



St Catherine's Church

Proposed Lot Reconfiguration

Pre-Vestry Information Session: February 18, 2023

2023 Vestry Property Plan Workshop

Workshop Agenda:

- Welcoming remarks & prayer (Rev. Sharon)
- The current property, facility & use context;
- Special Vestry 2022 and post-vestry accomplishments;
- The 2023 Property Plan;
- Sources and Uses of Funds;
- Post-Project Financial Sustainability;
- Proposed Vestry Resolutions;
- Next Steps;
- Conclusion;

St. Catherine's Property Layout

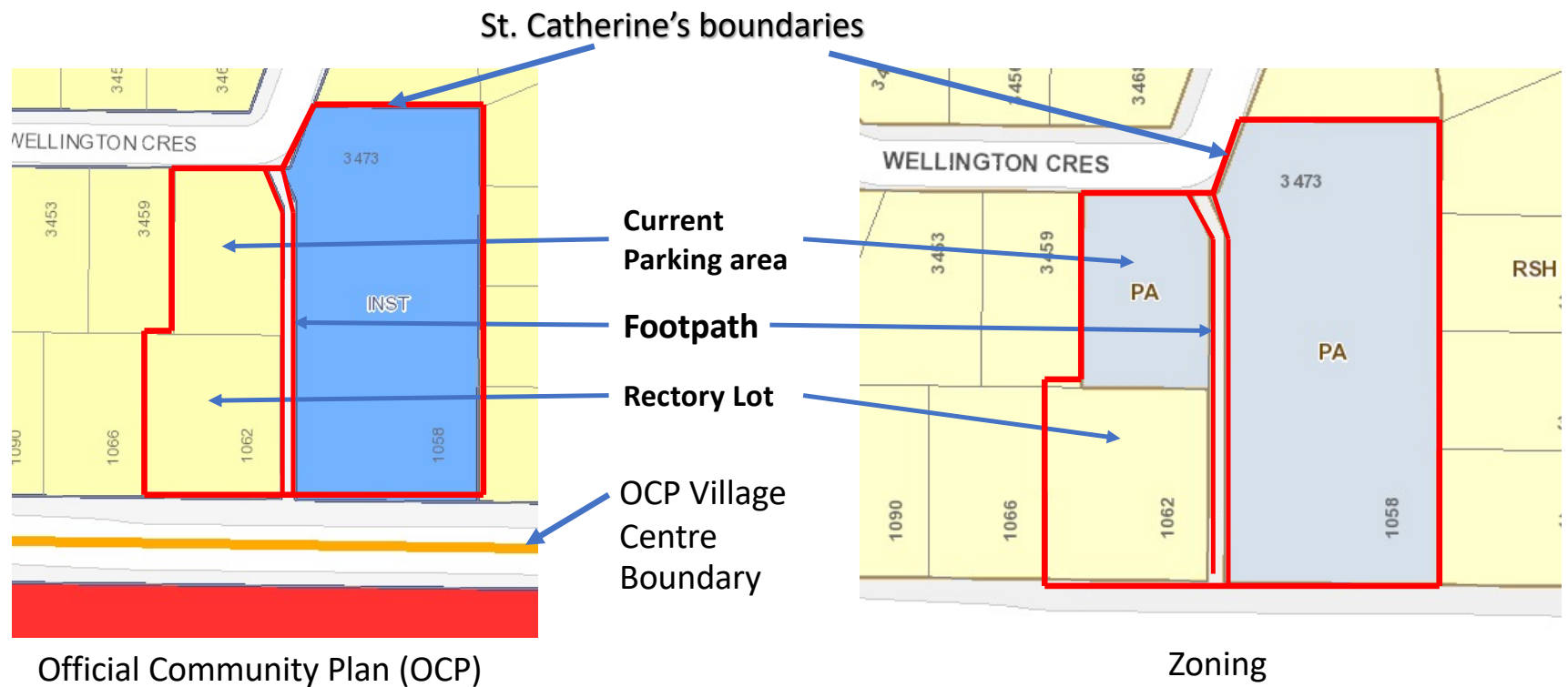
- An aerial view of the Church:
 - 11,500 sq ft Gower Hall (gym) complex built in 1952
 - 12,850 sq ft main sanctuary, chapel, offices, basement classrooms, etc. built in 1962;
 - 3,000 sq ft Rectory built in 1956
 - Parking for ~ 47 cars



The St. Catherine's Property

- St. Catherine's has been ministering to the North Shore for 75 years (since 1948).
- The church buildings & parking lots are on a single legal lot zoned for public assembly;
- The Rectory house sits on a separate, 98' by 115' lot zoned for single-family residential use;
- The District's official community plan (OCP) designates the rectory lot as well as the main parking lot for detached residential use, and the remainder of the main church lot for institutional use;
- A surveyed 10' by 230' north-south pedestrian footpath bisects the Church property to connect Wellington Ave. to Ridgewood Dr.

Current OCP and Zoning Designations



Current Users of St. Catherine's Facilities

- In addition to Ministry and Outreach programs, our facilities are also regularly used by hundreds of others in the community, including:
 - St. Catherine's pre-school (up to 60 children and their families);
 - "Light's Up" Musical theatre school (primarily weekends and summer camps);
 - Milleraires Community orchestra;
 - Weekly meetings for community service groups like AA;
 - Youth basketball, judo, zumba and pickleball in the gym;
 - Cleveland After-school Daycare;
 - Youth music school (Jo Jo Music)
 - Camp Artaban office;
 - Summer camp programs;
 - Memorial garden for internment of ashes;
 - One-off events such as parking lot rental for movie production and local attractions (Cap Suspension Bridge); concerts and recitals, weddings, funerals, Society AGM's & various community meetings.

The St. Catherine's Facilities Condition

- While we are proud of the contributions St. Catherine's makes to the broader community through our many partnerships, our 60-70 year old buildings are now at or nearing the end of their useful life;
- Ongoing utility, R&M and rectory costs now take a significant share of our congregation's donations of money and volunteer time, leaving fewer resources for Parish ministry and outreach (and future required critical maintenance).
- 2021 repair and maintenance costs, utilities, janitorial and rectory property taxes were ~\$101,000 representing 28% of our total 2021 administration and finance costs, 23% of income from all sources or more than 58% of collections.
- In 2017 an independent engineer's report was commissioned to identify the work and expected costs to repair and maintain our ageing buildings;
- The LeMare Report documented a long list of short and medium-term R&M requirements and estimated \$2.43M of such costs (including the optional upgrades for accessibility and code compliance, etc.) which we now estimate at \$3.1M in 2022\$;

The Status Quo is Not Sustainable

- More significantly for the congregation, LeMare concluded maintaining the status quo (his Option 1) was not viable, describing it this way:

“Taken as a whole, it must be realized that all the buildings are outdated, very inefficient from an energy conservation standpoint, and deteriorating. Attempting to keep them going, often with reactive and barely funded measures, is, in my opinion, an excersize [sic] in futility, and could lead to some form of serious building system failure in the not too distant future. As well, it could be argued that in light of energy conservation concerns, GHG emissions etc., it is somewhat negligent to the community as a whole to carry on in this manner. To me, this is not a good option.”

2017 LeMare Report Other Options

- In addition to the “status quo” Option 1, LeMare identified 4 other options:
 - **Option 2:** sell the rectory and use the funds to maintain or upgrade the remainder;
 - **Option 3:** sell the whole property and close down;
 - **Option 4:** major re-development and use the funds to upgrade and maintain the church building only;
 - **Option 5:** completely re-develop the property and use the funds for a new church as part of the overall building plan

Post-LeMare steps

- Since the LeMare report we have been reflecting on next steps to secure the future of St. Catherines, focusing mainly on LeMare's options #4 & #5;
- Proposals in 2018-19 for large scale multi-family re-development of the property (LeMare's Option 5), with a social housing element, were not acceptable to DNV given all the other nearby development, and Diocesan support was also not present absent a Ministry Plan;
- In early 2021 we adopted a new Ministry Plan, endorsed by the Diocese, to re-focus our mission, vision and values. Viability of our buildings and financial sustainability are key to implementing this Ministry Plan;
- In May 2022 the Diocese of NW (who owns our land) gave agreement in principle to re-invest proceeds of sale of a portion of our parking lot to restore our buildings (a version of LeMare's Option 2) subject to a satisfactory financial plan for the project;
- A Meeting with the District of North Vancouver prior to the May 2022 Special Vestry indicated support for a "swap" of residential zoned land for public assembly land to re-configure our property and sell 1 residential lot;

2022 Special Vestry

- In May, 2022 a Special Vestry was held to discern the congregations' wishes for future use of the property and buildings and resolutions were passed to the following effect (summarized for inclusion here):
 - Formation of a consultation group to advise Parish Council on the future direction of St. Catherine's;
 - Expenditure of \$70,000 (or up to \$100,000 when other donations are received) in the fundraising account to:
 - Hire 2 part-time positions (a Facilities Coordinator and a Lay Minister for Community Engagement);
 - Hire the necessary consultants to prepare a planning application to DNV in order to sell a portion of the church property, and
 - Undertake urgent repairs (to the extent possible) of the building as discussed at Vestry, February 2022.
 - Order 200 chairs to replace the pews in the Sanctuary and Chapel & find uses in the church for the pew wood;

Post-Special Vestry Accomplishments

- Since the May 2022 Special Vestry we have:
 - Hired a P/T facilities coordinator and P/T community connections coordinator (currently on hold);
 - Removed the pews, re-purposing much of the wood as flooring;
 - Established a Property Development Committee to steer a property development process;
 - Performed urgent repairs as required;
 - Prepared for a “Seize the Day” fundraising campaign that will accompany and support the building restoration program (and have raised significant funds to date);
 - Interviewed selected consultants and contractors to be ready to receive formal proposals if Vestry authorizes us to commence the proposed land sale program;
 - Met with DNV planners and the Diocese to update and confirm support of a 2-lot re-zoning and sale plan;
 - Obtained a detailed site survey, some preliminary site re-configuration drawings and rough order of magnitude cost estimates;

The 2023 Property Plan

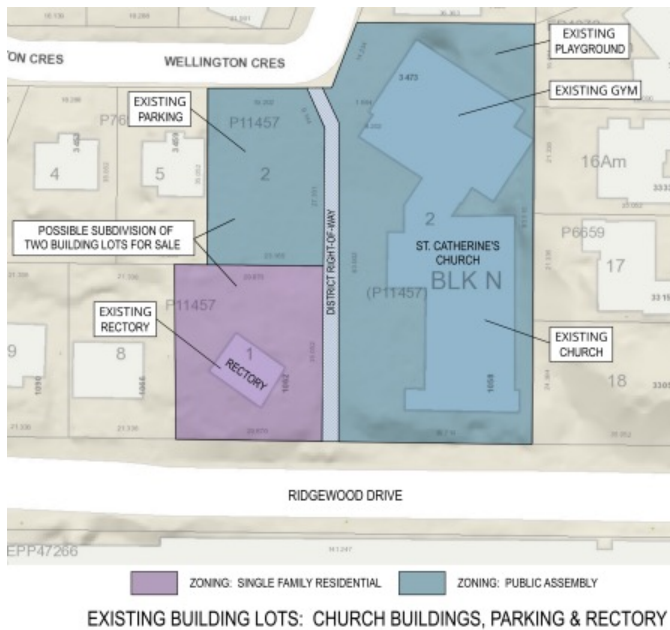
Parish Council is now proposing a modified “Option 4” plan because:

- Updates to the LeMare 2017 cost estimates show that sale of only 1 lot and retention of Gower Hall (Option #2) will not address the required building & ministry upgrades;
- Selling 2 lots requires removal of Gower Hall to provide replacement parking; and
- the Sanctuary pew removal has shown us it is a multi-use space that can replace many uses of a dedicated Parish Hall;

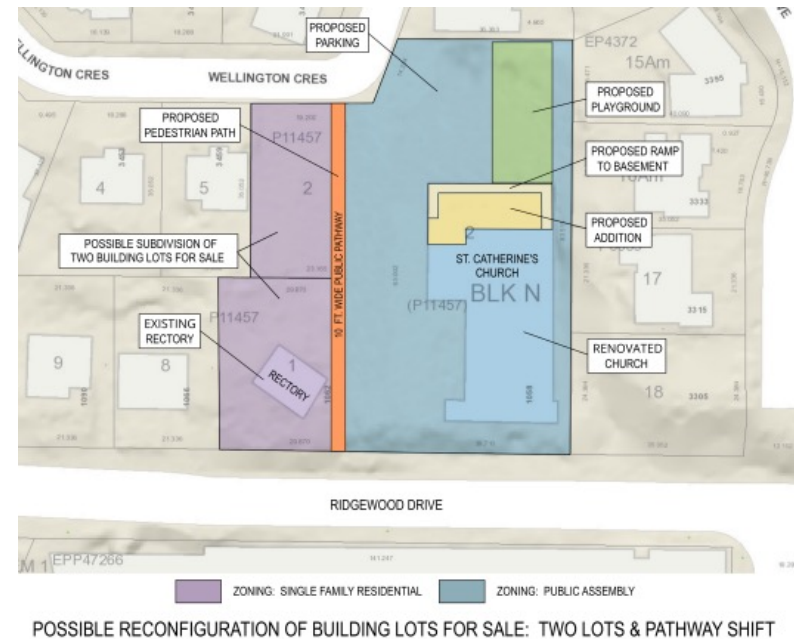


Key Elements of the Property Plan #1

- **Subdivide, re-zone and sell 2 residential lots** to generate sufficient proceeds (with additional fundraising) for required investments in main church buildings and ministry;
- District final approval will likely take 24-36 months for all steps to complete before a sale;
- net 2,500 sq ft (<6%) reduction in Public Assembly land.



BEFORE



AFTER

Key Elements of Property Plan #2

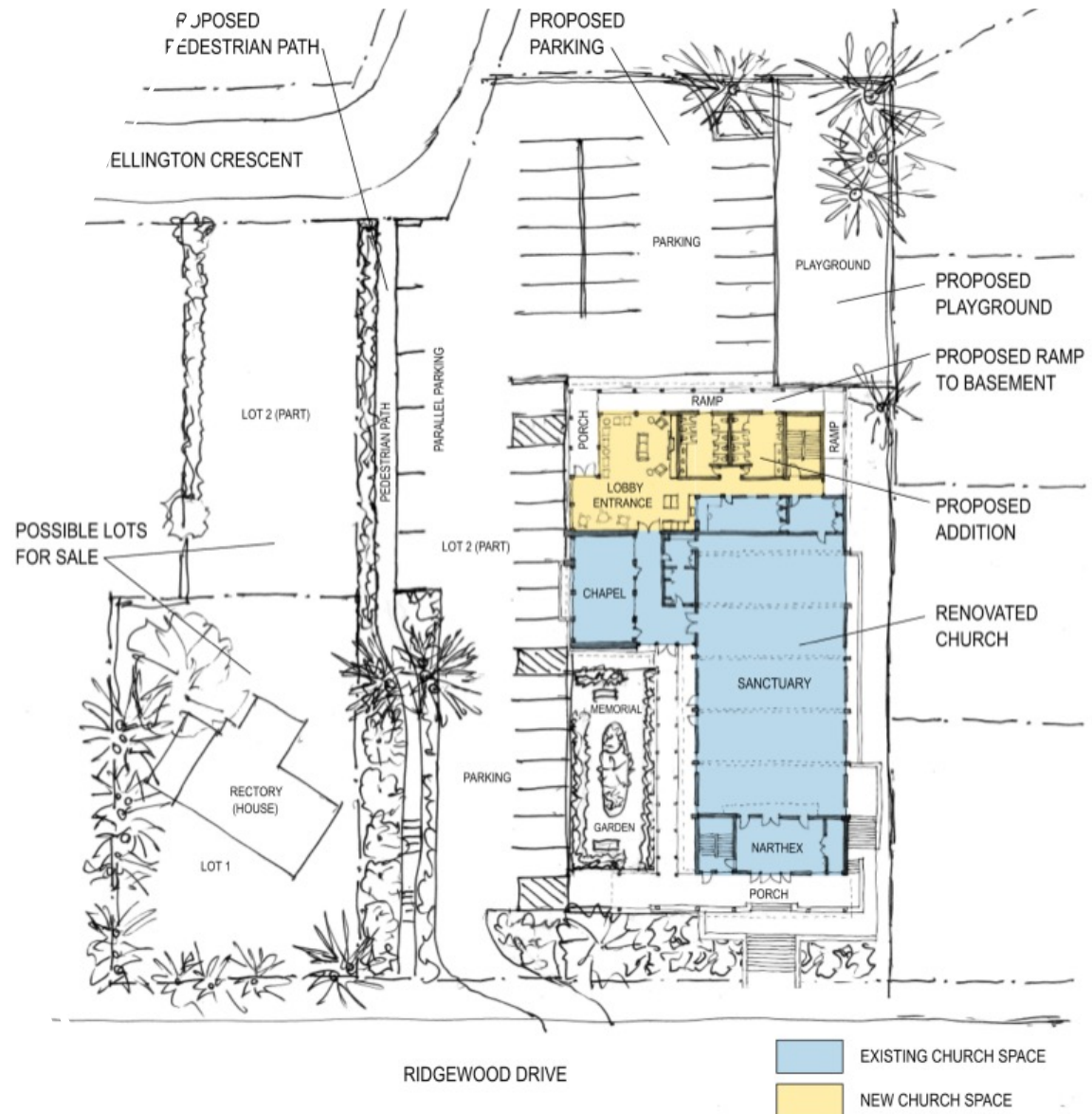
Complete the renovations of Sanctuary:

- Wider, more welcoming access (North and South);
- Consistent flooring and floor elevation;
- Improved sound and AV systems for parish and renters;
- Chair storage options;
- Improved lighting;
- Lower utility costs w/ energy efficient windows & roof, etc.



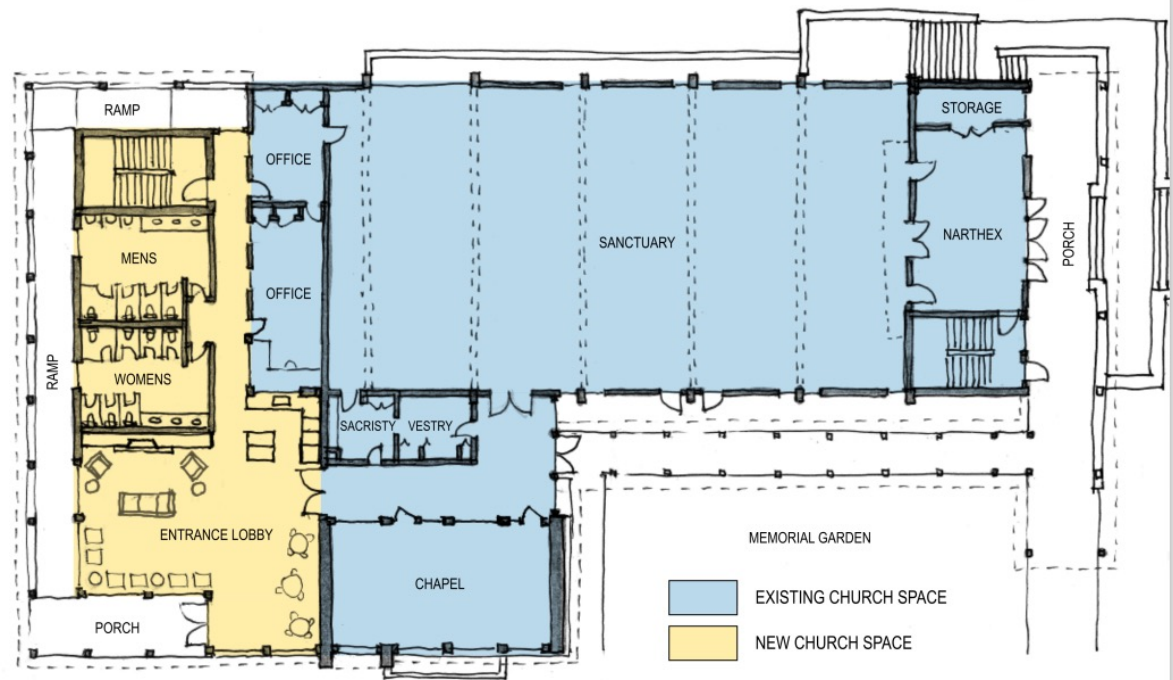
Key Elements of Property Plan #3

- Dismantle & recycle Gower Hall (Gym) complex and replace with parking and playground;
- Phase construction & land sales to minimize disruption (keep & use gym while Sanctuary under renovation);
- Maintain vehicle access from Wellington and Ridgewood;
- Align the dedicated footpath along new lot boundary, landscaped and separated from traffic;
- External ramp access to lower basement level;



Key Elements of Property Plan #4

- Re-construct and expand North entrance with new bathrooms, kitchenette, informal meeting space, office visibility;
- Address congestion and visibility/access issues at North and South entrances;



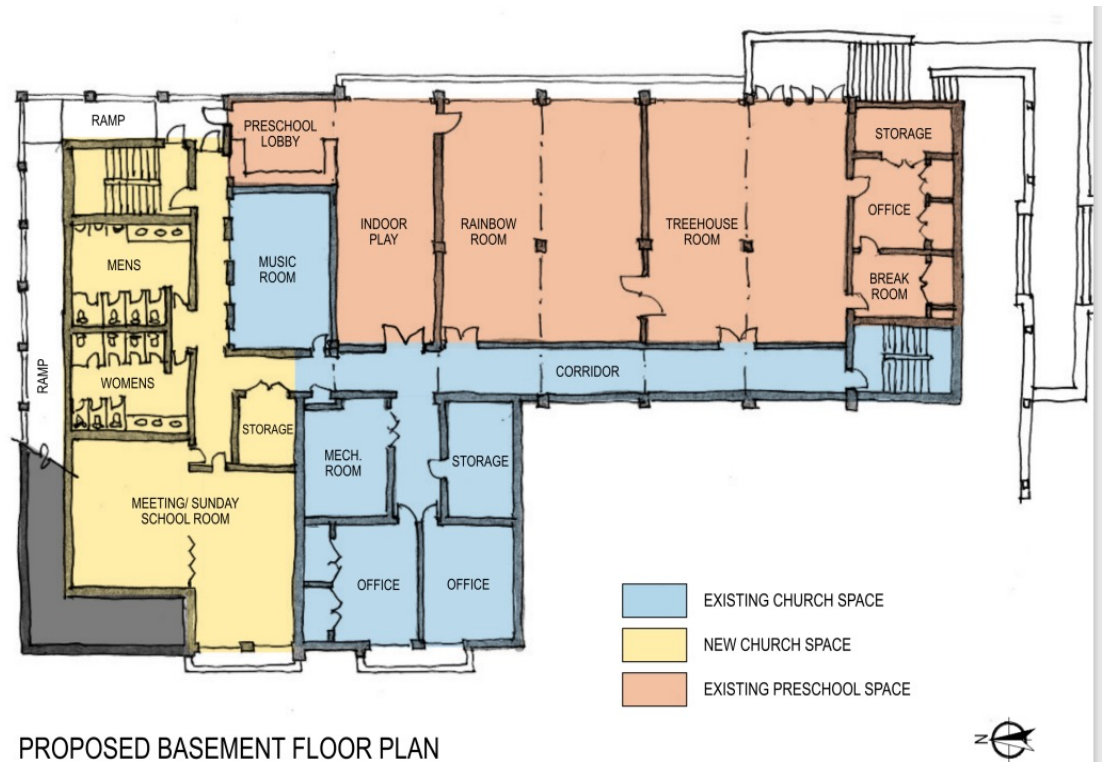
PROPOSED MAIN FLOOR PLAN



Key Elements of Property Plan #5

Renovate basement pre-school & bathrooms and re-locate former Gower Hall uses such as:

- Indoor play space;
- Sunday School;
- After school care;
- Camp Artaban office;
- Other office rental;
- Storage.



Key Elements of Property Plan #6

- Upgrade all utilities, the building envelope, bathrooms, basement, etc. to maintain safety;
- **Meet Code and minimize future utility, repair and maintenance costs;**
- All of the above are preliminary, indicative plans of potential renovations



Key Elements of Property Plan #7

- Implement sustainable solutions for long term utility use, consistent with “**passive house**” technology as much as reasonably possible;
- Where the technology is not practical or affordable today, prepare foundations for future adoption when feasible;
- Maximize reductions in GHG and carbon footprint for the long term consistent with our mission of environmental sustainability;

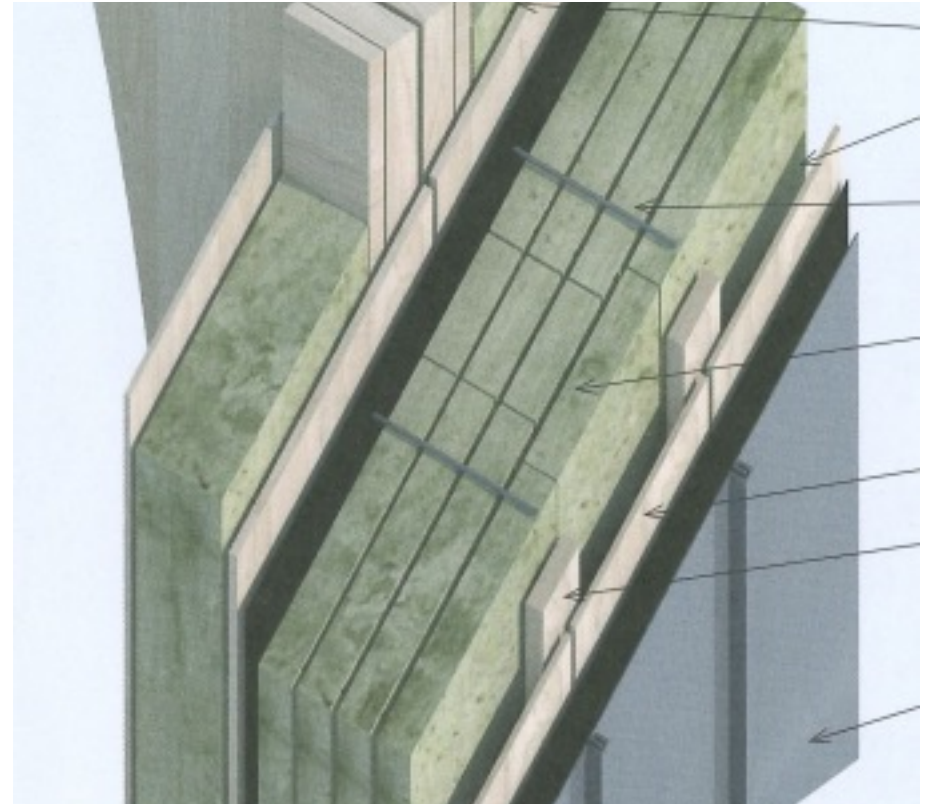


Image used with consent of Iredale Architects

Why LeMare's Option #4?

- The 2 residential lot, modified Option 4 approach is the only option that meets all of the following:
 - Generates significant sale proceeds for required building upgrades of the remaining church buildings;
 - Eliminates the maintenance, repair and operating costs of the largely redundant gym building;
 - Accommodates the footpath “gap” with a dedicated & landscaped path at new property boundary, separated from vehicle traffic;
 - Preserves the rectory house from pre-sale demolition;
 - Preserves the dual street access (Ridgewood and Wellington) for safety/traffic flow; and
 - Can be implemented in 2-4 years, in the time we have before we would need to perform other necessary work on the church (e.g. roofing, drainage, electrical upgrades, etc.) and with minimal neighbourhood disruption.

Why Not Complete Re-development?

LeMare's Option 5 considered a complete re-development of the site with proceeds used to construct a new, smaller church building & u/g parking within the new complex. This was not pursued because:

- A version of Option 5 that included a social housing component was rejected by DNV planners in 2018 given nearby developments at the time;
- In 2023 DNV Planning has not changed its view: the zoning and OCP amendments necessary to allow multi-family development on public assembly and single-family residential land outside a Village Centre would delay the project for many years, with low likelihood of approval;
- DNV Council's priority for multi-family is inside the Village Centres only, and even then only after lengthy (5+ years) deliberation and extraction of concessions;
- Full re-development requires re-locating the congregation during construction, delaying full implementation of the 2021 Ministry Plan and resulting in inevitable attrition as congregants find other places to worship;
- Smaller church premises beneath housing are not expected to generate significant rental income to offset future operating costs;
- Long-term volunteer leadership & capacity to oversee such a lengthy project is not assured.

Sources of Funding

- Final Diocese approval to sell the land depends on their satisfaction with a financial plan for the project showing it is affordable with the proceeds of land sales and fundraising;
- The proposed 2 residential lots are now estimated by Colliers to generate sale proceeds of between **\$3.9M to \$4.3M** in today's soft market;
- Per the 2022 feasibility study, a "Seize the Day" fundraising campaign will seek to raise a further **\$500,000** in pledges, grants and other sources over 3 years (pending Vestry approval);
- Total current gross proceeds of fundraising & land sales estimated as **\$4.4M to \$4.8M**
- Bridge financing from the Diocese may be required depending on the pace of fundraising, when major costs occur and when the lots are sold;

Indicative Project Cost

- The drawings and floor plans shared to date are preliminary in nature and not reliable for determining costs with a high degree of certainty;
- Indicative project cost estimates have been obtained from qualified and experienced contractors based upon these drawings using two recognized approaches:
 - A “bottom-up” estimate based on a separate budgetary allowance for each individual element of the project; and
 - A “top-down” estimate based on a model using reasonable industry norms for the location and type of work applied to the projected square footage of new build construction and renovation and for the identified specialty finishings and features.
- The “bottom-up” estimate indicates a project cost of approx. **\$4,890,000**
- The “top-down” estimate indicates a project cost of approx. **\$4,970,000**
- Both estimates include gym demolition, soft costs for permitting/design/engineering, etc., landscaping, project management, contingency & builder’s fee (profit);
- Excluded from these estimates are the Parish’s own hard and soft costs for ministry plan support & transition (both during and after the project) and any additional legacy funds desired.

Indicative Project Cost

- The mid point of the two indicative project cost estimates (**\$4.94M**) currently exceeds the projected proceeds from land sales and fundraising (**\$4.4 - \$4.8M**) by a margin that ranges between 3% and 11%;
- A needs assessment & prioritizing exercise will be required to fit the construction project (plus our contingency, ministry plan investments, etc.) into the forecast available budget.
- The Property Development Committee's intention is to (1) refine the cost estimates to better define the scope & accuracy of each cost category, and (2) take that updated information to consult with all key stakeholders in the project (tenants, staff, all 6 ministry streams, choir, altar guild, the general congregation and Diocese) to determine the needs and priorities of the Parish, before recommending a modified project that reflects those needs and priorities and fits the then-available budget.
- Key decisions along the course of this consultation will be brought back to the congregation for discernment of the path forward before a final development plan, budget and financial plan are adopted by Parish Council for approval by the Diocese.

Post-Project Financial Sustainability

- In addition to projected project costs, a critical question is whether financial sustainability is projected after a restoration project is done.
- Pro forma financial projections prepared in 2021 for a “do nothing” scenario (pre-Ministry Plan) showed steadily increasing operating deficits in this decade;
- With the return to in-person worship under the new Ministry Plan, and careful financial management, the large projected 2021 & 2022 deficits **did not occur**.
- However, implementation of the 2 lot plan will eliminate some revenue streams (e.g. rectory rent), provide new revenue opportunities (e.g. sanctuary rent), reduce on-going utility and repair & maintenance expenses but likely require some start-up or transition funding to balance operating budgets during construction and/or in the period immediately after it is finished.
- All of these variables (and more) will affect future operating revenues and expenses;

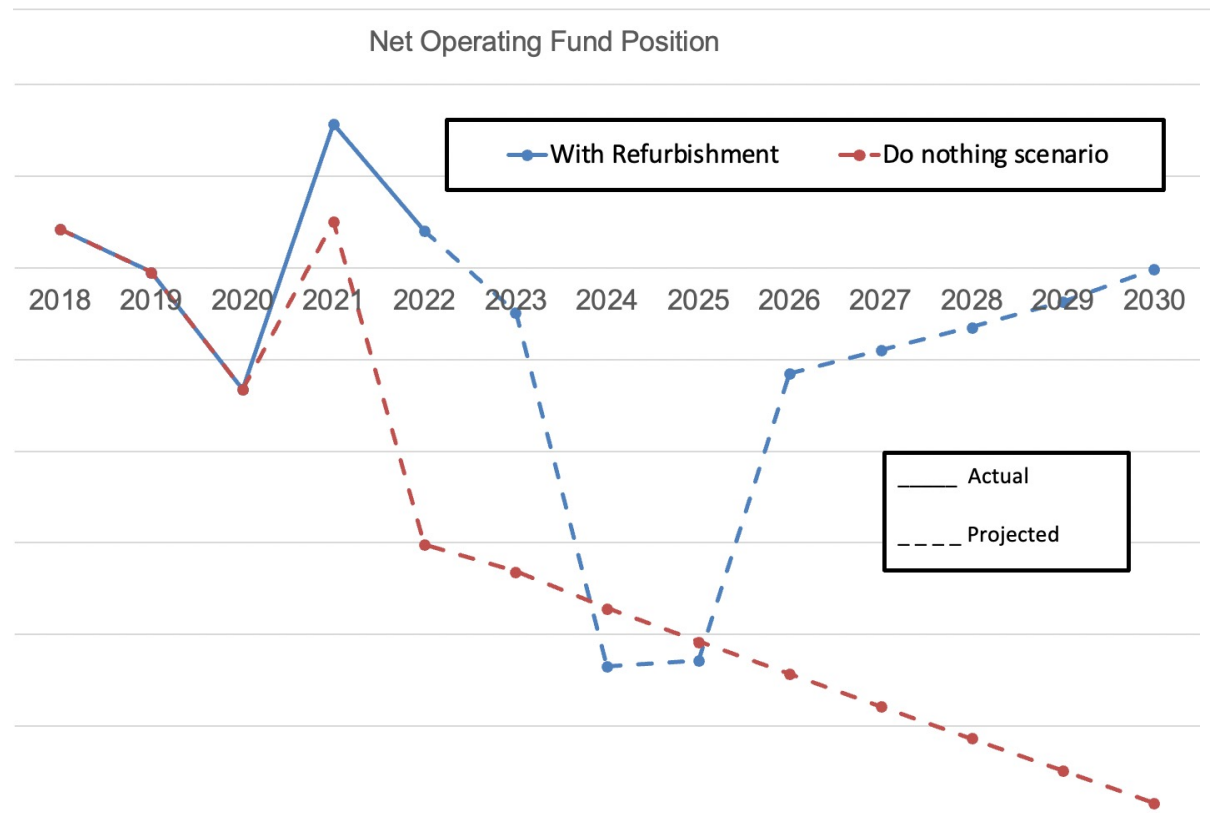
Post-Project Financial Sustainability

- We are in the process of preparing pro forma financial projections of future income and expenses for the Parish.
- Preliminary results suggest that St. Catherine's will need to plan for some level of operating deficit during the construction years, but will be in a position to return to a balanced budget within 2-3 years of completion of the refurbishment project.
- This analysis requires further refinement and Parish Council will obtain professional guidance in this area.
- Key current assumptions are:
 - 3% year over year inflation in our costs (salaries, operating exp, Diocesan assessment, etc.);
 - 6% year over year growth in offertory & fundraising giving (from expanding congregation and inflation matching);
 - 50% post-completion reduction in maintenance and grounds costs (due to newer and 40% smaller footprint);
 - We retain key tenants (80% by income) during construction (rectory, pre-school, daycare, Camp Artaban, theatre company, etc.) and they join us in the new premises (excluding rectory tenant after 2024 and the few requiring gymnasium), with modest increase thereafter in new rentals;

Post-Project Financial Sustainability

An indicative graph of what our projected financial position looked like under the 2021 “do nothing” scenario and the current projections with a refurbishment project looks like this;

Project budget will have to provide for any projected operating deficits during and immediately after construction;



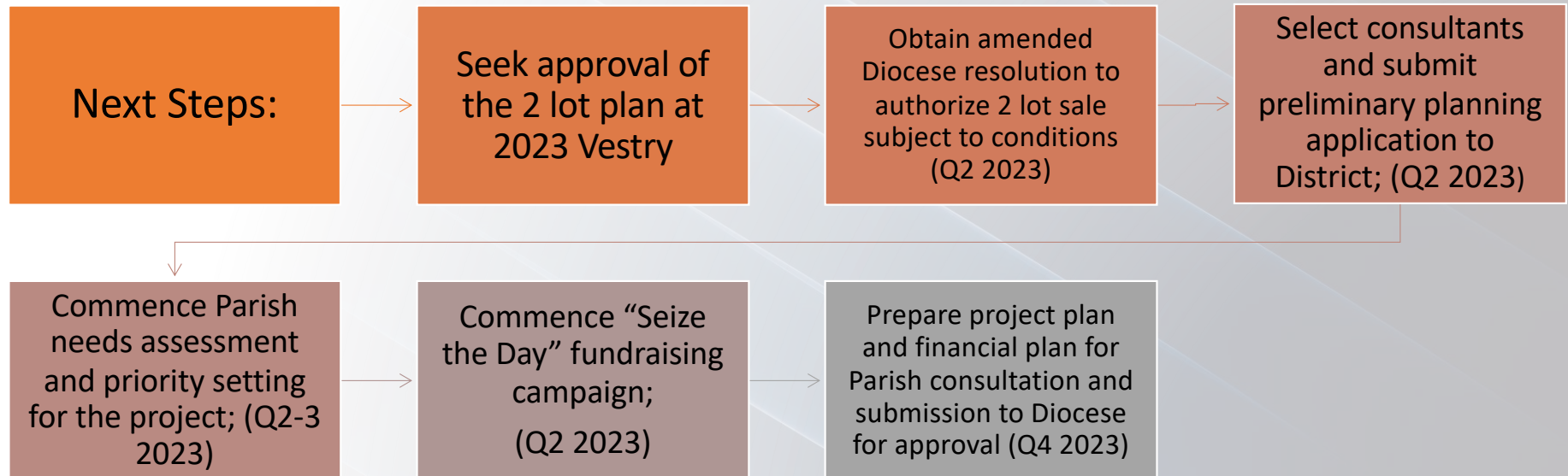
2023 Vestry Resolutions

- At Vestry on February 26 Parish Council will present for approval resolutions relevant to this project seeking authority to:
 - Prepare a property development plan to sell 2 lots;
 - Dismantle the Gower Hall gym complex; and
 - Use the proceeds of land sale and fundraising to renovate and refurbish the remaining church buildings and invest in the Ministry Plan;
- Steps to implement these actions will include:
 - amending the May 2022 Diocesan Council resolution to allow the 2 lot sale (instead of 1);
 - Getting a rezoning and subdivision approval from the District of North Vancouver;
 - Preparing the financial plan required by the Diocese, with on-going parish communication and feedback through Parish Council;
 - Continuing to hire and work with the required consultants and advisors (engineering, design and financial);
 - Financing the early steps prior to property sale from proceeds of the fundraising campaign and, if necessary, bridge financing from the Diocese.
- Text of the draft resolutions will be provided ahead of Vestry for consideration.

2023 Vestry Resolutions

- While these vestry resolutions invite us to explore a future without the gym complex and with less total property to maintain in a refurbished, hardy building, it is important to note what these resolutions do **NOT** do;
 - They **do not** authorize Parish Council to spend more money than it has from fundraising and land sales;
 - They **do not** authorize any sale of any Church property without Parish Council & Diocese approval of the required financial plan;
 - They **do not** authorize re-building or restoring the remaining Church in any particular way.
- It is also important to recognize that the land subdivision/re-zoning process is separate from the restoration of the Church, but related. Preparatory work for a future land sale is lengthy but necessary to have options to restore the Church with those funds. What we do with those funds to restore the Church remains to be discerned in consultation with the Parish following plan and cost development and a needs assessment process.

Next Steps



Conclusion

If we proceed, the essential elements of the plan outlined above will:

- Eliminate the costs of operating and repairing the 1952 Gower Hall complex & 1956 rectory;
- Restore the Sanctuary building “envelope” with a hardy, energy efficient shell;
- Reduce future operating, repair and maintenance costs while preserving a significant rental income to support parish operations, allowing more funds for ministry and outreach;
- Maintain our north/south traffic flow and address bottlenecks at both entrances to the Sanctuary;
- Respectfully preserve our 1962 Sanctuary space much as it is now, but with updated amenities and utilities;
- Build a sustainable base from which our Parish and its ministry can flourish for many years to come right here in the heart of the Village neighbourhood;

Conclusion

How will you prepare for Vestry?

- Its going to be a communal and a solitary process
- Have conversations, ask questions, make sure you understand
- Discuss with people in different ages, stages to you, people with various opinions
- Contact us if you need anymore information or need to discuss more in detail
- Reflect alone – think about your needs, your children’s needs, your nieces, nephews, grandchildren
- Pray