



Strategic Plan for Camp Properties Two Year Review December 12, 2015

Executive Summary

The Michigan Crossroads Council (MCC) currently operates 12 properties for resident camp and/or weekend use. The recommendation of the Strategic Plan Task Force for Camp Properties is to designate the following seven camps as operating camps: Cole, D-bar-A, Gerber, Munhacker, Rota-Kiwan, Rotary and Silver Trails. These camps will provide a full range of resident and weekend camping experiences within the Michigan Crossroads Council. They are necessary and sufficient for our future needs. The remaining five camps will cease all operations no later than the end of 2016.

This recommendation is based on chronic camp underutilization, ongoing financial losses, and a lack of resources to perform routine camp maintenance which is causing our camps to deteriorate to the extent that they no longer meet our expectations or those of the Scouts and adults who we serve.

The bottom line is that we have too many camps in our Council which are redundant and ineffective. These factors have created a loss of focus on our ability to provide facilities that create great program experiences for our kids.

We are aware that this will disappoint many of our dedicated volunteers who have passionately supported these camps. However, this is a business decision that was arrived at after a great deal of thoughtful discussion among our key volunteers and staff to focus on today and tomorrow's members.

It is their consensus that the recommendation made is necessary and will enable us to achieve our vision *for exceptional properties and facilities to support great outdoor program.*

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Context

When the Area Project consolidated nine legacy councils in Michigan in 2011, 16 primary camps were being operated. The MCC Outdoor Adventures formed a camp properties task force to identify and recommend the number of properties necessary to operate an exceptional camp system. In March 2013, the Executive Board approved the task force recommendation that 12 primary camps remain open and operational to form this camp system. The task force was reconvened in April, 2015 as a result of the 2013 report which required a two year review. The 2015 recommendation is summarized in this report.

The historic phases of this recommendation have included:

- National Assessment of all MCC Camps, completed May, 2012
- Transition Properties Group, recommendations approved September, 2012
- Long Range Strategic Plan for Camp Properties 2014-2024, approved March, 2013
- Camp Business Plans, reviewed December, 2014
- Strategic Plan Review (current plan and recommendation), December, 2015

Emphasis of the current Strategic Plan Review includes:

- Review of our recent operating history over the last two years.
- Review determinations made in prior studies.
- Determine the optimal number of camp properties in the system of camps, taking into consideration that significant growth is not expected and that most camps are grossly underutilized resulting in continued financial losses that will continue if no action is taken.
- Re-aligning our properties to support membership needs, management capacity, and responsible property and financial stewardship.

Since the inception of the MCC, NCAP and MCC budgeting requirements have established fiscal expectations for camp operation. We require the camping operation, both in total and by individual camp, to operate at a net surplus. The inability to meet this requirement caused additional camps to be reviewed for possible closure.

Going forward, our council must include all costs in the camp budget, specifically administrative and management costs, and an allowance for depreciation and maintenance. In 2012 nearly all of our camps were rated only average or below by the National Assessment Team. Since then maintenance has been underfunded and recommended enhancements have continued to be deferred. Camp maintenance has reached a crisis point.

A note on the Business Plans: this study was conducted in 2013-2014 and involved creation of teams of volunteer champions for each operating camp, assigned to bring the camp financials to a net cost surplus. The teams had two level targets: 1) achieve direct cost neutral, and 2) achieve fully allocated cost neutral or better. The fully allocated target level included estimates for a management allocation plus depreciation and maintenance. While the teams suggested and implemented a number of cost savings and new revenue activities, only Cole Canoe Base, Gerber Scout Reservation and Camp Rotary were able to achieve their respective business plan goals.

Operating Camp System Recommendation

The characteristics of successful camps generally include:

1. Locations accessible to significant Cub and Boy Scout member populations. While Boy Scout units are for the most part able to drive longer distances to camp, Cub Scout units prefer locations within a one hour drive time.
2. Robust resident camp activities
3. Above-average performance in utilization and/or camper-day metrics
4. Ability to achieve surplus earnings over expenses

The task force has recommended that the following seven camps remain within our Council's camp inventory: Cole, D-A, Gerber, Munhackle, Rota-Kiwan, Rotary and Silver Trails. While Silver Trails is not a solid fit for all the defining characteristics, it fills an important need because of its ability to serve the metro Detroit area. The camp is within a one hour drive from most of Macomb County and the Grosse Pointe suburbs in Wayne County. It is budgeted for 2015 with a small surplus, and its utilization and volume metrics are in mid-range of all camps.

In aggregate, these seven camps are budgeted to operate with a direct cost surplus of \$520,485 in 2015. Note that this surplus is still insufficient to cover all MCC administration and management fees (about \$400,000) and the full annual (replacement value) depreciation allowance (about \$350,000) for these camps.

The 2014 utilization rate for the current twelve camps is 18% on average. The composite rate using only the above seven core camps is twenty-three percent (23%). *What if:* Assuming that we were able to transfer 90% of the actual 2014 weekend rentals from the remaining five camps to the seven core camps, the new composite utilization rate would increase to thirty-one percent (31%).

Camps Recommended for Closure

Characteristics of camps not recommended for continued operation are largely the inverse of successful camps: serving a smaller member density; does not offer resident camp; achieves below-average metrics, including utilization; and presents lesser opportunities to generate an operating surplus. Elimination of cluster camps, defined as camps less than 50 miles apart, was an additional consideration. Supported by literature from the BSA National Council, these camps tend to compete with each other for campers and are less efficient to operate.

The Task Force recommends five camps for closure: Camp Greilick, Camp Kiwanis, Northwoods Scout Reservation, Camp Tapico, and Camp Teetonkah. Note that Greilick and Tapico are in the same cluster, and the recommendation includes both camps. The relatively smaller member density in the Grand Traverse area was considered, in addition to the small attendance at the Greilick Cub Resident program. Also, an independent is located between the areas that also serves Scouting,

The Kiwanis, Teetonkah, and Munhackle cluster is best served with one camp, recommended to be at Munhackle. Comparatively, Munhackle has better Cub facilities and is located in a state recreation area. It also has the capability to serve the current camper volume of Kiwanis and Teetonkah, and is expected to operate at a high utilization rate.

As described above, these five camps are programmatically redundant, they dilute management focus, and they contribute to under-utilization and cause a financial drain on the system. In aggregate, they operate at a direct cost deficit of \$75,724 (2015 Budget). This deficit still does not cover their annual allocation of MCC administrative and management expenses (\$80,000) nor does it fund an annual depreciation reserve (estimated at \$99,000 on replacement cost basis). Bottom line, these camps operate with a total deficit of over \$250,000 annually.

Risk and impact: Doing nothing or not enough

There are major challenges, both short and long term, if we do nothing or not enough. Financial losses described above will continue. Continued strain on professional support is expected, and our management team will continue to spend time on the wrong things, losing focus on our mission.

Our camps will continue to deteriorate because of inadequate funding for maintenance.

- *Failure to reduce the number of council properties will require our members to subsidize our properties further through **increased fund raising efforts**.*
- *Equally important, we will compromise our vision for the future: providing **exceptional properties and facilities to support great program will not be achievable**.*

Risk and impact: Consequences of Closing Camps

We recognize that there are also numerous challenges associated with the closure or ceasing of operations at any of our camps. They include loss of camp donors and FOS funds, and loss of volunteer support. All of our camps are fortunate to have a dedicated group of passionate volunteers. We fully expect that some of them will be disappointed and may choose to withdraw their support of Scouting.

We should also expect a decrease in camper-day volume and membership. We believe this loss will be small and short-term and that most units will choose to transfer to other facilities over time.

We believe that these short-term impacts will be minimized through the implementation of a strong messaging campaign and improved marketing of our remaining facilities.

Recommendation

Camps Greilick, Kiwanis, Northwoods, Tapico, and Teetonkah are to be closed to all operations no later than December 31st, 2016.

The recommendation was approved by the MCC Executive Board on December 12, 2015.

Questions or Comments:

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* SS-Southern Shores Field Service Council
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Frequently Asked Questions (FAQ)

1. Q: Does this mean you will sell the camps?

A: No, not necessarily. We do not own Camps Greilick or Camp Kiwanis, and they will return to their respective owners, the Traverse City Rotary, and the Lansing Kiwanis Club. If property is sold, we will, as in other recent property transfers, place priority on partnering with new owners to create opportunities for continued Scout use while reducing our inventory and expense of property owned and operated by the BSA.

2. Q: Where will the proceeds of sale go?

A: Funds from property sales are determined by the MCC Executive Board on a case by case basis. In the case of sale of the Camp Agawam property, the proceeds were placed in the camp endowment fund to benefit camp operations.

3. Q: Who determines when the camps will close?

A: Outdoor Adventures will determine when each specific camp will close, but no later than December 31, 2016.

4. Q: What if I have a pre-existing reservation?

A: We will honor all pre-existing reservations, but will not accept new reservations for dates beyond August 31, 2016 for Greilick, Kiwanis, Northwoods, Tapico and Teetonkah.

5. Q: Will there be additional camp closings in the future?

A: We believe the seven core camps – Cole Canoe Base, D-bar-A Scout Reservation, Gerber Scout Reservation, Camp Munhacker, Silver Trails Scout Reservation, Camp Rotary and Rota-Kiwan Scout Reservation are both necessary and sufficient for our foreseeable future needs. We do not anticipate additional actions.

Supporting Discussion and Data

1. Camp Utilization

- Utilization ratio of Use to Capacity ranges from 8% (Cole, Northwoods and Tapico) to 40% (D-A).
- Total 2014 system average utilization is 18%
- Considering only the five camps to be closed:
 - Average utilization of these camps is 11%
 - Fewer camps improve utilization of the remainder (from current system average of 18% to as high as 31%)

Weekend Capacity and Utilization: 2014

<u>Weekend Capacity (Overnight Sites)</u>	<u>Weekends Available</u>	<u>Capacity: Site Weekends</u>	<u>Use: Weekend Reservations</u>	<u>Utilization: Use/Capacity (%)</u>	<u>% Total Reservations</u>	
D-bar-A	42	40	1,680	667	40%	31%
Rotary	16	40	640	184	29%	9%
Munhacker	17	41	697	170	24%	8%
Rota-Kiwan	24	40	960	165	17%	8%
Silver Trails	24	44	1,056	183	17%	9%
Kiwanis	13	47	611	100	16%	5%
Teetonkah	26	47	1,222	188	15%	9%
Gerber	30	37	1,110	161	15%	8%
Greilick	17	38	646	72	11%	3%
Cole	18	37	666	55	8%	3%
Northwoods	28	44	1,232	101	8%	5%
Tapico	28	44	1,232	93	8%	4%
Total/Average	283	499	11,752	2,139	18%	

2. Volume: Camper-Days

- Most fundamental metric for the camping operation
- Strategically important: provides ability to combine resident camp data and weekend camp data as two business segments
- Definition:
 - Camper: one participant (youth or adult)
 - Day: one overnight, or single day w/o overnight
- The model shown below is based on 2014 camp reservation records, with some approximations made in some cases for actual attendance data.

- The two channels, or lines of business are roughly equivalent in size, but we have traditionally emphasized the resident camp business
- We make a profit on resident camp, but lose money on the weekend business.
- The bottom five camps serve about 20,450 camper-days – less than 14% of the total.

			<u>Total</u>	<u>Total</u>	<u>Grand Total</u>
	<u>Event</u>	<u>Rental</u>	<u>Weekend</u>	<u>Resident</u>	
D-bar-A	7,609	16,778	24,387	9,992	34,379
Gerber	3,156	2,489	5,645	21,893	27,538
Cole Canoe Base	868	1,104	1,972	17,950	19,922
Rotary	4,012	2,502	6,514	12,629	19,143
Rota-Kiwan	1,872	4,325	6,197	5,366	11,563
Munhacker	1,759	4,703	6,462	2,802	9,264
Silver Trails	3,469	5,134	8,603		8,603
Teetonkah	3,317	4,066	7,383		7,383
Greilick	1,272	941	2,213	1,351	3,564
Northwoods	2,100	1,315	3,415		3,415
Tapico	744	2,419	3,163		3,163
Kiwanis	892	2,034	2,926		2,926
Weekend vs. Resident Business			78,880	71,983	150,863
Weekend vs. Resident (%)			52%	48%	