



City Council Report

Date: October 20, 2025
To: City Council
Through: Marc Heirshberg, Assistant City Manager
From: Lance Webb, City Engineer
Marc Ahlstrom, Assistant City Engineer
Subject: Purchase of property and improvements located at 145 and 165 N. Centennial Way
Council District 4

Purpose and Recommendation

The purpose of this report is to provide information to the City Council regarding the purchase of certain real property and improvements at 145 and 165 N. Centennial Way (Properties). The proposed purchase of the properties are intended to provide the space needed for City staff (145 N. Centennial Way) and provide for a future redevelopment site (165 N. Centennial Way).

It is recommended that the City Council approve the purchase of property and air rights at 145 N. Centennial Way (APNs: 138-61-099A and 138-61-101) and 165 N. Centennial Way (APN: 138-61-091A), consisting of 53,631 square feet of building space improvements, 19,896 square feet of property, and 18,048 square feet of an air rights parcel and that Council authorize the City Manager to enter into the purchase agreement and other documents necessary for the purchase of the property for \$4,730,000.00 using General Fund dollars.

Background

Currently the two condo unit parcels at 145 N. Centennial (one of which is an air rights parcel) and the parcel at 165 N Centennial Way are owned by Maricopa Community College District (MCCD). In early 2025, MCCD contacted City Management because they wanted to sell the parcels.

The property located at 145 N. Centennial Way is on the fourth floor of the Centennial Parking Garage. Unit 2 was constructed in 1990 as a condominium space and is 32,641 square feet in size. The roof-mounted air conditioning equipment was replaced approximately 5 years ago. Unit 3 consists of an air rights parcel of 18,048 square feet. The property at 145 N. Centennial Way appraised for \$4,080,000.

In 2009 the City sold the parcels at 145 N. Centennial Way to MCCD for \$3,150,000. As part of the sale a Use Restriction and Right of First Refusal was executed and recorded, Maricopa County Arizona recording number 2009-0790715, granting the City a first right of refusal in the event MCCD decided to sell the parcels for a non-academic purpose until August 31, 2034. In accordance with the document, MCCD decided to sell and contacted the City to see if they were interested in purchasing the parcels at both 145 N. Centennial Way and 165 N. Centennial Way.

The City is evaluating current employee and service facilities to determine facility maintenance/renovation needs as well as team growth and adjacency needs. Temporary employee space is needed to accommodate renovation of existing buildings as well as permanent employee space to accommodate growth required to continue to service the growing city. The property at 145 N. Centennial Way will allow for some of this necessary space. A determination of the final use is underway.

The two-story building located at 165 N. Centennial Way was constructed in 1986. The lot size is 19,896 square feet and the building size is 20,990 square feet. The property with the improvements appraised at \$650,000 because the appraiser was provided with a list of maintenance items with a total cost of \$2,688,242, which was taken into consideration on the value of the property. Due to the overwhelming cost of improving the building at 165 N. Centennial Way, the building will be demolished and replaced with a temporary use, such as low maintenance landscape. The site is a prime location for future redevelopment due to the location being across from the Delta Hotel and the Mesa Convention Center.

The City commissioned an appraisal of both properties from Appraisal Technology, LLC. Completed on May 28, 2025 and amended on September 30, 2025, and taking into account the list of maintenance items for 165 N. Centennial Way with a total cost of \$2,688,242, the appraised value of all the parcels is \$4,730,000.

Discussion

Staff is finalizing the legal documents necessary to complete the purchase of the MCCD properties, specifically a Purchase Agreement, that would be entered into with MCCD.

The primary proposed business terms of the Purchase Agreement are as follows:

- \$4,730,000 purchase price with no earnest money required.
- 90-day feasibility period to complete property investigations.
- A list of Fixtures, Furniture and Equipment (FF&E) that may remain at 145 N. Centennial way.
- A mutually executed release of the 2009 Use Restrictions
- Close on purchase within five business days of satisfaction of all closing conditions.

Alternatives

City Council may choose not to authorize the purchase of the MCCD properties. Should City Council choose not to authorize the purchase of the MCCD properties, staff will continue to evaluate options to address necessary City staffing locations.

Fiscal Impact

The purchase of this property will cost the City of Mesa \$4,730,00.00. There will be costs associated with designing and improving 145 N. Centennial Way for staff and in the demolition of 165 N. Centennial Way. The project would be funded through the General Fund.

Coordinated With

The Engineering Department, Real Estate, City Attorney's Office, and City Management concur with this request.