



# City Council Report

**Date:** May 6, 2019  
**To:** City Council  
**Through:** Kari Kent, Assistant City Manager  
**From:** Beth Huning, City Engineer  
Rob Kidder, Assistant City Engineer  
**Subject:** Enter into the First Amendment to the Amended & Restated Lease Agreement (Mesa Golf, Inc.) located at 1415 South Westwood Council District #3

## **Purpose and Recommendation**

The purpose of this report is to consider staff's recommendation to enter into the First Amendment to the Amended & Restated Lease Agreement (the First Amendment) (Mesa Golf, Inc.) for City property located at 1415 South Westwood.

## **Background**

The property is 29 acres and was acquired by the City in January 1975. This area was to be used as detention basin for stormwater runoff for the newly developed US 60 Freeway. In 1977, Mesa entered into a Lease Agreement with Mesa Golf that allowed Mesa Golf to develop a golf course. The detention basin was used, and maintained, as a driving range to enhance the golf course amenities. One condition of the lease is that the capacity of the basin must remain unchanged. This lease was amended and restated in 1978 and extended the term until December 31, 2026.

## **Discussion**

Anticipating the expiration of the lease in five years, Mesa Golf approached the City and asked to amend the lease and allow soccer fields to be built on the area used as the driving range. The basin capacity will remain unchanged.

Mesa Golf, with representation from the law firm of Pew and Lake PLC, held a public meeting on August 7, 2018 at the Mesa Police Fiesta District Station. Mailers were sent to all addresses within a ½ mile radius of the site plus additional hand delivered letters to neighbors across the street. A total of five neighbors attended the public meeting.

This First Amendment, in addition to modifying and enhancing various provisions of the Amended and Restated Lease Agreement, allows Mesa Golf to build the soccer fields and use the property for other athletic type activities not inconsistent with the primary use of the property as a detention basin. The First Amendment also extends the term of the lease for an additional twenty-five years beginning on January 1, 2027 until December 31, 2051. This lease may be not be assumed, assigned, or sublet without obtaining Mesa's prior consent.

The lease rate remains at \$1.00 annually; however, if Mesa Golf fails to maintain the property and Mesa were required to take over the maintenance, Mesa Golf's rent would be increased to \$27,500 per month for each month Mesa performed maintenance. Parks, Recreation and Commercial Facilities estimated that the current annual cost to maintain the property would be \$275,000. The monthly rental fee is 10% of the annual estimated expense.

### **Alternatives**

The City Council could choose to not amend the current lease with Mesa Golf. Choosing this alternative would cause Mesa Golf to be unable to add an additional recreational component to this property.

### **Fiscal Impact**

There is no direct fiscal impact to the City.

### **Coordinated With**

This Lease Agreement has been coordinated with the City Attorney's Office and the Parks, Recreation and Commercial Facilities Department.