation to gather general information related to site and facilities.
   - Written Program Document identifying quantitative and qualitative requirements communicated in Workshops and Town Hall Meetings.

2. Master Planning follows, emphasizing:
   - Analysis of site influences such as zoning ordinances, topography, environment, vehicular/pedestrian movement, access and egress, utilities, etc.
   - A Site Plan then depicts primary components of the new site layout such as new and existing buildings, parking/drop-off/circulation, storm-water management, landscaping, outdoor spaces, etc.

3. Schematic Design represents the scale & relationship of Project components, and consists of:
   - Floor Plans depicting layouts of new buildings, and recommended modifications to existing buildings.
   - Building Elevations depicting primary exterior views of new and modified existing buildings.
   - Perspective Rendering - Three-dimensional rendered color drawings featuring the site and proposed facilities may also be provided at this stage.

4. Design Development consists of drawings and other documents to fix and describe the size and character of the Project as to architectural, structural, mechanical and electrical systems, materials and other such elements as may be appropriate.

5. Construction Documents are based on approved Design Development Documents and any further adjustments in the scope or quality of the Project. Construction Documents, consisting of Drawings and Specifications, set forth in detail the requirements for the construction of the Project.

   The Architect also assists the Owner in the preparation of the necessary bidding information, bidding forms, the Conditions of the Contract, and the Form of Agreement between the Owner and Contractor.

6. Bidding or Negotiations. The Architect assists the Owner in obtaining bids or negotiated proposals and assists in awarding and preparing contracts for construction.

7. Construction Administration includes:
   - Pre Construction Conference with Owner, Contractor & Key Subs
   - Review Subcontractor/Suppliers
   - List & Schedule
   - Site Visits (Periodic) & Reports
   - Change Orders, Negotiations/Processing
   - Field Orders
   - Shop Drawing Reviews
   - Daily Clarification to Contractor
   - Close-Out, Operating Manuals, Testing & Balancing, Release of Liens
   - As-built Drawings Coordination
   - Record Documents

OCCUPANCY!
A Time of Celebration for All!
Financing Tips

Choose a financial institution and a banker with experience in lending to churches. The right banker can be an important advisor to your church during the planning process.

Underwriting:
Talk with a financial institution early in the process to determine your borrowing capacity. This will help you create a funding plan and a preliminary project scope.

A church may qualify for financing of approximately 3 times their operating budget, plus additional short-term financing to be repaid from pledge collections.

Banks will also consider your historical trends, past capital campaigns, loan-to-value, cash reserves, demographics, tenure of the pastor, denominational oversight, and corporate governance when determining a church’s borrowing capacity.

Capital Campaigns:
Capital campaigns are an important funding source for your project. They demonstrate the congregation’s level of commitment to the project and help the church minimize their long-term debt. Most churches can raise 1 – 3 times their operating budget with the help of a capital campaign consultant.

Loan Structure:
Interest only financing is offered during construction.

Permanent financing typically has a fixed rate for 5, 7, or 10 years with amortizations of up to 20 years.

Rates and fees are determined based on the creditworthiness of the Borrower and vary between financial institutions.
A church that needs to plan and conduct a successful capital campaign will benefit from engaging experienced fundraising counsel in several ways. It is also best to involve the consultant early in the process so that capital campaign preparation can be done in concert with the work of the building committee.

We believe that you should expect your consultant to provide:

- Expert advice on the campaign preparation
- A comprehensive campaign plan that includes leadership roles/responsibilities and a step-by-step list of tasks and time frames for completion
- Training for campaign volunteers in how to ask for money
- Assistance in the creation of campaign materials including the case statement, commitment forms, and other related documents
- Ongoing counsel, encouragement, and problem-solving throughout the capital campaign period

Most importantly, you should expect absolute honesty from your consultant along with the experience necessary to adapt to changing situations. No two capital campaigns are alike, and your counsel should have the knowledge to solve problems that are not “in the book.”

All capital campaigns have three basic phases:

Preparation Phase -- This is the important time to build the foundation for a successful campaign. An evaluation should be done of congregational giving ability; the campaign leadership is engaged; the case statement is prepared; the campaign plan and list of tasks are completed; campaign volunteers are trained in asking for major gifts; the leadership of the church and of the campaign are solicited. Sometimes, a feasibility study is necessary, but this is not usually needed for church campaigns.

Quiet Phase -- It must be acknowledged that there is no such thing as a true “Quiet Phase” in a church capital campaign. However, it is an important time to solicit leadership gifts, finalizing the building plans, and determine the capital campaign goal based on the physical needs of the church and the depth of support of key congregational donors. This Phase continues until 60% of the goal has been pledged. Only then will the “Public Phase” be planned.

Public Phase -- The campaign goal and the progress made toward accomplishing it will be announced to the congregation. This is a time of celebration that kicks off the general, but personal, solicitation of every church member. When the campaign goal has been achieved, it will be time for another celebratory event.
Selecting Your Contractor

Prior to choosing the General Contractor, the Church must first decide what type of facility it wants to build. Church construction projects are inherently different from typical commercial projects. The final construction goals are usually based on suggestions and input from a large group of people.

- It is important for the Church to have common and unified goals that they would like to achieve with their building program before the design process starts.
- It is essential to communicate to the design professionals the budget requirements for the new project.
- It is important to distinguish the construction cost in relationship to the total project budget.
- While the cost of construction is a major part of the total project budget, there are many other costs that need to be identified: design and engineering fees, utility fees, builder's risk insurance and furnishings are just a few examples of costs that should be budgeted in addition to the construction costs.

There are primarily two methods of selecting the general contractor:

1. Lump Sum Bid
   The traditional bid method is a two-part process. Initially, the Church selects the Architect who, in turn, develops design documents that will be used for both the bidding process and constructing the project. Once bids are received from qualified contractors, the Church makes its selection.

2. Negotiated Fee
   Unlike the Lump Sum Bid method, the Church selects the contractor early in the design process. Usually, contractors are interviewed and are asked to submit their proposed construction fees. The selected contractor is then required to provide pre-construction services while the project is being designed. Pre-construction services include preliminary estimates, scheduling and drawing, and specification review.

Very often lump sum bids come in over budget after all construction documents have been completed. By providing pre-construction services, budget estimates and value engineering are provided prior to final design. Most churches are under tight budgets, and additional funding is very difficult. This method assures that the project will be designed within budget.

Regardless of which method the Church utilizes in the selection process, it is important to consider qualified contractors. The building committee should consider the following:

1. Experience:
   - Has the contractor built other churches and, if so, how many?
   - How does the project size fit the contractor's capability?
   - Has the contractor worked with the selected architect?
   - Does the contractor have cost models from similar church projects that they have recently completed?
   - How does the contractor insure cost control techniques?

2. Reputation:
   - Check references carefully.

3. Financial Strength:
   - Ask the contractor for financial statements.

4. Personnel:
   - Has the proposed Project Superintendent constructed churches? It is important, especially with building additions and renovations, that the Project Superintendent be experienced in working in a church environment.
   - Is the proposed Project Manager experienced in church construction?

Building a church facility is truly a team effort. The Church, Architect and Contractor should develop a sense of unity to assure the successful completion of the project. An attitude of commitment from all parties and excellent communication goes a long way to guarantee that the building requirements will be achieved.

All parties should appoint one spokesperson to communicate all construction issues. Typically, the contractor's project manager will serve as their representative. Likewise, the architect will usually appoint a project architect to represent their firm. Note that it is very difficult to "build by committee." Therefore, it is necessary for the Church to select a reliable individual to serve as a liaison between the church building committee and the contractor.
**How to furnish our new Church?**

The contents of your new facility often can and do represent a substantial part of your budget. As you begin to consider furnishings and the supplier you will use, the following information may be helpful.

1. Identify one person who will be the voice of the church. It may be the committee chairman or the business manager, but all communication to your chosen supplier will be better handled by one individual.

2. In choosing a supplier, the bottom line is certainly important but not exclusively. Identify a supplier who knows the church business and understands your needs. A good supplier should be able to help you with space planning and management, provide you samples of products, and has a clear understanding of the timelines and lead times that need to be met.

3. In every construction project the unexpected will often happen. Occupancy and delivery dates can change for many reasons. It is good to realize this going into the furnishing process and make sure both you and your supplier have a plan and can adapt accordingly.

4. Consider consolidating as much of your order with one supplier as possible. This will provide you better pricing, make the supplier much more attentive to your needs, and create a partnership between church and supplier.

5. Make sure there is a clear understanding regarding the delivery of your product. What date will this happen? Will the product be delivered and installed? Who is responsible for clean-up after delivery? These are all critical issues that can really make your move-in process significantly easier.

6. Finally, make sure that your supplier is committed to you after the install. There will be issues that need to be addressed, sometimes weeks after the install. A true partnership will continue long after the initial job is done.

At MinistryResource, we take the flood of information a church in construction receives and manage it for you so you and your committees are not overwhelmed. We will work with you, providing pricing and details in easy to understand language (with no jargon), however your budget is allotted. If you need the whole project, we will deliver the whole project. If you prefer to phase the purchasing, we will help you, adhering to your budget without sacrificing the best quality.