



# *The North Parish of North Andover*

UNITARIAN UNIVERSALIST

*Lee Bluemel, Sr. Minister*

*Frank Clarkson, Assistant Minister*

*David Blanchard, Minister Emeritus*

November 15, 2006

Dear North Parish Members and Friends:

The Board of Trustees is holding an important Informational Meeting on Sunday, November 19, 2006, at 10 a.m., between services, to provide an update on the current status of the renovation plans in order to prepare the congregation for an upcoming Special Meeting on Sunday, December 3, 2006, at 10 a.m., between services, requesting an all member vote.

### **Informational Meeting - Sunday, November 19, 2006 at 10 a.m.:**

We request all members to attend the informational meeting which will provide details on:

1. The variance approval from the Massachusetts Architectural Access Board and what that means for the North Parish
2. Budget and cash flow projections
3. Timeline of the renovation project
4. Obtain your input for Warrant Article
5. Why an additional vote is needed in order to proceed

### **Special Meeting Special Meeting, on Sunday, December 3, 2006 at 10 a.m.:**

We request all members to attend the Special Meeting in which we will vote on the Warrant which will request a vote in order to proceed with the renovation plans as recommended by the Building Task Force and the Board of Trustees. The Warrant article will be mailed at minimum 10 days prior to the Special Meeting.

We would like to thank ALL of our members, friends and staff who have contributed to the Capital Campaign! We greatly appreciate your contributions to help keep our mission forthcoming for future generations and to preserve our rich history! Reminder: we invite you to pay your Capital Campaign pledge as early as possible as you are able. We will have updated pledge statements available for you this month.

Should you have any questions please feel free to contact board chair & co-chair, Vicky Kukas and Gary Adams or Lee, Frank or Gail. Thank you for your continued support of the North Parish!

Sincerely,

The North Parish Board of Trustees

Vicky Kukas, chair

Gary Adams, vice-chair

Mark Caggiano, trustee

Brian Parker, trustee

Ken Rohr, trustee

Don Schemack, trustee

Bob Weldin, treasurer

Ron Zelle, trustee

## Final North Parish 2007 Building Renovations Plan

At our Special Meeting in June 2006, we authorized the Board of Trustees to sign a contract for the proposed Academy Road capital building project. That project included:

- Life safety improvements – fire suppression and alarms
- Improving accessibility into and within the meetinghouse with a new entry, new entry into the sanctuary, and new stairs between the sanctuary and Parish Hall
- Wheelchair-accessible seating in the sanctuary and access to the front platform
- Improving usability of Parish Hall by removing the stage, adding storage, and converting the current office space into an accessible nursery/multi-use area
- Creating a multi-use chapel in the RE wing and accessible exterior access
- Adding a new suite of accessible men’s and women’s bathrooms
- Improved lighting in the sanctuary and sound reduction in the Parish Hall

In preparation for the Massachusetts Architectural Access Board variance application in October 2006, we added several accessibility options to the plan, including:

- Changing handrails, door levers, stair nosings and treads in the RE wing
- Modifying controls on the existing elevator
- Relocating a new dishwasher and modifying counter space in the kitchen so that sinks and prep area are accessible

The financial plan for completing the Academy Road capital building project is to first spend the remainder of capital monies on hand and then to ‘borrow’ the remaining necessary monies from the church’s investment account. Capital revenues include monies already received (grants, pledge donations, etc.) and monies due to be received over the next two or three years (other pledges and grants through 2009). Capital costs payable to contractors and others will mostly come due within one year. There will thus be a short term loan to be paid back from currently known grants and pledges and a long term loan of approximately \$200,000 which will be paid back by new pledges or grants, or by the church’s operating budget in the years ahead.

Concurrently, we were and are negotiating a lease towards the purchase of Old Center Hall, with plans to reconfigure the downstairs as staff offices. The cost of the lease will be paid from the operating budget starting July 2007. Financing of an outright purchase is not yet finalized.

The effect of the borrowing from the church’s investment account for the Academy Road capital project is detailed in an accompanying spreadsheet and graphed below. New or increased pledges would reduce the amount ‘borrowed’, increased costs or lower than expected grant or pledge payments would require corresponding increases.



# Operating Budget Forecast for 2007 to 2012: Proposed Building Plan Impact

## Key Projection Assumptions

Membership Growth	3.54%
Average Pledge Growth	9.10%
Other Current Income Growth	5.00%
Investment Income Growth	8.00%
Safe Drawdown Rate	4.50%
Salary Rate Increases	4.00%
Guidelines FY07-08	<b>Yes</b>
Energy Increases	6.00%
Other Expense Increases	3.00%
Committee budgets	3.00%
Assistant Minister Full-Time	<b>2008-9</b>
Sexton Half-Time	<b>2008-9</b>
Music Director Hours	<b>No Change</b>

## Self-Mortgage Financing

Mortgage Amount	\$ 200,000
Interest Rate	5.00%
Term (months)	240

## Lease Terms for OCH

	<b>Per Month</b>
Current (extend to 2010)	\$ 1,800
Forecast (2010-2012)	\$ 2,000

## Forecast Results

<b>Years:</b>	<b>2006-7</b>	<b>2007-8</b>	<b>2008-9</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Income	\$471,457	\$501,267	\$558,231	\$615,044	\$680,481	\$755,743
Expenses	516,939	584,561	636,467	660,310	687,504	713,367
Net Result	(45,482)	(83,293)	(78,236)	(45,266)	(7,023)	42,377
Drawdown	8.5%	15.2%	13.2%	9.7%	5.2%	-0.4%
Reserves*	\$1,148,128	\$777,950	\$886,159	\$850,220	\$847,377	\$884,212
Multiple	2.22	1.33	1.39	1.29	1.23	1.24

\*Estimated value of accumulated financial reserves. Assumes no new investment.

## Timing of Financing Based on Current Estimates of Expenses and Current Pledges

	<b>2006-7</b>	<b>2007-8</b>	<b>2008-9</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Net Draw	500,000					
Payback		165,692	165,692	15,692	15,692	15,692

## Self-Mortgage/New Lease Payback

	<b>2006-7</b>	<b>2007-8</b>	<b>2008-9</b>	<b>2009-10</b>	<b>2010-11</b>	<b>2011-12</b>
Mortgage	\$0	\$15,692	\$15,692	\$15,692	\$15,692	\$15,692
Lease	\$0	\$21,600	\$21,600	\$21,600	\$24,000	\$24,000
Both	\$0	\$37,292	\$37,292	\$37,292	\$39,692	\$39,692

**CAPITAL PROJECT EXPENSE SUMMARY (Draft of November 12, 2006)**

<b>EXPENSES</b>	<b>Expenses thru 10/30/2006</b>	<b>Estimated Remaining Expenses</b>	<b>Total Estimate</b>	<b>June 2006 Budget</b>	<b>Amount Over(Under) June Budget</b>
<b>Strategic Planning Expenses (2000-2003)</b>	\$9,322	\$0	\$9,322	\$9,322	\$0
<b>Space Needs Feasibility Study (2003-2004)</b>					
Architecture, engineering, etc.	\$15,570	\$0	\$15,570	\$15,570	\$0
Underground oil tank removal	\$15,850	\$0	\$15,850	\$15,850	\$0
<b>Subtotal</b>	<b>\$31,420</b>	<b>\$0</b>	<b>\$31,420</b>	<b>\$31,420</b>	<b>\$0</b>
<b>Capital Campaign Administration &amp; Consulting</b>					
Administration	\$10,134	\$2,616	\$12,750	\$12,750	\$0
UUA Consulting	\$12,250	\$0	\$12,250	\$12,250	\$0
<b>Subtotal</b>	<b>\$22,384</b>	<b>\$2,616</b>	<b>\$25,000</b>	<b>\$25,000</b>	<b>\$0</b>
<b>Parish House Design (2004-2005)</b>					
Architecture, engineering, etc.	\$44,399	\$0	\$44,399	\$44,399	\$0
<b>Subtotal</b>	<b>\$44,399</b>	<b>\$0</b>	<b>\$44,399</b>	<b>\$44,399</b>	<b>\$0</b>
<b>Exterior Preservation</b>					
Architecture, engineering, etc.	\$44,253	\$5,808	\$50,061	\$40,004	\$10,057
American Steeple & Tower construction	\$255,650	\$127,245	\$382,895	\$360,000	\$22,895
Contingency (5%)		\$6,653	\$6,653	\$30,800	(\$24,147)
<b>Subtotal</b>	<b>\$299,903</b>	<b>\$139,706</b>	<b>\$439,609</b>	<b>\$430,804</b>	<b>\$8,805</b>
<b>Renovations, Life Safety, Foundation &amp; Sitework</b>					
Architecture, engineering, etc.	\$137,711	\$52,278	\$189,989	\$158,188	\$31,801
Construction (Kaplan est.) & Sitework	\$0	\$987,066	\$987,066	\$870,973	\$116,093
Utilities	\$0	\$10,000	\$10,000	\$15,000	(\$5,000)
Contingency (10%)		\$104,934	\$104,934	\$101,897	\$3,037
<b>Subtotal</b>	<b>\$137,711</b>	<b>\$1,154,278</b>	<b>\$1,291,989</b>	<b>\$1,146,058</b>	<b>\$145,931</b>
<b>Old Center Hall Acquisition</b>					
Lease (9/2003-9/2006)	\$64,800	\$0	\$64,800	\$64,800	\$0
Lease ext.(9/2006-6/2007)*	\$3,600	\$14,400	\$18,000	\$44,000	(\$26,000)
<b>Subtotal</b>	<b>\$68,400</b>	<b>\$14,400</b>	<b>\$82,800</b>	<b>\$108,800</b>	<b>(\$26,000)</b>
<b>Old Center Hall Repairs</b>					
Architecture, engineering, etc.	\$900	\$0	\$900	\$700	\$200
Repair Costs (est.)	\$0	\$0	\$0	\$0	\$0
Contingency (10%)		\$0	\$0	\$0	\$0
<b>Subtotal</b>	<b>\$900</b>	<b>\$0</b>	<b>\$900</b>	<b>\$700</b>	<b>\$200</b>
<b>Other Soft Costs</b>					
Construction Mgmt Consulting	\$22,620	\$30,160	\$52,780	\$35,275	\$17,505
Legal Fees	\$34,079	\$5,000	\$39,079	\$29,750	\$9,329
Transition Costs (storage, temp. offices)	\$0	\$5,500	\$5,500	\$0	\$5,500
Contingency (10%)		\$4,066	\$4,066	\$3,500	\$566
<b>Subtotal</b>	<b>\$56,699</b>	<b>\$44,726</b>	<b>\$101,425</b>	<b>\$68,525</b>	<b>\$32,900</b>
<b>Total Current Capital Project Expenses</b>	<b>\$671,138</b>	<b>\$1,355,726</b>	<b>\$2,026,865</b>	<b>\$1,865,028</b>	<b>\$161,837</b>

\* Old Center Hall lease costs will be paid from the Operating Budget starting July 2007  
 Financing costs are not included in the above, as we plan to borrow from our investment account.

## Projected timeline for Renovation Project – DRAFT –

<b>2006</b>	
Dec 3	Congregation approves articles; approval to proceed
Dec 4	Kaplan contract approved and signed by Board of Trustees
Early Dec	<ul style="list-style-type: none"> <li>• Finalize and rent storage warehouse</li> <li>• Confirm phone service and internet access for OCH</li> <li>• Prepare signs to redirect public/deliveries/congregation to alternate sites</li> <li>• Sort and pack any items not needed during Dec 06-Summer 07 for storage</li> <li>• As ready, move items to storage warehouse and/or on-site space cleared by Kaplan (draped with tarp and duct taped)</li> <li>• Prep OCH2 for worship</li> <li>• Prep OCH1 for office/staff use and RE program</li> </ul>
Dec 26-31	Move offices and remainder of meetinghouse/RE contents to storage warehouse or on-site space
<b>2007</b>	
Jan 2	Kaplan begins staging materials/inventory on site
Jan 7	<ul style="list-style-type: none"> <li>• RE program shifts to OCH/Masonic Hall</li> <li>• Worship continues in Sanctuary until construction start</li> </ul>
Jan 15	Actual construction begins
End of May	Core construction completed
June	Contingency construction, punch list
July 7	Vail/Nichols wedding; conditional occupancy if necessary
July	NP volunteers paint RE wing
Aug	<ul style="list-style-type: none"> <li>• Re-occupy meetinghouse and RE wing</li> <li>• Set up staff offices in OCH</li> </ul>
Sep	Celebrate Homecoming

## Where Have the Costs Increased

*Info from Harry Voorhees: Capital Project Budget Estimate, 10/9/06, updated 11/2/06*

Project costs have increased approximately \$190,000 since the June 2006 budget

### \$8.8K **Exterior preservation**

- Includes \$10K additional project management fee from MTS, due to project delays that extended timeframe, work on CPA restriction

*Note: We have a \$6.6K contingency remaining with little work left to do. Should result in a net overage of approx. \$2K*

### \$146K **Renovations, life safety, foundation, & sitework**

Additions:

- boiler room ventilation code work (\$11K)
- dry fire suppression system over existing stove (\$7.5K)
- asbestos remediation consulting (\$2K)
- handrails, stair nosings, and misc. accessibility compliance items (\$5K)
- allowance for additional moisture control (\$5K)
- allowance for sitework to coordinate with Mass. Hwy project (\$50K)
- allowance for permitting fees (\$8K) [had previously anticipated that the town would waive them]

Cost increases:

- millwork for front doors
- acoustic ceilings, interior painting
- electrical work
- construction timeframe expanded from 16 to 20 weeks
- architect fees due to delays and re-drawing alternates, value engineering

### \$35K **Other soft costs**

- increase in project management costs due to protracted schedule (\$17K)
- legal prep for MAAB variance application (\$13K)
- added costs for storage and meeting space rental

*Additional notes:*

- Kaplan Construction is currently carrying a 4.5% contingency (down from their original 10%).
- We are carrying an additional contingency of one month beyond the contractor's 5-month timeframe plus 10% on all future expenses.

*References from the  
Massachusetts Architectural Access Board regulations*

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**What is the code that triggered the need for a variance?**

521 CMR 3.00: **JURISDICTION**

**3.1 SCOPE**

All work performed on *public buildings or facilities* (see **521 CMR 5.00: DEFINITIONS**), including *construction, reconstruction, alterations, remodeling, additions, and changes of use* shall conform to 521 CMR.

**3.3 EXISTING BUILDINGS**

All *additions to, reconstruction, remodeling, and alterations or repairs* of existing *public buildings or facilities*, which require a building permit or which are so defined by a state or local inspector, shall be governed by all applicable subsections in **521 CMR 3.00: JURISDICTION**.

3.3.1 If the work being performed amounts to less than 30% of the *full and fair cash value* of the *building* and

- a. if the work costs less than \$100,000, then only the work being performed is required to comply with 521 CMR

or

- b. if the work costs \$100,000 or more, then the work being performed is required to comply with 521 CMR. In addition, an *accessible public entrance* and an *accessible* toilet room, telephone, drinking fountain (if toilets, telephones and drinking fountains are provided) shall also be provided in compliance with 521 CMR.

Exception: Whether performed alone or in combination with each other, the following types of *alterations* are not subject to **521 CMR 3.3.1**, unless the cost of the work exceeds \$500,000 or unless work is being performed on the entrance or toilet. (When performing exempted work, a memo stating the exempted work and its costs must be filed with the permit application or a separate building permit must be obtained.)

- a. **Curb Cuts:** The construction of *curb cuts* shall comply with **521 CMR 21.00: CURB CUTS**.
- b. *Alteration* work which is limited solely to electrical mechanical, or plumbing systems; to abatement of hazardous materials; or retrofit of automatic sprinklers **and** does not involve the *alteration* of any *elements* or *spaces* required to be *accessible* under 521 CMR. Where electrical outlets and controls are altered, they must comply with 521 CMR.

- c. Roof repair or replacement, window repair or replacement, repointing and masonry repair work.
- d. Work relating to septic system repairs, (including Title V, 310 CMR 15.00, improvements) site utilities and landscaping.

3.3.2 If the work performed, including the exempted work, amounts to 30% or more of the *full and fair cash value* (see **521 CMR 5.00**) of the *building* the entire *building* is required to comply with 521 CMR.

### **Aren't churches exempt from these codes?**

Churches are exempt from the American Disabilities Act (ADA) but not the MAAB.

#### 521 CMR 16.00: **HOUSES OF WORSHIP**

##### 16.1 **GENERAL**

Houses of worship shall comply with 521 CMR, except as specified or modified in 521 CMR 16.00. Houses of worship include but are not limited to churches, chapels, temples, synagogues and mosques. *Spaces* that must be accessible include those areas open to the congregation, administrative offices, and religious meeting halls and classrooms.

### **What is full and fair cash value?**

#### 521 CMR 5.00: **DEFINITIONS**

##### 5.1 **GENERAL**

As used in 521 CMR, the following words shall have the meaning set forth in 521 CMR 5.00 unless the context otherwise requires.

**FULL AND FAIR CASH VALUE OF THE BUILDING:** The assessed valuation of a *building* (not including the land) as recorded in the Assessor's Office of the municipality at the time the *building* permit is issued as equalized at 100% valuation. The 100% equalized assessed value shall be based upon Massachusetts Department of Revenue's determination of the particular city's or town's assessment ratio.

Our church building is currently assessed at \$693,000. Gary Adams and Debb Putnam met with the North Andover Assessor's office September 6, 2006, to determine whether any adjustment could be made to the assessment. The answer was that the church property was due to be revalued this year but would likely result in only a 20% increase, not enough to allow the restoration and renovation work to avoid the variance trigger.