



City Council Report

Date: May 8, 2025
To: City Council
Through: Christopher J. Brady, City Manager
From: Jeffrey McVay, Manager of Downtown Transformation
Subject: A First Amendment to the Amended and Restated Intergovernmental Agreement between the City of Mesa and the Arizona Board of Regents for and on behalf of Arizona State University related to development, operation, and maintenance of educational facilities in downtown Mesa. The proposed amendment extends the development determination period for Site 1 (135 N. Center Street) by one year to June 1, 2026.
District 4

Purpose and Recommendation

In July 2024, City Council approved an Amended and Restated Intergovernmental Agreement (IGA) with Arizona State University (ASU) for the development, operation, and maintenance of higher education facilities on City-owned land referred to as “City Center”. The IGA establishes the responsibilities of the City and ASU for the potential future development of additional ASU facilities at “City Center.” The IGA identifies three Potential Development Sites for future ASU projects and two City Center Partner Locations. For each Potential Development Site, the IGA establishes a Development Determination Period, during which time the City and ASU must 1) mutually agree to develop the site; 2) agree if the site is a joint development or ASU development; 3) if a joint development, agree upon a conceptual plan, initial project budget, and funding; and 4) negotiate and enter into a site lease agreement.

The IGA established a Development Determination Period for Site 1 (135 N. Center Street – Post Office) of June 1, 2025. The proposed First Amendment to the IGA would extend the Development Determination Period for Site 1 by one-year to June 1, 2026. Staff recommends approval of the proposed First Amendment to the IGA.

Background

Site 1 is City-owned property subject to a long-term ground lease with the current landlord for the downtown Post Office. The term of the ground lease ends on May 31, 2025. On June 1, 2025, the Post Office improvements become the property of the City, and the City will become the Post Office’s landlord. A lease with the Postal Service

(USPS) to continue current operations has been separately negotiated and will be considered by City Council at a future date.

The intent of the City and ASU in including the Post Office (Site 1) as a potential development site is to retain a retail Post Office as part of a future ASU facility. Consequently, the Development Determination Period was set to align with the Post Offices current lease term, with the expectation that discussions with the USPS and ASU could occur concurrently. However, lease negotiations between the City and the USPS and discussions with the USPS to retain a retail Post Office as part of a potential future ASU facility, had not sufficiently progressed to meet the current June 1, 2025 Development Determination Period.

The proposed one-year extension to the Site 1 Development Determination Period is expected to provide sufficient time to meet the City's and ASU's obligations under the IGA, as well as concurrently work with the USPS on retention of a retail Post Office as part of a potential future ASU facility, or alternative solution to retain a Post Office within downtown.

Additional Terms

The proposed First Amendment to the IGA includes no other revisions.

ALTERNATIVES

1. Approval of the proposed First Amendment to the IGA, as attached. (Preferred alternative)
2. Modification of the proposed Site 1 Development Determination Period.
2. Denial of the proposed First Amendment to the IGA. Denial will have the effect of eliminating Site 1 (Post Office) as an Potential Development Site for a future ASU facility.

Fiscal Impact

No fiscal impact.

Coordinated With

The terms of the proposed MOU were coordinated with the City Manager's Office, City Attorney's Office, and ASU.