
M E M O R A N D U M

DATE: June 21, 2005
TO: City Council Members
FROM: Jennifer Bruno, Policy Analyst
RE: Property Conveyance for Real Salt Lake (RSL) Practice Facility
CC: Rocky Fluhart, Sam Guevara, Rick Graham, Louis Zunguze, Doug Wheelwright

Attached is notice of the proposed lease of City-owned real property. The subject property is approximately 5.7 acres of vacant, unimproved land, located at 2005 West 500 South Street, directly west of the City Parks Division Office. The site is managed by the Park Division within the Public Services Department. The land was previously a landfill, but has had no use since the landfill was closed many years ago. Access to the site would be from 500 South.

LEASE DETAILS

1. The term will be two to three years with an option to extend, for the cost of \$1.00 per year.
 - a. The fair market rental value of the property is estimated at \$7,000-\$8,000 per acre per year (total site maximum estimated rental value: \$45,600 per year). The proposal is well below the fair market value of the site. However, the improvements made to the site (estimated at \$250,000) which will revert to the City the end of the term, as well as ancillary benefits during the term (spending due to events), will exceed the fair market value of the currently vacant, unimproved site.
2. The Lessee (Real Salt Lake) will install and maintain a Major League Soccer-quality practice field at its own expense, for the duration of its lease. This may include:
 - a. Preparation and installation of a field measuring 85 yards x 125 yards, including sprinkler system, grading, road base, sand, and sod. Subject to site conditions, an additional ½ field may also be constructed.
 - b. Maintenance of any field facilities including herbicide/pesticide/fertilizer, mowing, watering, striping, utilities.
 - c. Subject to approval of Salt Lake City Planning Division, Real Salt Lake may locate *temporary* storage, locker rooms, and offices as needed. These buildings will be removed at the cost of the lessee when the field is vacated by Real Salt Lake.
3. Ownership of the land and any improvements made to the land (field, turf, parking) will be transferred back to the City at the expiration of the lease.

4. Real Salt Lake maintains marketing rights during the term of the lease as a means to recoup some installation costs, including naming rights to the facility. RSL also retains the right to hold public and/or private events at the field including activities for season ticket holders, media, international teams, etc. – and to retain any revenue from these events. RSL will retain all scheduling rights related to events, but will consider limited public uses such as youth soccer events, high school events, and significant community tournaments.
 - a. The site would likely be used for Real Salt Lake team activities approximately two hours per day, six days per week from March 1st through November 15th each year.

MATTERS AT ISSUE

1. The Council may wish to ask the Administration if there is any cost to the City for site preparation, prior to the lease. If so, what impact will the cost have on normal departmental operations?
2. As this site was a previous landfill site, the Council may wish to inquire about any environmental issues that would need to be addressed prior to construction.
3. The Council may wish to confirm that if the lease is extended beyond the initial term, Real Salt Lake will continue to be responsible for maintenance and operations of the field.

POSSIBLE COUNCIL ACTION

The Planning Commission will hold a public hearing regarding the proposed lease on June 29, 2005. Generally the Council waits for comments made in the Planning Commission hearing to determine whether to hold a hearing. In order to expedite this lease agreement, council staff can forward any comments to the Planning Commission immediately following the Planning Commission hearing.

The Council has the option of requesting an administrative hearing on this property conveyance. No Council Action is required.

JUN 15 2005

Dated: June 15, 2005

NOTICE OF PROPOSED LEASE OF
REAL PROPERTY PURSUANT TO
SALT LAKE CITY CODE SECTION 2.58.040

1. Property to be Leased. Up to approximately 5.7 acres of unimproved land owned by the City which is located at approximately 2005 West 500 South Street, just west of the City Parks Division Office. The property is currently zoned Public Lands (PL).

2. Summary of Proposed Lease: A two to three year lease with an option to renew. Lessee will install and maintain a Major League Soccer-quality practice field and related improvements at its own expense. Ownership of the practice field and related improvements will be transferred to the City at the end of the lease.

3. Lessee. The property is to be leased to Utah Soccer, LLC, doing business as the Major League Soccer team Real Salt Lake ("RSL").

4. Consideration Tendered. RSL will pay rent of \$1 per year and will transfer ownership to property improvements at end of lease.

5. Person Requesting Action: Rick Graham, Director, Public Services


6. Basis of Valuation. Based on an informal survey, the fair market rental value of the property is estimated at approximately \$7,000 to \$8,000 per acre per year. The proposed annual rental (\$1) is less than the fair market rental value of the property, but the value of the improvements that the City will receive at the end of the term and other benefits the City will receive during the term of the lease exceed the fair market rental value of the property.

7. Proposed Hearing Date If Hearing Requested By A Member Of The City Council.

If a member of the City Council submits a written call for a hearing within fifteen (15) days of the date of this notice, such hearing shall be held as follows:

July 5, 2005
7:00 p.m.
City & County Building
451 South State Street, Room 315
Salt Lake City, Utah

If such a hearing is held, interested persons may appear and comment on the proposed lease.



RICK GRAHAM
Director, Public Services