



City Council Report

Date: October 17, 2022
To: City Council
Through: Marc Heirshberg, Deputy City Manager
From: Beth Huning, City Engineer
Marc Ahlstrom, Assistant City Engineer
Subject: Sale of a portion of City-owned property located at 7002 S. Sossaman Road to Union Pacific Railroad Company
Council District 6

Purpose and Recommendation

The purpose of this report is to consider staff's recommendation to sell a portion of City-owned property to Union Pacific Railroad Company (UPRC) for the Pecos Industrial Rail Access and Train Extension (PIRATE) located at 7002 S. Sossaman Road, Mesa, AZ.

Background

The Pecos Industrial Rail Access and Train Extension (PIRATE) Project is a Union Pacific rail initiative to construct approximately five (5) miles of new industrial lead track in southeast Mesa. The PIRATE alignment will begin at the Union Pacific Phoenix mainline along Rittenhouse Road and extend northeast to the existing CMC Steel plant. CMC Steel is Union Pacific's anchor client; however, the project is also designed to serve the transportation needs of other existing industry as well as promote future industrial development along the PIRATE alignment. The PIRATE project team commenced planning in 2019, design and property acquisitions began in 2020, and construction authority process began in 2021. Union Pacific anticipates a late 2022, early 2023 construction start date.

Discussion

The City of Mesa owns 34.611 acres located at the northwest corner of Pecos and Sossaman Road. It was purchased in 1942. There is no information in the file for what the purchase price was or why it was purchased. For the PIRATE project an additional 210,438 square feet (s.f.) (4.831 acres) is needed for the rail extension to Union Pacific's anchor client. An offer has been received from Union Pacific in the amount of \$1,683,512. The railroad did not have an appraisal prepared for this offer amount. Therefore, the City had its own appraisal prepared. The market value of the City appraisal is \$1,769,032.00 which includes severance compensation. The railroad has

agreed to pay the City its appraised value plus an additional fee for the appraisal in the amount of \$4,500.

For a portion of the remainder of the City's parcel after the sale to Union Pacific, Solid Waste has proposed a future transfer station at this location. No other uses are planned at this time.

Alternatives

An alternative is to not sale the additional land for PIRATE. Choosing this alternative will result in the railroad not being able to serve their anchor client rail service.

Fiscal Impact

The fiscal impact of this request is receiving \$1,769,032.00, plus \$4,500 for the sale of this property, for a total of \$1,773,532.

Coordinated With

The Engineering and Transportation Departments concur with this request.