

MEMORANDUM

TO: Mayor and Council
FROM: Heather Arcos, Town Manager *HJA*
DATE: September 7, 2012
SUBJECT: Update on the Acquisition of Bank of America properties

A work session is scheduled for Tuesday, September 11, 2012 at 6 p.m. at the Town Hall.

Attached please find a building inspection report and a summary of our Plan of Action.

We will review and discuss at the work session.

Please give me a call if you have any questions.

Bank of America Property
Plan of Action

Prior to Closing

1. Title Commitment, Survey and Phase 1 Environmental Site Assessment – Seller provides these documents for Purchaser’s review at or prior to execution of sales agreement.
 - a. Staff has reviewed the documents and is working to finalize with legal counsel.
No red flags currently.
2. Inspection - Purchaser inspects the property within the 30 day inspection period, commencing August 14, 2012; ending September 14, 2012
 - a. An Inspection Report of the building has been completed by our Code Official for your review.
 - b. Please take note of the recommended list of items required prior to the relocation of the library to the bank building; estimated total \$10,500.
 - c. Other maintenance repairs noted will need to be done in the near future.
 - d. Staff is working with the management company (CBRE) to obtain Building Construction Plans, Maintenance and Improvement Records along with operational expenses associated with the building – These are not required by the sales agreement.
3. Library Configuration – Plan the initial library layout, including computer lab, utilizing existing library/computer lab furniture and equipment and that of the remaining in former bank building. Identify any excess furniture and equipment that should be sold.
 - a. Staff is working on a floor plan for the 1st and 2nd levels. A detailed plan with a layout, relocation, repairs, timeline and estimated budget will be developed and approved by the Town Council.
 - b. Staff will work closely with the Library Board and the Friends of the Library.
 - c. An inventory of the furniture and equipment in the bank building is completed. The excess furniture will be auctioned at the library prior to any working being done.
4. Purchase Price - \$200 K plus closing cost.
 - a. Payment of 10% \$20K paid to Bank of America.
 - b. Balance of acquisition is \$180K.
 - c. Closing Cost estimated \$8K.

Closing

Tentatively, scheduled for October 15; 30 days from the end of the due diligence period of September 14, 2012.

After Closing

Finalize a plan with a budget in order to work towards the relocation of the library.
Develop a plan to eventually convert the two lots on Randolph Ave. to Public Parking.
Prepare alley easement across property parallel to Mason and Randolph Ave.

Bank of America
Inspection Report
August 20, 2012
Conditions: 75 Degrees F /Raining

A thorough inspection was performed on the old Bank of America Property on the date mentioned above and I have the following comments regarding the inspection:

Foundation:

The foundation of the structure appears to be in good repair for the exception of the area in the basement which is located on the rear of the structure. During the inspection I found water flowing in through the North and East exterior basement walls. The East wall water intrusion appears to be coming from a chimney stack that is still in use as the exhaust for the two boilers that are used to heat the building. I could not determine if the water was coming from where the chimney ends on the roof (possibility of a defective collar to keep water from entering), or if there are cracks in the chimney that are allowing water in from outside grade. On the north wall water was running in the building at a pretty steady rate. This is likely just due to lack of maintenance of keeping a building below grade waterproofed. Due to the age of the building this is not an uncommon occurrence for any building with a basement in the Town. However this is of major importance to get this fixed because the basement is part of the foundation and plays a major role of the structural stability of the building. Also the heating system for the entire building is in the basement and the systems will not last with the major flooding that is possible.

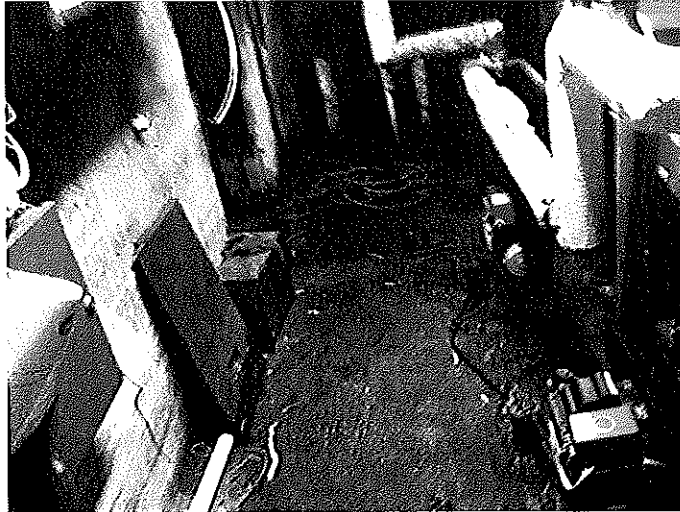


Figure 1- Basement Very Damp

Major: Fix water intrusion issues **\$10,000**

Secondary Major: Flood Proof Basement Walls **\$40,000** (Important fix to protect mechanical systems and structural stability of the building but not needed to be done immediately)

Minor: Add De-Humidifier **\$1,000**

Exterior Evaluation:

The exterior of the building has been maintained in a very good condition. The exterior walls are in good repair and serve as designed. The roof will be addressed in a separate section. All sidewalks are in good condition and it appears that the ones on the Strawberry Street side have all been replaced within the last four years or so. The Blacktop parking lot on the rear of the property is in good shape and can be used for parking or other purposes as the Town sees fit. The handicapped accessible ramp on the front of the building is more than adequate for the use as a library. All doors and windows are in good repair for the exception of one window on the West Side (Strawberry Street Side) has a crack in the top of the window. The rear door could be used as a 2nd Means of Egress for the Library and also for Staff use if needed. This will be discussed in a later section.



Figure 2 - Window Cracked at Top

Major: N/A

Minor: Replace Window Pane \$500

Roof:

On July 18, 2012 I performed an inspection of the roof of the structure and provided a memo to the Town Manager regarding the condition of the roof. In my report I stated that based on the visual inspection of the roof that it had been maintained properly over the years with repairs being done in a timely fashion. I also stated that there was a secondary roof on the East Side of the Building that was lower than the main roof. This roof poses a problem.

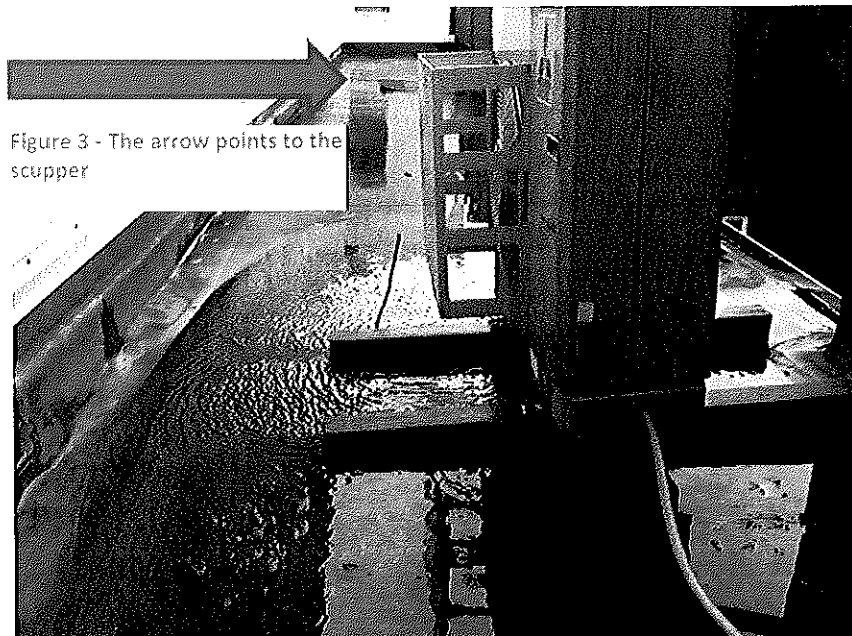


Figure 3 - The arrow points to the scupper

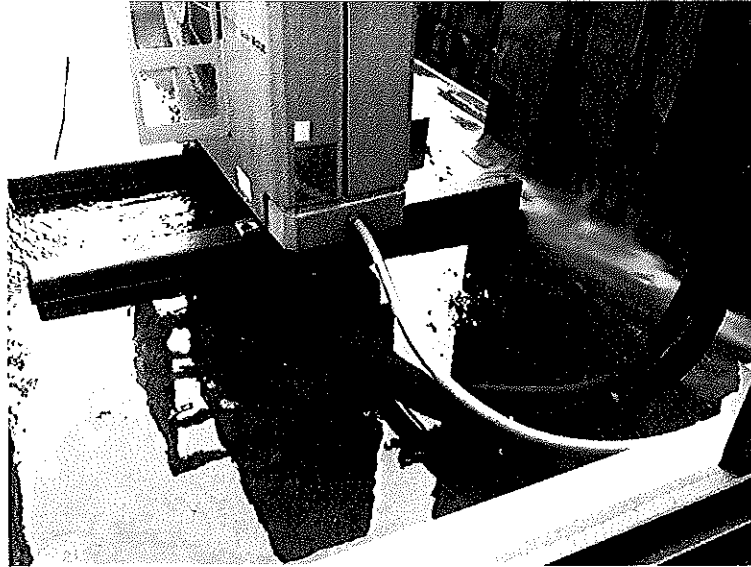


Figure 4

Recently Bank of America installed a mini-split mechanical system up on this roof to keep the space conditioned where the ATM was installed. Water is standing in the corner where this unit was installed. I was unable to determine if the weight of the unit is what has caused the pooling of the water or if this was a problem before. The concern here is that the longevity of the roofing system is greatly reduced due to the standing water sitting on the roof. There is a scupper on the other end that drains the water off the roof. (See Figure 3) This issue needs to be addressed ASAP to keep water from deteriorating the roofing membrane and causing problems in the first floor of the building.

Major: Fix standing water issue on 1st floor Roof **\$5,000**

Minor: Have roofing company come over and provide maintenance plan **\$TBD**

Interior Environment:

The first floor and 2nd floor loft area of the building is in a well maintained condition. The building could be in a move in condition depending on the use for the building.

Building Safety

The building for the past 100 years has served in some fashion as a financial institution. The building owner over time has made upgrades to comply with fire regulations such as out swinging doors that require no turning of door knobs. Also the Town recently required the bank at the inception of its Fire Inspection Program to change the locks on the doors to thumb turn locks as opposed to inside keyed locks. These items were important items for the safety of the occupants of the building. Now that the building is going to be undergoing a change of use there are other items that need attention. This is for obvious reasons to name a few that the change of use is going from a Business Use to an Assembly use. Assembly uses tend to have more stringent regulations because of exactly the definition of Assembly (A place where people gather). Also another reason is because of the increased occupant load that the building is going to encounter due to the use of the building. Some items that need to be addressed are as follows:

- A 2nd means of egress needs to be in place for any library use that would have an occupant load of 50 or more. Based solely on the square footage of the first floor the occupant load will be greater than 50. There is a door on the rear of the structure that could be used for the 2nd means of egress but the door must be changed to an out swinging door. Also some exit signs must be installed that leads occupants to the exit.
- Due to bank security reasons from the main entrance of the building to the floor area you must open three doors. This need to be assessed and at a minimum one door should be removed to allow for a smoother exit of occupants should an emergency happen.
- The balcony railing on the 2nd floor loft area poses a great safety risk for anyone using the area because of the height of the railings. Current building code requirements require all railings in a commercial setting be a minimum of 42" tall off the floor. These rails are roughly 32" off the floor. There are a couple suggestions I have to resolve this. The whole balcony railing could be lined with tables for study use or computers and this would not allow access to the

railing edge. The other suggestion would be to remove the top rail and add on to the pickets to proper height and re-install the top rail.



Figure 4- Railing only 32" tall

Electrical

The electrical on the first floor and 2nd floor loft area is in good working and safe condition. There have been numerous minor upgrades over the years of the building. I had Chapman Electric perform a walkthrough with me and look at the conditions of the Electrical. Mr. Chapman says that although the systems are very old and outdated that everything appears to be in a safe and working condition. He recommended that the Town set money aside each year to start making upgrades to the system as financially possible. If some of the panels were to fail there is no way to repair them, replacement would be the only solution. He also mentioned the fact about the possible computer lab areas. Since all the old wiring are two wires without ground that the computer systems would not function properly. He stated that at a minimum to get a computer lab runnint that new wiring would need to be provided to that area to serve the computers.

Plumbing

The Plumbing systems appear to be in operation and in a working condition. At the present time there are two small bathrooms on the first floor that were used by the tellers and other bank employees. Upstairs was a break room that has one sink in operable condition. I had B&B Plumbing and Heating perform a walkthrough and look at the condition of the plumbing systems. Mr. Brady stated that everything appeared to be in operating condition. Most of plumbing is under the slab therefore any moving of bathrooms would be a major cost due to having to remove some of the concrete floor. Either one of the existing bathrooms would have adequate space in it to be able to retrofit with a handicapped toilet and sink. Currently each one of the sinks is supplied by hot water heaters installed in the bathrooms. This would have to be removed to comply with the ADA regulations. The suggestions would be to install an on demand hot water heater that takes up very little room.

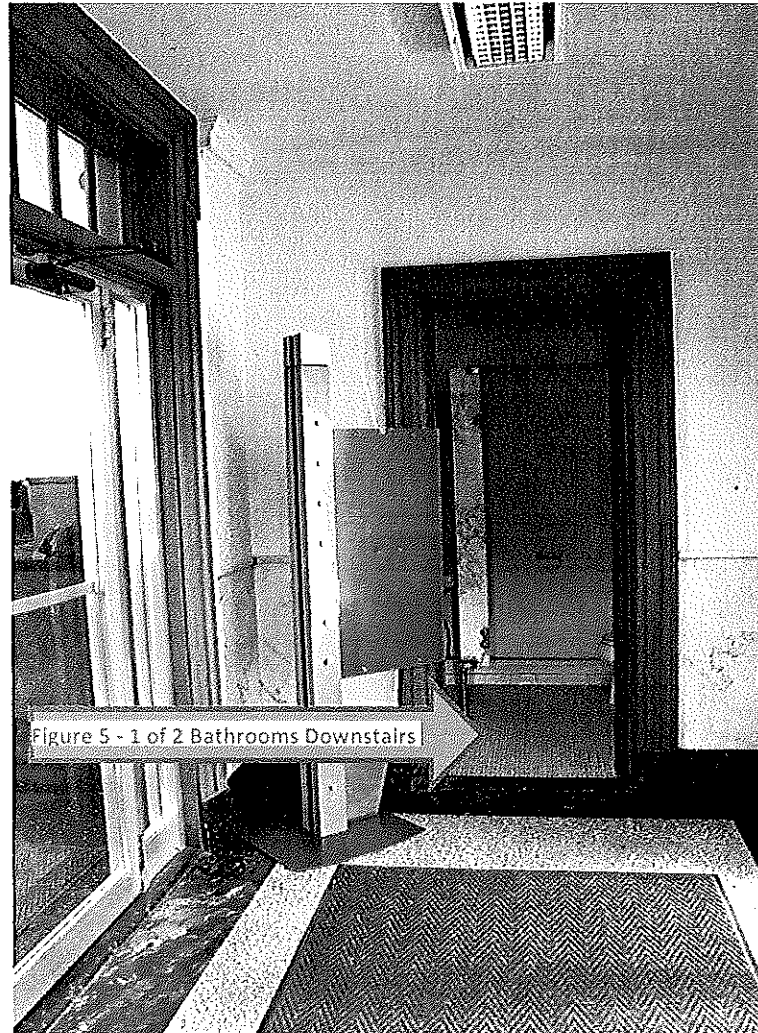


Figure 5 - 1 of 2 Bathrooms Downstairs

Heating & Air Conditioning

The heating and air conditioning systems appear to be in operation and in a working condition. At the present time the heating system is two oil fired boilers forcing hot water through radiators throughout the building. The air conditioning system is a condensing system that forces cold water through wall units on the first floor. The air conditioning system was working when the inspection was performed. I had B&B Plumbing and Heating perform a walkthrough and look at the condition of the heating and air conditioning systems. Mr. Brady said that both systems appear to be in a good operating condition. Mr. Brady went on to say that heating system design is very familiar to him and that it has been well maintained. His concerns with the boiler system are the current location of the system. The basement as discussed earlier in the foundation section has some issues that must be addressed as soon as possible. I asked if the system appears to be adequate for some years

down the road and he stated that as long as the system has ordinary maintenance performed and that no major flooding occurs the system should perform as designed for a good while. (He would not give years of use because every situation is different) The air conditioning system was not one that he was real familiar with however it was working when checked and seemed to performing as desired. Secondly there was a mini-split system installed in the front of the building that kept the old ATM space conditioned and that was in a safe operating condition during the inspection.

In the case of making the first floor and loft area as a library some immediate issues need to be addressed prior to occupancy.

- Provide a uni-sex handicapped bathroom for general public use **\$2,500**
- Remove bank teller stations (safes, workstations, electrical, cat5, etc.) and install new carpet **\$2,000**
- Upgrade wiring for the designated computer lab areas as recommended by Chapman Electric and new Cat 5 **\$3,000**
- The balcony rails on the second floor do not meet commercial code requirements on height. Either use the area for tables lined down the whole railing or replace/add to railing that is there to bring into compliance **\$2,000**
- Remove one of the doors after entering the building **\$0**
- Install out swinging door and exit signage for 2nd means of egress. **\$1,000**
(All \$ figures were guesstimated high because of the short timeframe of due diligence, quotes were not able to be obtained)

Some other items of note for consideration:

- In the 2nd floor loft area the storage room should be cleaned up, painted and trimmed to be used as meeting space and or computer space.
- The entire building has been closed up for several months. Cleaning by a professional cleaning company would be recommended as the building is very musty.
- The main entrance should have the ATM wall removed to utilize the mechanical system for the vestibule area.
- Put the alley easement in place that would allow access to all the commercial properties up to Watson's property.

In my opinion for the exception of the short list above the building could easily be turned into a library. With the great amount of space the building provides the library would make a great fit in the building. Of the other items of note these would not need to be done prior to occupancy, but would want to be addressed right away due to the nature of the concerns.

I have done my best to report all concerns I have regarding the overall condition of the building and specifically the first floor and loft space. While this is not a complete list of all the items that need attention these are the items of biggest concern that I see and that really need attention right away.

If any other information is needed feel free to let me know and I would be happy to provide what I have.

This report submitted this sixth day of September in the year Two Thousand Twelve.

Respectfully submitted by Jeb Brady, CBO, Code Official of the Town of Cape Charles.

Jeb Brady, CBO
Code Official

Summary of Work Needed on Former Bank of America Building

1. Prior to Move In

- a. Modify existing bathroom to unisex handicapped configuration. **\$2,500**
- b. Remove bank teller stations (safes, workstations, electrical, cat5, etc.) **\$2,000**
- c. Upgrade wiring for the computer lab areas. **\$3,000**
- d. Modify second floor balcony railings. **\$2,000**
- e. Remove one of the doors in the entrance lobby. **\$0**
- f. Install out-swinging rear door and exit signage for 2nd means of egress. **\$1,000**

Subtotal \$10,500

2. Near-Term

- a. Replace window pane on west side. **\$500**
- b. Fix standing water issue on 1st floor roof. **\$5,000**
- c. Fix basement water intrusion issue and waterproof walls. **\$51,000**

Subtotal \$56,500