



City Council Report

Date: August 18, 2025

To: City Council

Through: Scott Butler, City Manager
Marc Heirshberg, Assistant City Manager

From: Nana Appiah, Development Services Director
Jaye O'Donnell, Economic Development Director
Beth Hughes-Ornelas, Deputy Director, Development Services

Subject: DA25-00023 Eastmarket Development Agreement
Council District 6

Purpose and Recommendation

The purpose of this report is to discuss and consider approving a Development Agreement ("DA") with Common Bond Development Group Mesa LLC, an Arizona limited liability company ("Owner"). The Development Agreement included approximately 6.6 acres of land located at the northeast corner of Ellsworth Road and Ray Road. The proposed development agreement would support the development of a high-quality mixed-use project.

Staff recommends that the City Council approve the Resolution.

Background

The property is part of the approximately 3,154-acre Eastmark planned community, located within Development Unit 4 and subject to the adopted Development Units 3/4 North Development Unit Plan ("3/4 North DUP"). The vision outlined in the 3/4 North DUP is to create commercial development opportunities along Ellsworth Road, integrating retail and mid-density residential uses into a high-quality, mixed-use environment. DMB Mesa Proving Grounds LLC in care of Brookfield Residential ("Brookfield"), currently owns approximately 6.6 acres of land at the northeast corner of Ellsworth and Ray Roads. Common Bond Development Group Mesa LLC ("Developer") is in the process of purchasing the property from Brookfield, with the sale expected to close in October 2025. As the intended future owner and developer, CBDG plans to develop a high-quality commercial center, anchored by a specialty grocery store. The City and CBDG have negotiated and agreed to the terms of the Development Agreement for the property, which includes restrictions on certain land uses and requirements related to the specialty grocery store.

Discussion

The City and the Owner desire to enter into a Development Agreement to prohibit and restrict certain uses requiring a specialty grocery store, to help meet the original

development goals for a high-quality mixed-use neighborhood.

The Development Agreement includes, among other provisions, the following:

4.1. Prohibited Uses. The following uses that are otherwise allowed (whether conditionally or otherwise) in the Regional Center/Campus land use group, as set forth in Section 7 of the Community Plan, are prohibited and are not allowed anywhere on the Property:

- A. Discount Retail Store
- B. Drive-Thru Facilities
- C. Mini-Storage
- D. Secondhand Store

4.2. Restricted Use: Drive-Up ATM/Teller Window. A maximum of one establishment utilizing a Drive-Up ATM/Teller Window may be located on the Property.

4.3. Owner's Covenant: Specialty Grocery Store. Owner shall design and lease the Property for development and operation as a retail center anchored by a Specialty Grocery Store. Owner will be deemed to have satisfied this covenant in full upon the occurrence of (A) Owner's entry into a lease with an operator of a Specialty Grocery Store, which lease (i) provides for a primary lease term of not less than 15 years, and (ii) contains a covenant that the Specialty Grocery Store must open for business to the public fully stocked and fixtured within 360 days following satisfactory completion and delivery of the grocery building; and (B) obtaining from City a temporary certificate of occupancy, shell certificate of occupancy, or equivalent document issued by City for the grocery building and the buildings identified as Shops A and Shops B in the Approved Plans. Alternatively, the foregoing covenant will be deemed satisfied in full upon a Specialty Grocery Store opening for business to the public on the Property. If the foregoing covenant is not satisfied within 48 months from the recordation of this Agreement, this Agreement and City's approval of the Approved Plans each shall terminate and be of no further force or effect.

Alternatives

The following alternatives are presented for consideration:

APPROVAL OF THE DEVELOPMENT AGREEMENT:

Approval of the DA will promote high-quality development in Mesa.

NO ACTION:

If the Council takes no action, the Owner could proceed with developing the proposed project.

Staff recommends the City approve the development agreement.

Fiscal Impact

While the Development Agreement does not require any additional investment or

fiscal impact from the City, the proposed project will result in increased revenues derived from the construction activities on the subject site as well as future sales tax revenues.

Coordinated With

The Development Agreement was coordinated with the Development Services Department, the Office of Economic Development, and the City Attorney's Office.