



**CITY OF MODESTO**  
**COUNCIL AGENDA REPORT**

**DATE OF MEETING:**  
September 10, 2024

Date: September 3, 2024

TO: Mayor and City Council

THROUGH: Joseph P. Lopez, City Manager

FROM: Jessica Hill, Director of Community and Economic Development

SUBJECT: Letter of Intent with the United Soccer League

CONTACT: Sean M. Rando, Business Analyst, [srando@modestogov.com](mailto:srando@modestogov.com), 209-577-5473

**DESCRIPTION:**

Consider approving a Letter of Intent between the United Soccer League, LLC and the City of Modesto to establish an exclusive negotiating period for the exploration of a League expansion into the City, and authorizing the City Manager, or his designee, to execute the Letter. (Funding Source: General Fund)

**STRATEGIC PLAN ELEMENT:**

The recommended action supports the City's 2020-2025 Strategic Plan, Goal E: Drive Economic Vitality through the creation of a vibrant and economically sustainable business climate.

**BACKGROUND:**

Throughout the last three years, the City of Modesto has worked diligently alongside public and private partners to create the Downtown Master Plan, Stanislaus 2030 Blueprint, and the Modesto Renewal & Diversification Project ("River District Study"). Through the preparation of these studies and planning documents, staff and consultants have engaged with hundreds of residents, business owners, faith-based organizations, and nonprofits. This engagement has yielded a broad consensus across stakeholder groups regarding community challenges, strengths, and high-leverage opportunities to achieve a more vibrant community and regional economy.

The City has moved forward by leveraging the results from the previous studies to help better inform the implementation of the various plans in its efforts to bring diverse entertainment options to the community, as well as attract visitors to the City to support economic development. These efforts include exploring options and locations of a potential stadium, sports leagues, and an entertainment district.

As part of the City's commitment to explore sports entertainment options, the City and the United Soccer League ("USL") have been discussing bringing professional soccer to Modesto. The USL selected Modesto as a potential location for both a men's and a women's team.

**DISCUSSION:**

The USL was founded in 1986 and operates the USL Championship (“USLC”), which is one of the fastest-growing professional sports leagues in the country. USLC has been sanctioned by the United States Soccer Federation (“U.S. Soccer”) as a Division II league since 2017, placing it under Major League Soccer (“Division II”) in the hierarchy. The USLC currently has 24 professional men’s soccer teams and is one of the most successful professional soccer leagues in the world, reaching more than 84 million fans across North America. The USL also operates a Division III men’s professional soccer league.

In 2022, the USL founded the USL Super League which is a women’s professional soccer league. The USL Super League has also committed to US Soccer’s Division I standards, reflecting its collective vision to be a global leader, on and off the field, while providing more opportunities for women in more communities. This year, 2024, is the inaugural season, which will feature eight teams, with additional teams to join in subsequent seasons. The USL also operates a Division II women’s professional soccer league.

As staff reviewed potential entertainment options, staff determined there was significant soccer interest in the community through various indicators such as viewership of international or MLS soccer on TV or participating in soccer in the last 12 months. The Modesto market significantly outperforms the other markets in those and similar metrics, indicating that there is strong demand for, and interest in soccer, in the local market. This suggests that a USL team in Modesto would be able to perform around the top of the league in terms of attendance.

Modesto also has a fairly large population compared to the surrounding region, with major sources of population located near California State Highway 99. The 10-, 20-, and 30-minute drive time catchment areas have populations ranging from nearly 200,000 to over 700,000. Given the current base of over 700,000 people within the Central Valley, this market has the capacity to achieve competitive stadium attendance moving forward. Though much of this larger population falls outside of the 30-minute drive time catchment (which represents the trade area of most minor league sports teams), it represents the opportunity available to a new USL team if it becomes a regional rather than local draw.

In discussions between USL and the City, the USL has identified Modesto as a potential location for both a men’s and a women’s team. The initial step to facilitate continued discussion with the USL will be the execution of a Letter of Intent (“LOI”) to formalize exclusive negotiations between both Parties.

The LOI describes the process that the City and USL agree to undertake to explore and analyze, in good faith, the possible establishment of professional soccer to be played in a multi-purpose stadium to be constructed and operated in Modesto. The details surrounding a stadium including location and funding are still to be determined.

As part of the LOI, the City and USL agree to discuss and explore the following topics and terms:

- Potential location of the multi-purpose stadium within Modesto.
- Potential designs and size of the Stadium to ensure compliance with applicable USL stadium requirements.
- Subject to USL Stadium Requirements, the Parties currently intend that the Stadium would have a minimum seating capacity of 5,000, with the ability to expand to at least

10,000 seats, and serve as the home stadium for each of a men's professional soccer team, and women's professional soccer team.

- How construction of the Stadium will be financed, including exploration of the use of financing districts.
- The identity of the ownership, management, and operation of the Stadium, and agreements relating to leases, licenses, easements, and other real property transactions for the Stadium.
- The type of ancillary development which may be constructed adjacent to, or in the vicinity of, the Stadium.
- What plans, studies, and other predevelopment costs are necessary.

The LOI has an exclusive negotiating period that lasts from the execution of the LOI through September 10, 2025. If the Parties have executed a nonbinding Memorandum of Understanding regarding the establishment of professional soccer in the City, the exclusive negotiating period will be extended by six months. During the exclusive negotiating period, USL agrees not to explore establishing a professional soccer team anywhere else in Stanislaus County or Merced County, and Modesto agrees not to explore the establishment of a professional soccer team in the City with any entity other than USL.

**FISCAL IMPACT:**

There is currently no fiscal impact directly resulting from the execution of the LOI. If approved, the Parties will discuss their proposed respective obligations for the cost of construction of the Stadium, including private and public financing and the establishment of public financing districts.

**COMMITTEE RECOMMENDATION:**

Due to the urgent nature of the action needed, as noted above, this item was not presented to a Council Committee.

**CEQA REQUIREMENTS:**

The LOI is not a project subject to the requirements of the California Environmental Quality Act ("CEQA"), and no CEQA approval is required in connection with the approval of the LOI. Before any potential proposed stadium is approved, further environmental review will occur.

**RECOMMENDED COUNCIL ACTION:**

**Staff Recommendations:**

Resolution approving a Letter of Intent between the United Soccer Leagues, LLC and the City of Modesto and authorizing the City Manager, or his designee, to execute the Letter.

Approved by:

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Jessica Hill,  
Director of Community and Economic Development

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Joseph P. Lopez, City Manager

**Attachments:**

1. Resolution
2. Letter of Intent