



CITY OF FORT LAUDERDALE
City Commission Agenda Memo
REGULAR MEETING

#23-0723

TO: Honorable Mayor & Members of the
Fort Lauderdale City Commission

FROM: Greg Chavarria, City Manager

DATE: September 19, 2023

TITLE: Public Hearing - Resolution Approving a Comprehensive Agreement with Hall of Fame Partners, LLC, for a Qualified Project that includes the Construction, Maintenance, and Operation of the East and West Buildings at the International Swimming Hall of Fame Complex Located at 501 Seabreeze Boulevard, Approving Various Appended Agreements as to Form, Approving the Leasing of City-Owned Property Located at 501 Seabreeze Boulevard, Fort Lauderdale, Florida, 33316, to Hall Of Fame Partners, LLC, Authorizing the City Manager to Execute the Agreements and Related Documents, and Declaring the City's Intent Pursuant to City Charter Section 8.13 to Lease City-Owned Property - (**Commission District 2**)

Recommendation

Staff recommends the City Commission adopt a resolution approving a Comprehensive Agreement with Hall of Fame Partners, LLC, in substantially the form attached, for a Qualified Project that includes the construction, maintenance, and operation of the East and West buildings at the International Swimming Hall of Fame Complex located at 501 Seabreeze Boulevard, approving various appended agreement in substantially the form attached, approving the leasing of city-owned property located at 501 Seabreeze Boulevard, Fort Lauderdale, Florida, 33316, to Hall Of Fame Partners, LLC, authorizing the City Manager to execute the agreements and related documents as required, and declaring the City's intent, pursuant to Charter Section 8.13, to lease City-owned property to the International Swimming Hall of Fame or an affiliate not for profit entity.

Background

On or about September 14, 2020, the City received an unsolicited proposal from Hall of Fame Partners, LLC ("Hall of Fame Partners") pursuant to Section 255.065, Florida Statutes, to redevelop the existing East and West buildings at the International Swimming Hall of Fame Complex located at 501 Seabreeze Boulevard, also known as 1 Hall of Fame Drive, Fort Lauderdale, Florida ("Property"). At the January 21, 2021 Commission Meeting, the City Commission adopted Resolution No. 21-17 and determined that the unsolicited proposal submitted by Hall of Fame Partners serves a public purpose as recreational, sporting, and educational facilities which will be used by the public at large or in support

of an accepted public purpose or activity. The proposal contemplates a lease to Hall of Fame Partners to facilitate the operation and maintenance of the project. Hall of Fame Partners will sublease the facilities to the City that will in turn sub-sublease the facilities.

On October 21, 2021, in accordance with Section 255.065(6), Florida Statutes, which provides that a responsible public entity can enter into an interim agreement with a private entity proposing the development or operation of a qualifying project, before or in connection with the negotiation of a comprehensive agreement, the City Commission approved an Interim Agreement with Hall of Fame Partners.

Pursuant to the terms of the proposal as memorialized in the Interim Agreement and the Comprehensive Agreement, the City will lease the Property to Hall of Fame Partners to facilitate the operation and maintenance of the project, and Hall of Fame Partners will sublease the facilities to the City that will in turn sub-sublease the facilities to the International Swimming Hall of Fame, Inc., a Florida Not for Profit Corporation, or to an organization affiliated with the International Swimming Hall of Fame, Inc. that meets the criteria of section 8.13 of the City Charter, or both. The City Charter does not specifically address the leasing of public property to private persons, firms or corporations for a public purpose, however the City Attorney's Office has suggested following the procedures of Section 8.09 of the City Charter with regards to the master lease to the extent those provisions do not conflict with Section 255.065, Florida Statutes. The attached resolution provides for acceptance of the lease consistent with Section 8.09.

The Interim Agreement permitted the commencement of activities related to the qualified project and the Property, including but not limited to, permission to enter upon the Property for purposes of conducting environmental analysis and mitigation, surveys, demolition, and other activities related to the development of the qualifying project that the City and Hall of Fame Partners deem appropriate, under the terms and conditions set forth in the Interim Agreement. In addition, Section 3.8 of the Interim Agreement required:

“(i) the sourcing of prospective sub-sub-lessees (“ISHOF Lessees”), (ii) the procurement of letters of intent from prospective ISHOF Lessees, whereby the Developer will be required to obtain letters of intent from prospective ISHOF Lessees representing 50% of the projected yearly total revenue in order to move on to the Comprehensive Development Agreement, and (iii) the negotiation of the leases between ISHOF and the prospective ISHOF Lessees, as may be necessary to secure the letters of intent.”

This documentation was provided by Hall of Fame Partners and reviewed by staff to determine compliance with the requirement above.

Section 3.01 of the Comprehensive Agreement provides that the City will have the opportunity to review and comment on the plans and budget for the respective phases.

The following depicts the anticipated phases of the Progressive Master Facilities Lease with approximate costs and financial closing dates.

Phase 1 – ~\$40M, Anticipated for 2023 Q4

- Hard Costs:
 - Demolition & Abatement
 - Seawall Construction
 - Ocean Rescue
 - Early Site/Civil Construction
- Soft Costs:
 - Recuperation of Pre-Development costs to date
 - ISHOF Relocation/Storage and Temporary Facilities
 - Balance of Design Costs
 - Building Permit & Impact Fees
 - Legal Costs
 - Marketing Costs
 - Prorated Master Lease Brokerage Commission
 - 50% Tenant Sublease Brokerage Commission
 - Prorated Development Fee
 - Prorated Financing Fee

Phase 2 – ~\$100M, Anticipated for 2024Q2-Q3

- Hard Costs:
 - West Building, including:
 - ISHOF Museum, including Exhibits & Tenant Improvements
 - Event Center
 - Intracoastal & Rooftop Restaurants
 - Diving Grand Stands & VIP Suites
 - Parking Garage
- Soft Costs:
 - Prorated Master Lease Brokerage Commission
 - Balance of Tenant Sublease Brokerage Commission
 - Prorated Development Fee
 - Prorated Financing Fee

Phase 3 – ~\$35M, Anticipated for 2024Q3-Q4

- Hard Costs:
 - East Building, including:
 - ISHOF Welcome Center
 - Coffee Shop/Café
 - Flow Rider
 - Commercial Office
 - Rooftop Public Terrace
- Soft Costs:
 - Prorated Master Lease Brokerage Commission

- Prorated Development Fee
- Prorated Financing Fee

Phase 4 – ~\$15M, Anticipated for 2025Q1-Q2

- Hard Costs:
 - Commercial & Hospitality Tenant Improvements and FF&E
 - Signage
 - Hardscape
 - Landscape
 - Water Taxi Dock
 - Any other Misc. Scope to finalize the project
- Soft Costs:
 - Prorated Master Lease Brokerage Commission
 - Prorated Development Fee
 - Prorated Financing Fee

Total project costs are estimated at \$190 Million, resulting in a maximum annual commitment for the City under the Master Lease Agreement of \$11 Million annually (expected range of \$9.5 Million - \$11 Million) commencing on substantial completion of the project. The City's obligation under the Master Lease Agreement will be offset by revenues generated from leased space in the buildings as well as other revenues generated by the project. The financial analysis provided in Exhibit 3 provides a range of City commitment during the term of the project from a positive \$162,646 to a negative \$3,366,437 under a base case and four separate revenue scenarios (increasing approximately 3% per year).

Upon executing the sublease with Hall of Fame Partners in accordance with the proposal the City intends to sublease the facilities to the International Swimming Hall of Fame, Inc. ("ISHOF") or an organization affiliated with ISHOF that meet the criteria of Section 8.13 of the City's Charter. If approved by the Commission, a public hearing pursuant to Section 8.13 of the City Charter, entitled Leases to civic and charitable organizations, will be advertised and scheduled for October 17, 2023.

Resource Impact

There is no resource impact until substantial completion of the project, expected in FY 2027.

Strategic Connections

This item is a *2022 Top Commission Priority*, advancing the Parks and Public Places Initiative.

This item supports the *Advance Fort Lauderdale 2040 Comprehensive Plan* specifically advancing:

- The Public Places Focus Area
- The Parks, Recreation & Open Space Element
- Goal 2: Be a community with high quality parks and recreational facilities that highlight the character of our City.

Attachments

Exhibit 1 – Comprehensive Agreement
 Exhibit 1A – Legal Description
 Exhibit 1B – Draft Development Budget
 Exhibit 1C – Draft Development Schedule
 Exhibit 1D – ISHOF Relocation Site
 Exhibit 1E – Intentionally Omitted
 Exhibit 1F – Leasing Plan
 Exhibit 1G – Draft Ground Lease
 Exhibit 1H – Draft Master Facilities Lease Agreement
 Exhibit 1I – Intentionally Omitted
 Exhibit 1J – Form Design-Build Construction Agreement Template
 Exhibit 1K – Design-Builder Insurance Sample
 Exhibit 1L – Construction Plans (East Bldg)
 Exhibit 1M – Construction Plans (West Bldg)
 Exhibit 1N – Environmental Report
 Exhibit 1O – Draft Facilities Manager Contract Template
 Exhibit 1P – Intentionally Omitted
 Exhibit 1Q – TRIP Generation Statement
 Exhibit 1R – Dedication
 Exhibit 1S – E-Verify Affidavit
 Exhibit 2 – Interim Agreement
 Exhibit 3 – PFM Consulting Group Financial Analysis
 Exhibit 4 – Economic and Fiscal Impact Analysis
 Exhibit 5 – ISHOF Letter to City
 Exhibit 6 – Resolution

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Charter Officer: Greg Chavarria, City Manager