

Main Range Office Expansion Project Update

Dear fellow FSC members,

Quick Recap:

At the Annual Membership meeting in April, 2014 our voting membership approved \$150,000 to build a new Main Range Office to replace the existing 25 year-old office we have out grown. Our goal was to break ground in Spring of 2015 but we were unable to reach that milestone due to several key factors.

What has been going on for the last year and half?!

Mike Brady, Dave Davis, Wayne Johnson, Robert Keefe, and I have been working with our architect, Bruce Ottolini, to design, plan, obtain bids, explore other building options, negotiate build costs, and navigate through all the hurdles we have ran into along the way. Four unforeseen issues have come up during this project that are the key factors for the delays and increased cost.

1. Bids came in way over what we anticipated. The low was \$300,000 and the high was over \$450,000 for just the building! All of our engineering estimates received were nowhere close to the actual bids.
2. Inadequate electrical power to the range: SMUD will need to upgrade our main transformer that services our entire facility.
3. Inadequate electrical power infrastructure on our facility to handle the transformer upgrade from SMUD.
 - o These upgrades will service the new MRO, future club house, and resolve the power issues on Range 2 (Action Pistol).
 - o We will be converting from single phase to 3 phase which helps us save money when we buy things such as sewer pumps.
4. Sac Metro Fire Department will require a 10,000 gallon holding tank engineered to their specifications for fire suppression use. We were lucky they did not require a pressurized sprinkler system.

I am sure a lot of you are wondering why the bids were so high. Trust me when I say our committee has asked that very question on more than several occasions. Here is what our committee has discovered:

- The construction business is booming right now. It was extremely difficult to find 3 contractors to turn in full bids. All of my personal contacts in the industry have said that this is the busiest they have been in a very long time. Believe it or not, a lot of contractors didn't bother bidding on such a small project.
- Concrete block construction is expensive. This type of construction is extremely durable and low maintenance. The committee explored the option of going to wood construction but, determined the savings in construction was not worth the maintenance costs that will occur over the life cycle of the building.
- The new MRO building will include a restroom bringing the total number to 3 at the Main Range.
- Concrete work around the new and old MRO to help facilitate customers getting on and off the range.
- Re-striping of our parking lot to meet ADA compliance once the building is put in.
- All the infrastructure (water, electrical, telecom,) that needs to be moved or upgraded in the existing area to support the new MRO.

Phases of the Construction

Phase 1: Have SMUD upgrade our transformer. Final payment is the only thing needed to schedule the install.

Phase 2: Upgrade the electrical infrastructure on our facility to handle the new power capacity.

Phase 3: Build the new MRO and site work.

I hesitate to put dates on any of these phases as they all have multiple dependencies for completion. Activities must be completed in the order outlined above. Our hopes would be to break ground late 2016.

What's the bottom line?

The simple answer is we will need to spend a total of **\$440,133.80** (not including any contingencies) to complete this project. Below is the break down.

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|--------------------------------|---------------------|---|
| Design Fees | \$20,315.00 | Total spent up to this point. |
| Permit Fees | \$6,184.41 | Estimated permit fees for Sacramento County |
| MRO Building | \$297,106.70 | Cost of the MRO Building and site work around it |
| Fire Protection | \$44,167.69 | 10,000 gallon holding tank designed per Sac Metro's rural fire code |
| Site Electrical | \$72,360.00 | SMUD and Site Electrical upgrades |
| | | |
| Construction Total | \$440,133.80 | Grand total for the MRO Project + Electrical infrastructure upgrade that will support future growth and club house in the future. |
| Contingency of 5% | \$22,006.69 | |
| Complete Project Budget | \$462,140.49 | |

How can we afford all of this?

The budget system that has been in place for the last three fiscal cycles enables us to forecast our revenue and budget for major projects like the MRO project with confidence.

I believe we can completely fund this project over the next two fiscal years (2015/2016 and 2016/2017) without impacting range operation, services to our membership, increasing membership fees & dues, or what we already have saved up for the club house. Most of the major range projects are already completed. The facility itself is in great shape. Any other improvements can be taken care of after the MRO project is completed. Below is the break down.

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|--|---------------------|
| Funds already approved by the membership in April of 2014. 2013/2014 Fiscal Year | \$150,000.00 |
| Net Revenue from 2014/2015 | \$80,000.00 |
| 2015/2016 Budget - Divert funds we typically put away for the club house towards the MRO | 100,000.00 |
| 2015/2016 Budget – Current line item in our budget to be set aside | \$50,000.00 |
| 2015/2016 Budget – Divert Board Range Improvement Budget to MRO Project | \$30,000.00 |
| 2016/2017 Budget – Commit this amount from our 2016/2017 fiscal year | \$55,000.00 |
| Total Budget for MRO Project | \$465,000.00 |

We typically put away \$100,000 per fiscal year towards our future club house. My plan to fund the MRO project will divert that money towards the completion of the MRO project. In order to recuperate all funds that we divert over the next two fiscal years, I will increase the club house savings goal from \$100,000 to \$150,000 per fiscal year once the MRO project has been completed. After analyzing the data from the last several budget cycles I believe this is a very realistic and achievable goal for FSC.

Plans for building the clubhouse are still years in the future. This diversion of funds will not impact the timeline for completing the club house project.

My thoughts?

As the President and a voting member of FSC, I feel the expenditure and efforts for expanding the MRO are worth it and warranted. Our needs outlined in my original proposal have not changed and have only increased as our business has. While the monetary costs may be more than anticipated, please keep in mind that a large portion of the costs includes utility relocation, electrical service upgrades, additional concrete work, and reconstruction a portion of our parking lot area.

A new MRO and electrical upgrades need to be in place prior to having our club house built. The MRO is the hub of our business and without the power upgrade, we cannot add any more infrastructure.

Things will only get more expensive to build and regulatory codes will become more restrictive the longer we wait to complete this project. Our business is doing well and we are in a good place to spend this type of money without putting strain on our membership or the safe operation of our range.

I did not come to this conclusion lightly. This is the biggest project Sacramento Valley Shooting Center has taken on since it opened up 25+ years ago. With the information presented here, I am hoping to have membership support to complete this project.

We will be canceling the Special Membership meeting scheduled for February 24th so this item will be voted on along with our Board of Directors Elections in April. Ballots will be sent to all voting members in March, 2016.

If you have any questions or concerns please feel free to address it at any one of our monthly board meetings leading up to the Annual Membership meeting.

Thank you for your consideration.

Vu Pham

FSC - President