



February 8, 2016

LAUREL HIGHLANDS COUNCIL # 527
Boy Scouts of America
1275 Bedford Avenue
Pittsburgh, Pennsylvania 15219
Attn: Sharon Moulds

LAUREL HIGHLANDS PROPERTIES REPORT

Dear Ms. Moulds;

PURPOSE: The purpose of this report, provided at the request of the Laurel Highlands Council, is to provide observations, analysis and recommendations relative to the operation of the camping properties controlled by the Council. This report follows field activities conducted in Maryland and Pennsylvania in December of 2015, and subsequent research.

EXECUTIVE SUMMARY: Our recommendation for the long term use and disposition of the council's properties is as follows:

General Recommendations:

- Cease all new capital investment until a plan is adopted, unless it is an emergency.
- Establish a policy that no capital improvements are to be made without Properties Committee approval.
- Develop written accounting guidelines for the Laurel Highlands Council and Jitasa's use that establishes the intent and policy for recording income and expenses related to properties.
- Develop a single, comprehensive and sustainable Forest Management Plan for all properties.
- Combine the ranger staff into one corps under one overall property manager. They should all work together on all properties. Consolidate the management of maintenance assets such as trucks and tractors and specialty tools under one group.
- Evaluate Program **quality and variety** during resident camp for Cubs and Scouts similar to the study that was conducted in Wisconsin. (See appendix)
- Seek and obtain an independent real-estate appraisal for Camps Anawanna, Anderson, Baker, Twin Echo. Those appraisals should break out intrinsic land value and mineral rights values.
- Develop a net present value model to determine if sale of a gas producing property returns a better yield at any given date versus holding the property and realizing potential future payments for easements and production. The model should also comprehend the probability of development in its calculation.
- Plan and conduct a capital campaign to build out Baker and fund repairs to Heritage and remaining camps.
- Before moving the cubs out of Heritage (see below), initiate discussions with neighboring councils about the possibility of a reciprocal agreement to promote cooperation as opposed to competition. Evaluate the tax exempt implications for idle properties.
- With regard to Shale energy. We recommend studying this a little further before any property sales and we strongly recommend against selling any mineral rights in the fields. As an alternate strategy we can hedge the royalties without selling any of the mineral rights.

Property Specific Recommendations:

- **Camp Anawanna** – Hold as an investment for future resource revenue. Cease all camping activities. Disconnect electric service
- **Camp Anderson** – Close and divest
- **Camp Baker** – Move Cub World to this property due to close proximity to Pittsburgh cub population and access to city utilities including sewer. Make this a cub resident camp. A dining hall should be built here. (\$1.75MM)
- **Camp Guyasuta** – The facility is operating in the black. It enjoys a heavy schedule of use. No changes are recommended at this time.
- **Heritage Scout Reservation (Camps Independence, Liberty, Freedom)** - Move Cub resident program to Camp Baker. Consolidate program areas into one Camp Heritage with three camping areas. Make this the primary resident camp for Boy Scouts, direct all Boy Scout resident camping here. Evaluate and strengthen the Quality of the program. Investigate package waste treatment plant alternatives.
- **Camp Joseph** – Sell off parcel 1. Retain the mineral rights and make provision for future access. Ask permission to sell parcel 2 or return the parcel to the donor.
- **Camp Potomac** – Close and divest. Retain the mineral rights and make provision for future access.
- **Putts Campground** – Allow Troop 4471's chartering organization, the American Legion to take over the lease. Cease using as a long term camp under the BSA logo.
- **Camp Seph Mac** – Cancel lease with commonwealth of PA. Vacate property.
- **Camp Twin Echo** – Develop as a second Cub Resident Camp

Service Centers:

- **Flag Plaza** – Retain, Continue to maintain
- **Cumberland** – Sell the property, move into a smaller storefront building with better accessibility.
- **Ebensburg** – Vacate lease move into a smaller storefront building with better accessibility.

METHODOLOGY:

The methodology used to evaluate the camp properties involves a combination of the 2012 Michigan project, the 2013 Wisconsin study, the 2015 Chicago study, and financial results of each camp. The purpose of the Michigan and Chicago studies was very similar to this project in that the end result was to devise a strategy for the use and disposition of camping properties in the consolidated council.

Seventeen criteria that define a good camping property were developed and the properties in this study were measured against that criteria. A numerical score was determined according to how the property measured up to the criteria and the properties were then ranked according to the score, a rank of 1 being the best, a rank of 12 being the worst. The results are appended to this report. The summary is shown here.

In addition, the likelihood of the property's location falling within the Marcellus and Utica gas fields was taken into account.

Camp Name	Score
Guyasuta	660
Heritage	
Freedom	629
Independence	572
Liberty	571
Twin Echo	568
Baker	519
Seph Mac	512
Anawanna	449
Anderson	446
Potomac	417
Joseph	317
Putts	294

An evaluation team was assembled comprised of the following individuals:

EVALUATION TEAM			
Volunteers:	Richard Heyse	John Neuhaus	Sam McClure
Alan Hazelwood	Jeff Farbacher	Richard Roadarmel	Robert McCutchen
Professionals:	John Stewart	Jamie Shearer	Bill Park

This team force ranked the 17 criteria from least to most important so as to add a weighting factor in the evaluation. They also participated in onsite evaluations and they have contributed to and approved this report.

The financial results of the summer program and full year programs were used to inform the recommendations of the team. Good financial results are viewed as an outcome of good quality and variety of program on a highly suitable property. An in depth analysis of camping and natural resource revenue as well as endowment restrictions also informs the final recommendation.

The underlying assumption of the methodology is that the intrinsic value of a property to the current and potential needs of the Boy Scout Outdoor Program is immutable. Given time, program and financial results can be developed and improved. The latter elements speak more to the tactics employed to meet strategic goals heavily influenced by the former (the intrinsic value). The reader is urged to read the seventeen criteria and their definitions.

SITUATION/BACKGROUND:

Through a series of mergers, the council has accumulated a total of 12 properties plus three service centers. With the exception of Camp GUYASUTA the properties operate below capacity. The properties are contributing to the financial well-being of the council, primarily due to natural resource revenue particularly those related to natural gas right and pipeline right of ways. Financially, the camping operation revenue per acre of owned land is anemic given the size of the council. Some properties are making a large contribution some are losing money. This would lead one to conclude that there are too many properties and that consolidation and disposal would lead to increased quality and improved financial sustainability.

The discovery that the Marcellus and Utica gas fields underlay several of the properties adds complexity to the analysis and warrants close examination as the potential for future revenues are factored into the analysis.

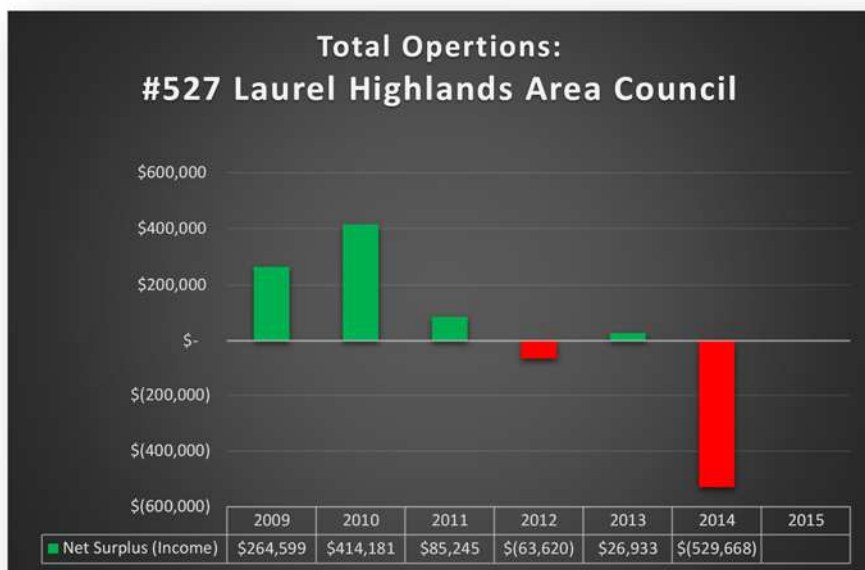
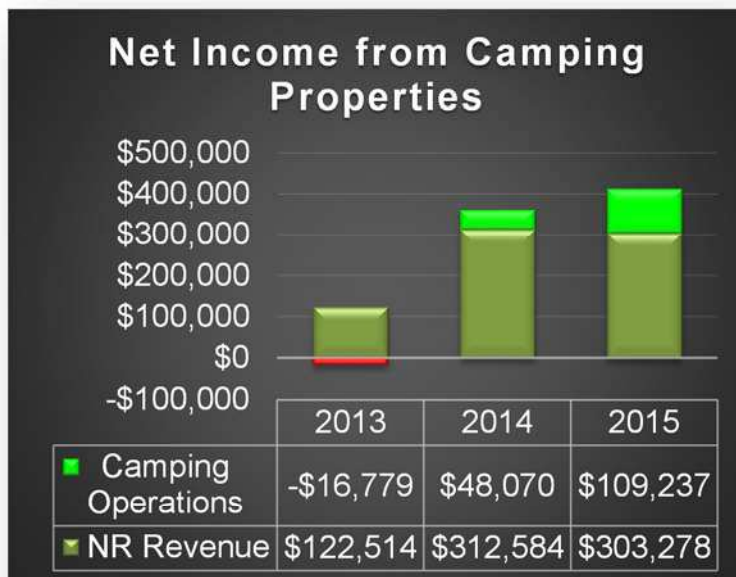
OBSERVATIONS: Camp properties exist to support the strategic objectives of the councils that own them. Any meaningful study of a council's real estate assets must be looked at from the broader perspective of the council and the market in which operates.

Financial Sustainability: The Camping Operations Report (attached) indicates that the camping program generates a financial surplus. However, as a consequence of our book keeping system, the figures do not reflect natural resource revenue, depreciation, prorated staff compensation, administrative burden or insurance. These costs are captured at a higher level of reporting. While this is GAAP compliant, it reflects how the individual programs perform via project codes versus how well the asset (the property) performs.

When all costs and revenue streams are accounted for at the property level, a different but more realistic picture emerges. In this case, a 3% administrative burden was added which covers occupancy costs at the service center, copier leases, non-camp depreciation, travel, etc. that must be allocated.

Natural resource revenue from gas and timber was also included. These sources of income should be factored into the performance of the asset in and viewed over the periods in which the income is realized.

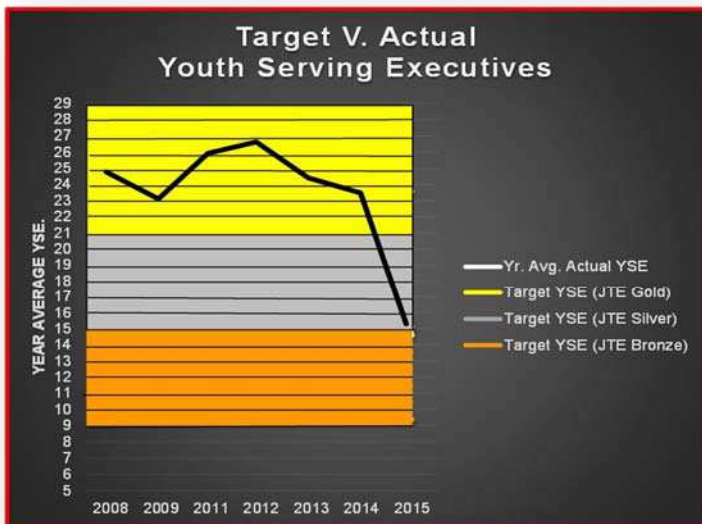
While the net for the combined past three years is positive, with or without



natural resource revenue, when compared to other councils, the camping program, as a whole is not performing as well as it could.

With 12 properties the average annual contribution over three years is \$3,900 exclusive of natural resource revenues.

It is clear that that the natural resource income stream is important to the financial well-being of the council even though it cannot cover the entirety of the losses.



When Councils operate in the red, hard decisions are often required. Often, funding for camp maintenance and replacement capital are the first thing to go. This leads to a gradual but certain degradation in the outdoor experience which can lead to a decline in camping or camping.

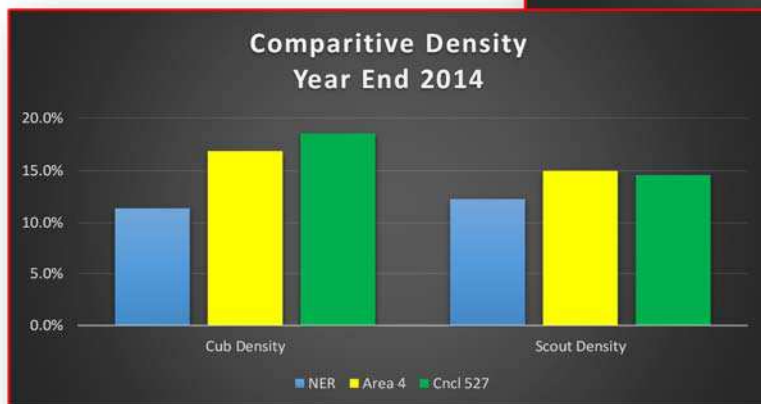
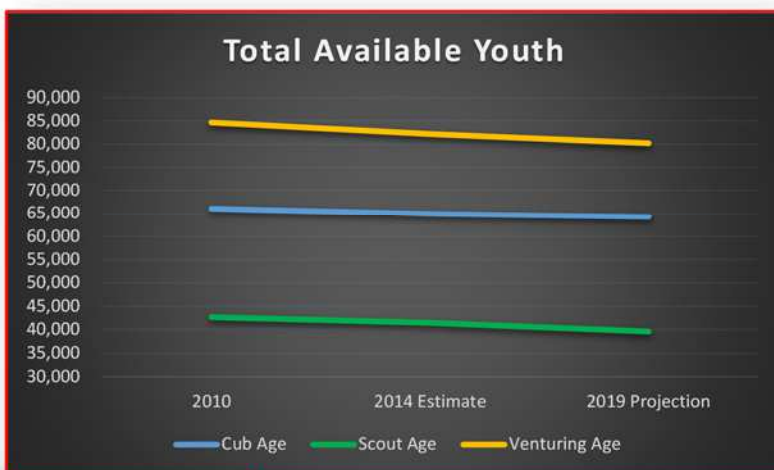
In the Laurel Highlands Council, the number of Youth Serving Executives (YSE) has declined since 2012. This chart reflects the average number of YSE over the course of a year.

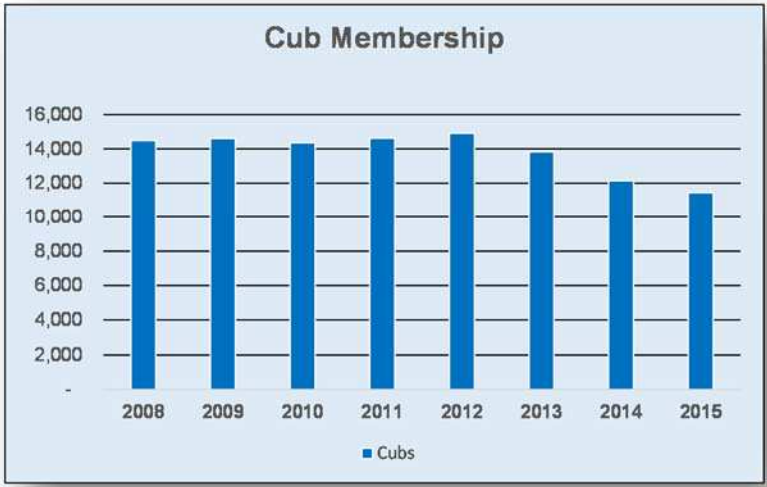
The three bands, (Gold, Silver, Bronze) represent Journey to Excellence (JTE) target levels. Sometimes vacant field positions are not filled. This affects the customer experience in a more direct way as resources become spread very thin.

Membership:

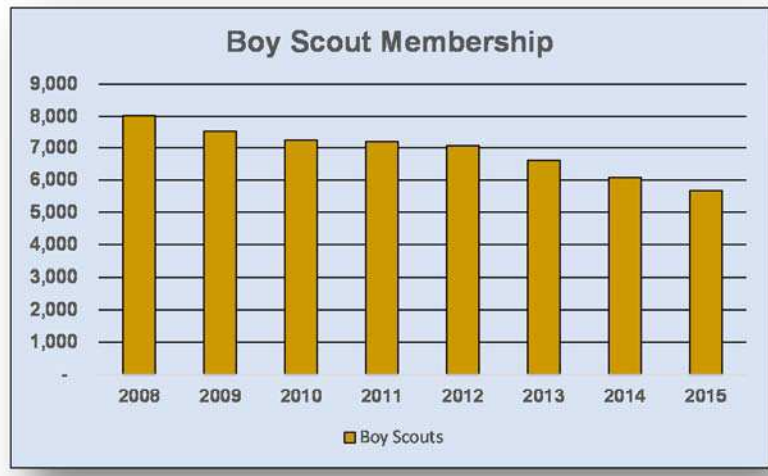
Population has and is projected to show a slight decline in this area through 2019.

Density or market share compares favorably with the Northeast Region and with Area Four.





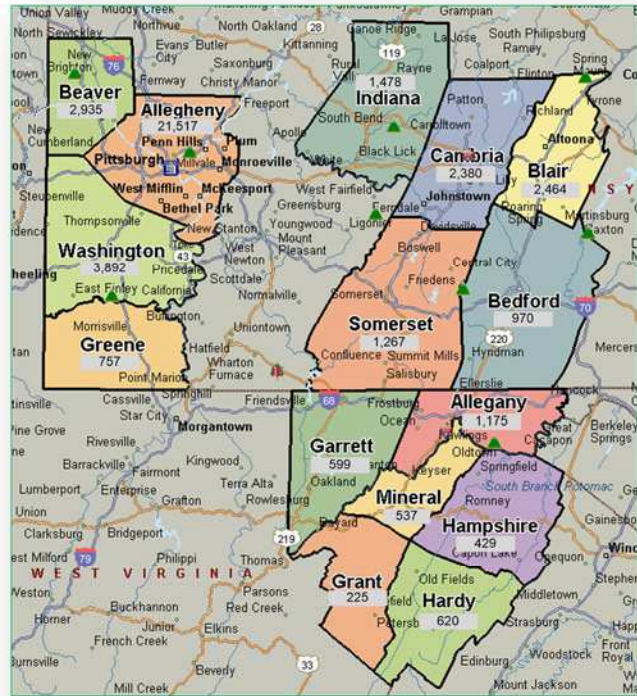
None-the-less, the number of members continues to decline and thus there are fewer campers at all levels of the program.



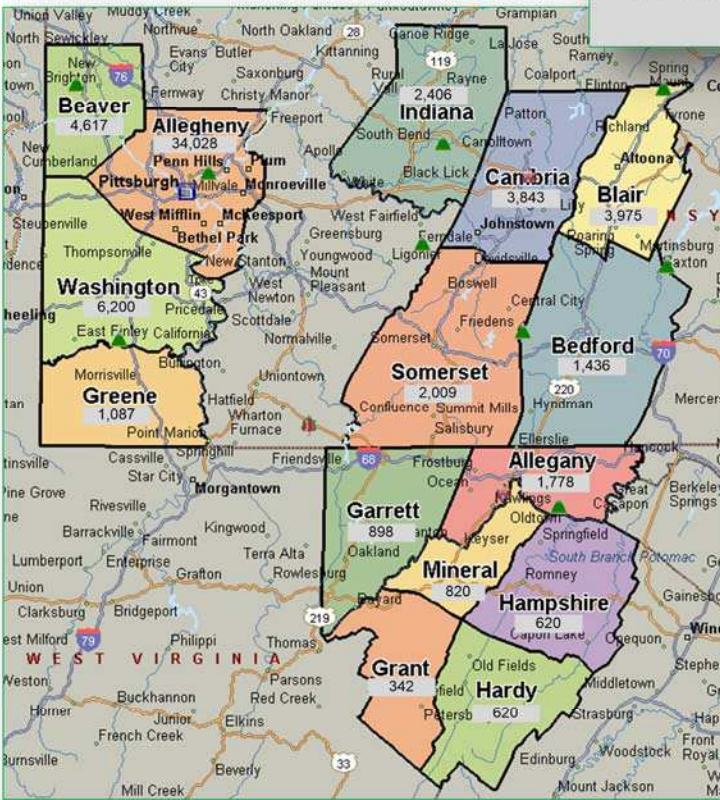
Demographic Distribution:

The Council can be characterized as having high population density in Pittsburgh surrounded by low density rural counties. Pittsburgh is the second-largest city in the Commonwealth of Pennsylvania with a population of 305,842. The Combined Statistical Area (CSA) population of 2,659,937 is the largest in both the Ohio Valley and Appalachia and the 20th-largest in the U.S. Approximately 61% of the available youth live in Allegheny, Beaver and Washington Counties.

When ranked by population, the Pittsburg Metropolitan Statistical Area ranks 23 in the US.



#527 Laurel Highlands Boy Scout TAY Distribution by County



#527 Laurel Highlands Cub TAY Distribution by County

Charlotte-Concord-Gastonia ranks 22 and supports two councils. The Oregon-Washington Metropolitan Statistical Area ranks 24 and supports one council.

There are sufficient youth in this market to operate a financially sustainable scouting program that makes a significant contribution to the financial well-being of the council.

Location and Market:

Drive time is a critical success factor when it comes to Cub camping. While the Boy Scouts will travel, even for weekend camping events, Cubs and their parents are very sensitive to the amount of time it takes to get to and from camp. This is especially true for short duration events. Given the geographic size of this council, one cub camp is likely to result in underserved youth as parents respond negatively to the travel times.



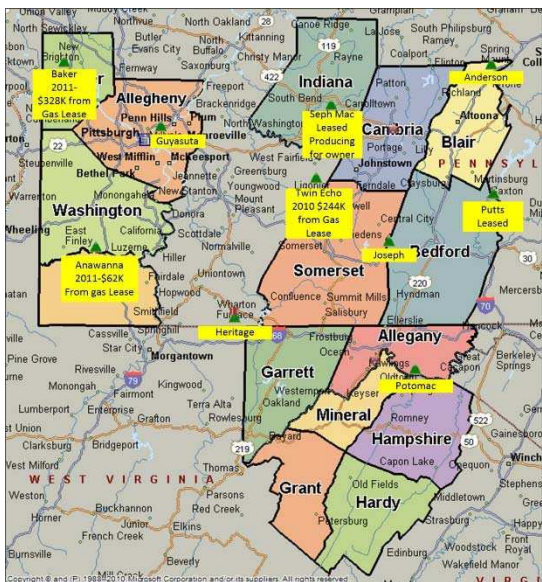
CAMP NAME		CUB SCOUT- AGE TAY	BOY SCOUT- AGE TAY
Camp Anawanna	25 MI RADIUS	13,156	8,302
Camp Anawanna	50 MI RADIUS	71,676	45,147
Camp Anderson	25 MI RADIUS	7,470	4,595
Camp Anderson	50 MI RADIUS	21,567	13,444
Camp Baker	25 MI RADIUS	21,434	13,909
Camp Baker	50 MI RADIUS	86,073	55,375
Camp Guyasuta	25 MI RADIUS	49,352	31,270
Camp Guyasuta	50 MI RADIUS	76,171	48,610
Camp Potomac	25 MI RADIUS	4,113	2,755
Camp Potomac	50 MI RADIUS	25,282	16,005
Camp Twin Echo	25 MI RADIUS	9,400	5,950
Camp Twin Echo	50 MI RADIUS	56,547	35,807
Heritage Reservation	25 MI RADIUS	6,866	4,134
Heritage Reservation	50 MI RADIUS	41,935	26,340

While Heritage will serve the Boy Scout program well, an east camp and a west cub camp is likely to be the most successful. A camp near the core of the Pittsburgh CSA would be the larger of the two and another anchoring the Altoona - Johnstown population centers would be smaller but adequate for that area.

60 minute drive time and 20 -100 mile radius maps are appended to this report to indicate what the “sweet spot” of the camps market is comprised of.

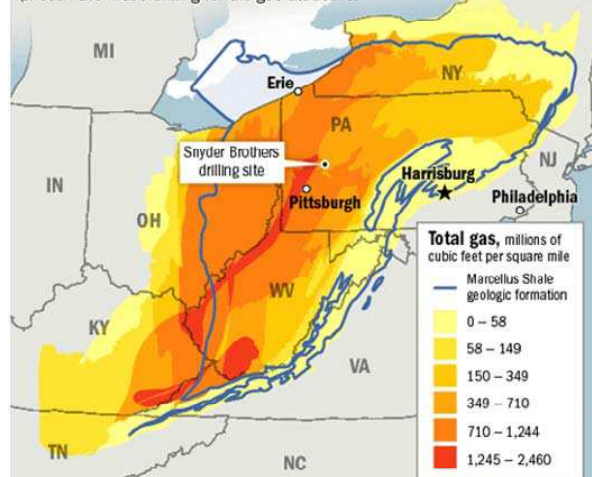
Natural Resource Revenues:

Gas Fields: The potential for future revenue is very high. No mineral rights should be sold without a very thorough examination of the market and the nature of the deal. We have asked Glen Adams of the Longhorn Council to assist us and he has agreed. Glen is the CEO of Makaria Oil and Gas and a member of the board of Stonetex Oil Corp. He is also Co-owner of Texas Shale Gas Resources, LLC.



Untapped riches

The Marcellus Shale formation, which stretches all through the Appalachians, holds as much as 516 trillion cubic feet of natural gas. Current, high energy prices have made drilling for the gas attractive.



Source: U.S. Bureau of Land Management, Geology.com, Catskillmountainkeeper.org Ed Yozwick, Keith McCafferty/Post-Gazette

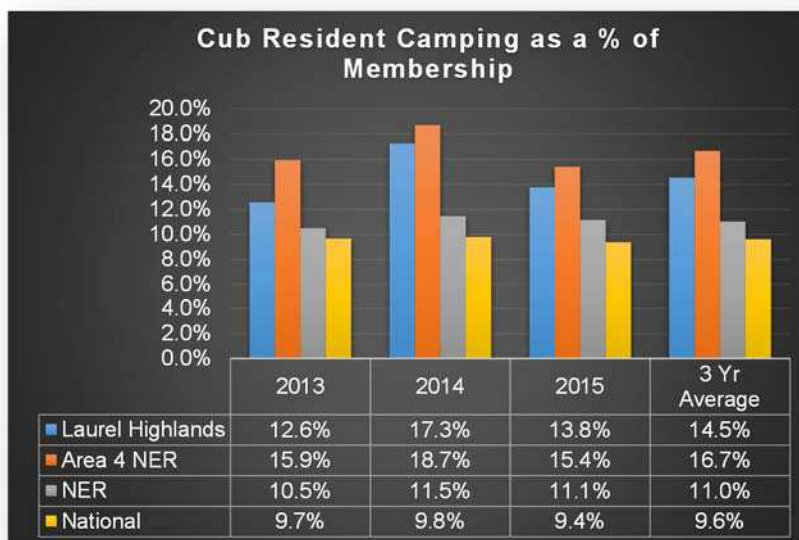
Timber Harvesting: Given the amount of land owned by the council, a plan for sustainable and predictable income will be a best practice for forward planning and budgeting. The plan should also recommend types of trees to be replanted providing a combination of fast growth/ low value and slow growth / high value specimens. This is another part of the operation that needs to be treated as a business/.

Camping:

Cub Camping: Cub Resident Camping averaged 14.5% of membership over the past three years. This compares favorably with Regional and National rates, but lags NER Area Four.

This is more reflective of the decline in membership as opposed to a strong Cub resident camping program. There is much room to grow in this area of the program.

It is important to note that each of the four programs (Day, Cub & Webelos Resident and Family



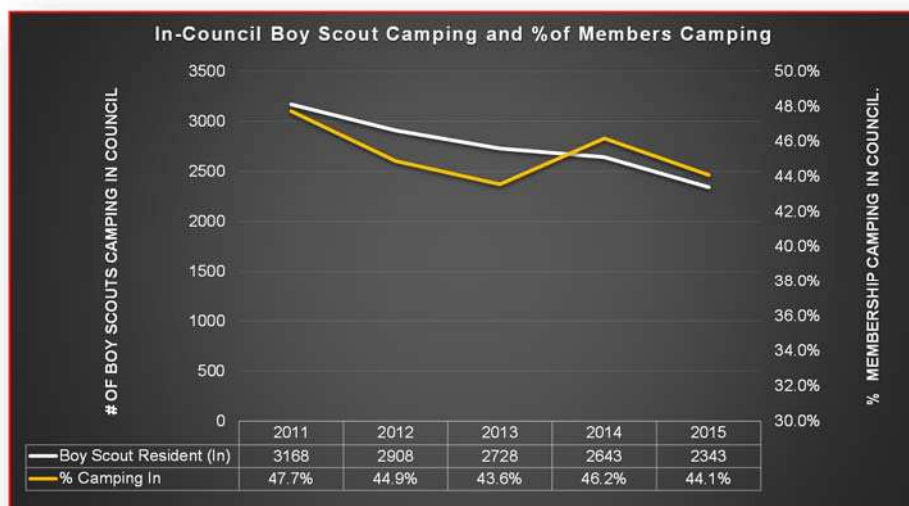
Camping) play an important part in the development of the camping sensibility of our youth and their parents.

A strong Cub and Webelos program is a leading indicator of continued growth in the Boy Scout program.

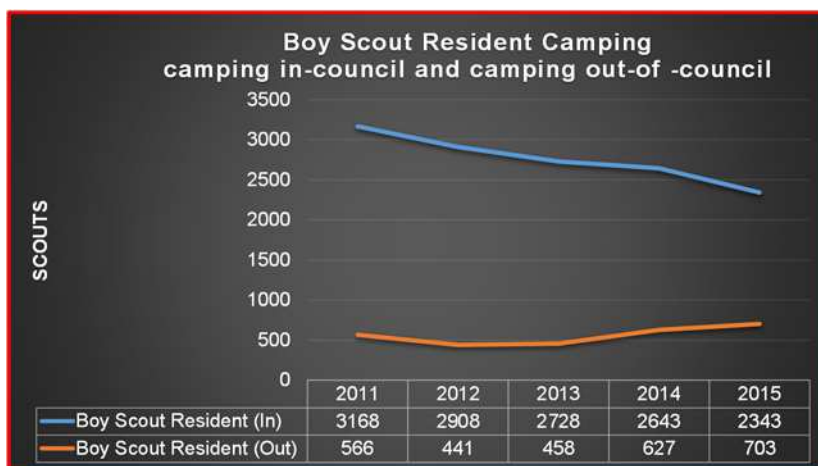
Boy Scout Resident Camping:

There has been a slow and steady decline in the number of Scouts camping in-council and a slight increase in the number of scouts camping out-of-council.

Part of the decline in campers is reflective of a decline in membership, but there has been a decline in the % of members camping as well.



While camping out of council is healthy and may lead to a better outdoor experience and improved retention through variety, a like number of campers should be coming into the council from other places.



If not replaced by out of council campers, a loss of 700 campers would result in unrealized revenue of approximately \$260,000. This should be further explored through satisfaction surveys and an evaluation of the quality and variety of the resident camping program similar to what was completed in Wisconsin.

Venturing and Camping: According to the Camping Report, there is essentially no Venturing Camping program. The overwhelming number of Venturers are camping as staff in Scout Resident Camp or the Jamboree. According to the report, 3% of registered Venturers are camping. Region and National numbers are closer to 18% - 20%. If reported correctly, this is an untapped market that has an upside potential for an annual lift of \$250,000 in revenue.

Programs and Competition: Cub resident Camping and Boy Scout Resident camping are conducted at Camp Seph Mac and at Heritage Scout Reservation. These camps are 62 miles apart “as the crow flies” on a relatively North/ South route. In this council, the population center is in the Northwest and becomes less dense as you travel east. This puts Seph Mac in competition with Heritage. While Heritage is currently constrained by waste treatment issues, going forward it would be well advised to address those issues and consolidate all Boy Scout Resident camping on this property. Seph Mac should be allowed to revert back to the Commonwealth where it might be leased if needed. This will have the effect of relieving the Council of approximately \$100,000 in expenses while transferring \$190,000 in camping revenue to Heritage.

It was observed that a few of the “weekend camps” are offering summer camp like program and merit badge classes that supplement, and at times compete, with the program offered at Heritage.

Facilities:

This is but one indicator to be used in developing a strategic/ tactical plan. Program potential and the quality of the underlying land is of higher consequence.

Another measure is the amount of investment required to bring the properties up to a desirable level. In this set of calculations, the standard would be a “B” level. However a “C” would be perfectly fine if there were continual reinvestment in camp maintenance.

A drawback of this approach is that it only takes into account the upgrade or replacement of existing facilities and doesn’t comprehend what a redesign of the camp might entail. A redesign might include the removal on unnecessary facilities and the addition of new facilities as part of a complete solution.

Sunk costs should not be factored into future planning. The money is gone. The BSA does not operate on a quarterly planning basis. The decisions to be made will have lasting impact for the next 50 to 70 years. What is most important is where and how can the Council provide programs of excellence for an ever growing base of youth?

Discussion of the Camps: During the evaluation several hundred photos were taken. They are available at the Flag Plaza office. The reader is encouraged to review even some of these photographs. Because of the time of the year in which they were taken, they do not show what we refer to as “the magic of the camp” which of course is the scout enjoying the wonders of the outdoors. This is an experience that is best viewed firsthand. Camp evaluation scoresheets, camp financials and mapping images are appended to this report.

Anawanna - This camp is located in the Southwest corner of the council. It is ranked 8 out of 12 using the evaluation criteria discussed at the beginning of this report. Over the past 5 years, the property has shown a surplus of approximately \$437,000. This figure includes \$511,000 in natural resource revenues without which the camping operation would be running at a loss. Anawanna has gravel roads which are in poor condition. The facilities are in a “D” level of up keep on an A-F scale. (“A” being like new). At the time of the evaluation potable water had to be tankered in due to the improper screening of the well. This existing water well is repairable. Anawanna has a dining hall which seats approximately 150-200. The facility is not in good condition. There are a number of lodges and an adirondack camp site. We recommend that this

camp be closed and campers directed to Baker or Heritage or if this puts the tax-exempt status of the property at risk, reduce the programs at Anawanna to the minimum acceptable level.

Anderson- This camp, located in the Northeast corner of the council, was ranked 9 out of 12 using the evaluation criteria discussed at the beginning of this report. Over the past 5 years, the property has lost approximately \$7,000. The property has a number of picturesque buildings, shotgun, rifle and archery, chapel. The shower building was renovated in 2009. The dining hall seats approximately 200. The facilities are in good condition. There is a trout stream that runs through the property. The stream presents a security concern as non- BSA individuals cannot be blocked from fishing the stream. In addition, Hoffman Road (a county road) cuts through the camp, running parallel and in very close proximity to a number of camp sites which makes encroachment management / youth protection problematic.

Baker - This camp is located in the Northwest corner of the council. It is ranked 6 out of 12 using the evaluation criteria discussed at the beginning of this report. Over the past 5 years, the property has shown a surplus of approximately \$460,000. This figure includes \$543,000 in natural resource revenues without which the camping operation would be running at a loss. Camp Baker has few facilities. There is a pavilion with fireplace and grill. There is an amphitheater and chapel, both in poor condition. We recommend that this camp become the home of the Cub Scout camping program. A dining hall will be needed. This greatly reduces drive time for a significant percent of the market which is a critical success factor.

Guyasuta - This camp is located in Sharpsburg, across the Allegheny River from the city of Pittsburgh. It is the #1 ranked property out of 12 using the evaluation criteria discussed at the beginning of this report. Over the past 5 years, the property has shown a surplus of approximately \$150,000. This figure includes approximately \$50,000 in natural resource revenues. All and all this is a successful property, filling a specialty niche within the market. Given the high utilization and the stated need to add capacity, net profits would be expected to be much larger. A careful study of the programs income and expenses are suggested and marginal programs should be restructured or abandoned unless they are used as a loss leader. The property is well marketed by the ranger and his wife. The facilities are in very good condition.

Heritage - Heritage Scout Reservation is located on 2,000 acres of land in the Westmoreland-Fayette Council near the WV/ PA border. Over the past 5 years, the property has shown a surplus of approximately \$672,000 including \$120,000 in natural resource revenue. The reservation is comprised of three camps, a high adventure program, a 270 acre lake a conference center. There are nine split entry houses that may be rented. The reservation was built in 1980. Many of the systems are reaching the end of their useful life. An in depth study of the replacement capital and overall maintenance program should be conducted for this property. This property should be the sole Boy Scout Resident Camp for the Council. If properly maintained and operated this facility could have a very large area wide draw. The potential scale of this operation could put the camping program at a higher level.

Liberty – Camp Liberty is a patrol cooking Boy Scout Resident Camp. There is no dining hall here. There is a possible failure of the waste water leach bed. Electrical service is a concern as there are current drops between the transformer and the distribution panel. It is ranked 4 out of 12 using the evaluation criteria discussed at the beginning of this report. This camp has pit latrines in the campsites and old style showers.

Freedom – Camp Freedom is also a Boy Scout Resident Camp. This camp has enjoys a dining hall with seating for 350 persons. This camp is ranked 2 out of 12 using the evaluation criteria discussed at the beginning of this report.

Independence – Camp Independence is currently operated as a Cub Resident Camp. It is ranked 3 out of 12 using the evaluation criteria discussed at the beginning of this report. There are a mixture of Cub and Boy Scout program Facilities on this part of the property. The waste water treatment system has exceeded it's useful life. It will soon go out of compliance as state discharge limits and changed, getting more stringent. We are currently investigating the possibility of using the Florida Sea Base's package treatment plant which they will soon have no use for due to mandatory connection to public utilities. There would be no charge for the plant. Disconnection, reconnection and transportation would be paid for the Council if approved. Modifications for cold weather may also be needed. We recommend that the Council utilize this camp for Boy Scout resident camping and move the Cub program to either Camp Baker and to Camp Twin Echo. This would make Heritage 100 percent Boy Scouts. The property could be operated a one focused Boy Scout camp improving efficiency, quality and profitability.

Joseph – Camp Joseph is a very small property. It features 1 adirondack, a parking lot and non-potable water. Access is difficult, both to get to and to get into. There is encroachment by a new residence within 200 yards of the adirondack. The camp is ranked 11 out of 12 using the evaluation criteria discussed at the beginning of this report. The property is rarely used and there is no manner of security on this site. The property is comprised of two parcels, one which can be sold and one which reverts to the owners. We recommend sale with the retention of mineral rights and approaching the original donors for the right to sell the 2nd parcel. If the right to sell is not granted, then let the property revert.

Potomac - This camp is located in Maryland near the city of Cumberland. It is ranked 10 out of 12 using the evaluation criteria discussed at the beginning of this report. Over the past 3 years, the property has shown a loss of approximately \$11,000, excluding administrative burden, depreciation and insurance. Therefore actual losses are likely to be greater. The property is in an advanced state of disrepair. A seasonal lake was once created by damming a small creek, but the lake has been dry for a number of years. Hillside slopes adjacent to the road that goes down to the aquatics area have failed. The ranger's home is the newest and nicest building on the property. The home is highly marketable. Campsites are primitive. The camp has a dining hall which seats 350. The camp competes with Heritage for weekend campers. It should be closed, the facilities salvaged for use at other camps and the property sold.

Putts Campground - This camp is located in the eastern part of the council near the city of Saxton. It is ranked 12 out of 12 using the evaluation criteria discussed at the beginning of this report. The property is leased from the Corps of Engineers who control the river which is adjacent. The river is dammed and forms "Raystown Lake" and is used by the public for boating. Entry to the property is by boat or via 3 miles of dirt road over difficult terrain. This presents a safety concern. The camp is supported by Troop 4471 of Saxton (6 scouts) and a volunteer "ranger". Troop 4471 is chartered by the local VFW. Camping fees are not processed through the council. Revenue is used to maintain the camp under the management of the ranger. This is a primitive camp. The camp offers weeklong camping to groups who register and pay a deposit. This puts the property in the "resident camp" category although it is not part of the camp accreditation and inspection process. The property competes and undercuts Heritage Scouts Reservation. The VFW should be given the opportunity to take over the lease and run the camp

if they choose, but not under the BSA brand. Otherwise the camp should be closed and campers directed to Heritage.

Seph Mac – Camp Seph Mac is leased from the Commonwealth of PA and lies within the boundaries of Yellow Creek State Park. It is located in the central north part of the council near Indiana; PA. The camp is ranked 7 out of 12 using the evaluation criteria discussed at the beginning of this report. The camp has reported a deficit of approximately \$34,000 over the past 5 years. The camp supports the Cub and Boy Scout program by offering resident camp. Seph Mac is thought to be an alternative to and provide relief for Heritage. However, if the cubs were moved from Heritage, Camp Independence would provide ample room for the boy scouts who are currently camping at Seph Mac. Cub age population density is relatively low within a 60 minute drive time of this property. The camp needs to be updated, but investment in a leased property is not without risk. Either Seph Mac or Twin Echo should be used for cub residence camping for service to eastern part of the council. Both camps are in the Altoona/ Johnstown market.

Twin Echo – Appended to this report are maps that show a 60 minute drive time around each camp. For cubs and their parents, we consider this to be the camp's market for comparative purposes. Compared with Seph Mac, Camp Twin Echo is geographically more central to the council but both would serve an equivalent number of youth. Altoona is a little farther from Twin Echo than Seph Mac, but Twin Echo covers more of Somerset County. In this regard they are equivalent. Twin Echo scored a ranked 5 out of 12 using the evaluation criteria discussed at the beginning of this report. Thus, it was ranked higher than Seph Mac. The camp shows a loss of approximately \$179,000 over the past 5 years, but received \$244,000 six years ago from energy income. In 2014 and 2015 it received \$110,000 from logging income. The camp has a dining hall that seats 400. There is a small lake that is very suitable for fishing. The camp has a barn that is filled with building materials, primarily a donation from Home Depot surplus that has been donated. The barn is overcrowded to the point that it is difficult to know what is actually there. These materials should be moved to Heritage, where there is plenty of space. It should be inventoried and made available to the entire council. The barn could then be converted to program use. We recommend that this property be used for Cub resident camp, serving the eastern part of the council. However, the possibility of Laurel Highlands sharing the Westmorland-Fayette Buck Run Cub Camp for cub scouts in the eastern half of the council should be considered as an alternative, which would allow the divestment of Twin Echo.

SERVICE CENTERS: Satellite offices really only need enough room for a trading post, reception area, small meeting space, mechanical room, restroom and shipping and receiving. The Cumberland and Ebensburg offices were a good fit when they were service centers in their own right prior to the mergers. Today they are too large from a square footage viewpoint. This results in unnecessary rents and utility costs.

Spreading “back-room” operations over many locations may contribute to an “us-them” mentality that undermines the leadership of the home office. Getting from the current situation to where the council wants to be may be a stepped approach as there are many factors that come into play.

RECOMMENDATIONS: In addition to the disposition of properties discussed above, the following recommendations should be considered:

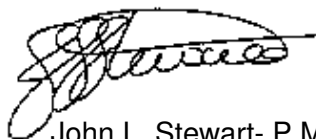
- Obtain real estate appraisals of the properties that are to be sold in addition to the gas field sites.
- Further study of the gas fields is warranted. We will continue to consult with Glen Adams on this and provide a separate report.
- Codify accounting policies going forward with an emphasis on full accounting and improved controls.
- Consolidate the ranger cadre and management operate as one force as opposed to each individual being tied to a property. Frank Reigelman has successfully done this in Michigan and would be a good resource in this matter.
 - Develop maintenance and capital replacement plans for all remaining camps.
- Develop a comprehensive forest management plan that spreads out and normalizes harvests and is self-sustaining. This could be accomplished through a volunteer committee responsible for monitoring all natural resource leases and the forest management plans.

FINAL NOTE:

Our recommendations are based on our experience and expertise and as such, reflect a business oriented opinion. We acknowledge that there are other considerations to be made to reach a final disposition and that this will fall to others and their judgement. Regardless of the outcome, we are prepared to continue to support the Laurel Highlands Council as it moves forward on this exciting journey.

This concludes this report and this first phase of this project. The report was written by John L. Stewart and approved by the Evaluation Team

Respectfully Submitted;



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