Milford Main Building

Milford Business Advisory Council

Assignment

The Milford Schools would like to leverage the business potential of the Milford Main school building. The current cost offset comes from usage of the cafeteria and playground space by the neighboring St. Andrew School, classroom and office space by the Clermont County Office of Education who serve high need students with autism and by a private party who rents the space for youth gymnastic lessons. The Milford BAC is asked to support the district's development of a marketing plan for the Milford Main school building, including potential usage and pricing. The Milford BAC Membership is shown in Appendix A.

Observation

The Milford Main building is a beloved icon in our community, but its time as a primary instructional site has expired. The Milford Business Advisory Council believes that ownership of the building should be transferred away from the Milford Exempted Village School District as soon as practical. However, consideration of alternate uses under school district ownership may still be considered.

Risks

While the cost to maintain the Milford Main building is currently being offset by revenue from several tenants, this does not accommodate any major maintenance need. Should that occur, district funds would have to be diverted from the needs of the district's primary instructional sites, and that would not be in the best interest of the students.

The Clermont County Office of Education is expanding to use another classroom in the building. It sees potential growth by needing to add a classroom or two in the near future and is willing to contribute to cost of repairs to keep the building open. CCOE could require up to 12 months lead time to relocate the programming, which could complicate alternate use possibilities.

Pending Actions

1. Collect cost estimates for Shut Down and for Tear Down
2. Decide: List for Sale or Solicit input from more developers and potential grantees
3. Decide: Should the BAC hold a Public Forum? (after further data collection and review)
4. Involve more stakeholders in the data collection and review process, such as neighboring businesses, government entities, civic groups, and historical societies.

Recommendation

During the Milford BAC meeting on Wednesday, December 11, 2013, the members agreed on this initial recommendation.

Given that continued ownership of the Milford Main site is a financial risk to the school district, the Milford BAC recommends that the Board of Education begin the process to sell said property. As we understand the situation, the first step as required by state law is for the property to be presented at auction. It is unlikely that any potential developer would be willing to thoroughly study the potential reuse of the building until the auction process has been completed.

The BAC believes the auction should be done with a set minimum (or reserve) for the purchase price from individuals submitting bids. Furthermore, we believe there should be a requirement to preserve the façade of the oldest section, or to integrate some of the recognizable architectural elements from that façade into the repurposed property. Additionally, the schedule for reuse must be sensitive to the existing tenants, to avoid disruption to their scholastic year and provide them time to relocate.

If an acceptable bid is received, the Board of Education has the option to proceed with that sale.

If not one of the bids is acceptable, the Board of Education then has the opportunity to directly sell the property. This opens the door to determine developer interest, and to negotiate possible solutions in good faith with interested parties.

Options Considered

Property Sale

Converting the Milford Main building to cash is the most desirable option, since it eliminates the risk and liquidates the asset for the benefit of other district needs. Conditions should be imposed on the sale and conversion. These range from preserving the façade of the oldest section, to integrating some of the recognizable architectural elements into the repurposed space.

The BAC met several times in the Milford Main building to review its status and explore ideas for its sale. One of those meetings included several professionals from commercial real estate, commercial development, and architectural firms. A summary is included in Appendix B. While most agreed the potential to repurpose the building was limited, one group asked for the opportunity to study the possibility more closely. Unfortunately, their investigation concluded that the building conversion cost would result in rental rates that would be too high for this market. Their analysis included favorable acquisition and tax treatment, so rework costs were the primary factor. Other parties have expressed interest in exploring uses for the building.

Disparate commercial redevelopment solutions will have different financial profiles, and we should consider listing the building and site for sale as an initial indicator to the community of an upcoming change.

Property Grant

Assuming there is no viable commercial interest, the property could be transferred to a government or non-profit organization. The hope would be that the space could continue to be used as it is now, and that perhaps the usage could expand to include community center functions. The same conditions for conversion and use would still be of interest; namely preserving the façade or integrating recognizable architectural elements into any new use.

These entities have been suggested.

City of Milford

One of the BAC members represents the city, and they have politely indicated they have no desire to take possession of the property. It was stated that the city does not have adequate resources to improve, maintain, or clear the property.

Miami Township

While the property is in the Milford city limits, the school district extends into the large Miami Township community, and residents in that area share a concern about building's use. The BAC Chair has contacted Miami Township's administration, and one of their staff has agreed to join the BAC.

Greater Milford Area Historical Society

The building's prominence in Milford's history requires that this be considered. The BAC Chair has contacted individuals involved in the Society, and one has agreed to join the BAC.

Milford Schools Foundation

The members of this foundation have a sincere concern about our schools, and they should be given the opportunity to consider controlling the property's fate. The BAC Chair has contacted individuals on the Foundation's board, and one has agreed to join the BAC.

ArtsWave Art Center

The Milford Arts Council may have ideas about this usage. No contact has been made. Jim Verdin of Verdin Bell was cited as an individual in the know.

Other community organization

Certain non-governmental organizations and/or public/private partnerships may be able to obtain funding and grants to repurpose the building. It is unclear if these yet exist in our area, but the effort to develop these options may be extensive.

Divide and distribute

The site is relatively small and the building segments are not easily separated, but consideration could be given to splitting the site up into pieces and distributing smaller chunks to separate entities.

These entities have been suggested.

City of Milford

The east end of the property is a playground area that could be separated from the remaining land and granted to the city. A relatively small investment would be needed to convert it into a showplace "Five Points Park" with high visibility. This action would reduce the already-limited amount of property associated with the site, but that eastern point has limited potential for any non-green-space build out.

St. Andrew School

Since the St. Andrew School currently uses the cafeteria space, perhaps a solution could be developed that moves that portion of the facility into their ownership and responsibility. This is problematic, since the central boiler serves the entire facility. The BAC Chair along with school representatives met with the Pastor and other church representatives, and the church concluded there is no interest in assuming ownership of any part of the building at this time.

Milford First United Methodist Church

This neighboring church has expressed interest in the fate of the property. They are anxious to mitigate the general parking problem that exists in the area, affecting not only their membership, but also the nearby Craver-Riggs Funeral Home. Perhaps a solution could be developed that moves a portion of the facility into the ownership and responsibility or one or more of these neighboring businesses for reuse as parking. The BAC Chair along with school

representatives met with the Pastor and other church representatives, and the church agreed to have one of their members join the BAC.

Refocus

Milford South currently serves the needs for the administrative offices, and will continue to do so into the future. However, the Milford South site may be more marketable than the Milford Main site. An option could be to refocus efforts to dispose of the Milford South site. If its sale could produce significant capital (amount to be determined), serious consideration would be given to renovate at least portions of Milford Main for the administrative office needs.

Maintain

Continuing to rent the usable parts of the space to offset costs is the default solution, but it is only a matter of time before a significant maintenance cost develops.

The Clermont County Office of Education is expanding to use another classroom. They see potential growth in needing another classroom or two in the near future and are willing to contribute to repairs to keep the building open. This program would need a year's lead time to vacate the building. The program is very successful as it serves western Clermont County as well as eastern Hamilton County.

Shut down

In the event of a significant maintenance need, the district may have to terminate the relationship with the tenants on short notice, and shut down the building. This is an uncomfortable solution; the building may need to be boarded up to secure it, and that would make it an unsightly community icon.

To help calibrate the impact of this solution, a cost estimate should be produced by the district, assuming that the shutdown tasks can be accomplished using district resources.

Tear down

This is the least preferred solution. It results in the loss of the community icon, and it presents a non-trivial abatement and demolition expense.

To help calibrate the impact of this solution, quotes for abatement and demolition should be obtained.

Appendix A – Milford BAC Membership

The Milford Business Advisory Council is targeted to consist of eight members plus the chair. Half of the members are to be new each year.

For the 2012-2013 school year:

Denny Begue	Cincinnati Branch Manager - Brower Insurance Agency
John Gray	Product Manager - ITI
Tony Hyott (new)	Director, Planning & Program Development - St. Elizabeth Healthcare
Lois McKnight (new)	Asst Administrator / Community Dev Director - Deerfield Township
Randy Merrill (new)	Vice President of Architecture - McGill Smith Punshon, Inc.
Rusty Myers (new)	Executive VP - Jones Lang LaSalle Americas, Inc.
Tom Rocklin (chair)	Sr. Technical Project Manager - Siemens PLM Software
Frank Torbeck (new)	CEO - The Everest Group, Inc.
Jeff Wright	City Manager - City of Milford

For the 2013-2014 school year:

Larry Fronk (new)	Administrator - Miami Township
Tony Hyott	Director, Planning & Program Development - St. Elizabeth Healthcare
Dean Judkins (new)	Planning Committee Member - Milford First United Methodist Church
Ellen McCrate (new)	Member - Greater Milford Area Historical Society
Randy Merrill	Vice President of Architecture - McGill Smith Punshon, Inc.
Tom Rocklin (chair)	Sr. Technical Project Manager - Siemens PLM Software
Mary Anne Will (new)	President - Milford Schools Foundation
Jeff Wright	City Manager - City of Milford
(open)	

Appendix B – Site Visit Summary

The Milford Business Advisory Council met on 28-Jan-2013 along with Dr. Farrell and Jeff Johnson, and several invited guests at the Milford Main building. The guest list was arranged primarily by BAC member and Milford City Manager Jeff Wright, with the goal of obtaining insight and ideas on the future possibilities for the Milford Main property. The guests included these individuals, representing a significant collective knowledge and level of experience related to the topic at hand:

Individual	Position	Company
Tom Rowe		Miller Valentine Group
Jim Cohen		CMC Properties
Dale Roe		DER Development Co.
Mike Huseman	President	HGC Construction
Craig Preston	Senior Estimator	HGC Construction
Chance Truemper	VP of Real Estate	Cincinnati United Contractors
Jerry Dirr	Principal	SHP Leading Design
Joe Janszen	Associate VP	Cassidy Turley

After a brief introduction, the group toured the major areas of Milford Main, with Dr. Farrell and Jeff Johnson answering the detailed questions about the property and the school's issues. The tour concluded with an open discussion, with these observations and comments:

1. The building is obsolete for general educational use.
2. The building appears structurally sound, with primarily cosmetic and code compliance issues to be addressed if re-purposed.
3. The property has many challenges to being re-purposed, such as asbestos abatement, disjointed building layout, the lack of an elevator, and limited parking on the small 2.35 acre lot. One of the guests pointed out, however, that the property is in good shape compared to several they have rehabilitated in the greater Cincinnati area.
4. There is a general concern that maintenance issues in the building are potentially devastating to its current interim use. For example, a boiler failure may be too costly to repair, therefor driving out the current tenants. It is not desirable to see the building closed for use and boarded up, but it is less desirable to expend dwindling district resources on a building not used for primary instruction.
5. Asbestos abatement costs would be roughly equal to demolition costs; with both of those costs likely required for demolition. A cost for asbestos abatement was suggested, but it was unclear if that figure was "per square foot" or "per cubic foot" so a validation is required. It was suggested that Turner or O'Rourke could provide a quote.
6. It was suggested that perhaps the school administration could move from Milford South to Milford Main, with the assumption that the Milford South property would be more marketable. However, there is no benefit to that move, and we would not want to incur that move cost unless required by a need to vacate Milford South.
7. It was suggested that the property be donated to the City of Milford for use as a community center or park. Comments were made that the city does not have the resources to realize those

possibilities, and that they would respectfully decline the offer. The City is a smaller entity than the School District and only represents approximately 20% of the district's population. It also has similar financial constraints and shifting the ownership to the City would spread the burden to an even smaller population and tax base.

8. The location seems ideal for a senior housing facility, since it is in the heart of a walkable community with essential services close by. This usage would be a great asset to the community. Significant structural changes would be required to accomplish this, likely the demolition of the existing structure, with the hope of preserving some of the existing architectural elements for reuse in a new structure.
9. It was suggested that perhaps the nearby St. Andrew School would be interested in the property, but prior discussions indicated they are lacking the funding possibilities to support the building.
10. It was stated that the school district is not a leasing company, and that non-educational re-use is limited since the school has limited profit requirements. The likely conclusion is that the school needs to eliminate its ownership position.
11. Statute requires the building to first be offered at auction, but the school is not bound to accept any of the bids. If an acceptable auction bid is not obtained, the property could be placed for private sale.
12. Comments were made about applying for a Historical Tax Credit or tax abatement, but the issue of financing is still present.
13. Comments were made that it would be tremendous to have an ArtsWave art center site in Clermont County, and that the building might be able to be re-purposed for that use. Comparison was made to the Pendleton Art Center sites in Cincinnati, with reference to potential partial funding grants through the National Endowment for the Arts. Jim Verdin was cited as an individual in the know.