

March 8, 2011

ITEM#: 7.D.

RE: CONSIDERATION AND ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING AN AMENDMENT TO THE CONTRACT FOR PRE-DEVELOPMENT SERVICES WITH GARFIELD TRAUB SWISHER FOR THE UTAH PERFORMING ARTS CENTER

PROJECT AREA: Central Business District

PREPARED BY: D.J. Baxter

EXECUTIVE SUMMARY: In March 2010, the Board approved a contract for pre-development services with Garfield Traub Swisher/Hamilton Partners (GTS/HP) to evaluate the feasibility of the Utah Performance Center on Block 70. Work under that contract is nearly complete, but based on input from Board members, and the block 70 property owners, we have asked GTS to provide a work proposal to evaluate several alternative configurations. If approved by the Board, this contract amendment would fund that additional analysis, as well as GTS project management and coordination through the cultural core discussions that were funded by the Board last fall.

FUNDING: The proposed fee for the contract amendment is \$230,000. Of this, \$80,000 would cover architects fees to evaluate several alternative configurations and inclusion of additional property for the project. GTS would charge \$150,000 for 925 hours of work over 5 months to oversee project sub-consultants, participate in the evaluation of alternatives, and provide ongoing support for land acquisition, financial planning, operations planning, and community outreach. If approved, the fees will be funded from \$3.1 million in multiple year CBD allocations for Arts District Planning & Implementation. Funds for final design and construction of the Performance Center have yet to be identified, and will need to be secured from other sources.

ALTERNATIVES:

- 1) Pass a motion to adopt the Resolution.
- 2) Pass a motion to adopt the Resolution with modifications directing staff to revise the proposed contract terms.
- 3) Decline to pass a motion.

ANALYSIS AND ISSUES: The proposed contract amendment would extend GTS's current contract to add the following tasks:

1. Evaluate feasibility and potential benefit of the use and incorporation of the Deseret News Building or its site. (See attached deliverables)
2. Evaluate feasibility and potential benefit of the use and incorporation of the Regent Street Garage. (See attached deliverables)
3. Evaluate the conceptual feasibility and potential benefit of the use and incorporation of the Tribune building site or portions thereof. (See attached deliverables)
4. Incorporate and administer the “Driving Success: Activating the Cultural Core” December 9, 2010 proposal from our sub-consultant AMS Planning and Research. Coordinate scope revisions, manage consultant billings and deliverables. (see attached)
5. Attend and participate in the Cultural Core Conversations process on behalf of the Utah Performing Arts Center. Help set up and attend 5 half day meetings and provide follow-up documentation and coordinate “scribes
6. Participate in ongoing meetings and presentations with the Executive Committee, County, the State, the friends of the Performing Arts Center, University, School Board and other outside Stakeholders as may be required or requested by the RDA.
7. Attend the ongoing weekly coordination meetings with the RDA and City Staff. Create minutes, agendas and follow up calls.
8. Assist the RDA with the alley easements and other support in its land acquisition with PRI
9. Provide ongoing consulting support for financing and governance options through the funding process including on-going discussion with Salt Lake County (and approvals).

The Board has previously approved the following work items to evaluate the feasibility of a new theater suitable for touring-Broadway shows:

- A. Pre-Development Services Contract with GTS: \$741,000.
 - a. Final report nearing completion, will include the following elements:
 - i. Market Study or Market Study Update
 - ii. Community and Existing Arts Organizations Outreach
 - iii. Economic Impact Analysis or Economic Impact Analysis Update (Optional – at additional cost, see below)
 - iv. Site Characterization Documents
 - v. Strategic Communications (Optional – at additional cost, see below)

- vi. Planning and Programming
 - vii. Programmatic Budget
 - viii. Project Schedule
 - ix. Plan of Finance
- B. Strategic Communications Work (through separate contractors): \$30,000
 - C. Economic Impact Analysis (through separate contractor, product to be included in GTS final report): \$53,000
 - D. Cultural Core Discussions, Community Outreach, Development of Joint Policy for City & County (through separate contractor): \$53,000

BACKGROUND: RDA staff continues to work with the owners of multiple parcels on Block 70 to locate a new performing arts center on the properties. The properties are located between 100 South and 200 South Streets, and Main and Regent Streets, and are owned by Property Reserve, Inc., and Suburban Land Reserve, both of which are development arms of The Church of Jesus Christ of Latter-Day Saints. Early in the discussions with these entities, it became clear that the RDA and the City would benefit from selecting and engaging a development partner to assist with the acquisition of the properties, conduct further predevelopment work for the project, and prepare for construction.

In March 2009, the RDA issued a Request for Qualifications (RFQ) for developers to work with the RDA and Salt Lake City to design and construct a 2500-seat theater and other commercial, residential, or mixed-use buildings. Two development teams responded: one led by Garfield Traub Swisher/Hamilton Partners (GTS/HP), and the other consisting of HINES Interests.

In October 2009, the RDA Board approved GTS/HP as the first-ranked developer, and approved a six-month exclusive negotiations period during which staff was directed to negotiate a contract for pre-development services. In March 2010, the RDA Board approved a contract for pre-development services with GTS for a fixed fee of \$741,000. Since that time the Board has approved additional funds for strategic communications work, an economic impact analysis, and a facilitated process with the community to develop a joint policy for the City & County to follow in allocating funds under the Interlocal Agreement to fund arts promotion downtown.

Mayor Becker has made the construction of a downtown Broadway-style theater one of his highest priorities. He has asked the RDA to assist with the acquisition of property and selection of a developer for the project, which will include a 2500-seat theater, as well as rehearsal spaces and other ancillary facilities that will support the operation of the theater and various performing arts functions.

In 2008, Bill Becker, who has had substantial experience with theater productions and operations nationwide, organized a group of community leaders and representatives of arts organizations under the banner of the Downtown Theater Action Group (TAG). This committee, under Bill's leadership, considered numerous possible sites and funding

alternatives for the theater. In its final report, issued July 18, 2008, the TAG identified six potential sites for consideration, and recommended particular focus on four of those sites. TAG also recommended pursuit of two primary project funding sources: New Markets Tax Credits and creation of a Community Development Area that would use sales tax increment generated by the City Creek Center and surrounding blocks.

Responding to the TAG's recommendations, Mayor Becker asked the RDA and Economic Development staffs to lead the effort to further narrow the list of possible sites through direct negotiations with property owners. That process yielded a decision that Block 70, the location of the former Newspaper Agency Corporation printing presses, was the ideal location, given its proximity to other attractions and arts facilities downtown, the possibility of a Main Street entrance, the availability of abundant parking, and the opportunity to revitalize Regent Street as an attractive pedestrian connection between City Creek Center and Gallivan Center.

The RDA staff worked directly with the property owners to secure a 1-year exclusive negotiation agreement. On November 18, 2008, the Board passed Resolution No. 651.02, approving the Exclusive Negotiations Agreement, and authorizing staff to negotiate terms for the acquisition and development of the property. Since that time, the property owners have agreed to, and the Board has approved, several extensions of the exclusive negotiations agreement.

- ATTACHMENTS:**
- 1) Resolution No. 690.____
 - 2) Proposed Scope of Work and Budget for GTS contract amendment.

CONSIDERATION AND ADOPTION OF A RESOLUTION OF THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY APPROVING AN AMENDMENT TO THE CONTRACT FOR PRE-DEVELOPMENT SERVICES WITH GARFIELD TRAUB SWISHER FOR THE UTAH PERFORMANCE CENTER.

WHEREAS, the Redevelopment Agency of Salt Lake City (“Agency”) was created to transact the business and exercise the powers provided for in the Utah Community Development and Renewal Agencies Act; and

WHEREAS, the Agency adopted a redevelopment plan effective February 11, 1971 entitled “CBD Neighborhood Development Plan”; and

WHEREAS, the Agency currently owns property on Block 70 within the Central Business District Project Area; and

WHEREAS, the Agency desires to acquire adjacent property on Block 70 for the purpose of constructing or causing to be constructed a multi-use project (the “Project”) that would include a large, first-class theater suitable for nationally touring Broadway plays and musicals, together with associated facilities needed to support the theater’s productions and operations (collectively, the “Performing Arts Center”), and other commercial uses (the “Commercial Uses”); and

WHEREAS, on November 18, 2008 the Board of Directors adopted Resolution No. 651.02 approving the Agency staff’s execution of an Exclusive Negotiations Agreement with two adjacent landowners, Property Reserve, Inc. and Suburban Land Reserve, Inc., in which such landowners agreed to exclusively negotiate with the Agency for a period of one (1) year for the acquisition of their property by the Agency or a designated developer; and

WHEREAS, on September 22, 2009 the Board of Directors adopted Resolution No. 664.01 approving a six month extension of the Exclusive Negotiations Agreement with Property Reserve, Inc. and Suburban Land Reserve, Inc.; and

WHEREAS, the Exclusive Negotiations Agreement has subsequently been amended to extend its term; and

WHEREAS, on March 15, 2009, Agency staff issued a Request for Qualifications for a development partner to work with the Agency and Salt Lake City to design and construct the Project;

WHEREAS, based upon a review of the submitted materials, reference checks, and interviews, the selection committee recommended that Agency select Garfield Traub

Swisher/Hamilton Partners as its first-ranked developer and enter into exclusive negotiations with that developer;

WHEREAS, on October 9, 2009 the Board of Directors adopted Resolution No. 655.01, pursuant to which Agency granted to Garfield Traub Swisher/Hamilton Partners a six-month Exclusive Right to Negotiate for predevelopment services; and

WHEREAS, on March 9, 2010, the Board of Directors adopted Resolution No. 674.01 authorizing the execution of a Pre-Development Services Agreement pursuant to which Garfield Traub Swisher/Hamilton Partners would provide certain pre-development services as more specifically described therein;

WHEREAS, the work contemplated by the Pre-Development Services Agreement is nearly complete, and several changes in circumstances and new information warrant careful evaluation of several configuration and land acquisition alternatives;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE REDEVELOPMENT AGENCY OF SALT LAKE CITY, that we do hereby approve the amendment of the Pre-Development Services Agreement with Garfield Traub Swisher/Hamilton Partners to add the proposed work scope and budget attached hereto as Exhibit "A."

BE IT FURTHER RESOLVED, that the Chief Administrative Officer and the Executive Director of the Agency are hereby authorized and directed to execute the an amendment to the Pre-Development Services Agreement, substantially consistent with proposed work scope and budget attached as Exhibit "A";

BE IT FURTHER RESOLVED that we do hereby approve the expenditure of up to \$230,000 from CBD Arts District Planning & Implementation funds in order to make the payments required under the Amended Pre-Development Services Agreement.

Passed by the Board of Directors of the Redevelopment Agency of Salt Lake City, this 8th day of March, 2011.

Luke Garrott, Chairperson

ATTEST:

D.J. Baxter, Executive Director

Transmitted to the Chief Administrative Officer on February __, 2011. The Chief Administrative Officer

___ does not request reconsideration

___ requests reconsideration at the next regular Agency meeting.

Ralph Becker, Chief Administrative Officer

ATTEST:

D.J. Baxter, Executive Director

Approved as to legal form:

Jones, Waldo, Holbrook & McDonough, P.C.

By: _____

Term Sheet and Scope of Work

February 7, 2011

D.J. Baxter
Executive Director
Redevelopment Agency of Salt Lake City
451 South State Street
Room 418
P.O. Box 1435518
Salt Lake City, UT 84114-5518

RE: Proposal to provide evaluation and planning studies for potential incorporation of three adjacent properties, and additional interim development consulting services as an extension of the April 1, 2010 Pre-development Services Agreement for the Utah Performing Arts Center.

Dear D.J.:

We are pleased to provide ongoing development consulting services for the Utah Performing Arts Center as an extension of our current agreement to include the following:

1. Evaluate feasibility and potential benefit of the use and incorporation of the Deseret News Building or its site. (See attached deliverables)
2. Evaluate feasibility and potential benefit of the use and incorporation of the Regent Street Garage. (See attached deliverables)
3. Evaluate the conceptual feasibility and potential benefit of the use and incorporation of the Tribune Building site or portions thereof. (See attached deliverables)
4. Incorporate and administer the "Driving Success: Activating the Cultural Core" December 9, 2010 proposal from our sub-consultant AMS Planning and Research. Coordinate scope revisions, manage consultant billings and deliverables. (see attached)
5. Attend and participate in the Cultural Core Conversations process on behalf of the Utah Performing Arts Center. Help set up and attend 5 half day meetings and provide follow-up documentation and coordinate "scribes".
6. Participate in ongoing meetings and presentations with the Executive Committee, County, the State, the friends of the Performing arts Center, University, School Board and other outside Stakeholders as may be required or requested by the RDA.
7. Attend the ongoing weekly coordination meetings with the RDA and City Staff. Create minutes, agendas and follow up calls.
8. Assist the RDA with the alley easements and other support in its land acquisition with PRI.
9. Provide ongoing consulting support for financing and governance options through the funding process including on-going discussion with Salt Lake County (and approvals).

Fees for the above services are as follows:



- The fee for the site evaluations and studies for items one through three will a pass through of architecture and engineering costs estimated to be \$80,000.
- The fee for items one through three and five through nine will be \$30,000 per month (starting in February 2011) through June of 2011 or project funding and the initiation of the Development Agreement.

Project management, planning and design fees are considered project costs and may be reimbursed to the RDA as part of the project financing. Please let me know if you have any questions concerning this proposal.

Regards,



Steve Swisher AIA, LEED AP
Garfield Traub Swisher Development LLC

Deliverables for evaluation and planning of additional sites

All sites:

- Request and review existing plans and studies from current owners.
- Request preliminary title report from existing owners.
- Request and review any existing leases from current owners.
- Provide conceptual site plan
- Provide conceptual budget for proposed improvements (not including purchase)
- Primary focus to be further exploration of Schemes Two and Three
- Fatal Flaw Analysis

1. Deseret News Building

- Test fits for proposed uses to include:
 - Gallery
 - Retail
 - Classroom
 - Office
 - Center for the Arts
 - Dance/practical rehearsal studios

2. Regent Street Garage

- Concept study to retrofit street level for retail use
- Concept study for façade improvement
- Feasibility of replacement structure with underground truck access.
- Review existing leases and new demand from the theatre and office tower to determine the size of a replacement garage. (This scope excludes an area wide parking demand analysis. This can be provided by a sub-consultant such as Walker Parking as a pass-through if requested by the RDA.)
- Project income from parking and operating costs.
- Review financing options for reconstruction or purchase
- Conceptual study for cover over Regent Street

3. Tribune Site

- Site Concept for use of two-story portion for the performing arts center.
- Concept for adaptive re-use of historic portion of the building

**UPAC Add Service Project Management
Workplan and Estimate
February 2011 thru June 2011**

	TASK	HOURS	GTS Total	VCBO Total	TOTAL FEE
1	Evaluate feasibility and potential benefit of the use and incorporation of the Deseret News Building or its site. (See attached deliverables)	129	\$20,930	\$25,000	\$45,930
2	Evaluate feasibility and potential benefit of the use and incorporation of the Regent Street Garage. (See attached deliverables)	172	\$27,907	\$22,000	\$49,907
3	Evaluate the conceptual feasibility and potential benefit of the use and incorporation of the Tribune building site or portions thereof. (See attached deliverables)	86	\$13,954	\$10,000	\$23,954
4	Incorporate and administer the "Driving Success: Activating the Cultural Core" December 9, 2010 proposal from our sub-consultant AMS Planning and Research. Coordinate scope revisions, manage consultant billings and deliverables. (see attached)	43	\$6,977		\$6,977
5	Attend and participate in the Cultural Core Conversations process on behalf of the Utah Performing Arts Center. Help set up and attend 5 half day meetings and provide follow-up documentation and coordinate "scribes"	64.5	\$10,465		\$10,465
6	Participate in ongoing meetings and presentations with the Executive Committee, County, the State, the friends of the Performing Arts Center, University, School Board and other outside Stakeholders as may be required or requested by the RDA.	172	\$27,907	\$8,000	\$35,907
7	Attend the ongoing weekly coordination meetings with the RDA and City Staff. Create minutes, agendas and follow up calls.	172	\$27,907		\$27,907
8	Assist the RDA with the alley easements and other support in its land acquisition with PRI	43	\$6,977	\$5,000	\$11,977
9	Provide ongoing consulting support for financing and governance options through the funding process including on-going discussion with Salt Lake County (and approvals).	43	\$6,977		\$6,977
	Total hours	924.5	\$150,000	\$70,000	\$220,000
	Total Hours Billed	649.5			\$0
	Additional Survey and Estimating			\$10,000	\$10,000
	Total Fee for All Tasks		\$150,000	\$80,000	\$230,000