
BC Conference Executive

Date: November 5-7, 2009
Status: Non-Confidential

Title: Camp Future Project Update
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In Consultation With: Doug Goodwin (Executive Secretary), David Nanton

Related Documents:

Summary: This report is for information. It updates the Executive on the status of the Camp Future Project, noting changes from the original project plan and providing a high level financial overview.

Proposed Decision:

that the Camp Future Project Update report be received for information.

Introduction

As the Camp Future Project heads into its fourth year of implementation, we are pleased to report that the Project is progressing well and is on budget. However, not surprisingly in a project of this scope with the large number of interested parties involved, numerous changes have taken place in the Project over the past few years. This report is intended to bring the Executive up to date on what those changes are and to provide information on the current status of the Project, with a focus on the financial aspects of the Project.

Background

The first Camp Future Project Report by Derek Evans was made public in late 2004. After almost two years of public discussion, including extensive discussion at two General Meetings, Derek presented an updated report to the Executive in November 2006. It was adopted by the Executive and became the guide for the future development of the Project. There were numerous changes between the first and second reports, including an updated analysis of the costs of the Project. While the scope of the Project slightly narrowed in 2004, the basic principles remained.

With the hiring of Terry Harrison in 2007, the Project entered its implementation stage. Three major phases of the Project were identified: property sales, property development, and governance building. It was quickly realized that these phases could not be pursued one after the completion of the former but would need to be addressed concurrently. The bulk of effort, though, would be on property sale in the early stage of the Project, property development in the middle, and governance building in the final stage. This approach continues three years later.

In September 2007 the Camp Kwomais property was sold to the City of Surrey for \$20 million for use as a City park. After expenses approximately \$19.5 million was received by the Conference.

Discussion then began with Comox-Nanaimo Presbytery and Kootenay Presbytery regarding the sale of the camps within their bounds. To date no additional sales have been achieved.

As sale discussions continued, work began on planning the development of two of the camps identified in the Camp Future Project, Camp Fircom and Camp Pringle. Colliers International was hired to provide professional development expertise. Planning has taken place in close communication with the societies presently operating the camps.

As of this meeting, planning at these two camps has progressed far enough to allow actual construction to begin this month. Construction completion is scheduled for Camp Pringle in the very early fall of 2010 (but is designed not to obstruct a camping program in summer 2010) while completion is expected at Camp Fircom later in the fall 2010, with summer camps beginning in summer 2011.

Comparisons: 2004, 2006, 2009 and Beyond

Revenue

Camp	2004 Projected Revenue	2006 Projected Revenue	2007-2009 Planned Revenue	2010 Projected Revenue
Kwomais	Based on the sale of six camps (two of which – not owned by BC Conference – opted out early in the consultation process)	\$16,250,000	\$19,500,000 (Actual: Sept 2007)	\$19,500,000
Moorecroft		\$6,000,000	\$8,700,000 (Sept 2007 Assessment)	Unknown
Rock Lake		\$1,775,000	\$1,700,000 – 1,900,000 (Jan 2008 Valuation)	Unknown
Koolaree		\$2,900,000	\$2,000,000 -- \$2,200,000 (Jan 2008 Valuation)	Unknown
Total Estimated Revenue	\$20,450,000	\$26,925,000	\$29,400,000	\$19,500,000

Factors impacting Project Revenue

- The property valuations used in the 2006 Report were "stale" and were revised during the implementation process: Kwomais was done in July 2007, Moorecroft in Sept 2007, Koolaree and Rock Lake in January 2008.
- The "economic crisis" in Fall 2008 almost certainly had an impact on these "paper" values.
- The anticipated sale of "some property at Fircom and Grafton" (2004 Report, p. 16) as well as "Other" in the amount of "\$200,000" (2004 Report, p. 17), were removed from the implementation plan early in 2007.
- The 2006 Report assumed the sale of both Kootenay Camps, but with an option for the Presbytery to sell one camp and retain the other to participate in the Regional Camping Ministry. In October 2007 Kootenay moved on this option, and began participating in a research process that led to a proposal (the "GO!Camp" proposal), which was ultimately rejected by Presbytery in March 2009.

Property Development

Camp	2004 Anticipated Costs	2006 Anticipated Costs	2008 Planned Costs	2009 Year End Status
Fircom		\$1,950,000 (+ 10% contingency = \$2,145,000)	\$6,070,000	\$6,070,000 In Process & On Budget
Grafton		\$1,560,000 (+10% contingency = \$1,716,000)	Renewal Plan not yet approved. Single "fast track" item (\$26,000 for perimeter fencing) approved as "cost of doing business"	Unknown
Pringle		\$1,430,00 (+10% contingency = \$1,573,000)	\$3,082,500	\$3,082,500 In Process & On Budget
Development ("soft") costs for Pringle & Fircom			\$1,411,000	\$1,411,000 On Budget

"Kootenay Camps" – Rock Lake and Koolaree		\$1,787,500 This figure comes from amounts accounted for in the 2004 financial framework. While they were not detailed in the 2006 Report, there was a provision for their inclusion moving forward and, thus, were included in the Project – and adjusted as per 2006 estimate revisions.	Significant research and development undertaken in 2008/09, resulting in the GO!Camp Proposal. Budget of \$1.5 million was proposed but was not accepted by Kootenay Presbytery	No development budget in 2009
Total:	\$4,125,000 for 3 Camps	\$7,221,500 for 4 camps	10,563,500 For 2 camps	10,563,500 For 2 camps

Factors impacting Property Development

- Because the construction costs in the 2006 Report were based on "rough" estimates, the top priority on the development side of the project was to develop verifiable construction budgets (including hard and soft costs). Both Pringle and Fircom were willing to participate at this time. Professional property development planners from Colliers International were hired (Spring 2008) to develop renewal plans and budgets for both camps. Not surprisingly, although the general scope of redevelopment needs was not greatly expanded, professional estimates of the costs involved were significantly higher than those estimated in the original reports. Among other important factors that explain the increase are: the increased costs of construction in general, the additional costs of building on an island, and the extent of the infrastructure improvements that have to be made at Camp Fircom. The renewal plans and budgets were approved by the Executive Secretary (Pringle in June 2008 and Fircom in October 2008). A joint, soft cost budget (for pre-development and design work) was approved in October 2008.
- A Renewal Plan for Grafton was drafted (May 2009), but has not yet been approved (as redevelopment at Grafton cannot proceed until further decisions are made regarding the divestiture of the remaining properties).

The "Cost of Doing Business"

While the 2006 Report anticipated some "transition costs" as the redeveloped camps prepared to reopen, the extended implementation period has meant that, in fact, transition costs have been significant. They include project management, communications, financial management, oversight, administration, travel expenses, research costs, legal fees, and others.

The Cost of Doing Business 2007 - 2009

WHAT	WHO	COST (2007-2009)
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Management & Administration <ul style="list-style-type: none"> • Project & Financial Management • Executive Oversight & Administration • Travel Expenses • Legal Fees 	BC Conference	\$236,000 \$106,000 (2008) \$130,000 (2009)
Property development & renewal planning (Fircom, Pringle, Grafton)	Colliers International	\$72,000
Business Planning	Brent Mainprize	\$29,000
Fast Track Project (perimeter fencing at Grafton)	Rite-Way Fencing	\$26,000
GO!Camp research (Kootenay Camps)	Green Dimension Consulting	\$8,000 (two workshops)
Total Cost of Doing Business (2007 - 2009)		\$371,000

The Cost of Doing Business 2010 - Estimate

WHAT	WHO	ESTIMATED COST
Management & Administration (as above)	BC Conference staff	\$145,000
Funding for Fircom & Pringle to offset losses incurred during the construction period, and to develop operational plans for 2011.	In the form of a one-time grant to the camps	\$125,000 \$50,000 for Pringle \$75,000 for Fircom
Cost to develop a Conservation Covenant (Moorecroft)	Nature Conservancy of Canada	\$7,000
Business planning & board development training	Brent Mainprize	\$29,000
Total Cost of Doing Business projected for 2010		\$306,000

Financial Overview

The Project's financial plan from the beginning was to use revenue from the sale of camps to fund the development of the Regional Camping Ministry. We continue down this path, although the scope of the project has narrowed over the last three years. Following is an overview comparing the assumptions of the financial plan from the 2006 Camp Future Report to the actualities of the 2007-2009 implementation plan.

2006 Camp Future Report	
Projected Revenue	\$26,212,500
Forecasted Expenses in three key areas:	15,470,000

<ul style="list-style-type: none"> • Development & Transition Expenditure • Liabilities and Compensation • Program & Operational Expenses 	
Balance of Funds Anticipated	\$10,742,500

Much has changed since 2006. Several of the underlying assumptions that led to the above estimates have been tested and revised throughout the Project's implementation.

2009 Plan		
Revenue (the "Kwomais money")	\$19,500,000	
Income and Gains (2007-2010)	1,180,000	
	=	\$20,680,000
Capital Expenses Pringle/Fircom (budgeted for expenditure in 09 & 10)	\$10,600,000	
"Cost of doing business" (2007-2010)	677,000	
Liabilities (paid in 2007)	550,000	
	=	11,827,000
Balance: <ul style="list-style-type: none"> • The amount of capital needed in the Camp Future Endowment Fund, to provide a source of annual income to the Regional Camping Ministry. Funds to be distributed starting in 2011. 		\$8,853,000

Continuing the commitment of the original Project plan, changes to the overall scope and adjustments to the financial outlay have been made to ensure the Project will be financially successful and achieve a balanced budget, that is, it will not spend more than it earns.

A significant difference from the plan in the 2006 Report is that that report anticipated a surplus and recommended that "any balance of funds not required for implementation of Camp Futures project should be used to create a Ministry Fund, accessible to and supporting ministry priorities in all Presbyteries" – priorities other than camping.

The Project has, in fact, required all the funds available, having sold only one camp. So, while there is no surplus, there is – during the extended implementation period – unallocated revenue in the form of income earned on the "Kwomais" money. The BC Conference Executive agreed to use some of this income in Conference's 2009 Operational Budget in a way that would not jeopardize the Project but would enable Conference to act on other commitments. This approach has been recommended again for the 2010 budget.

Unallocated income is also being used to cover most of the “costs of doing business” that were not accounted for in the 2006 Report.

Finally, a significant planning assumption has changed since the 2006 Report due to the changed investment climate. In 2006 the rate of return anticipated for the Camp Future Endowment was 5.5%. This is higher than we can reasonably anticipate at this time. Upon the advice of investment experts, we are presently using the more conservative income rate of 4%. As a result we need to increase the amount of endowment principle over that anticipated by Derek in 2006 in order to earn the same amount of annual income.

Summary

The Camp Future Project is an unprecedented venture in the life of BC Conference. Most of the church's institutions grew gradually over decades and generations. This is the first redevelopment venture of this scale of which we are aware.

It is good news that the Project is alive and well and is presently proceeding on budget and within planned timelines.

Like most huge projects like this, the original hopes have been translated into realistic, realizable plans... and those look somewhat different than the original dreams. But the overall goals and objectives of the Project remain: to ensure a sustainable, high-quality camping ministry in BC Conference well into the future.

While vigorously pursuing the present development plans, we shall also continue working on the original goals and scope of the Camp Future Project. Lively discussions continue with Comox-Nanaimo Presbytery; in time we shall once again talk with Kootenay Presbytery to see what might develop there. We are in ongoing discussions with the team from Camp Grafton and Kamloops United, exploring ways to keep Grafton involved as we wait for decisions to be made regarding the divestiture of the remaining properties.

The social, financial and church dynamics that initiated the Camp Future Project have not gone away. For a viable camping ministry to continue well into the future significant change will have to happen in the years ahead. The vision of the Camp Future Project will continue to provide the framework for BC Conference's response to this ministry for the foreseeable future.