

Section 4

RENOVATIONS, ALTERATIONS, EXTENSIONS & NEW BUILDINGS

General Guidelines

As with the purchase or sale of a property, any decision to significantly alter, extend or build new buildings should start with the question: "How will this decision fit the mission of the congregation?" We are not in the business of property management – we own buildings when they provide the best means of enabling the Church to fulfil its life, worship, and mission.

This means that the parish should consider a wide range of options early in the process and be convinced that the proposed option is the best way to go. This requires you to ask questions such as the following:

- Should we look for a different location or site to use?
- Would it be better to sell the existing buildings as they are rather than altering them?
- Can we share facilities with other congregations either on our site or their site and reduce the capital expenditure?

In some ways, a major rebuilding process is like a purchase, so depending on the project, the advice in Section 2 of this handbook on what to consider may also be useful.

**It pays to seek advice on the building rules early in the planning stages.
This could save time later.**

Small alterations can force major costs. The Building Code and Regulations and obtaining Resource and Building Consents have become more complex. Sometimes, relatively minor projects can grow to expensive major undertakings if full code compliance is required by the local authority (such as upgrading access, improving fire safety or earthquake strengthening). It pays to obtain advice from a professional who knows your local authority's rules before going too far along the process.

The Approval Process

Significant changes to a building, including renovations over \$50,000 and/or requiring a resource or building consent, require approval from the Parish Council, the congregation, Synod and MCPC.

Your application needs to include plans/drawings (where appropriate), cost estimates/quotes, the Parish Strategy, budget, Parish Council and Synod approvals, accounts for the last 12 months and information on how the project is to be funded.

If the building project is major, you should discuss the project with your Synod Property Advisory Committee from the beginning of the process. Your SPAC Property Convenor will be able to assist

and guide you through the approval process and advise on the local government requirements, drafting plans and professionals required for the project.

Approval process for projects

For projects requiring resource and/or building consent, you should use a three-stage approval process where you first get approval for the concept at an early point in the project (when the intended scope of the project is reasonably clear but before major design costs, etc., have been incurred). Approval of the concept and moving to the second stage of full design and costing should be obtained from your Parish Council, the congregation,

Synod and MCPC. Final approval to proceed will need to be obtained from all of the above once the design is fully developed and all the costs are reasonably certain.

Concept approval by the Parish Council, congregation, Synod and MCPC is required for the project as a concept and to move to the next stage.

Concept approval should be sought when the plans are fairly clear but before significant funds have been spent on detailed design. It should include how the money for the project is going to be raised and, in particular, seek approval for any borrowing or lottery grant funding.

As a general guide, this will require:

- An outline of the parish strategy for mission and growth opportunities
- Alternatives that have been considered in making the recommendations
- Project strategy
- Current accounts and assets, together with income and expenditure history
- General design proposal and design philosophy
- Details of the proposed consultant team.

Final approval from the Parish Council, congregation, Synod and MCPC is required to allow the project to proceed.

Final approval should be sought once the design has been finalised, reasonably firm costings have been received, and the details of how the project is to be financed have been determined, but before any commitment has been made to proceed.

In addition to the information required for the concept approval, this will generally require:

- Specific design details
- Details of the proposed project team
- Proposed Quality Assurance plan covering material standards, supervision and certification
- Details of local planning consent requirements
- Proposed project execution strategy for tenders and construction
- Project cost and cost control proposals
- Project financing, including final approvals for any borrowing
- Project management and time scheduling control plans.

Managing the process

Most projects require a significant time commitment from the congregation. It is best if the congregation appoints a dedicated team (a 'works committee') to oversee the process from the start and to be responsible for its successful completion. For significant projects over \$100,000, MCPC expects systems will be established to manage and control the project with regular reporting in a way that leaves no room for surprises as work advances.

Section 4: Renovations, Alterations, Extensions and New Buildings

Before signing a major contract, such as for building work, all approvals must be in place and the contract must be checked by BOA's lawyer.

This is to ensure that, should a contractual dispute later arise, the parish's interests are not jeopardised for want of legal standing. A parish is not a legal entity and does not have sufficient standing in law to enforce a contract in its name, should it become a matter of legal dispute. BOA is a legal entity and can take action to enforce a contract.

The contract documents shall be reviewed by the BOA lawyer to ensure they are in order for signing and that both the parish and BOA are adequately protected.

Because BOA acts for many parishes, BOA's lawyer will need to include a clause limiting their liability to your parish property, which should read something like:

"The liability of The Board of Administration of the Methodist Church of New Zealand under this contract shall be limited to the property set out in the schedule attached, and shall not constitute a debt payable by The Board of Administration of the Methodist Church of New Zealand and their successors in office out of any other fund or property."

Cost overruns and major changes to your project

If, at any time, either before or after you commence your project, the approved cost is likely to increase by 15% or more, or major changes to the scope of the work are required, please advise Synod and MCPC immediately as this may negate the original approval and a further approval may be needed.

For any major project, it is important that you find a professionally qualified principal designer and agree on the extent of the work and that you take advice from other members of the design and construction team. The team will generally be made up of the architect and civil and structural engineers. Other engineers (mechanical, electrical and fire services) may need to be appointed by the principal designer depending on the size of the project.

It pays to seek advice on the building rules early.

In addition to selecting the designers, we strongly recommend that any major project employs:

- A Project Manager who will report to you on quality assurance certification, the impact of project scheduling and any cost variations.
- A Quantity Surveyor to provide a cost plan, schedule the job for tendering, advise on the prices submitted and handle cost variation approvals. They should be asked to regularly report on the anticipated final cost as well as provide advice on approving progress payments and other claims as they arise.
- An independent Health and Safety Consultant to regularly review site Health and Safety performance and standards.

Getting good value for money

Normally for a large project, this is best achieved by tendering with preselected contractors considered capable of doing the work. This ensures you are getting competitive prices for the work. Your professional advisors should be able to suggest suitable tenderers.

There are other ways of getting the work designed and constructed outside of the competitive tender process. If you use these, then MCPC will want to be assured by Synod's Property and Finance Committee that the congregation is getting value for their money, that independent advice is used to ensure quality standards are achieved and that cost plans and time schedules will be established and independently monitored. If using a design-build arrangement, it is particularly important that the parish receives the Producer Statement, including the final construction review.

It is important to ensure that the contractors pricing the work provide a work schedule showing target finish dates. The time schedule should become part of the contractual documentation with regular reports provided on the progress being made against the agreed schedule.

Protect your congregation from claims

Check that your professionals, particularly your builder, have adequate insurance, including Contract Works Insurance and professional liability insurance. Make sure you understand when the insurance by the builder finishes, and have your own insurance ready to replace it immediately. It is also important to ensure that your contractor has the responsibility for compliance with Health and Safety regulations and that all members of your congregation comply with these requirements about accessing the site.

Project Manager

All major construction projects, including rebuilds, will require a project manager from conception.

Contract Works Insurance (CWI)

It is likely you or the project manager will need to arrange Contract Works Insurance for the project. Please contact the Property and Insurance Manager at the Connexional Office 03 3666 049 to arrange this.

Compliance and Building Warrant of Fitness

If your project has triggered a building consent, once the work is completed and the Code of Compliance is issued, you will be required to have a Building Warrant of Fitness (Building WOF). A building warrant of fitness shows that the specified systems in your building are maintained, inspected and working effectively.

What is a building warrant of fitness (BWoF)?

A building warrant of fitness (BWoF) is an annual statement that the inspection, maintenance, and reporting procedures for the specified systems (such as sprinkler and fire alarm systems) listed on the compliance schedule have been fully complied with during the previous 12 months.

Building owner's responsibilities

As a building owner, you need to display your building warrant of fitness so that people using your building know that all the specified building systems are functional and working effectively without risk to their health and safety.

As a building owner, you have to:

Engage an independent qualified person (IQP) to undertake the inspection maintenance and reporting procedures as required by the compliance schedule.

On each anniversary, supply Council with a building warrant of fitness stating the procedures have been complied with during the previous 12 months and attach the certificates of compliance from the independent qualified person.

Display a copy of the building warrant of fitness within the public area of the building.

You may get a fine if you don't display a building warrant of fitness or if it has expired.

More detailed guidance on your responsibilities relating to Managing your building warrant of fitness for buildings with specified systems (external link) is available on the Ministry of Business Innovation and Employment website. <https://www.building.govt.nz/building-officials/guides-for-building-officials/building-warrants-of-fitness/>

Checklist for Renovations, Alterations, Extensions or New Buildings

- Congregation's mission plan is prepared, including what property resources are needed to support this mission
- Determine the options to be considered and the criteria that they will be assessed against to best reflect the mission objectives of the parish
- Agreement to proceed with the project requires the approval of:
 - Parish Council or Church Leaders
 - Congregation
 - The congregation should appoint a 'works committee' unless the project is very small
 - Synod
 - MCPC (Application form, Appendix 1 at the rear of this handbook)
- Application to MCPC will require:
 - Strategic Plan
 - Sketch Plans
 - Site Plan
 - Accounts – for the last 12 months
 - Approvals from Synod and Parish Council
 - Asbestos Management Plan (if appropriate)
 - All applications are to be forwarded to your Synod for their approval. The Synod will check all the required documentation is included in your application and forward it with Synod approval to the Connexional Office for MCPC approval
- If you need to borrow money, the Parish Council, congregation, Synod and MCPC all need to give formal approval for this. The details for this are provided in Section 13 of this handbook.

Once final approvals have been obtained

- Ensure contracts are approved by the BOA's lawyer and provide protection to your congregation through insurance and adequate handling of Health and Safety requirements
- Check your GST situation and ensure you are able to claim back the GST charged by consultants, contractors and other providers
- Set up the reporting requirements to ensure that your committee will get timely advice on the progress of the project and adequate assurance about the quality of the work
- Before you make your final payment and take possession of the building, check that:
 - your professionals have signed off that the work is complete and to standard
 - the Producer Statement, Code of Compliance and Resource Consent are finalised and have been released
 - you have adequate insurance