Tempe

CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 11/03/2016
Agenda Item: 6C1

ACTION: Hold the second and final public hearing to adopt an ordinance authorizing the City of Tempe to purchase improvements from Childsplay, Inc., and transfer real property from Childsplay to the City, and to further amend the Development and Disposition Agreement. (Ordinance No. O2016.56) (Related to Agenda Item 6C2)

FISCAL IMPACT: The City of Tempe will pay Childsplay the depreciated value of capital improvements made to the property, less offsets due the City, which totals $1,948,102.30 payable over five years. This was not part of the fiscal year (FY) 2016/17 budget process; the FY 2016/17 payment of $500,000 will come from the general fund contingency.

RECOMMENDATION: Adopt Ordinance No. O2016.56.

BACKGROUND INFORMATION: In 2006, the City of Tempe entered into an agreement that transferred ownership of Mitchell School to Childsplay. Childsplay recently proposed selling its entire interest in the Mitchell School improvements to the City of Tempe for the value of the capital improvements installed at the campus by Childsplay. The real property will be reconveyed back to the City by Childsplay. The cost of capital improvements to the Mitchell School buildings, paid by Childsplay since 2008, has been reported in audited financial statements at approximately $2.28 million. A 50-year depreciation schedule resulted in a value for the depreciated improvements of approximately $1.9 million. Childsplay will assume responsibility for maintenance, repair and replacement of the major improvements (HVAC systems, roofing and plumbing) at Mitchell School during a 50-year use agreement. According to Childsplay, incorporating these repair/replacement costs into a long-term agreement will enable the organization to qualify for grants that would not be available otherwise. An inspection of the improvements was completed by the City of Tempe and all improvements were verified.

ATTACHMENTS: Ordinance,Third Addendum to Development and Disposition Agreement, and Use Agreement

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