



CITY OF TEMPE
REQUEST FOR COUNCIL ACTION

Council Meeting Date: 09/08/2016
Agenda Item: 5C7

ACTION: Adopt a resolution authorizing the Mayor to execute development and license agreements, with Arizona Fashion Source, LLC, LabelHorde, LLC, and Arizona Apparel Foundation with respect to operating a fashion design business incubator at the Tempe Performing Arts Center located at 132 E. Sixth Street. (Resolution No. R2016.93)

FISCAL IMPACT: The City will pay the currently budgeted utility costs not to exceed \$2,000 per month. Arizona Fashion Source, LLC, LabelHorde, LLC, and Arizona Apparel Foundation will invest approximately \$50,000 in building improvements to the Tempe Performing Arts Center (TPAC) over a two-year period. In addition to the License Fees that may be abated, the City will assess a \$300 monthly fee, which is not eligible for abatement, for deferred maintenance on TPAC.

RECOMMENDATION: Adopt Resolution No. R2016.93.

BACKGROUND INFORMATION: Arizona Fashion Source, LLC, LabelHorde, LLC, and Arizona Apparel Foundation propose a fashion design business incubator, production, and learning resource center to be housed in the Tempe Performing Arts Facility (TPAC). Arizona State University, Mesa Community College, and East Valley Institute of Technology train and graduate design students every year and there is a lack of hands-on training, equipment, and business skills education to help these individuals develop businesses in the local market. The proposed center will help fill this need and encourage graduates of these programs to stay local to obtain employment or create new businesses. The center will also train underserved local populations for careers in the broader industry.

The City agrees to abate License Fees under the condition that the Developer(s) meet all requirements of the Schedule of Performance. The value of the programs and services to be provided by the Developer, as outlined in the Schedule of Performance, is approximately \$276,000 and is equivalent to the market lease rate for this facility of \$12.00 per square foot for 23,000 square feet. The Schedule of Performance requires a variety of in-kind services and programs benefitting the community and the City including but not limited to: incubating and mentoring at least 6 design related start-up businesses, providing design workshops to more than 100 individuals annually, implementing quarterly workshops at the Tempe Library BRIC, assisting with the Cinderella Affair Dress Drive, and partnering with key Tempe agencies named in the Schedule of Performance to serve underserved populations, youth, veterans and other Tempe residents. In addition to the License Fees that may be abated, the City will assess a \$300 monthly fee, which is not eligible for abatement, for deferred maintenance on TPAC.

ATTACHMENTS: Resolution, Development Agreements (2), License Agreements (2)

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