



City Council Report

Date: May 18, 2026
To: City Council
Through: Marc Heirshberg, Assistant City Manager
From: Lance Webb, City Engineer
Marc Ahlstrom, Assistant City Engineer
Lisa Davis, Real Estate Manager
Subject: Authorizing acquisition by the City of real property rights for easements, including through eminent domain, for the Pecos Relief Sewer Project (CP1185NS03), located at 4636 East Pecos Road, Gilbert Council District 6

Purpose and Recommendation

The purpose of this report is to provide recommendation to authorize staff to acquire an easement necessary for the Pecos Relief Sewer Project, from Power Road to the Roosevelt Water Conservation District (RWCD) canal, Project No. CP1185NS03 (Project). Currently, staff is attempting to meet and negotiate with the property owner of 4636 East Pecos Road, Gilbert (Subject Property) for the necessary sewer line easement. However, to avoid construction delays, staff is requesting authorization to acquire the necessary easement through eminent domain, if necessary. It is the City's intent to continue negotiating with the property owner.

Background

Water Resources has identified the need for a relief sewer line between Power Road and the RWCD canal to alleviate the load on existing systems and increase capacity for future development in the area. The new relief sewer will connect to the existing 18-inch sewer north of the Pecos Road and Power Road intersection. The relief sewer is planned in accordance with the 2018 Wastewater Master Plan Update. To install the proposed improvements, an easement is needed on the property located at 4636 East Pecos Road, Gilbert, Arizona. Construction for the project is expected to begin in Fall 2026.

Discussion

As part of the City of Mesa public utilities design for the relief sewer line, a Sewer Line Easement (SLE) is required on the Subject Property owned by Prestige Real Estate Properties, LLC (the Property Owner). A total of 423 square feet of SLE is needed on the southeast corner of the Subject Property for the new relief sewer line. The SLE has been

minimized to reduce impacts to the Subject Property. The portion of the Subject Property on which the SLE is needed is encumbered with a Salt River Project (SRP) high voltage transmission line easement. SRP has reviewed and approved the City's proposed work and SLE within the transmission line easement.

Real Estate initially made an offer to the Property Owner in February 2026 based on comparable property sales. That offer was declined by the Property Owner. The Property Owner asked that the Project be redesigned to avoid any easement over the Subject Property. Further review with the design team to explore this request revealed that rerouting the sewer line to avoid a SLE would significantly increase construction costs due to the installation of multiple deep manholes and additional pipe. The added manholes also create increased costs to future maintenance and potential odor concerns of the sewer line and reduce capacity for future development in the area.

In April 2026, Real Estate Services hired a third-party appraiser to appraise the value of the SLE on the Subject Property. The initial offer declined by the Property Owner was rescinded and a new offer to purchase the SLE was made to the Property Owner based on the April 2026 appraisal. The City has offered Fair Market Value for the necessary SLE as established by an appraisal, which includes replacement costs for 20 linear feet of partially constructed masonry wall. The City is required by law to pay what is called "just compensation" for the land needed for this project. "Just compensation" includes the value of the land and any improvements being acquired.

To avoid excessive construction costs and delays, staff is seeking Council approval to pursue eminent domain on the Subject Property where the City and Property Owner have not been able to reach an agreement to date. Staff will continue efforts to work with the Property Owner to reach an agreement. Filing the court action will allow the City to seek an Order of Immediate Possession (OIP), so that the Project may proceed while negotiations continue a parallel course. Obtaining an OIP is necessary to avoid costly construction delays.

Alternative

Council could decide not to approve the use of eminent domain for this project; however, this is not recommended since this would create delays to begin the Project as scheduled and delay much needed capacity for the growth in this area. Further, not pursuing this option introduces a significant increase in construction costs if the use of eminent domain is not authorized.

Fiscal Impact

The fiscal impact of pursuing eminent domain is nominal to the overall cost of the Project.

Concurrence

The Water Resources Department concurs with this recommendation.