



MEMORANDUM

TO: Board of Supervisors
FROM: Christine McLachlan, AICP, Planner II
FOR: Daniel Coxworth AICP, Development Services Director
SUBJECT: Old Bisbee High School Purchase, Sale, and Development Agreement
DATE: April 22, 2022, for the May 10, 2022, Meeting

I. THE PROPERTY

Old Bisbee High School is a three-story, 45,000 square foot building that was originally constructed in 1914. The main building sits on a 1.26-acre parcel in downtown historic Bisbee. It includes two additional adjacent County-owned parcels, which total 0.18 acres and provide additional space for parking and site access. The high school was built to accommodate 450 students. It is a significant contributing resource in the Bisbee Historic District, which was added to the National Register of Historic Places in 1980. The building exemplifies neo-classical design, and includes a columned main entrance, dental courses along the roofline, a fanlight window above the main entry, scored concrete, smooth wall finishes, a triangular pediment, and symmetrical form, which are characteristics of that architectural style.

The building functioned as a regional high school until 1959, when a new, larger school was opened. Since that time, it was acquired by the County and has served as office space for county staff. In the final two years leading up to the closure of the building, it was occupied by four County departments and an estimated, combined, 35 employees. In December 2021, all remaining employees were relocated to alternate County facilities in anticipation of this sale and transfer of property ownership.

II. TIMELINE

- October 2020: Limited Regulated Building Material (RBM) Survey Report completed. The purpose of this EPA grant-funded study was to evaluate presence of asbestos-containing materials (ACMs), lead-based paint (LBP), and other hazardous materials that would require special handling and/or disposal during building renovations or demolition in accordance with applicable federal and local regulations.
- October-December 2021: Rezoning and Community Outreach. The property was previously zoned R-1 (Residential), which is a single-family designation, which does not permit apartment or condominiums as uses. The County applied for, and was successful in obtaining, a rezoning to CM-2 (Commercial Mixed) which allows for a combination of retail and multi-family residential use.
- November 2021: Updated appraisal commissioned by Cochise County
- December 2021: Request for Proposals released
- April 2022: RFP closed

III. THE REQUEST FOR PROPOSALS (RFP)

As stated in the RFP, the County's vision is an adaptive reuse of an historical building. The RFP was geared towards knowledgeable developers with experience in property redevelopment, adaptive reuse of historic properties, and historic preservation. While the County did not prescribe a specific program for the redevelopment, the following redevelopment objectives were attached:

- Beneficial Redevelopment – proposals that are compatible with the surroundings that will improve the City's tax base
- Timely Completion – proposals that demonstrate the ability to be completed in a professional and timely manner
- Financial Return – proposals that maximize private investment in order to encourage reinvestment in the greater area
- Historic Architecture Preservation – proposals that provide creative, adaptive reuse of the existing historic building and its historic features.

Respondents to the RFP were required to provide a statement of submission, project description, financial information, and the development team qualifications. The RFPs were evaluated based on completeness of the proposal, expected quality of the proposed work, the community value, and the respondent experience.

Two complete responses to the RFP submitted by the 4/1/22 deadline. Sunny Tempe Investments, LLC DBA Old Bisbee High School, LLC (OBHS) was determined to have the most responsive proposal and the highest bid. Staff recommends that the Board authorize staff to enter into a purchase, sale, and development agreement, with OBHS for the sale, purchase, and development of this County-owned property. A complete copy of their submission is included in this agenda item.

IV. THE PROPOSAL

- A. Development Program - OBHS proposes the following development program:
 - Main building: converting the building into 32 market-rate apartments, 1-2 bedrooms, that include communal dining, fitness center and seating rooms.
 - Gym/auditorium: No specific program is prescribed for the gym/auditorium, but a community-space is considered.
 - Parking: A limited amount of conversion of parking spaces to resident outdoor space is proposed.
 - Exterior changes: Landscape, removal of cypress trees. Building exterior is preserved. Solar cell parking canopies, electric recharging stations, roof solar, and rainwater collection are proposed.
- B. Offer Price: \$900,000. This was the appraised value, and it meets the requirements of ARS 11-251. The property is being sold AS-IS. OBHS will be responsible for all infrastructure costs related to the project, including but not limited to electrical, street, water, and sewer.
- C. Projected Redevelopment Budget: \$7.3 million, which includes site acquisition, construction, soft costs, and financing.
- D. Schedule:

OBHS proposes an aggressive 10-month design and construction schedule. It assumes a July 1, 2022 transfer of title and a March 2023 completion date.

PRELIMINARY SCHEDULE

Project: **Old Bisbee High School**
 Owner: **Joseph Lewis, Old Bisbee High School LLC**
 Contractor: **Toeful Dent Construction**
 Architect: **Poster Mirto McDonald**

April 1, 2022

PMM Project Number: 1739

RESPONSIBLE PARTY	TASK	2022												2023						
		May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar								
OBHS	Development Agreement	◆																		
OBHS	Transfer of Title			◆																
PMM	Existing Conditions Assessment																			
PMM	Final Programming																			
PMM	Complete SD Phase w Systems																			
TDC	Cost Estimate by CM@Risk GC																			
PMM	DD Phase																			
TDC	Cost Estimate by CM@Risk GC																			
PMM	CD 50% Phase																			
TDC	Cost Estimate by CM@Risk GC																			
PMM	CD 100%																			
TDC	Cost Estimate by CM@Risk GC																			
PMM	Submit for Permit																			
COB	Permitting with City of Bisbee																			
TDC	Final GMP																			
COB	Permit issued																			
OBHS	Contract executed with GC																			
TDC	Construction																			
TDC & PMM & OBHS	Construction Close-out																			

V. CARRYING COSTS

Carrying costs in real estate represent the reoccurring expenses of owning a property. While the County does not have a mortgage and is tax-exempt, the cost for utilities, major repairs, and routine maintenance are higher for the Old Bisbee High School than they would be for a similarly sized, newer and more efficient structure. The following is an estimation of the costs that the County would be responsible for in order to maintain the building if the sale is not authorized.

- A. Utility (electricity, gas, and water) costs for the building are approximately \$40,000/year. The building is energy-inefficient and lacks adequate insulation.
- B. Major Repairs
 - 1. Heating and cooling repairs within the next 5-10 years - \$400,000
 - 2. New roof within the next 5 years - \$120,000
 - 3. Elevator repair within the next 2 years - \$50,000
 - 4. Electrical system upgrades, upper floors - undetermined
- C. Routine maintenance/miscellaneous work orders (roof leaks, plumbing leaks, doors/locks) - \$2k/year

VI. REVENUE

- A. Sale of Property - \$900,000
- B. Construction Impact –
 - Jobs - 35 FTE, construction duration (1-2 years)
 - Hotel/rental housing (40 rooms), construction duration

- Other indirect (industry purchasing from another industry) and induced (impact from new household income expenditures) impacts,
 - Impact/development fees/permits
- C. Tax Impact –
- Construction tax
 - Property tax
 - Municipal utility taxes
 - Real estate tax
 - Rental tax
 - Project local spend
 - Resident local spend

VII. RECOMMENDATION

Staff recommends approval of the ordinance, which will authorize staff to enter into a purchase, sale, and development agreement, as well as other agreements as necessary with OBHS for the sale, purchase, and development of county-owned property located at 100 Clawson Avenue in Bisbee, Arizona.