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**CITY OF TEMPE**  
**REQUEST FOR COUNCIL ACTION****Council Meeting Date: 05/26/2016**  
**Agenda Item: 6C2**

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**ACTION:** Hold the second and final public hearing to adopt an ordinance approving the lease of City-owned real property located at the intersection of Rio Salado Parkway and Mill Avenue, and authorizing the Mayor to execute a development and disposition agreement, one or more leases and related documents necessary to effect such leases and other transactions. (Ordinance No. O2016.27)

**FISCAL IMPACT:** The City will lease the “Mill Tract”, “Hotel Tract” and the “Multipurpose Tract” for a period of ninety-nine (99) years. The rent for each of the Mill and Hotel Tracts will be an amount equal to \$10,000 annually plus percentage rents that will commence on the 4th anniversary of the lease and range from 0.5% - 3.0% of specified revenue sources. The rent for the Multipurpose Tract will commence on the 4th anniversary of the lease and will range from 0.5% - 1.0%, of specified revenue sources.

**RECOMMENDATION:** Adopt Ordinance No. O2016.27.

**BACKGROUND INFORMATION:** City issued Request for Qualification No. 15-003, dated May 15, 2014, offering a long-term lease of, and opportunity to develop City-owned land comprising approximately 5 total acres located on the southeast corner of Rio Salado Parkway and Mill Avenue (the “Property”). The Property is adjacent to the Tempe/Hayden Butte Preserve and there are currently two structures on the property, a vacant mill building and grain silos. The City adopted Resolution No. R2014.157 on December 4, 2014, authorizing staff to negotiate a development agreement that furthers the City’s goals of redeveloping the Mill and Silos in a manner that respects the existing natural, historic and prehistoric features of the site and adjacent properties.

The development agreement provides for the redevelopment of the Flour Mill with office, restaurant and retail uses while protecting the historic value of the building. The developer is required to preserve the Flour Mill and Silos in their current location and, after the expiration of the historic tax credit period, the City will record a Conservation Easement covering (a) the façade of the Flour Mill Building, (b) the façade of the Silos, (c) the airspace above the Flour Mill Building and Silos, and (d) creating exhibits, open to the public, demonstrating the ancient and historic context of the site. Until the Conservation Easements are recorded, Baum agrees not to alter the Hayden Flour Mill or the Hayden Silos in any way without City’s prior written approval. Baum is also required to use good faith efforts, at its sole cost and expense, to cause the listing of the Property on both the Tempe and National Registers of historic places. Prior to the Property’s formal listing in the Tempe Historic Property Register, Developer agrees to voluntarily subject any planned changes to the Property for review by the Tempe Historic Preservation Office and Tempe Historic Preservation Commission.

**ATTACHMENTS:** Ordinance, Development and Disposition Agreement

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