



City Council Report

Date: July 8, 2025

To: City Council

Through: Scott Butler, City Manager

From: Jeffrey McVay, Manager of Urban Transformation
Stefanie Monge, Downtown Transformation Project Manager

Subject: Approving and authorizing the City Manager to enter into a Development Agreement for redevelopment of property generally located at the Southeast corner of Country Club Dr. and Main Street and on the East side of Morris, with a project commonly known as Edge on Main.
District 4

Purpose and Recommendation

Consider the proposed Development Agreement for Edge on Main. This Development Agreement will all the redevelopment of privately-owned real property in downtown Mesa in a two-phase development including 5,000± SF of commercial/retail space and 423 market rate residential apartments. A Public Access Easement will provide public access to a plaza constructed on a portion of Morris right-of-way (ROW) abandoned to accommodate the project. The proposed development will create market-rate multi-family housing, create jobs, increase revenues to the City, and reduce slum and blight conditions. Staff recommends approval of the proposed Development Agreement.

Background

The City was approached by the developer (OZ16 QOZB LLC) requesting a DA to help facilitate the redevelopment of the parcels located on the Southeast corner of Country Club Drive and Main Street and on the East side of Morris totaling approximately 1.22 acres. The project will be bringing improved electrical, water and sewer infrastructure into the area as well as enhanced pedestrian amenities available to the public of Morris ROW proposed to be abandoned. The proposed Edge on Main has received planning and zoning entitlements and will submit for Phase I building permits upon approval of this DA and associated Morris ROW abandonment.

Discussion

The following provides a summary of the primary deal points for the Development Agreement:

Minimum Project Requirements:

1. Infrastructure and Utility Upgrades

- Developer pays for all off-site public improvements, including upgrades to sewer, water, and electric necessary to serve the project. The electric infrastructure improvements will provide improved capacity and system reliability.
- Construction of a cul-de-sac at the new termination of S. Morris Street (the abandoned segment).

2. Abandonment of S. Morris Street

- Developer has applied to abandon part of S. Morris Street to provide sufficient land and to develop both phases of the project and its pedestrian plaza.
- Developer to build and maintain a public plaza (pedestrian path, landscaping, lighting, seating) on the abandoned street segment.
- Developer will grant Public Access and Public Utility Easements on the abandoned area, at no cost to the City
- If abandonment isn't approved, the Development Agreement is void

3. Private Development

- Demolition of existing structures and environmental remediation at Developer's cost.
- Two project phases: Phase one: 157 units and 3,696 SF Commercial space. Phase two: 266 units and 2,524 SF Commercial space.

4. Construction and Compliance Timeline

- Developer has specific deadlines for permits, construction start, and completion of each phase
- On or before 90 days after the Effective Date, Developer shall submit an application to City for a building permit for phase one
- On or before 180 days after the date City issues the first building permit for the phase one private improvements, Developer shall commence construction of both the phase one private improvements and the public improvements for phase one.
- On or before 720 days after Commencement of Construction of the phase one private improvements and public improvements for phase one, Developer shall complete construction of both the phase one private improvements and public improvements for phase one.
- On or before one year after the date City issues the first building permit for the phase one private improvements, Developer shall obtain from City a building permit for the second phase private improvements.
- On or before two years after the date City issues the first building permit for the phase one private improvements, Developer shall commence construction of both the second phase private

improvement and public improvements for phase two.

- On or before three years after the date City issues the first building permit for the phase one private improvements, Developer shall complete construction of both the second phase private improvements and public improvements for phase two.
- In addition to the compliance dates for the public improvements for phase two set forth above, prior to City issuing any certificate of occupancy (temporary, final, or otherwise) for the phase two private improvements, Developer shall complete construction of the cul-de-sac improvements.

5. Financing and Escrow

- Prior to issuing the Certificate of Occupancy for phase one, Developer must deposit funds into escrow to cover costs for Morris Plaza and the cul-de-sac. These funds can be used by the City if Developer fails to deliver the improvements.

6. City Responsibilities

- City will accept dedicated public improvements after completion, provided they meet City standards
- City will maintain standard (non-enhanced) public improvements after acceptance

Fiscal Impact

No fiscal impact. The City will benefit from increased private investment and revitalization.

Coordinated With

The terms of the proposed Development Agreement were coordinated with the City Manager's Office and the City Attorney's Office.