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## **CITY OF TEMPE REQUEST FOR COUNCIL ACTION**

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**Meeting Date: 9/28/2023  
Agenda Item: 8B1**

**ACTION:** PUBLIC HEARING ITEM Introduce and hold the first public hearing to adopt an ordinance authorizing the Mayor to sign a Development Agreement with Sunbelt Holdings and Venue Projects for development and lease of the Hayden Flour Mill property. The second and final public hearing is scheduled for October 12, 2023. (Ordinance No. O2023.53)

**FISCAL IMPACT:** The total cost to the City under this agreement is up to \$500,000 for costs related to archeological remediation. Staff will return to Council at a subsequent Regular Council Meeting for a request to utilize fiscal year 2023-24 capital improvement program (CIP) budget appropriation, with the source of funds identified, to cover these costs.

**RECOMMENDATION:** Adopt Ordinance No. O2023.53.

**BACKGROUND INFORMATION:** The City owns a 5-acre parcel of land on the southeast corner of Rio Salado Parkway and Mill Avenue (the "Property"). The Property, which is at the base of the Hayden Butte Preserve and located in downtown Tempe, is also home to the historic Hayden Flour Mill.

On September 20, 2021, the City issued a Request for Proposals seeking creative, feasible proposals for development of the site and rehabilitation of the Hayden Flour Mill Building and Grain Silos.

Sunbelt Holdings and Venue Projects (collectively "S/V") submitted a joint response to the RFP, and on February 10, 2022, the City Council authorized staff to negotiate an agreement for development and lease of the Property.

Under the terms of the development agreement, S/V will lease the Property from the City for 60 years (with two options for 10 year extensions). S/V will undertake significant efforts to restore, honor, and protect the historic Hayden Flour Mill Building and grant the City a facade and conservation easement for both the Building and Grain Silos. S/V will also work with the City to designate a portion of the Property as a public park, rehabilitate the trailhead leading to the Hayden Butte Preserve, and design and construct additional mixed-use buildings with the goal of integrating them into the historic character of the Hayden Flour Mill site.

### **ATTACHMENTS:**

1. HFM ORDINANCE FINAL\_09\_20\_23.DOCX
2. DEVELOPMENT AND DISPOSITION AGREEMENT- HAYDEN FLOUR MILL [FINAL].DOCX
3. EXHIBIT B - CONCEPTUAL DEVELOPMENT - SITE PLAN(3657641.3).PDF
4. EXHIBIT D - CONSERVATION EASEMENT.DOCX
5. EXHIBIT F - FORM OF GROUND LEASE.DOCX
6. EXHIBIT I - OPEN SPACES AND TRAILHEAD CONCEPT PLAN(3657640.2)(3661245.1).PDF
7. EXHIBIT L - STREETCAR DEVELOPMENT AGREEMENT (HAYDEN FLOUR MILL)(3655952.2).DOCX

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