



# The Episcopal Diocese of Olympia

The Episcopal Church in Western Washington

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## Policy and Procedures for Construction by Mission Congregations

### Board of Directors, Diocese of Olympia, Inc.

*Adopted: January 17, 2013 Updated: August 20, 2020*

**1. Office of the Bishop receives initial project presentation** The Office of the Bishop and the Vicar together explore the impact of construction on the congregation's mission, and the financial feasibility of proceeding at this time. Legally all mission property is owned by the Diocese of Olympia, Inc., and the diocese remains responsible for all contracts and payments. Therefore, the congregation's project budget will be required to include compensation for a Congregation Project Manager (CPM) approved by the Office of the Bishop (CPM is described under step 6); all contractor liens and payments will be handled through the Office of the Treasurer.

#### Implementing Procedures

When a mission congregation is considering a construction project, the Canon to the Ordinary must be notified, and an interview with the Vicar will be arranged. Topics addressed in the interview are:

- Clarity that this conversation is exploratory only, and does not imply diocesan endorsement or commitment.
- Clarity that the Diocese of Olympia, Inc. is the legal owner of all mission property. Therefore, all contracts, for this project or otherwise, are to be reviewed by the Chancellor and signed by the Office of the Treasurer or an officer of the Board of Directors
- Clarity that all payments to individuals or firms hired for the project will be made through the Office of the Treasurer.
- Specific need(s) which project would address, and ways that meeting these needs would advance the congregation's mission.
- Clarity that the Commission on Church Architecture must review and approve any construction project, including an energy checklist and a plan for use of sustainable and energy efficient materials in the proposed project.
- Design concept, timeframe and estimated cost.

- Existence of known challenges such as wetlands or historic register designation, or any other potential issue.
- Current status of project discussions within bishop's committee and congregation at large—are there informed and enthusiastic demonstrations of support?
- Status of the congregation's project team, including volunteer expertise available.
- Proposed timing, goals, and strategies for capital campaign, including consultations with the Office of the Bishop.
- Preliminary estimation of congregation's capacity to finance this project.

*Required documentation:*

“Asset and Liability Highlights” from Board's finance packet.

Current and past two years' operating budgets, including balance sheets and highlighting any outstanding loan obligations.

*Considerations:*

Availability of liquid assets to fund front-end costs, like design and permitting, before proceeds from a multi-year capital campaign or loan would be available.

Clarity that, if the project turns out not to be feasible, or if a loan is not approved, these costs will be absorbed by the mission.

Feasibility and timeframe for raising the required funding including loan interest, compensation for a Congregation Project Manager, and occasional assistance of Diocesan Owner's Representative during the construction phase (step 7).

Projected sufficiency of funds in the Building Loan Fund.

Once these steps have been accomplished, the Canon to the Ordinary writes a one-page summary for the file which covers the findings and initial conclusions reached. If the project appears immediately viable, the summary is sent to the Board for information purposes, and it is logged into the projected Building Loan Fund cash flow report maintained by the Office of the Treasurer.

**2. Diocesan Owner's Representative and Commission on Church Architecture make a conceptual review of project.** If the Office of the Bishop recommend proceeding at this point, the Board designates a Diocesan Owner's Representative (DOR), as described in the implementing procedures for this step. Depending on the scope and complexity of the project, the DOR may either be the Board's Property Manager, or an appropriately credentialed volunteer, or an outside professional compensated by the Board through completion of the conceptual review (step 5). In complex projects where services of a professional DOR have been required, when the congregation

begins to ramp up for construction (step 6) the DOR's occasional hourly compensation becomes the responsibility of the congregation.

For purposes of the conceptual review, the congregation retains an architect whose contract has been reviewed by the diocesan chancellor and signed by the Board's designee. The Office of the Bishop refers the project to the Commission on Church Architecture for conceptual review and recommendation, with full participation by the DOR. Typical discussion topics include confirmation of the project's complexity and scope, projection of construction steps, estimation of construction costs and risks, time frame typically required in the congregation's county, and any special circumstances to be considered.

### Implementing Procedures

#### *Appointment of Diocesan Owner's Representative (DOR)*

- Once the Office of the Bishop (OB) has determined that the project is appropriate for the congregation at the present time, the Board will appoint an appropriate DOR, a development professional with the competency to evaluate all aspects of the development process for a project of this complexity and scope. The DOR will participate from the very beginning of the project review of the budget for the project design phase, the review of the work of the current architect, and review of the preliminary conceptual design.
- Qualifications of DOR: Experience in the scale and complexity of projects similar to that proposed by the congregation. Appropriate experience could have been gained in architecture, project management, contracting or construction financing. Moving projects through the public permitting and entitlement process would be important.

#### *Retention of Architect and Diocesan Approval*

- Congregation identifies the architect for this review phase, developing a scope of work for the assignment and draft contract. As part of the selection process documentation should be prepared establishing architect's experience in projects of the type contemplated by the congregation and experience in securing permits in the jurisdiction (or similar jurisdictions) in which the project will be built.
- Congregation submits the proposed contract, scope of work and architect's credentials to the DOR and Chancellor for review and approval.

#### *Preparation of Preliminary Design, Cost Estimates and Schedule*

Congregation and its architect and other professionals prepare:

- Preliminary design.
- Identification of requisite permits.

- Project schedule that includes final design, permitting, contractor selection and construction.
- Preliminary “all-in” cost estimates for parts of the project.
- Preliminary constructability review to identify obstacles before a project is actually built to reduce or prevent errors, delays, and cost overruns.

*Submission of Preliminary Design, Cost, Schedule to DOR and Commission on Church Architecture (CCA) for Review and Recommendations*

After their review, the DOR and CCA may

- Ask the congregation to make revisions and resubmit, or
- Send the package to the Board with their analysis and recommendations.

**3. Congregation develops its construction funding** The congregation conducts a capital campaign, or identifies other sources of funding for the project, and determines whether a bridge loan will be sought either from the diocese or from a commercial lender.

**4. Board Mentor assists congregation in completing finance packet** The Board chair appoints a mentor, and the congregation is sent a financial packet to document the congregation’s funding capacity.

5. Completed financial packet is provided to the Joint Finance Panel for its evaluation and recommendation to the Board.

**6. Board reviews work in steps 2-5 and decides whether or not to approve the project in concept, and a bridge loan if appropriate.** The Board meets with the representatives of the congregation to discuss the design concept, the report from the Commission on Church Architecture, the recommendations from the Diocesan Owner’s Representative, the recommendation from the Joint Finance Panel, and the congregation’s completed financial packet. Additional information is requested if needed, and when all is in order the Board approves the project in concept, not to exceed a specified cost, to commence by date certain, and subject to additional conditions deemed prudent, including establishment of a Diocesan Investment Fund account through which payments will be made. If a bridge loan from the Building Fund Loan is sought, the Board also considers making a provisional commitment, subject to availability of funds and other conditions similar to those included in the project approval. If a commercial loan is contemplated, the congregation is referred to the Standing Committee for approval.

**7. The congregation proceeds with their building plans** The Diocesan Owner’s Representative assists the congregation’s building committee in developing an overall plan; determining requisite credentials for Congregation Project Manager, architect and contractor; interviewing candidates for these positions and making hiring recommendations; and drafting contracts and submitting

them for diocesan approval as indicated. The congregation compensates the DOR for this professional assistance on an hourly basis, as an anticipated part of project costs. The DOR and diocesan Chancellor review and approve all contracts.

### Implementing Procedures

*The DOR and building committee meet to determine the scope of work and project schedule. Preparatory work done by the committee before meetings minimizes DOR hours, and therefore costs to the congregation.*

- Identification of requisite permits.
- Project schedule that includes selection of Congregation Project Manager, architect and contractor, permitting, and construction.
- “All-in” cost estimates for parts of the project budget.
- Identification of known obstacles in order to reduce or prevent errors, delays, and cost overruns.

*DOR and building committee interview candidates and select a Congregation Project Manager*

- Candidate credentials will include experience with projects comparable to the present project in cost, scope, and unique challenges; requisite expertise, time commitment and compensation will vary with the scale and complexity of the project.
- Relevant CPM expertise for large and complex projects would be gained from architecture, project management, contracting or constructing financing, and moving projects through the public permitting and entitlement process. Projects of lesser scales and complexities would require less extensive experience.
- During interviews, CPM candidates are advised of the Board’s requirements for this position:
  - (1) All contracts are submitted to the Chancellor and DOR for review and approval; all payments are made through the diocesan Office of the Treasurer.
  - (2) Progress reports are made monthly to DOR, and more frequently on occasions when progress deviates significantly from the agreed schedule; all payments are reviewed and approved by DOR.
  - (3) Change order policy is set. Based on scope and complexity of the project, DOR specifies a dollar amount below which he or she will personally authorize change orders, and above which Board approval will be required.
- A list of CPM responsibilities for this particular project is reviewed

- Contract with CPM is drafted by building committee with DOR assistance and reviewed by Chancellor, and then signed by DOR.

*DOR, CPM and building committee interview candidates and select an architect*

- Candidate credentials will include experience with projects comparable to the present project in cost, scope, and unique challenges.
- If the architect who prepared materials for step 2 (above) is being considered, DOR will offer a professional assessment of his/her qualifications and performance to date.
- Contract with architect is drafted by building committee with DOR assistance and reviewed by Chancellor, and then signed by DOR.

*Architect develops plans for final design*

- The Architect proceeds with plans according to conditions stipulated by the Board in step 5 (above).
- Once plans are complete to the satisfaction of building committee and DOR, they are presented to the Commission on Church Architecture for final review and recommendation. If differences of opinion arise among the parties which cannot be resolved, the Board meets with the DOR, architect and representatives of the congregation to resolve them.

**8. The congregation proceeds with assembling its financing.**

As capital pledge payments begin (or other income sources come online), a spreadsheet of amounts committed and their collection schedule is developed, along with a bridge loan repayment schedule. Both are provided to the Office of the Treasurer.

**9. Final Board approval of Construction Financing and Project**

Upon the report of the DOR, Chancellor, and Office of the Treasurer that all Board conditions have been satisfactorily met, the Board prepares its notice to proceed with permitting and construction.

- The CPM and building committee solicit bids from contractors, with DOR assistance as needed. Together they interview candidates whose credentials include experience with projects comparable in cost, scope, and unique challenges to the present project.
- If bids exceed project budget, architect, CPM and building committee negotiate project modifications and submit them to DOR for approval. Then together they select a contractor.

- The contract is drafted by building committee with DOR assistance and reviewed by Chancellor, and then signed by the Office of the Treasurer.
- Building Loan Fund monies are released; any funds from sources other than BLF are deposited with the Office of the Treasurer, who issues payments as authorized by the DOR.