



Hole in The Wall

Public Hearing Information



Agenda

Timeline of Events

Sanitary Sewer

Zoning Violations

Structural and Unsafe structure

Summary of Costs (past and future)

General Information

- November 29, 2016 Lease signed by Edwina Casey, chair of the Board of Supervisors and Michael Casale, tenant.
- Lease did not become effective until June 1, 2018 because the septic was not approved until June 1, 2018. Lease term is 5 years (June 1, 2023) with option for two additional 5 year terms upon notice in writing from the Tenant 4 months prior to the end of the lease.
- Septic system approved for 380 gpd. County responsible for operating expenses (including repair and maintenance). Tenant to reimburse County for 75% of the operating expenses up to a maximum of \$3,000 per year based on 380 gpd.
- Tenant is responsible for Capital Improvements to the well and septic.
- Rent established at \$8100 per year.
- Tenant to invest \$138,000 in Capital Improvements over the first three years.

Sanitary Sewer

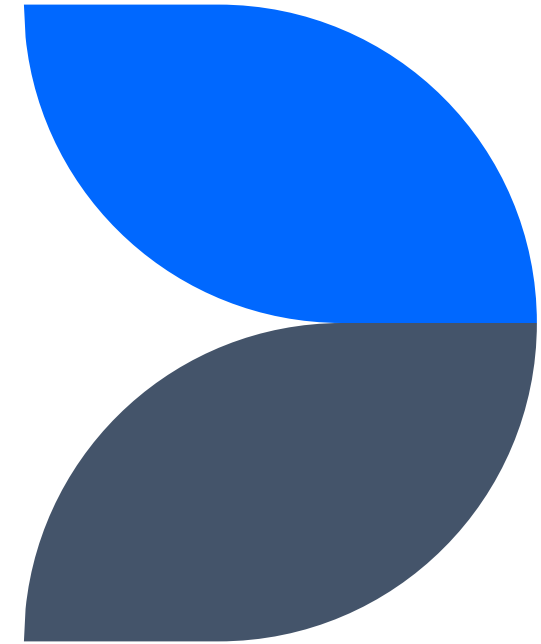
- Septic approval based on a maximum of 380 gpd permit #157-98-011.
- Tenant exceeds 380 gpd requiring pump out of septic tank. The County is unaware that Tenant is exceeding 380 gpd until a meter is placed on the system.
- Tenant pays \$3000 per the lease based on 380 gpd. This portion of the septic operating costs was based on 380 gpd and did not anticipate pump and haul charges for exceeding the 380 gpd.
- County contacts VDH and applies for a repair permit to install NextGen system. Tenant requests re-design of the NextGen system to increase the capacity to +1000 gpd.
- County pays \$68,000 for NextGen system (this is deposit and the remaining amount \$50,000 is due when the system ships). The total price \$118,000 is the NextGen system and does not include installation costs (electrical, plumbing, mechanical). According to the lease, Tenant is responsible for Capital Improvements to the well and septic. Tenant would be responsible for \$118,000 plus the cost to install.
- VDH states that the larger capacity requires an expansion permit.
- County submits \$1400 check and application for an expansion permit.
- VDH and NextGen communicate on the proposed +1000 gpd system to determine how the system will work with the existing drain fields.
- County meets with VDH January 26, 2023. VDH gives the County 4 Options

Sanitary Sewer (cont.)

- 1) Contract with VA Engineer to prepare construction drawings based on revised peak flow of 900 gpd (because over 1,000 gpd has additional operational requirements) and final design from Dr. Govind including any additional tanks and treatment he referenced in his July 12, 2022 letter. Estimated cost for engineer \$20,000. Once the project is designed and sent out for bids, the County will have to pay remaining balance of NextGen materials \$50,000 plus the installation costs, unknow. Total cost (\$68,000 + \$50,000 + \$20,000 + installation costs) = >\$138,000 +installation. VDH stated that some unconventional treatment system can cost more than \$500,000. Note: The County paid the initial \$68,000 deposit, this amount is to be reimbursed to the County from the Tenant according to the lease.
- 2) Health Dept. can deny application...refund \$1400 and then we can resubmit a new application when the design is complete at 900 gpd which will cost \$225
- 3) Obtain Permanent Pump and Haul Status. Estimated Costs +\$50,000 per year (based on \$40,000 the County paid from March 2022 to March 2023
- 4) We can abandon the project and try to get \$68,000 back from NextGen. According to the lease document, Hole in the Wall is required to pay for capital improvements to the septic system, so any costs including the \$138,000 are the responsibility of the tenant.

Zoning Violations

- February 16, 2022 Thomas Jenkins, at the request of the Board conducts an inspection of the County owned building at 384 Old Ferry Rd (Hole in the Wall).
- In a memo to the Interim County Administrator (David Schlosser) and Andrea Erard, County Attorney, Thomas identifies several zoning violations.
- January 25, 2023 Notice of Violation issued from Planning and Zoning Department requesting zoning violations be correct by February 24 or an appeal be made to the Board of Zoning Appeals.
- Letter received from Kaufman & Canoles enacting legislative privilege.
- Appeal filed with Board of Zoning Appeals on February 24. No action taken due to legislative privilege.



Unsafe Structure

Tenant was required to invest at least \$138,000 in Capital Improvements which included raising the building. Tenant was responsible for hiring the contractor, obtaining the permits and completing the work according to the Engineered Plans.

Permits were obtained but not all of the permits had final inspections performed by the Building Official.

Building Official leaves employment with the County and new Building Official starts (current). Several concerns are raised regarding the construction when the building was raised.

At the request of the Board of Supervisors, an independent structural engineer, The Structures Group, was hired to conduct an evaluation of the building at 384 Old Ferry Rd.

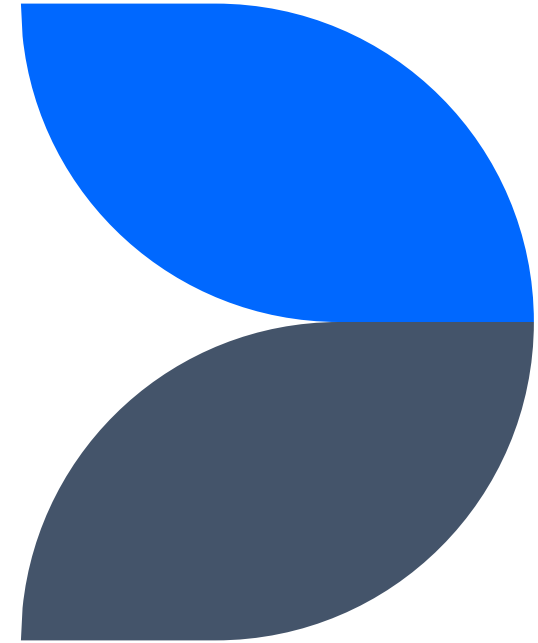
On May 24, 2022 The Structures Group completed the evaluation and identified several deficiencies which concerned the Building Official and resulted in the Building Official closing the building at 384 Old Ferry Rd. The Building Official provided the County with three possible solutions;

- 1) Boarding up the structure
- 2) Demolition of the unsafe portions of the structure.
- 3) Abate the Deficiencies

A temporary abatement plan was developed and approved by the Building Official with the understanding that the corrective action was temporary.

Temporary bracing, shoring and additional columns installed on May 25, 2023 County hired Engineering firm to design permanent solution.

Permanent solution went out for bids-first time no responses, second time one bid \$307,692.



Budget Impacts

Scenario #1: County pays to repair unsafe structure. Tenant pays for Capital Improvements to Septic System, lease remains unchanged: Tenant would have to agree to all costs related to the expansion of the septic system to 900 gpd.

Revenues

\$8100 rent

\$3000 operation of septic

Tenant currently paying 75% of pump and haul until permanent solution. Once permanent solution is complete, revenue will go back to \$3,000/year

Meals tax from tenant=Commissioner of Revenue cannot disclose individual company tax information. Total for all Mathews County Meals Tax is approximately \$300,000 for 27 meal related businesses.

Total Revenue = \$11,100 plus meals tax estimate at \$15,000 = \$26,100

Expenditures

Pump out annually = \$0.00 if NextGen installed

Operation of NextGen per year (electrical, chemicals, testing etc.) = \$1000/month-\$1500/month = \$12,000

Repairs = \$307,692

$\$307,692 / \$26,100 = 12$ years to recover investment

Budget Impacts

Scenario #2: County does not pay to repair, Lease is terminated

Revenues

- \$8100 rent

- \$15,000 meals tax

Loss of revenue of \$23,100/year

Expenditures

Cost to demolish building and dispose of materials= Less than \$50,000

Budget Impacts

Scenario #3: County makes the repair to the unsafe structure, Tenant makes the repair to the septic system, Lease is renegotiated to cover cost of repairs: It is unlikely that Tenant will make repairs to the septic and renegotiate the lease.

Expenditures

Pump out annually = \$0.00 if NextGen installed

Operation of NextGen per year (electrical, chemicals, testing etc.) = \$1000/month-\$1500/month = \$12,000

Repairs = \$307,692

5 year lease term (\$319,692/60 months) = \$5,328.20/month to break even after 5 years.

\$ 2,664/month to break even after 10 years

Budget Impacts

Scenario #4: County makes the repair to the unsafe structure, County obtains permanent pump and haul from VDH, Tenant agrees to pay for pump and haul, rent remains the same.

Expenditures

Repairs = \$307,692

Current revenue

\$8,100

\$15,000 MT

$\$307,692 / \$23,100 = 13$ years to recover capital investment

Pump and Haul Costs

Total Amount due to Pump & Haul Company March 2022 to March 2023 = \$38,889.60

Amount Due from Tenant (after \$3,000)= \$22,414

Amount received from Tenant = \$11,741

Amount in default = \$10,673