

ERIN MENDENHALL
Mayor



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Office of the City Attorney

To: Salt Lake City Council
Council Chair Victoria Petro
Council Vice Chair Chris Wharton

From: Katie Lewis, Salt Lake City Attorney

Date: December 10, 2024

Re: Terms of Development Agreement between Salt Lake City Corporation and Larry H. Miller Group (LHM Dev E, LLC) Related to the Fairpark District

In the 2024 legislative session, the Utah legislature passed HB562, the Utah Fairpark Area Investment and Restoration District (known as the UFAIR Act), which is codified starting in Utah Code 11-70-200. The UFAIR Act created a separate political subdivision, with an independent board, known as the UFAIR Board, and gave the UFAIR Board the authority to take 75% of the City's growth-related property tax revenue and the 0.5% new sales tax generated from designated property in the City's westside, to invest in private development related to the recruitment of a Major League Baseball (MLB) team. This project is more commonly known as the Power District, and is approximately 95 acres, proposed to be developed by the Larry H Miller Group.

In addition, Utah Code 11-70-206 requires Salt Lake City to execute an agreement with a "qualified owner" or private property within the UFAIR district by December 31, 2024. If the City and the qualified owner do not execute such an agreement by the end of 2024, Utah Code 11-70-206 gives the UFAIR board the authority to take the City's land use on all private property within the UFAIR district.

Utah Code 11-70-206 required the contract between the City and the qualified owner to have three elements: (1) an expedited land use review process for land use applications from the qualified owner; (2) vest the qualified owner in all land use ordinances in effect at the time the parties execute the contract; and (3) prohibit the City from conditioning or prohibiting a stadium use on the private property.

The City and LHM have been negotiating a development agreement to satisfy the requirements of Utah Code 11-70-206. A development agreement is a voluntary agreement executed between a city and a developer, to provide certainty to both parties related to land

use. A typical development agreement vests a developer in the land use ordinances in effect at the time of contract execution and sets forth a process for developing the property. In exchange, the developer typically agrees to provide certain public benefits to the City, given that it is getting certainty in the rules under which it can develop the property.

Below is a summary of the terms that the City and LHM have negotiated in the Development Agreement, in addition to some identified areas in which the City and LHM are still negotiating.

Vesting: The City is committing to vest LHM in the City's land use ordinances in existence as of the execution of the Development Agreement. Specifically LHM will vest in the zoning under the Jordan River Fairpark District (JRF) zone, and any other land use ordinances and laws currently in effect.

Term: The Development Agreement will have a term of 40 years.

Early Termination Right: LHM has requested the right to terminate the agreement early if the City incentivizes any other MLB team to locate in Salt Lake City within the first ten years (with two 5-year extensions) of the Development Agreement, for a total of twenty years.

Open Space: Under the JRF zone, LHM is required to dedicate 10% (approximately 9.5 acres) of property in the project to open space, which can be publicly or privately owned. The City and LHM have agreed that the rules of use of the open space will include, at a minimum, prohibit discrimination based on characteristics protected by law, including race, sex, gender identification, sexual orientation, national origin, native language, religion, age, disability, marital status, citizenship, genetic information, pregnancy, or other characteristics.

Home Game Covenant: LHM agrees that it will use commercially reasonable efforts to receive a commitment from an MLB team to use the stadium in the project as the team's home stadium. Once a team has committed, LHM agrees that it the stadium will be the MLB team's home stadium, and LHM will maintain the MLB team in good standing, and will not seek to relocate the team, for the term of the agreement.

Road Design, Sewer, Water, Stormwater: The parties agree that the LHM will have some flexibility in designing the roads, to ensure a consistent design throughout the project; however, all roads will, at a minimum, have sidewalks and LHM will submit a master transportation plan to the City to account for bicycle and pedestrian access. The City agreed to a process for development of culinary and sanitary sewer infrastructure to ensure that the project has sufficient capacity; the City also agreed to vest LHM in its current stormwater plan.

Expedited Review: Consistent with the UFAIR Act, the City agrees to expedite review of LHM's land use applications.

FAA Requirements: The City's Airport Overlay Zone will not apply to the property. However, City and LHM agree that LHM will comply with applicable FAA requirements including providing development details to the FAA for structures taller than 63 feet.

Riparian Corridor: The City's Riparian Corridor Overlay Zone will not apply to the property. However, LHM agrees to comply with an Enhanced Table of Uses governing development within 25, 50 and 100 feet of the high-water mark of the Jordan River. If the City denies a use within this 100 foot area, the City will provide an expediated variance review process, to take into account the parties' mutual goals of activating the Jordan River around the development. If the parties still cannot agree, the matter may be submitted for expedited arbitration.

Temporary Parking: LHM will have the right to maintain temporary parking lots for up to 15 years on the property.

Collaboration: The City and LHM agree to collaborate on:

- Public safety within the district;
- Expanding transit service within the district;
- Facilitating the installation of tunnels or bridges over North Temple
- Facilitating the City's conveyance of City-owned real property on the east side of the Jordan River to facilitate the goals of the district;
- Cooperating with UFAIR for a crossing of South Temple over the Jordan River; and
- Ensuring that the City will not create a tax increment collection area within the district.

Stadium Events: The City and LHM will create an annual permitting process for events at the stadium, to address noise mitigation and event timing, and allow fireworks, drone shows and other arial displays.

Community and Public Benefits: LHM attached an Exhibit F to the Development Agreement, with a list of its objectives and goals for the project. In addition, LHM commits to:

- Constructing a minimum of 10% of the residential units in the project to be designated at 80% of area median income/workforce housing, to be rent and income restricted for 40 years.
- Constructing 20% of the residential units to be "family sized", with a mix of a minimum of two and three-bedroom units. These units may be designated as market-rate.