

Basic Information: School Rental Proposal, Resurrection Lutheran Church

The School: The Village School (<https://www.villageschoolnova.org/>) is a private, non-profit and duly incorporated Pre-K-8th grade school currently located at St. Alban's Episcopal Church in Annandale. They are outgrowing that space and believe Resurrection Church's facilities would accommodate their current numbers of students and allow for growth. They now have just over 50 students and 8 teachers/staff members. The school is overseen by a board of directors and they operate according to established by-laws. While The Village School is not faith-based, they seek to educate and form students who will grow to make a positive difference in the world. Thus, their philosophy and values, while secular, have affinities with our commitments to justice, social service, kindness, and humility.

Spaces Under Consideration: Areas proposed for exclusive use by the school (meaning that RELC could only on specifically-requested occasions make use of the spaces) include: all of the former preschool area on the lower level; all of the rooms on the north corridor of the education wing's second floor; the outdoor playground. Areas proposed for shared use by both church and school (meaning that the school would use spaces on school days during school hours and the church could use these spaces on evenings and weekends) include: additional rooms on the second floor of the education wing, specifically rooms 208, 209, and 212. Additionally, the school would make occasional use by request of the large meeting room on the lower level, room 13.

Spaces Not Under Consideration for Use by the School: The main church nave and chapel; the nursery on the first floor; the corridor of church offices, library, and lounge on the first floor; the parish hall, stage area and adjacent rooms formerly occupied by the Clothes Closet; the church kitchen; the church's storage and maintenance rooms on the lower level; the Choir Rehearsal Room, the room dedicated for use by the Finnish Schools, and the children's library all on the second floor.

Proposed Rental Rates: currently \$10,000 per month for twelve months of the year, or \$120,000 annually with the possibility of rent rate increases built into a lease. The school would assume responsibility for their own cleaning services for their areas as well as their own IT needs.

Proposed Terms of Lease: Six years with option by the school to extend the lease for an additional three-year period with other lease termination provisions by church or school built into the lease contract.

Space Renovation and Preparation: Should this agreement move forward, the school would cosmetically improve their exclusive use spaces at their own expense which would result in needed improvements to our building. Additionally, the school would substantially improve the outdoor playground area. The church will need to remove all church property from the exclusive use spaces and perhaps also shared spaces. This would be a major undertaking for us, but an important one in the spirit of much needed “spring cleaning” of our property. Additionally, Resurrection will need to ensure the functionality of HVAC systems in spaces used by the school and to ensure ADA compliance, which minimally means at least one bathroom that is fully accessible.

Impact on Resurrection’s Building Costs: It is the studied opinion of our church rental working group (established by decision of our Congregation Council) that additional utility and other building-related costs are not expected to unduly affect our operating expenses. The rental income would allow us easily to absorb additional facilities costs.

Insurance and Liability Implications: The school has provided documentation of their insurance, and built into a lease would be provision to exclude the church from liability. That said, our own liability insurance is in good order and is not expected to unduly increase in the opinion of our church rental working group that has considered this concern.

Tax Implications: It is likewise the studied opinion of our church rental working group that this proposed rental agreement would not make us liable for taxes, including nonprofit unrelated business income.

Timeline for Decision Making and Possibly Moving Forward: For the sake of their current enrollment processes, the school very soon needs to communicate to their constituents where they will be located next year. It is hoped that our Congregation Council could make an initial decision to move forward or not with this proposal at the March 10 monthly meeting. A draft of a Term Sheet has been crafted to support that discernment and decision-making, and if approved, this document would serve as a basis for drafting a lease with the school that would be reviewed and vetted by legal counsel whom we as a congregation would hire. If this proposal is approved, then late spring and summer would involve readying our facilities for the beginning of a new school year in late summer.