

REDEVELOPMENT AGENCY STAFF MEMO

DATE: December 8, 2015 **ITEM #:** 7.C.

PREPARED BY: Justin Belliveau

RE: Consideration of a Motion to Amend a Development Agreement Between the Redevelopment Agency of Salt Lake City and Garfield Traub Swisher Development, LLC Related to the Eccles Theater Project.

REQUESTED ACTION: Pass a motion authorizing an extension of developer services and fee payable to Garfield Traub Swisher Development, LLC related to its continuing work on the Eccles Theater project through November 2016.

POLICY ITEM: Central Business District Strategic Plan- the RDA shall complete construction of the Eccles Theater and work to integrate the building with other businesses and improvements on Block 70.

BUDGET IMPACTS: \$745,869 from resources previously dedicated to the Eccles Theater project.

EXECUTIVE SUMMARY: The George S. and Dolores Doré Eccles Theater is on track for completion in June 2016 and the commencement of operations thereafter through Grand Opening events planned for September and the first Broadway performances starting in November. The sequence of activities leading up to these events requires the continued involvement of Garfield Traub Swisher Development, LLC (“GTS”), who has been serving as the developer of the project. In 2012, the Redevelopment Agency entered a development agreement with GTS that runs through January 2016. In order to ensure that GTS is able to remain fully engaged in maintaining the project schedule and orchestrating the commissioning of the Eccles Theater, we propose to amend the development agreement to extend GTS’s services and compensation through November 2016.

REDEVELOPMENT ADVISORY COMMITTEE RECOMMENDATION: N/A

ANALYSIS AND ISSUES: On March 19, 2012, the Board of Directors approved a development agreement with GTS to deliver the George S. and Dolores Doré Eccles Theater on a turnkey basis. At the time the agreement was executed, the timeline for the project anticipated completion and staging of the first performances in January 2016. The development agreement provides

compensation to GTS in the form of a developer fee that is scheduled to be fully-earned and paid out in January. The remaining timeline for the completion of the project includes the following milestones that require GTS's continued involvement in the project:

- Substantial completion (April)
- Punch list (April-May)
- Final certificate of occupancy (May)
- Project closeout (May-June)
- Operator move-in and operations preparation (May-June)
- Show ready completion (June)
- Preparation and staging of Grand Opening events (September)
- Staging of the first Broadway productions (November)

The development agreement further provides for the adjustment in the developer's compensation in the event that the timeframe for completion of the project extends beyond the original term of the development agreement. It should be noted that the development agreement, and its associated timeline, were established well in advance of the resolution of significant factors that have driven the overall timeline for the project, including the finalization of land purchase negotiations, selection and engagement of the architect to complete the design, selection and engagement of the contractor, and commencement of construction. As such, a definitive timeline for the project could not be established until the settlement of those issues.

Additionally, there were several factors beyond GTS's control or responsibility that arose, including the discovery of unforeseeable site conditions such as the remediation of additional asbestos during demolition, and that extended the completion of the project beyond the initial timeline established in 2012. The definitive schedule and milestone dates outlined above have been in place without change for many months, and have formed the basis for theater planning and commitments that are in place now for commencing operations. Therefore, the proposed extension of time for the completion of GTS's services will not impact any of those commitments or the ability to deliver the project in time for scheduled performances.

The additional developer fee will be funded through resources already dedicated to the project and will provide compensation for GTS's continuing oversight of the following activities that are critical to the successful opening of the Eccles Theater:

- Management of the architect, contractor, and other developer consultants to ensure the timely completion of the project according to specifications.
- Commencement of the business operations, including purchasing and installation of furnishings, fixtures, and equipment, and coordination of operator move-in with construction activities.
- Completion of punchlist, commissioning of the building, and closeout of construction.
- Continuing to oversee fundraising through philanthropic donations and naming rights contributions.
- Assisting with preparing retail spaces for occupancy.
- Advising on and ensuring coordination of activities with the planned Grand Opening.

ATTACHMENTS: None