### Agenda Item VIII. C.



Meeting Date: March 7, 2017

**Department:** County Administrator

Issue: Second Stage | Amherst Renovation Credit

**Board Action:** The Board is receiving a report of renovation work performed.

Attachments: Second Stage Amherst Lease

Improvements Report Renovation Credit

**Summary:** Pursuant to its lease with the County, Second Stage Amherst is required to perform \$10K per year of renovation work on its facility. The attached report shows that Second Stage has performed \$42,174 worth of renovation work since May 1, 2015. Therefore, they are receiving renovation credit for the years 2015 through 2018.

**Recommendation:** None. For information only.

### LEASE AGREEMENT

THIS LEASE AGREEMENT, hereinafter referred to as the "Lease", is made and entered into this 7th day of May 2015, by and between the Board of Supervisors of Amherst County, Virginia, hereinafter referred to as the "Lessor", and Second Stage of Amherst, hereinafter referred to as "Lessee", both of which collectively may be hereinafter referred to as the "Parties".

#### WITNESSETH THAT:

WHEREAS, the Lessor holds a deed to real property located at the corner of Washington Street and Second Street, designated as Tax Map Parcel 96A4-A-125, on which is sited a church and parsonage; and.

WHEREAS, the Lessor purchased the property to provide office space for Amherst County ("County") administration staff and Constitutional officers, but has determined the premises have no useful value beyond its land as a site for future County expansion; and,

WHEREAS, the Lessor therefore is prepared to demolish the former church structure but is willing to put it to County use if it can do so without expense; and

WHEREAS, Lessee is organized as a 501C(3) organization exclusively for charitable, educational and scientific purposes, including, for such purposes, the preservation of the old Amherst Baptist Church Building on Second Street, Amherst, Virginia and to develop uses for the building to benefit the arts, culture and entrepreneurs of Amherst County, Virginia; and

WHEREAS, Lessee has been provided information regarding the condition of the building, including but not limited to asbestos and lead based paint, and the anticipated expense to renovate it and has, nevertheless, requested that the Board lease the former church portion of the property to it to be renovated and to be used in staging cultural events and other community building events; and

WHEREAS, Lessor believes that Lessee can make use of the building to the advantage of the County's citizens, and that placing the building into productive use will aid in its sustainment until the County is prepared to utilize it; and

WHEREAS, Lessee understands its failure to renovate or make valuable, safe use of the premises or make reasonable progress toward that end will result in termination of the lease; and

WHEREAS, Lessor is willing to lease to the Lessee the use of the former church structure and the land lying in front of the church so long as the use does not impede the County's ability to control the structure and the premises.

NOW, THEREFORE, in consideration of the promises, and the mutual covenants and conditions set forth herein, the Parties do hereby agree as follows:

#### Term

1. Lessor hereby leases to Lessee for the sum of \$10.00 (ten dollars) annually the structure formerly denominated Amherst Baptist Church ("Church"), as well as the parking lot in front of it (collectively, "Premises") and the lawn on the south side to an area up to 25 feet from the parsonage building. The parking area to the rear of the Church is not included but may be used by Lessee after regular business

- and public meeting hours of the Lessor. The area under lease is depicted in the plat diagram (attached hereto as Exhibit A and thereby incorporated herein).
- 2. The initial term of the Lease shall be five years and commence on May 7, 2015.
- 3. Thereafter it shall continue on annual automatically renewing terms, except that it may be terminated as provided in paragraphs five or six.
- 4. Lessee shall give Lessor notice by November of each year if it wishes to extend the lease for an additional year.
- 5. Lessor or Lessee may terminate this Lease at any time by giving written notice 120 days prior to the proposed termination date. However, Lessor shall endeavor to provide at least one year's notice and shall respect Lessee's scheduled commitments of the building including subleases, and scheduled performances and events. During said year, all obligations under this Lease shall continue in effect.
- 6. In addition to the notice provision at Paragraph 4 above, Lessor may terminate this Lease by giving written notice 90 days prior to the proposed termination date for any of the following events:
  - a. Lessee fails to complete the improvements identified in paragraphs 12 through 15 of this Lease on or before insert corresponding date, 2018.
  - b. Lessee fails to complete \$10,000 worth of credited renovation work in any given year.
  - c. Lessee fails to redeem any mechanic's lien that may be placed upon the property within one year or a notified lease termination date, whichever is sooner.
  - d. Lessee engages in any activity which may cause an encumbrance to be placed upon the property that limits, in any way, Lessor's full control, use or disposition of the property.
  - e. Lessee fails to give Lessor notice as required by any provision of this agreement.

### Use

- 7. Lessee may make any use of the Premises consistent with the staging of cultural or community building events and a community market. Any proposed usage, and associated signage and marketing, shall be submitted to the Lessor in advance of implementation, and Lessor's approval shall be required for implementation.
- 8. Lessor shall have use of the sanctuary for its regular meetings as soon as possible. Lessor shall have use of the sanctuary for special meetings if the sanctuary is not otherwise committed. Lessor may make use of all or a portion of the Premises not being used by Lessee upon (ninety) 90 calendar days notice to Lessee; however, Lessor shall attempt to provide at least one year's notice and respect scheduled commitments of the building. When Lessor's use extends beyond two days for any single activity, Lessor shall contribute a proportional payment toward Lessee's utility costs based on the number of days and square footage used by Lessor's activity. Lessor will leave premises clean and in good repair. Lessee is not expected to provide any equipment beyond that which is already present at the time of the event.
- 9. Lessee may sublease all or a portion of the Premises if the Lessor consents to the sublease. Lessor will not unreasonably withhold consent from any sublease consistent with Lessee's organizational purpose. Lessee shall comply with all requirements of the Commissioner of the Revenue for taxation of rental income by Lessee.
- 10. Lessee may use the parking to the rear of the Church only in the evenings after 5:00 PM and on weekends and holidays recognized by Lessor. Lessee shall make its patrons aware that parking to the rear of the Church and other County Administration Building parking areas are not available during County business or public meeting hours.

11. Lessee shall be responsible for responding to requests by the public to use the Premises for activities unrelated to Lessee's functions.

#### **Improvements**

- 12. Lessee shall invest the equivalent of at least \$10,000 annually toward improvement of the Church beyond maintenance. The credited value of the improvements will include purchased materials, in-kind donations and labor. Any improvements totaling over \$10,000 in one year will be credited toward future years' annual improvements. An annual improvement plan (attached hereto as Exhibit B and thereby incorporated herein) shall be submitted to the County Administrator in January of each year. The County Administrator may not direct which improvements must be made but will determine whether the planned improvements will be credited toward the annual \$10,000 total.
- 13. Lessee shall undertake no improvements to the Premises until it has funding in hand or otherwise immediately available and committed to pay for the costs of said improvements, including any contingency or reserve.
- 14. The initial improvements shall be accomplished in the order as follows:
  - a. Lessee shall first replace or repair the roof and make the Church secure from further water damage;
  - b. Lessee shall restore the sanctuary in the Church to a condition fit to hold public meetings of the Board of Supervisors; and
  - c. Before any area is placed into use by the public, Lessee shall remediate any conditions rendering the Premises in violation of State, Federal, or local law.
- 15. Lessee has reviewed the report prepared by MRG Consulting, LLC, dated October 31, 2014 (attached hereto as Exhibit C and thereby incorporated herein), and is aware of its findings. Lessee agrees that it will ensure that any identified hazards, including the belfry and boiler room in the Church, are either remediated or rendered inaccessible within one hundred and eighty (180) calendar days of execution of this Agreement.

#### **Funding**

- 16. Lessee may seek and accept funding from any source so long as its acceptance or use is not predicated on a commitment of County funds unless those funds are provided to the County in advance. Lessee will not undertake any action, commitment, status, registration, or application, nor will it make any representations to anyone that will collateralize, impede, encumber or otherwise restrict the County's use or control of the Premises.
- 17. Lessor shall not be expected to expend, and Lessee shall not request or engage in any actions intended or having the effect of pressing the County for the expenditure of, any County monies on the Premises. In the event persons not affiliated with Lessee petition or otherwise press Lessor regarding expenditure of County monies on the Premises, Lessee's participation in such effort shall be deemed a breach of this Lease.

#### **Insurance and Indemnification**

- 18. Lessor shall maintain on the Premises any property insurance existing at the time of execution of this Lease.
- 19. Lessee shall maintain a general liability insurance policy in the amount of one million dollars (\$1 million). The insurance policies shall include or be endorsed to include the following provision: The County of Amherst, Virginia, its officers/officials, employees, agents and volunteers shall be endorsed as "insureds" under the terms and conditions of the policies for liabilities which may arise out of the Lessee's or its Contractor's operations or activities in these projects. Lessee shall provide Lessor a certificate of insurance with applicable endorsements effecting coverages, signed by a person authorized by the insurance company to bind coverage on its behalf. The policy obtained by Lessee shall require the insurer to provide 30 days written notice to the County Purchasing Agent before any cancellation, reduction, or non-renewal of insurance coverage. The insurance required of the Lessee shall be primary and any insurance or self-insurance maintained by Lessor shall be in excess of Lessee's insurance and shall not contribute thereto. Failure of the Lessee to comply with any reporting provisions of the insurance policies required hereunder shall not affect coverage provided to the Lessor. All rights of subrogation against the Lessor shall be waived.
- 20. Lessee shall indemnify and hold harmless Amherst County and its officers, agents, volunteers, and employees against any and all liability, losses, damages, claims, causes of action, suits of any nature, costs, and expenses, including reasonable attorney's fees, resulting from or arising out of Lessee's or its agent's or contractor's activities or omissions on or near any of the County's property or easements, or arising out of or resulting from Lessee's taking any action under this Lease, including, without limitation, fines and penalties, violations of federal, state, or local laws, or regulations promulgated thereunder, or any personal injury, wrongful death, or property damage claims of any type.

### **Default and Cure**

21. If a Party fails in any manner to fully perform and carry out each and all of the terms, covenants and conditions of this Lease in strict conformance thereto, the Party shall be in default and written notice of such default shall be given to the Party by the non-defaulting Party. If the defaulting Party fails to cure such default, to the satisfaction of the non-defaulting Party, within thirty (30) days of the date of such notice, or such other time as may be specified by the non-defaulting Party in such notice, the non-defaulting Party may at its option, terminate the Lease.

### Miscelleaneous

- 22. This Lease constitutes the entire agreement between the Lessor and the Lessee and supersedes any prior understanding or oral agreements between them respecting the subject matter hereof.
- 23. By virtue of entering into this Lease, Lessee submits itself to a court of competent jurisdiction in the County of Amherst, Virginia, and further agrees that this Agreement is controlled by the laws of the Commonwealth of Virginia and that all claims, disputes, and other matters shall only be decided by such a court according to the laws of the Commonwealth of Virginia.
- 24. Lessee shall be fully responsible to Lessor for all acts and omissions of all succeeding tiers of subcontractors and agents performing any action on the Premises.
- 25. Lessee shall comply with all applicable federal, state, and local laws, codes and regulations currently in force or subsequently adopted, including terms and provisions of Amherst County Code and the Town of Amherst Code, and with all I.R.S. regulations concerning 501(c)(3) organizations, as well as those of the State Corporation Commission.
- 26. This Lease shall be binding on the heirs, assigns, and successors in interest of the Parties.

- 27. This Lease may not be modified, except in writing signed by the Parties.
- 28. In the event that any provision of this Lease is adjudged or decreed to be invalid, such ruling shall not invalidate the entire Lease but shall pertain only to the provision in question and the remaining provisions shall continue to be valid, binding, and in full force and effect.
- 29. If Lessee makes any alterations or improvements which require Mechanic's Lien coverage, Lessee shall inform Lessor of the identity of the Mechanic's Lien agent prior to commencing the alteration or improvement.

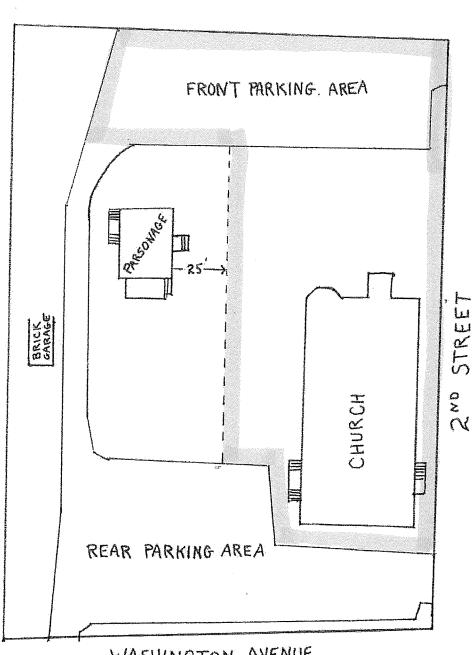
[SIGNATURES ON THE FOLLOWING PAGE]

### IN WITNESS WHEREOF, THE PARTIES HEREBY BIND THEMSELVES TO THIS LEASE AS OF THE DAY AND YEAR FIRST ABOVE WRITTEN.

LESSUR: Board of Supervisors of Amnerst County, Virginia
De D
Chairman, Amherst County Board of Supervisors
STATE OF VIRGINIA, COUNTY OF AMHERST, to-wit:
I, HOSING M. RICE, a notary public in and for the state and county as aforesaid, do
hereby certify that Chairman, Amherst County Board of Supervisors, did sign his name to the foregoing
Lease Agreement before me the Hb day of May, 2015.
Notary Public: POGNAM. PICO
Notary Registration Number: 05667
My Commission Expires: NGUOMber 30, 2018
LESSEE: Second Stage of Amherst
By: Marlene March, Sprindent Second Stage In-
STATE OF VIRGINIA, COUNTY OF MICE to-wit:
I, HOS MEN a notary public in and for the state and county as aforesaid, do
hereby certify that Charlene Monk did sign his name to the foregoing Lease
Agreement before me the 7th day of May, 2015.
Notary Public: Person, Pice
Notary Registration Number: 005/067
My Commission Expires: NOUR WON 30, 2018
Approved as to form:
Ellen Bowyer Date
Amherst County Attorney

### EXHIBIT "A"





WASHINGTON AVENUE

### Annual Improvement Plan May 1, 2015 – April 30, 2016 Exhibit B

This list of prioritized improvements is to be attached to Section 12 of the lease agreement between the Board of Supervisors of Amherst County, VA (Lessor) and Second Stage|Amherst, Inc. (Lessee) governing use of the former Amherst Baptist Church building located at Washington and Second Sts. in the Town of Amherst, VA. Although completion of the entire list may not be possible in the initial year, every reasonable effort will be made to complete as many items as possible.

#### I. Roof

a. Immediate remediation: install roof drains in the membrane surface of the 1950's addition to drain ponding water

b. Long term remediation: cover existing roof with new roof structure

COST: \$30,000 (long term remediation)

**DEADLINE: 12/15/16** 

### II. Exit lights

a. Repair or replace all the exit and emergency lights

COST: \$850

**DEADLINE: 6/30/15** 

### III. ADA restrooms

a. Two ADA compliant restrooms will be built in the former church offices

COST: \$9800

**DEADLINE: 6/30/15** 

### IV. Ceiling in auditorium

a. Flaking paint will be removed and the metal ceiling surface repainted or sealed

COST: \$3800

**DEADLINE: 6/30/15** 

V. Access to boiler room and belfry will be sealed prior to public use

COST: \$200

**DEADLINE: 6/30/15** 

### VI. Cornice and gutters

a. The elaborate cornice on either side of the main entrance will be rebuilt

b.Gutters will be repaired or replaced as needed

COST: \$1800 DEADLINE: 9/1/15

### EXHIBIT "C"

### AMHERST COUNTY 153 WASHINGTON STREET AMHERST, VIRGINIA

# EVALUATION OF FORMER BAPTIST CHURCH STRUCTURE

OCTOBER 15, 2014

Prepared by: MRG Consulting, LLC 155 Quail ridge Drive Altavista, Virginia 24517

### GENERAL OVERVIEW OF THE STRUCTURE

The Amherst Baptist Church structure is located on the corner of Washington and Second Streets in the Town of Amherst, Virginia. The Amherst County Board of Supervisors is considering the feasibility of re-purposing the building for a future use, including the possibility of a permanent tenant, leaving it vacant for the time being, or possibly demolition. This evaluation report will examine the structure's overall integrity as it relates to any of the possible options the Board is considering. This report is not intended to dictate what action the Amherst County Board of Supervisors should take regarding the structure. This report will only state the obvious as it relates to the structure's current condition and the issues that will need to be considered regardless of the decision made by the Board.

The structure has approximately 10,900 square feet of usable space inside and structurally it appears to be in reasonable condition given the age of the original building and its later addition. The original portion of the building was built in the 1920's or 1930's. The second addition was built approximately 20 years later. This would make the original building approximately 90 years old and the addition approximately 70 years old.

The inspection of both the exterior and interior of the structure was conducted on September 18, 2014. The exterior skin, which is a brick veneer, does not exhibit any signs of stress cracking or significant exterior wall movement. The interior walls are plaster and a recent environmental report provided by the County Maintenance Staff indicates that the plaster does not contain asbestos.

Minimal maintenance of the structure over the years has taken its toll on the interior on the building and the infrastructure support systems such as the mechanical, electrical, and plumbing of the building have not been maintained. The use of stop gap maintenance methods have been the cause of continued deterioration of the structure. This is a significantly complicated structure and maintenance was and will continue to be very costly without a major renovation of the building. Quoting from an earlier study in August 2007 by Dominion 7 Architects — "The church will be a difficult building to renovate... This impacts the ability to add heating/air conditioning systems into the building. We anticipate that the majority of the lower floor will be used as a mechanical/electrical room."

The estimate for the renovation of this building in 2007 at \$130/s.f. was approximately \$1,700,000. Using the current environment of the construction industry at \$170 to \$200 per square foot that cost has escalated to approximately \$3,000,000. Given these costs and given that any governmental use is long term, 40 to 50 years at least for a building, the use of this structure for a governmental related use does not appear cost effective. Even if a short term governmental use were being considered the cost per square foot for the renovation would be the same thereby making the cost recovery over time extremely high on an annual basis.

today's construction methods the outside of the interior wall would be waterproofed and a cavity created, approximately 1 to 2 inches wide, which would keep the water away from the interior wall.

In addition today's brick have holes in them which allows water that does penetrate the brick to drain downward and escape through the weeps. Given the age of the structure it is quite possible that the brick is solid which exacerbates the water penetration issue. Water penetration has been the demise of this building for many years.

### MECHANICAL, ELECTRICAL, AND PLUMBING (MEP) (Appendix A -- Page 7 & 9)

The existing HVAC is well beyond 20+ years old. It has more than served its useful life. The existing boiler, radiators, and electric heating are also beyond continued use. Parts for the radiators and electric unit heaters are no longer manufactured. Several units were not working when the building was decommissioned and those that were functioning in some fashion had parts from units that had become non-serviceable. The duct system is beyond repair and will require complete replacement.

The electrical system is a hodgepodge of sub panels pulled off the main breaker panel. Multiple timers and other control devices that control the heating system are non-functional. There are several areas where the roof leaks caused shorts in the interior wiring which required lighting fixtures and/or electrical circuits to be abandoned. A review of page 9 of Appendix A reveals a portion of the loose wiring that permeates the entire crawl space.

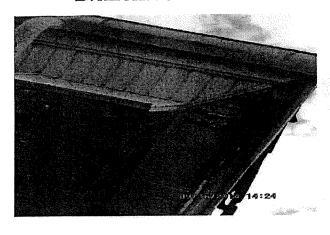
All of the mechanical, electrical, and plumbing infrastructure must be accessed through the boiler room which is a crawl space under the building. The boiler itself is insulated with friable asbestos (asbestos that becomes airborne when disturbed). Due to the limited access to the HVAC, electrical and plumbing system maintenance personnel have over the years been crawling over the asbestos covering to make repairs on the various support systems. This is evidenced by the wearing of the asbestos insulation jacket around the exterior boiler wall.

### AMHERST COUNTY 153 WASHINGTON STREET AMHERST, VIRGINIA

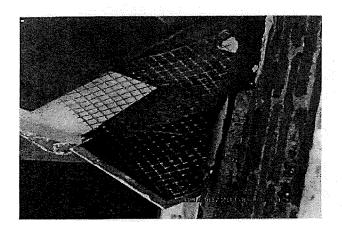
### **EVALUATION OF FORMER BAPTIST CHURCH STRUCTURE**

OCTOBER 15, 2014

### APPENDIX A



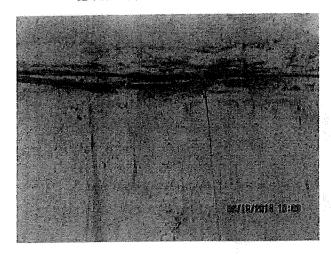
Note eave deterioration. Given exterior the damage to the eave support structure is very suspect. The deterioration is expected to reach further into the eave/roof support structure.



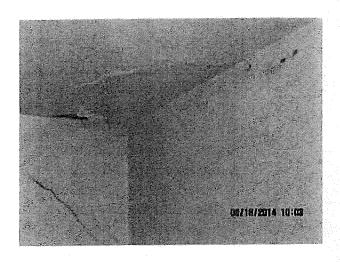
Note that the gutter/down spout has separated from the wall causing water to enter the inside of eave cavity.



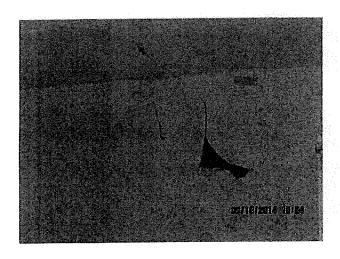
View of rusted/deteriorating metal parapet wall cap.



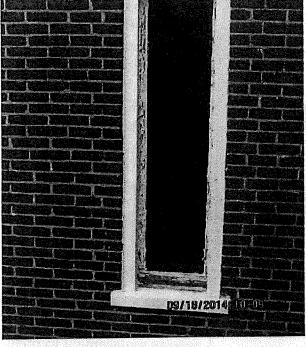
View of deterioration of wall and ceiling assembly due to water penetrating exterior brick face. Note presence of mold due to dampness behind wall.

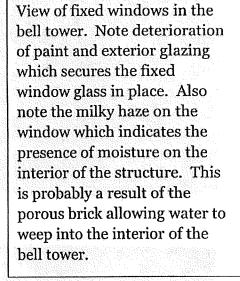


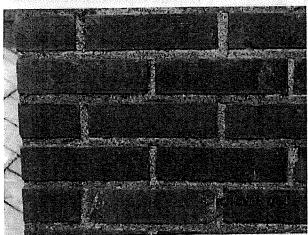
Stress cracks reflecting through the plaster caused by movement of the exterior wall.



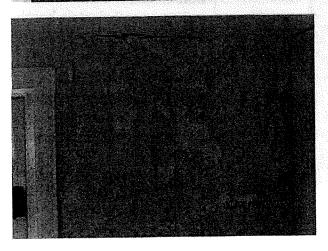
Stress cracking through plaster caused by building movement. Note brick exposed through delaminated plaster



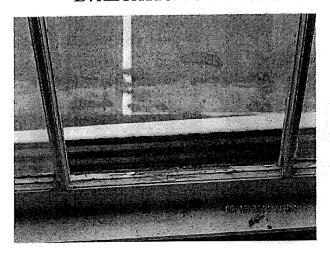




Note high sand content in brick mortar. This allows water to weep through the mortar joint. Given the age of the structure the mortar appears to be secure in the joints, however the interior walls are continually being saturated by blowing rain events thus causing continued deterioration.



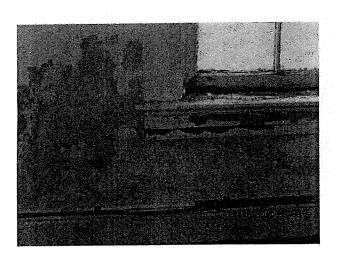
Interior wall deterioration caused by moisture passing through the brick mortar joint.



Window glazing putty has deteriorated allowing window panes to become dislodged. Virtually all of the window putty has become brittle and is breaking away from the wood window frame.



Note glazing putty breaking away from window pane frames. Former owners of the building installed storm windows, but damage to the existing windows has already progressed to point that all of the glazing putty will require replacement in the future if the widows are ever painted.



Note water damage of interior walls and window casework. Most all of the windows are non-operable. Until the water penetration through the exterior walls is addressed repair of the windows and interior walls is not practical.

### AMHERST COUNTY 153 WASHINGTON STREET AMHERST, VIRGINIA

### **EVALUATION OF FORMER BAPTIST CHURCH STRUCTURE**

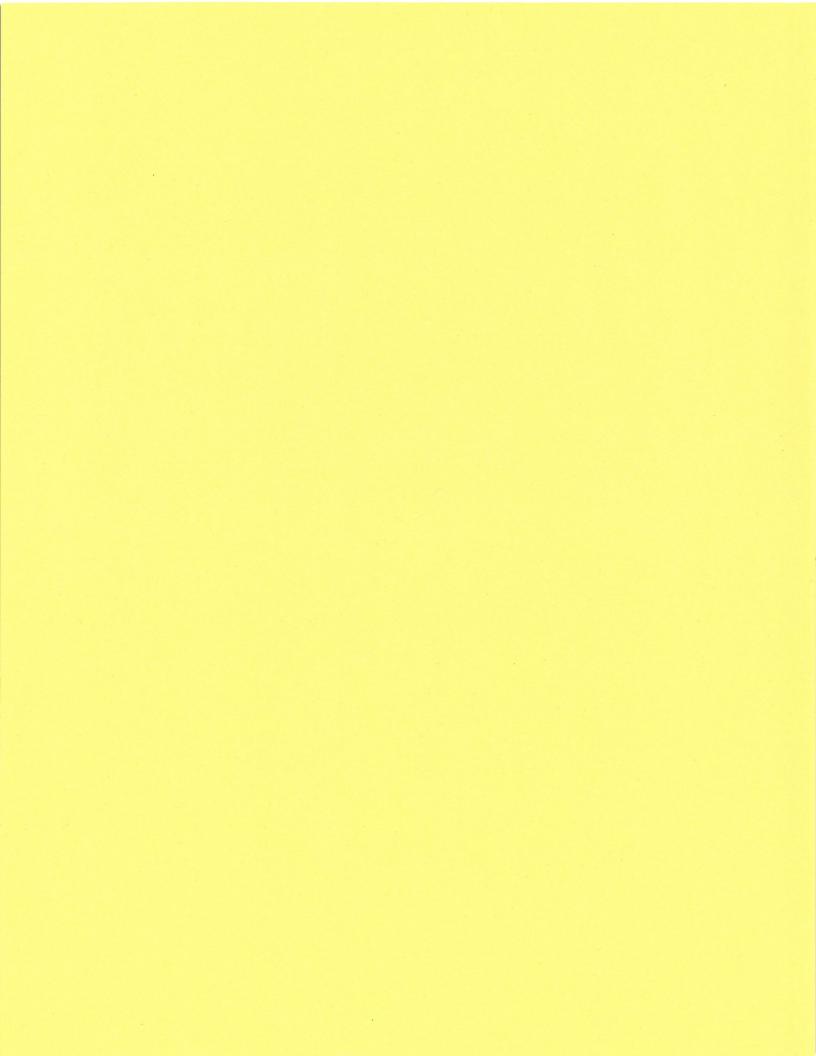
OCTOBER 15, 2014

APPENDIX B

5. What work is needed to keep it from deteriorating further?

**RESPONSE:** The eaves need to be repaired. The parapet cap needs to be spot repaired and painted. The down spouts that are detached from the building and allowing water into the building need to be repaired and reattached. The crawl space needs to be signed "Asbestos – Authorized Personnel Only" and access denied to unauthorized/untrained personnel.

ADDITIONAL COMMENT: The weeping brick will continue to be a significant problem. While blowing rainfall events are infrequent they cause significant damage because the water saturates the entire will structure and it requires a significant amount of time for the envelope to dry out. During this "dry out time" the wall structure becomes very susceptible to mold and wood rot.

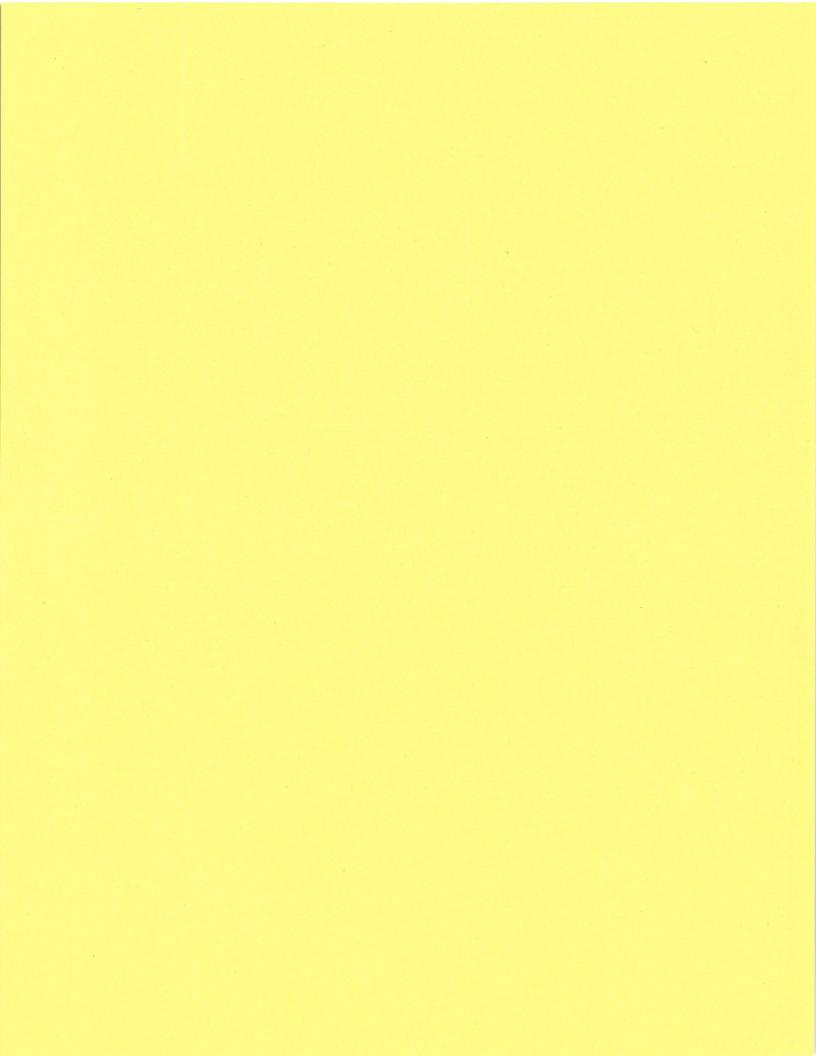


## Second Stage | Amherst Completed Annual Improvement Plan Lease Exhibit B 2016

2016			
May 1, 2015 – April 30, 2016  Roof - Flat roof membrane repaired and coated with waterproof Exit lights - Flood exteriors, exit and emergency lights repaired or re ADA restrooms - Two ADA compliant restrooms have been complet Access sealed to belfry; boiler room locked Cornice and gutters - Belfry louvers, trim and cornice at the main ent Rental studios door replacements, floor and wall repair, and painting	\$9800 \$200 \$1800 \$1800	0	
Total donated supplies and la	donated labor \$4750 donated paint \$15,200 donated paint \$150 bor @ \$10/hr \$4,900	)	
Grand total eligible for Board of Supervisors building improvements credit \$20,100  May 1 – April 30, 2016			
Additional Improvements Completed May 1 – December 31, 2016			
Pews removed, replaced by stackable chairs (net) \$3484 chair cost - \$2300 sale of pews	\$1184	ŀ	
Professional theatre lights installed in main hall - equipment Stage risers removed	\$2200 \$1500	)	
Other contracted labor \$2627 electrical prep work for HVAC additions for Main Hall, site prep for new Main Hall units, installation of keypad locks, repair and painting all exterior doors, storm window repair, monument sign repair			
Toilets replaced in 1 <sup>st</sup> floor existing restrooms	\$194	ł	
HVAC system replaced in main hall	\$8400	)	
Exterior door paint	_\$344	-	
To	otal cash outlay \$16,449	)	
Community Room kitchen renovated	donated labor 335hrs donated fixtures \$1975		
Professional theatre lights installed in main hall  Total donated supplies ar	donated labor 30 hrs	5	
Grand total eligible for Board of Supervisors building improvements credit \$22,074  May 1 – December 31, 2016			
TOTAL CASH OUTLAY 5/1/15-12/31/16 TOTAL IN KIND AND DONATED LABOR 5/1/15-12/31/16	\$31,649 \$ <u>10,52</u> 5 \$42,174	5	
DUE OVER 20 MONTH PERIOD OF LEASE (10,000 /yr x 1 yr, 8 month	s) (\$16,667)	)	

\$25,507

OVERPAYMENT ON LEASE REQUIREMENT



## Second Stage | Amherst

A non-profit initiative to create a center for creativity and community

Memo To: Dean Rodgers, County Administrator, Amherst County

From Second Stage | Amherst, Inc

Re: Building Improvements to the Former Amherst Baptist Church

Date: February 15, 2017

Please find, attached, itemizations of building improvements and related cash outlay, volunteer labor and donated equipment for the periods May 1, 2015 through April 30, 2016 and May 1, 2016 through December 1, 2016. The Board of Directors of Second Stage submits this record in accordance with Section 12 of the Lease between the County of Amherst and Second Stage | Amherst, Inc., dated May 7, 2015.

By your signature please acknowledge that Second Stage | Amherst has met its lease requirements of a \$16,667 capital investment for the lease period May 1, 2015 – December 31, 2016. Further, it is acknowledged that Second Stage is credited for additional investments in the amount of \$25,507. Although Second Stage intends to continue its work to improve the building it is understood that no additional investment is required in 2017 and 2018 to meet the terms of the lease.

Thank you for your continued belief in our mission. We hope that you and the Supervisors are pleased with our work.

	Detog
Charlene W. Monk President, Board of Directors	Dean C. Rodgers County Administrator, Amherst VA
Date:	Date: February 28, 2017