

EDGE BUILDING COMMITTEE DISCUSSION PAPER ON WESTWORTH UNITED CHURCH BUILDING OPTIONS FOR THE FUTURE – February 7, 2017

(“To be the hands and feet of Christ within Westworth and Beyond”)

BACKGROUND

The 2015/2016 JNAC process identified issues with our building that were affecting our ability to deliver our mission beyond Westworth. Specifically the JNAC report outlined that:

“As we considered our building, it became clear that it is a liability as well as an asset. The amount of time spent by Committees dealing with problems related to the building takes away a huge amount of energy from other things our congregation might be doing to contribute to our larger community. Presently the scope of the buildings needs is a weight on the congregation that is becoming too large to bear in terms of costs to our financial well-being, energy and our ability to focus on actions that allow us to meet our Mission. The congregation and Board have identified the issues pertaining directly to our building. It is costly to run and much of the space has been deemed inefficient or underused. A conversation with the congregation, as a whole, regarding this weight needs to be initiated as soon as possible and the options including the possibilities of re-development need to be considered.”

The JNAC Report presented to and accepted by the congregation on April 10, 2016 contained a recommendation on the Physical Structure:

“That the congregation and Board of Westworth Church explore engaging EDGE: A Network for Ministry Development. EDGE has a development consultant who has experience in assisting a number of congregations with real estate issues. A second option would be to retain an individual or another organization to assist the congregation with identifying and developing changes to the physical structure. Changes must be made if the congregation wishes to continue. This party would be able to assist with accessing grants if re-development of the building is required.”

Subsequent to the April 10, 2016 congregational meeting on the JNAC Report and Recommendations the Board decided to engage EDGE for the first step in their Real Estate Planning Process. In May 2016 the Board also established an ad-hoc committee, The EDGE Building Committee (the committee) to work with EDGE on their process.

THE EDGE PROCESS

The committee met with EDGE to discuss their process, prepare an intake assessment report and determine what background information for EDGE was required. Several committee meetings were then held to prepare the viability reports for EDGE. Following receipt of the viability reports, EDGE prepared two reports for committee review: Westworth United Church Property Scan and EDGE Onboarding Report.

Property Scan

The property scan looked at the replacement value of the church, the neighbourhood description and demographics, the church property lot information, city zoning in the area and the zoning designation of the church. Using this information EDGE concluded that there is **considerable development potential** for the church property, but more due diligence is required to confirm the development potential.

Onboarding Report

The onboarding report looked at the information we provided to EDGE: Intake Assessment Report, Viability Reports Parts 2&3, the property scan, and WUC 2015 Annual Report and observed the following:

- Declining attendance, Volunteers and Finances
- Ageing Congregation
- Building operating costs are low
- Large capital costs to maintain and upgrade the building have been deferred
- Over the last seven years \$175,000 has been used from the building reserve, faith and future and memorial funds to cover operating and capital expenses
- We are blessed with our new Mission and Vision statements and implementation strategy
- There is considerable development potential for the property

The report recommended that we implement our vision strategy using a neighbourhood ministry renewal approach and that we continue to assess the potential for property redevelopment.

EDGE also put us in contact with Discovery Homes for discussion of potential development options for the church property. The committee met with Discovery Homes twice for discussion. The recommended development option is condo development with a profit share agreement with Westworth. Three options were presented by Discovery Homes for consideration:

Option A would be a total of 20 condo units (2 buildings of 10 units each) occupying the complete Westworth property. This option could be phased:

- Phase 1 would be a 6 unit, 2 story building in the gym area
- Phase 2 would be an addition of 4 units to Phase 1 and a second 10 unit 2 story building in the narthex/sanctuary area

Land costs and profit share to the church would be \$30,000 per unit for a total of \$600,000 for the 20 units.

Option B would be a total of 18 units (3 buildings of 6 units each) occupying the complete Westworth property. This option could be phased:

- Phase 1 would be a 6 unit 2 story building in the gym area
- Phase 2 would be 2 more 6 unit 2 story buildings in the narthex and sanctuary area

Land costs and profit share to the church would be \$30,000 per unit for a total of \$540,000 for the 18 units.

Option C would be a total of 15 unit apartments in a 3 story building within the existing gym area of the Westworth property. The existing church entrance would be used to access the apartment building. The existing church would remain onsite and utilize the existing narthex and sanctuary space for operations. The church would be the property owner, a housing co-op would be created and rental income would come to the church.

Discovery Homes indicated that Option A is preferred and Option C may not be viable due to the suitability of the gym structure (foundation and walls) and lack of parking space.

Note: The committee only met with Discovery Homes as it was a free consultation. Other developers may have other ideas/concepts for redevelopment of the property, but this was not explored by the committee.

The committee also met with Augustine United to discuss their EDGE and redevelopment process and with the City Councillor, John Orlikow, to discuss his views on potential redevelopment of our property and the issues related to zoning for any redevelopment proposal.

POTENTIAL LARGE CAPITAL BUILDING EXPENDITURES IN THE NEAR FUTURE

Following an assessment by the Community Places Program, Province of Manitoba in April 2014, it is estimated that a minimum of \$265,000 in capital expenditures will likely be required in the very near future to address deteriorating building conditions. These conditions include the following:

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| ➤ Gym Roof | - \$100,000 |
| ➤ Sanctuary Roof | - \$45,000 |
| ➤ Boiler Repairs, Upgrade or Replacement | - No estimate |
| ➤ Flooring Replacement | - No estimate |
| ➤ Exterior Wall Repairs | - No estimate |
| ➤ Gym Wall Insulation | - \$45,000 |
| ➤ Parking Lots Repair | - \$75,000 |
| ➤ Sanctuary windows replacement | -No estimate |
| ➤ Masonry Deterioration Repair | - No estimate |

Note: Narthex Roof repaired in 2017 using about \$45,000 from our accumulated operating surplus and Faith & Future and Building reserve funds.

As of December 31st, 2016 Westworth United Church Balance Sheet details: Total Assets of \$385,103, Total Liabilities of \$17,644 and Total Equity of \$367,459.

Large Capital Building Expenditures would be a minimum of 69% of our total assets as of December 31, 2016, although the expenditures might be able to be managed over a longer time frame.

BUILDING OPTIONS

In consideration of the committee's interaction/discussion with EDGE, Discovery Homes, Augustine United and John Orlikow, the following Options for the future viability of our building are presented:

Option 1: Stay the course and continue to operate and maintain the current building. We could seek out another congregation with the will and means to amalgamate with us to better manage the financial and human resource burden as well as to better use the building space. We could also explore renovation of the gym area to attract fulltime renters such as day care, seniors programming, active living programming, and refugee programs.

Pros

- No change might be more comfortable to most members
- Mission would be continued to be delivered
- If amalgamation and fulltime rentals successful, might be able to manage finance and human resource burden and enhance mission delivery
- Revenue from renters

Cons

- Trend in declining membership and finances would likely catch up to us
- Considerable costs to renovate gym area
- Future known large capital expenditures would be difficult if not impossible to manage
- Future unknown capital expenditures could bankrupt us
- Will and energy to seek out amalgamation
- Considerable time and energy to get approvals for renter programs
- Responsibility of managing fulltime renters
- Renter revenue may not cover cost of renovations required

Option 2: Demolish and redevelop the Gym area for housing (condos or apartments) and reconfigure the narthex/sanctuary for our worship and programs.

Pros

- Revenue to the church would be generated
- Smaller area of church to operate and maintain
- Mission would continue to be delivered

Cons

- Significant expense to reconfigure narthex and sanctuary
- Still faced with an ageing building, albeit smaller, to operate and maintain
- Still faced with known large capital expenses for narthex and sanctuary
- Considerable time and energy to get zoning approval for redevelopment
- Responsibility of being a landlord if apartments are the redevelopment
- Revenue might not cover the cost of renovations required

Option 3: Demolish and redevelop the complete property for housing (condos) and seek and develop a new facility for our worship and programs

Pros

- Revenue to the church would be generated
- New facility could better suit our congregation size and financial capability

Cons

- Time and energy required to find and establish new facility
- Finances for cost of new facility
- Mission delivery might be interrupted
- Considerable time and energy to get zoning approvals for redevelopment

Option 4: Demolish and redevelop the complete property for housing (condos) and seek amalgamation with another area United Church.

Pros

- Revenue to the church would be generated

Cons

- Will and energy for amalgamation
- Mission would not be delivered
- Considerable time and energy to get zoning approvals for redevelopment

Option 5: Cease operations, sell the property and encourage members to disburse to another worship space of their choosing

Pros

- Revenue from sale of property to Presbytery or other wider church causes

Cons

- A sad day

RECOMMENDATION

The above options are presented to the Board for review and consideration. The committee recommends that the Board determine a process and strategy to discuss these options, or a variation of the options as determined by the Board, with the congregation. The discussion with the congregation would hopefully lead to a preferred option to pursue in more detail for consideration and implementation. It is noted that our upcoming AGM on March 19th, 2017 might be a good opportunity for an initial discussion with the congregation on this important issue pertaining to the future viability of our building.

EDGE BUILDING COMMITTEE MEMBERS

Shirley Watts (Chair)
Keith Love
Marion McKay
Lorraine Moore
Larry Strachan
Bruce Tefft

BACKGROUND REPORTS AVAILABLE

1. JNAC January 2016 Report
2. EDGE Real Estate Planning Process
3. EDGE Intake Assessment Report
4. EDGE Viability Report Part 2
5. EDGE Viability Report Part 3
6. EDGE Onboarding Report
7. EDGE Property Scan Report
8. Discovery Homes Property Development Report