

ERIN MENDENHALL  
Mayor



DEPARTMENT of COMMUNITY  
and NEIGHBORHOODS  
Blake Thomas  
Director

## CITY COUNCIL TRANSMITTAL

  
Lisa Shaffer (Jun 2, 2023 09:34 MDT)

Lisa Shaffer, Chief Administrative Office

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**TO:** Salt Lake City Council  
Dan Dugan, Chair

**DATE:** June 1, 2023

**FROM:** Blake Thomas, Director, Department of Community and Neighborhoods (CAN)



**SUBJECT:** Update on the status and disposition strategy for 8.75-acres of city-owned property located between 300 and 400 West and between 800 and 900 South, also known as the Fleet Block.

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**DOCUMENT TYPE:** Information only

**RECOMMENDATION:** Briefing and policy discussion

**BUDGET IMPACT:** N/A

**BACKGROUND/DISCUSSION:** The City is working to transform the 8.75-acres of underutilized City-owned property located between 300 and 400 West, 800 and 900 South (“Fleet Block or “Property”) into community assets that will contribute to the economic, social, and environmental betterment of the city. While it is the Administration’s role to dispose of property, such as through a request for qualifications (“RFQ”) or request for proposal (“RFP”) process, it is the Council’s role to approve any rezones for the property and to approve any forthcoming budgetary items. Additionally, there are legislative functions tied to designating the size and location of parks and public squares. Accordingly, the Administration has provided a series of briefings to the Council in order to rezone the Property, designate public space, and gather policy direction on redevelopment goals.

Since the last briefing in November of 2022, a multi-departmental team comprised of Community and Neighborhoods (“CAN”), the Mayor’s Office, Public Lands, the Arts Council, and Sustainability has been working on various aspects of planning for development of the Property. The team has identified the general placement of land uses for the Council’s feedback,

with the intent of subdividing the Property into public space and three development sites. Currently, the Administration is requesting that the Council:

- 1) Approve the rezone as provided through a separate transmittal. The legislative function of rezoning the Property must be finalized prior to initiating an RFQ/P process to ensure that procurement processes are based on an approved zoning district.
- 2) Indicate support for the Fleet Block public space to be located on the southeast quadrant of the block as demonstrated on *Exhibit A – Fleet Block: Proposed Location of Public Space*. If the Council is supportive, the Department of Public Lands will return to the Council at a later date to formally designate the public space as either a public square or park.
- 3) Provide any final policy direction on the development plan and budgetary considerations prior to the initiation of an RFQ or RFP process.

If the Council indicates support for the location of the Fleet Block public space, Public Lands will initiate a robust planning process for the design and development of the public space. This process will build on engagement work that has already been completed, through Reimagine Nature, Art Healing efforts relating to the murals, among other efforts. Subsequently, CAN will lead the effort to subdivide the Property and prepare the development sites for an RFQ/P process. Sustainability is advising on the environmental cleanup, and the Mayor's Office, the Arts Council, and Civic Engagement have been involved in community engagement efforts.

#### Site Plan and Public Space

The Property is challenged with several redevelopment barriers and there are pros and cons for the placement of land uses. Redevelopment barriers include the high voltage power lines that run along 800 South, various types and intensities of environmental contamination scattered across the Property, and budget constraints for developing and upgrading public infrastructure.

During the last briefing, the Administration presented a hypothetical development scenario that placed the public space on the northeast quadrant of the block. At that time, the Administration proposed that location to honor the community-led murals that were initiated first on this corner with the depiction of George Floyd. Also, open space may be more compatible than other land uses with the high voltage powerlines that run along 800 South, as the powerlines will limit the height of development and/or require setbacks to ensure that there is adequate aerial fire access. Council Members had mixed opinions, with some Members supporting the placement on 300 West 800 South and other Members supporting the placement on 900 South to be co-located with the forthcoming Green Loop and 9 Line.

Currently, after considering the Council's feedback and completing additional analysis, the Administration is recommending that the public space be located on the south end of the block, on the 300 West 900 South corner - refer to *Exhibit B: Proposed Site Plan*. The location of the public space on the southeast quadrant will not only support the Green Loop and 9 Line, but a shade and shadow analysis indicates that this site will have less shade in the winter, thereby making the public space more usable year-round. While locating two of the development sites along 800 South may require design concessions to ensure adequate fire aerial access, the Administration believes that the benefits of locating the open space on the southeast quadrant outweigh the resulting cons.

Midblock Infrastructure

Midblock connections are proposed to bisect the block into four quadrants, as called for in the Downtown Plan, the community plan for the area. As Demonstrated on *Exhibit B: Proposed Site Plan*, two of the four midblock segments, as highlighted in orange, are to be funded and developed by the City concurrently with the development of the public space. The other two midblock segments, the northern and western segments, will be developed in coordination with the northern two development sites.

The ultimate goal is to have all of the midblock connections owned and maintained by the City, which will ensure the public’s rights to access and use the space to the greatest extent possible. Funding for these two segments could be leveraged from the land value of the adjacent development sites or acquired through a forthcoming capital improvement program (“CIP”) request. Three of the midblock segments are proposed to be open to motor vehicles, while the southern segment will be integrated into the public space with limited vehicular access to draw pedestrians and bicyclists from the Green Loop into the block and public space.

Budget Considerations

The land value is the City’s most significant tool for leveraging public benefits. In January of 2022, the Property appraised for \$37,500,000, or \$98.39 per square foot, not considering environmental contamination costs. Based on the proposed site plan, the appraised value allocated by land use is as follows:

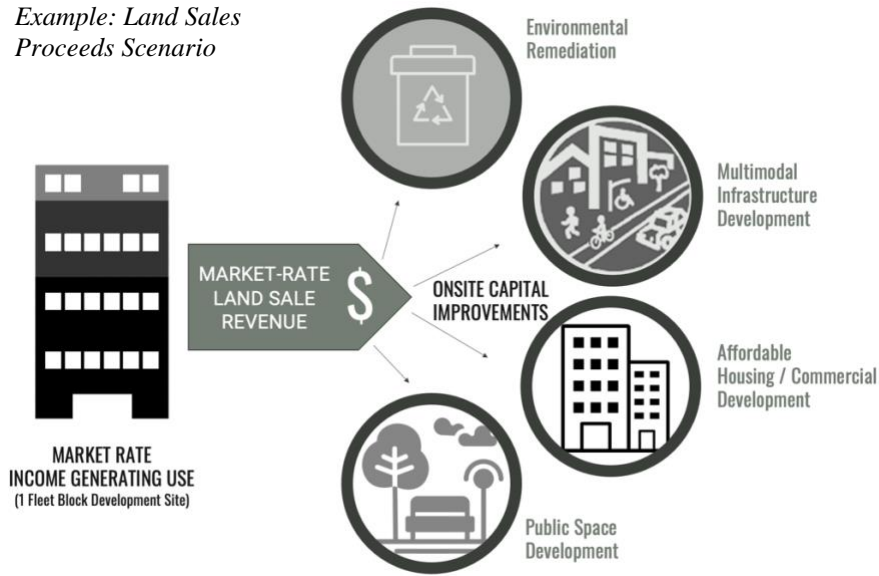
<u>LAND USE</u>	<u>ACRES</u>	<u>LAND VALUE</u>
Public Space & Midblock Connections	~4	\$17,142,857
<u>Development Sites</u>	<u>~4.75</u>	<u>\$20,357,143</u>
Total	8.75	\$37,500,000

It is important that the Council and Administration coordinate on budget considerations as the development process moves forward. Since the Council was last briefed on Fleet Block, CAN completed a study by Common Ground Institute and Urban 3 on the Public Asset Yield (“PAY”) model. Through the PAY model, which can be similar to an urban wealth fund model, cities develop underutilized properties as income-generating uses such as residential, office, and mixed-use communities. The revenue generated is then invested into public benefits that are either developed on or off-site from the income-generating use(s).

In general, there are two options to transform the land value into public benefits, as follows:

1. Land Sales Proceeds: The first option is to sell property and utilize the sales proceeds as a capital investment to build on-site public benefits. This option allows for sales revenue to be captured upfront and invested into the development of the Property. Under a land sales scenario, a portion of the Property would be sold at market rate for income-generating uses. Then, the sales proceeds are utilized to construct public benefits, such as environmental remediation, and the development of capital infrastructure such as public space, streets, multimodal amenities, affordable housing and commercial space. The following demonstrates how this option can not only incentivize public benefits but allow for development of infrastructure an environmental remediation with fewer budget allocations from other City resources.

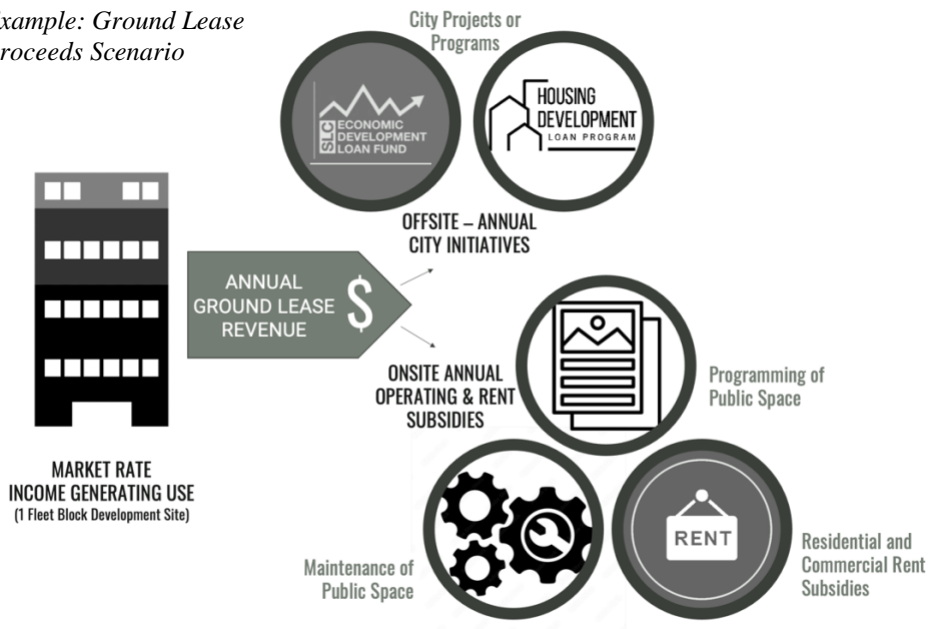
*Example: Land Sales Proceeds Scenario*



2. Ground Lease Proceeds:

The second option is to issue a ground lease to an income-generating development and capture lease revenue annually over time to implement public benefits. As such, rather than fund on-site capital improvements and affordable housing and commercial development, this type of revenue could be used to capitalize City-administered programs, maintenance for the Property, or programs that are created specific for the Property such as operating subsidies for commercial tenants or rental assistance to residential tenants. While this scenario provides ongoing revenue, capital to develop infrastructure, remediate environmental contamination, and construct public benefits needs to be secured in order to develop the Property.

*Example: Ground Lease Proceeds Scenario*



### RFQ/P Process

The three development sites will be marketed competitively through either an RFQ or RFP process. The process for procurement will depend on the goals of each development site.

Considerations include the following:

- **RFQ:** Focuses on establishing relationships with development teams that have an ethos that aligns with that of the City and community. Fleet Block's multiple development barriers present uncertainties that will need to be navigated. Through an RFQ process, the City and community would select development teams to navigate uncertainties through an ongoing partnership, allowing more room for the ultimate project to vary. While general design and financial aspects would be required through the RFQ process, specific elements would be established through a collaborative process.
- **RFP:** Rather than being focused on the development partnership as with an RFQ, an RFP process focuses on selecting a particular development proposal that includes specific design and financial components. Since a specific development proposal is selected, there is less room for the selected project to evolve as development uncertainties are uncovered and dealt with. However, there is more assurance regarding project specifics upon selection of a project proposal through an RFP process.

The forthcoming procurement and development processes will include requirements to ensure that the ultimate development provides economic opportunities, affordable living, and cultural expression for all residents, particularly communities of low- and moderate-income and persons who are minorities. The City will continue to involve underrepresented communities in the development process through the following:

- **Inclusive Selection Committee**  
Establishment of selection committees, that will be responsible for evaluating, ranking, and selecting proposals, inclusive of community representatives from diverse backgrounds along with City representatives.
- **Community Benefit Agreement**  
Implementation of Community Benefit Agreements (CBAs) between the developers and community-based organizations representing residents' interests. The agreements shall define the benefits the community will receive in exchange for supporting the project.
- **Metrics & Outcomes**  
Identification of metrics to track and measure the development's outcomes to provide accountability for the City and developer. Potential metrics may measure indicators such as affordability, underrepresented populations, climate resiliency, community health, and social and economic justice.

EXHIBIT A: Fleet Block – Proposed Location of Public Space

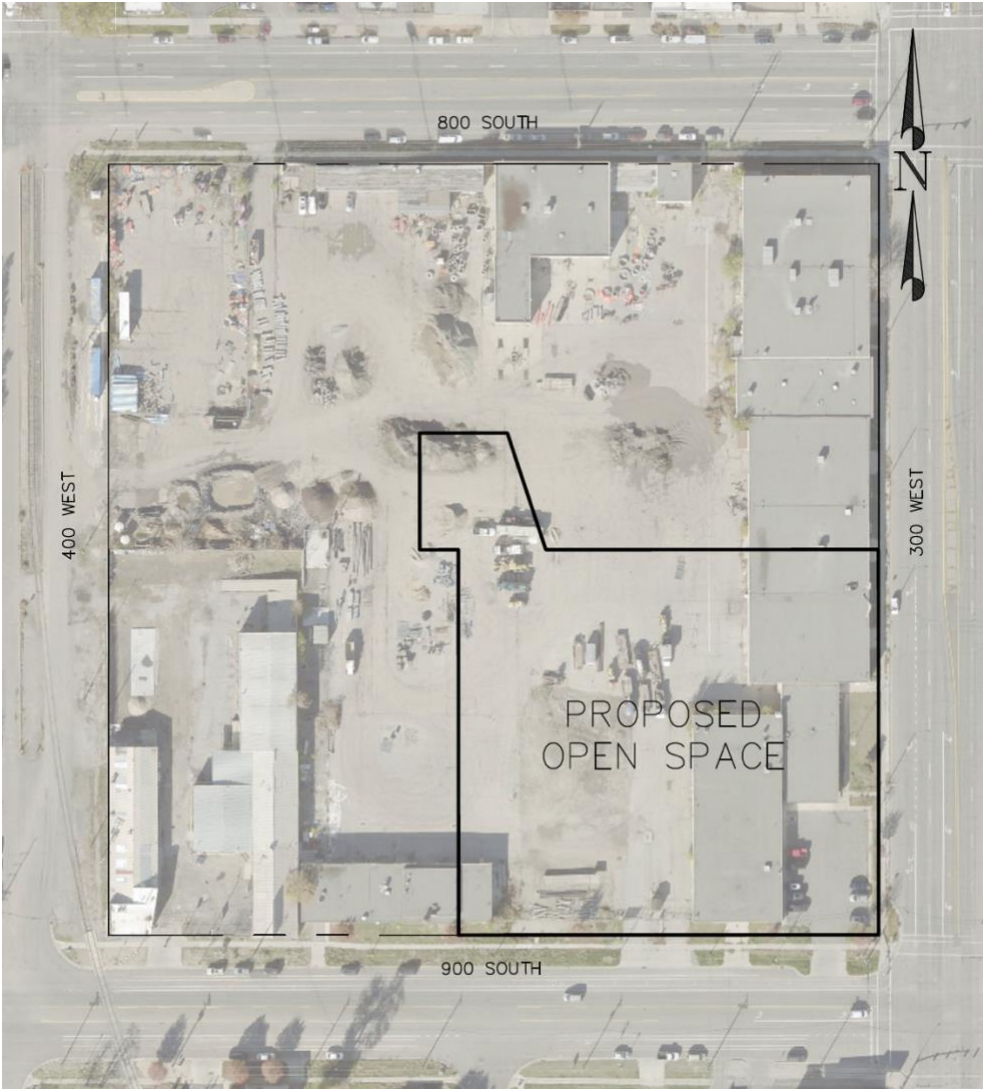
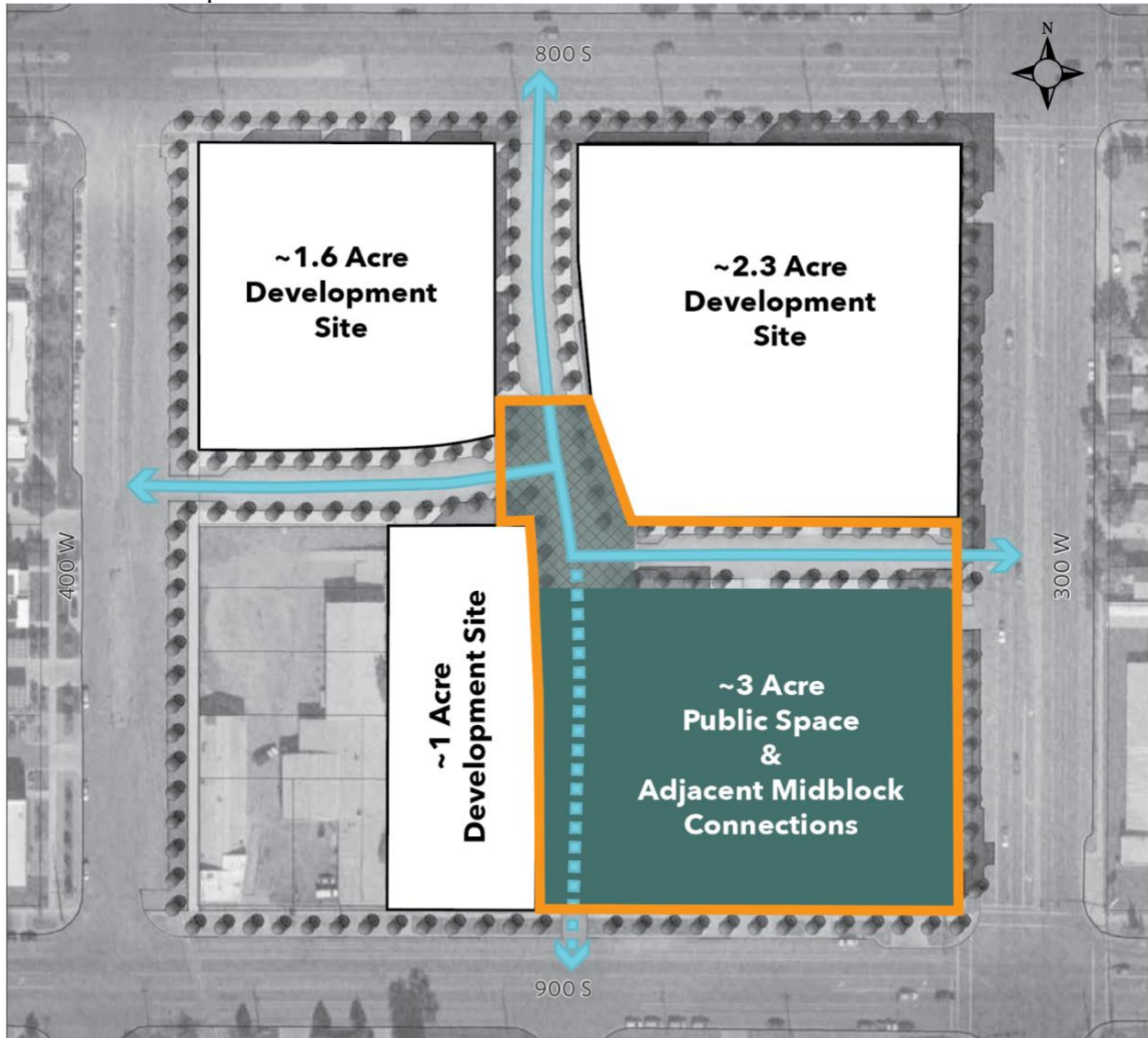




EXHIBIT B: Proposed Site Plan



-  Open Space
-  Plaza / Shared Street
-  City-led Development Site
-  Non-motorized Midblock Connection
-  Midblock Streets