



January 13, 2020

Dear Hills Church Members and Friends,

Yesterday was the kick-off event for the Capital Campaign, at which we received some very good news. Steven Patrick, our Campaign Chair, announced that the first of the three phases of the campaign has already brought in \$4.2MM in pledges! These excellent results are very encouraging and bode well for the remaining phases of the Campaign!

Since the successful completion, on time and on budget, of the Phase 1A HVAC and fire protection project in the Nursery School and Parish House in the Fall, the church's team of architects, engineers, contractors, and our Owner's Project Manager Jeff Lussier have been developing more detailed plans for the next phase of this renovation project.

As reported to you in October, Phase 1B of this project includes additional fire protection and completion of the HVAC work in the rest of the church buildings. With this new information, Mr. Lussier met with Church Council last week to present their updated findings on the scope and cost estimates of the project.

The document below describes this project in more detail, including the most recent estimated costs and some timing considerations.

In order to prepare the congregation for discussion and voting on the questions before us, the 2020 Budget and the Phase1B project will be reviewed at this month's Stewards Open Forums which will be held in the Reception Room:

Tuesday evening, January 14, at 7:00 p.m.  
Sunday, January 19, before worship at 8:30 a.m.

We hope you will be able to attend one of the forums to learn all you can about the issues you will be voting on and then mark your calendar for the Annual Meeting itself immediately after worship on Sunday, January 26. As we gather together, to enable families with children to more easily participate, the Annual Meeting will be held in the Assembly Room this year. A light lunch will be provided, and child care will be available.

This year's Annual Meeting promises to be an important one in the life our church; how we care for our church building which is a source of our life as a faith community, as well as how we serve as stewards in the care of the funds which support our church life. Your participation on January 26 is critical as it is all of us collectively who will determine how our church will move forward in the coming year.

One last note: looking ahead to future renovation projects; Church Council has convened a group with representatives from Stewards, Property Management, Church Council, and the Clergy to develop a process which clearly lays out how potential major projects, including those in the Master Plan, can be developed, prioritized and approved. The intent is to put a process in place which is inclusive, transparent and not too burdensome. The plan for this process should be available for review later this winter.

Questions? Please do not hesitate to contact any of the Moderators individually or by email: [officeofthemoderator@hillschurch.org](mailto:officeofthemoderator@hillschurch.org). We look forward to seeing you in the coming weeks.

In service and faith,

Mary Hill Canavan, Gintas Vildzius, Christopher Stowell  
Office of the Moderator

### Proposal - Phase 1B Construction Project

#### The Project

Phase	Work	Status	Funding
1B	Fire protection: Sanctuary + Chapel buildings	Approved by Church Council	Pending vote 1/26/20
1B	HVAC: Gas boilers; replace distribution system in the Chapel building; upgrade heat and A/C in the Sanctuary + Board Room	Pending vote 1/26/20	Pending vote 1/26/20

The fire protection work will consist of installing new alarms and a sprinkler system in all required spaces in the Sanctuary building (e.g. the Sanctuary, Chancel, Assembly Room, Board Room, Ushers' Room, narthexes, tower, flower room, music office, organ room, rest rooms, hallways, etc.) and in all required spaces in the Wallace Chapel building (e.g. the chapel, foyer, Wellesley Food Pantry/undercroft, rest rooms, hallways, etc.). Every enclosed space (including closets, dropped ceilings, etc.) needs to be protected, whether or not it is ever occupied.

The completion of the HVAC work will include the removal of the existing oil-fired boiler and the installation of two (2) high-efficiency, gas-fired, hot water boilers. Each of the new gas boilers can individually supply about 60% of the heat required for the entire complex even on the coldest days in New England. Having two boilers means that even if one fails, or requires repairs or maintenance, our buildings can be kept warm enough to be useable and to prevent the pipes, including those for the new sprinkler system, from freezing. In addition, when demand is light one of the two boilers can be shut down which improves efficiency and fuel economy. This redundancy should also help to extend the service lives of the equipment. A new, higher capacity gas line to supply the new boilers will need to be installed running underground along Chapel Place to the back (north) side of the Parish House. The remainder of the existing steam-powered heating distribution system in the Chapel building will be replaced and converted to hot water, as already exists in the rest of the complex. The heating and air conditioning system in the Sanctuary and Board Room will be upgraded as well. The project does not include air-conditioning the Assembly Room.

Both organs will be wrapped during construction under the supervision of Foley-Baker.

## **Background**

In June 2019, Church Council approved the completion of the fire protection work in the Sanctuary and Wallace Chapel buildings by June, 2021, as a condition imposed by the Town of Wellesley for obtaining the building permit for the Phase 1A renovation which was completed in the Fall of 2019.

At the annual meeting on January 26, 2020, the congregation will be asked to vote on resolutions:

- Affirming Church Council's decision to commit to installing fire protection systems by June 2021 and funding the additional fire protection work.
- Approving the completion and funding of the additional HVAC renovation/replacement work.

## **Timing of Fire Protection and HVAC Projects**

These two projects can be done independently at different times; for example, the summers of 2020 and 2021. (Note that summer is the only feasible time to do HVAC work and the preferable time to do the fire protection work in order to disturb normal church operations the least.) However, there are several significant disadvantages to doing these projects separately:

- Church operations will be interrupted for two more summers, instead of one.
- Costs will be greater by at least \$600,000 because:
  - Some walls and ceilings will have to be opened and closed twice, instead of once.
  - Project management costs will be greater to cover the longer period of time construction crews will be on site.
  - Any cost-savings/synergies from simultaneous construction will be lost.
  - The inflation factor for construction, which has been running at 6-10% annually in the Boston area, will increase the cost of any work deferred until 2021.
- The fire protection work must be done over the summer of 2020 in order to meet the June 2021 deadline from the Town of Wellesley; hence, the HVAC work would have to be deferred until Summer 2021. There is a risk that the existing oil-fired boiler, which is at the end of its useful life, might not last another two heating seasons (the current one and 2020-2021), a concern voiced by our long-time HVAC maintenance/repair company, Fraser Engineering.

Based on these considerations, Church Council voted on January 7 of this year to recommend to the congregation that the church fund both the fire protection work and the HVAC work to be done over the summer of 2020.

## **Project Cost Estimates**

Last June, the estimated cost of both projects based on a high level plan was \$1,850,000. Since the completion of Phase 1A in this past Fall, the team of architects, engineers, contractors, and our Owner's Project Manager have been working out the details of the Phase 1B construction plans and have developed a more accurate cost estimate based on these more detailed plans. Several factors have contributed to the increase in the estimated costs for these projects which are described in the text below.

	<b>Fire Protection</b>	<b>HVAC</b>	<b>Phase 1B Total</b>
Preliminary Estimate 06/2019	\$800,000	\$1,050,000	\$1,850,000
Additional Costs			
6% inflation <sup>1</sup>	\$48,000	\$63,000	\$111,000
loss boiler rebate <sup>2</sup>		\$80,000	\$80,000
new gas line <sup>3</sup>		\$150,000	\$150,000
construction issues <sup>4</sup>	\$212,000	\$97,000	\$309,000
Detailed Estimate 01/2020	\$1,060,000	\$1,440,000	\$2,500,000

<sup>1</sup>The inflation factor for construction costs in the Boston area, as mentioned above.

<sup>2</sup>In the past year, National Grid has drastically reduced its rebates for conversion to gas. In 2019 we would likely have qualified for a \$100,000 rebate on the purchase of two gas boilers, but we anticipate receiving only a \$20,000 rebate in 2020.

<sup>3</sup> Until very recently, National Grid paid for the installation of new gas lines and subsequently back-charged customers via higher monthly gas bills, effectively allowing customers to pay off the cost of installing a new line over a longer period of time. In 2019, however, they stopped paying up front to bring gas lines to the customer's building, and began requiring their customers to pay for their installation, including digging the trench, laying the pipe, and disposing of any contaminated soil. Although we will incur this cost now, we will not be subject to a surcharge on our gas bills.

<sup>4</sup>The complexity of construction has driven up the costs in several areas, including:

- Aesthetics – Because some of the spaces which require fire protection are used for worship, we are paying a premium to minimize the visual impact of the sprinkler pipes and heads. This will be achieved by precise installation of piping, modifications and additions to existing trusses and wood trim, building discreet soffits, and painting pipes to blend in with nearby surfaces.
- Board Room and North Narthex – The spaces above the ceilings in these two areas are constructed of flammable materials and already contain a considerable amount of mechanical and electrical infrastructure which makes construction more difficult and more expensive. In addition, since these spaces are unconditioned (unheated and uninsulated), they require the installation of dry sprinklering systems, which are more expensive than conventional systems.
- Old oil-fired boiler and tank – Because of their size and location, the demolition, removal and proper disposal of this equipment will be complicated and expensive.
- Chancel – the floor under the chancel consists of several levels of combustible material, reflecting prior renovations, and already contains other mechanicals, including the lift for the organ console, which makes the installation of fire protection in this area quite complicated.

### **Tentative Schedule**

Construction is anticipated to take three (3) months and if approved by the congregation, will probably begin in the latter half of June. During most of this time, we will not have access to the Sanctuary building (including the Sanctuary and the Assembly Room) or the Wallace Chapel building (including the

chapel and the undercroft/Wellesley Food Pantry). During some phases of construction, we should be able to obtain single day occupancy permits in case we have a need for a large gathering, such as a funeral or wedding. The clergy and Church Council are working on identifying alternate sites for worship (such as other churches in Wellesley). We are also working with the Food Pantry to ensure they are able to continue their operations in appropriate space during this next phase of construction.

### **Financing**

Based on the results of the first (Pacesetting) phase of the Capital Campaign, we have already reached our Challenge Goal of \$4MM and it appears to be likely that we will attain, and possibly exceed, our Stretch Goal of \$5MM. The commitments already received would fully fund the Phase 1A construction project, as well as the Phase 1B fire protection project. Any additional Campaign proceeds can be applied to the Phase 1B HVAC project. Meanwhile, we can still access the line of credit from Wellesley Bank to meet our needs for liquidity. The church's Stewards Support Board will determine the optimum approach to repaying funds drawn from our endowment or repaying funds borrowed from Wellesley Bank.

### **Some Additional Decisions**

In order to carry out both the HVAC work and the fire protection work (which will require using scaffolds) in Wallace Chapel, the pews must be removed. If the existing pews are put back in, then those which are under the windows and abut the radiators will have to be shortened so that they don't impede the circulation of warm air from the new radiators. We also have the option of replacing all of the pews with modular seating which can be configured flexibly. The 1B project budget includes the cost of either option.

The flooring in the Chapel contains asbestos, so at the time the pews come out it will be necessary to abate the asbestos and replace the floor with either vinyl composite tile (VCT) or wood flooring. Wood floors would cost about \$18,000 more than VCT. This upcharge is not included in the budget estimate presented here.

These options will be discussed in more detail with the congregation at a meeting to be scheduled in February.