

# Northern Forest Institute Market Assessment and Operating Plan

## SUMMARY REPORT

Prepared by:  
**ConsultEcon, Inc.**

Prepared for:  
**Town of Newcomb  
Adirondack Ecological Center**



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## SUMMARY REPORT

The purpose of this report is to review the market context and to prepare an operating plan for the proposed Northern Forest Institute (NFI) to be developed on the campus of the Adirondack Ecological Center (AEC) at Huntington Wildlife Forest (HWF) in Newcomb, NY<sup>1</sup>. This report documents the planned concept and site review; market analysis; review of comparable projects; and the five-year operating analysis for the project.<sup>2</sup>

### The Northern Forest Institute

The Northern Forest Institute for Conservation Education and Leadership Training is a new initiative being developed by the Adirondack Ecological Center located in Newcomb, NY. Whereas the AEC has become acclaimed for its leading research, the NFI will be the “education and training” arm of the AEC. The mission of the new project is to “to advance knowledge and skills and to promote the leadership necessary for the stewardship of both the natural and designed environments in the Adirondacks and Northern Forest.” Drawing on the legacy of leading research at the AEC, the NFI will:

- ◆ Elevate the awareness and understanding of the issues surrounding sustaining wilderness ecosystems, human communities and economies in the Northern Forest.
- ◆ Encourage and prepare leaders to include better information and apply science in the decisions they make.
- ◆ Inspire students to pursue careers in science and equip them to address the environmental challenges facing their generation and future generations.
- ◆ Strengthen the knowledge base that will inform the objective evaluation of environmental and land use policy alternatives.

The NFI will utilize the existing infrastructure at the AEC which includes the following:

- ◆ a 6,000 ha research forest
- ◆ a modern dining facility with seating capacity for 70
- ◆ a library and computer cluster
- ◆ lab space and a shop facility

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<sup>1</sup> The Adirondack Ecological Center is operated by the SUNY College of Environmental Science and Forestry located in Syracuse, NY.

<sup>2</sup> It should be noted that this report evaluates the incremental operating expenses and revenues due to enhanced programming activity and the utilization of newly renovated and additional facilities at the AEC in Newcomb. The report also draws on the planning work that has been completed by the AEC staff to date, including: AEC Business Plan Draft – May 2004, SUNY College of Environmental Science and Forestry; and AEC Capital Campaign Summary, June 2009 and the Northern Forest Institute Presentation Booklet, April 2009.

- ◆ accommodation infrastructure, which includes: 3 modern residences available for housing individual families or visiting faculty year-round and 6 rustic cabins and bunkhouses, located in the Arbutus Lake and Rich Lake Areas; as well as the Director's residence.

In addition to these facilities, the NFI will make use of three new/renovated facilities that will provide support for the programs of NFI and add additional high-quality overnight accommodation capacity to AEC, including:

- ◆ *Arbutus Great Camp* – A complex of historic structures that will provide private accommodation and intimate meeting facilities in a lakeside, great camp setting. The newly renovated Huntington Lodge provides housing for up to 8 individuals in 5 bedrooms and intimate meeting spaces for small groups of up to 20. The Arbutus Lodge will be renovated in the near future to provide additional accommodation for 2 individuals, and the renovation of other cabins within the complex could add additional accommodation in the future.
- ◆ *Carriage House* – A stone structure, originally built to house carriages and fine automobiles, will be renovated to offer a distance learning and video conferencing facility with state-of-the-art communications equipment and separate teaching and meeting spaces.
- ◆ *Masten House* – Will serve as a space for small group meetings and can also accommodate overnight guests year-round in 7 bedrooms. The historic mansion is located within a State Historic District that encompasses the former town of Adirondac, and is at the southern gateway to the High Peaks Wilderness Area.

In addition to the above mentioned facilities, the NFI will soon have a welcome and reception area that will support operations and educational outreach functions. This will be accomplished by acquisition of the Visitor Interpretive Center in Newcomb that has been operated by the Adirondack Park Agency. The 236- acre site and its buildings will augment NFI with a 150-seat multi-purpose meeting room, 700 square feet of exhibit space, staff offices, classroom and garage facilities, along with a network of nature trails.

A capital campaign to support the AEC and Northern Forest Institute has been initiated with over \$8.5 million currently committed or pledged. The completion of the campaign will enable the AEC to complete infrastructure improvements on site, build the physical and operating infrastructure required to support year-round programming and advance of the mission the NFI.

### **The Opportunity for the Northern Forest Institute**

Today, environmental issues make headlines in the daily news and are at the forefront of the political and economic agenda in communities across the country. In spite of this, many adults (including key decision makers) have a limited understanding of the complexity of the issues, the underlying science and how their actions can influence positive change.

In 1971, the SUNY College of Environmental Science and Forestry (ESF) established the AEC on the Huntington Wildlife Forest with a vision of providing the science needed to manage the 6

million acre Adirondack Park. Conceived at the same time as the Adirondack Park Agency and the Department of Environmental Conservation, the AEC was charged with encouraging an understanding of the ecology of the Adirondack Park.

Beginning in 1992, the National Science Foundation, ESF, and the Adirondack Park Agency began investing in infrastructure at the AEC and Huntington Wildlife Forest to draw more scientists to the Adirondacks and make their science more accessible to students and the general public. During that time nearly \$3 million was invested at the AEC in housing, dining and research facilities, a visitor center, and a staff of scientists, educators, and support personnel.<sup>3</sup> This initial investment allowed the AEC to expand access to its unique resources for scientists and begin to introduce the general public to the work of AEC.

Today, after more than 30 years of research<sup>4</sup>, the AEC has built a name for providing the science that underpins the management of Adirondack Park an international model of conservation. The AEC attracts scientists and students from throughout the world, and provides an important base of operation for their research and study. Drawing on the AEC's leading research and the strong reputation of the ESF, the AEC and ESF are well positioned to leverage the high profile of the Adirondack Park as a model for conservation, and to implement this new initiative focused on conservation education and leadership training.

### **Market Context and Operating Plan**

The following summarizes key findings from the study with respect to the market context for the project and operating plan.

#### *Market Context*

- ◆ Although dozens of conservation, advocacy, and governmental organizations that focus on the Adirondacks exist (both in the Adirondacks and throughout the State), none are presently offering a comprehensive year-round curriculum of residential educational activities with the value add of the resources available at the AEC including the Huntington Wildlife Forest, built-in environmental science content with access to researchers, and high quality accommodation and dining facilities. Organizations such as the Wild Center, Open Space Institute, Audubon, Nature Conservancy, offer strong partnership opportunities for collaborative programming; for using the NFI facility for meetings and conferences; and for providing professional development and leadership training opportunities for their staff and members.
- ◆ The AEC is well positioned as an appropriate platform to launch the Northern Forest Institute given its long history of ecological research, its location on a 6,000 ha research

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<sup>3</sup> Northern Forest Institute Presentation Booklet, April 2009.

<sup>4</sup> The AEC has more than 70 research programs ongoing, from restoration of wildlife to development of new forestry techniques to research on the impact of acidic deposition on soils and lakes. More than 65 years of research (including longitudinal data from Huntington Wildlife Forest pre-establishment of AEC) has been incorporated into over 30 ongoing monitoring efforts at the site.

forest and its formal affiliation with a leading college of environmental science and the extensive SUNY system. ESF, and the SUNY system in general provide, with appropriate internal marketing, a built-in audience for NFI programming. It will be important for the NFI to tap into this internal audience and to build relationships with key environmental programs within the SUNY system and within other regional colleges and universities (including 2 year colleges) with environmental programs.

- ◆ Colleges and university students and professionals will be an important target market segment for the NFI. Specific training programs developed by the NFI related to conservation education may appeal to a wide range of students, faculty, researchers, and administrators, especially those affiliated with environmental studies/science, forestry, and natural resources' programs and departments. Overall, there are an estimated 237 colleges and universities in the northeastern U.S., Ontario and Quebec with one or more environmental-related degree programs.
- ◆ The proposed NFI will draw program participants from both resident and visitor markets. Given its location within the geographic center of the Park, the resident market base within a 2-hour drive time is relatively modest given long drive times. Participants from the visitor market (beyond a 2 hour drive time) may be attracted to the site due to its relative isolation and natural beauty. However, given that there are limited visitor support services within the Town of Newcomb itself e.g. accommodations, dining, and shopping, it is important for the NFI to offer a destination experience with high quality hospitality services in-house.
- ◆ Given the diversity of small not-for-profit and other coalition type organizations active within the Adirondack Park and an emphasis on leadership training at NFI, there is likely a market for programming that also emphasizes practical leadership skills including financial skills, budgeting, statistics, law, marketing, communications strategies, etc., similar to some of the course offerings at the U.S. Fish and Wildlife Service National Conservation Training Center. Further, NFI program content should draw on the leading edge research and content from the ESF campus in Syracuse as well as content at AEC to maximize impact of the facility and further develop the site as delivering leading edge programming.
- ◆ A review of comparable projects such as field stations that offer comprehensive public programming suggests that it will be important for the NFI to mitigate some of the historic challenges in offering field station based programs for public audiences if the NFI is to be successful. Some of these challenges include field-scientists fear of the public compromising their research sites; research faculty and field station staff often unfamiliar with the educational needs of the public and have limited experience in working with these audiences; lack of research scientists' time and institutional rewards for non-research, non-university teaching activities; increasing transportation costs of participants and busing students and teachers to site; linking research faculty and the NFI education coordinator with science educators to integrate field experiences into curricular material, and to have faculty/research staff programs and programs, in general, conform to appropriate pedagogy and curriculum standards; and ensuring that there are sufficient facility and staff resources (as well as funding opportunities) to accommodate and

support a greater numbers of students (undergraduate and graduate) on site.

- ◆ To maximize market capture of students within the SUNY system and from within academic institutions with environmental science programs in general, the NFI staff will need to work closely within the SUNY system to ensure that undergraduate students, SUNY staff, and faculty have awareness of and access to NFI programming and field experiences at AEC in general.
- ◆ Although there is limited or no competition in the Adirondacks for a similar conservation education and leadership training facility, there are a many conference and meeting facilities including two unique venues, Camp Minnowbrook on Blue Mountain Lake, and the Great Camp Sagamore on Raquette Lake. In addition, locations such as the Wild Center in Tupper Lake, offer environmental themed programming and have recently held a climate change conference. The competitive advantage of the NFI however is that it has its own unique natural setting, has built-in “content”, offers a variety of types of facilities with accommodation and meal service and is linked with a leading academic institution.
- ◆ Partnering with museums, interpretive and education centers within the region and beyond e.g. the Wild Center, ECHO – Lake Champlain Aquarium, Adirondack Museum, Visitor Interpretive Centers, New York State Museum, Museum of Natural History in New York and youth groups, can extend the reach of NFI, and offer NFI opportunities to reach larger audiences.
- ◆ Opening the facilities at AEC for “non-mission” related events, or for non-traditional programming, given the attractive nature of the Arbutus Great Camp setting and Masten House, may provide additional opportunities for generating revenue. This will ultimately be a policy decision based on the tolerance of the ESF for “outside” activities.

### *Operating Plan*

The Operating Plan for the NFI was guided by the following assumptions:

- ◆ The new NFI is assumed to operate as a not-for-profit enterprise as a program of ESF’s Adirondack Ecological Center at Huntington Wildlife Forest. As such, this analysis does not include any property or corporate taxes, nor does it include depreciation, bond or mortgage payments, or management fees. It focuses on estimating incremental net operating income.
- ◆ The analysis assumes that ESF will continue to fund occupancy costs of the AEC at current levels.
- ◆ Attendance potential for NFI programming will be constrained by the limited supply of overnight accommodation.
- ◆ NFI programming will be offered on a three-season basis, although the facilities may be made available for rental on a year-round basis. In addition, special events and facility rentals could occur at the facility when they do not disrupt regular visitation. The analysis in this report assumes that weddings and other “non-mission” oriented events will not be permitted in early years of operation. However, appropriate non-ESF groups will be

permitted to rent Huntington Lodge, Masten House and the Carriage House.

- ◆ There will be a roll-out of facilities leading to a stable year of operation. This analysis assumes that in 2011, the Huntington Lodge will be available (as it is currently available), followed by the Masten House in 2012, and Carriage House in 2013.
- ◆ The NFI will be well managed and will have the appropriate staff and support infrastructure to support a project of this nature. Facilities associated with NFI programming, equipment and support systems will be well maintained to minimize insurance risks and unexpected repair and maintenance expenditures. Maintaining the facilities in excellent condition is key to customer satisfaction and market appeal.

The planned NFI has substantial capacity to generate earned revenue derived from overnight accommodation and food service fees, facility rentals, educational program fees, and other sources of earned revenue such as gift shop sales. In addition, facilities of this type in academic settings rely on grants and donations, and often endowment income, to provide additional operating funds. The analysis in this report estimates stable year 2014 earned revenue potential for the NFI of \$223,000 (in current dollars) based on the findings and assumptions of this report.

At the same time that the NFI has earned revenue potential, operating a complex, seasonal and labor-intensive operation such as the Northern Forest Institute will require considerable operating expenses. This analysis estimates incremental operating expense for the NFI in a stable year at \$439,000 (in current dollars)<sup>5</sup>.

In total, this analysis assumes that the Northern Forest Institute will rely on contributed revenues to sustain operations as earned revenues represent about 51 percent of total needed revenues to support operations in a stable year. This is the norm for projects of this type. The project does however have some unique opportunities to enhance earned revenue potential through wedding and event rentals should future policies permit such uses. Contributed revenues should be targeted at levels higher than required for breakeven operations<sup>6</sup>, as these would allow more robust levels of service provision, would create revenues to cover shortfalls in earned revenue that may occur, and could contribute to building an endowment for the program over time.

Based on the analysis in this report, the planned Northern Forest Institute has the potential to operate successfully over time, if the assumptions regarding quality of facility development, operations and contributed revenues are met. This project will derive income from overnight accommodation, food service, programs and retail; however, active and successful fundraising and/or a dedicated source of contributed revenue is vital to sustaining the Northern Forest Institute. Diversified and creative sources of revenue and sound fiscal management will assist

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<sup>5</sup> These expenses are incremental or in addition to the current cost of operating the AEC.

<sup>6</sup> In stable year, contributed revenue requirement is approximately \$216,000 (in current dollars) or about 49% of operating costs.

the Northern Forest Institute in sustaining its operations and providing a valuable center for conservation education and leadership training in the Adirondack region and beyond.

### **Impact of the Northern Forest Institute**

Beyond its potential to create a direct impact on those who attend its programs, enhancing the knowledge base of key decision makers and inspiring students to pursue careers in science, the NFI can have both economic and socio-economic impacts on the AEC, the ESF and the local and regional economies surrounding Newcomb, NY.

- ◆ *Enhancing National Ecological Literacy* - This project in collaboration with ESF and other leading educational partners in the Adirondacks and beyond, has the potential to be a direct contributor to improving ecological literacy in the Country. As a platform for training existing conservation professionals and the next generation of conservation leaders, NFI can play a leading role in creating an ecologically literate society.
- ◆ *Supporting the ESF and AEC Brand* – The AEC is widely respected as a leading research center, yet it is relatively unknown outside of its scientific circles in terms of the role its important research plays in the Adirondacks and beyond. Further, the myriad of internal organizational affiliations and acronyms describing the Huntington Wildlife Forest (HWF), Adirondack Ecological Center (AEC), SUNY College of Environmental Science and Forestry (ESF), is confusing to the general public. Because of the national importance of its educational mission and mass market appeal, the NFI presents an opportunity to unify these brands for the general public, leveraging the strengths of each and magnifying the brand recognition for each individual entity. Further, the NFI provides AEC and ESF with an additional tool for fundraising and recruiting, and can extend programming reach to new audiences.
- ◆ *Enhancing the Economy in Newcomb and the Wider Region* - the NFI will contribute to the expanded profile of the Town of Newcomb as a visitor destination and destination for leading science and education. With a regional and/or national profile, the NFI can provide an additional destination for inducing pass-through travelers to stop in Newcomb, and extending the stay of visitors to the area. The NFI has the potential to be a stimulus to tourism revenues in the County, create employment opportunities, and make a significant contribution to the Town of Newcomb's and the Adirondack region's tourism goals and economy while educating, inspiring and entertaining both its residents and visitors.

Apart from the direct and indirect economic impacts of the project, the community development and educational benefits of the planned NFI, may have the most profound and long lasting impacts on the Town of Newcomb and region. The project will be a source of community pride and identity in Newcomb. The Northern Forest Institute has the potential to enhance the Town of Newcomb as a place to live, work and recreate, thus improving all aspects of the local economy and community.

### **Project Success Factors**

The following provides a summary of some of the key project success factors:

- ◆ **A Broad Institutional Commitment** – Overall, the data in this report suggest that there is a niche that can be filled by the NFI. However, facilities of this type associated with academic institutions typically cover only a portion of total expenses through earned revenue alone, relying on contributed revenues to support operations. The NFI has strong revenue potential and if outside eventing is included e.g., facility rentals to outside groups, the earned revenue potential could be stronger. With that said, the need for contributed support is a given, and thus the project should be evaluated against both its quantitative metrics, and its qualitative merits such as: brand leverage for AEC and ESF; impact on the Town of Newcomb and region; utilization as a fundraising and recruiting tool; and broad educational impact. It will be important to review what role the Development Office at ESF will play in supporting the project, and what additional capacity if any, needs to be developed to develop on-going contributed support. Project success will ultimately be dependent on a broad commitment of ESF to the project and the ability to secure resources dedicated to continuing project implementation.
- ◆ **An Appointed Project Coordinator/Leader and Dedicated Staff**– Implicit for the successful implementation of the project and operation of NFI is sufficient staff and staff resources to coordinate and implement the proposed project and programming, including support from the existing staff of AEC, ESF and from within the SUNY system in general. The existing presence of an education coordinator is key and a full time education staff (along with graduate students and volunteers) will be important to delivering the NFI’s proposed roster of programs. Perhaps most importantly in the near term, is the need to identify and empower a dedicated project champion/coordinator to maintain momentum of the project, engage resources, partners, etc. and oversee implementation. Additionally, the development of a corps of local/regional volunteers in the form of docents, a friends group or other, may assist the NFI in terms of additional non-staff resources to conduct tours and programs, collect data, perform hospitality functions, fundraise, and generally serve as ambassadors of the NFI mission to the general public.
- ◆ **A Clear Identity and Mandate** – To aid in the success of NFI it will be important to have clear branding and signage and to make clear to the general public the differences between ESF, AEC, HWF and NFI. A clear brand identity for NFI should help reinforce the individual identities of the other entities, and enhance overall visibility of AEC to the wider public.