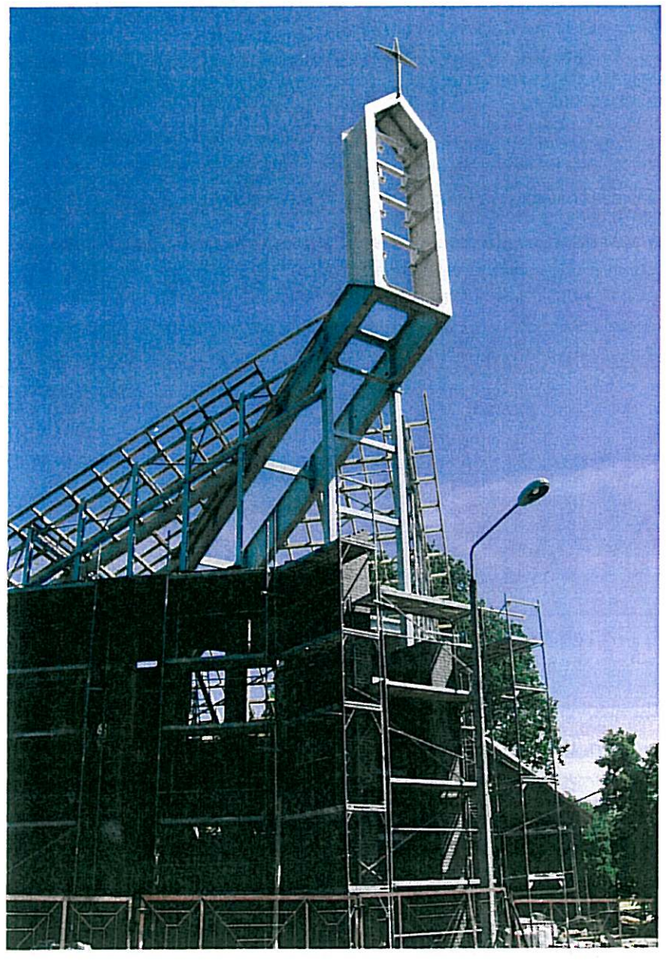
Selecting a Building Contractor in Today's Economy



As the recession drones on and material and labor costs plummet, churches are faced with a wealth of builders and a number of concerns

By Sibley Fleming

Here's the good news: It's about 25%-30% cheaper to build a worship facility today than it was a year ago. For the money and the quality of the labor, there's simply no better time to build. Not only will church pastors stretch a dollar farther, but initiating building projects, which typically provide local employment opportunities, can help churches in the current economic climate build membership and fulfill outreach missions.

Now for the bad news. Despite the precipitous drop in materials and labor costs, more contractors from the residential and commercial markets are entering the church building field than ever before. Against this backdrop, church pastors and leaders should take on a heightened commitment to due diligence when selecting a contractor.

"Now it's almost [as if] every contractor out there is a church builder," explains Daniel McCabe, Western states project manager for Continental Construction & Management Inc. based in Albuquerque, N.M. "Two years ago because of how churches operate and how unique they are, you had contractors out there who wouldn't touch a church. With the times changing, it definitely [seems] like every contractor out there is a church builder."

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— Daniel McCabe, Western states project manager, Continental Construction & Management Inc., Albuquerque, NM

With more contractors entering the worship facility market with no experience in the niche, the outcome is likely to be more price cuts for churches, which can be a positive. But before taking the lowest bid, experts advise that churches first take a close look at the financial stability of the contractor under consideration.

Don Lawson, principal of the Lawson Group Architects Inc., an architectural firm based in Sarasota, Fla., says the first step to determining the financial stability of a contractor is to find out if the contractor is bonded. "If the contractor is bonded, it means they've gone through audited financial statements through insurance companies in order for that insurance company to be able to offer a payment and performance bond to any project owner," says Lawson, who is also chairman of the board for the Bank of Commerce in Sarasota.

In addition, he says, church leaders or their project managers should request a letter from the contractor's bank, which shows the contractor's average account balance. That number can be particularly relevant, because if the contractor does not have money to pay a subcontractor in the months he's waiting to get paid by the owner, that subcontractor could file a lien, a lawsuit, or even go out of business.

"A lot of things, [especially] in today's market, turn so fast. You can be in business on Friday and out on Monday just because you're not paying your bills or something," says Dan Brodbeck, president and CEO of American Constructors Inc. based in Nashville, Tenn., who encourages churches not to rely on a performance bond for safety.

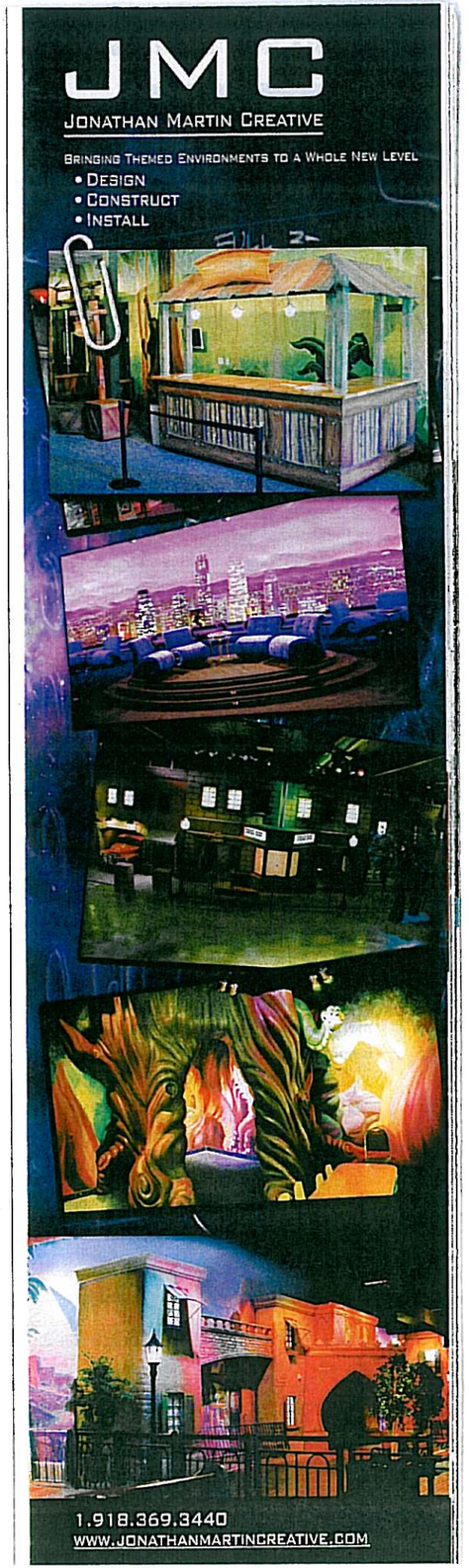
"If the only thing [a church] is getting the performance bond for is to get them through the project, that would scare me," he cautions. "Yes, you might have a bond that will pull you through financially but what a disruption of the process and the project; and that would be kind of scary to me."

The Basics

There are pros and cons to selecting an untested contractor, however, there are a few basics that never change. All experts agree that churches should get the contractor onboard early at the beginning of the design process; the church should research the contractor's qualifications; and because the process of building a worship facility can take up to two years, the church should feel comfortable working with the contractor.

"The one thing that they have to do in trying to find the right contractor is to find someone who understands the mentality, the vision and [the] goals of the local church," says Lawton Searcy, consultant for Sprung Instant Structures, inventor and manufacturer of stressed membrane structures, an engineered, relocatable, clearspan building alternative based in Salt Lake City, Utah.

In addition to his work as a consultant for Sprung, Searcy has also served as a pastor



"[Contractors] have to understand the uniqueness of the fact that the pastor is dealing with a lot of volunteer committees, a building committee … a decorations committee. [So a pastor] needs someone who has experience in working with or building for churches, and preferably they themselves are active in a church."

—Lawton Searcy, consultant, Sprung Instant Structures, Salt Lake City, UT

for 35 years and completed his doctoral project on planning church facilities at New Orleans Baptist Theological Seminary. "[Contractors] have to understand the uniqueness of the fact that the pastor is dealing with a lot of volunteer committees, a building committee, he may have a decorations committee," Searcy explains, "[so a pastor] needs someone who has experience in working with or building for churches, and preferably they themselves are active in a church."

Searcy's church, Day Spring, is a 7,500-square-foot Sprung structure. Utility bills are 60%-65% cheaper than a traditional building, and the exterior cost for the shell and membrane of the facility are about half. As a supplier and manufacturer of the stressed membrane structure, Sprung will also help in the process of selecting an architect and a contractor with experience in the building type, if needed.

"Beyond the shell of the building—brick and mortar, wood or Sprung—interior design is going to be the same," notes Searcy. "You stud up the walls, you put the air-conditioning in, the wiring, sheet rock it, paint it. Once you step in a Sprung, you'd never know that you were in a Sprung."

Searcy reports using principles of Integrated Project Delivery on the Day Spring project, a relatively new building methodology term meaning that building contractors, designers, church leaders, audio-visual and lighting designers, engineers, acousticians, and all parties involved in the design and building process meet together from the get-go on a building project.

No matter what building methodology is chosen for a project, Design/Build, Design/Bid/Build, Construction Management or Integrated Project Delivery, Lawson recommends using the open book accounting method so that churches can take advantage of their non-profit status and the sales tax exemption. A church receives approximately $30,000-$35,000 in tax rebates for every million dollars of construction.

As an example of an integrated project delivery approach and the open book accounting method, Lawson cites the Church of Hope, a 60,000-square-foot church in Sarasota, Fla. The pastor, Peter Young, knew people in the church who did site work. He contracted directly with the site contractor and also with the general contractor, who entered into an agreement that guaranteed a maximum price for the church.

"The contractor still supervised the work to make sure it was done in conformance with all of the construction documents and laws and ordinances," says Lawson. The open accounting book method was also utilized. "The church took advantage of the volunteer labor and material and the sales tax exemption that occurred from that one item."

A church of similar size now underway in Sarasota, Bayside Community Church, is currently following the same template as Young's Church of Hope. While providing much-needed employment for people in the local community, the church is also providing weekly Bible study for the workers.

"It is not uncommon [that] when the facility opens, people who actually built the church who had not otherwise gone to the church [will] start attending," explains Lawson.

DID YOU KNOW?

Church building experts report that it's about 25%-30% cheaper to build a worship facility today than it was a year ago.

Two factors leading to the cost-effectiveness of building a church today are **1) qualified contractors and subcontractors are willing to work at deep discounts** and **2) materials are at record-reasonable prices.**

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BUILDING AND CONSTRUCTION » IN TODAY'S ECONOMY

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Savings Game

With materials prices following a roller coaster pattern these days, church leaders should also seek a contractor who is willing to share cost savings. Atlanta-based Choate Construction Co., for instance, does not have architects in-house but works with designers, much like the Design/Build method. The role Choate takes varies from project to project. They can be the construction manager at risk or just the contractor, signing a separate contract with the church.

"[An] advantage of getting the contractor onboard early is that most architects are not familiar with the costs," says John Preston, Choate's senior estimator. "For instance, in January 2008 we were paying about $800 per ton for rebar. Over the course of the year it got to be $1,400 per ton, and it's back down now to about $600 a ton."

As costs whipsaw through the market, Choate works hard to get the best price. The company offers 75% of those materials cost savings to churches as opposed to a 50% shared saving with commercial property owners.

And while most contractors will tell a prospective owner that they can build anything with the right set of documents, Preston says experience matters when it comes to cost savings for churches. "There are different ways to achieve the look that churches are [seeking], and there are some cost efficient ways to do that," he says. "There are also some ways that are very expensive…. If you haven't had experience … you might not know what to recommend to the architect to save money and [to] get the church the most facility for [its] money."

McCabe agrees that worship facilities are unique. As churches weigh the options—experience vs. price vs. leveraging relationships—they should not forget to seek the virtue of patience in a contractor.

"Bring in contractors that are perhaps willing to wait a little longer than they have been used to waiting in the past to get going, to turn some dirt and get some building up," says McCabe.

Sibley Fleming is an Atlanta-based writer, editor and author of several books including "How to Rock Your Baby" and "Celestine Sibley: A Granddaughter's Reminiscence."

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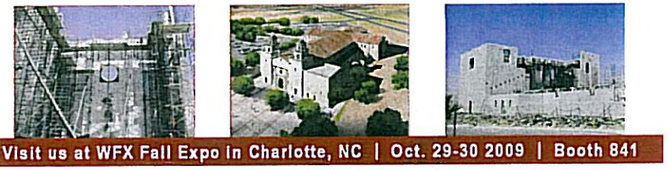

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