

PLANNING
AND
CONSTRUCTION
MANUAL



DIOCESE OF ARLINGTON

2020

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INTRODUCTION

This Planning and Construction Manual is for the benefit of the Bishop of Arlington, the pastors who serve him, and the Building Commission who advises him. This Planning and Construction Manual is:

- Provided to help parishes and others through the process of construction or renovation of facilities in the Catholic Diocese of Arlington.
- Limited to the construction and the renovations of buildings themselves.
- Not focused on the establishment of parishes or missions, which are dealt with in Canon Law and the procedures of the Diocese.
- Used by the Building Commission to create a repeatable process for advising parishes and the Bishop.
- Maintained and administered by The Office of Planning, Construction and Facilities (OPCF) and overseen by the Building Commission and the Chief Operations Officer (COO) of the CDA.

OPCF's role in the construction process is as follows:

- Supports all CDA stakeholders with project delivery of facilities through a robust and repeatable process.
- Is not to provide full-time construction managers, but rather provides quality assurance and oversight of professional services and contractor activities from conception through facility operations and maintenance.

For the remainder of the document, the term “Pastor” refers to the authority at the parochial level who is authorized to make decisions for the parish and engage with the stakeholders in this process. For school projects and for chapels on college campuses the word Pastor can be substituted with Principal and Chaplain respectively. The process remains the same.

Applicability: The following thresholds apply to this manual:

- All construction projects above \$30,000 (in total) that create new churches, new school facilities, new facility footprints, acquire land of any size, and/or projects that change sacred architecture or the function of existing Diocesan facilities, must garner approvals through the “Primary Approval Process”

detailed later in this document. Change of function is applicable because experience has shown that very often a change in function brings in different “building codes” and permits, where OPCF and the Building Commission can be good advisors.

- Renovation projects are projects that do not increase footprint or change the function of existing structures but replace a function “in kind.” Example: A bathroom for a bathroom. Renovation projects shall undergo a “Streamlined Approval Process” detailed later in this document.

The following are definitions related to Applicability above:

- New Churches: For this purpose, a new church, to include a non-school chapel, is defined as a new building for permanent worship space of the parish or mission. If a project requires establishment of a parish or mission, Canon Law and the procedures of the Diocese will take precedence. For purposes of this manual and this process, a new church project also encompasses the construction of an adjoining school, rectory, or parish center.
- New School Facilities: If a proposed project involves a school, to include a school chapel, the Superintendent of Schools or a representative of the Superintendent shall be contacted by the school at the initiation of the project and will join the Commission for review of that project.
- Sacred Architecture: If a project affects the architecture of a church/chapel or interior alteration in the sanctuary (e.g. altar, tabernacle, stained glass windows, pews, etc.), the scope of work must be approved in advance by the Director of Divine Worship.

Canon Law states that the first use of a new church shall be the Rite of Dedication. If the Pastor wishes any prior use, he should write the Bishop with a copy to the Vicar General, stating time, period and purpose of use before dedication and ask his permission.

Financial Approvals: The Bishop through the Diocesan Finance Officer (DFO) must approve all facility-related and/or liturgical furnishing projects which, in their totality, involve spending more than \$30,000, regardless if the project is new construction, change of use, or renovations. A project should not be decomposed into smaller components to circumvent the threshold. The completion of a project in progressive steps of less than \$30,000 is prohibited.

Prior to entering into an architect/engineer, or construction contractor contract

involving the expenditure of more than \$30,000, a parish or school is advised to contact OPCF, who collaborates with the pastor, head of school, or principal on:

- The purpose and reason for the expenditure
- Amount of the expenditure
- Availability of funds needed for expenditure
- Signature of the Pastor/Administrator

This direction does not preclude a pastor, head of school, or principal engaging an architect for under \$30,000 to conceptualize a project (for example in Phase 1, the Concept Phase).

BUILDING COMMISSION

The Building Commission is a body created by the Bishop of Arlington to serve two purposes:

- To provide advice to him at his pleasure regarding capital outlay proposals leading to the construction or modification of Diocesan facilities for which he is canonically responsible.
- To assist the parish or school in carrying the project through to a successful conclusion.

OPCF serves as the initial point of contact for pastors, parochial administrators, chaplains or principals that wish to present in front of the Building Commission. Staff from OPCF and the DFO provides guidance and consultation to stakeholders wishing to make a presentation in matters relating to buildings.

Authority: In all cases, the decision of the Bishop shall be final. The Bishop will “hear” and, if appropriate, accept the recommendations of the Building Commission. When other considerations, especially those of a pastoral nature, make it inadvisable to accept and/or implement the recommendations of the Commission, the Bishop shall promptly inform the Building Commission in writing, setting forth his reasons.

Membership: The Building Commission of CDA shall be composed of the following:

- Persons with competencies and experiences that are related to building construction and renovation. Such persons shall include both clergy and members of the lay faithful that have knowledge of the laws and regulations,

civil and ecclesiastical, which relate to building and construction.

- At least six (6) voting members will be lay persons.
- At least three (3) voting members will be priests of the CDA.
- The Vicar General, Diocesan COO, DFO, the Director of OPCF, and the Director of the Office of Sacred Liturgy (for churches or chapels) will be *ex officio* members.

Members of the Commission will be appointed by the Bishop and serve a term of four years, renewable once. The Bishop will elect a Chairperson to a term of two years, renewable once. The Director of OPCF serves as permanent secretary to the Commission. The primary functions of the secretary are to document the concerns and recommendations of the Commission when it meets and to communicate with the parishes, chapels, and schools on projects.

Periodicity: The Commission will meet regularly (e.g. monthly or bimonthly), but no less than quarterly, at a time and place mutually agreed upon by the membership. The Chairperson may call special meetings as the needs of pastors, heads of school, and principals arise. The Commission may choose to hold virtual meetings to expedite the needs of a parish or school.

Recommendations: A recommendation by the Commission to the Bishop requires a vote of a majority of the voting members that are present (a quorum is required). A quorum will consist of fifty percent (50%) of the Commission plus one additional member. If a quorum is not present at the time of the vote, the action will be tentative, pending final approval of a duly constituted quorum of the Commission.

Redress: If a Pastor disagrees with the recommendation of the Commission, the Vicar General and COO in good faith will work with the Pastor to have his concern heard by the Bishop.

“Primary Approval Process”

All construction projects above \$30,000 (in total) that create new churches, new school facilities, new facility footprints, acquire land of any size, and/or projects that change sacred architecture or the function of existing Diocesan facilities, must garner the Bishop’s approval through the **“Primary Approval Process.”**

Primary Approval Process: Projects pass through four phases with a decision by the Bishop at the end of those phases:



PHASE 1: Approved at Concept*



PHASE 2: Approved at Feasibility*



PHASE 3: Approved at Financed-to-Scope*



PHASE 4: Approved at Implementation Plan



Project Execution

*Phases 1 – 3, include a presentation to the Building Commission, which will include a vote to recommend/not recommend to the Bishop.

Renovation projects (see definition in section on Applicability above) bypass the steps listed above. Renovation projects that do not change the purpose or size of a facility are exempt from the “primary approval process” described in this manual and follow the “streamlined approval process;” however, *in all cases, the DFO must review all contracts and change orders whose aggregate value are above \$30,000.*



Phase 1: Approved at Concept

The purpose of Phase 1, Approved at Concept, is for the Bishop to confirm:

- That a project is aligned with the strategy and priorities of the Diocese
- That the pastor is faithfully stewarding the resources of his parish in regard to significant expenditures

The Pastor should identify a concept for the project; and ideally, he has “heard” from his finance council on the concept. Once the need for the project has been determined and an initial concept formulated, the Pastor submits the following documents to the

Diocesan Building Commission Secretary (OPCF) for initial review:

Phase 1
Approved at Concept

Work Products by Phase Completion:

Project Case Template

Deanery Review

Initial Financial Means Test

 Gate Review with Building Commission

Project Case Template (see Appendix A). The Project Case Template is intended to help the Pastor articulate the concept of the project for himself and for others to whom he presents the project. It considers the description of the project, the rationale for it, and the expected benefits of it.

Deanery Review of the Proposed Project, if applicable (see Appendix B). The Dean's review is intended to be a check on the regional implications of the project if, for example, the project shifts or impact demographics in the deanery such as church or school attendance across parish boundaries.

The Initial Financial Means Test (Appendix C). The Initial Financial Means Test obliges the Pastor to think through the basics of financially paying for the project. It asks for the status of current savings, a concept of how the project will be paid for, and consideration of major capital expenditures and long-term maintenance.

Once these documents have been submitted to the Building Commission Secretary, OPCF may request a meeting to review and discuss the initial concept with the Pastor or his representatives.

OPCF informs the Pastor of the issues and information that the Commission will be looking for as the project develops. With this prior knowledge, the Pastor is better able to address matters which otherwise might have been overlooked, resulting in an improved project from the earliest stages. After reviewing the above-mentioned submissions, OPCF makes a recommendation regarding presentation at a future Building Commission meeting.



Phase completion. The following actions at the Building Commissions complete the phase:

- The Commission reviews and votes on the soundness of the presentation using the decision criteria in Appendix F.
- Following the presentation to the Commission and a corresponding vote, the Commission Chairperson provides a recommendation in writing to the Bishop as to whether the initial project concept should be given preliminary approval or not.

- The pastor is notified at the Building Commission’s meeting verbally and afterwards in writing of its plan to recommend/not recommend to the Bishop and its justification. (Note the section above on Redress if the Pastor disagrees with the recommendation.)
- The Bishop’s decision is conveyed in writing to the Pastor.
- If approval is granted, the Pastor is free to form a building committee, hire an architect, and proceed to Phase 2, Approved at Feasibility.



Phase 2: Approved at Feasibility

The purpose of Phase 2, Approved at Feasibility, is to examine if the project can be accomplished to include the risks and conditions the project may face. Feasibility then examines potential designs, partners, permits, and financing, which result in a practicable course of action or an off-ramp.

Hiring of Architect: An architect is a key actor in this phase, along with appropriate technical consultants (such as consulting engineers, land use specialists and environmental designers) as each project dictates. The Pastor should coordinate with OPCF in order to hire an architect and consultants for the project, who will assist with designs and feasibility. The Pastor is encouraged to interview multiple architects in advance of selecting a firm. OPCF normally assists the Pastor in interviewing and selecting potential architects and engineering firms and arranges for interviews. Once the Pastor identifies a preferred architect, OPCF contracts with the selected architect so the phase can proceed.

Schematic Design: A schematic design for the project, which would also include the identification of specific project goals and establishing a rough schedule and budget, is a key written product of this phase.

If changes and/or additions to an existing parish are significant, the existing zoning entitlement (Special Use Permit) and/or the Site Plan for that parish might require amendment under the jurisdiction which the parish is located. Zoning work, a Site Plan application, review and approval are sequential activities and often lengthy. OPCF works with the Pastor to engage an attorney with expertise in zoning laws and land use regulations, with the attorney being approved by the Chancellor.

Feasibility Study with Rough Cost Estimate: A Feasibility Study is composed of

Phase 2
Approved at Feasibility

Work Products by Phase Completion:

Architect/
Schematic
Design

Feasibility
Study w/
Rough Cost

Capital
Campaign Plan

1st Draft of 10-
Yr Finance Plan

 Gate Review
with Building
Commission

one or more reviews to determine the impacts to a project given the conditions with which the project must contend, such as traffic, zoning, noise, space, stormwater and even liturgical conditions. For example, a Traffic Study will show traffic patterns and conditions, which would guide options for entrances and exits and the potential flow of traffic within the property. While various designs may be possible, a Traffic Study will show which design is most feasible.

In summary, the Feasibility Study shows reasonable alternatives to building or renovating. What is feasible within the given conditions informs the design, which in turn, informs a rough cost estimate. A rough cost estimate informs the financial picture, to include the capital campaign and the 10-year Financial Plan.

A cost estimate more detailed than a gross estimate in Phase 1 is done at this time. Either a professional cost estimator or a construction contractor can be used to provide the cost estimate. For projects forecasted at \$2M or more in total, an independent cost estimate is required as a risk mitigation effort for the parish. OPCF can facilitate this for a Pastor, or a Pastor may recommend a reputable estimator.

By the conclusion of the Feasibility Study, the Pastor should be able to make an estimate of the cost of the project and the square footage needed to accommodate the needs identified in the Feasibility Study.

Acquisition planning occurs in this phase. Specifically, the Pastor, in consultation with OPCF, determines whether the project will proceed as 100% design or procured using other procurement methods such as Design-Build.

Capital Campaign: Many major construction projects typically require financing in excess of available funds or those that can be generated through the parish offertory or other sources of normal income. In such cases, it is normal to undertake a capital campaign to raise funds for the project. If it is determined that a capital campaign is needed, the Building Commission will request to see a summary of the Capital Campaign plan. Pastors should consult with the Diocesan Office of Development and the DFO in order to identify the scope of the capital campaign and obtain any necessary permissions. The Office of Development can provide the names of capital

campaign consultants, as well as assist in consultant interviews and selection.

Finance Plan: The schematic design guides an understanding of the financial scope of the project. If a loan is needed (from DIAL or another institution), a preliminary financial plan (e.g. a ten-year plan; see Appendix D) is developed so that the Pastor in collaboration with his finance experts can demonstrate how it will retire the loan.

The DFO, through the Pastor's business managers, can provide a template for the 10-year Financial Plan, and will assist the Pastor's business manager in working through the various assumptions in the plan including, but not limited to, offertory increases, expense trends, capital campaign receipts, and debt service capacity of the parish. The Pastor should meet with the DFO during this process and discuss the preliminary financial plan as it begins to take shape.



Phase completion. The following actions at the Building Commissions complete the phase:

- The Pastor presents the Schematic Design, a Feasibility Study with Rough Cost Estimate, a Capital Campaign Plan, and a first draft of a 10-year Financial Plan to the Building Commission for its review, advice, and recommendation.
- The Commission reviews and votes on the soundness of the presentation using the decision criteria in Appendix F.
- Following presentation to the Commission and its corresponding vote, the Commission Chairperson provides a recommendation to the Bishop for Approval at Feasibility.
- The pastor is notified at the Building Commission's meeting verbally and afterwards in writing of its plan to recommend/not recommend to the Bishop and its justification. (Note the section on Redress if the Pastor disagrees with the recommendation.)
- The Bishop's decision is conveyed in writing to the Pastor. If the Bishop approves the Pastor has permission to proceed to Phase 3, Approved at Finance-to-Scope.



Phase 3: Approved at Financed-to-Scope

If the purpose of Phase 2, Feasibility, is to see “if the project” can be accomplished considering all engineering, architecture, and finances, Phase 3 is about “how the project will be done.” Greater specification is attained in the construction; the price of that specification is refined; and the detailed means to finance that price are determined.

The parish continues to work with the architect, OPCF, and the DFO to refine the project scope and budget and proceed with detailed design development documents.

Phase 3
Approved at
Scope & Finance

Work Products by
Phase Completion:

Construction
Documents w/
Refined Cost

Revised 10-yr
Finance Plan

Gate Review
with Building
Commission

Once zoning is complete, entitlements and/or a Special Use Permit is obtained (started in Approved at Feasibility), and a Site Plan or Site Plan Amendment is submitted to the proper civil authorities. Since Site Plan approval may require a certain length of time (even up to one year), the parish can use this time to continue its fund raising for the project.

Construction Documents with Refined Cost. After approval of detailed design documents, construction documents necessary to define and bid the project are developed. The scope of the project is mostly fixed at this step, and the architect now produces plans and specifications to bid the work with construction contractors.

Once construction documents are complete, a final cost estimate is generated. That construction cost estimate, as well as soft costs (fees, permits, bonds, etc.), are combined in a comprehensive project budget, normally done by a professional cost estimator or a construction contractor. For projects forecasted at \$2M or more in total, an independent cost estimate is required as a risk mitigation effort for the parish. OPCF can facilitate this for a Pastor, or a Pastor may recommend a reputable estimator.

Revised 10-year Finance Plan. The total project budget (outflows) should be integrated into a revised 10-year Finance Plan to include inflows from financing, collections, and fundraising. The revised 10-year Finance Plan should be submitted to the DFO in order to gauge alignment with the previously agreed upon financial structure for the

project (cash, loan, capital campaign, etc.). Based on projected costs, the Pastor with his selected financial experts work with the DFO to secure prior approval for any loans through submission of a loan application. (For DIAL Loans see Appendix E).



Phase completion. The following actions at the Building Commissions complete the phase:

- The Pastor presents the Construction Documents or a summary of them with a revised 10-year Finance Plan to the Building Commission for its review, advice, and recommendation.
- The Commission reviews and vote on the soundness of the presentation using the decision criteria in Appendix F.
- Following presentation to the Commission, and corresponding vote, the Commission Chairperson provides a recommendation to the Bishop for Approval at Finance-to-Scope.
- The pastor is notified at the Building Commission’s meeting verbally and afterwards in writing of its plan to recommend/not recommend to the Bishop and its justification. (Note the section on Redress if the Pastor disagrees with the recommendation.)
- The Bishop’s decision is conveyed in writing to the Pastor. If the Bishop approves, the Pastor has permission to proceed to Phase 4, Approved at Implementation Plan.



Phase 4: Approved at Implementation Plan

The purpose of Phase 4, Approved at Implementation Plan, is to solicit and down-select potential contractors for the project who have provided a schedule and a price that is acceptable. OPCF with its expertise is a valuable guide to the Pastor during this phase.

Request for Proposal (RFP) and Bidding: OPCF, in coordination with the architect, assists the Pastor in selecting a list of prospective construction contractors appropriate for the project. In most cases, approximately three to five construction contractors form an appropriate proposal or bidder list. There are cases in which a parish is familiar with or has used a contractor previously. Such a contractor may be a viable candidate. Pastors or parish representatives should coordinate with OPCF to utilize its


**Phase 4
Approved at
Implementation
Plan**

**Work Products by
Phase Completion:**

RFP and
Bidding

Bid Analysis

Schedule

 Gate Review
with OPCF

experience in evaluating scopes of work and price to determine if the known contractor is suitable for the project. If Pastors or parishes wish to use sole source selection, it must be approved in writing by OPCF during this phase.

The Pastor and/or his representatives are encouraged to meet with contractors to assess specific qualities or skills they might bring to a project, such as prior experience or technological capacity that may be needed for a project. Often a parish will interview contractors initially without any discussion of cost or pricing – seeking first only to understand the philosophy, culture, or management attributes of a firm, before follow-on meetings to discuss costs.

On behalf of the Pastor, OPCF schedules a pre-bid and proposal conferences, attended by the Pastor (or his representative), OPCF staff, and the architect. Normally held at the site of future construction, the meeting outlines such things as local conditions/procedures, coordination with parish activities, site access, utilities during construction, schedule, work hours, and expectations as well as answering questions from the bidders and providing clarifications.

Bid Analysis. Following the release of the Request for Proposals, and the subsequent receipt of proposals, OPCF with the Pastor conducts an analysis of the bids, which leads to a recommended construction partner, subject to the approval of the Pastor. Selection protocol can vary (can be made on price factors alone, or value selection criteria).

Schedule. A necessary deliverable for this phase is a “schedule” that shows the timing of execution of the project.



Phase completion. The following actions complete the phase:

- This phase does not require engagement with the Building Commission; however, OPCF applies its expertise in construction contracting and its knowledge of local contractors to make a recommendation to the Pastor.
- A proposal or bid analysis for the choice of contractor and a schedule are necessary written products for completion of this phase.

- If these written products are complete, the Pastor, via OPCF, submits the contract for final signature by the Bishop. OPCF notifies all bidders of the outcome.



Project Execution

Contract Award: The Bishop or his representatives sign all contracts and change orders with aggregate constructions costs of \$30,000 or more.



Notice to Proceed: After the construction contract is in place, OPCF schedules a pre-construction meeting on behalf of the Pastor, which is attended by the Pastor (or his representative), OPCF, and the architect. The pre-construction meeting is normally held at the construction site and goes into greater detail on security and safety, protocol for the construction contractor, perimeter fencing, payment schedules, etc. OPCF then issues a Notice to Proceed to the construction contractor.

At this point in the process, a 3% fee for oversight of the construction project, based on construction cost up to \$7.5 million, begins to accrue to the Diocese. The 3% fee helps defray the cost of keeping a full-time staff of contract specialists, architects and engineers on the Bishop’s payroll.

Groundbreaking: If the project builds a new church, it may be desirable and appropriate to celebrate the “Rite of Laying the Foundation Stone or Beginning Work on the Building of a Church.” The Pastor should contact the Office of the Bishop and the Office of Sacred Liturgy early to discuss the liturgical elements of the rite and to arrange for the scheduling of such a rite. If the project is not a church, the groundbreaking celebration should include the “Order for the Blessing of a New Building Site” found in the *Book of Blessings*.

Construction: Normally a bi-weekly meeting is held at the construction site, attended by OPCF, the construction contractor team, the architect and one or more representatives from the parish, if desired. The bi-weekly meeting normally resolves submittals, requests for information (RFIs), coordination issues, schedule, County/City/VDOT inspections, and problems needing resolution.

Once a month (every other meeting) a payment request is submitted by the construction contractor. On behalf of the Pastor, OPCF manages the invoice payment

process; however, the Pastor must approve all progress payments before the Finance and Accounting offices of the Diocese can process the payment. OPCF, the architect, and the Contractor agree on the proper retainage or withholding from each progress payment, which is held until project completion to ensure the Contractor follows through with completion of the entire contract scope.

An OPCF project manager, in cooperation with the architect, provides general oversight of the work. However, the Pastor must identify a “project manager,” who is the Pastor’s lead for the project. The OPCF project manager and the parish’s designated project manager work together. It is important to note that the Contractor is solely responsible for the performance of work, quality control, and the safety of the job site. Work that is properly completed by the Contractor in accordance with the construction documents should be authorized by the Pastor in a timely and complete manner (a Pastor should not withhold action on valid requests for payment).

Changes: Changes fall into three main categories. See Appendix G for more details about Change Orders.

- Emergent Requests: An emergent request is a change that was not planned for and comes up in the process.
- Undefinitized Changes: Undefinitized changes are changes that are expected, but the extent of them and the cost of them are unclear.
- Discretionary Change Requests: Discretionary changes are those where a plan was in place, but the leadership knowingly chooses an alternative later with additional cost.

Although a common occurrence in the construction industry, change orders should be held to an absolute minimum. The following are guidelines for change orders:

- The Pastor or his delegate with the assistance of OPCF is responsible for approving changes.
- OPCF is responsible for executing material changes to the contract.
- All changes to contracts, whether additions or credits, must be accomplished by a formal Change Order.
- The Change Order must be reviewed by OPCF, approved by the Pastor or his delegate, and signed, as appropriate, by the architect, contractor and the Diocesan officials involved.

- The Pastor or parish should never direct the Contractor to perform work that is outside the formal contract documents.
- All changes that increase contract value should be discussed in advance with the DFO and OPCF prior to formally changing the original contract amount and/or schedule.

An appropriate contingency is built into the budget for these categories. For example, a higher percentage is included for a complex project or when less due diligence is performed upfront. Typically, a parish should plan on a 3-5% contingency line, but this too depends on the complexity of the project.

As the project nears completion, the amount of retainage or withholding from the contractor's ongoing payments may be reduced, as the risk to the parish is now lower. When the project is declared "substantially complete," the parish Project Manager, the OPCF Project Manager, and the contractor create a "punch list" that describes the work remaining to be done. The withholding of the contractor's payment may now be further reduced to two times the estimated value of the remaining "punch list" work.

Close Out: When all work is complete, the construction contract is closed out and final payment is made to the Contractor. OPCF then proceeds to recover any outstanding bonds.

The contractor delivers two record sets of prints and specifications to the architect in which all changes made during construction are noted. One set is retained at the parish, and one is retained in OPCF. The architect's final payment is made after delivery of the Record Sets and completion of the "punch list" work.

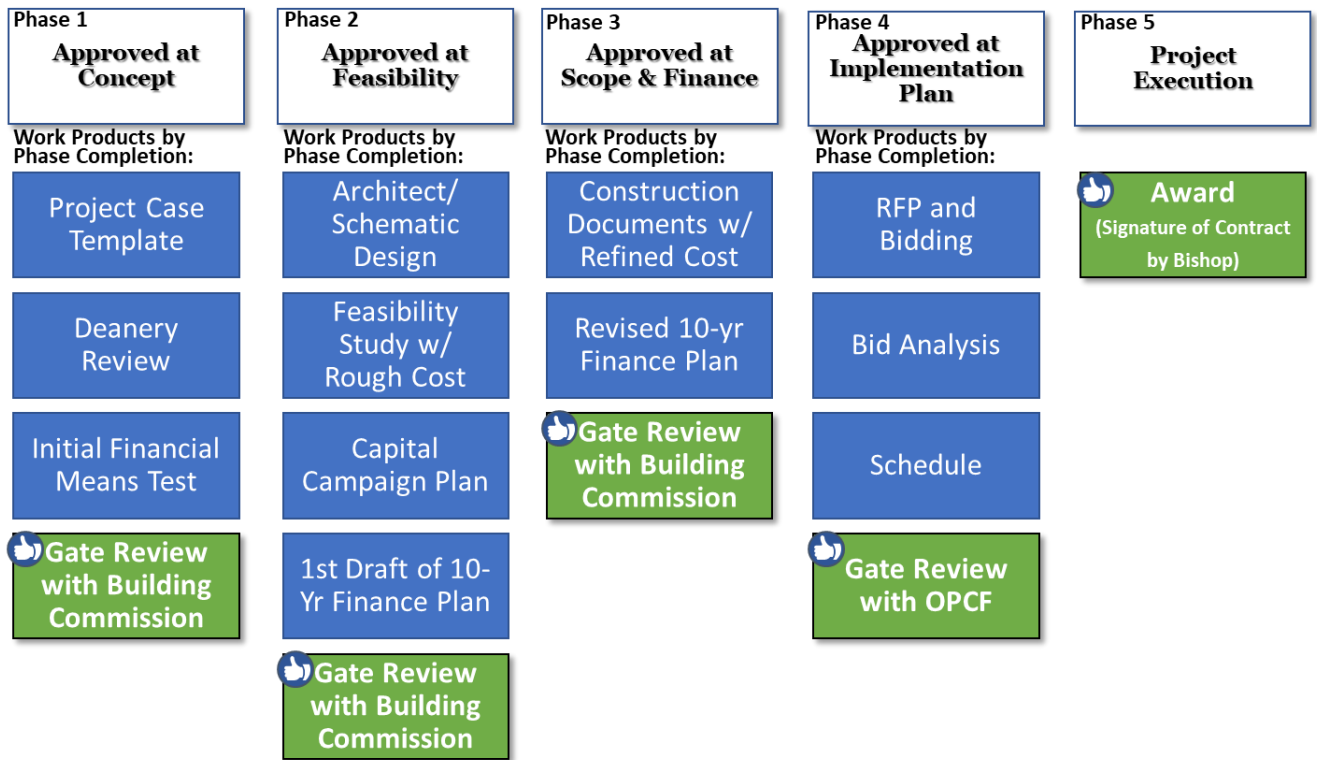
Blessing or Dedication: When the project is substantially complete and deemed ready for use, a blessing or dedication of the new or renovated facility normally takes place. The *Book of Blessings* provides several options for invoking God's blessing upon the facility. The Pastor should contact the Diocesan Office of Sacred Liturgy in order to determine the appropriate rite of blessing.

If the project is a new church, then the rite of "Dedication of a Church" is celebrated. If the project involves an existing church that has been renovated, and if the renovations include a new altar, then the rite of "Dedication of an Altar" is celebrated.

Well in advance of these planned rites, the Pastor should contact both the Office of the Bishop and the Office of Sacred Liturgy to discuss the details of the rites and to schedule a date and time for the dedication.

Loan Payments: If a loan has been secured, funds are made available as a “construction loan.” Parish funds (savings and capital campaign receipts) are utilized first, to cover construction contractor progress payments. From the point at which loan funds are initially drawn down, interest begins to be calculated only on the outstanding principal. Each month, following the initial loan draw, interest only is paid. Following the completion of the construction project, and after collaboration between the Pastor and the DFO, an agreed upon date is determined when the loan becomes amortized (usually over ten years), which will include principal and interest.

RECAP: Primary Approval Process



“Streamlined Approval Process”

The streamlined process is for renovation projects that do not increase footprint or change the function of existing structures. Renovation projects do not need to go in front of the Building Commission. The intent of this streamlined process is to attain approval quickly. Any renovation that has an aggregate cost of \$30,000 (inclusive of change orders) must be reviewed by the DFO.

1. Engagement with OPCF (recommended). Pastors or their delegates should engage with OCPF, who has experience with many contractors to get recommendations on contractors or at least advice on criteria when choosing contractors if the parish is leaning towards one it knows.
2. Request by letter to the Bishop for approval of expenditure. For renovations exceeding a total cost of \$30,000, the Pastor sends a letter or a detailed email requesting the expenditure. The letter or email should contain the purpose of the renovation, the estimated amount, and the source of funds.
3. Approval by the Bishop for Expenditure. The DFO facilitates the approval from the Bishop after receiving the aforementioned letter or email request from the Pastor.
4. Identification and Vetting of Contractor. OPCF assists the Pastor as necessary to identify contractors, solicit multiple bids, down-select the winner, and negotiate the contract with the Pastor.
5. Signature of Contract. After the contractor is down-selected, the contract is processed through the Chancery and a copy given to the Pastor.
6. Project Execution. With a signed contract, the Pastor commences execution. The guidelines for Change Orders above typically apply.

Appendix A - Project Case Template

Parish: _____ Project Name: _____

Brief Project Description:

Rationale and Expected Benefits (how does this benefit the Parish? How does this align with the strategy & mission of the Diocese?):

When will the Parish begin design for the project?

What architects/ designers is the Parish considering?

Appendix B - Deanery Review of Proposed Project

Parish: _____ Project Name: _____

Brief Project Description:

Deanery:

Known implications/impact for surrounding Parishes (if any):

Deanery Support Sign-Off:

Informed/Support: _____

Informed/Not Supported: _____

If you do not support, why not?

Support from Other Deanery Pastors:

If pastors do not support, what is their major concern?

Appendix C – Initial Financial Means Test

Parish: _____ Project Name: _____

Please present a copy of the balances of your operating reserves and the last two years of your parish’s financial report.

After consulting with OPCF or a construction professional, what is the rough order of magnitude of the “new project” you are proposing? How was this determined?

How do you propose to fund the cost of the project presented above (e.g. capital campaign, financing, parish reserves)?

What are the major capital expenditures/long term maintenance your parish may need over the duration of the proposed “new” project (e.g. building repairs, HVAC, parking lots, sound systems, parking lots, etc.)?

What capital reserves do you have, or do you plan to have to address these major capital expenditures/long-term maintenance in addition to completing this “new project”?

Appendix D – Example of 10-Year Finance Plan Template (See DFO for digital version)

FINANCIAL MODEL		<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>	<i>Escalation</i>
<i>Church Rev. Escalation</i>		1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01	1.01
<i>School Rev. Escalation</i>		1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
<i>Exp. Escalation</i>		1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03	1.03
		FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Primary Income	Sunday Collections	-	-	-	-	-	-	-	-	-	-
	Holy Day Collections	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Operating Income	Liturgical/Sacramental Income	-	-	-	-	-	-	-	-	-	-
	Catechesis/Faith Formation Income	-	-	-	-	-	-	-	-	-	-
	Community/Service Income	-	-	-	-	-	-	-	-	-	-
	School Income	-	-	-	-	-	-	-	-	-	-
	Unrestricted Income	-	-	-	-	-	-	-	-	-	-
	Restricted Income	-	-	-	-	-	-	-	-	-	-
	Development/Fundraising Income	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Other Sources related to Project	Loan Draw Down Period	-	-	-	-	-	-	-	-	-	-
	Initial Campaign - Phase 1	-	-	-	-	-	-	-	-	-	-
	Debt Reduction Envelope	-	-	-	-	-	-	-	-	-	-
	Organ Donation	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Receipts		-	-	-	-	-	-	-	-	-	-
Variable and Benefit Expenses	Salary/Benefits Assigned Clergy	-	-	-	-	-	-	-	-	-	-
	Clergy Expenses	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Operating Expenses	Liturgical/Sacramental Expense	-	-	-	-	-	-	-	-	-	-
	Catechesis/Faith Formation Expense	-	-	-	-	-	-	-	-	-	-
	Community/Service Expense	-	-	-	-	-	-	-	-	-	-
	School Expense	-	-	-	-	-	-	-	-	-	-
	Parish Investment in School Expense	-	-	-	-	-	-	-	-	-	-
	Facilities Expense	-	-	-	-	-	-	-	-	-	-
	Utilities Expense	-	-	-	-	-	-	-	-	-	-
	Technology Expense	-	-	-	-	-	-	-	-	-	-
	Administrative Expenses	-	-	-	-	-	-	-	-	-	-
	Office Expense	-	-	-	-	-	-	-	-	-	-
	Diocesan Assessments	-	-	-	-	-	-	-	-	-	-
	Development/Fundraising Expense	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Capital Expense	Capital Expenditures	-	-	-	-	-	-	-	-	-	-
	Other Extraordinary Expense	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Disbursements related to Project	Principal and Interest	-	-	-	-	-	-	-	-	-	-
	Loan Interest - Construction	-	-	-	-	-	-	-	-	-	-
	Loan Interest - Amortized	-	-	-	-	-	-	-	-	-	-
	Principal Payments	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Disbursements	Construction Costs	-	-	-	-	-	-	-	-	-	-
	Capital Campaign Expense	-	-	-	-	-	-	-	-	-	-
	Master Plan & Fees	-	-	-	-	-	-	-	-	-	-
	Prek Renovation Costs	-	-	-	-	-	-	-	-	-	-
	Gym Lighting	-	-	-	-	-	-	-	-	-	-
	Furniture/Fixtures	-	-	-	-	-	-	-	-	-	-
	subtotal	-	-	-	-	-	-	-	-	-	-
Disbursements		-	-	-	-	-	-	-	-	-	-
PLUS (DEFICIT)		-	-	-	-	-	-	-	-	-	-
Beginning Cash		-	-	-	-	-	-	-	-	-	-
Receipts	Operating	-	-	-	-	-	-	-	-	-	-
	Other Income	-	-	-	-	-	-	-	-	-	-
	Related to Capital Project	-	-	-	-	-	-	-	-	-	-
Disbursements	Salaries & Benefits	-	-	-	-	-	-	-	-	-	-
	Operating Expense	-	-	-	-	-	-	-	-	-	-
	Other Expenses	-	-	-	-	-	-	-	-	-	-
	Related to Capital Project	-	-	-	-	-	-	-	-	-	-
Other Adjustments	True-up Cash	-	-	-	-	-	-	-	-	-	-
Ending Cash		-	-	-	-	-	-	-	-	-	-
Figure (ties to Net Surplus/Deficit)		ok	ok	ok	ok	ok	ok	ok	ok	ok	ok
Balance	Beginning	-	-	-	-	-	-	-	-	-	-
	Borrowings	-	-	-	-	-	-	-	-	-	-
	Repayments	-	-	-	-	-	-	-	-	-	-
Ending Balance		-	-	-	-	-	-	-	-	-	-
	Checking		6/30/2019	5/30/2020							
	DIAL Church	-	-	-	-	-	-	-	-	-	-
	DIAL School	-	-	-	-	-	-	-	-	-	-
	DIAL CRT	-	-	-	-	-	-	-	-	-	-
	DIAL RPH	-	-	-	-	-	-	-	-	-	-
	DIAL CC	-	-	-	-	-	-	-	-	-	-
	Total Cash	-	-	-	-	-	-	-	-	-	-

Appendix E – Example of Dial Corp Loan Application
(See DFO for digital version)



Diocesan Investment and Loan Corporation
OPERATING LOAN APPLICATION

PARISH INFORMATION

Parish/Entity: _____

Pastor/Head of School: _____ Application Date: _____

Name of Banking Institution: _____

PURPOSE OF LOAN REQUEST

Please provide specific reason and purpose for the short term operating loan.

FINANCIAL DATA

Please enter the amount for each category. Use the Cash Runway Summary Tab data to enter Total Projected Income and Expense.

Total Projected Income:		Cash on Hand Today(Checking):	
Total Projected Expense:		Cash in DIAL Today(Unrestricted):	
Projected Cash Shortfall:		Loan Amount Requested:	
Ending Cash Balance end of June:		Estimated Date Funds Needed:	

FINANCIAL REPORTS

Please provide the following reports in MS Excel:

1. Cash Runway Forecast
2. Balance Sheet Summary Report - Tier 1 accounts
3. Income Statement Summary Report by Class: Church, School and Total Parish - Tier 1 accounts

SIGNATURES

Signature of Pastor/Administrator

Signature of Parish Finance Council Representative

Date

Date

Appendix F – Building Commission Decision Criteria

The following are the decision criteria to be used by the Building Commission at Gates 1, 2 & 3.

For all gates, the main criteria for the Building Commission’s approval (Gates 1 – 3) and OPCF’s approval (Phase 4) will be the completeness of the required written products for the respective phase as well as the answers to some basic questions:

Phase 1: Approved at Concept

- Project Case Template (see Appendix A)
- Deanery Review of the Proposed Project, if applicable (see Appendix B)
- Initial Financial Means Test (Appendix C)

Questions

- Can you accurately define the purpose & scope of project?
- Did the Pastor “hear” the Parish Finance or the Pastoral Council?
- Does Dean concur?
- Parish financial conditions align with anticipated scope?

Phase 2: Approved at Feasibility

- Schematic Design
- Feasibility Study with Rough Cost
- Capital Campaign Plan
- 1st draft of a 10-year Financial Plan (Appendix D)

Questions

- Has Schematic Design progress reached an acceptable outcome?
- Have zoning and entitlement issues been resolved?
- Does rough cost estimate conform to a preliminary 10-year financial plan?
- Is Capital Campaign required? What are the plan’s assumptions?
- Did the Pastor “hear” from the Parish Finance?

Phase 3: Approved at Financed-to-Scope

- Construction Documents with Refined Cost
- A revised 10-year Finance Plan (Appendix D)

Questions

- Does your Capital Campaign Plan need to be revised?
- Construction Documents and cost estimate complete and aligned to Financial Plan?
- Did the Pastor “hear” the Parish Finance?
- Liturgical furnishings and equipment included in plan?
- DIAL Loan secured? (if applicable)

Phase 4: Approved at Implementation Plan

- Request for Proposal (RFP) and Bids
- Bids Analysis
- A schedule

Questions

- Is the price for the contracted services reasonable and realistic?
- Does the payment schedule align with the finance plan?

Appendix G – OPCF Policy for Change Orders

A pastor, principal, or a directed representative (a person directed in writing by the Pastor or Principal) must approve all change orders on professional services and construction contracts for his/her parish/school prior to the contract being changed. Approvals must be documented appropriately. Acceptable documentation for this step includes a memorandum to file, e-mail correspondence with the Pastor or Principal, initials on meeting notes, etc. OPCF will execute the approved changes to professional services and construction contracts and manage them on behalf of Catholic Diocese of Arlington (CDA). In order to maximize financial accountability and transparency, the following process steps are promulgated to ensure a Pastor, Principal, or directed representative reviews and approves all proposed changes to a contract in advance. There are three kinds of change orders:

Emergent Requests: An emergent request is a change that was not planned for and comes up in the process. Example: Site work is underway according to plan, but something is discovered underground that has to be removed at cost. OPCF will promptly notify the Pastor, Principal, or directed representative when an emergent condition arises during contract work. OPCF will help develop options for consideration by the Pastor, Principal, or directed representative. These options will include alternative courses of action and conflict mitigation or scope deductions required to keep contract cost and schedule within an acceptable range. Emergent requests must be approved with acceptable documentation (see definition above) by the Pastor, Principal, or directed representative.

Undefinitized Changes: Undefinitized changes are changes that are expected, but the extent of them and the cost of them are unclear. Example: A contractor is repairing a building's foundation but does not know how deep the damage is until it is excavated, only to find out the damage (and thus the cost) is extensive. Acknowledging that a contractor must sometimes proceed with change work before all price or schedule changes can be firmly definitized, all Proposed Change Orders (PCO) will be reviewed and approved by the Pastor, Principal, or directed representative regardless of value, prior to OPCF granting a notice to proceed to the contractor.

Discretionary Change Requests: Discretionary changes are those where a plan was in place, but the leadership knowingly chooses an alternative later with additional cost. Example: A contractor plans for, estimates for, and executes the painting of a room in the color a Pastor chose, but afterwards, the Pastor wants to change the

color. When changes over \$30,000 are requested, OPCF will develop a summary of likely cost and/or schedule impacts, which the Pastor, Principal, or directed representative must approve with acceptable documentation (see definition above). This documentation will be coordinated with OPCF, the DFO and COO. Formal change order documentation will be forwarded by OPCF for Chancery action after completion of DFO/COO coordination efforts.

Once OPCF has packaged an appropriate number of PCOs into a Change Order (CO), and before the CO is sent to the Chancery for approval, the Pastor, Principal, or directed representative from the parish or school will provide acceptable documentation (see definition above) acknowledging the CO change and authorizing the final CO scope/amount.

CO documentation will be kept in OPCF files for all contract changes.

Note: While OPCF strives to stay apprised of financial approval levels and DIAL loan amounts, the Pastor or Principal is ultimately responsible for all contract obligations. Frequent communication with OPCF and DFO is encouraged.