

## §700 CAPITAL PROJECTS FOR PARISHES

*One of the greatest challenges facing pastors is the organization and administration of the parish. Particularly challenging is the maintenance, renovation, and occasional expansion of parish facilities. Because buildings are part of the “background” infrastructure of the parish, their presence and upkeep can often be taken for granted and become a low priority for funding. Therefore, it is critical that the pastor carefully oversee day-to-day operation and maintenance of the facilities and manage capital projects as they arise.*

### §701 APPROVAL REQUIREMENTS FOR CAPITAL IMPROVEMENT PROJECTS (CONSTRUCTION PROJECTS)

#### §701.1. General Procedures

**701.1. Policy** Pastors shall notify the Archdiocesan Director of Finance, the Manager of the Facilities & Construction Office, or the VAC of the need for a capital improvement project (construction project). Projects costing less than \$20,000 may be handled by the parish without notification unless such assistance is desired, however all projects must utilize the current form of the standard Archdiocesan contract.

#### **Procedures**

- a) A “project” is the construction, renovation, purchase, demolition, or major repair of an enduring physical asset. Examples of a capital project include: building an addition on a school, tuckpointing a church, putting a new roof on a rectory, purchasing additional land for a parking lot, purchasing and installing a new church organ, upgrading electrical service in a convent, or renovating a church interior.
- b) If a parish conducts a single fundraising campaign to pay for a wide variety of work, that work shall be considered a single project. If the work has separate funding sources, involves separate general contractors, and is spread over a long time frame, the work shall be considered as multiple projects.
- c) It is not acceptable to break work into smaller projects solely to avoid the appropriate approval processes.

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- d) Once a pastor informs the Director of Finance or the Facilities & Construction Office of the need for a capital improvement project, the process for completing the project is guided by the following procedures, available from the Department of Finance:
- 1 (Policy on Construction Contracts (See §703 and §600))
  - 2 Construction Contract Award Procedure
  - 3 Capital Project Summary Form
- e) It is suggested that each parish's Finance Council establish a Buildings and Maintenance Subcommittee. Active lay leadership in this area is encouraged in order to provide support to the pastor.
- f) Pastoral Center agencies and personnel available for consultation and assistance with completing capital projects include the Department of Stewardship and Development, the Office for Divine Worship, Vicariate Administrative Consultants, the Office of Catholic Schools, the Office of Conciliation, and the Office of Information Technology.

**§701.2. Approval of Capital Improvement Projects Costing More than \$20,000**

**701.2. Policy** Approval of projects between of \$20,000 and \$100,000 shall be made on a case-by-case basis by the Director of Finance or, in the Director's absence, the Chancellor, in conjunction with the Pastor. Projects between \$100,000 and \$200,000 shall be approved by the Director of Finance or, in the Director's absence, the Chancellor as well as the Episcopal Vicar. Projects in excess of \$200,000 shall be approved by the Episcopal Vicar and the Archdiocesan Capital Projects Committee (comprised of the Director of Finance, the Chancellor, and the Vicar General).

**§701.3. Managing Capital Improvement Projects Costing More than \$20,000**

**701.3. Policy** Parishes shall follow a four-step process to manage capital projects when the estimated total amount of the work exceeds \$20,000. This four-step process shall include planning, approval of project design and financing, project execution, and project close-out (a final report) described below.

***Procedure***

The four-step process was designed for large capital projects, some of which can easily take four to five years from initial planning through fundraising and construction. For smaller projects, these four steps still serve as a valid checklist, but can be condensed in their implementation.

**§701.3.1 Step 1: Planning**

**701.3.1. Policy** The parish is responsible for recruiting and naming the project leader and the team overseeing the project. It is also the responsibility of the parish to select qualified vendors, including the architect and contractor.

***Procedures***

- a) Any planning should begin by defining objectives, analyzing requirements and identifying needs, developing alternatives (including resource requirements, risk and feasibility) and developing recommendations, including funding, initial budgets, and case statement.
- b) For larger projects, planning should also include the hiring of an architect to lead the parish in the formulation of a master plan; clear criteria should be established to select an architect as well as a contractor. Thorough checking of references is required. In choosing an architect and contractor, conflicts of interest are to be avoided. It is the responsibility of the parish team to select all architects and contractors.
- c) For larger projects, it is expected that the parish will consult with other Parishes in the Planning Cluster (if applicable), the appropriate Dean and Vicar, the Vicariate Administrative Consultant (VAC), the Department of Facilities and Construction, the Office of Divine Worship (if applicable), and the Development Department.
- d) It is the responsibility of the appropriate Episcopal Vicar to authorize the interview of architects to develop a master plan.

**§701.3.2. Step 2: Approval of project design and financing**

**701.3.2. Policy** Once appropriate consultations have been completed, the project shall be presented in a detailed plan to the Archdiocesan Capital Project Committee. This project plan must have the endorsement of the parish's Episcopal Vicar in cases where the contract is greater than \$100,000. (See §701.2)

***Procedures***

- a) Parishes are to initiate Step 2 by starting fundraising efforts for the project, preparing a detailed plan (including a budget and schedule), preparing schematic design, and engaging in liturgical formation and education for parishioners.

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- b) During the project design phase, the parish community is to be kept informed of the progress of the project, emphasizing the spiritual/liturgical nature of the project.
- c) As fund-raising progresses, parishes should review the size and scope of a project in order to stay within budget requirements.
- d) The project team should consult with and receive the necessary approvals from the Facilities and Construction Department. If the project involves or impacts a worship space, the project team shall also consult and receive approval from the Archdiocesan Commission on Church Art and Architecture.

**§701.3.3. Step 3: Project Execution**

**701.3.3 Policy** If project overruns which exceed the limits set during financing approval become evident, the project shall stop until corrective measures are agreed upon between the parish, the appropriate Episcopal Vicar, and the Archdiocesan Capital Project Committee.

***Procedures***

- a) During the Project Execution phase, parishes must sign all contracts in accordance with existing policies, approve payments, issue progress reports, and continue liturgical formation and education.
- b) For large projects, the Facilities and Construction Department must assign one person to attend weekly project meetings with the architect; general contractor and the parish to review project status and issues.
- c) Parishes should be aware that project overruns can stem from increases in costs or shortfalls in fundraising.

**§701.3.4. Step 4: Project close-out (Final Report)**

**701.3.4. Policy** A copy of the final report and project accounting shall be sent to the Archdiocesan Capital Project Committee and shall include sections describing total project revenue and expenditures versus budget, a review of the work product versus the project objective, and a commentary on key lessons learned.

## **§702 LIFE/SAFETY ISSUES**

**702.1. Policy** The Department of Financial Services shall be contacted immediately when projects involve "life/safety" issues.

### ***Procedures***

- a) "Life/Safety" issues are determined on a case-by-case basis by the Facilities and Construction Department and the Director of Finance.
- b) Examples of life/safety issues are: lack of a proper fire alarm system in a school, open electrical panels, improper wiring, improper gas ventilation in boiler rooms, no heat in the winter, loose material that may fall from the face of a building onto a pedestrian area, structural failure of building components, etc.

## **§703 FUNDING REQUIREMENTS FOR CAPITAL EXPENDITURES**

### **§703.1. Source of Funding**

**703.1. Policy** The cost of all capital expenditures shall come from a combination of parish savings, special parish fundraising efforts, capital grants and debt. Capital requirements deemed a "life/safety" issue by the Facilities and Construction staff, according to Policy 701.3, shall not be subject to the fund raising requirement due to the concern for life/safety issues. However, any amounts loaned to a parish or institution for such needs through a Capital Project or New Construction Loan shall be repaid.

### ***Procedures***

- a) The maximum loan amount to be approved is predicated on the ability of the Parish to repay the loan over a reasonable period of time without endangering the ministry of the parish.
- a) The repayment schedule for a Capital Project or New Construction Loan is based on the total parish revenues and the amount of the loan.
- b) Parishes and agencies may not borrow money from any third-party person or institution. All loans must be arranged through the Director of Finance. This prohibition extends to prohibiting parishes from incurring interest or finance charges through the use of credit cards.

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- c) If a loan is used to finance a project larger than \$200,000, the amount of debt and the terms of the loan (including repayment period, interest rate, and monthly payments) shall be set by the Archdiocesan Capital Projects Committee as part of the project review with the parish. In the case of projects under \$200,000, the terms will be set by the Director of Finance, after receiving the recommendations of the VAC and Treasurer.
- d) Parishes should obtain additional loan procedures from the Department of Finance.

**§703.2. Percentage of Funding Required**

**703.2. Policy** In order to minimize the total financing charges associated with a project and to ensure the project can be completed with minimal impact on the ministry of the parish, 90% of a project's cost (in the form of fundraising, grants, or savings balances) must be pledged before actual work on a project may begin. Of the project's total cost, 67% must represent cash on deposit with the Pastoral Center.

***Procedures***

- a) Exceptions predicated on §703.1. (a) may be approved by the Capital Projects Committee.
- b) To the extent savings are involved, the funds will be segregated in capital account(s) in the parish's name in the Archdiocesan Bank.

## **§704 CONSTRUCTION CONTRACTS**

*§704 pertains to all construction contracts at the Archdiocese of Chicago, including new construction, major repairs, purchases of HVAC and similar equipment and major maintenance of Archdiocesan buildings. Construction, repairs and maintenance that are undertaken by the parish's or the institution's own employees are not subject to these policies.*

*Contracts shall be used for all jobs, even those under \$20,000, in order to ensure that performance and liability are properly attributed.*

### **§704.1. Construction Contracts Under \$20,000**

**704.1. Policy** Construction contracts under \$20,000 shall be signed by the Pastor. (see Policy 601.1.)

### **§704.2. Construction Contracts \$20,000 and Over**

**704.2. Policy** Construction contracts \$20,000 and over shall be signed by the Pastor and the Director of Finance, or, in the Director's absence, the Chancellor. (see Policy 602.1.)

### **§704.3. Promotion of Rights of Workers**

**704.3.1. Policy** To the extent that unions in the Chicago area seek to guarantee rights including just compensation, medical insurance, disability insurance, workers' compensation, and safe working conditions, the Archdiocese shall support them. Accordingly, in normal circumstances, union contractors shall be used. To the extent that other contractors provide similar wages and benefits as those mentioned above, such contractors shall not be excluded from consideration, except as noted in Policy 704.3..

**704.3.2. Policy** When the interest and needs of the parish or institution clearly point to the need of making exceptions to Policy 704.3.1, the policy on dispensations from policy shall be used. (See §400, Book I) Such dispensation shall be exercised, however, in light of the Church's teaching on labor, the premise upon which the policy is based.

#### ***Procedure***

Situations that warrant exception to §704.3.1. must be documented in writing as part of the project approval process described in §701. Rationale for an exception to §704.3.1. must be clearly articulated in the project proposal.

**704.3.3. Policy** For projects over \$300,000, all contracts shall be union contracts.

## §705 USE OF VOLUNTEERS

**705.1. Policy** No parish shall use volunteers to perform hazardous activities, including, but not limited to, the climbing of ladders and scaffolds, performing trade work (e.g. electrical, structural renovations, roofing work, etc.) or any other service that may place the volunteer, parishioners, or the physical property of the Archdiocese of Chicago in harm's way.

### **Procedure**

Parishes shall use qualified, approved contractors for hazardous activities, utilizing the established *Contract for Construction Services* available from the Department of Facilities and Construction.

## §706 EQUAL OPPORTUNITY

**706.1. Policy** The Archdiocese of Chicago shall support the principle of equal opportunity without regard to race, national origin, or gender through its choice of vendors and contractors.