



AZLabs Purchase Sale Agreement

December 5, 2024

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Economic Development Project Manager



AZLabs Location

6030 and 6035 S. Kent Street, Mesa,
AZ 85212

Approximately 6.5 Acres

Approximately 85,000 SF between
six buildings



History

- Former Williams Air Force Base, BRAC in 1993
- Former Air Force Research Lab (AFRL), from 1969 - 2011
- The AFRL's prior focus was on war fighter training and systems analysis, requiring a high-security environment
- The City leased AZLabs in 2011 and purchased the property in 2014 for \$454,000

Current Status

- Five total tenants, occupying roughly 37% of square footage
- Trident Military Systems (TMS) has been a longtime tenant, dating back to 2013
- TMS currently occupies 71% of our leased space
- Roughly net neutral with \$1M in revenue and \$1M in expenses, with expenses expected to be reduced after AZLabs was added to the City's Allied Universal Contract
- Challenge to lease space due to the complex nature of the security measures
- High costs for reaccreditation - brought up to today's standards
- Millions of dollars of deferred maintenance

Fiscal Impact & Recommendation

- TMS plans to purchase AZLabs and continue to utilize the secure space for their government contract
- TMS intends to continue to operate AZLabs and lease the space to tenants, maintaining the high-quality jobs
- Sell AZLabs at appraised value of \$4.3M to Trident Military Systems
- TMS required as a part of the sale to continue current leases

Next Steps

- December 9, 2024 - City Council resolution authorizing the City Manager to enter into a Purchase Sale Agreement (PSA)
- Q1 2025 - City Manager will enter into PSA with Trident Military Systems

