



AGENDA ITEM 60f
DATE 1-12-09

City Council Report

Date: January 12, 2009

To: City Council

Through: Jack Friedline, Deputy City Manager
Beth Huning, City Engineer

From: Craig Crocker, Property Acquisition Supervisor
Engineering – Real Estate Services

Subject: Consider the sale of excess city-owned property located at the southeast corner of Higley Road and Red Mountain Freeway Loop 202
Council District #5

Purpose and Recommendation

The purpose of this report is to consider staff's recommendation to sell excess City-owned property located at the southeast corner of Higley Road and Red Mountain Freeway Loop 202.

Background

In 1984, the City of Mesa acquired two properties (4.42 acres) at a total cost of \$157,391 at the southeast corner of Thomas Road and Higley Road as advanced acquisitions for the Red Mountain Freeway.

This approximately 3.97 acre parcel (174,240 s.f.) is a remnant piece of property resulting from the completion of the east bound on-ramp of the Red Mountain Freeway Loop 202. This parcel has no identified City use. It is zoned R1-90 and is vacant. Sunshine Acres Children Home is immediately south of this property.

The property is below grade and has limited access to and from Higley Road. There is no City sewer service available at this site.

Discussion

Staff listed this property for sale with CB Richard Ellis in February 2007, with an asking price of \$1,300,000 (\$7.50 / s.f.).

The Arizona Department of Transportation (ADOT) owns 1.6 acres immediately north of the City's property. Although they had an initial interest to market their property with the City-owned parcel, ADOT decided not to sell at this time.

The City's parcel was appraised in July 2008 for \$1,200,000 (\$6.88 per sq. ft.). After negotiating the price and terms, the prospective buyer formally submitted an offer of \$6.50 per square foot. The final sales price will be determined after a survey of the property is complete, indicating the exact square footage. The survey is to be paid by the buyer. The approximate sales price based upon the offered value of \$6.50 per square foot is \$1,132,560. This offer was accepted contingent upon City Council's approval. The Purchase Agreement has been reviewed by the City Attorney's Office.

The prospective purchaser intends to develop and build "Red Mountain Big Boys' Toy Storage" on the site. He has built this type of storage facility in Phoenix and would like to expand into Mesa. He is aware of the lack of sewer service and plans to install an on-site septic system. Once escrow is opened, the prospective purchaser will have 180 days of due diligence (contingency period) to research the feasibility of the development. If he elects to continue with the sale, he will have an additional 180 days to close escrow.

Alternatives

The alternative is to not authorize the sale of this property. If this alternative is chosen, staff requests direction as to whether or not this property should remain for sale.

Fiscal Impact

The revenue from this sale will be approximately \$1,132,560 less broker commissions and escrow fees of approximately \$75,000.

Coordinated With

No other City Departments expressed an interest or need for this property.



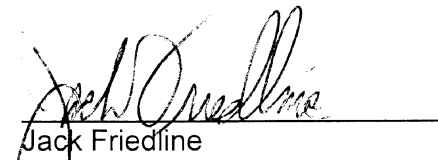
Jill Schow
Real Estate Services Specialist II



Craig Crocker
Property Acquisition Supervisor



Beth Huning
Engineering Director



Jack Friedline
Deputy City Manager

RESOLUTION NO. _____

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
MESA, MARICOPA COUNTY, ARIZONA, GRANTING THE
SALE OF CITY PROPERTY.**

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF
MESA, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

WHEREAS, the City owned property, being four parcels identified as parcels
141-40-008, 141-40-003V, 141-40-003W, and 141-40-009, has been determined as no
longer needed and the sale of these parcels are appropriate; and

WHEREAS the City Manager, or his designee, is hereby authorized and
directed on behalf of the City of Mesa to execute the necessary documents to transfer title for
the sale of City owned property, as described on the attached:

Exhibit A (and will be more particularly described by an ALTA survey
furnished by buyer and accepted by the City of Mesa prior to close of
escrow), attached hereto and by this reference made a part hereof,

and that the City Clerk is authorized and directed to attest to the signature of the City
Manager, or his designee, thereon.

PASSED AND ADOPTED by the City Council of the City of Mesa,
Maricopa County, Arizona, this _____ day of _____, 2009.

APPROVED:

ATTEST:

Mayor

City Clerk
jts

Exhibit 'A'

Legal Description for the Sale of the SEC of Higley Road and SR 202

Parcel 1: (141-40-003V & 003W)

The East half of the Northwest quarter of the Northwest quarter of the Northwest quarter of Section 35, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

Except the north 308.25 feet, and
Except any portion dedicated to State Route 202 for roadway purposes.

Parcel 2: (141-40-009)

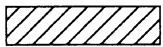
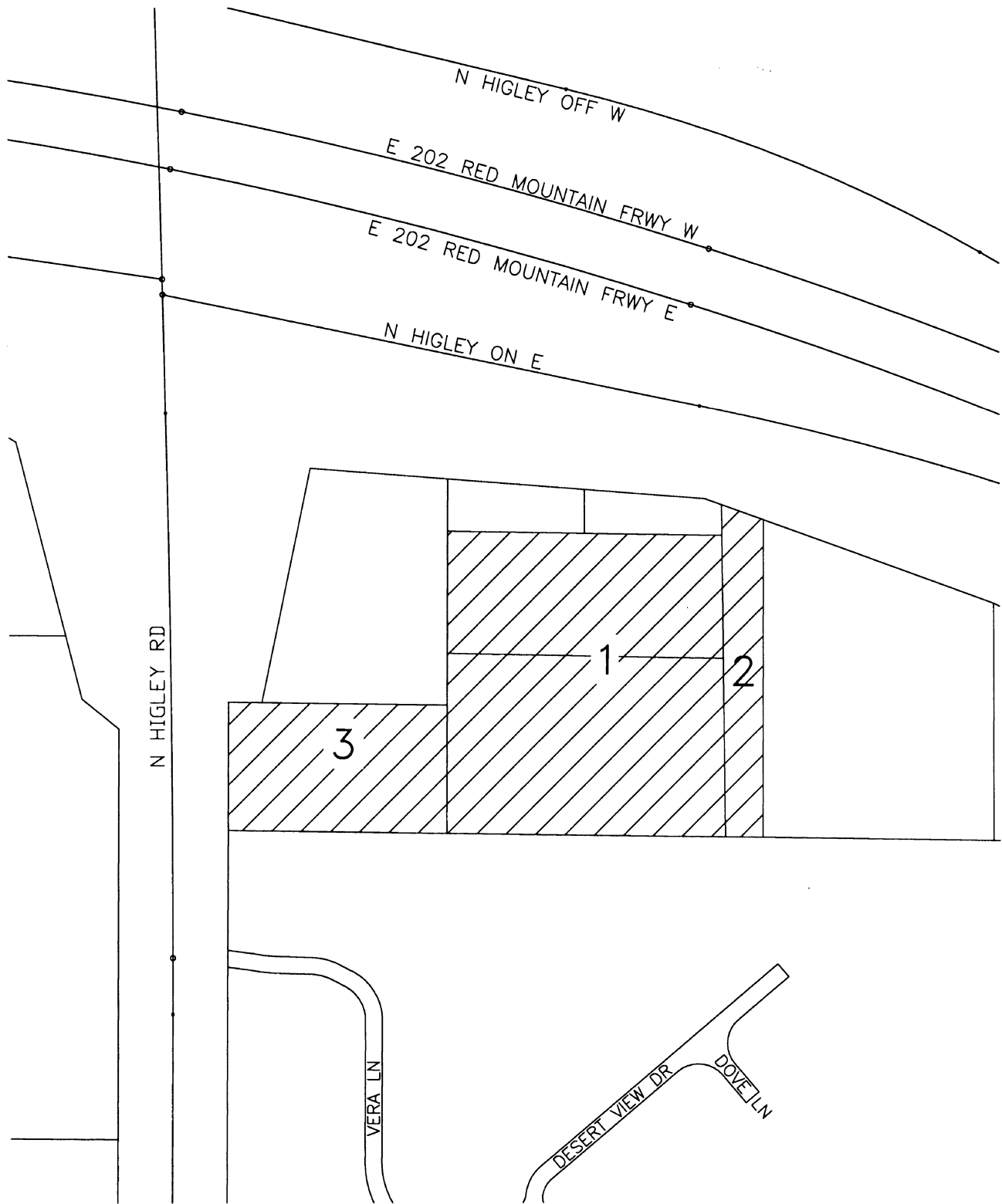
The West 50 feet of the West half of the Northeast quarter of the Northwest quarter of the Northwest quarter of Section 35, Township 2, Range 6 East of the Gila and Salt River Base and Meridian, Maricopa County, Arizona;

Except any portion dedicated to State Route 202 for roadway purposes.

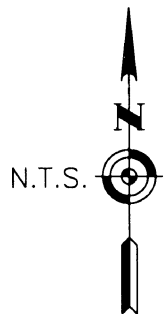
Parcel 3: (141-40-008)

The South 152.57 feet of the West half of the Northwest quarter of the Northwest quarter of the Northwest quarter of Section 35, Township 2 North, Range 6 East of the Gila and Salt River Base and Meridian;

Except the West 40 feet thereof for roadway as recorded in Docket 6542, Page 690, Maricopa County Recorder.



PROPERTY TO BE SOLD



DRAWN BY: A. BISILLE
 CHECKED: J. SCHOW
 APPROVED: D. TESSENDORF

COUNCIL ILLUSTRATION FOR SALE OF CITY PROPERTY
 AT S.E.C. OF HIGLEY RD. AND S.R. 202

D-2563