

**ST. MARK'S CHURCH RENOVATION PROJECT
RESPONSES TO QUESTIONS FROM COMMUNITY MEMBERS
(Includes input submitted through April 13, 2012)**

Over the last two months, the Vision 2020 Steering Committee has solicited and received input from the community in a variety of ways: through the Town Hall discussion at the Annual Meeting, via e-mail to the capital campaign e-mail address, through discussions on the St. Mark's e-group, and via communications sent directly to Vestry members. The Vestry tasked the Steering Committee with collecting, organizing and providing answers to as many comments and questions as possible.

This document is the result of that work. The Steering Committee received more than 80 pages of questions and comments. The entire record was provided to the Vestry for members to review and consider. From the input, we extracted the questions, non-essential comments and the identification of the sender. We organized the questions in categories, and then provided our best answers. We also extracted what we call "potentially actionable design ideas" and address those.

I. Potentially Actionable Design Ideas

1. Change new "dressing room" in Dance Studio into small meeting room with direct access to hallway

While this is physically possible, the new dressing room is only 75 square feet (8.0' by 9.5') and would comfortably hold no more than four people seated at a table. Direct access from that dressing room to the hallway cannot be achieved without adding a connecting hallway within the dance studio, which would take away at least 40 square feet of dance space.

2. Move pub but do not connect it to the kitchen

This connection is necessary as it provides direct access from the kitchen to the kitchen storage area. (The storage area is located behind the pub, that is, to the east of the pub.) The location of the proposed connection consists of a portion of wall that was previously a door. Removing this portion of wall to create the connection between the kitchen and pub is not expensive.

3. Add janitorial closet with sink on first floor (if it is not already in plan)

There is sufficient space on the first floor for a janitorial closet with sink to be provided.

4. Configure office conference room in Option 3 so it can be accessed during peak use times

This is feasible and a good way to provide additional flexible meeting space. The Steering Committee will look at an alternative design to maintain security of the office area and provide general access to the meeting space.

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5. Construct a new elevator from first to second floor in the SW corner of the Parish Hall

To install a new elevator from first to second floor in the SW corner of the Parish Hall is possible. However, the construction cost of installing a two-stop elevator is comparatively high to installing a three-stop elevator. The operational costs (due to maintenance energy consumption) of a second elevator would be high relative to the benefits gained. A loss of usable space on the first and second floors would result, not only for the second elevator, but for the second elevator machine room.

6. Consider keeping the elevator in its current location, and seek a variance to poke it up through the Dance Studio.

Approval would be necessary for installing the elevator over-ride from a.) The Commission of Fine Arts (for construction of a property adjacent to the Capitol grounds) and b.) The Historic Preservation Review Board (for alterations to the exterior of a historic landmark building.)

Installing the elevator over-ride in the dance hall would also necessitate destruction or modification of the historic hammer trusses supporting the dance studio roof. This likely would require approval from the Historic Preservation Review Board. Given the existence of a presented and approved scheme that does not cause irreversible change to a historic structure, our architect believes it would be difficult to convince the Historic Review Board to give their support to this idea.

The cost to install a new elevator in the same location is approximately equal to the cost of installing an elevator at a different location. (Our contractor consulted with two manufacturers/installers of elevators during this pricing exercise.)

7. Include geothermal

The Steering Committee and the Green Lions are actively evaluating the feasibility of incorporating geothermal into the project. We have identified and spoken with two experts who can potentially assist with financing as well as a contractor that specializes in geothermal installations. The Green Lions are leading this effort with support from the Project Manager.

8. Complete a shell undercroft in preparation for future finishing.

Constructing a shell undercroft in preparation for future finishing was part of the design and was subsequently removed for cost reduction. If this is to be re-considered we will need to evaluate the details further.

9. Do Option 2 and redevelop space behind mural into two stories with “loft” for teens

The net usable space of a loft behind the mural would be relatively small, as the building code requires two means of egress (i.e., stairs at both ends.) The cost to construct would be

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relatively high for this small space, given the structural framing necessary to support the floor, the heating, cooling, and fire/life safety components that would need to be installed. With only stairs and no elevator, this space would not be fully accessible and thus limited as a multi-use space.

10. Is it necessary to move the bathrooms in the undercroft? Moving plumbing is expensive. Can't they be squeezed into the present space or maybe borrow space from the mechanics area? Would it be cheaper to move the mechanics area across the corridor? I realize we'd probably lose a class/meeting room space.

These bathrooms must be moved in Option 2 to enable access to the office space of the new undercroft area. The bathrooms must be moved in Option 3 to provide access to the stair and elevator.

11. Redevelop the Dance Studio into the office space.

The office space requires approximately 2,000 square feet. The square footage of the Dance Studio is 1,000 square feet, approximately half of that needed to meet the needed office space. There is general agreement that the Dance Studio can and should be used as multi-purpose space. The proposed office area cannot serve as multi-purpose space.

12. Can we avoid moving the electric room that is behind the current pub?

No. The configuration of relocated stairs and elevator necessitates moving the electric panels that are in closets on the west side of the Parish Hall. We are making every effort to minimize moving existing electrical equipment and other systems from their current locations. For example, we've designed the existing undercroft so as to avoid moving a significant electrical junction box located in that area.

13. Can we keep bathrooms of the same size or even make them larger or will they be smaller?

In order to create space for new meeting rooms, the bathrooms in the undercroft have been made smaller. (The women's room is reduced by one sink and 2 toilets. The men's room is reduced by 2 sinks and one urinal.) The planned number of bathroom fixtures is in compliance with code requirements, and is based on the occupancy of the building. We would also explore opening the existing unisex bathroom in the undercroft (across from the Music Director's office) on Sundays for use by parishioners.

II. Questions

A. Process

1. What project requirements have been established? How are they managed?

Project requirements is taken to mean "that which the project is to accomplish" and are derived by the needs which the project will fulfill. From the community-wide dreams

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process, six project requirements, or goals, were established. As the design phase has advanced, the Steering Committee and Vestry have managed the project requirements, that is, translated them into project scope. The management of project requirements has been accomplished through an iterative process that has necessitated prioritization of the requirements as budgetary constraints have become more accurately determined.

2. Who is the Project Manager for the Vision 2020 program?

The approach and structure for managing the current building project at St. Mark's is common, if not universal among non-profit organizations and churches. Alex Berley of the E&G Group is St. Mark's Project Manager. The Project Manager advises the Steering Committee and carries out many tasks that the members of the Steering Committee have not the time, resources, or expertise to execute. Project management is not performed by a single individual, but as a collaborative partnership between the Project Manager, Steering Committee and Vestry.

3. What is the status of the Program Plan?

Program Plan is taken to mean a document which describes practices and processes adhered to for the project. Such a plan typically answers the following important questions: i.) What needs precipitated the project? ii.) What are the project deliverables? iii.) Who will be involved in the project? iv.) What are the responsibilities and decision-making authorities of those involved in the project? v.) What is project timeline? vi.) What is the project budget? vii.) What is the funding approach? viii.) What is the approach to quality measurement and control? ix.) What methods are used to identify, evaluate, and mitigate risks? x.) What are procurement and purchase requirements? xi.) What are the project baselines (scope, schedule, and budget) xii.) What procedures are used to track changes in the project requirements and baselines?

The Steering Committee has established and is methodically implementing the elements of a Program Plan. However, the Steering Committee has not compiled a comprehensive written document titled "Program Plan." Due to budgetary limitations and relatively small scale of projects it is uncommon for nonprofit organizations and churches to create a formal Program Plan.

4. When will a detailed schedule be available for review by the parish? How are schedule changes managed?

A detailed project schedule was developed in 2010 and has been updated regularly. A milestone summary schedule was issued to parishioners who attended the Vestry meeting held on February 26, 2012 and at the Annual Meeting held on March 11, 2012. After the Vestry decides what direction to take, we will share the updated detailed schedule.

The design phase of a building project like this demands a great deal of flexibility. Schedule changes are managed by the Project Manager in consultation with the Steering Committee, design consultants, and preconstruction contractor.

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5. How are baselines managed? How are decisions made? How are cost vs. need trades made?

Baselines are taken to mean project budget, schedule, and scope.

Management of these baselines has been performed by the Project Manager and the Steering Committee. The Project Manager tracks and reports on expenses against the budget using job cost reporting software and he manages the schedule using industry-standard scheduling software. Scope is managed by comparing design work products against project requirements.

The Steering Committee manages baselines as follows: As budgetary constraints become more accurately determined, the project requirements must be prioritized and consequently the project scope must be revised. This iterative process of cost vs. need trades is currently under way, by means of communication between the Steering Committee, Vestry, and Parishioners.

Final decisions are made by the Vestry, based on information provided by the Steering Committee and others.

6. With which firms has St. Mark's entered into a contractual agreement?

St. Mark's has entered into contractual agreements with the following seven firms: 1.) EHT Traceries, 2.) E&G Group, 3.) Kathy Taub, LLC, 4.) Applied Environmental, Inc., 5.) AMT, Inc, 6.) Permit Runner, Inc. 7.) Holland and Knight, and 8.) Monarc Construction Co.

St. Mark's has entered into contractual agreements with all vendors and consultants performing services on this project, with the exception of the architect (Bonstra Haresign.) On the recommendation of Vestry Counsel (Karlyn Stanley) and Vestry Assistant Treasurer (Yann VanGeertruyden) the Vestry decided to postpone executing the architect's contract until the direction of the project scope is decided upon. We have provided the architect with a Letter of Intent, which was approved by both Karlyn Stanley and Yann VanGeertruyden.

The contract that St. Mark's has entered into with Monarc is for preconstruction services only. St. Mark's has not entered into a contract with a general contractor for construction phase services.

The consulting engineering disciplines of structural, mechanical, electrical, plumbing, as well as the kitchen designer are all under contract as sub-consultants directly with the architect.

7. What selection method was used to choose these firms?

The following consultants were selected based on recommendation to St. Mark's: 1.) EHT Traceries, 2.) Applied Environmental, Inc., 3.) AMT, Inc. 4.) Permit Runner, Inc., 5.) Kathy Taub, LLC., 6.) Holland and Knight.

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The following consultants were selected on a competitive basis, which included issuance of a Request for Proposals to 3 or 4 firms, evaluation of proposals, interviews, negotiation of scope and fees, and reference checks: 1.) Bonstra Haresign, 2.) E&G Group 3.) Monarc Construction Co.

8. What type of contract (Cost of the Work Plus a Fee with a Guaranteed Maximum Price, Firm Fixed Price, etc.) has been used for each existing contract? Have incentive clause been incorporated into these contracts? What type of incentives? Have penalty clauses been incorporated? Do they provide for liquidated damages?

All above-noted contracts are fixed price agreements, except for the contract with Kathy Taub, LLC, which was an hourly fee contract. No incentive or penalty clauses have been included in any of the contracts. None of the contracts include clauses for liquidated damages. (Liquidated damages here is taken to mean a specific amount of money to be awarded to the owner by the consultant in the event the consultant violates the terms of the agreement.)

9. If contracts have not been issued, what is the basis for any payments (letter of agreement, letter contract, etc.)?

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10. Have American Institute of Architects (AIA) standard contracts been used? If so, which family of AIA documents (Conventional, Construction Manager as Advisor, Integrated Project Delivery, etc.) have used? Which specific contract documents within each AIA family been used?

The architect's contract is AIA Document B103 – 2007 titled, "Standard Form of Agreement Between Owner and Architect" as edited.

11. What cost containment strategies/approaches have been used or planned for use?

Containment strategy here is taken to mean budget amounts allocated as reserves to be used in the event actual costs exceed budgeted amounts. The total project budget includes several contingency pools, described as follows:

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-- Soft Cost Contingency: Used by the owner to cover costs that exceed the budgeted amount for consultants, permits, insurance, and other such uses. (Design Contingency equaling 3% of soft costs is included in the St. Mark's total project budget.)

-- Design Completion Contingency: Used by the owner to cover certain shortfalls in construction costs in the current preconstruction estimate. Examples of causes for shortfall include scope changes, additional services needed by design consultants, and more defined documentation at latter phase of design. (Design Completion Contingency equaling 20% of direct construction costs is included in the St. Mark's total project budget.)

-- Escalation Contingency: Used by the owner to the GMP to cover increases in construction costs due to economic market inflation. (Escalation rate of 1% per month of construction costs is included in the St. Mark's total project budget.)

-- Construction Contingency: Used by the general contractor during construction, with the owner's concurrence, in cases where it may not be clear who should bear the cost of the change. For example, the construction documents may not clearly specify the required quality of a lighting fixture and the GC priced a lesser quality fixture than the owner intended. The construction contingency provides everyone with a place to go, instead of the contractor feeling the need to make a claim when such issues arise. (Construction Contingency equaling 5% of direct construction costs is included in the St. Mark's total project budget.)

-- Owner Contingency: Used by the owner for change order costs during construction that arise for reasons such as correction of design errors, unforeseen site conditions, owner elected design changes, and other costs that are clearly the responsibility of the owner. (Owner Contingency equaling 10% of direct construction costs is included in the St. Mark's total project budget.)

12. Is Diocesan approval required for this project? If yes, what is the process and the criteria for obtaining that approval?

Yes. The process begins with the Diocesan Finance Committee. We must consult with a team from the committee and orient them to our project, make a formal submission that includes a description of the project, reports on parish finances, three years of audits and the financing plan for the project and meet with the committee. They then recommend approval to the Diocesan Standing Committee and to the Bishop. The chair of the Finance Committee has told me that typically their decision re whether to recommend is made one month and then considered by the Standing Committee a month later. Our understanding is that the Bishop typically gives approval at the Standing Committee meeting although that now may have changed.

13. [May I] request the actual recommendation by the steering committee that was sent to the Vestry?

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The Steering Committee presented to the Vestry the three design options and a proposed financing plan. All of these documents are available on the web site. In a memo to the Vestry outlining the three options, the Steering Committee recommended Option 3 (building a second floor, but no Undercroft). No formal resolution was presented to the Vestry.

14. How are the results of meetings propagated to the parish?

The Steering Committee has used a variety of communication vehicles to communicate with the Parish over the past two-plus years, including updates in the Gospel According to St. Mark's; Sunday Bulletin announcements; oral announcements; written communications to the community; information posted on bulletin boards in the Parish Hall; and the St. Mark's web site's Vision 2020 section to communicate with the Parish. The Vision 2020 project has been the subject of the last two parish retreats at Shrine Mont (2010 and 2011), as well as the two "Shrine Mont at St. Mark's" sessions that have been held at the church for those who could not attend Shrine Mont. We have held two Town Halls, as well as the extended "open mike" conversation that took place at the 2012 Annual Meeting. The Steering Committee has not kept minutes of every meeting it has had over the last two-plus years. Indeed, few groups at St. Mark's keep minutes of their meetings. However, the Vestry does keep minutes of its meetings, and those minutes have included a report of the Vestry Liaison to the Steering Committee on a monthly basis, as well as reports on the periodic in-person updates that Steering Committee members have given at Vestry meetings.

15. Where are [members who have joined the parish since the start of the project] in this picture? Have they had any chance to engage on the design?

During the fall, new members were sent brochures and other information about the project, along with a pledge card to consider supporting the project. Some have done so, some have chosen not to. Since the beginning of 2012, the uncertainty surrounding the project has temporarily stopped communication with new members directly, as we have been waiting for resolution in order to do so.

B. Design

1. What potential high cost reduction activities has the pre-construction contractor (Monarc) identified?

High cost reduction activities identified by the contractor are a.) eliminate undercroft, or b.) eliminate 2nd floor addition, c.) scale back finishes, d.) replace copper roofing material with painted metal, e.) reduce scope of existing window restoration, f.) replace built-in millwork casework with moveable shelves.

2. Do we need to spend any money in the dance studio space except close up the hole in the floor?

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Yes. In addition to closing up the hole in the dance floor (at the location of existing stairs and elevator) the following items of work are planned for the Dance Studio: i.) floor level of the new office, closets, and dressing rooms on the north side will be lowered to match the elevation of the existing dance space. (This floor level is now raised) and ii.) New lighting will be installed in the new office and dressing rooms.

Additionally, as part of the overall building renovation, the existing equipment for the heating and cooling system in the dance space, new office and dressing rooms will be removed and replaced.

3. What is the square footage for the rooms for options 2 & 3? [How do they compare with square footage in Option #1?

A side-by-side comparison of square footages is attached at the end of this document.

4. Has the Design Committee considered relocating the elevator to the same location as it is in option 3 and keeping the rest of the tower intact?

No. However, as we continue to look at options, this is one we will evaluate.

5. Will an elevator will be required for Options 2 and 3 per building code and/or by the Americans with Disabilities Act?

Current code requirements mandate that renovated areas which exceed a threshold extent of scope be accessible. The planned offices of the undercroft and second floor schemes both exceed this threshold for amount of work done. Thus, for Option 2 the elevator must provide access to the undercroft and first floor. For Option 3 elevator access must be provided to the second floor.

6. What multiple use space strategies are being implemented in the design? How will the Parish Hall 2nd floor (option 3) be used during the Sunday peak space need?

In the proposed design, virtually all spaces outside of the staff offices are considered multiple use spaces. The meeting rooms in the Undercroft, which will replace the Penniman and Gregory Rooms currently in Baxter House, can be used for Sunday School classes, meetings and adults classes during the week, and by outside groups – exactly as the classrooms in the Undercroft are used for multiple purposes today. We are exploring ways to make the conference room in the staff suite accessible on Sundays and in the evenings for groups to use for classes and meetings. We are also recommending that the Dance Studio be more formally designated as a multiple-use space that can be used for other purposes when available. That would likely require the purchase of mats or carpet to protect the floor.

7. Assuming we go with the alternative you recommend (Option 3), will we discontinue Pub Lunch/Brunch for the duration? What about weddings? What about other traditional parish

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events like Maundy Thursday and Mardi Gras? Will we still make sandwiches for the Grate Patrol?

A Transition Task Force will be appointed by the Senior Warden and the Junior Warden, and that team will oversee program planning for the construction period, as well as management of the use of space during the construction period. A key part of that team's responsibility will be considering how to "continue life as normal" to the degree possible. Under either Option 2 or Option 3, there will be no access to any part of the building east of the Nave for the duration of construction.

8. Will there be columns in the Parish Hall in Option #3?

Yes. There will be four columns, each approximately 6"x6".

9. If re-configuring the Dance Studio space to meet other needs continues to be "off the table," the Parish needs to know. What is the opportunity cost for reserving the Dance Studio space? Is it \$1 million or more?? Perhaps there is a more affordable way to support the Dance Studio as well as Sunday morning choir practice?

The future of the dance program at St. Mark's is a Vestry decision and, to date, the Vestry has not made any policy decision that would change the current use of the space by the program. Therefore, the Steering Committee has always operated with the idea that the Dance Studio space must remain a space for use by the dance program. We have not done a specific analysis of the opportunity cost of reserving the Dance Studio space. We are, however, looking into ways to make the space as multi-use as possible, including exploring options for protecting the floor when the space is being used for activities other than dance.

10. What are the options nearby for renting alternative office space for our staff? Can we move them out of Baxter House now into a nice space on Capitol Hill, and sell Baxter House ASAP? Can we ask our real estate experts whether it is worth trying to fix it up at all, or just sell as is?

Office space on Capitol Hill near the church is very expensive (\$40-\$50 per square foot) but we have not yet researched specific spaces for rent, since we remain uncertain when we might need it. As soon as a decision on the project is made, we will begin researching options for relocating the staff. Those options will include exploring whether there is any space available at nearby churches that we might be able to rent at a lower cost than general commercial space. The timing of selling Baxter House will be driven almost entirely by when we need the money to pay for construction. It is likely, though not definite, that we will wait as long as possible to sell Baxter House in order to keep the amount of disruption to staff to a minimum.

We expect to sell the property pretty much "as is."

11. If [Baxter House is in such bad shape] why does the community believe that it could be sold for at least \$1 Million?

The Steering Committee commissioned and received an appraisal of the property in 2011, which came back at \$1.4 million. We have used \$1 to \$1.2 million as the basis of our financial calculations. We have also consulted with two parishioners who are realtors specializing in Capitol Hill properties, and they have confirmed this appraisal. The value of the property is its location -- proximity to the Capitol and Pennsylvania Avenue -- so the condition of the building has a relatively small effect on its value.

C. Financing

1. What responsibilities will the GC have for implementing a strategy maximizing tax incentives benefits for sustainable energy implementations?

None. It is not customary on projects such as this for the general contractor to be tasked with devising or carrying out strategy that maximize tax incentive benefits for sustainable energy implementations.

2. What is the current plan to pay for the project? How does that plan differ from what was included in the Vision 2020 brochure? If there is to be a mortgage, what is the anticipated amount of the mortgage, its terms and the anticipated sources of funds to pay the mortgage? How will we raise the extra money needed to make mortgage payments?

The plan we proposed to the Vestry in February is available on the St. Mark's website at: http://www.stmarks.net/assets/pdf/Explanation_of_Financing_and_Cash_Flow.pdf. In a nutshell, the plan calls for paying of the project through a combination of the proceeds from the sale of Baxter House (\$1.2 million), the amount pledged to date (\$1.7 million), with the remainder coming from a combination of a mortgage and borrowing from the Endowment.

The anticipated amount of the mortgage would be \$700,000, although we proposed reducing that to \$200,000 by borrowing \$500,000 from the Endowment. In our discussions with National Capital Bank, we have discussed a 30-year mortgage, as well as mortgages of 15 and 7 years. Current interest rates are between 4 and 5%, though we expect those to rise.

By way of comparison, in the 1990-1991 project to construct the Undercroft, we had a mortgage of about \$1.3 million, with a 10-year term and an interest rate near double digits, and monthly payments of \$17,000 (\$204,000 per year). The mortgage was paid off monthly, and at the end of each year, a lump sum was paid out of contributions that had come in from the capital campaign. (Similar to this project, the construction was completed and the bills paid long before all the pledges were paid.) In 1994, the mortgage was refinanced to \$560,000 mortgage with a 20-year term and monthly payments of \$5,000 (\$60,000 per year). In 1998-99, another capital campaign began to pay off the mortgage. That effort was successful, resulting in a "burning of the mortgage" ceremony in 2001 (check date).

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3. What is the cost of servicing the loan?

If we borrow \$700,000 for 30 years at 5%, the amount the St. Mark's budget would have to bear per year is \$45,093. However, if we were able to borrow \$500,000 from our endowment and the mortgage was \$200,000 for 30 years at 5% the yearly amount for the budget would be only \$12,884. If the term of the loan were 15 years or 7 years, the payments per year would be correspondingly higher.

Some of the money for the mortgage would come from savings to the operating budget of the new construction, which would result in lower energy consumption and lower costs to maintain building systems. The cost of maintaining Baxter House is very high; without it, more money would be available in the operating budget.

4. What feedback has been received from potential donors; specifically high dollar potential givers? Are people voting with their pocketbooks?

We believe people have already voted with their pocketbooks – more than 230 members have pledged more than \$1.7 million. From our analysis of annual pledge commitments, 47 of the 50 largest annual pledges also have pledged to the capital campaign.

5. What are the net proceeds of Baxter House (less “tax, tags, title” or in normal terms real estate fees, etc.)

We are budgeting \$1.2 million in net proceeds.

D. Budget

1. What is the full impact of the Vision 2020 Program on the annual operating budget? What is the maintenance cost associated with the new building? What is the projected reduction in maintenance due to the sale of Baxter House? What is the projected reduction in energy costs associated with sustainable energy?

Operational costs considered here are for custodial upkeep, maintenance of building systems, and energy consumption.

Custodial costs for the improved spaces can be expected not to change, since the overall square footage or type of space to be maintained before and after the project will not significantly change.

Costs to maintain building systems will decrease. New systems that will be replaced and serve new and renovated spaces will require less maintenance than the aging systems presently in the Parish Hall building and Baxter House.

Energy consumption costs will decrease due to i.) The greater efficiency of new building system equipment ii.) Improvements to the thermal insulation of the building envelope

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*resulting from insulation of doors, windows, roof, and exterior walls of the improved areas
iii) Addition of a second floor to the Parish Hall, which will serve to greatly reduce heat loss from the high ceiling, iv) Addition of a solar (photovoltaic cell) system on the Parish roof, which will reduce St. Mark's electricity bills.*

2. How will contingency funds be managed?

When a Proposed Change Order is generated by the general contractor, the scope and fee details will be reviewed by the architect and project manager. The architect and project manager will oversee corrections or cost-related negotiations and then review with the client and advise whether approval is merited. Written authorization by the owner is required prior to use of contingency funds.

A detailed job cost report for the project is maintained by the Project Manager. It is updated and issued to the client each month. The report shows for each of the contingency pools, the original budgeted amount, the current available balance, the amount used month-to-date, and the amount used job-to-date. The owner's rep also maintains a contingency log, detailing the reason and amount for each instance of contingency use.

3. What Basis of Estimate (BOE) data has been provided by Monarc? What are the cost drivers? What is the Steering Committee "should cost" estimate?

Basis of Estimate is taken to mean cost estimating methods, approach taken, assumptions used, and justifications for arriving at a particular cost.

The estimating methods used for the St. Mark's project are typical of private and nonprofit projects. At early phases of design our preconstruction contractor conducts budget estimates using data from his internal pricing database (e.g. unit costs.) The contractor's database contains the most accurate pricing data available at the time, based on current market values. As the design becomes more developed, the contractor obtains pricing estimates from local subcontractors in the various job trades.

For this project, it is intended that one or more general contractors will issue a Guaranteed Maximum Price. The basis for the direct costs of this Guaranteed Maximum Price will be competitive bid pricing from three or more subcontractors.

The cost drivers for this project consist of the labor and materials values within each trade that the current market bears.

Regarding a "should cost" estimate, renovations, particularly those of old buildings, are somewhat unique and complex in their design and constructability. Speculating on construction costs is more reliable for new construction and straightforward renovations that can be compared to other projects similar in characteristic and scope. The Steering Committee has therefore not conjectured on a "should cost" estimate for this project.

4. Did the Jan 2012/Feb 2012 dip in expenditures actually occur?

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Yes. In January and February the Steering Committee and Vestry were reviewing the total project budget and evaluating next steps. The production work of the architect and other consultants was largely on hold during that time.

5. What are the preconstruction costs for options 2 and 3? What is the split between hard and soft costs after construction has begun?

Option 2: Soft costs of \$600,616 as estimated in February 2012. Of this amount \$128,100 are allocated for use after construction has begun. Hard costs of \$1,716,577 as estimated in February 2012.

Option 3: Soft costs are \$805,174 as estimated in February 2012. Of this amount \$123,500 are allocated for use after construction has begun. Hard costs are \$3,039,125 as estimated in February 2012.

6. Does the \$100K estimate for extending the second floor over the kitchen address only the direct construction costs or is it fully loaded?

This \$100k estimate includes direct costs, contractor's overhead, and fee.

7. What is the cost for installing deeper footings and digging out the Parish undercroft into a shell for future finishing?

The cost for installing deeper footings was estimated in February 2012 by our preconstruction contractor to be approximately \$70,000. To dig out the Parish Hall undercroft shell for future finishing, as a low-cost option, would consist of a sealed-off and inaccessible space. As a high-cost option, some of this space would be available as a mechanical room and storage area. Our best estimate is that the construction cost would range between \$550,000 and \$850,000. More detailed design and cost estimating is necessary for refinement.

8. What is the cost differential for installing a new elevator in the same location versus moving the location if we received the variance [from CFA for elevator over-ride above the roof on the north side]?

The size of the existing elevator shaft opening is smaller than that mandated by handicapped accessibility code requirements. To build a new elevator without increasing the size of the existing shaft opening, St. Mark's would need to obtain a waiver from the city. (This code waiver is necessary in addition to approval from CFA for the over-ride.) If the city does not grant a code waiver, the size of the existing elevator shaft would need to be increased. Under the assumption that the existing shaft opening remains its current size, the costs to install a new elevator in the same location versus moving the location, are approximately equal. Our contractor consulted with two manufacturers/installers of elevators for this pricing exercise. To determine the cost of increasing the size of the existing elevator shaft

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will require structural design work because the elevator shaft serves as a central component in the building's structural framework.

9. Has a detailed design been completed for any of the options?

Not yet. The next stage of design is the Construction Documents phase, which will begin at the time the Vestry determines what specific direction the project should take.

10. Is the 20% design completion contingency an appropriate percentage?

Yes, as assessed by the Project Manager in consultation with the architect and preconstruction contractor. The purpose of Design Completion Contingency is to cover shortfall in construction costs between milestone cost estimating exercises and the Guaranteed Maximum Price.

11. Is the 15% construction contingency too high? Why is there that much risk in a program that is nearly all above ground, with everything visible before the job is started? Is the 8% materials escalation appropriate?

During renovations of older buildings, unforeseen conditions are frequently encountered, even in cases where much of the work is above ground. Examples of things that this contingency covers (in addition to unforeseen conditions) include modifications opted by the owner during construction and inaccuracies or ambiguities in the design documents that cause the contractor to misinterpret the design intent.

The materials escalation, on average, is estimated by the Project Manager in consultation with the architect and preconstruction contractor to be 1% per month. This estimate is based on current market trends in construction material costs.

12. What is the cost of reconfiguring any portions of the garden area that may be necessary due to reconfiguring the entryway to the foyer?

Implementing the proposed improvements to the entryway will not require any portions of the garden area to be reconfigured. The contractor is carrying an allowance to repair or replace in kind any portions of the courtyard and garden that are damaged as a result of their presence on site.

13. How much money has been spent on the capital campaign and planning process to date, including fundraising consultants, architects, managers, builders, and other consultants? How much was originally budgeted for such expenses?

*The amount spent on the project through the end of March, 2012, is **\$318,607.20**. Our budget called for \$378,200 to be spent by this time. Part of the savings must be attributed to the delays we have experienced. Part of it may be real savings which we have already achieved.*

Responses to Questions from StM Community Members

The amount already spent includes:

- *The services of the Episcopal Church Foundation (ECF) for their support of the campaign (brochures, training of canvassers, strategy, etc.)*
- *A \$25,000 no-interest line of credit from the Diocese, which has been paid back in full, that enabled us to hire ECF for the feasibility study phase*
- *All work done by the architects and engineers*
- *Services of the project manager*
- *Other consultants who advised us on legal issue, historic preservation issues or design possibilities*
- *The cost of the Gala celebration when we reached our first \$1,000,000 in pledges to the campaign.*

14. Since November when the cost estimates came in higher than expected, what options were considered in reducing the costs? What ultimately was eliminated, reduced or changed to help reduce the overall cost of the project? How will these choices impact the achievement of the goals and plans described in the sections of Vision 2020 brochure titled “Where We Are Going” and “The Plan”?

As directed by the Vestry in December 2011, the Steering Committee examined a variety of options to reduce costs, and ultimately came forward with the three options that were presented to the Vestry in February 2012. In terms of what was reduced, eliminated or changed, in Option 2, we eliminated the second floor. In Option 3, we eliminated digging out the Undercroft beneath the Parish Hall. Option 3, which the Steering Committee recommends, meets the goals as outlined in the brochure, with the exception of the goal of creating more space. In Option 3, we will end up with about the same square footage as we currently have, but the space will be more efficient, more accessible and more flexible than current space.

15. What is the difference between the current cost projection for the renovation (including all expenses in question 1 above) and the estimated cost that was publicized in Vision 2020 brochure?

In the brochure, we estimated the project cost at \$3.5 million. We believe something in the \$3.6-\$3.8 million range is the most the church can afford, and have used that as our budget. What has changed is what we can afford for that amount – we cannot both dig out the Undercroft and build a new second floor in the Parish Hall for that cost.

16. Are costs incurred through February/March 2012 included in the cost estimates for the three options?

Yes.

17. What other funds or funding sources are available for the Project Manager to respond to unanticipated issues?

Responses to Questions from StM Community Members

Throughout construction, the Steering Committee will closely monitor costs, including any use of contingency funds. Written authorization from the church is required before contingency funds can be used. The Project Manager represents the church in all cost-related negotiations and then advises the Steering Committee on whether approval of the use of contingency funds is merited. The Project Manager cannot commit funds beyond what is agreed to in a contract with the builders without approval from the Steering Committee and Vestry.

18. Can the footnotes be added to the on-line version for each option?

Sure.

E. Deferred Maintenance

We received these questions regarding deferred maintenance. Because they overlap, all are answered below.

1. Does the current proposed renovation plan include all the maintenance that has been deferred on our building? If not, what significant maintenance issues will remain and why were they not included? What is the plan for addressing any such remaining maintenance?
2. What is the recommended program being offered by the Steering Committee to the vestry for approval? If it does not include deferred maintenance, why not?
3. What is the long term cost and plan for handling “deferred maintenance” not included within the 2020 scope?
4. Is there a price tag associated with the deferred maintenance items the Jr. Warden needs to have funded from this campaign?

In the estimate completed last summer and presented to the Vestry in September 2011, we included the cost of a lengthy series of items that are either “deferred maintenance” or “capital improvements.” The list was wide-ranging: we priced repairs to the stained glass windows, repairs to the organ; repairs to the terrazzo floor in the Nave; replacing the suspension line that holds up the cross above the altar; repointing bricks on the exterior walls of the Nave; repairing the sidewalk; and numerous other items. The idea was to have a list of all these items and an estimate of the cost.

The Steering Committee then prioritized these items in categories: “must do”, “first priority” and “future priority.” We also tried to determine which items ought to be paid for out of the operating budget, though the Finance Committee has final say on that issue. We also tried to determine where other sources of funds were appropriate – there is an endowment fund available for the organ, for example; there are funds in the Hoitsma Fund for repairs; and, there is a designated account specifically for historic preservation of the Nave which includes repairs and improvements.

Responses to Questions from StM Community Members

We anticipate that virtually all of the “deferred maintenance” in the Parish Hall wing would be taken care of in Option 3 because of the nature of the construction and our recommendation to include refurbishment of all of the windows not changed in the construction.

A high percentage of our current “deferred maintenance” is in and on the Baxter House property, which will be eliminated when we sell Baxter House.

Because of the expense of having a complete inspection of the Nave roof done, we relied on a visual inspection. The roof has shown no sign of problems and is well within its expected lifetime.

Concerns have been raised about the condition of our HVA C system. Originally we had thought that we could replace all the air conditioning units for the Nave and current undercroft but we simply could not do that and do either of the other options on the table. While units within the system are nearing the end of their stated useful life, the system as a whole is not collapsing. Rather, as most of us would do in our own homes, we propose that units should be repaired or replaced as the need arises. The system is serviced regularly so there is no deferred maintenance.

We are happy to work with the Junior Warden to develop the suggested plan for how long-term maintenance, replacement and capital improvements might be completed appropriately, building on various assessments of maintenance and capital improvement needs completed over the last 10 years.

Square Footage Comparison by Design Option

Room		Existing space	Undercroft Only scheme	Original DD scheme	Second Floor only scheme	Comments for DD/Second floor Schemes
Lobby	lobby and corridor	465	n/c	775	775	space for art display, coat hanging
Vesting		96	n/c	200	200	quiet space for clergy to prep
Sacristy		150	n/c	250	250	additional locking storage
Parish Hall		1,960 sf	n/c	1,850 sf	1,850 sf	
	pub (in hall)	80 sf	n/c	80 sf	80 sf	pub with serving counter
	storage (lift/chairs/tables in hall)	80 sf	n/c	80 sf	80 sf	storage closet
				2,100 sf	0*	storage (undercroft)
Backstage	storage	570 sf	n/c	150 sf	120 sf	storage
				40 sf	0*	dedicated garden storage
Kitchen	cooking/dishwashing/storage	425 sf	425 sf	425 sf	425 sf	kitchen
				55 sf	55 sf	secure kitchen storage
Office space		2,588 sf	2,704 sf	2,530 sf	2,530 sf	
	<i>(location)</i>	<i>Baxter</i>	<i>Undercroft</i>	<i>2nd floor</i>	<i>2nd floor</i>	
	Rector's Office	X	X	X	X	
	Assoc. Rector's Office	X	X	X	X	
	Parish Admin. Workstation	X	X	X	X	
	Parish Admin. Workstation 2	X	X	X	X	
	Youth Director's workstation	X	X	X	X	
	Music Director's Office		X	X	X	office consolidated with rest of staff
	Copy Room	X	X	X	X	
	Kitchenette	X	X	X	X	
	Open Work Area (flex)		X	X	X	new flex space for volunteers
	IT Closet		X	X	X	new climate controlled space
	Conference Room		X	X	X	Additional 215sf conference space
	Archives	X	X	X	X	New archives in conditioned space
	Reception Desk	X	X	X	X	
	Storage	X		X	X	Built in shelvings
Other spaces						
	Youth (Baxter Basement)	610	415	415	415	moved to library (undercroft)
	Penniman Room (Baxter)	215 sf	0*	295 sf	295 sf	New Penniman Room (undercroft)
	Gregory Room (Baxter)	185 sf	0*	210 sf	210 sf	New Gregory Room (undercroft)
	Dance Studio		n/c	75 sf	75 sf	additional dressing & storage
	Christian Ed		250 sf	250 sf	250 sf	storage (primarily Christian ed)
	<i>n/c = no change</i>					<i>*not built-in this scheme</i>