

MEMORANDUM

TO: Archuleta County Board of County Commissioners
FROM: Scott Wall
SUBMISSION DATE: May 27, 2020
RE: Sale of 449 San Juan Street Building
BOCC MEETING DATE: June 2, 2020

EXECUTIVE SUMMARY/BACKGROUND INFORMATION: The building located at 449 San Juan Street was originally constructed in the 1920s. In 1990, an addition to the existing structure was built to be used as a county jail. In April 2015, a storm event occurred while the jail portion of the building was being re-roofed, which caused water to enter the building. Because of the damage done by the storm event, the jail and the courthouse functions were relocated to other locations. That portion of the building has been vacant ever since.

Numerous assessments have been done on the building since the storm event, including mold, air quality, structural and engineering tests. The general consensus of the assessments is that the building itself would likely need to be completely gutted out to an empty shell, replacing all HVAC, electrical, plumbing and fire systems, adding a fire suppression system, and installing new interior partitions, elevator, doors, windows, finishes, etc. In addition, the roof would need to be completed and additional insulation would need to be installed. Finally, the structure of the existing foundation has been determined to have settled and would likely need to be re-supported with helical piers or micro-piles.

Initial estimates to do all the repair work to the building is approximately \$3.5 million. This amount does not include any costs that could be incurred if asbestos is found and needs to be remediated.

A recent preliminary appraisal done by Ace Appraisal LLC indicates the building's value would be about \$4 million, after doing all the work. That would indicate the as-is value of the building is approximately \$500,000. Note this is very preliminary. The Board of County Commissioners (the "Board") has the option of paying additional money to have a full appraisal done on the property; however, staff believes that it is not worth spending any additional tax payers' money for such an appraisal.

The property itself is in a prime location of town and would be ideal for commercial, retail or residential. It is staff's belief that the land has more value than the building itself.

STAFF RECOMMENDATION: Staff recommends that the building be put on the market for sale via an auction, using a sealed bid process with a minimum bid set by the Board. The bid process would be set for 90 days.

ALTERNATIVES: The alternatives to marketing the building for sale now would be:

- 1) Wait a while, since trying to sell an asset needing major repair work at the start of a recession, and in an atmosphere of great uncertainty, might net significantly less than what the county might get otherwise;
- 2) Demolish the building and rebuild;
- 3) Remodel the existing structure;
- 4) Leave that portion of the building vacant and continue to use the La Plata County Courthouse for the county's needs, which is an option that is unacceptable for the long term.