



City Council Report

Date: June 26, 2017
To: City Council
Through: Kari Kent, Assistant City Manager
From: Beth Huning, City Engineer
Rob Kidder, Assistant City Engineer
Subject: Lease City-owned Property at 3511 E University Drive to A New Leaf, Inc. (Council District 2)

Purpose and Recommendation

The purpose of this report is to consider staff's recommendation to enter into a ten-year Lease Agreement with A New Leaf, Inc., for the property located at 3511 East University Drive. This lease is a continuation of their previous lease with the City that has expired.

Background

The City purchased this property in 1975 and entered into a twenty-year lease with A New Leaf dba Prehab. Over the years, Mesa has renewed this lease until its expiration in January 2017.

The current City-owned parcel is 43,216 square feet and is adjacent to 3505 East University Drive owned by A New Leaf. In 2008, 3505 East University was transferred to A New Leaf's ownership. The subject property was not eligible to be transferred under the CDBG property transfer criteria because general funds were used in the purchase.

This complex has been continually operated by A New Leaf since 1976. The property is a licensed and accredited residential home for children and young people, offering specialized treatment for the resolution of trauma and general mental or behavior health needs. In addition to offering food, safety and shelter, this facility provides additional resources to specifically address the child's unique physical, social, and emotional needs. A New Leaf has maintained the properties and provided all capital improvements required during the past forty years.

Discussion

A New Leaf would like to continue leasing this property and would like to enter into another lease agreement.

As the property is currently designed, the boys' dormitory, community room, and the on-site residential manager's office is on the City's property. The adjacent property, owned by A New Leaf, has the kitchen and eating area, educational classrooms, and

recreational facilities.

Alternatives

Mesa could choose to not enter into a Lease Agreement with A New Leaf. Choosing this alternative would result in the disruption of the program and services that are offered at this location.

Fiscal Impact

The lease with A New Leaf is for ten years for \$1.00 per year.

Coordinated With

The City Attorney's Office and the Housing and Community Development Department concur with the recommendation.