

Community News

SkySong makes first payment to Scottsdale

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Scottsdale has received its first payment from the Arizona State University Foundation for its \$81.4 million investment in SkySong, the ASU Scottsdale Innovation Center.

In addition, SkySong is seeking an amendment to its original zoning case to allow greater building heights along McDowell Road and Scottsdale Road south to SkySong Boulevard. The campus is at the intersection's southeastern corner. The request was submitted by zoning attorney **John Berry**.

The \$141,942 payment was received on July 28, said Jeff Nichols, city treasurer and chief financial officer. In early 2012, the City Council approved an amended ground-lease agreement with the foundation that established an annual fixed-rate payment based on lease revenue instead of profit.

More than 1,000 employees and 50 companies are housed at SkySong. Plaza Cos. is the master developer of SkySong, in partnership with the foundation and Scottsdale. Tucson-based Holualoa Cos. also has partnered with Plaza Cos. for the project.

The payment received for SkySong has been placed in the city's general fund and could be used for administration, parks, libraries, police, fire and other expenses, Nichols said.

"Total lease payments over the life of the agreement are capped at about \$79.7 million," he said. "The payments will continue for 74 more years. They started at approximately \$139,000 plus interest in 2014 and increase to \$1.1 million in 2041. They remain at \$1.1 million from 2041 through 2088 and then decrease until the final payment in 2105."

The rezoning request seeks the creation of an incentive zone for all of the acreage along McDowell Road north of

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SHARON HARPER

PLAZA COS.' PRESIDENT AND CEO

SkySong Boulevard, and between Scottsdale Road and 74th Street. Additional open space would be offered in exchange for greater building heights, 90 feet, up from 60.

The amendment will allow SkySong to successfully attract the next generation of tech and research businesses, **Berry** said. It will increase SkySong's desirability "as a place where major business ventures can locate with the certainty and flexibility needed to meet their requirements," he said.

Sharon Harper, Plaza Cos.' president and CEO, said the goal is to provide more open space and green space throughout the campus, so greater heights will allow buildings that take up less space across the campus, she said.

"It's those unique and welcoming spaces that we think we need as we continue to develop SkySong further, she said. "And we also have come to recognize that the walkability and bicycle connectivity create comfort and accessibility, and a friendly atmosphere."

Greg Bloemberg, city planning staff coordinator, said the SkySong request will be considered by the Development Review Board, Planning Commission and City Council.

In the meantime, tenants will begin moving into SkySong III, a third office building, in late October, while construction should begin by the end of the year on SkySong IV, a fourth office building, as well as a restaurant/retail building at Scottsdale Road and SkySong Boulevard.

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