

**SUBMITTED BY:** Luis Pedroza, Interim City Manager

**MANAGEMENT TEAM REVIEW:** Luis Pedroza, Interim City Manager

**FOCUS AREA:** Collaboration

**ORGANIZATOINAL IMPROVEMENTS:** EnterTextHere

**SUBJECT:** **THIRD READING OF ORDINANCE NO. 21-1135**, an Ordinance of the Mayor and Council of the City of Douglas, Cochise County, Arizona, AUTHORIZING the SALE of CITY OWNED REAL PROPERTY located at 357 E. 10th STREET known as the RIVERA BUILDING, as lots 31-32, Block 85 of DOUGLAS TOWNSITE as parcel #409-07-06306 to HARRELL COOLEY LLC, pursuant to terms entered into by the parties; establishing severability of components of Ordinance; and establishing an effective date thereof.

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**EXECUTIVE SUMMARY:**

The City put an Invitation for Bid (IFB) for sale of real property located on 357 10<sup>th</sup> Street for property commonly known as the Rivera Building. The City received two bids, internal staff provided a review as specified in the IFB and are recommending the sale to Harrell Cooley LLC for the purchase price of \$65,000.

**BACKGROUND:**

The City requested bids on the property to include a purchase price as well as purpose to develop the building. The city received two bids with conditions as follows:

**Harrell Cooley LLC**

Purchase Price: \$65,000,  
\$5,000 earnest money, additional earnest money of \$10,000 at close of escrow  
\$50,000 owner finance for 8 years at 3%

Purpose: Artist collective space and housing

Other: Renovations and business license will be obtained within 18 months  
Buyer will commission a notable artist to paint a mural on the building within 3 months of close of escrow

Evaluation Score: Luis Pedroza: 725, Alma Andrade: 950, Damian Dorame: 768.75, TOTAL Score: 2,443.75

**Arlo Max Solutions LLC**

Purchase Price: \$60,000,  
\$100 earnest money applied to purchase price

Purpose: Holistic services for substance abuse and mental health services, recycling green skills training and employment and supportive workforce living housing development.

Other: \*Seller shall remove all pigeons and pigeon waste from premises. Seller shall board up all broken windows and entry points for pigeons.

Evaluation Score: Luis Pedroza: 306.25, Alma Andrade: 906.25, Damian Dorame: 590, TOTAL Score: 1,802.50

\*City obtained a quote to remove the pigeon waste from the second floor of the building from Southwest Hazard Control which came at \$29,844.

Both bidders showed experience in real estate development with other successful projects. The overall scoring showed Harrell Cooley LLC as the best alternative from the two bids.

**DISCUSSION:**

The Rivera Building has been vacant and utilized for storage since the City acquired the building sometime in 2008. The building requires substantial work to get it in into a functional state. City commissioned a Brokers opinion on 10/9/2020 that recommended a purchase price of \$50,000 -\$55,000. Staff recommends selling the Rivera building to Harrell Cooley LLC as established in the proposal with the following counter proposal from the City:

- Owner Financing to 5 years instead of 8 at 3%
- The City will approve the mural for appropriate content
- The City shall have a reversion option that if prompt payment is not received on time, the building shall go back to the City without reimbursing any amounts already paid.

**"...I MOVE THAT THE MAYOR AND COUNCIL APPROVE THE THIRD READING OF ORDINANCE NO. 21-1135 BY NUMBER AND TITLE ONLY WITH MODIFICATIONS AS PRESENTED."**

**FISCAL IMPACT:**