

Big House Committee Report October 2024

Introduction

This report of Park Presbyterian Church's (PPC) Big House Committee (BHC) serves two purposes: (1) to provide the Session and congregation with an up-to-date summary of the committee's analysis, deliberations, and recommendations, and (2) to inform the work of the Pastor Nominating Committee (PNC), and subsequently to educate any pastor candidates on the BHC work.

The report will: (1) provide background on the formation of and charge to the BHC; (2) review the BHC's analysis, options considered, and recommendations on critical issues related to the committee's charge; and (3) close a summary of the BHC's recommendations. Appendices provide data from the BHC's analysis of specific issues and copies of notes from all the BHC meetings.

Formation and Charge

The Session formed the "Big House" committee in October 2023. This committee was formed following several recent and many ongoing congregational conversations regarding the size, age, and costs of Park Church's current building, particularly considering our aging and decreasing membership.

Some of the concerns of the congregation that resulted in the formation of the BHC were reinforced during a meeting with the Executive Presbyter. She discussed churches that had decided to move or close due to the financial burdens of owning their buildings, and how they adjusted their service models. A key point was that a church is more than the building where people worship, it is a group of people doing God's work where it is needed. Her presentation prompted questions from attendees regarding the size of Park's building and whether it is a contributing factor to our negative financial position.

The Session discussion which resulted in the formation of the committee identified a similar problem many families have faced in their lives: the house we live in is too big. Like empty nesters that have had their children grow, move away, and start their own lives, we have a building that was designed and constructed when PPC had 700 members, and it served the congregation well when membership peaked in the 1960's with over 900 members. But now with less than 100 active members, we have a lot of space on our hands. Thus, the name: Big House Committee.

In discussing the building situation in conjunction with the financial outlook, the Session's charge to the committee was to consider options for how best to ensure PPC can remain a vibrant servant of Christ through the year 2038, 15 years from now.

The committee's work was undertaken with the understanding that PPC is not a civil organization; it is the body of Jesus Christ (Christian) encompassing a reformed presence/PCUSA here in Newark, NY. In this regard, reviewing the church's purpose, mission, and vision statements was important to any discussion of how to approach our future.

The BHC's mission was to provide options, not to make decisions. Decision making responsibility lies with the Session and congregation.

Critical Issues

BHC's analysis, discussion of options, and recommendations focus on five critical issues: financial considerations, building cost, building use, programs and services, and congregation and community. These issues are interrelated but will be considered separately.

Financial Considerations

For several years, Park Church has been depending on withdrawals from the endowment fund to support the annual budget costs. This deficit funding is one driver for the formation of the BHC, and financial considerations played a major part in BHC's deliberations.

As we began our work, the committee confronted the difficulty of obtaining accurate and usable financial data. The group agreed to start by getting the last three years of annual reports from the Finance Committee and breaking down the data to identify the primary areas of church expenses. That analysis informs the discussion of the remaining critical issues.

Our analysis revealed that PPC's financial planning has emphasized annual projections. Given the committee's charge, we felt it would be beneficial to have financial projections for the 15-year period under the committee's preview. We believe that fifteen years is not a realistic planning horizon; we need to work in smaller increments. To do this, we need a financial baseline, i.e., a 3 to 5-year financial plan. The baseline will enable us to assess more accurately the impact of any options the Session more accurately may approve and develop. We recommend to Session that Finance develop these longer-term financial plans.

Our analysis indicates that PPC could maintain itself for 10 years or longer by spending down its endowment. The committee does not recommend this. We recommend that the Session use the 3- to 5-year plans as a foundation for strategic decisions on the future of the congregation.

Building Cost

A common belief and a driver for the formation of the BHC is that building related costs are a significant driver of congregational expenses. Our analysis of building costs involved a breakdown of the last three years of church expenses and consideration of the costs and potential savings in two options: (1) selling the building and moving; or (2) remaining in the building.

Several factors make selling the building and moving to a smaller facility problematic. These include:

- Zoning, renovation needs, and uncertainties involving the role of the Presbytery in any sale (e.g. what happens to the endowment if we close? Can Presbytery veto sale/use?)
- Additional costs involved in relocation, e.g., moving costs for equipment and furniture, upkeep of the building prior to sale (insurance, utilities, etc.), possible upgrades that may be required before moving into a new smaller facility, and the potential loss of support spaces such as a kitchen to be utilized for church programs and other events in a smaller facility.
- Moving to another smaller facility would not eliminate property upkeep costs. Utilities such as electricity, gas, water and sewer will still be part of the budget cost. They may be smaller due to having a smaller facility, however, that is not guaranteed. The cost for garbage collection, phone service and internet cannot be expected to change due to the level of service required.
- One unknown effect of a move to a smaller facility would be the potential loss of congregation members due to the loss of their generational church home. A relocation would be a highly charged emotional event. If Park Church relocates it is unrealistic to expect that all current members would go with it.

Factors in favor of remaining in the building include:

- In the past few years Park has invested in energy-efficient boilers and all LED lighting, reducing our ongoing utility bills. Our total annual electrical costs are the same as the cost of our copier.
- We are managing our property costs well. A new building would not save a huge amount (e.g., \$15-20K) which is approximately 10% of our annual budget.
- The congregation's members are emotionally attached to the current building.

Our recommendation is to remain in the building, spending down the endowment funds as necessary and reexamine the status in three to five years.

Building Use

PPC has a building that is too large and not effectively used for a congregation of our size. While the building is used for many community functions in addition to the PPC program, these functions have not been large revenue drivers to support the building's operation. If we consider the space in the church as an asset, how can we increase and/or make better use of this asset for the community?

Two options for alternative uses for our building were discussed: (1) renting space to other organizations; and (2) getting additional community into the facility.

Regarding renting space, BHC's analysis indicates that if another religious organization moved into the building, minimum updates and changes would be required. However, the change of use of the building would involve significant building code upgrades for fire separation and accessibility requirements. Zoning challenges for a new use would also include parking requirements (e.g., Park Church has no dedicated parking lots for users). Finally, it does not appear that we can legally rent office space to a for-profit entity.

Given these constraints on building utilization, more discussion has centered on expanding the use by groups already in our facility and/or identifying other groups or segments of the community population whose needs could be met by making use of the building. The goal here is community collaboration and engagement; once in the building, some of these may transition to membership, others will not. Possibilities considered by BHC include:

- Boy Scouts are already active in the church. How can we take better advantage of this connection? Camp Hauser is an asset and may become more valuable in the future given the closure of other camps. How can we make better use of this asset (e.g., retreat programs at the camp site)?
- Today's youth are engaged in other activities on Sundays, but are there other days and times that would be better for programming?
- Common Threads, which is supported by PPC but currently based in another church, was identified as an example of a group that may have interest in being housed at PPC.
- Based on demographics (see the section on Congregation and the Community), we might appeal to 50- to 60-year-olds who have left the church, but now feel a need for a community connection that could be met through involvement in service activities. Likewise, social activities for older adults were identified as another possibility.

The BHC believes that outreach to groups or segments of the community that may benefit from involvement with PPC requires effective communication and marketing. For example, what do we know about the individuals who are watching our streaming service on YouTube? What can we offer them? The committee recommends that the Session consider hiring or contracting with marketing/social media interns to assist in this activity.

Our discussions of alternative use for building space identified two renovations that could increase the appeal of our space to outside groups. First, BHC believes that the church building would benefit from a handicapped accessible bathroom. Two alternative places for a disabled bathroom were considered: the chapel and the front right side (office side) of the lounge. One of the endowment funds is targeted for improved handicapped access, so that could be used to fund this renovation. We recommend that the Session explore the installation of a handicapped accessible bathroom. Second, the chapel is an unused space that with renovations (e.g., replacing pews with movable chairs, installing carpet) could be a flexible worship space for alternative services. This should be a consideration for the new pastor.

What if?

Although the Big House Committee is recommending that we maintain the church building, we also recommend a continual review of the congregation's status. At some point, it may be necessary to sell or lease the church property. This section will briefly review what would happen in that circumstance.

When the Presbyterian Church in Newark was founded in 1825, the property purchased to construct the first church building was in the name of the "Presbyterian Society of Newark, NY". Over 100 years later, the official name of the church was changed to Park Presbyterian Church (PPC) and the property deed and certificate of incorporation were modified to reflect that change.

PPC is bound by two sets of regulations. First, PPC is a member of the Presbyterian Church (USA), (PCUSA) denomination and by this membership PPC must abide by the requirements of the Constitution of the PCUSA, including the requirements of the Book of Order (BOO) which outlines the form of Government of the Church. The BOO identifies the Councils of the Church and their responsibilities. The Councils are: The General Assembly, Synod, Presbytery, and the Session of the local congregation. PPC is a member church of the Presbytery of Geneva.

The BOO defines "all property which is held by or for a congregation, a presbytery, a synod, the General Assembly, or the Presbyterian Church (USA)is held in trust nevertheless for the use and benefit of the Presbyterian Church (USA)". This generally is interpreted as even though the local congregations are listed on the deed of the property, the property is being held in trust for the use and benefit of the greater PCUSA denomination.

The BOO states that that "A congregation shall not sell, mortgage, or otherwise encumber any of its real property and it shall not acquire real property subject to an encumbrance or condition without the written permission of the Presbytery transmitted through the session of the congregation." The BOO goes on to say, "A congregation shall not lease its real property used for purposes of worship, or lease for more than five years any of its other real property, without the written permission of the Presbytery transmitted through the session of the congregation."

Second, under the laws of the State of New York, Park Presbyterian Church is a not-for-profit corporation and must follow appropriate requirements for a religious not for profit organization.

So how do these two sets of regulations affect PPC? If PPC decides that our current building does not meet the needs of our smaller and older congregation, and we wish to sell our building and relocate, we must obtain the permission of the Presbytery of Geneva before the transaction is finalized. Since we are also a NYS not-for-profit corporation, the real property sale must be approved by the Supreme Court of the Wayne County as required by NYS not-for-profit regulations applicable to religious institutions. If PPC wished to lease a portion of the building for five years or more, these same requirements would apply.

The sale of the property would require PPC to retain the services of legal counsel experienced in

these matters. It can be expected that the closing of a sale from the point of acceptance of a purchase offer would require an extensive timeframe for the Presbytery of Geneva to review and approve the property transfer prior to the process of seeking approval from the Court. This activity would be going on at the same time PPC would be trying to purchase or lease a relocated church home for our congregation to continue. The purchase of a new church home would be subject to all the same procedural requirements as the sale of the existing building.

PPC could determine that we cannot continue as a functional church entity and not-for-profit corporation and wish to dissolve. At some point during the dissolution process the Presbytery of Geneva would assign an Administrative Commission to close the church and dissolve the real property and financial assets of the corporation. The policies of the Presbytery of Geneva outline the use of the acquired assets of a dissolved congregation and state "Whenever relevant, the preferences of the dissolving congregation, as determined in consultation with the Administrative Commission, will be taken into consideration." The Presbytery could choose to distribute all assets or retain funds for their use.

PPC owns a 35-acre parcel on Blue Cut Road in the Town of Arcadia which is used primarily by the Boy Scout Troop 138 as a primitive campsite. This property was gifted to PPC in 1965 by Harry S. Chapman. It is worth noting that under the deed restrictions for Camp Hauser, should the congregation dissolve or the camp no longer be used for scouting purposes for a period of 3 years, the property would revert to the Wemett family.

Programs and Services

The analysis of three years of budget revealed that building size, while a factor, is not the main driver of the use of endowment funds. Program and operating costs, including labor, represent a larger percentage of the budget and have a greater impact on expenses than the building-related costs.

The committee spent significant time analyzing and discussing the impact of pastor time on the budget. Points raised during the review included:

- There is a 10% reduction in the pastor budget for each ¼ time reduction in pastor time (e.g., a half-time pastor would bring a 20% budget reduction in costs for the pastor.)
- If we went to a part-time pastor, there are tasks Pastor Susan is doing now that would still need to be done; the question is by who (e.g., membership is typically the Clerk's responsibility, but Pastor Susan is doing it). The Church Secretary is budgeted at 20 hours per week, while Sam is currently working 9 hours per week. If we went to a part-time pastor, the additional hours might be needed to provide necessary administrative coverage. The PNC should consider how the individual styles of the pastor might impact this question.
- Pastor Susan commented on one church that set hard budget figures and then eliminated activities and services that did not fit the budget. We might be able to obtain an additional 10% reduction from other cuts (e.g., no choir or music program), but it is not clear what cuts the congregation would accept.

The Pastor Nominating Committee must consider the congregation's expectations for the pastor and the program. The congregations' expectations must be handled carefully. The Community Mission Statement developed by Session will provide the PNC with a good understanding of the current state of PPC. The recommendations in this report regarding the building, building utilization, and community involvement should also inform the development of role expectations for use in the search for the new pastor.

The committee's recommendation to the PNC is to search for a full-time pastor to serve through the

duration of the first 3 to 5-year plan.

Congregation and Community

While the initial concern was a belief expressed by some members that the building is too big, and we shouldn't be here, our discussions have led to the conclusion that the church of 2024 has financial challenges resulting more from social and community demographic changes than to building related issues. One example: another key factor in our financial challenge is the significant drop in membership and associated contributions over the past 20-year period. Yet this drop mirrors the community demographics.

The Community of Newark peaked in population in 1961 with an estimated population of 12,868. At that time all churches were thriving, including Park with a membership of 936. During this time 71% to 75% of the total population identified with some type of religious institution. Gradually the economic conditions changed, which along with population shifts resulted in a drop in population of over 30% by 2020. During this 60-year period the percentage of the population belonging to a religious institution dropped to 55% to 47%, with 21% having no religious preference. In the 20-year period between 2000 and 2020 enrollment in the Newark Central School District fell 30%. These student families, typically led by members of the Millennial generation, report that only 36% identify with a religious institution.

The PCUSA also suffered significant losses in the past 20-year period with a 55% drop in membership in the same 20-year period. Statistically, over 60% of PCUSA members are over 56 years old, college educated and 32% have incomes over \$100,000. Only 13% of PCUSA members are of the Millennial generation age group.

Three questions emerged from the BHC's review of these demographics:

1. Is PPC unique or are other local churches facing the same or similar challenges that face PPC? The committee believed there was information to be gained by meeting with the pastors/leaders of other local churches to find commonalities in the current challenges and to seek opportunities for collaboration between congregations. To this end, the BHC reached out to 13 other local churches seeking input on such matters as the size and demographics of their congregation, their geographic boundary, the programs/services they offer, their staffing, what groups use their space, and what they see as their assets and challenges.

The two local churches that agreed to talk with us face several issues like those facing PPC. These include:

- a. Smaller congregations than in the past
- b. Minimal racial diversity
- c. Missing generations (e.g., few if any young people)
- d. No backup or succession plans for key roles
- e. Limited collaboration with other churches

Common responses to the challenges posed by these issues include:

- a. Reduction in programs and services
- b. Mission work primarily through giving, the majority with a local focus
- c. Use of part-time and volunteer staff

2. How can we best use our resources to do God's work? While many prior discussions about Park's future have focused on how to obtain new members, Pastor Susan said that one consideration raised in the recent Presbytery workshop was whether a better focus would be on how to best use

our resources to do God's work now. To be a thriving church in 2038 we need to better understand the needs of our community and how Park Church can provide a positive impact on the community. We know what we did in the community 20 years ago, and we recognize that we can't do that now, but believe we may be able to do it in collaboration with other churches. The next 20 years will be better if we can pool resources, learn from each other, and collaborate.

3. What is the critical mass necessary, both financially and in terms of members, for the church to remain viable in this space? A related question: How do we account for the ageing of the congregation in developing our options (e.g. loss of contributions) when a member dies? [Note: Life expectancy in Wayne County is 78.7 years. Over 60% of our congregation is over 70.] This returns us to the charge of the BHC. These are not easy questions to answer. Fortunately, our available resources allow us the ability to avoid confronting these questions in the immediate future. But the committee recommends that the Session try to identify a set of metrics and red flag points that can be used to determine when these questions must be answered.

Summary

Our summary recommendation is that for the next 3-5 years, we maintain the building, hire a full-time Pastor, try to increase community use of the facility, and increase collaboration with other churches. After that period, the Session should review the church's finances and demographics with consideration of moving to a part-time pastor sharing administrative duties (e.g., increasing secretarial time, contracting out some responsibilities, using talents in the congregation, or community volunteers) if the financial picture does not improve.

In making this recommendation, the committee:

- Assumes that the Park Church congregation will not dissolve. It will continue to be a church home for the foreseeable future.
- Believes PPC should adopt a 3-to 5-year approach to planning.
- Believes that Park Church should not relocate to another building.
- Believes that Park Church should find a way to better utilize our space in a manner that would invite additional community-based users to our building and improve our connection and service to the Newark Community.
- Believes that targeted improvements may be required to better position ourselves for increased building use (e.g., accessible restroom).
- Believes we should seek opportunities to partner with other congregations.

Respectfully submitted by the Big House Committee

Committee Members: Rick Bald, Scott Blondell, Debbie McCrossen, Steve Mitchell, Sue Rowe

Appendices:

BHC Meeting Notes
Financial and Statistical Data
Local Church Outreach: Cover Letter, Interview Format