

## **A Future for Plymouth House: Summary**

- For years we have looked for ways to use our facilities in a way that ensure their upkeep and accommodate our space needs. Previous proposals (e.g. working with outside developers) have proved to be unworkable.
- The use of Plymouth House (the 3-story building north of our Sanctuary) is infrequent by our congregation and its configuration has some specific limitations (i.e. lack of adequate bathrooms.)
- A recent Facilities Study has indicated that our current pattern of renting out to multiple tenants is limited financially. The study suggested that configuring the space for a single tenant would increase the income-generation from that portion of the building.
- A plan has been developed that would involve renovating Plymouth House and renting it to a single long-term tenant. (Conversations with a strong potential tenant have already begun.)
- The financing would come from the Berkeley Pilgrimage Foundation, the non-profit organization that used to oversee Amistead House, the senior housing facility in downtown Berkeley that was recently sold. No fundraising or capital campaigns will be required.
- The rental income would cover the costs of financing and provide a greater income return than from our current situation. At the end of the 15-year loan cycle, the income generated from Plymouth House would be substantial.
- The renovation would create facilities that would be directly beneficial to the church as well as the tenant.
- The congregation will be asked to vote in December to move forward with this project. If that vote is affirmative, then a second vote will need to be taken in January to approve taking on the loan for the renovation.

## **A Future for Plymouth House: Full Report**

The Church Council, Long Range Planning Committee (LRP) and Ministry of Stewardship, Finance and Administration (SFA) are offering to the congregation a bold and exciting proposal for the use of Plymouth House, the 3-story portion of our building to the north of our Sanctuary:

To renovate the building to make it usable by a single tenant, including improvements that will directly benefit our congregation;

To secure financing in a way that will not involve fundraising or a capital campaign, and will also create an increase in income in both the short and long-term;

To find a tenant whose basic goals are in line with our mission to serve our community, with whom we would be willing to share space in a cooperative way.

A unique combination of factors is converging at this moment in time that makes this current plan feasible. We are asking that the congregation approve this plan in principle so that its various elements can be fully developed for a final vote by the congregation.

### **Background**

Currently, we have more space than we, as a church, are using. Our building costs are unsustainable in the long-term as deferred maintenance increases and our buildings age. Conversations have ensued for years exploring various ways we might share or convert part of our property as a strategy for sustainability. Various plans have come and gone, running into roadblocks of one sort or another.

At this point in our history, Plymouth House is only rarely used by our congregation. We have rented out various parts of it over the years, but a recent study commissioned by LRP and SFA has indicated that this “piecemeal” rental strategy doesn’t return the full potential of the space. To rent to a single tenant could significantly increase our income, in turn supporting the maintenance of our facility and propelling our mission in the community.

### **The Renovation**

The current plan for renovation fulfills two goals: to make the space usable by a single tenant (a small private school) and to provide functional space to the church. Rooms would be reshaped for use by a school, an elevator would be installed for accessibility, Plymouth Assembly and the adjoining kitchen would be updated, a new robing room would be created for the choir, some storage would be added, and a significant number of new bathrooms would be installed. Some of those bathrooms would address a long-standing lack of bathrooms accessible from the Sanctuary and others would adjoin Loper Chapel, completing the functionality of that recently renovated space.

Significant architectural plans have been developed and the Berkeley Planning Department has been consulted. Also, detailed construction estimates and timelines have been developed. The current projected cost for the renovation is estimated to be \$1,500,000.

### **The Tenant**

In its exploration of this plan, LRP formed a committee to investigate potential tenants for such a space. Because the tenant must be a non-profit organization, private schools became likely candidates. The committee's research has led to two conclusions: that there appears to be a lively market demand for space like ours and that a particular prospective tenant, the East Bay School for Boys, is ready to enter into negotiations with the church to rent the space on a long-term basis.

Although this plan is not dependent on any particular tenant, the fact that the East Bay School for Boys has a strong interest in the space and a need to move relatively soon leads us to move this project forward expeditiously.

### **The Financing**

With the agreement of Church Council and SFA, the LRP Committee has also initiated conversations with the Berkeley Pilgrimage Foundation (BPF) to secure a 15-year loan at a rate favorable to both the church and the Foundation.

The BPF is a non-profit organization that was formed by FCCB 30 years ago to address senior housing needs. It created Amistad House, a housing development in downtown Berkeley for low-income seniors. Recently, the organization sold the property, ending its direct involvement in that particular project. It is now in the process of redefining its mission. Although it is an entity separate from the church, its board is made up of FCCB members (a stipulation of its bylaws).

It is reasonable for the BPF to invest its money in the Plymouth House renovation project, because the Foundation would realize a fair return on its investment. The interest paid on the loan by FCCB would fund the organization's future initiatives. At a recent meeting the Board of Directors of the Foundation agreed in principle to consider financing the project.

Based on current projections of revenue and expenses, the renovated Plymouth House would yield an immediate net increase in annual income for the church. The additional income would be modest during the years of loan payback, but at the end of the 15-year loan period, Plymouth House would provide a very large rental income (\$200,000 to \$300,000 annually).

### **Moving Forward**

To take the next steps in this process and to do it in a timely manner, LRP has been asked by Church Council to plan a series of informational meetings for the congregation during

the month of November. In December, the congregation will be asked to vote to authorize LRP, SFA and the Council to pursue this path in principle:

To negotiate terms of a lease with the potential tenant;

To continue to develop plans for the renovation;

To arrange financing through the Berkeley Pilgrimage Foundation.

If these steps are successful, then an additional congregational meeting would be called in January to approve the plans for financing, construction and use of the renovated Plymouth House.

## **A Future for Plymouth House: FAQ's**

### **Why not leave things as they are?**

We are not able to maintain Plymouth House as it should be. The roof needs work, the bricks need tuck-pointing and the interior surfaces have remained essentially un-touched for 55 years. The bathrooms are inadequate for the number of people and organizations using the facility. This is an opportunity to improve accessibility and upgrade the building without the need for a capital campaign.

### **Are we moving quickly?**

In the big picture, no. The leadership of the church has been considering various proposals for dealing with the challenges of our facilities for over ten years. This current proposal is the result of many conversations, several studies, and plans that have been worked and reworked. Certain elements of this plan behoove us to move expeditiously in order to coordinate lining up a tenant and completing the renovation. Throughout the process that has led to this proposal, time has been taken to consider it from all angles. We are also benefitting greatly from having church members who are also experts in design, construction, planning and financing.

### **What advantages do we gain as a congregation from the renovation?**

- Increased income for maintenance or other uses
- A fully restored building with new lighting, flooring, millwork and an elevator
- Storage closets for the chancel risers and instruments
- A new choir robing/Green room
- A new kitchen for Plymouth Assembly
- An event space for small performances, lectures and meetings (the Chapel) with adjoining bathrooms and an updated reception area with a “caterer’s” kitchen for use by the church and outside groups.

### **How will having this tenant affect the day-to-day life of the church?**

The most likely tenant for our space would be a private school. This would probably entail more shared space use. For example, they might use the Large Assembly, Loper Chapel or the front lawn during the school day.

### **What happens to our current tenants?**

Many of our current tenants would be affected by this change, which has been the subject of long conversations in the planning process. We will be working closely with them to accommodate their needs when possible and also give ample time for them to make other arrangements.

### **How does proposed rental income compare to current income?**

The proposed rental income would be modestly more than what we are receiving currently and would continue to increase over the term of the lease. Once the 15-year mortgage has been paid off, the net income to the church would be over \$200,000 per year.

**What if the proposed tenant doesn't fulfill their lease agreement?**

The current plan would require the tenant to guarantee an amount that would cover our interest expenses for a period that would allow us to find a new tenant.

**Is FCCB protected from financial loss if there are unexpected costs associated with the renovations to Plymouth House?**

We would look to the Berkeley Pilgrimage Foundation to cover any unexpected increases in the construction costs. These costs would be built into the mortgage and would reduce the amount of income generated during the course of the mortgage.

**How is the Berkeley Pilgrimage Foundation able to make this loan?**

The Foundation was formed to create Amistead House, a housing project for seniors in downtown Berkeley. Recently that facility was sold and the assets from that sale will now be used to support the work of the Foundation. The BPF is a separate from the church but is closely-related. Members of the board must be FCCB members. Funding this loan with an appropriate level of return in interest would be in line with other investment strategies it might use.

**What if our congregation grows substantially and we need more space a few years from now?**

We anticipate that substantial growth in our congregation could take place without needing additional space in Plymouth House. The new agreement could also make some space in Plymouth House more accessible to our congregation and its activities than it is currently.

**What is the construction timeline?**

Construction of the bathrooms next to the Chapel, along with the storage closets/entrance off the Hall of Entrance would be expected to start at the end of March and would take approximately three months to complete. The main construction project would be slated to start in the first week of July with a completion date of mid December.

**Will the renovation affect parts of our building that we do use?**

A temporary separation wall will be built in the Hall of Entrance for the Phase I work. The Chapel will be usable throughout the projects. The Plymouth House entrance off of Durant will be closed for Phase II of the work.

**Will the revisions include extensive Internet access to the tenant and to FCCB?**

The building will be wired for wireless internet access.

**Will the renovation make changes to the Hall of Entry?**

The Hall of Entrance will feel a bit smaller as we create the storage capacity for the risers and musical instruments, as well as the hallway to the reconfigured entrance to Plymouth House. The detailing of all of the changes in the Hall of Entrance will be in keeping with the existing look. The integration of the new features should be seamless with what we have enjoyed over these many years.

**What will happen to the Choir Room?**

The Choir robbing room will move from the old library next to Loper Chapel to what is currently the storage area off of Maclean Lounge. There will be lockable storage cabinets for the robes as well as the sheet music and binders used by the choir.

**Will there be an opportunity to see the plans for the renovated Plymouth House?**

The preliminary floor plans will be presented at the upcoming information meetings along with explanatory tours of the building.

**When was Plymouth House built?**

1955.

**Does Plymouth House meet the seismic safety code requirements for a school?**

Yes.