

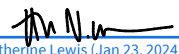
CITY COUNCIL TRANSMITTAL


Rachel Otto (Jan 23, 2024 16:22 MST)
Rachel Otto, Chief of Staff

Date Received: 01/23/2024
Date sent to Council: 01/23/2024

TO: Salt Lake City Council
Victoria Petro

DATE: January 23, 2024

FROM: Mary Beth Thompson, Chief Financial Officer 
Katherine Lewis, City Attorney 
Katherine Lewis (Jan 23, 2024 17:25 MST)

SUBJECT: Authorizing a below-market ground lease for the University of Utah for approximately 1.175 acres of Salt Lake City owned property that would allow the University to expand its baseball playing field to meet the NCAA requirements for a competition field. The ground lease will be structured to require a \$1.00 per year payment over a 99-year lease term: Public Benefit Analysis under Utah Code Section 10-8-2.

SPONSOR: NA

STAFF CONTACT: Kimberly Chytraus, City Attorney (801) 535-7685
Kristin Riker, Director of Parks and Public Lands Department
Randy Hillier, Policy and Budget Analyst (801) 535-6606,

DOCUMENT TYPE: Public Benefits Analysis and Recommendation

RECOMMENDATION: It is recommended that the Salt Lake City Council approve a below-market ground lease of 1.175 acres of Salt Lake City owned property at approximately 1735 Sunnyside Avenue to the University of Utah to facilitate the expansion of the University's baseball playing field to meet NCAA requirements for a competition field. Expanding the property on which the field is built will allow the design to avoid undesirable elements such as the need for a 35-foot wall between the ballfield and the western boundary of Sunnyside Park.

Under the proposed ground lease between the City and the University, the City will maintain ownership of the Leased Area. The ground lease will be structured to require a \$1.00 per year payment over the 99-year lease term. The ground lease will require that the Leased Area be used solely for recreational and baseball field purposes, with defined access to the public. The 2023 lease value of the City Property is approximately \$0.68/square foot, based on the assessed value.


April Patterson (Jan 23, 2024 18:06 MST)

The lease would impact an existing city-owned softball field and multi-purpose field located at Sunnyside Park; however, the expanded ballfield could provide certain benefits to the public and users of Sunnyside Park, including field use and access to additional amenities.

BUDGET IMPACT: NA

BACKGROUND/DISCUSSION:

PUBLIC PROCESS: Public Hearing

RESOLUTION NO. ____ OF 2024

(Authorizing Ground Lease Rate and Term to The University of Utah)

WHEREAS, the University of Utah (“University”) owns real property adjacent to Sunnyside Park where its practice baseball field is located. The University is designing a new ballpark to serve the University’s baseball program and meet the practice and competition needs of the program (the “Project”); and

WHEREAS, the University desires to ground lease from the City a portion consisting of 1.175 acres of the City’s property on 1735 Sunnyside Avenue, Salt Lake City, and designated as Sunnyside Park (the “Leased Area”) to allow the University to expand the outfield of the baseball field to meet National Collegiate Athletics Association requirements; and

WHEREAS, the City is willing to grant to the University a ground lease rate for the Leased Area in the amount of \$1.00 per year for a term of 99 years, so long as the conditions of the ground lease are met (the “Lease Fee Waiver”); and

WHEREAS, Utah Code Section 10-8-2(1)(a)(i) allows public entities to provide nonmonetary assistance and waive fees to and for nonprofit entities after a public hearing; and

WHEREAS, though Utah Code Section 10-8-2 does not require a study for such waiver or assistance, in this case the Administration voluntarily performed an analysis of the nonmonetary assistance to the nonprofit corporation (the “Analysis”); and

WHEREAS, the City Council has conducted a public hearing relating to the foregoing, in satisfaction of the requirements of Utah Code Section 10-8-2; and

WHEREAS, the Council has reviewed the Analysis, and has fully considered the conclusions set forth therein, and all comments made during the public hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of Salt Lake City, Utah, as follows:

1. The City Council hereby adopts the conclusions set forth in the Analysis, and hereby finds and determines that, for all the reasons set forth in the Analysis, the Lease Fee Waiver is appropriate under these circumstances.

2. The City Council hereby authorizes the City administration to negotiate the ground lease on the conditions set forth in the Analysis, or on more terms beneficial to the City, and execute the ground lease and any other relevant documents consistent with this Resolution and incorporating such other terms and agreements as recommended by the City Attorney's office.

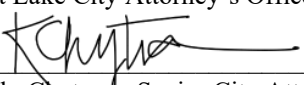
Passed by the City Council of Salt Lake City, Utah, on _____, 2024.

SALT LAKE CITY COUNCIL

By: _____
CHAIRPERSON

ATTEST:

CITY RECORDER

APPROVED AS TO FORM: Salt Lake City Attorney's Office By:  Kimberly Chytrus, Senior City Attorney

MEMORANDUM

TO: City Council Members

SUBJECT: Informal Analysis of Public Benefits Provided by The University of Utah
Baseball Field Expansion in Exchange for a Below-market Ground Lease of Property

DATE: January 23, 2024

INTRODUCTION AND BACKGROUND

Salt Lake City (the “**City**”) owns real property located at approximately 1735 Sunnyside Avenue, Salt Lake City, consisting of approximately 27.5 acres and designated as Sunnyside Park (the “**City Property**”). The University of Utah (the “**University**”) owns the property adjacent to the City Property to the northwest on Guardsman Way where its practice baseball field is located. The University is designing a new ballpark to serve the University’s baseball program and meet the practice and competition needs of the program by expanding the ballpark outfield (the “**Project**”). The redesign is necessitated by the loss of access to Smith’s Ballpark, which has been the historic home for University of Utah Baseball. The new ballpark must also meet the National Collegiate Athletics Association requirements for a competition field, which would result in the design incorporating several less desirable elements due to the existing site constraints, including a 35-foot wall between the ballfield and the western boundary of Sunnyside Park and no setback from Guardsman Way.

To mitigate the less desirable design elements on the site, the University has requested, and the City administration desires, to ground lease a portion of the City Property to the University to expand the outfield of the baseball field, in the approximate amount of 1.175 acres (the “**Leased Area**”), depicted on Exhibit A attached hereto. Attached as Exhibit B are (1) a depiction of the current Sunnyside Park layout, and (2) the University’s conceptual plan for the rebuild baseball field and Sunnyside Park amenities (the “**University Concept Plan**”). The lease would impact an existing softball field and a multi-purpose field at Sunnyside Park. However, the expanded ballfield could provide certain benefits to the public and users of Sunnyside Park, including field use and access to additional amenities. In addition, granting a ground lease would allow the ballpark to have a reasonable non-buildable setback from Guardsman Way and would eliminate the need for the 35-foot wall between the ballfield and the western boundary of Sunnyside Park.

LEGAL FRAMEWORK

Under Utah law, after first holding a public hearing, a municipality may “authorize municipal services or other nonmonetary assistance to be provided to a nonprofit entity, whether or not the municipality receives consideration in return.” Utah Code §10-8-2(1)(a)(v). Because the University is a nonprofit entity, the City may waive the fair-market rental rates it would ordinarily be required to receive for use of the City Property so long as the municipal legislative body first holds a public hearing regarding the waiver and authorizes the Administration to enter into the ground lease at the below-market lease rate.

Utah Code §10-8-2(3) outlines the purposes for which a municipal body may appropriate funds as “for any purpose that, in the judgment of the municipal legislative body, provides for the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the inhabitants of the municipality.” The factors that must be considered in determining the propriety of such an appropriation or waiver if made to any type of entity or individual other than a nonprofit entity are set forth under Utah Code §10-8-2(3)(e). Here, it may be helpful to consider the same factors:

- (1) The specific benefits (including intangible benefits) to be received by the City in return for the arrangement;
- (2) The City’s purpose in making the appropriation, including an analysis of how the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the residents of Salt Lake City will be enhanced; and
- (3) Whether the appropriation is “necessary and appropriate” to accomplish the reasonable goals and objectives of the City in the area of economic development, job creation, affordable housing, blight elimination, resource center development, job preservation, the preservation of historic structures and property, *and any other public purpose* (emphasis added).

TERMS OF THE GROUND LEASE AND PUBLIC BENEFITS PROVIDED

I. Terms of Ground Lease; Costs to the City

Under the proposed ground lease between the City and the University, the City will maintain ownership of the Leased Area. The ground lease will be structured to require a \$1.00 per year payment over the 99-year lease term. The ground lease will require that the Leased Area be used solely for recreational and baseball field purposes, with defined access to the public. The 2023 lease value of the City Property is approximately \$0.68/square foot, based on the assessed value. The assessed fair market value of the Leased Area is \$434,279.

Impacts to the City include the loss of 1.175 acres of Sunnyside Park. Granting the lease will result in the removal of one existing softball field and one existing multi-use/lacrosse field. However, the net result could be the loss of two softball fields at Sunnyside Park which could be replaced by different park amenities such a multiple multi-use fields and other amenities, depending on the reconfiguration of the fields and amenities selected through a community engagement process. One potential reconfiguration and additional amenities is shown on the University Concept Plan.

II. Public Benefits Provided by the Project.

The Project will provide certain benefits to the City and promotes the City’s reasonable goals and objectives set forth in the SLC Public Lands Master Plan, “Reimagine Nature,” adopted June 7, 2022 (the “Master Plan”).

In exchange for the ground lease of the Leased Area, the University has offered to commit \$4.2 million to be used by the City for replacement of impacted park land and amenities and

enhanced improvements at Sunnyside Park. In addition to the \$4.2 million, park impact fees may be available for additional amenities.

The final type of amenities would be determined through a community engagement process. The University Concept Plan illustrates some possible amenities that could be constructed:

1. Increasing the number of multi-use sports fields. The City could increase the number of multi-use sports fields from four fields to five fields (two would be new) and an option to program the outfield of the collegiate field as a possible sixth multi-use field.
2. Providing two new multi-use fields. The two newly constructed multi-use fields could be programmed for 130 days per year with an average of 500 participants/per week playing 28 weeks equates to 13,000 user visits/per year.
3. Three Pickleball Courts. Pickleball use has continued to rapidly increase throughout Salt Lake City. For the past two years there has been a constituent Capital Improvement Project (“CIP”) request to add pickleball courts at Sunnyside Park.
4. Walking path that would increase the perimeter path up to 1.7 miles from 0.8 miles.
5. Additional parking areas.

Public Lands also recommends that the ground lease be contingent on securing an agreement with the University that provides for the following benefits to the City’s reasonable satisfaction:

1. Allowing the City to program the multi-use field within the stadium during non-collegiate use.
2. City/public access to a portion of the 1.175 acres for public use during non-collegiate activities. This area would include the proposed berm behind the baseball field and other landscape features.
3. City/public access to amenities such as bathrooms and concessions maintained by the University and located inside of the ballpark for community use.

Upon approval of the lease terms, the Administration will negotiate a ground lease with the University that will require these benefits and conditions as well as those required by Council. If the Leased Area ever ceases to be used for the permitted purpose or the University does not provide the required benefits or meet the required conditions, the City will be able to terminate the ground lease.

III. Salt Lake City’s Purposes and Enhancing the Quality of Life for Residents.

The National Recreation and Park Association has studied the impact of parks and recreational areas on the economy, health, and wellness. It found that physical activity, access to green spaces, and services and programming that promote better health outcomes lead to less reliance on medication, fewer trips to the hospital, and lower healthcare costs. There is significant research that connects parks with positive mental health, resulting from both increased physical

activity and being near green space. This may include reductions in stress levels and antisocial behaviors. Parks can promote social cohesion, which is associated with reduced levels of depression, stress, and cardiovascular issues. Parks can also improve air quality, help communities adapt to changes in the climate (including providing shade in areas seeing increased heating), and provide support to disaster planning and social resilience.

The Project may effectively expand the size of Sunnyside Park if the University allows public access onto portions of the University property for recreational purposes. Allowing the installation of a 35-foot wall would negatively impact the City Property by obstructing lines of sight that provide natural surveillance, impacting park safety. In addition, the University's commitment to enhance the amenities at Sunnyside Park increases its usefulness to the public and provides additional recreation facilities. The additional open space and amenities have a positive effect on the community's physical and mental health.

IV. Accomplishing Salt Lake City's Goals.

The Master Plan has five main goals of what the Public Lands Department is aiming to achieve over the next 10-20 years: (1) Sustain: Environmental Health and Sustainability; (2) Connect: Accessible and Connected Green Spaces; (3) Welcome: Active, Authentic and Inclusive Places; (4) Protect: A Commitment to Stewardship; and (5) Grow: Expand our Public Lands System. Support of the Project with the ground lease accomplishes several of the City's goals and priorities.

(3) Welcome: Active, Authentic and Inclusive Places. Ideal parks are actively used by the community, inclusive for all ages, abilities and cultures and strive to be authentic, or reflective of the neighborhood and community's culture. The Public Lands Department, in alignment with the Mayor's 2021 citywide vision, is committed to looking at top-down and bottom-up community driven solutions to welcoming more people. Expanding the fields and amenities in Sunnyside Park will allow the City to welcome more people and supports active programming that brings people out to their parks for art, events, programs, recreation, and community.

(4) Protect: A Commitment to Stewardship. The Public Lands Department leads the stewardship and care of urban green spaces and seeks out opportunities to partner with advocacy groups and schools to educate on how the public can be stewards of the land. Partnering with the University achieves this goal by leveraging resources to make the public space more usable for both the public and the University while preserving the open space and use of Sunnyside Park.

(5) Grow: Expand our Public Lands System. Sunnyside Park could effectively be expanded to meet the goal of increasing the size and access of the City park space. In a fully developed area, it is challenging to increase recreational opportunities as the population grows. The use of the ballpark property will help grow the City's park system and will provide additional recreational use to the community. Partnering with the University will improve the quality of the amenities offered at Sunnyside Park. In addition, with funds to build new softball fields and a parking lot at the RAC, the Public Lands system will be expanded by up to 7 acres.

CONCLUSION

The development of the Project by the University incorporating the Leased Area will be a benefit to residents of the City as outlined and conditioned in this memo. Providing a below-market ground lease for the Parcel is an appropriate use of City resources to achieve the City's goals and enhancing the safety, health, prosperity, moral well-being, peace, order, comfort, or convenience of the residents of Salt Lake City.

EXHIBIT A

Depiction of Leased Area (Red Hatch Marks)

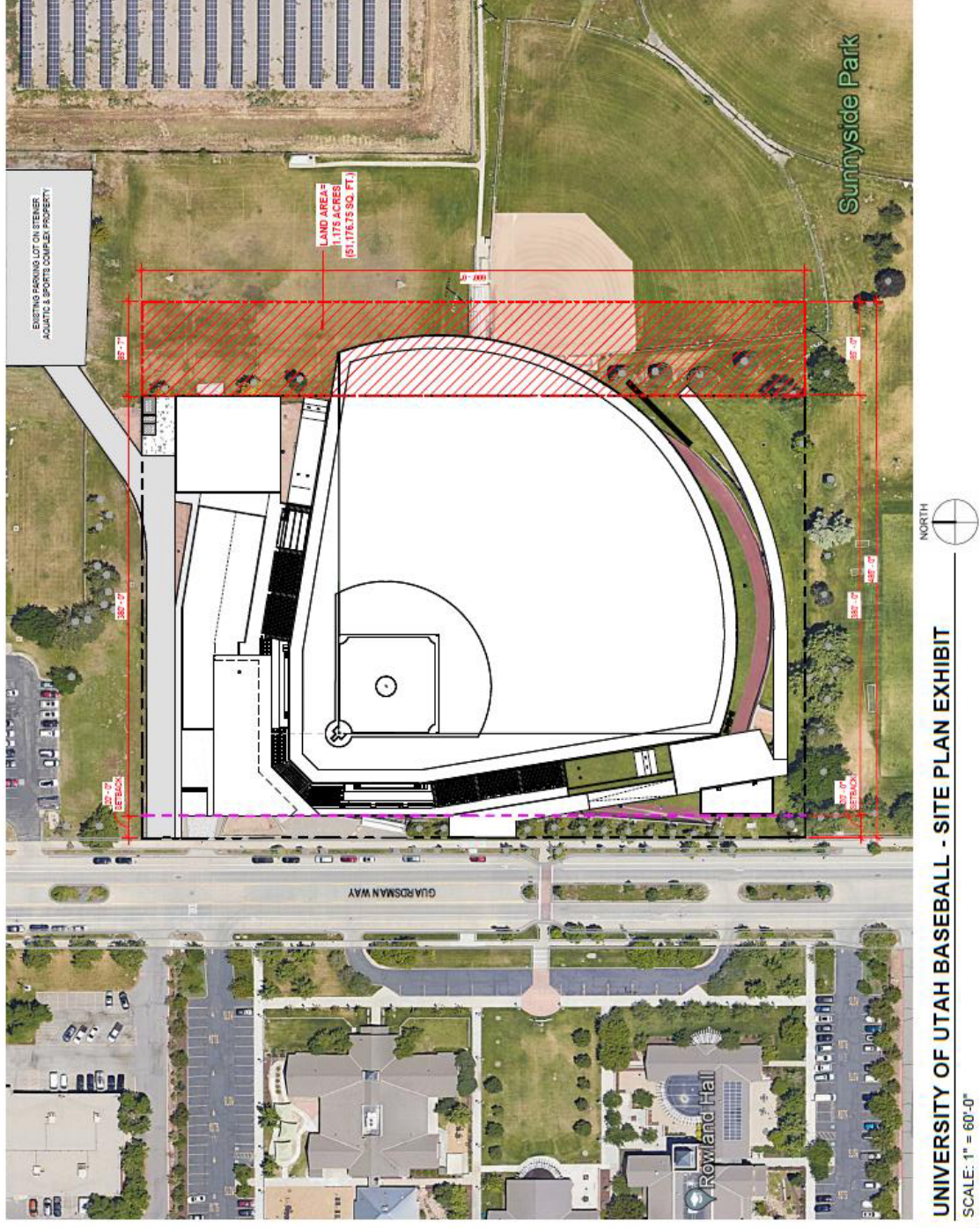
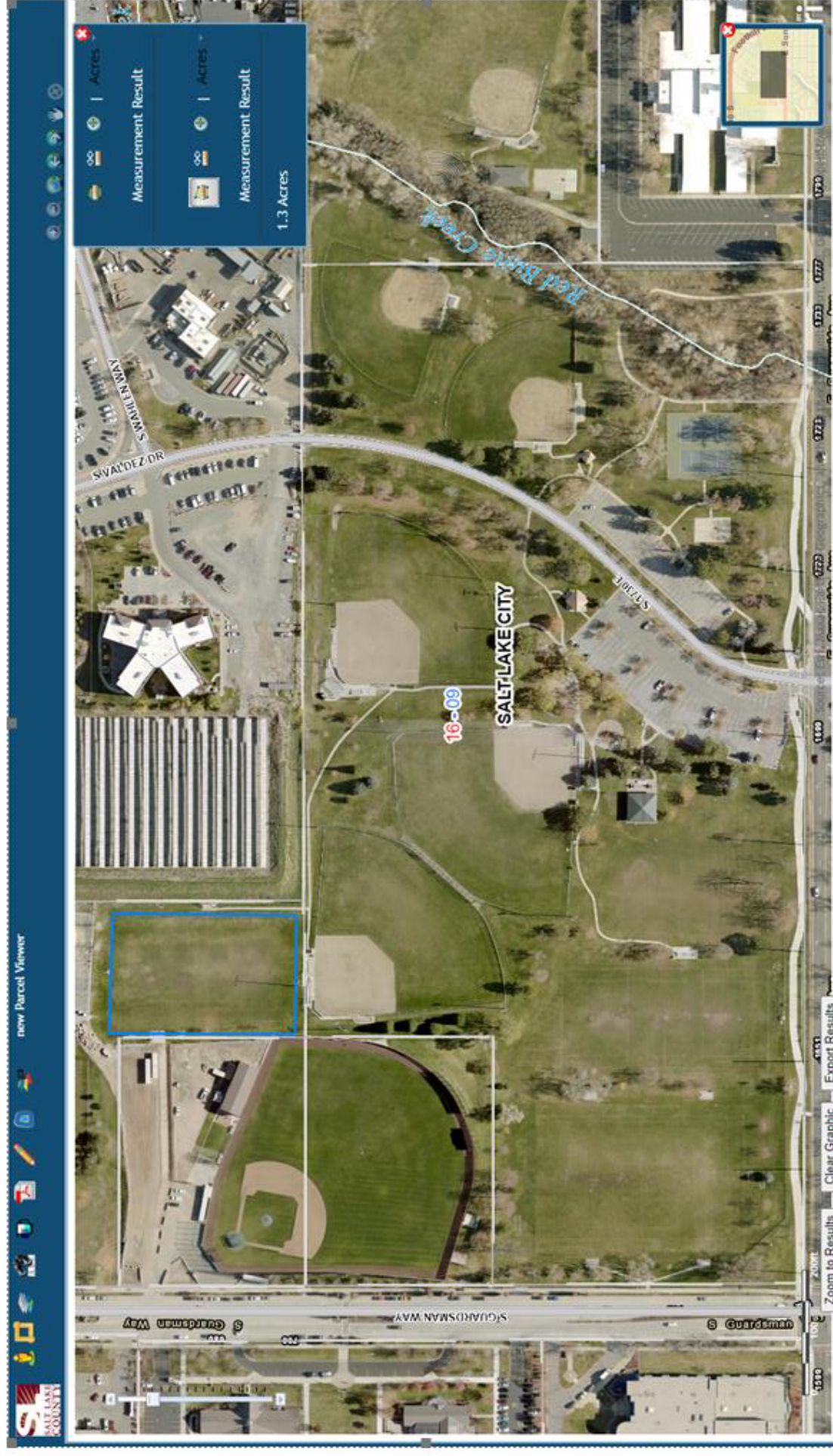


EXHIBIT B

Depiction of Existing Sunnyside Park Configuration



University Concept Plan

SUNNYSIDE PARK | Concept Rendering

