



City Council Report

Date: May 17, 2021
To: City Council
Through: Marc Heirshberg, Deputy City Manager
From: Beth Huning, City Engineer
Rob Kidder, Assistant City Engineer
Subject: Sale of City-owned property located at 52 N. MacDonald, Mesa, AZ (APN: 138-35-038)
Council District 4

Purpose and Recommendation

The purpose of this report is to consider staff's recommendation to sell a City-owned property located at 52 N. MacDonald, Mesa, AZ (APN: 138-35-038), to the adjacent property owner who is also the current tenant.

Background

In 1964, the City acquired APN: 138-35-038, located at the southwest corner of MacDonald and First Street (the "City Property") for use as the City of Mesa, Parks and Recreation Office. Meldrum's Mortuary ("MELDRUM") was located adjacent to the City Property. MELDRUM was looking to expand their business with improvements using the City Property.

At the time, MELDRUM owned property located at the northeast corner of Hobson and First Street. The City had both properties appraised in December 1964. The MELDRUM parcel appraised for \$42,500. The City Property appraised for \$30,000. MELDRUM ultimately ended up leasing the City Property through a public bid process for which it was the only bidder. The lease was approved by the City Council on January 19, 1965. In lieu of a rent payment MELDRUM gave the City the land and building at Hobson and First Street which is still being used as an office by the City's Parks Recreation and Community Facilities Department. In exchange, the City gave MELDRUM \$10,000 and a 99-year lease on the City Property. The Lease expires February 1, 2064. MELDRUM constructed building improvements on the City Property many years ago and it is currently being used as part of Meldrum's Mortuary.

Discussion

MELDRUM recently approached the City with interest to purchase the City Property.

The City Property was appraised by an independent fee appraiser. The market value of the City Property is \$60,000. MELDRUM agrees with this amount and is willing to compensate the City for the purchase of the City Property and terminate the Lease without receiving any reimbursement of the rental fee.

Alternatives

An alternative is to not sell the City Property at this time and continue the lease with MELDRUM for the remainder of the term. Choosing this alternative will result in MELDRUM not owning in fee all the parcels that exist under the building improvements.

Fiscal Impact

There is no additional fiscal impact to this request.

Coordinated With

The Engineering Department and City Management concur with this request.