

AD HOC SPACE STRATEGY COMMITTEE -- REPORT November 28, 2017

At the SJC Strategic Planning Retreat of March 5, 2017, the Ad Hoc Committee on Space Strategy was established with the members being Alyssa Simon, Chair, Stanley Silverblatt and Mat Ash, subsequently joined by Harvey Fruman and Tony Namrow. The instructions were to address the following with the intention of reporting to the general membership at the next annual meeting:

- Review current space in light of anticipated Religious School growth;
- Review previous assessment work on program space needs;
- Understand the frequency of over-capacity of the facility;
- Understand how space is not being used;
- Develop a capacity management program.

During the past 8 months the Committee met approximately 12 times to discuss these matters and/or meet with experts and vendors to gather information. Based on this, the Committee has developed the following conclusions:

1. As to Religious School needs, as a result of adjustments made to the facility (such as seating arrangements and the use of the Office for both administrative and school use) the current space appears likely to be sufficient for the foreseeable future, depending, in part, upon the ages of new students joining the school. There is more room to grow in some grades than others.
 - a. Religious School attendance is extremely difficult to project but, absent a dramatic change in population growth, the current space is just sufficient.
 - b. Note, however, as shown elsewhere in this report, growth of full time permanent residents in this part of Sussex County is projected to grow approximately 33% from 2017 to 2025, the next 8 years. Such permanent resident growth will undoubtedly bring some younger families and some will be looking for Jewish Religious School experiences.
2. On the other hand, two other areas of space usage have been for the past year or two at or above capacity: the sanctuary and the multipurpose room on the lower level used primarily for community meals or holiday celebrations.
 - a. The legal capacity of the entire building is 101 but the sanctuary will not hold that number. Current full seating is for 71 with room for approximately 10 additional seats. This sanctuary seating capacity of 71 has been reached or exceeded on a regular basis.
 - b. Similarly, the multipurpose room has regularly been at capacity for community meals or events. Meal capacity is effectively 50-55 persons and interested attendees are regularly turned away due to full capacity.
3. SJC has experienced significant growth of membership in the past five years, growing from 350 individuals to 493, or from 239 family units to 327. (See the attached Chart of SJC Annual Membership Growth 2012-2017.)

- a. While much of the growth is attributable to the influx of newly retired or those planning retirement, there has also been a steady increase in children associated with family units.
- b. As such, projecting past annual average growth rates for adult individuals (7.1 %) and for children associated with family units (11.8%), it would appear that SJC can expect continued short-term growth resulting in an estimated membership in three years (2020) of over 600 adult individuals and 74 children.
- c. A study done for Bayhealth Foundation by Robert L. Siegel & Associates (2017) came up with the following projections for population of the Lewes/Rehoboth Beach areas of Sussex County:

<u>Year</u>	<u>Resident</u>	<u>2nd Homes</u>
2017	30,006	29,606
2025	40,174 (+33.9%)	33,827 (+14.3%)
2035	47,478	39,976
2045	55,585	46,802

- d. Based upon the past growth of SJC and professional estimates of community growth, it is likely that, absent an increase in the size of the two primary areas of the building, SJC will be limited in its ability to meet the needs and desires of the growing Jewish community for participation in services and celebrations.
 - e. In addition, if the almost 12% annual growth in children of adult members is an accurate reflection of the growth in Religious School attendance, it is likely that the space available for School activities will become insufficient in that same time period.¹
4. In order to determine the options available to SJC for the building, the Committee met or spoke with the following professionals:
- a. Tony Namrow, a member of SJC and a professional in the real estate development business, who subsequently agreed to join the Committee and pass along his advice to the community. Tony has been very helpful in assisting the Committee to understand the development process and in critically assessing the opinions of other professionals.
 - b. CDA Engineering, Inc., identified to us by Eric Doroshow. We received a detailed proposal to supervise the preliminary design plans but also all related civil engineering and permitting work, which we believe to be premature. The cost was stated at \$29,500.
 - c. Karins and Associates, identified by Harvey Fruman. We received a proposal for the civil engineering and permitting work at a cost of \$14-

¹ Note, however, that it would be possible to arrange for the rental of off site space for the Religious School or to adjust the scheduling into more than one session or even more than one day. While presenting some issues, and not to minimize the difficulties these would present, they would certainly permit the school to accommodate significant growth without having to expand the building.

21,000. We similarly believe this to be premature but the firm has agreed to prepare the preliminary site plan at a much lower cost which would be valuable at this time.

- d. Horizon Philanthropic Construction Management based in Lewes and specializing in work for non-profit organizations. A lengthy discussion resulted in a proposal from Horizon to provide a start to finish construction management service on an hourly basis that would assist SJC in what ever changes it determined to undertake, also premature at this point. The cost was stated at \$39,500 for the management services for the entire project.
- e. Kyle Hamilton of Design Delmarva has worked with local developers for 20 years and has previously reviewed the building and possible alterations at the request of Eric Doroshow, approximately 5 years ago. Mr. Hamilton believes the expansion of the building to be a relatively simple project and has offered to prepare the initial drawings needed, and coordinate the related preliminary engineering site plan, both of which should cost no more than \$4-5,000.
- f. Fred Bada of Moonlight Architectural met with us and sent a brief proposal estimating costs of initial architectural work at a price similar to that of Design Delmarva.
- g. Andrew Ratner is the Manager of the Gallo Rehoboth Beach office and an experienced in transactions involving commercial properties in our area. He also has some long-ago experience with SJC and was anxious to volunteer to give us help. His thoughts are set forth in the footnote, but his conclusion is that it is not economically feasible for SJC to consider selling the current property and relocating because the value of the sale would likely leave us with just enough cash to replace the land. Building costs of a new building would be in addition.²

² Mr. Ratner wrote: Here are some of my insights on your property:

I checked with the county, your property is zoned AR1, which means it is suitable for a residential home, or a religious organization. (Religious Organizations do not require special zoning on an AR1 property that is not in a restricted community).

I have attached several somewhat similar properties in the area that would be suitable for a religious organization to build on. Also a couple that recently sold. Here is a synopsis of those properties:

- Mackenzie Street, Lewes - this is a 3.4-acre vacant land off of Plantations Road, backing up to Home Depot,. listed for sale at \$325,000.
- 18703 Munchy Branch Rd., Rehoboth - this is a 1.66-acre vacant land behind the Giant Shopping Center, listed for sale at \$379,000.
- 18692 Munchy Branch Rd., Rehoboth - this is a home on 1-acre also behind the Giant Shopping Center, sold for \$350,000, sold in October 2017
- 20331 John Williams Hwy, Lewes - this was a building on 2.5 acres on Route 24, near the schools, sold for \$417,960 in April 2017.
- There was also a vacant lot in Sandalwood (just down Glade Road) that sold for \$230,000 in June, though on a smaller lot (1/2-acre).

If you are considering selling, as I mentioned above, your property has two allowable uses - a residential home or a religious organization. For a home the value of your property is in the land. I don't see you getting more than \$350 - \$400K, and that might even be a stretch. As you can see from these properties, it would likely cost you that much to find something else, and still have to build or renovate. Also, there is not much out there that is available.

5. Based on discussions with all of the above, the Committee reviewed the following options for an increase in the space of SJC:
 - a. An expansion of 66% to 100% of the current building, likely by extending the west wall on both levels to create larger areas for the sanctuary and the multipurpose room on the lower level; based on information collected by the Committee we believe the ultimate cost of this to be in the range of \$400,000 to \$550,000.
 - b. A demolition and rebuilding of the facility on the same land or a sale of the property and the identification of either a replacement property or a plot of land to permit the construction of a new facility would cost considerably in excess of \$1 million.

As a result of this analysis, the Committee has **concluded and recommends** that the Board and membership consider an expansion of the current building. The first step in this process would be to hire an architect and civil engineer to prepare preliminary drawings and a site plan to permit the Board to solicit general contractor budget estimates for the entire project. When such estimates are received and qualified, the Board and ultimately the membership would need to decide whether or not to proceed and what the budget would look like.

The architects, construction managers and civil engineers we spoke with were all willing to undertake initial steps but we believe we will move farther in the process by having the initial drawings prepared for us by one of the architectural professionals we interviewed and one of the civil engineers, and then obtain multiple budget estimates for the project. **We estimate the cost of such drawings to be no more than \$5,000. It is this amount that we would ask the Board to commit to spend.** Based on this expenditure, we would have a conceptual idea of what the addition would look like and a good estimate of the cost. This would enable the Board to decide, in conjunction with the membership, whether the design and concept are acceptable and, if yes, make plans for the capital campaign which would be necessary to pay for the work. (Note that these expenditures are not budgetary, but rather capital, items and would not impact the operating budget - other than possible debt service which may arise in the future.)

With that being said, in my opinion, you would probably be better off working with the property you already have.

SJC Annual Membership Growth 2012-2017

	November 2012	November 2013	November 2014	November 2015	November 2016	November 2017	Cumulative
Adult Members	350	375(+7.1%)	418(+11.2%)	428(+2.4%)	438(+2.3%)	493(+12.6%)	41%
Children	34	40	49	45	47	54	59%
TOTAL	384	415	467	473	485	547	42%
Family Units	239	249	278	280	291	327	37%

- **Average 2012-2017 growth of Adult Members 7.1% per year**
- **Projecting Adult Members at that rate of growth results in 606 members by 2020 or growth of 23%**
- **Average 2012-2017 growth of Children 11.8% per year; projecting to increase to 74 child members by 2020**