



REDEVELOPMENT AGENCY *of* SALT LAKE CITY

**STAFF MEMO**

**DATE:** May 21, 2021  
**PREPARED BY:** Cara Lindsley  
**RE:** Update on Contingencies for Utilization of 650 S Main TRAX Station Funds

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**REQUESTED ACTION:** Informational Update  
**POLICY ITEM:** N/A  
**BUDGET IMPACTS:** None

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**EXECUTIVE SUMMARY:**

The RDA is working with SLC Transportation and UTA to design and build a TRAX station at approximately 650 South Main Street using funding contributions, in part, from private property owners who are planning new developments in the area. In November 2019, the RDA Board appropriated \$750,000 to cover developer contributions for nearby projects that would not be finalized in time to provide funds for station construction. In December 2020, the RDA Board approved the use of an additional \$38,901 in State Street Project Area “seed funds” to complete the construction funding for the station. Together, these funds allowed the RDA to execute a construction agreement with UTA and negotiate participation agreements with developers while continuing to pursue future contributions from other projects to repay the RDA.

Attached to the Board’s 2019 appropriation of \$750,000 were three contingencies:

- Securing an agreement with UTA in which UTA commits to operate and maintain the station,
- Reporting finalized designs and cost estimates to the Board, and
- Providing a plan to fully fund the project, including commitments from third parties other than the RDA.

The first two contingencies were satisfied through submittals on December 8, 2020 and April 13, 2021. The final contingency is satisfied with this transmittal that (1) notifies the Board that UTA preliminarily selected a contractor on May 18, 2021, with a construction bid of \$2.1 million, and (2) provides the Board with a plan to fully fund the resulting \$3 million project, including design, oversight, and contingencies.

## **BACKGROUND:**

In 2019, the RDA and SLC Transportation Division began discussing an opportunity to build a TRAX station at approximately 650 South Main Street using funding contributions, in part, from private property owners who are planning new developments in that area. This location would represent the final station within the original 1997 design plans for the TRAX system that was built in advance of the 2002 Olympic Games. UTA ultimately decided to wait to build this station until more of the nearby properties were developed, but the rails were constructed to accommodate this future condition. Several new projects in this area are currently planned, with three already under construction.

## **ANALYSIS & ISSUES:**

### RDA Budget Appropriations and Contingencies

The RDA Board appropriated \$639,601 in FY19 Budget Amendment #4 to contribute to the then-estimated total project cost of \$2,000,000 to construct a new station at 650 S. Main Street. Using a formula that considers property size and location, contributions from five participating development projects were calculated to make up the remaining \$1,360,399 of needed funding.

Because plans for two of the five projects would not be finalized in time to provide funds for construction, the RDA Board approved the use of \$788,901 in State Street Project Area “seed funds” to complete construction funding for the station, with the intention that the RDA will continue to pursue and negotiate repayment through future developer contributions. These funds are made up of a November 2019 appropriation of \$750,000 and a December 2020 approval to use \$38,901.

It should be noted that the Board’s approval of the November 2019 budget appropriation was based on three contingencies:

1. An agreement with UTA in which UTA commits to operate and maintain the station.
  - Satisfied with the execution of a construction agreement between RDA and UTA on December 28, 2020.
2. Reporting finalized designs and cost estimates to the Board.
  - Satisfied with the transmittal of the station’s finalized design and cost estimate to the Board on April 13, 2021. The Engineer’s Estimate of construction costs, developed by the station architect (CRSA), was \$1,912,454.
3. Providing a plan to fully fund the project, including commitments from third parties other than the RDA.
  - Satisfied with this transmittal, notifying the Board that UTA has selected a construction contractor with a construction bid of \$2,136,458. This construction bid results in a total project cost of approximately \$3 million, which includes design and contingencies, and which has been used to calculate developer contributions and finalize the funding plan.

### Project Funding Plan

Since 2019, when UTA estimated that station construction would cost \$2 million, construction costs in Salt Lake City (and around the nation) have increased sharply. While finalizing the

station design, the UTA/RDA/SLC team identified over \$200,000 in project cost savings and \$325,000 in additional funding sources to reduce the total project cost. Still, the sum of the developer contributions, using the final project cost of \$3 million, exceeds the original sum by approximately \$400,000. The three participating developers have agreed to increase their contribution amounts to account for the higher costs so construction can begin before costs escalate even further. The RDA will continue to pursue and negotiate contributions from other developments benefiting from the TRAX station – both to recoup the RDA’s \$788,901 and to bring developer contribution amounts closer to those that were originally agreed to. Final costs are subject to minor changes as contracts are finalized, but the current project funding plan is provided in the table below.

Project Sources		Project Uses	
RDA FY19 BA4	\$639,601	Design	\$233,140
RDA FY20 BA1	\$750,000	Public Art	\$108,750
RDA FY21	\$38,901	Construction	\$2,136,458
UTA Contribution (Snowmelt System)	\$173,400	UTA-Procured Items	\$222,000
SLC Transportation Division Construction (Traffic Signal)	\$150,000	UTA Project Administration	\$81,500
Developer Contributions	\$1,265,792	Project Contingency	\$235,846
<b>Total</b>	<b>\$3,017,694</b>	<b>Total</b>	<b>\$3,017,694</b>

#### **NEXT STEPS:**

- Pending UTA Board approval, UTA will enter into a construction contract with the selected contractor in June 2021.
- Jiyoun-Lee Lodge, the artist selected by the Art Design Board in November 2020, will finalize engineering drawings and begin artwork fabrication in Fall 2021.
- Station construction is anticipated to begin in July 2021 and be completed no later than December 2021.

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#### **PREVIOUS BOARD ACTION:**

- In April 2019, the RDA Board appropriated \$639,601 in FY19 Budget Amendment #4 to contribute to the estimated \$2,000,000 cost of constructing a new station at 650 S. Main Street.
- In November 2019, the RDA Board appropriated \$750,000 in FY20 Budget Amendment #1 to cover the developer contributions for projects that would not be finalized when funds are needed for station construction.
- In December 2020, the RDA Board approved the use of the November 2019 appropriation (\$750,000) and an additional \$38,901 from State Street Project Area seed funds to cover developer contributions for projects that would not be finalized when funds are needed for station construction.

#### **ATTACHMENTS:**

N/A