

Friday June 24, 2011

I write this in response to the table discussions and the questions that were handed to me. I also hope to explain the Diocesan House Task group's progress as well as why we are moving with determination to remove the huge financial burden the Diocesan House creates.

Diocesan House

The task group was formed after a review of Diocesan assets and expenses revealed that the operating costs of the diocesan house run approximately \$110,000 per year. Further, it does not make sense to own a building that ties up approximately \$900,000 in capital that might be better utilized to support the mission and ministry in the diocese. A simple guideline is being used to weigh the value of any expenses and/or diocesan assets. It is: "Does the asset and/or expense support our mission and/or ministry?" If it does not, then it probably is not a good use of our gifts or resources.

It seemed to the leadership of the diocese - Diocesan Council, Standing Committee, and Finance Committee - that these resources might be redeployed in a more effective manner. The building is over 9,000 square feet and it houses 4 full time employees (including the Bishop) and a few part time employees.

The committee has reported on the progress of its work at both the fall and spring convocation meetings and has continually invited comment. It has worked hard to be open and transparent without trying to have the entire diocese involved in the decision making. The membership of the committee comes from a variety of parishes. I have personally talked with most of the clergy of the diocese about the task group and its progress and invited any comments.

The committee is composed of an architect, an engineer, two real estate professionals, two attorneys and a financial expert. They were tasked with first evaluating the current building to determine if it was an effective use of space, and to look at what it might take to make the building handicapped accessible as well as deal with the mold problem in the basement. They also evaluated sub-dividing the building so part of it might hold another diocesan ministry or just be rented to a tenant.

This evaluation revealed that it would be very expensive to make the building fully handicapped accessible as well as remove the mold and its source. It also revealed that it is class "C" office space and renting part of it would not cover the costs of updating and subdividing the building.

As to the concern about the diocesan office location, the Bishop's staff spends most of its time with clergy, vestry and lay leaders out of the office. Further, our growing use of electronic communications makes diocesan decision making more decentralized, and more efficient. The new office will need much less conference space because most meetings now move about the diocese to a variety of parishes. We are trying to focus on those places that are easily accessible for all people and geographically centralized. Fewer and fewer meetings are held at the diocesan center.

The task group has evaluated many possibilities including the United Church Center in Lower Paxton Township (off Union Deposit Rd) and St. Andrew's in the Valley. St. Andrew's in the Valley was eliminated because it meant constructing a new office building and tying up a significant amount of diocesan capital in real estate, thus making it unavailable for mission and ministry. Developing real estate is not the business or focus of the diocese.

The United Church Center was eliminated because it is not in Harrisburg, and the Bishop as well as the committee, felt it would be important to not abandon the city as others have. Further, the United Church Center was eliminated because if we are going to pay rent, we felt that we should be paying it to one of our parishes.

It should also be noted that the bishop has already established two office sites, one in Harrisburg and one at Trinity Williamsport. This not only symbolically acknowledges our challenges but it also provides for liturgical celebration of diocesan events (ordinations, visits of dignitaries) both in the north and in the south.

Finally, no matter where we move someone is going to travel a long way. Sadly, that is just the reality of Central PA. It is a large geographic area and it presents a challenge.

The committee has evaluated three alternates in the city of Harrisburg – St. Stephens Cathedral (where the diocesan office had been until the purchase of the current building), St. Paul's, and general office space.

General office space was removed as a possibility because the committee decided that if we are going to pay rent we should pay it to St. Stephens or St. Paul's. This is in line with why the United Church center was also removed as a possibility.

Both St. Paul's and St. Stephens were carefully evaluated by the architect and the engineer to determine whether the available space was appropriate for diocesan office. In both cases the answer is "yes." Preliminary drawings have been made to study the layout of the future office in both facilities. Placement of an elevator in the St. Stephen's facility is necessary and has also been studied.

Issues to be resolved at St Stephen's include parking, the cost of making the diocesan office fully handicapped accessible with an elevator, and bringing the facility up to date with appropriate renovations.

St. Paul's has excellent parking but there is a lack of neighborhood infrastructure: for example, there are few places for staff or guests to eat and the banks we currently use do not have any branches in the area. It too needs extensive renovations before it could be used as a diocesan office. It needs a small ramp to make it handicapped accessible.

The next steps will be to carefully evaluate the cost of occupying both identified possibilities, as well as the cost of moving. A marketing strategy to sell the diocesan house will need to be completed. A recent appraisal indicates that the diocesan house would be worth about \$1,070,000 if the mold was removed and the source of the water eliminated. It also indicates that the market for such a building is an attorney's office or a lobbyist's office.

Once the analysis is completed a recommendation will be made to the bishop, Standing Committee, Council of Trustees and Finance Committee.

At this time it is estimated that this reallocation of diocesan assets will generate a positive cash flow of somewhere around \$80,000 per year that can be used for diocesan ministry and mission.

Rough numbers indicate that we will save about \$60,000 in operating costs and will have about \$700,000 (after the cost of renovations) to invest for income. At 3% we would expect about \$21,000 a year in income for a total of about \$81,000/year for additional diocesan ministry and missions.

Reorganization

A number of questions were focused upon the reorganization.

1- How will the convocation leaders be chosen?

We are not sure how this will be done. We are leaning toward having the bishop appoint the convocation leader. The new convocation leader will have direct fiduciary responsibility to the diocese for the allocation of budget money given to the convocation to fund parish level ministries.

2- Should convocations have programmatic/financial responsibilities or just advisory?

The entire focus of this part of the re-organization is to truly empower local leaders lay and clergy to fund ministries and to do the inevitable “trade offs” that occur when trying to fund so many local ministries. The Bishop hopes to push critical decision making down to the local level so the diocese can be more responsive to parish level needs and ministries. This is a major cultural change for everyone, from the bishop to local leaders. It will take time to build the necessary skills to execute this effectively and it will take time to build the trust that is required. This will be a challenging change. If we work carefully with an open atmosphere where we can talk and listen to each other, we can begin to implement this structure with a very positive effect on our parishes.

3- What input will there be to the forming of Convocation to a different and changed model?

No change can be made without a change to our canon law so there will be a year or two of discussion. We need everyone’s input because we need to hear about the challenges each of us face as we transition to a model that empowers local leaders. If the Council, Standing Committee and Finance Committee approve a trial, we will attempt to build a model in one area and manage it carefully so we can learn what works and what does not. We will have a number of years in transition as we implement the re-organization, and as we do, we need to be flexible enough to make thoughtful changes in the plan as we go.

4- Is there a map showing convocation boundaries?

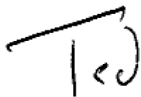
Not yet. There will be some changes based on local input.

The proposed reporting structure of the staff simply identifies who is responsible to work with the Bishop to insure that the Commissions and Committees are functioning effectively.

As to the question about the \$15,000 in line 25 of the proposed 2012 budget, it is based on past information. This is the best number we can determine realizing we are working with a budget and budgets will change for a variety of reasons. Budgets are guidelines/roadmaps that are used to help us allocate and then spend diocesan funds in an effective manner.

I thank all of you who took the time to think about the Diocesan House Task Group's work as well as the reorganization. This kind of thoughtful involvement will help us to continue to move toward a more responsive model, and one that uses all of our God given gifts effectively.

Blessings,

A handwritten signature in black ink, appearing to read 'Ted' with a stylized flourish above the letters.

The Rev'd Ted Babcock
Canon to the Ordinary