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## ***Growth and Expansion Guidelines E-Newsletter***

***Practical Ideas and Information for your Church Building Program... From the Nation's Leading Church Facilities Specialists***

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***All articles herein are written by Earl Myler, CEO and Chairman of Myler, The Church Building People. With well over 1,000 successful church building programs behind him, for over 40 years Earl has actively managed Myler, a church facilities specialist firm that provides Planning, Design, Financing, and Construction service for churches nationwide. He has authored several e-books, been a speaker at several church national and state conventions, conducted church building seminars nationwide, as well as served as a Church Owners Representative for 100s of churches.***



## *What Triggers Change Orders During Construction?*

Change orders are usually initiated during the construction phase of a church building program. A change order is basically an amendment to the contract the church has with the architect and builder. Most church leaders think change orders are initiated because they want to make a change in the project. Unfortunately this is not the case in the real world. Change orders are most often initiated by others, such as the architect or builder. Here are the triggers for most change orders:

1) Church Initiated Change Orders: These are changes that the leadership of the church wants to make in the project. Examples would be upgrades or downgrades in the finish materials specified by the architect, such as flooring materials, wall finish materials, lighting fixtures, etc. The costs associated with these types of change orders are normally readily accepted by the church leadership if the costs are reasonable for the changes requested.

2) Architectural/Builder Initiated Change Orders: In this era, given the complexity of the buildings being built and the time frames available to produce architectural drawings, it is extremely difficult for an architect to prepare drawings without any incongruities and errors. When this occurs, it leaves the door wide open for the builder to find inconsistencies in the drawings that lead to change orders.

According to construction industry statistics, the average increased cost to the Owner (Church) for these types of change orders is 7% more than the original contract price. For example, if a Church contracted with a builder for a project bid price of \$2,000,000, the Church would most likely end up paying \$140,000 more for unplanned change orders before the end of the project. Builders know there is usually more profit in change orders, so there is motivation from their end to find errors in the architect's drawings to trigger change orders to the Church. There are seminars devoted to just this subject. Another incongruity is the fact that not only does the builder make more money than anticipated, the church usually has to pay the architect for processing the change order.

These types of change orders usually cause controversial issues between the contractual parties; i.e., the Church leadership, the architect, and the builder. The church leadership is unhappy that the church has to pay more than anticipated, the architect is unhappy with the builder for going after these types of change orders, and the builder is unhappy because the church leadership is usually unhappy with everyone because of the unanticipated situation.

How can a church minimize its risk for these types of change orders? Well, the first thing to do is this. When interviewing the architectural firm you are anticipating using, ask what the average increase in the dollar size of the past 5 projects has been due to these types of change orders. When interviewing the builder, ask the same question. Then ask the references that they give you the same question. You will then at least know what you can anticipate in extra costs and plan your financing of your project accordingly. What you find out may have a bearing on what architectural firm or building firm you want to use for your project.

3) Building Inspector and Fire Marshall Initiated Change Orders: Most Church leaders assume that once a project has gone through the permitting process it is a done deal. That is quite often not the case. It is not unusual for building inspectors or fire marshals to request additional changes be made during their construction inspections that results in a change order to the church that costs additional money. There is very little anyone can do about these situations.

4) Site Initiated Change Orders: No one can see under the ground. And, soil borings will not necessarily show the problems that might be concealed. Fortunately for most projects there are few change orders that are initiated because of concealed ground conditions. But they do occur from time to time. If they do, then the builder and the architect should be compensated for the extra costs without complaint from the church.

How is the best way to handle the change order process? It is best to agree before the contract signing of the architect's contract and the builder's contract how change orders are to be handled. The responsibility of who initiated the change orders should also be discussed. If there are errors or inconsistencies in the architect's drawings that trigger change orders, then perhaps the architect should not receive any fees on these types of change orders. If this is agreed upon, you must have it in the contract with your architect. The builder will still be justified in being paid for these types of change orders as long as there is a clear basis for the change order in place. For all other types of initiated change orders, the architect and builder should receive their just compensation without complaint from the church.

To keep your costs under control with change orders, agree in advance how the architect and builder is going to be paid. The best way to keep costs under control is to agree on an hourly wage for the workmen and equipment plus a reasonable overhead and profit percentage for the builder. Then for every change order, get a not to exceed price and do the work on a time, materials, overhead and profit basis. If the cost of the work is less than the not to exceed cost of the change order, the church gets the benefit. At the same time, the church is protected by the not to exceed cost if the work costs more.



### *The Purpose of Architectural Specifications*

There are two parts to an architectural set of construction documents. The first part is a set of line and text working drawings prepared by the architect. These drawings are detailed and include the floor plans, elevations, wall sections, construction notes, finish schedules, hardware schedules and many other drawings that visually depict how the building is going to be built. The second part of the set of construction documents is normally in booklet form and contains the architectural specifications. The ultimate purpose of the specifications is to satisfy the use and the aesthetic requirements of the facility being built. So, what should church lay leaders expect from a good set of architectural specifications?

- 1) The specifications should make sure the products, materials, and systems specified meet relevant national, state, or local codes. Most church lay leaders must rely on their architect for these requirements.
- 2) The specifications should spell out the "aesthetic" expectations of the church leadership. This would include quality expectations, colors, sizes, styles, etc. To make sure the architect meets the expectations of the church leadership, the leadership should review all specifications dealing with aesthetic issues before the project is bid out.

3) The ideal specifications should be written to allow as many "comparable product choices and manufacturers" as possible. The specifications should include the provisions of providing an "equal or better value" to the product specified. This gives the church and the contractor the maximum number of options and choices to meet the requirements of the building and creates a more competitive environment than specifying only one product or manufacturer to be used.

4) The specifications should include the "performance requirements" for each area of the church. Where traffic flow is the heaviest and the level of use and abuse is the highest, different products will have to be specified to handle the situation. Different performance requirements require different products. Church leaders responsible for the building program need to make sure the architect selected is cognizant of how the building is going to be used and by what age groups in order to ensure the proper products are specified. Maintenance is a big problem in churches. Making sure you have the right products specified when the church is built will help with minimizing maintenance costs.

5) The specifications should also deal with "product longevity". From the beginning the specification writer needs to consider that the products specified will require service and maintenance. Things will go wrong sooner or later. Therefore, other things that need to be considered when specifying products are: What is the manufacturer's warranty on the product? What is the quality of the product? Does the manufacturer provide maintenance and service if required? Is there a warranty on the product, and if so, what does the warranty cover and for how long does it apply? Will the manufacturer stand behind its product if something happens? What is the manufacturer's reputation?

In summary, the art of specifying the right products, material and systems has become quite complicated due to the vast product market and the rising complexity of the church facilities being designed today. It takes more time than it ever has and it requires the writer of the specifications to have a great deal more knowledge than needed in the past.



### *What Are The Various Types Of Insurance Used In A Church Building Project?*

There are different types of policies normally required for church construction projects. Each covers different perils. In brief, here are the major policies and a brief description of the coverage's. Read your policies carefully to understand what the limitations of coverage's are and the length of time the coverage's will be in force.

- Contractor's General/Comprehensive Liability policy: This policy normally covers everything related to the construction of the project that other required policies for the project don't cover. There are 6 major areas addressed with this insurance policy. "Contractual liability" covers the responsibilities of the contractor in relationship to contract clauses guaranteeing supplies and materials. The "Broad-Form property damage" covers materials, equipment, and other property under the care and responsibility of the Contractor. "Premises and Operations" covers injuries and damages that occur on the project site. "Completed Operations" covers any claims that occur after the project has been completed. "Blasting, Tunneling, or other Hazardous work" covers any injury or damage caused by these types of operations on site.
- Builder's Risk Insurance: This policy covers any physical damage that occurs to the building while under construction. It covers perils such as fire, explosion, theft, storms, structural collapse, and debris removal causes by any of the listed perils.
- Contractor's Auto Coverage: This policy covers any injuries or damages caused by any of the vehicles owned by the contractor or driven on behalf of the contractor.

- **Owner's Liability Policy:** This is normally not a separate policy that a church has to have but is usually added as an endorsement during construction to a church's current comprehensive general liability policy a church should already have in effect for its current operations. This endorsement protects the church against any claims arising from injuries or damages on the project site.
- **Workmen's Compensation Policies:** This is a policy that every contractor, subcontractor and supplier must provide if the entity has employees. It is a policy required by every state. This policy covers the medical costs and benefits for any workers that are injured on the project.



### *Be Proactive When Establishing Your Next Building Committee*

Growing churches usually get into building programs every 5 to 7 years. And, the members of the building committee are usually newly appointed members by either the pastor or the church business administrator. In a business setting, when hiring new employees, a manager would not think of hiring someone without having a job description and a training program in place. Yet, this is exactly the position most churches put the newly appointed building committee members into. They are appointed and then are left to their own devices in finding out what they are supposed to do and how it is to be done. Not only is there a long learning curve, there are also many mistakes that are made along the way that could have been avoided with some proper direction. So what are some of the ways of being more proactive in regard to this common situation?

First of all, if a written master plan of facility development has been formulated, then the church leadership will know well in advance when the initial planning for the next building program should begin. Appointing building committee members 3 to 4 months prior to when the building committee's responsibilities begin is one of the first things that should occur. This gives the building committee chairman and the members of the building committee plenty of time to become knowledgeable of what is required of them and the opportunity to learn about what they will be facing.

The next thing to have in place is plenty of resource materials that will help them understand all aspects of a church building program. This will take some initial work on the part of the person or persons appointing the members of the building committee. There is a plentiful supply of books relating to church building programs, as well as newsletters similar to this one, church design and build seminars put on by different companies serving the church market, videos, and church magazine articles dealing with building programs. Getting the "right" materials to them is a different matter because of the bias many publications have toward how a building program should be approached, what delivery systems should be used, how finances are to be handled, etc. The more unbiased the resource material you direct the committee members toward, the better informed they will be to do their jobs knowledgeably.

The last thing to do is to keep all of the committee members on your daily prayer list. Under girding their efforts with your prayers will put the Lord on their side and will keep them mentally prepared for the many obstacles they will face throughout the building program.



*"Do you see a man skilled in his work? He will stand before Kings."*



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**All articles, other than those noted, are written by Mr. Earl O. Myler, Chairman/CEO.**  
This information is provided as a free service of Myler, The Church Building People.

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