

Item # 12

**City of Carson City  
Agenda Report**

**Date Submitted:** Jan 20, 2009

**Agenda Date Requested:** February 5, 2009

**To:** Redevelopment Authority

**Time Requested:** 60 minutes

**From:** Joe McCarthy, Office of Business Development

**Subject Title:** Action to approve an application from the First Presbyterian Church for reimbursement of \$78,841.88 for specific site improvement costs and added expenses incurred in association with the preservation of the old sanctuary, both the 1864 and 1896 structure.

**Staff Summary:** On November 6 2008, the Redevelopment Authority directed staff to assist representatives of the First Presbyterian Church to complete an application for review by the Redevelopment Authority Citizens Committee for reimbursement of costs incurred by the Church to facilitate the preservation of the historic sanctuary and its possible future use as a community resource. The majority of the committee supported full reimbursement for the Church but only felt comfortable capping its contribution to the reimbursement total to a limit of \$100,000 including previous reimbursements. In fact, the committee recommended that the Redevelopment Authority determine the additional funds needed to make up the difference. Thus, the Citizens Committee approved \$32,219.64 (\$100,000 less the \$67,780.36 already paid). The Redevelopment Authority is authorized to complete the reimbursement by using the funds from its redevelopment capital improvement account.

**Type of Action Requested:** (check one)  
☐ Resolution ☐ Ordinance  
☒ Formal Action/Motion ☐ Other (Specify) - None

**Does This Action Require A Business Impact Statement:** ☐ Yes ☒ No

**Recommended Board Action:** I move to approve an application from the First Presbyterian Church for reimbursement of \$78,841.88 for specific site improvement costs and added expenses incurred in association with the preservation of the old sanctuary, both the 1864 and 1896 structure. Pursuant to NRS 279.486, I determine that the building improvements are of benefit to the redevelopment area or the immediate neighborhood in which the redevelopment area is located and no other reasonable means of financing these building improvements are available. In reaching this determination, I considered the factors required in NRS 279.486(2).

**Explanation for Recommended Board Action:** The reimbursement is for costs incurred that the First Presbyterian Church would not have experienced but for its cooperative efforts to save the old sanctuary. In the near term, the City hopes to negotiate separately a long-term arrangement with the Church for the "community use" of the old sanctuary, possibly as an offset for the annual liability insurance costs incurred. We have formed a not-for-profit entity to begin raising funds for capital improvements in support of all our at-risk, endangered older churches and historic structures. Our older religious properties are threatened by factors such as deferred maintenance and crumbling infrastructure. Because we have been successful in finding an alternative to demolition of this statewide treasure, the community now has the needed momentum to further stabilize and refurbish the old sanctuary and many other important landmarks. Once the historic sanctuary is successfully adapted for reuse, our next steps will be to address the structural needs of our other architectural and historic landmarks of supreme significance to our community. These needs are well beyond the congregations housed within. It is a win-win for the City, justified by our growing cultural traditions and our call for community service. To summarize, the First Presbyterian Church's building committee has actively worked with the City and the community to not only withdraw its requested demolition permit, but now supports the future restoration effort with goal of achieving a long-term solution to this sensitive issue for the community at large.

**Applicable Statue, Code, Policy, Rule or Regulation:** NRS 279

**Fiscal Impact:** \$78,841.88 in redevelopment funding

**Explanation of Impact:** Reduction in unspent bond proceeds, now estimated with a balance of approximately \$800,000, with approximately \$500,000 set aside to cover the recent lawsuit settlement with the Carson Nugget.

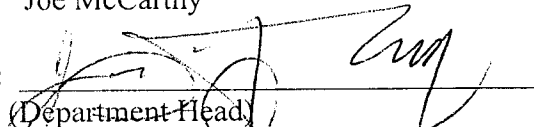
**Funding Source:** Redevelopment capital account

**Alternatives:** Not approve the requested reimbursement

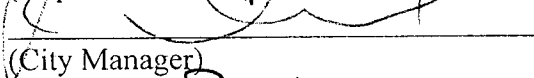
**Supporting Material:** Staff report and Church's application

**Prepared By:** Joe McCarthy

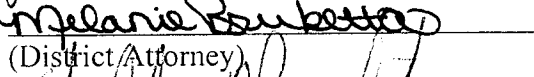
**Reviewed By:**

  
(Department Head)

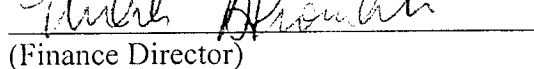
Date: 1-28-09

  
(City Manager)

Date: 1-27-09

  
(District Attorney)

Date: 1-27-09

  
(Finance Director)

Date: 1-27-09



## Office of Business Development

201 North Carson Street, Suite 2

Carson City, Nevada 89701

Date: February 5, 2009

To: Redevelopment Authority

From: Joe McCarthy, Director

Subject: Staff report regarding reimbursement of incurred costs to preserve the endangered First Presbyterian Church's historic sanctuary

Without question, as is the case with most of Carson City's traditional religious communities, the First Presbyterian Church faced the reality of a fragile financial condition and the pressure of annual budget requirements. These financial challenges include the debt service on the new Church and the ever-present building upkeep that directly affected the congregation's overarching ability to keep its doors open to the larger community. In fact, the preservation and restoration of many of our historic religious properties in frail physical condition offer formidable responsibilities throughout the west side of the City. The Redevelopment Authority understands how difficult a decision it was for the Building Committee of the First Presbyterian Church to contemplate demolishing its old Church and losing forever this venerable community resource.

Over the last several years, the First Presbyterian Church's Building Committee has exhibited a sincere willingness and an eagerness to find alternatives, such as considering the "Wilday Plan" and other strategies related to the redesign of its new church building. As a result, the Church's architect and general contractor have effectively relocated the site of the new Church to allow for the historic preservation of the endangered older sanctuary. The broader significance of this redesign is the benefit that this historic sanctuary building provides both the congregation and the Carson City community.

Because of delicate and sensitive negotiations over the last few years, much common ground now exists between the Church and the City as we moved forward towards consensus on the salient issues. Carson City's Planning and Community Development Department and our Engineering and Building Departments have researched and reviewed the planning and code requirements associated with the redesign. All issues that relate to the construction of the new church have been

facilitated as the Church proceeded through project review and the permitting process. Staff from each of these departments assisted and supported this memorable effort. The areas of assistance included parking, access, construction documents, code compliance, landscaping, on-site improvements and more.

On April 6, 2006, the Redevelopment Authority approved a redevelopment incentive request from staff that recommended the Authority pay the additional architectural fees of the church's architect, Fred Dolven, specifically related to the redesign of the new Church. In addition, architect Peter Wilday graciously pledged his pro bono consultation services throughout the restoration period, a donation critical to saving the old church, no matter what the preservation scenario.

Under Supervisor Williamson's direction, we have formed a legal entity that will focus on funding historic preservation of our landmark buildings. This entity is an historic preservation foundation, a not-for-profit organization sanctioned by the IRS. Other tasks include instituting an effective relationship with Community Foundation of Northern Nevada and discussions relating to the creation of a preservation easement. The new public entity was set up with a sole purpose to help with the long-term funding of historic preservation projects for those priceless architectural treasures. We must trust that this new entity will make the necessary judgments to administer an historic preservation program with proper due diligence.

Of course, the new entity's first project must be to complete the rehabilitation of the historic sanctuary by raising funds for the retrofit, ongoing preservation requirements to manage an aging property, reserves for replacement and regular maintenance. The new entity will also provide technical assistance, training, capital development and attraction of new funding sources, strategies for fundraising and planning for shared use of underutilized, excess space.

The implications for the creation of such an entity are profound. This new public entity, the congregation and city leaders will work together to attract new support beyond the church's membership. This collaborative partnership will begin to convince our community to encourage broader support from philanthropic organizations, businesses and government. In fact, there are misconceptions about the limits and availability of government, private foundations and corporate support. We must better tell the story of community service and social impact that churches already provide to the community and how they can do even more in the future.

The First Presbyterian Church is always in partnership with other social service providers and faith-based institutions, each one having, as part of their missions, a fundamental purpose: to provide programs to serve our neighbors and our needy citizens. Many of these stakeholders are already involved in this restoration effort: community development, historic preservation, religious leaders, social services providers and advocates, civic leaders and elected officials. As we proceed, this work to preserve the historic church needs broader recognition and support from all sectors. The message must emphasize that the historic preservation of this beautiful sanctuary is invaluable to the neighborhood, to youth and adult fellowship, to childcare needs, to counseling efforts and to a myriad of other enriching

community-based programs that benefit the public at large. If public dollars are involved then this message is crucial.

We must be realistic that this effort will be both time consuming and difficult. Nevertheless, we are confident that the development efforts can be completed reasonably within the next few years. One thing is certain, everyone's goal is to rehabilitate this important Church, and reopen it to serve our community.

On November 6, 2008, the Redevelopment Authority directed the staff of the Office of Business Development to assist representatives of the First Presbyterian Church to complete an application for review by the Redevelopment Authority Citizens Committee. The application is for reimbursement of costs incurred by the Church to facilitate the preservation of the historic sanctuary and its possible future use as a community resource. The application explained the reasons behind the reimbursement request for compensation costs caused by the redesign and moving of the new construction of the sanctuary and narthex to the west. The majority of the committee supported full reimbursement for the Church but only felt comfortable capping its contribution to the reimbursement at a total of \$100,000, a figure that includes previous reimbursements. In fact, the committee recommended that the Redevelopment Authority determine the additional funds needed to make up the difference. Thus, the Citizens Committee approved \$32,219.64 (\$100,000 less the \$67,780.36 already paid). The Redevelopment Authority is authorized to allocate the remaining amount for complete reimbursement by using the funds from its redevelopment capital improvement account.

# **CARSON CITY REDEVELOPMENT AUTHORITY INCENTIVES PROGRAM APPLICATION**

## **First Presbyterian Church**

Mailing address: 306 Musser St. 89703

Physical addresses 110 N. Nevada, (historical building) 115 N. Division (current  
sanctuary) 89703

882-1032

Email: [kmeierfpc@sbcglobal.net](mailto:kmeierfpc@sbcglobal.net)

**Total Project costs:** \$2,292,186 (New Sanctuary, surrounding sidewalks and grounds, in addition to stabilizing one wall and replacing part of roof on **old** sanctuary.)

**Incentive Request:** \$35,278.40 new sidewalks, (blue line surrounding church) curb and gutter on King and Division streets

\$29,135.52 Landscaping along blue line sidewalks

\$10,800 Re-roofing of Historic sanctuary to prevent leakage into old  
and new structures

\$3,227.96 Liability insurance for old sanctuary (2008) premium

\$400.00 (appx.) actual figure to be provided by CPA by 12-12-08

Total: \$78,841.88\*\* (see appendix for detail of expenses)

### ***Brief Description of project:***

In 2005 the First Presbyterian Church was denied a demolition application for its original sanctuary. The intent had been to build a new SAFE structure on the site of the old one that would be in keeping with the historical nature of the area. When the church was approached by the Redevelopment Authority and it was suggested that the new building be constructed on alternative space adjoining the old sanctuary, the church made it clear that the costs of redesign, liability for the old building the stabilizing of the old building, and costs of undertaking the project in the alternative manner would need to be covered by funds from the Redevelopment Authority *if the church were to be able to make the suggested change*. As the redesign was paid by Redevelopment immediately after the alternative was accepted it was expected the balance would be paid in a timely manner as invoices were presented. The figures that have been supplied in this application are the balance of what has been incurred to complete the project in the alternative manner.

### ***Description of Incentives Requested:***

The First Presbyterian Church is the oldest Church building in the state of Nevada, established in 1862. Its location is in the center of the historical district and is situated at the heart of the "blue line" that visitors to Carson City walk when they tour the city. It is a significant draw, particularly with the improvements that have been made. In order to maintain this classic structure while adding the new building that enhances the blue line tour it has been necessary to put some new roofing on the old that will eliminate

leakage that could otherwise damage both buildings. In order to provide a safe and attractive walk around the old and new buildings it has been necessary to construct new sidewalks that are the blue line. In adopting the alternative building plan it has been necessary to construct a new sidewalk and pull in off Division Street. All of this has been landscaped as per city requirements. All of these changes greatly enhance the area and become a draw to the surrounding Brewery Arts center as well as the rest of the downtown area. With the new sanctuary on the blue line it will be a draw for visitors and will be available for viewing upon request as well as during "Ghost Walks". It is hoped the same can one day be true for the old building when it is able to be made safe for entry. Benches have been incorporated along the sidewalks for people to sit. The landscaping brings a beauty, shape and maturity to the project. The entire project has been done in concert with the guidelines that meet the downtown requirements.

Because the old sanctuary is structurally unsound at this time, (as per documented engineering reports on file) and the church was not allowed to demolish the old building it is requested that the liability insurance cost be covered by the Redevelopment Authority. The church is currently insured with complete liability and comprehensive coverage.

The site work for this project was begun in May of 2007 and completed in November 2008 by the First Presbyterian Church working with Shaheen Beauchamp Builders of Carson City with the understanding and confidence that all of the costs that relate to building in the alternative manner described herein would be covered by the Redevelopment Authority. The Church is grateful that all of the reimbursable costs, with the exception of the ones listed in this application have been paid.

The title to the First Presbyterian Church as a member of the Presbyterian Church (USA) is held by the larger connnectional body. (The General Assembly of the Presbyterian Church (USA) Louisville, KY) Financially the church is very solvent as the attached financial statement shows. It has consistently operated with a positive cash flow. Its only debt is for approximately \$650,000 which represents the balance of the recently completed project. It is estimated that this debt will be retired in approximately five years or less. Three-quarters of the project was funded in cash by contributions from its members.

This project has been a huge undertaking for the members of the First Presbyterian Church. The negotiations have been arduous as has been gaining payment for these last vital steps that will so directly beautify and enhance downtown Carson City. We have been assured by the city manager that our requests are within the scope and allowances of the Redevelopment program. We ask that this application be honored in a timely manner.

Respectfully on behalf of the First Presbyterian Church,

(Rev.) Bruce Kochsmeier

Senior Pastor

**\*\*APPENDIX OF ITEMIZED EXPENSES – Narrative explanation and detail**

New sidewalks \$35,278.40 – These sidewalks were necessary to replace in large part, because of the relocation of the original project. This cost also includes a portion the church paid for and the city removed in its subsequent flood abatement project at King and Division Streets. These new sidewalks add to the historical district and are specifically the “blue line” sidewalk tour. In order for the church to be built where it currently is a new pull in off of Division St. was necessary. This is included in this detailed expense. This would not have been needed in the original design that the church had to abandon in accepting the new plan.

New landscaping along sidewalks \$29,135.52 – Again, this landscaping is a very positive part of the historical walk and would not in large part have been needed if the original plan had been able to be used.

Re-roofing of historic sanctuary -- \$10,800 – Because the alternative plan included preservation of the historic sanctuary that necessitated tying the old and new buildings together it was necessary to restore some of the old roof so that it would not compromise the new building.

Liability premium for old sanctuary -- \$3227.96 – In that the old sanctuary is being retained while resources are sought to stabilize it and make it useable the cost of the liability still needs to be covered by the policy the church pays annually. If the building had been allowed to be demolished the church would not have this premium.

Interest on debt service since church invoiced the above expenses -- \$400.00

doc: Carson City Redevelopment Authority