

U. to enter 20-year lease for new Daybreak med center

Alliance » Kennecott will build the facility and then rent it out.

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Updated:

University of Utah trustees on Tuesday agreed to enter a 20-year lease with Kennecott Land to develop a multi-speciality medical center at Daybreak.

Kennecott will build the 180,000-square-foot, \$55 million facility at the Daybreak South TRAX station's southern terminus at 11400 South and provide a rent subsidy worth \$12 million for the first five years of the U.'s occupancy. The financial terms of the lease have yet to be finalized.

The university will then have an option to purchase the facility and to eventually expand onto the remaining acreage surrounding it. The proposal is key to the U.'s efforts to serve the growing southwestern corner of the Salt Lake Valley.

"It's really a partnership with Kennecott because they have given us the option on the 50 acres to expand," Gordon Crabtree, chief financial officer of the U.'s health sciences division, told the trustees. "There's a three-to-four-year break-even point and a future that looks very profitable."

The deal provides a mutual benefit in that the U. gains a partner to do the heavy lifting and assume some of the risk of developing its largest community health-care facility, while Kennecott wins an attractive tenant to anchor its 4,100-acre residential and commercial development near the Oquirrh Mountains.

"We end up creating the ability for them to think up uses that are appropriate at South Valley but might not be practical at their main site [on the U. campus]. We are preserving the land to make that possible," said Scott Kaufmann, Kennecott Land's vice president for commercial development. "It's a great thing for Daybreak. We will continue to align ourselves with the best of the best."

About 8,000 people now live at Daybreak, which is poised to open its SoDa Row retail center within walking distance from where ground will be broken late this year on the medical center, slated to open by spring of 2011.

Officials expect the new center will see 240,000 clinic visits during its first five years, compared with

300,000 at the rest of its 11-clinic network over the same time period.

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