



City Council Report

Date: June 17, 2024

To: City Council

Through: Marc Heirshberg, Deputy City Manager
Candace Cannistraro, Deputy City Manager

From: Beth Huning, City Engineer
Marc Ahlstrom, Assistant City Engineer

Subject: Approving and authorizing the City Manager to enter into a 20-year lease agreement with Mesa Historical Society for property located at 2331 North Horne.
Council District 1

Purpose and Recommendation

The purpose of this report is to consider staff's recommendation to enter into a 20-year lease agreement with the Mesa Historical Society (MHS) for the property at 2331 North Horne.

Background

The Mesa Historical Society owns and operates the Mesa Historical Museum at 2345 North Horne. The museum occupies the old Lehi School, the oldest standing school building in Mesa, built in 1913. The City of Mesa deeded this property to the Mesa Historical Society in 1988 for use as a museum.

The City of Mesa entered a 30-year lease with the Mesa Historical Society for the 2.44 acres located at 2331 N. Horne (Property) on June 30, 1994, that expires on June 30, 2024. The lease was amended in 1995, 2009 and 2013 to allow for a sublease to a charter school. The sublease was allowed on the condition that the Mesa Historical Society collect rent and use the funds exclusively for the operation of the Mesa Historical Museum on the adjacent lot located at 2345 N. Horne.

The Mesa Historical Society is a non-profit corporation dedicated to the preservation of the history and heritage of the City of Mesa and the region. A museum dedicated to the City of Mesa furthers the vision, mission, and goal of supporting arts and culture in the community, and in particular City's belief that the advancement of heritage through the utilization of heritage resources is essential to the fabric of the community.

Discussion

The Mesa Historical Society would like to continue leasing the Property and desires to enter into a 20-year lease agreement with the City at a yearly rate of \$1.00 per year. The lease would begin on July 1, 2024, and terminate on June 30, 2044. The intent is to use the Property for museum operations or to sublease to a charter school. The lease requires that approval to sublease to a charter school be renewed by the City and the Mesa Historical Society every three years. The lease also requires that the rent collected from the sublease to the charter school is used by the Mesa Historical Society for museum purposes.

Currently, a charter school subleases the Property from the Mesa Historical Society. The charter school sublease terminates on June 30, 2024, and the school desires to enter into a new sublease with the Mesa Historical Society for three years.

Alternatives

The City Council could choose not to enter into a new lease agreement with Mesa Historical Society. Choosing this alternative would result in the disruption of the sublease to the charter school and the rent collected by the Mesa Historical Society for museum operations.

The City Council could choose to enter into a new lease agreement with different terms. Choosing this alternative would result in a delay in the effective date of the lease and would create a gap in continuity.

Fiscal Impact

The City will receive a nominal amount of lease revenue, \$1.00 per year, from the lease. This lease rate is consistent with the previous MHS lease and other City leases with non-profit agencies who provide a public benefit to the Mesa community.

Coordinated With

The lease was coordinated with the City Manager's Office, City Attorney's Office, and Real Estate in the Engineering Department.