



REDEVELOPMENT AGENCY *of* SALT LAKE CITY

STAFF MEMO

DATE: May 24, 2024

PREPARED BY: Marcus Lee, Project Coordinator
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Cara Lindsley, Deputy Director

RE: Tier 1 Pre-Disposition and Lessee Selection Report for Property Assemblage located at approximately 310 South 500 West

REQUESTED ACTION: Written Briefing

POLICY ITEM: Property Disposition

BUDGET IMPACTS: N/A

EXECUTIVE SUMMARY

In accordance with the revised Real Property Disposition Policy that was adopted on March 23, 2021, when disposing of Tier 1 properties, the RDA is required to provide an update to the Board of Directors during the following stages of the disposition process: pre-disposition (prior to marketing the property), developer/lessee selection, and development/lease agreement. Per the same policy, the RDA may exclusively negotiate with a non-profit or governmental agency to dispose of property for community development or public use. This memorandum provides a pre-disposition and lessee selection report for a lease area that totals 1.72 acres and is located at approximately 310 South 500 West in the Depot District Project Area.

ANALYSIS & ISSUES

The information provided in Attachment A is intended to serve as a pre-disposition and lessee selection report for the lease of Tier 1 property located at approximately 310 South 500 West. The report provides an update to the Board as to the property's reuse plan, method of disposition, selected lessee, timeline of disposition, and other information relevant to the disposition of the property.

PREVIOUS BOARD ACTION

- On September 15, 2020, the RDA Board allocated \$865,000 for the stabilization of the Salt Lake Mattress Company Building.

ATTACHMENTS:

- A. Tier 1 Pre-Disposition and Lessee Selection Report
- B. Proposed Project Renderings

Attachment A

TIER 1 PRE-DISPOSITION AND LESSEE SELECTION REPORT



SLCRDA

Property to be leased located at approximately 310 South 500 West

The following information serves as a pre-disposition and lessee selection report for the lease of Tier 1 property located at 310 South 500 West. The report includes the property’s reuse plan, method of disposition, selected lessee, timeline of disposition, and other information relevant to the disposition of the property.



Property/Lease Area: 1.72-acre lease area located at approximately 310 South 500 West, to include proposed building footprints, setback areas between buildings and adjacent right-of-ways, and a proposed outdoor plaza area. The lease area spans multiple parcels that will be consolidated to create a development site.

Current Status: The area contains the historic Salt Lake Mattress Company building, as well as a warehouse, accessory structure and parking lot that was purchased from, and is currently leased back by, the State of Utah Department of Community and Cultural Engagement.

Project Area: Depot District

Property Type: Tier 1

Tier 1 Justification: The property is specifically identified in a Salt Lake City adopted master plan.

The property is fronting or adjacent to city-owned property, other than a public street, of at least 0.5 acres in size.

Property's Reuse Plan:

The RDA has been exclusively negotiating with USA Climbing, the national governing body of the sport of competition climbing, for the opportunity to develop their permanent headquarters and national training facility on RDA-owned property at approximately 310 South 500 West, which is within the bounds of the Rio Grande District redevelopment project. A separate agenda item and staff memo includes a draft term sheet that is being presented for the Board's consideration. The proposed project is anticipated to include three primary components:

1. **New construction of a primary structure** that is 65-75 feet tall with a roughly 45,000 square foot (sf) footprint (exact specifications subject to further stakeholder engagement). This structure will include bouldering, lead, and speed climbing walls, as well as other support uses that are typical of a climbing facility. Most areas of the facility will be accessible by the community; some spaces will be reserved for the U.S. National Team's exclusive use.
2. **Rehabilitation of the historic Salt Lake Mattress Company building**, anticipated to include publicly facing and accessible food, beverage, and retail uses, as well as private spaces for USA Climbing offices.
3. **New construction of an outdoor plaza** that will be utilized for USA Climbing-hosted competitions as well as other non-USA Climbing events (will be designed to accommodate 3,500 – 5,000 spectators). Adjacent building facades will include climbing walls to be used for regular training and competition events, with secure access controls that allow the public to view the climbing but prevent general access from the plaza.

Design work is preliminary and if the project moves forward, USA Climbing will work with the Planning and Building Services Divisions to achieve a design that meets applicable zoning and building code requirements, in addition to receiving administrative design approval from the RDA.

Method of Disposition:

The RDA has exclusively negotiated with USA Climbing, a non-profit entity, proposed terms of a 99-year ground lease. The RDA's Real Property Disposition Policy allows for disposition via exclusive negotiation in certain circumstances, including if the disposition is to a non-profit for a community development or public use. The RDA proposes to lease property to USA Climbing through exclusive negotiation because USA Climbing is a 501(c)3 and the proposed project is projected to achieve the following community development objectives:

- Will regularly attract visitors to the district during off-peak hours and activate the neighborhood with ~6-10 large multi-day events per year.
- Will be a catalytic activation to generate excitement for the Rio Grande District project, help attract developers/tenants, and spur adjacent private landowners to make plans for their properties.
- Will result in the creation of 50-60 new jobs.

- USA Climbing has an estimated events-related economic impact of ~\$300 million over a 10-year period.
- USA Climbing draws many national and international visitors and brings awareness to Salt Lake City as a world-class climbing destination.
- Activation of the historic Salt Lake Mattress Company Building as described above.
- Equitable and inclusive programming that may include offerings such as youth programming, workforce development opportunities, and access to the facility for community members who may not otherwise have access to the sport of climbing, based on income or other key measures.

Terms include the option to extend the lease term for an additional 50 years at fair market value, unless otherwise negotiated and approved. The annual lease rate is based on the fee simple, fair market value of the lease area, with the exception of the outdoor plaza area, which is proposed to be leased at no cost. The annual lease rate will escalate every five 5 years based on the previous 5 years' average Consumer Price Index (CPI). A draft term sheet has been presented to the Board for their consideration and includes a proposed lease abatement that would reduce the lease rate according to the following schedule:

- Years 1-6: USA Climbing will not make any lease payments during the first six years to account for construction and stabilization.
- Year 7: USA Climbing shall make a payment that is equal to 45% of the escalated annual lease rate.
- Year 8: USA Climbing shall make a payment that is equal to 50% of the escalated annual lease rate.
- Year 9: USA Climbing shall make a payment that is equal to 55% of the escalated annual lease rate.
- Years 10-99: USA Climbing shall make annual payments that are equal to 60% of the escalated annual lease rate.

Property discounts are subject to approval by a majority vote of the Board if property is to be leased at a discount greater than 10% of the appraised fair market value.

Lessee Selection:

If the RDA Board approves the proposed term sheet, the RDA and USA Climbing will enter into an exclusive negotiation agreement to memorialize the commitments until all conditions are met and final ground lease and development agreements can be executed.

Estimated Timeline of Disposition:

Pending RDA Board approval of the terms, the RDA estimates the schedule of disposition of the property will be as follows:

- RDA Board approval of term sheet: Q3 2024
- Both parties enter into exclusive negotiation agreement: Q3 2024
- USA Climbing to refine project design and secure necessary City approvals: Q3 2024 – Q3 2025
- Both parties finalize/enter into ground lease and development agreements: Q2 – Q3 2025
- USA Climbing breaks ground on project: Q3 2025

Other Information Relevant to Disposition of the Property:

In late 2022, the RDA purchased multiple State-owned parcels that will make up the future USA Climbing site. As part of that transaction, the RDA agreed to allow the State's Department of Cultural &

Community Engagement (C&CE) to continue using the existing warehouse structure, parking lot, and small storage shed on site, as their future permanent home is currently under construction near the State Capitol building. A handful of C&CE employees work on site and a historic art collection is housed there. The lease agreement indicates that this arrangement shall remain in place until 1) C&CE can move into the new facility or 2) through the end of 2028, whichever comes first. If the RDA desires to redevelop the property before either of the above milestones are reached, the RDA must work with C&CE to relocate the employees and art to another site that can accommodate their needs. The RDA and C&CE leadership will work together to identify potential locations where the art collection and office can be temporarily located until the new C&CE facilities at the State Capitol are completed, anticipated in Fall 2026.

Attachment B – Proposed Project Renderings







