
Joint Subcommittee on the Location of the Episcopal Church Center Final Report

The location of the Episcopal Church Center is an issue that has generated significant conversation and discussion throughout the Church. Out of all the Church's assets – it is one of the most visible. It serves both as office space for Church-wide Staff and a symbol of our Church.

Over past triennium, the Executive Council through a Subcommittee has wrestled with the question of the location of the Episcopal Church Center and responds to a mandate from the General Convention in a faithful, prudent, and thorough manner. This report encompasses the work completed to date and the next steps in the project.

History

Since before the 77th General Convention in 2012, elected leaders and staff have been engaged in an ongoing conversation about how this asset can best serve the needs of the church. In 2012, before the 77th General Convention, the Executive Council directed Church staff to study the highest and best use of the facility located at 815 Second Ave. New York, New York. This study was intended to estimate what the value of the building is and the best use of the building and what other alternatives might be available.

Following the commissioning of this study, the 77th General Convention adopted the following resolution D016:

"Resolved, the House of Bishops concurring, that it is the will of this Convention to move the Church Center headquarters away from the Church Center building at 815 2nd Avenue, New York City."

As this work already commissioned by the Council was underway and consultants had been retained, the Council felt that a report was necessary before beginning the work charged by the Convention. A report was scheduled for the second Council meeting in the triennium (February 2013).

At the February 2013 Council meeting, management and consultants retained by the Church Center from the firm of Cushman and Wakefield presented their findings to the Executive Council. Council, in receiving this report, felt that that original charge and scope of work commissioned prior to General Convention did not adequately reflect the charge of the General Convention, either in scope or in purpose. The Governance and Administration (GAM) and Finances for Mission (FFM) Standing Committees of Council were then directed to follow up and propose the next steps for the Council to undertake.

In discussing management's report, the GAM and FFM appointed and funded a joint subcommittee to conduct an additional study on the issue of the location of a Church Center. The Subcommittee commenced its work immediately.

Subcommittee begins its work

At its first meeting, the subcommittee began a conversation on what the nature of a Church Center is and what its role in the wider church is in today's day and age. The subcommittee discussed whether the corporate model continued to make sense, whether we have a corporate model or not, what the needs of the staff are, and whether a single center made sense or whether there should be multiple centers. Members of the committee spanned geographic locations across the church and had different perspectives on a Center located on the east coast versus a more central location.

Following these conversations, the Subcommittee developed a work plan to structure the work in a way that was manageable and facilitated an intentional response to resolution D016. The work plan divided the work into two main areas, strategic and financial. The strategic area encompassed determining what factors should be taken into an account when evaluating a location for the church center. The financial was a review of a detailed financial analysis of the existing facility and how the use of that facility could facilitate a transition to a new location or locations. In conducting this work, the subcommittee engaged in monthly phone calls between meetings of the Executive Council.

Strategic

To conduct its strategic work, the Subcommittee felt that a data gathering and listening process was necessary. Two avenues were pursued. One was a churchwide survey in which members and leaders across the church would have an opportunity to participate. The other was interviews with various stakeholders and partner agencies on their perspectives on a church center location. The subcommittee also interviewed other denominations on their perspectives on the location of a Church Center.

The goal of this data gathering was to develop a list of the key strategic factors that could be used to evaluate the potential location. Unfortunately, the text of D016 provided little guidance on what the Church felt it needed in a church center or what the most important factors are in selecting a site. The Subcommittee felt that the decision to locate in a new building or city should be driven by an intentional, strategic goal and the type of facility or location should be selected to facilitate that goal.

Survey of Church Members and Leaders

The first step was the development of a church wide survey, which was released near the end of 2013. The Survey provided an opportunity for participants to prioritize factors that may be important to the location of the Church Center. The questions were broken down into three main areas: Geographic Concerns, Facility Concerns, and Justice and Employment Concerns. In each of these categories, participants were asked to rate a factor on a scale from very important to not important.

In the Geographic Concerns category, the Subcommittee floated questions about the importance of the Church center being located to a geographic center, urban versus suburban, ability of members to fly to/from, the attractiveness of the location to potential employees, the proximity to partner agencies, and opportunities to connect with other organizations outside the church.

The Facilities Concerns category asked the participants what features participants would like to see in a facility such as property affordability, office space, meeting space, worship space, hospitality, one Church center versus multiple Church Centers, and provides onsite meeting center.

The Justice and employment concerns category included questions about the demographics of the location, its affordability for employees, relevant marriage and anti-discrimination laws, and employment laws.

In addition to the ranking questions, participants were also asked open ended questions on what their vision of an ideal church center would be, what factors they would like us to consider that were not included in the ranking questions, and a general open ended feedback question.

Survey Results.

In total, the subcommittee received over 1,300 responses from a wide cross section of the Church that provided insight into the perspective of the Church on the Location of the Church Center. The Subcommittee proceeded to process the results.

With respect to the responses to the questions that asked the respondents to rate the importance of various factors, the table lists the top four in each category:

Geographic	Facility	Justice & Employment
1. Provides easy access for members to fly to – wherever in the world they are located.	1. Is affordable	1. State and local cost of living
2. Provides opportunities for mission beyond the Church Center building.	2. Provides excellent hospitality	2. State and local discrimination laws
3. Is an attractive location for current and potential employees.	3. Provides affordable nearby accommodations	3. State and local employment laws
4. Provides opportunities to connect with national and international ecumenical and other groups and entities	4. Has a meaningful, prayerful worship space	

Most important factors overall	Least important factors overall
1. Is affordable	1. Is located in a more rural area.
2. Provides easy access for members to fly to – wherever in the world they are located.	2. Is located in a suburban area.
3. Provides excellent hospitality	3. Is close to the geographic center of Episcopal membership worldwide.
4. Has a meaningful, prayerful worship space	4. Is close to the geographic center of the Episcopal Church in the United States.

Of an interesting note, the most divided responses were to the factor about how important it was that the Church Center be located outside the New York Metropolitan area. Twenty-five percent of respondents stated that being outside the New York area was not an important factor opposed to 23.7 percent stated it was a very important factor; the strongest split of any of the responses. Overall 46.3 percent stated the factor was not at all important or not very important while 40.2 percent rated it as important or very important.

Open ended responses.

The subcommittee also assigned members to review each open-ended survey response. After reviewing every response, the committee members prepared a summary of the responses for the Subcommittee’s review.

No matter which question was responded to, clear and fairly consistent themes of affordability and accessibility pervaded. Many respondents suggested that a conventional Church Center may no longer be needed, affordable or desirable, since technologies exist that facilitate long-distance meetings and collaboration. Some pointed out that we have not yet settled on a shared understanding of what we think our church-wide governance and administrative structures should accomplish. But even these respondents kept coming back to the primary themes of affordability and accessibility.

In responding to accessibility, most respondents meant both geographic and facility accessibility – the costs of traveling to and from the Church Center and the costs of operating it. They want a Church Center that doesn't cost a lot to get to or to operate. Geographic concerns focused on accessibility for travelers and the need to be near a hub airport. It was noted that some hub airports are considerably more accessible than others, depending on one's starting point and preferred airline. The next most common concern was the location's cost of living for employees as key for retaining and attracting quality employees. Also voiced were concerns about available public transportation, while others wanted access by car and available parking.

Facility concerns also focused mostly on affordability and accessibility. Accessibility in this context referred to both the ease and cost of traveling to the facility – driving, public transportation, walking – and compliance with the Americans with Disabilities Act. Many mentioned a desire to have worship and meeting facilities on-site, but there was no consensus on the breadth of meeting and worship facilities at a new or relocated Church Center. As noted above, this reflects a diversity of opinion about the functions a Church Center should serve.

Some respondents offered thoughts on specific locations, and these ranged all over the map. Many were adamant about staying in New York City and others were equally adamant about locating the Center any place except New York City. Some offered specific recommendations to co-locate with the National Cathedral in DC, and with the ELCA in Chicago. Among other location considerations were moving away from the east coast toward the center of the country and locating in an urban area that provides opportunities for mission work.

Survey takeaways.

The survey results indicated that the overwhelming concern of respondents was a sense of ease of access and financial affordability. Beyond these two factors, however, consensus quickly broke down. The question of New York proved to be especially divisive, with a clear anywhere but New York and a strong remain in the New York area.

The New York group consisted of those who thought the staff should remain in the existing facility and those who felt some other facility in the New York area would be better suited to the needs of the Church. The members who

avored New York were not necessarily from the New York area, but were spread across the geographic areas.

The not New York group also had a broad geographic diversity and included members throughout the Church. This group, however, broke down when considering where outside of New York the Church Center should be located.

Strategic factors emphasized included the access to international organizations, the United Nations, being in a global city, ease of access for international connections to the dioceses of the Church not located in the United States, and the significant costs and loss of staff that a move would entail.

The leave New York group tended to emphasize the financial cost of being in New York, non-central location and the long distance from the West Coast, the cost of meeting in New York, the cost of employing staff at New York rates, and the general perception of New York among some members of the wider church.

It is also clear that there was significant energy in the Church for some change with respect to the property and staff. Often times in the responses, the Building was used as a proxy for frustrations with the state of the Church and the strategic direction of the Church Center.

What was not clear was what these changes were or the vision for what the Church Center should be. Many of the comments included references making the Church less bureaucratic or top down.

Interviews

The Subcommittee engaged in a number of interviews with key leaders in the Church and other denominations. Questions were asked regarding their experiences selecting a location, reasons for that selection, reactions in their own denomination to the facility, and whether they were considering their own moves or new locations. Among the groups interviewed included the Lutherans, the Methodists, the Presbyterians, Disciples of Christ, and the Church of Jesus Christ and Latter Day Saints.

Each interviewee had a unique history surrounding its location. Most were a product of history, though some were a result of an intentional selection process that resulted during a merger while others fell into their locations.

The Subcommittee also interviewed partner agencies that share space with the Episcopal Church in New York about their perspectives on a move and whether they would relocate with the Church Center Staff.

Adoption of factors

Based on the results of the survey and the interviews, the Council adopted GAM-FFM 002 at the June 2014 meeting, which set the primary and secondary criteria for evaluating a location. The resolution stated:

Resolved, that the Executive Council meeting in Phoenix, Arizona, directs the GAM and FFM Subcommittee on the Location of the Church Center to

continue to evaluate the location of the Episcopal Church Headquarters based upon on a wide range of factors including: (1) Cost and Financial Affordability; (2) Travel and Geographic Accessibility; (3) Employment and Justice Concerns; (4) Partnership Opportunities.

Financial and Quantitative Analysis

In addition to the strategic work, the Subcommittee conducted an extensive financial analysis. This analysis included two factors that were explored: (1) what to do with the existing building at 815 and (2) in any relocation scenario, what the financial costs are and would be in any new facilities.

From the survey results and conversations in other forums experienced by the committee members, it is clear that a major concern is the ongoing debt service and cost of occupancy of the building in New York. In essence, there was a feeling that the Church was “drowning in debt” paying off the debt and moving to another location would be a fiscally prudent course of action.

To serve as a baseline for its models, the Subcommittee retained experts in New York Real Estate to estimate the value of building and what its market worth is. A number of scenarios were considered and tested, providing a broad range of options for the future of the facility, regardless of what the future decision is regarding the Church Center. With this information, the work turns to evaluating other potential locations.

The difficulty with this work, however, is how to compare the cost of occupancy of 815 to another building or location. Since the Church owns the Church Center, the debt service (aka interest) on the facility is in effect, the equivalent of a lease payment to a private landlord. The Church Center is partially leased out to other tax-exempt entities, which in turn lowers the operating cost of the building and helps subsidize the debt service payments and portions of the other operating costs of the building and provides continued tax benefits.

The Subcommittee, with the help of consultants, prepare a number of financial models which reviewed alternatives including purchasing a facility in a new location, leasing space, or using what is termed “repurposed” space to compare how those scenarios would compare to the current cost of occupancy in New York.

The Subcommittee also evaluated how the relocation costs would affect the overall savings. It is unlikely that the Church could locate a space that is “turn key,” or in other words, ready to be immediately used. There would be some renovation cost, even with commercial lease space, plus transitional costs to pay for staff to relocate to the new location or for severance packages for existing staff who choose not to relocate. If the Church Center were relocated within the New York metropolitan area, the relocation costs would be less than those outside the New York metro area. The primary difference is in staff

relocation costs and severance packages and it is estimated that the staff losses would be significant, especially among lower level staff.

Some additional work remains regarding the estimated staff costs in proposed locations as the models were created with several general assumptions about staff cost. These assumptions were, however, based on general market conditions and not specific to the actual staff costs of the Church. It is generally assumed that the Church pays its current employees below market rates for the New York area and relocation may not result in significant staff savings for a move to a different metropolitan area. To fully evaluate the model, these costs need to be tested against comparable positions in target cities.

The Subcommittee is unable to share the details these models it examined because all the scenarios involved include assumptions about the existing value of the Building, how much we could secure in rent, and how much we would expect to pay in a new location. These assumptions form the basis of the Church's negotiating position with a third party and by revealing them in a public document could result in us either paying more for leased space or receiving less for our current asset.

[Exploring candidate cities](#)

With these financial models, the Subcommittee researched potential candidate cities in major metropolitan areas across the United States including locations West, Southeast, Midwest, and Northeast. Among the metrics looked at in these locations were travel costs, meeting costs, occupancy costs, and rent costs that were available from industry databases. Using these figures, the Subcommittee was able to begin whittle down from a large list to a short list of candidate cities to explore in-depth.

Once it arrived at a shorter list, the Subcommittee was able to conduct a more in-depth evaluation of options for these cities. Among the scenarios involved were property that could be given over or donated by the local diocese for use as the Church Center, leasing, purchasing, or constructing.

From these scenarios and the financial perspective, there was no clear winner from the solely financial perspective. The Subcommittee presented its initial evaluations on these scenarios and cities to the whole Executive Council at the October 2014 Executive Council meeting in Baltimore and provided an opportunity for the Council to engage in a feedback process.

[Next Steps](#)

The feedback provided by Council at the October 2014 was clear that the strategic vision for the location of the Church Center had not yet been fully developed or articulated. The Council had not fully developed a vision on what it wanted in a facility and how that facility fit into a larger church-wide strategy. Questions emerged regarding whether the function of the Church Center is purely practical office space or if it has a symbolic function.

Although the Subcommittee had presented viable models on a new location for the Episcopal Church Center, a financial and strategic case could be made for each of the models and there was no clear winner. There are also some strong feelings on particular geographic areas. The Subcommittee is confident that the financial work and models have been completed and there is a clear understand of both the ongoing cost and value of the building in New York.

Following the presentation, the Subcommittee discussed the next steps and felt that it was important to develop a strategic vision and continue this work through this year and into the next triennium. It also felt that the resolutions coming out of TREC and the election of the Presiding Bishop would have a major effect on the final report and recommendations and the strategic direction of the Church.

With this ongoing work, the Subcommittee was also concerned that the work could be lost in the transition. To prevent the loss of work, the Subcommittee recommended – and Council concurred at its March 2015 meeting – that an Executive Council Committee would be created to replace the subcommittee that could carry on the work in the transitions between Councils. This Committee is expected to continue refining the strategic case and vision for a new location and present a final recommendation for Council to consider in the near future.