KUMC Board of Trustees

Minutes

September 15, 2020 5:00pm

Meeting convened at 5:01 PM

Attendees: Trustees: Paul Anderson, Becky Parks, Bob Whetson, Mickey Shelley, Brady Sterchi, Earl Teague, Lou Tiner

Other attendees: Lay Leader David Gerig, Pastor Jason Valendy, and SPR Chair Keith Bierley

Prayer offered by David Gerig

Minutes approved **–** A review of the August Board of Trustees minutes were unanimously approved with no amendments.

Bob Whetson led a discussion on the 2021 Board of Trustee budget preparation. Bob introduced a spreadsheet that has cost centers labeled with identifying numbers. The individual cost centers are as the following; repairs, janitorial supplies, maintenance supplies, equipment and tools, vehicle expense, security expense, pest control, elevator maintenance, equipment lease expense, lawn care/landscaping, insurance expense, utilities for each building on campus, waste management, property taxes, capital improvements, and an accrued reserve fund to replace depreciating assets as needed. Bob in his research looked at data and not just what we spent last year. Bob got the last two years of expenditures and used those as a guideline. The 2021 prepared budget is less than what has been budgeted the past couple of years mainly because we were able to complete many budgeted projects in 2020. As part of the lower facilities budget mentioned above, we are preparing to spend less in repairs (52,000 vs 48,000) due to the amount of repairs facilities staff was also able to complete in 2020.

We have also improved costs with utilities, taxes, etc. We currently do not have a cost center for an accrual account (reserve account for depreciating assets; however, Bob has included one for the 2021 budget year, which is a goal of the Board of Trustees to aid future costs of replacing depreciating assets such as roofs not covered by insurance claims, HVAC units, reupholstering pews, etc.

During his presentation regarding the reupholstering of pews, the cost estimate is 20-30 dollars a linear foot and it is estimated we have 1,200 – 1,500 in linear feet that someday will need reupholstered. We should be able to have a reserve as a 503c since we are using the budget item for depreciating items. During this discussion, it was mentioned to implement spending rules to ensure the reserve funds were not spent on other items outside of depreciating assets.

Bob’s presentation on the 2021 budget preparation included an update on HVAC unit replacement. Ratterey, who is an HVAC contractor that replaced some of our HVAC units in 2019, recently provided a budgetary estimate. There are 7 FLC HVAC units with 3 being replaced in 2011 and 4 needing replaced. To replace all 4 units at once, we are looking at an estimate of $65,000. Splitting the cost over two years and replacing 2 units at a time, the estimate is $35,000 each year for a total of $70,000. Some of the cost savings of replacing all 4 at the same time is the one time rental of the required crane to install the HVAC units. Within Capital Improvements, there is $50,000 included in the 2021 budget towards a water well to help reduce irrigation costs.

In relation to repairs or depreciating assets, David Gerig advised of the need to include organ repairs or refurbishing to be included on a 10 yr plan. This cost is in addition to other annual instrument maintenance costs.

As the Board of Trustees went through each cost center listed previously, Lou suggested a potential reduction in pest and lawn care, due to re-assessing our current contracts with each respective service provider. Pastor Jason commented to ask if the sub items listed in the prepared budget are required to stay in the listed cost center or can they be moved around to better align with other cost centers. For example, some of the capital improvement sub items may fall under annual repairs or depreciating assets. To communicate this potential need for flexibility, Bob stated that he would restructure how the capital improvements prepared budget looks for finance before budget finalizing.

Pastor Jason provided input on planning for the future of worship at Keller UMC specific to post COVID-19 concerns. It is expected that for at least the near future, that 1/3 of the congregation will not return to in-person worship once the church decides to start in-person worship. A significant number of people will be more comfortable and safe to worship from home. Jason expressed the need to improve the sanctuary to accommodate simultaneous in-person and at home worship. The Board of Trustees agreed that this facility need should be included in the 2021 budget preparation. It was discussed that some of these improvements may be completed before the 2021 budget; however, there will be additional improvements that will go past the initial transition phase and into the 2021 budget. The discussion on the 2021 budget preparation finalized with clarification on the “accrued reserve” funding. Pastor Jason answered the question from Paul Anderson by explaining it is a finance responsibility, but it is good for trustees to communicate a need for a specific amount of reserves.

Lou Tiner led a discussion regarding the director of facilities position and the current job description of the position. Lou had previously asked for the board of trustees input via email and received several responses. Board of Trustee Member Tom Belter was not present during the meeting. However, he did have input regarding the position of Director of Facilities and other Board of Trustee topics. His emails are included below to make note of his input since it was outside of the meeting, but valuable to the discussion. During the discussion, Board of Trustees compiled a complete job description and requirements for the position of Director of Facilities. Below is what the board of trustees compiled.

*Position Title:* ***Director of Facilities***

*Full Time/Part Time: Full Time Salaried*

*Reporting Relationship: Lead Pastor, SPRC, Board of Trustees*

*Supervisory Relationship: Building and Maintenance Supervisor*

*Position* ***Summary****: Responsible for all Keller UMC facilities and properties, assuming all are safe , compliant and fit for purpose. Management and direction for facilities staff, contractors and vendors. To maintain and improve buildings and surrounding grounds, ensuring they are clean, professional and safe to utilize in fulfilling the mission of Keller UMC.*

*Skills needed:*

* *Effective communication skills (written, verbal and interpersonal)*
* *Time management skills*
* *Skills and experience in routine maintenance of buildings and grounds*
* *Knowledgeable and skilled in the safe use of hand tools and power tools*
* *In-depth knowledge of electrical, plumbing, painting, masonry and carpentry, and HVAC systems*
* *Able and willing to be on call after work hours for building emergencies*
* *Leadership skills to schedule, motivate, train and supervise Facilities staff members*
* *Manage and direct contractors, vendor and suppliers.*

*Job responsibilities include:*

* *Month attendance at monthly Board of Trustees meetings*
* *Communicate and report to the Board of Trustees project status and any required actions*
* *Assist in the develop and implementation of year and long-term plans for routine maintenance and scheduled replacements in concert with the Board of Trustees.*
* *Develop project plans as required.*
* *Direct projects (repairs/construction, routine maintenance, etc.) for the purpose of ensuring completion within established timeframe, budget and project design.*
* *Inspect all projects to assure that jobs are done efficiently and comply with all regulations.*
* *Maintain list of qualified and approved contractors/vendors for HVAC, window washing, carpet cleaning, floor waxing and other maintenance needs. Contact as necessary for service calls.*
* *Obtain at least three bids for any needed contracts and services and negotiate to find the lowest price and value available. Work with Supervisor to gain approval by appropriate committees for new contracts.*
* *With Building and Maintenance Supervisor, perform maintenance and repairs as needed and determine when outside service calls are required.*
* *Oversee the work of contractors. Inspect and sign off when work is complete.*
* *Work with Board of Trustees to develop a budget for Facilities each fall for the next year. Monitor the budget throughout the year to insure that expenses are within the amounts approved by Board of Trustees, Finance Committee and Ministry Council.*
* *Coordinate with Supervisor to understand facility insurance policies and make recommendations for action as appropriate.*
* *Train facilities staff on safety procedures. Insure safety procedures are followed.*
* *Schedule required building safety-related inspections and testing, such as elevators, backflow, fire and security alarms, as needed.*
* *Research prices and sources for all supplies needed. Report purchases to the Financial Administrator*
* *Order and pick up materials for projects*
* *Resolve any safety matters immediately.*
* *Attend monthly full staff meetings.*
* *Attend Board of Trustees meetings to report on issues regarding facilities.*
* *Perform all supervisory duties in accordance with church policy. Train and coach all custodial and maintenance staff to enhance performance. Complete annual performance appraisals with facilities staff members,*
* *All other duties as requested by the Lead Pastor, Board of Trustees, or SPRC*

During the discussion on the Director of Facilities position, it was communicated that the Director of Facilities has to work closely with the chair of the board of trustees and reports to the lead pastor. It was agreed by board of trustees, who were present, that restructuring staffing is not our role; however, we do provide input to SPR regarding staffing. Bob Whetson suggested we as a church might want to look at restructuring. Keith Bierley, SPR chairperson, was present and provided input. He advised that SPR is currently conducting this review. They have reached out to department heads to reevaluate if the structure is appropriate or needs to change in all areas of staffing. The Board of Trustees agreed that there is merit in Tom’s points and SPR is considering them during their review of the position. Other concerns discussed regarding facilities staffing included the greater need for disinfecting in future and looking at reorganizing the skill levels for facility staff.

After discussion the Board of Trustees voted to approve the job description of Director of Facilities with the following amendments:

* Remove one of the two lines “To attend trustees meetings” – This task was listed twice.
* Report directly to the lead pastor and indirectly to SPRC and BOT.

Tom Belter’s emailed input regarding the job description of the Director of Facilities position:

**08/30/2020**

*Trustees:*

*This is in response to Lou Tiner’s email asking for input to the description of a Facilities Director position at Keller UMC.*

*I read the attached current role description for Facilities Director and felt that simply editing this description was not worthwhile.The current description reads like a compilation of multiple levels of a maintenance organization, not like a Director level position. Instead of trying to edit the current description I will offer general comments on both the position and the maintenance organization in general.  In my comments below, I'll refer to the maintenance, operation and housekeeping of the church buildings and grounds as simply the Maintenance organization for the sake of simplicity.*

*Facilities Director*

* *While the current Facilities Director position may be assumed to be reporting to the Senior Pastors, there is nothing in the Book of Discipline that either requires this position to exist nor requires it to report to any one person in the church leadership. Isn't it worthwhile for us and others to examine if the current reporting relationship is the best reporting relationship? Perhaps having this role report to someone else makes more sense, at least it’s worth discussing.*
* *The Facilities Director role clearly has a strong working relationship with the Board of Trustees since the majority of that role works in support of the core mission of the Board, as stated in the Book of Discipline, to maintain and manage all buildings and the site. If this role is filled at some point by an employee, Trustees need to define that relationship as it will necessarily be different than this year when the role was filled by a Trustee/volunteer.*
* *The Book of Discipline does not require a Facilities Director position to be staffed, nor does it require this position to be a full time role. Given this, isn’t it a good idea for us to talk about the major objectives of this role, how it fits with the rest of the small maintenance organization and whether or not it requires full time attention and pay. If our Maintenance Supervisor role, which already is a full time position, were bolstered by someone with strong technical, managerial and leadership skills, with a salary level to match, might that situation reduce the demands for another level like the Director position? This may or may not be something we choose to pursue but it seems like we should at least explore the possibility rather than being tied to what exists today.*
* *The relationship of a Facilities Director position with the Trustees is clearly vitally important, but that relationship is with all of the Trustees, not just the Trustee Chair. All Trustees should feel able and obligated to interact with the Maintenance organization.*
* *While the position of Facilities Director may well have been included in the 2020 budget, we have not yet examined, recommended nor sought approval of the budget for 2021 from the Ministry Council. Our church budget is facing strong headwinds in 2021 and 2022 as our mortgage moves from an interest-only schedule of payments to full principal and interest payments. This change will occur at least in 2022 if not before. The change in monthly payments will dramatically increase monthly cash flow demands, and the time to plan for this is now. Church staff salaries already account for about half of the total church budget.*

*Maintenance Organization*

* *The church maintenance organization currently consists of two housekeepers, two maintenance/operations staff, one staff support person, a Maintenance Supervisor and a volunteer Facilities Director. This is a very small organization, much too small to have three levels of reporting. Should we not re-examine the role descriptions of all of these positions while considering the Facilities Director role? Perhaps there is a restructuring of responsibilities that could improve both the effectiveness and efficiency of this staff.*
* *The first level of supervision in any organization is critical, this is the Maintenance Supervisor. If the Supervisor is strong, skilled and an effective overall manager, it makes the rest of the staff more effective and the need for higher level supervision less critical. The opposite is also true, a weak Supervisor will force an organization to staff a higher level manager just to ensure the organization functions. This is not a commentary on current staffing, simply an observation that defining one job in an organization without integrating the other jobs, is a mistake.*
* *If there are not written job descriptions for all Maintenance positions then we owe it to the staff and the church to get them written and shared.*
* *If performance appraisals are not, or have not been performed in the last twelve months as dictated by the Book of Discipline, then we owe it to the Maintenance staff to get these appraisals done.*
* *While SPR has a role in recommending salaries to the Ministry Council for approval, and managing staff HR processes like ensuring job descriptions and performance appraisals, it is up to the Trustees to determined what level of staffing and skills are needed to successfully manage the buildings and site.*

*The Trustee description from the Book of Discipline, as summarized by the "Guidelines For Leadership" booklet we all have, reminds us of what we and the Maintenance organization are responsible for, and how we fit with other church leadership roles.*

*As I said at the start, the approach I am taking in this email is different than simply updating a 2019 role description. The questions we face are much broader than that, and the opportunities we have for improvement are much larger, IF we decide to take the time to consider alternatives.*

*Tom Belter*

**09/15/2020**

*Trustees,*

*I want to thank Bob and anyone else who helped prepare the budget outline for 2021, this pre-work is helpful.*

*To Kathy’s question about a budget target, I don’t feel we should be trying to meet a target, but rather estimating the budget needed to adequately maintain and operate the church site. Our budget request should represent what we feel is needed and we need to be able to defend it to others.*

*I have strong opinions about the Facilities organization, how it is staffed and organized, how funded and how it should be managed. I believe my opinions aren't shared by the majority of the Board of Trustees or others, nevertheless, I want to express my thoughts and input in this email.*

* ***Capital Reserve****:  I believe we need to establish a****Capital Reserve Fund****to handle expected and unexpected replacement of****capital items****. The size of this kind of fund is typically first calculated by a****Reserve Study****(major capital items listed, replacement costs and expected life estimated), time-lined out several years to create a “path” to “full funding”. Many organizations like churches use this kind of structured process.  We should start in 2021 with setting aside a fixed amount to “seed” the start of a Capital Reserve.  We should add to it every year via the budget until it is “fully funded”. I don’t have a magic number in mind for 2021 since we haven’t performed any kind of a capital asset study, but I believe the “fully funded” target for the out years is at least a couple hundred thousand dollars based on the capital replacement costs of our buildings and contents. Certainly a first year deposit of $10,000 or so into this new account would not be excessive. I believe completing a formal Reserve Study should be a project for the Trustees in 2021.*
* ***Staffing****: The current Facilities staff consists of 7 people: one Director, one Supervisor, one staff support person and four housekeeping/maintenance staff. This is a very small organization, it should require very little management. Still, we overload this staff with three organizational levels (workers, supervisor, director). I believe we need only one direct manager, call it a Supervisor or Manager, but fill the position with an effective person, with both technical and managerial skills. Have that person report directly to the Executive Director of Operations. We do not need both a Facilities Supervisor and a Facilities Director, it's one or the other, but not both. This is a critical decision because Facilities salaries, which are not even on the budget discussion agenda, comprise about one-half of the total Facilities budget. Defining facilities staff headcount and skill requirements should be the job of Trustees.*
* *I believe it's the responsibility of the Trustees to both manage the operations and maintenance of the church property. As such, I believe it is up to us to determine the proper staffing level to meet our obligations to the church. While SPR can, and should, assist with job descriptions, processes for performance appraising, establishment of pay/salary levels and other HR roles, I don't believe it is their job to determine how many people are needed to operate and maintain our church. We should be defining the headcount needed for the Facilities budget, as well as how it is managed and by whom.*
* ***Expense Budget****: I believe our total Facilities budget should be driven by data, not just based on prior year’s spending. We should zero base budget in as many expense areas as possible, questioning all expenditures and supporting any planned projects with data about the scope and costs. I think a sub group of Trustees will best estimate the budget needs based on data and zero basing. A general discussion by the entire Board of historical costs and what-ifs will not lead to a more accurate budget. To this end I would ask Bob and a couple other Trustees to prepare a detailed budget for our review/approval.*
* ***Management****: I believe the primary responsibility of the Senior Pastors is to lead the church, ministries and congregation spiritually.  I believe this task requires/should get the overwhelming majority of the Senior Pastor’s time and attention. I don't believe this is the case at our church today. I don't believe saddling a Senior Pastor with the responsibility of managing the Facilities organization and daily activities is at all helpful to the church, its mission or to the Pastor. I argue that the Facilities organization, regardless of being managed by a Director or Manager, should not report to a Senior Pastor.  We already have an Executive Director of Operations with limited direct reports, I see no reason why an experience Facilities Manager could not effectively be managed by the Operations Executive Director. If the Executive Director is really an “Executive” position then the position should be able to manage an experienced Facilities Manager. If the current position doesn't have the capacity to manage the small facilities staff, then perhaps the Executive job description needs to be re-written and re-priced for salary. We should reduce the Facilities organization to one manager and a staff of workers.*

Lou finished our discussion regarding facilities topics by advising the board that the water bill continually increases with the latest being an increase of $1,200, making the bill over $6,000. Lou is working to find the cause of the significant increase and will monitor the water meter daily.

The meeting concluded with a prayer from Lou Tiner.

Meeting adjourned at 6:13pm.