



City Council Report

Date: December 8, 2008
To: City Council
Through: Christopher J. Brady, Mesa City Manager
From: William J. Jabjiniak, Economic Development Dept. Director
Shelly Allen, Asst. Economic Development Dept. Director
Subject: Sale of City owned property located at 145 N. Centennial Way
Council District # 4

Purpose and Recommendation

The purpose of this report is to consider a staff recommendation to authorize the City Manager to execute the sale of units 2 and 3 of The Carousel View Condominium (4th floor Carousel View) located at 145 N. Centennial Way (see Exhibit #1, labeled Resolution).

Background

The Carousel View Condominium consists of three units. Unit 1 is a three story parking garage; Unit 2 is a 37,169 square foot office building and Unit 3 is the eastern airspace above the parking garage, reserved for future office space development (see Exhibit #2, labeled Legal Description).

The Carousel View Condominium building was constructed in 1987, as part of a redevelopment project that included the construction of a hotel, garage and office space.

The City of Mesa owns the garage, and in 1995, the City of Mesa purchased the 4th floor condominium (units 2&3), which encompasses the entire office building and the airspace located above the existing garage.

The total purchase price of the 4th floor condominium (units 2&3) was \$2,100,000, which included the 37,169 square foot building and the eastern one-third of the airspace above the parking garage. There have been a few tenants in the building since it was purchased, but Mesa Community College has been a tenant in the building since 1989.

Discussion

Appraisal

The City of Mesa hired a consultant to appraise this building in 2005 as a part of the original negotiations with Mesa Community College, in an attempt to create a "MCC downtown campus." It was appraised in August of 2005 by Davis Evaluations with an "As Is" Market Value of \$4,600,000. In December of 2007, Mesa Community College District hired a consultant A. Terrance Smith to appraise this building, resulting in an "As Is" Market Value of \$3,150,000.

Both appraisals included full rights to 200 parking spaces in the Centennial Way Parking Garage.

Deal Points

The City of Mesa and Mesa Community College District have agreed upon the following deal points associated with the sale of this property:

1. A reversion clause added to the purchase agreement that states that the building must be used for academic purposes for the stated commitment of 25 years and maintaining the student traffic similar to that proposed in the Fire Science programming, if the building is not used for academic purposes, the City will have the first right-of-refusal to purchase the building.
2. MCC will pay past due rent payments in full at the time of purchase.
3. The purchase price of the building is "As Is" for \$3,150,000.
4. The air space is included in the purchase price, and will be utilized for MCC's future expansion needs.
5. MCC has full rights to 200 parking spaces located within the Centennial Way Parking Garage.

The sale contract including the above mentioned deal points is currently being reviewed and amended by the Mesa's City Attorney's Office.

Alternatives

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

Fiscal Impact


The sale price is \$3,150,000, less escrow fees. This revenue will be distributed to the General Fund. If the City Council decides to proceed with the sale of this property, the City will no longer be responsible for any future major building repairs or mechanical equipment replacement costs.

Coordinated With

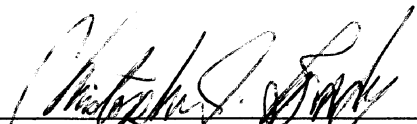
The City Attorney's Office has reviewed and approved the attached resolution. The City's Real Estate Services office and the Office of Economic Development support the sale of the aforementioned City owned property.



Shelly Allen, Asst. E.D. Dept. Director



William J. Jabjiniak, E.D. Director



Christopher J. Brady, City Manager

Attachment:

- Exhibit #1 labeled Resolution
- Exhibit #2 labeled Legal Description

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MESA, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE SALE OF A PORTION OF THE CITY BUILDING LOCATED AT 145 N. CENTENNIAL WAY.

WHEREAS, the City owns property, identified as parcels 138-61-099A and 138-61-101;

And

WHEREAS, the fourth floor of these parcels has been determined as no longer needed; and

WHEREAS, the Council has determined that the sale of the fourth floor of these parcels are appropriate;

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

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 the fourth floor of City owned property, as described on Exhibit A, attached thereto 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 _____, 2008.

APPROVED:

Mayor

ATTEST:

City Clerk

LEGAL DESCRIPTION

Units 2 & 3, CAROUSEL VIEW CONDOMINIUM, as set forth in Declaration of Condominium and Covenants, Conditions and Restrictions recorded at Recorders No. 86-440720 and as shown in Book 301 of Maps, page 30 and REPLAT OF CAROUSEL VIEW CONDOMINIUM, according to the plat of record in the office of the County Recorder of Maricopa County, as shown in Book 347 of Maps, page 21.