MEMORANDUM

TO: Board of Trustees, School and Institutional Trust Lands Administration

FROM: Troy Herold, Project Manager

RE: Notification of Development Lease #1114 - Morgan Asphalt
    Grantsville Industrial Block

Date: August 17, 2017

Fund: Schools

Transaction Summary
Morgan Asphalt has proposed a Development Lease of 9.08 Acres of the Grantsville Industrial Block. The lease will be for a 20yr term, based on a current land value of $10,000/ac, with two 5yr renewal options and with SITLA’s ability to amend the lease rate every 5 years to market value.

The Real Estate Committee has reviewed this proposed transaction and recommended moving forward.

Background
This property is a small portion of the Tooele Industrial Block which is located north-west of Grantsville City. The Trust has had limited interest in this block as the majority of the block is wetlands. This particular 9 ac portion is at the intersection of Ellerbeck Road and SR-138.

Morgan Asphalt owns several properties to the south of and adjacent to this parcel that they will be using for mining/gravel operations. The Trust parcel will only be used for staging, weight scales, and field offices. Morgan initially approached the Trust requesting to purchase this parcel, however development staff felt it is in the best interest of the Trust to maintain ownership of this parcel in order to maintain control of all sides of the Ellerbeck Rd intersection.

Morgan Asphalt will be using this 9 acre section for access, staging, and construction of their weigh scales and a field office. They have also agreed to cooperate with SITLA and/or our designates on any intersection improvements that may be developed in the future for Ellerbeck Rd. and SR-138.
Economic Evaluation
The most recent land valuation near the property was for a RMP Easement completed in December 2014 and supported a land value of $6,400. Given that this property is in a better location and has better access, (although impacted by several easements) staff completed a comparable analysis and feel a land value of $10,000/acre is appropriate at this time.

Typical lease rate is calculated as 4% of the land value. Based on the 9.08 acres, the minimum lease rate would be $3,632. Morgan Asphalt has agreed to an initial yearly lease rate of $5,000 with SITLA’s ability to adjust the lease rate to Market Value every 5 yrs.

Advertising Process
A public notice was made with no additional interest in the property received.

Conflicts of Interest
None known.

Legal Description of Subject Property
Beginning at a point on the Quarter Section Line of Section 5, Township 2 South, Range 6 West, Salt Lake Base & Meridian, said point also being located on the west line of a Tooele County Road, which is South 1d08’55” East 129.37 feet from the North Quarter Corner of said Section 5, and running:

  thence South 29d52’10” East 1,377.44 feet along the west line of said Tooele County Road, to the East/West Sixteenth line of the Northeast Quarter of said Section 5;

  thence South 89d58’52” West 662.05 feet along said East/West Sixteenth line, to the Quarter Section line of said Section 5;

  thence North 1d08’55” West 1,194.92 feet along said Quarter section line to the point of beginning.

Contains 395,470 square feet or 9.08 acres.
Map

(Aerial does not align correctly with legal and property boundary)