

Drummoyne Presbyterian Church

A congregational meeting will be held in the Church at 7:30pm on Monday 13th July 2009 to approve capital works to the Cottage at 10 Bowman St Drummoyne for less than \$40,000. Please read this handout prior to the meeting.

Background:

The cottage at 10 Bowman St was owned by Sir Thomas Henley, local MP, businessman and elder at dpc for many years who on his death bequeathed the cottage to the Church. The Session and Management Committee share the view that the most strategic use of the cottage at this time is as accommodation for ministry staff. However, both Session and Committee have become increasingly aware of some of the shortcomings of the cottage as a home for anyone and particularly as a ministry home where groups, meetings and hospitality usually place a greater demand on the home. (Ian & Liz Halbisch and others in the past have been very gracious about this.) After much thought and consultation the Committee are proposing that the following renovations be made to the property.

The proposal is to renovate the cottage with funds already held in trust for capital works. Through a bequest some time ago \$40,000 was given to dpc which can only be used for capital improvements.

It is anticipated that work would commence in late July. Upon completion (in about early November) Darryl Soh and his family would move in to the cottage.

How can we afford to do this when we are struggling/unable to meet our staff budget?

The increases to the dpc staff in 2008 were perhaps getting a little ahead of ourselves. While we continue to grow we have not met the ambitious targets that were set. Ian and Liz Halbisch were due to finish in December 2009 but this has unfortunately been brought forward. Ian is expected to finish up in Drummoyne and take up a ministry position in Wagga as the Assistant Minister in July.

The renovations will be funded from a bequest made some time ago of \$40,000. It is money that we cannot use for wages or other ongoing costs but is specifically for capital works. In other words we could not use this money to keep the Halbisch's at DPC for the remainder of 2009.

While the property is vacant is the ideal time to do structural works.

Wouldn't it better to rent the cottage out?

Currently we pay Darryl a rental allowance and he provides his own housing. Upon moving in to the cottage we would cease to provide this allowance. The saving we will make by not paying him this allowance will be roughly equivalent to the potential net rent of the cottage.

What will the renovation involve?

The renovations will remove internal walls between the kitchen and dining areas, provide internal access to the laundry and back toilet, and the provision of a modern kitchen and laundry. The cottage would then have 2 living areas, a modern kitchen and 2 internal toilets, whilst the overall external dimensions of the cottage would remain the same.

Is this a wise management of our assets?

The Committee's primary aim is to provide appropriate housing for ministry staff in the cottage, but it is comforting that this development also makes good financial sense if the cottage needs to be rented in the future. Enquiries with local real estate agents suggest that in its current state the cottage would net approx \$500 per week in rent. Advice provided to

the Committee suggests that with the proposed renovations the cottage would rent for between \$600-700 net per week. Based on the proposed expenditure of less than \$40,000 we would be achieving a gross Return on Equity of between 13-26%. Currently the funds are held with the NSW Presbyterian Trustees earning bank interest.

Apart from our maintenance needs for which these capital funds cannot be used, the Committee is aware that there are other capital improvements needed at dpc including the pressing needs for toilets in the church building. On balance, the Committee believes the cottage is the best use of these funds at this time. The Committee is investigating starting a building fund for major works in the near future.

Project Team: The team consists of Dave Sampson, Richard Ferguson and Chris Wilson who bring a wealth of experience to this project. The Committee is grateful for the professional expertise donated already by Richard and Chris in bringing the project to the DA stage. The team will co-opt and consult as required throughout the project and will be looking for volunteer labour to keep costs to a minimum.

Plans for Council: Attached at Annex A are the proposed plans for council. Please note that this Development Application includes work that could be done in coming years (a back deck, etc...) but there is no plan to proceed with all this work at this stage. For expediency these extra items have been bundled into the current Development Application.

Budget: Attached at Annex B is an estimate of costings by a qualified builder. A second estimate will be secured before the Congregational Meeting. At this stage the Committee is proposing to complete only the internal work totalling \$38,000. We are asking that the proposed budget figure be set at "less than \$40,000" to provide for slight overruns. The Project Team will report directly to the Committee on a monthly basis. The Project Team will secure necessary quotes at each stage before work commences and the Committee promptly informed of any changes. Any significant change to the project will be reported to the congregation.

Risks: The project is containable and minimal in its scope, but is not without risk. The 2 major risks that are evident at this stage are:

1. Time / Cost overruns. Whilst little can be done to speed the wheels of Council process, the project schedule and budget will be closely followed and communicated to Committee.
2. Injury to personnel. Strict standards of OH&S will be adhered to as well as ensuring our insurance cover remains appropriate for this development.

Project Milestones:

July	Congregational Approval
August	DA Approval
August	Demolition, structural changes
September	Plaster, carpentry, electrics and plumbing
October	Kitchen, tiling, finishes
Early November	Move in

Questions or Feedback?

If you have any questions about this proposal prior to the Congregational Meeting please call Dave Sampson (sampsonteam@optusnet.com.au | 97052011) who is heading the Project Team or any member of the Committee.