



# City Council Report

**DATE:** May 16, 2022

**TO:** City Council

**THROUGH:** Chris Brady, City Manager

**FROM:** Jeffrey McVay, Manager of Downtown Transformation

**SUBJECT:** Purchase of 111 W. Main Street for  
Downtown Restaurant Incubator Program  
**Council District: 4**

## Purpose and Recommendation

The purpose of this report is to provide information to the City Council regarding the purchase of real property at 111 W. Main Street using the City's allocation of American Rescue Plan Act (ARPA) funding. The purchase of 111 W. Main Street will facilitate the development of the Downtown Restaurant Incubator. In partnership with Local First Arizona, the Downtown Restaurant Incubator will provide programming in support of small, Mesa restaurant and food business development and expansion in response to the impacts of the COVID-19 pandemic.

It is recommended that the City Council approve the purchase of 111 W. Main Street (APN: 138-42-048) consisting of approximately 0.15 +/- acres and improvements, and Council authorize the City Manager to enter into the necessary documents for the purchase of the property for the appraised value of \$1,600,000.00.

## Background

Many small businesses have been negatively impacted by the COVID-19 pandemic and the forced closure of operations. The restaurant and food business industry continues to face particularly difficult economic challenges. Many local restaurants and food businesses faced losses that resulted in a reduction of services or elimination of brick-and-mortar retail spaces.

Consistent with the requirements of the City's ARPA funding, the Restaurant Incubator addresses the community impacts of the COVID-19 pandemic. Using ARPA funds, the

City would acquire 111 W. Main Street and perform the necessary building upgrades to accommodate a licensed commercial kitchen, public dining facility, and business development space that will be operated by Local First Arizona who specializes in providing business development training and support to local food entrepreneurs.

The Downtown Restaurant Incubator Program will complement the existing businesses and amenities that currently exist in Downtown Mesa by providing additional diversification of in-person dining opportunities, supporting entrepreneurship, and highlighting the uniquely local character of Downtown Mesa. The purchase of this property supports the overall goal of the creation of a Downtown Restaurant Incubator Program whose objective is to strengthen Mesa's local food economy while cultivating resiliency and sustainability.

### **Discussion**

Consistent with Federal requirements, an appraisal on the real property located at 111 W. Main Street was completed on January 14, 2022. A review appraisal was completed on April 8, 2022, with the review appraiser agreeing to the appraiser's final value conclusion. The property has been appraised at a value of \$1,600,000.00. Federal acquisition rules require that property is acquired for appraised value. Following acquisition, a conceptual design will be developed, and the project will be completed using a design-build delivery method

### **Alternatives**

The Council may choose not to authorize the purchase of real property located at 111 W. Main Street.

### **Fiscal Impact**

The purchase of this property will cost the City of Mesa \$1,600,00.00. Including design and construction, total project costs are estimated at \$3.0-\$3.5 million. The project would be funded through the City's ARPA allocation.

### **Coordinated With**

The Real Estate Services Office, City Attorney's Office, and City Manager's Office.