



# City Council

**Date:** June 19, 2023  
**To:** City Council  
**Through:** Christopher J. Brady, City Manager  
**From:** Jeffrey McVay, Manager of Downtown Transformation  
Jimmy Cerracchio, Downtown Transformation Project Manager  
**Subject:** Lease Agreement for property adjacent to 18 W. Main Street  
**District 4**

## Purpose and Recommendation

The purpose of this report is to provide information for the City Council to review and consider a lease agreement between the City of Mesa and Regional Malt, LLC. The lease agreement is for the alleyway located on the north side of Main Street, west of Center Street, between 18 W Main Street and 30 W. Main Street (APN 138-36-011).

Staff recommends that the City Council approve the lease agreement.

## Background

Regional Malt, LLC has agreed to lease the property at 18 W. Main to operate Sonoran Rows, a restaurant and malthouse operation. Regional Malt LLC desires to use the City owned parcel adjacent to 18 W. Main St. as outdoor patio seating and activity area, and for placement of mechanical equipment to be used for the malthouse. The leased parcel will be bordered on the north by the North Main alley, and on the south by Main Street. (See Exhibit A). The pedestrian access parcel located directly west of the leased parcel, adjacent to Milano's Music Store, will remain available for pedestrians access between the Green Surface Parking Lot and Main Street. (See Exhibit B). The patio seating and activity area will include artificial turf, shade sails, tables, chairs, plants, and games (See Exhibit C). The malthouse equipment located on the property will be screened from public view.

## Discussion

The lease has an initial term of ten-years, and includes two 5-year renewals. The rental fee is \$500.00 per month, beginning with the certificate of occupancy or one year from the effective date of the lease. The rental fee will escalate 5% every five years throughout the term.

The property will be leased "As – Is". As part of the lease, improvements to the property, including public improvements, will be made by Regional Malt, LLC, including 1) the bomanite drive surface will be removed and replaced with a city approved

permanent pavement treatment which may include pavers, and 2) the driveway approach at Main Street will be removed and a vertical curb and landscape planter will be installed. A rental fee credit of up to \$60,000.00 based on the direct construction costs of the public property improvements.

### **Alternatives**

Modify terms to the proposed Lease Agreement. Denial of the proposed Lease Agreement.

This alternative is not recommended as this would prohibit the business from operating as planned. Downtown encourages the dual uses of the business, and will benefit from an additional full service restaurant and increasing downtown activation.

### **Fiscal Impact**

None

### **Coordinated With**

The terms of the lease agreement were coordinated with the City Manager's Office and the City Attorney's Office.

### **Attachments**

- Exhibit A: Lease Parcel
- Exhibit B: Pedestrian Access Parcel
- Exhibit C: Leased Premises Improvements

**EXHIBIT A-1**

**LEASED PREMISES LEGAL DESCRIPTION**

EXHIBIT "A"

LEGAL DESCRIPTION

LEASE PARCEL

The following described property is a portion of the northwest quarter of Section 22, Township 1 North, Range 5 East of the Gila and Salt River Meridian, Maricopa County, Arizona having a Basis of Bearings of South 89°48'01" East, along a line 794.93 feet defined by the monument line of Main Street, between McDonald Street and Center Street, as determined by intersecting the lines between the four brass disk reference markers at each of the four corners of McDonald Street and Center Street, as shown on the Record of Survey recorded in Book 1257, Page 45, records of Maricopa County, Arizona:

That portion of Lot 2, Block 6, CITY OF MESA, according to Book 3 of Maps, Page 11, records of Maricopa County, Arizona being described as follows:

COMMENCING at the southwest corner of said Lot 2, Thence, along the south line of said Lot 2, South 89°48'01" East, 92.68 feet to a point in line with the existing westerly face of curb, and the POINT OF BEGINNING;

Thence, along said face of curb, North 0°10'39" East, 140.07 feet to a point on the south line of a twenty feet wide alley, that splits Lots 1-4 of said Block 6;

Thence, along the south line of said alley, South 89°47'36" East, 27.15 feet to the east line of the west 40.0 feet of the east 86.05 feet of said Lot 2;

Thence, along the east line of the west 40.0 feet of the east 86.05 feet of said Lot 2, South 0°14'10" West, 140.06 feet to the south line of said Lot 2;

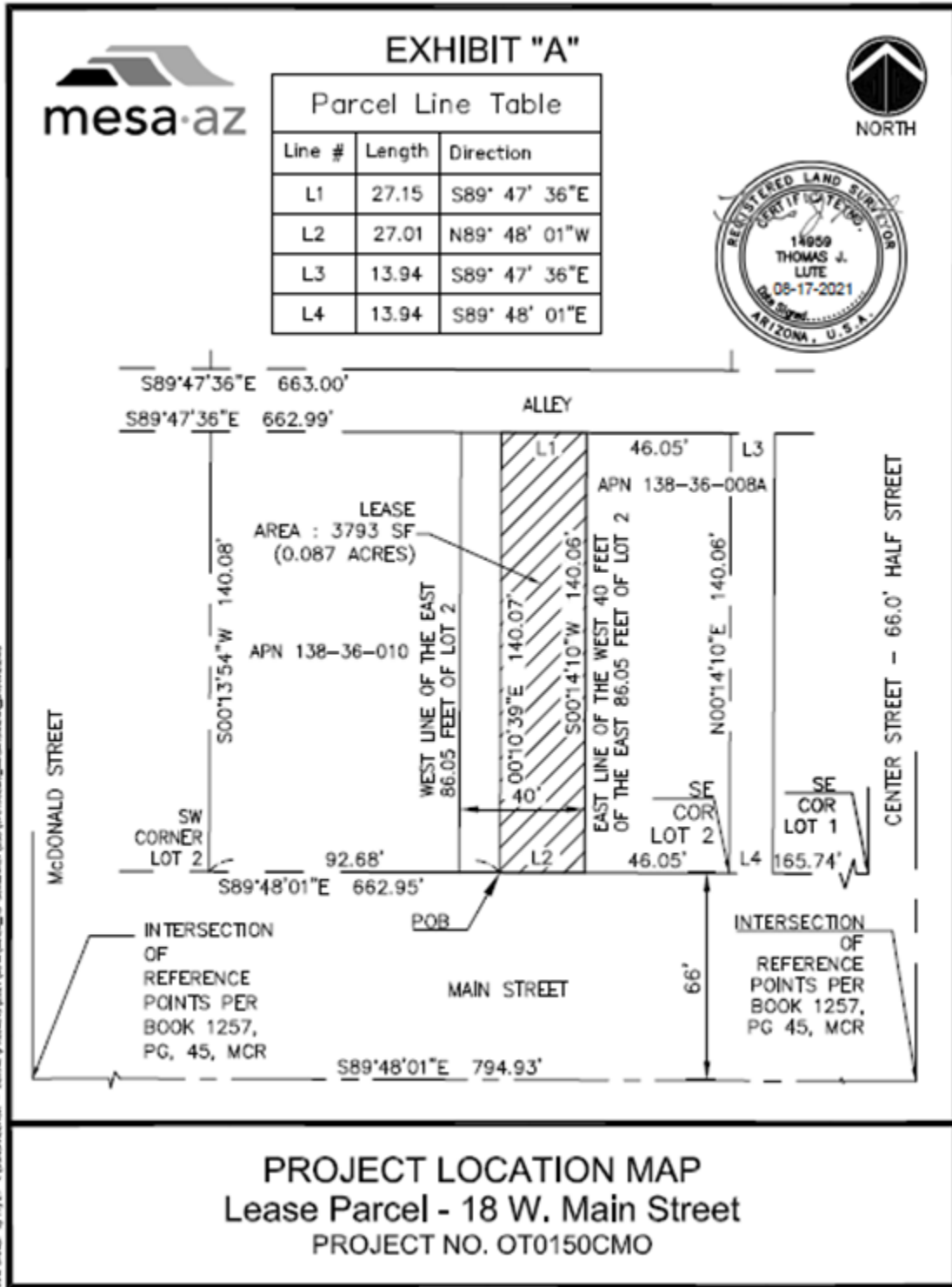
Thence, along the south line of said Lot 2, North 89°48'01" West, 27.01 feet to the POINT OF BEGINNING.

Said parcel containing 3,793 square feet or 0.087 acres, more or less.



EXHIBIT A-2

LEASED PREMISES DEPICTION  
(AREA IDENTIFIED AS "LEASE")



**EXHIBIT B-1**

**PEDESTRIAN ACCESS LEGAL DESCRIPTION**

EXHIBIT "B"

LEGAL DESCRIPTION

PEDESTRIAN ACCESS PARCEL

The following described property is a portion of the northwest quarter of Section 22, Township 1 North, Range 5 East of the Gila and Salt River Meridian, Maricopa County, Arizona having a Basis of Bearings of South 89°48'01" East, along a line 794.93 feet defined by the monument line of Main Street, between McDonald Street and Center Street, as determined by intersecting the lines between the four brass disk reference markers at each of the four corners of McDonald Street and Center Street, as shown on the Record of Survey recorded in Book 1257, Page 45, records of Maricopa County, Arizona:

That portion of Lot 2, Block 6, CITY OF MESA, according to Book 3 of Maps, Page 11, records of Maricopa County, Arizona being described as follows:

COMMENCING at the southwest corner of said Lot 2, Thence, along the south line of said Lot 2, South 89°48'01" East, 79.69 feet to a point from which the southeast corner of said Lot 2 bears South 89°48'01" East, 86.05 feet, and the POINT OF BEGINNING;

Thence, along the west line of the east 86.05 feet of said Lot 2, North 0°14'10" East, 140.07 feet to a point on the south line of a twenty feet wide alley, that splits Lots 1-4 of said Block 6;

Thence, along the south line of said alley, South 89°47'36" East, 12.85 feet to a point in line with the existing westerly face of curb;

Thence, along said face of curb, South 0°10'39" West, 140.07 feet to the south line of said Lot 2;

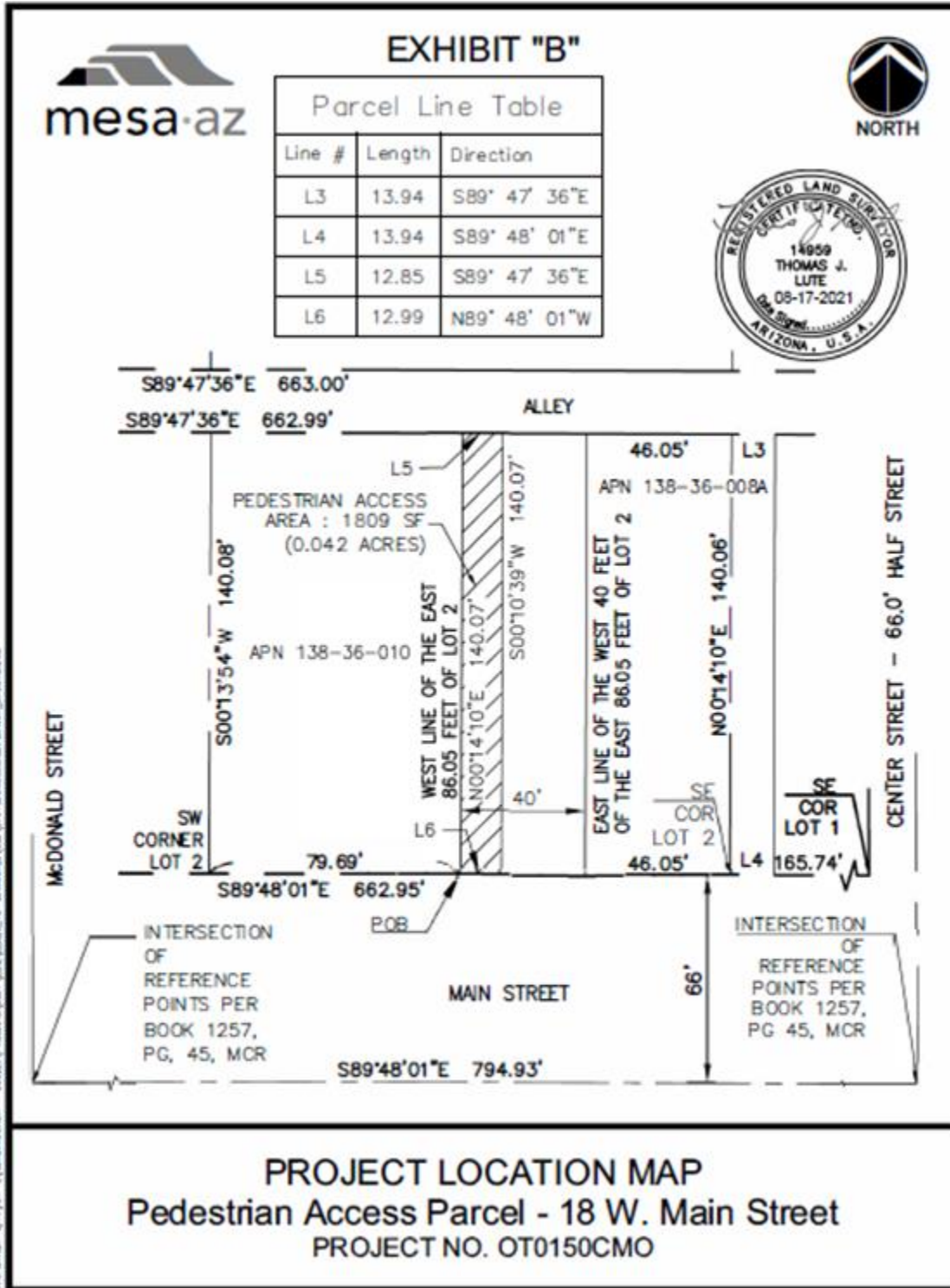
Thence, along the south line of said Lot 2, North 89°48'01" West, 12.99 feet to the POINT OF BEGINNING.

Said parcel containing 1,809 square feet or 0.042 acres, more or less.



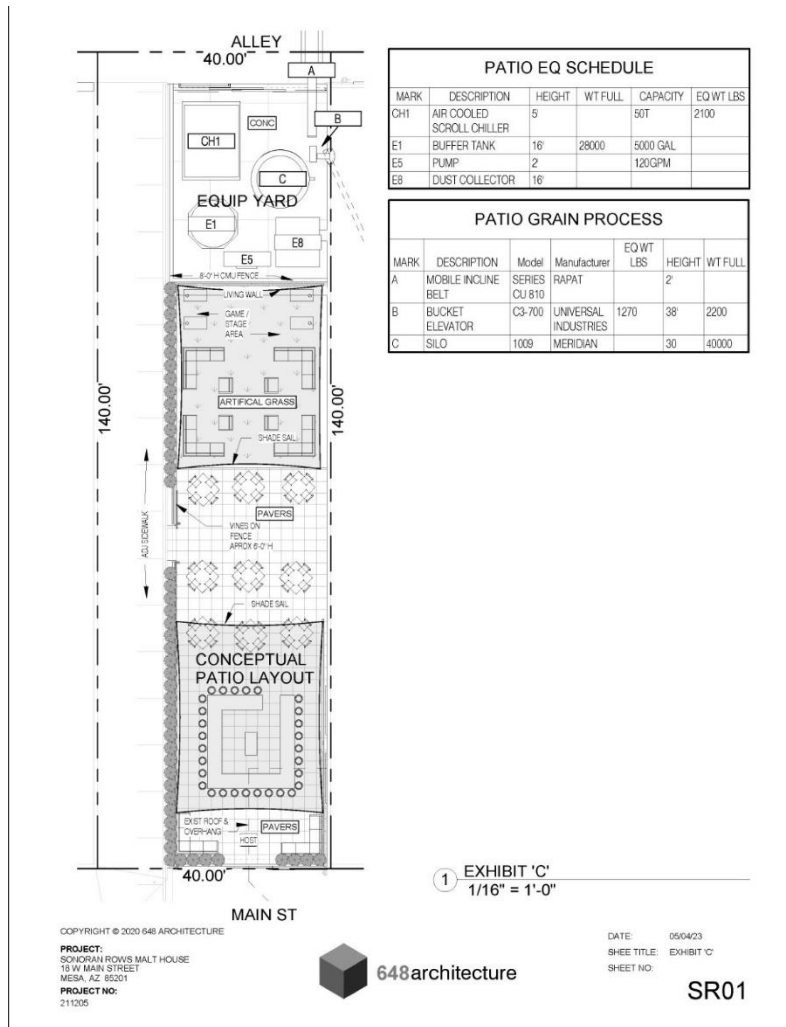
EXHIBIT B-2

**PEDESTRIAN ACCESS LEGAL DESCRIPTION  
(AREA IDENTIFIED AS "PEDESTRIAN ACCESS AREA")**



## EXHIBIT C

### LEASED PREMISES IMPROVEMENTS



*\* This drawing is conceptual only. Final plans are subject to the City of Mesa’s ordinary submittal, review and approval processes, and the building permit, inspection, development and other similar fees for the development of the Project in effect at the time of application or submission (each, a “Fee”)*