



City Council Report

Date: November 3, 2025
To: City Council
Through: Marc Heirshberg, Assistant City Manager
From: Lance Web, City Engineer
Marc Ahlstrom, Assistant City Engineer
Subject: Approving and authorizing the City Manager to enter into an agreement to exchange the real property located at 3511 North Higley Road for a portion of property at the northeast corner of North Higley Road and East Longbow Parkway, for a new sewer lift station.
Council District 5

Purpose and Recommendation

The purpose of this report is to consider staff's recommendation to enter an agreement with Sunshine Acres Children's Homes to exchange property. The City would exchange a portion of City-owned property located at 3511 North Higley Road, APN's 141-40-008; -003V; -003W; and -009, for portion of APN 141-40-007A for a new sewer lift station.

It is recommended that the City Council approve the land exchange of unused city owned property at 3511 North Higley Road for a 21,000 square foot property at the northeast corner of Higley Road and Longbow Parkway, and that Council authorize the City Manager to enter into the real property exchange agreement and other documents necessary for exchange of the property.

Background

Currently the property at the northeast corner of Higley Road and Longbow Parkway is owned by Sunshine Acres Children Homes. The Sunshine Acres property location was determined by the City to be the most appropriate and cost-effective location for a sewer lift station to meet the growing needs of the City. The City would acquire a total of 21,000 square feet of property from Sunshine Acres Children Homes (Sunshine Acres Property) in exchange for the 173,151 square feet of City owned property (City Property).

Currently the City owns property north of the northeast corner of Higley Road and Longbow Parkway that is leased for nominal fee to Sunshine Acres. In 1984 the City purchased the property in advance of the construction of the Red Mountain 202 Freeway. The 173,151 square feet of City Property are the remnant pieces not needed for the 202 Freeway.

The City commissioned an appraisal of both the City Property and the Sunshine Acres Property from Appraisal Technology, LLC. That was completed on May 12, 2025. The 173,151 square feet City Property was appraised at \$3 a square foot and the 21,000 square feet Sunshine Acres Property was appraised at \$22 a square foot. The valuation of the City Property is \$519,453 and the valuation of the Sunshine Acres Property is \$462,000.

Neither the City nor Sunshine Acres will pay cash for the exchange of Property. However, the exchange of Property saves the City significant time and expenses that the City would have otherwise incurred in constructing the necessary Lift Station at an alternative site north of the Red Mountain 202 Freeway. This includes the time and expenses associated with (1) eminent domain proceedings or with purchasing property from another property owner for the Lift Station, (2) obtaining various easements to cross private properties in order to tie-in properties to the City's sewer system, (3) constructing a forced main, and (4) installing sewer infrastructure under the 202 Red Mountain Freeway and private property. The City estimates constructing the lift station on the Sunshine Acres Property will cost at least \$3 million less, and will be completed approximately 12-18 months sooner, than if the lift station was constructed on an alternative site considered by City.

Additionally, the exchange of Property benefits the public by allowing Sunshine Acres to combine the City Property with theirs for the development of additional Sunshine Acres facilities supporting its mission to provide a home and programs to children who are separated from their parents. Sunshine Acres has provided a great benefit to the City since its founding in 1954 by providing a home to more than 2,000 children and providing those children with emotional, social, physical, educational, and spiritual support, so they may learn to manage their own affairs and maximize development of their potential, abilities, and interests.

Discussion

Staff is finalizing the legal documents necessary to complete the exchange of properties between the City of Mesa and Sunshine Acres Children Homes, specifically an Agreement for Exchange of Real Property.

The primary proposed business terms of the Agreement for the Exchange of Real Property are as follows:

- No cash compensation is paid by either party.
- Title to the Sunshine Acres Property will be delivered to the City.
- Title to the City Property will be delivered to Sunshine Acres.

The Sunshine Acres Children's Homes Board has approved the Agreement for Exchange.

Alternatives

City Council may choose not to authorize the Exchange of Real Properties with Sunshine Acres. Should City Council choose not to authorize the exchange of Properties, staff will continue to evaluate options to purchase other locations to construct the sewer lift station needed. Staff does not recommend this alternative, as based on Staff's evaluation to date, the Sunshine Acres Property is the most efficient and economical parcel on which to construct the sewer lift station.

Fiscal Impact

The exchange of property will cost the City of Mesa no money other than escrow closing costs. There will be costs associated with designing and constructing the sewer lift station needed for the area.

Coordinated With

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