
MEMORANDUM

DATE: February 11, 2010
TO: City Council Members
FROM: Russell Weeks
RE: Proposed Resolution Authorizing Mayor Ralph Becker to Notify the Utah Transit Authority to Proceed with Construction of the North Temple Viaduct and to Sign and Deliver a Proposed Betterment Agreement to UTA
CC: Cindy Gust-Jenson, David Everitt, Ed Rutan, Rick Graham, Frank Gray, Jeff Niermeyer, Max Peterson, Gordon Hoskins, Wilf Sommerkorn, Tim Harpst, Jennifer Bruno, Gina Chamness, John Naser, Rusty Vetter

This memorandum pertains to a proposed resolution authorizing Mayor Ralph Becker to notify the Utah Transit Authority to proceed with the project to demolish and build a new North Temple Viaduct and to sign and deliver a “betterment” agreement to UTA. The agreement is included as Attachment A in the Administration transmittal.

The Administration briefed the City Council about the proposed resolution at the Council’s February 9 work session. After the briefing the Council forwarded the item for formal consideration at the formal City Council meeting on February 16. The item will be listed under “unfinished business” on the meeting agenda. The meeting is scheduled to start at 7 p.m. in the City Council Chamber (Room 315) in the City County Building, 451 South State Street.

One new item has been added to this memorandum. In the Issues/Questions for Consideration section, the second bullet point asks the City Council’s interest in receiving quarterly reports about the project.

OPTIONS

The City Council appears to have three options:

- Adopt the proposed resolution.
- Do not adopt the proposed resolution.
- Amend the proposed resolution.

POTENTIAL MOTIONS

- I move that the City Council adopt the resolution authorizing the Mayor to authorize the Utah Transit Authority to proceed with construction of the Single Viaduct Proposal and execution of the *Betterment Agreement*.
- I move that the City Council consider the next item on the agenda.

- I move that the City Council adopt the resolution authorizing the Mayor to authorize the Utah Transit Authority to proceed with construction of the Single Viaduct Proposal and execution of the Betterment Agreement with the following amendments: (Council Members may propose amendments they deem necessary.)

KEY POINTS

- The proposed resolution is the final step toward starting actual demolition and reconstruction of the North Temple Viaduct. If the resolution is adopted, demolition of the existing viaduct tentatively would start April 18. Building a new, shorter viaduct would take about 18 months.
- The proposed resolution would cap total expenditures to build the new viaduct at \$67 million. A projected \$4 million project to replace a City storm water drain underneath the viaduct has a separate budget. The City Council allocated \$4 million for the storm water drain project when it adopted a motion amending the City budget at the Council's January 12, 2010, meeting.
- Rebuilding the viaduct is considered a "betterment" by the Administration and the Utah Transit Authority. A proposed North Temple Viaduct Betterment Agreement between the City and UTA is attached to the Administration transmittal letter. Under the interlocal agreement approved by the City Council on May 6, 2008, a "betterment" means any work which is (i) related to the Project and requires the expenditure of funds or other resources, (ii) not required by this Agreement to be performed as part of the Project, and (iii) performed at the request of the City."
- According to the Administration transmittal letter, the effect on Salt Lake City's budget includes \$4 million from the Department of Public Utilities storm drain fund and "future potential impact to the general fund, depending on the success of the Community Development Area."¹ It might be noted that the \$4 million for the storm drain project will come from the Department's Storm Water Fund cash reserves. The reserves are projected to be replenished by a \$1 per month storm water rate increase that went into effect in January 2010. The department is considering requesting an additional increase in the City's budget for fiscal year 2010-2011.²

ISSUES/QUESTIONS FOR CONSIDERATION

I. The transmittal letter says in part, "The funding plan (for the viaduct project) outlined in the (Administration) transmittal from November 17, 2009, titled Funding for the North Temple Boulevard and Single Viaduct has not changed."³ Funding sources are listed as \$25 million from the Utah Transit Authority; \$20 million from the State of Utah; \$5.78 million from the Wasatch Front Regional Council; \$4.3 million (estimated from adjacent property owners via a Special Assessment Area; and \$13 million (estimated) from a Community Development Area north of the project. It might be noted that the sums equal \$68.08 million. It also might be noted that a portion of the Community Development Area has been sold. If the future use of the property sold is not commercial in nature, it may have an effect on potential revenue derived from improvements within the Community Development Area.

II. In the past, the City Council has requested the Administration give quarterly briefings of the progress and financial expenditures of light-rail related projects. Is the Council interested in receiving a quarterly briefing on the viaduct project?

III. The following information germane to the Community Development area was read and discussed by the City Council in December 2009. After the discussion the Council adopted a motion to approve a resolution expressing support of the City Council and the Mayor for the reconstruction of the North Temple Viaduct to carry

multiple transportation modes. It should be noted the information was from a City Council staff memorandum based on information provided by the Administration. The information:

“For the North Temple Viaduct project, the Administration in the resolution proposes to issue sales tax revenue bonds “in an amount of approximately \$16 million” that would be paid over time by revenue from tax increment generated by a Community Development Area. Projections by the Administration indicate that if there is no new development in the CDA over the 25-year life of the Area, the City would have to find other revenue sources totaling \$9.7 million to repay the sales tax bond issue. If there are projects developed in the CDA with an aggregate value of \$65 million, the City would have to find from other revenue sources totaling \$3.1 million to repay the sales tax bond issue. If there are projects developed in the CDA with an aggregate value of \$100 million, the City would not have to find any revenue sources to repay the bond issue. If the aggregate value of projects developed in the CDA exceeds \$100 million, the City would realize revenue as well as pay of the bonds.

It should be noted that the Administration estimates are based on net present value projections of the CDA. Council staff has attached a yearly cash flow analysis of the effect on the City’s General Fund of repaying sales tax bonds. The analysis is based on the \$100 million in development and \$65 million in development presented by the Administration. The cash flow analysis indicates that if \$65 million in development occurs within the CDA, the General Fund is projected to supplement debt service on the sales tax bonds for 22 years of the 25-year life of the CDA. If \$100 million in development occurs, the General Fund is projected to supplement debt service on the sales tax bonds for 10 years of the 25-year life of the CDA.”⁴

IV. Exhibit A, titled, North Temple Viaduct and Culvert Project Scope of Work, indicates that the following items are excluded from the project scope of work: “Architectural treatments, beyond standard form liner finish of EPS walls and concrete finishes; coloring or painting of concrete incorporated in the structure; and anti-graffiti coatings.”⁵ According to John Naser, when the new viaduct is designed and final costs established, fund remaining in the budget can be used for additional the City may choose to add to the structure.

The Council may wish to ask how much painting or coloring concrete, or adding anti-graffiti coatings to the viaduct might cost. It also might wish to ask if paint, coatings, and other architectural treatments are necessary to maintain the structure.

V. In the Betterment Agreement Paragraph 7c (Payment of the Contractor) says in part, “For elements of work not attributable solely to either the City or to UTA as described above, UTA and the City shall agree on an equitable allocation ...” According to John Naser, examples of elements of work not attributable solely either to the City or to UTA include items such as construction of foundations, support columns, and viaduct embankments.

BACKGROUND/DISCUSSION

In May 2008 the City Council adopted a motion that included a legislative intent that the Council preferred an alignment along 400 West Street for the first segment of the Airport to Downtown light rail line. The Utah Transit Authority responded to the intent with a plan to “thread the bent” underneath the existing North Temple Viaduct. To “thread the bent” (a term of art) meant to run light rail tracks up 400 West Street and elevate them as they turned left north of the existing viaduct while simultaneously threading the tracks through the viaduct’s concrete pillars.

Throughout the remainder of 2008 and part of 2009, Salt Lake City and UTA officials discussed alternatives to that portion of the light rail project. Ultimately, the City and UTA agreed a shorter viaduct that could bear light-rail cars on the north side, vehicle traffic on the other side and provide for pedestrians and bicycle traffic.

According to the *North Temple Viaduct and Culvert Project Scope of Work*, the viaduct will be a plain, concrete structure made up of the following elements:

- Two tracks, a station platform located over the FrontRunner commuter rail tracks below the viaduct plus a raised 10-foot-to-14-foot-wide walkway that can function as a side-loading platform for light-rail cars. In addition, the light-rail portion of the viaduct will include concrete parapet walls, track-way curbs, a light-rail overhead catenary system, and lighting for light rail platforms and systems.
- The roadway portion will include four 11-foot-wide travel lanes, two 6.5-foot-wide bicycle lanes, concrete parapet walls traffic barrier curbs. It also will include a 10-foot-wide raised walkway.
- In addition, left-turn lanes will be provided on viaduct embankments for the 400 West and 600 West intersections.
- Asphalt pavement will be used for the approach roadway to the bridge structure and over light-weight fill embankments.
- The light-rail system will use embedded track slab on embankments.
- The viaduct will contain standard concrete parapet walls without architectural treatment.
- Basic fall-protection fencing will extend to a 10-foot-height above the Union Pacific Railroad and FrontRunner tracks with a separation fence between the light-rail track and the sidewalk.⁶

According to the proposed resolution, the City and UTA will realize the following benefits from a new viaduct: reducing Airport TRAX line operation time across the rail lines corridor; making an improved connection between the Airport TRAX line and UTA's FrontRunner commuter rail line; creating options to better streamline the integration of a future transit line from south Davis County; creating opportunities for more transit-oriented development downtown; creating opportunities for more private-sector development; and improving pedestrian and bicycle traffic to and from downtown.⁷

Finally, the City, UTA and the Utah Department of Transportation have agreed on detour routes for vehicles from the time the viaduct is demolished until the new one is opened to traffic. The plan recommends using signs to direct drivers to use 300 West Street or 900 West Street to access either 600 North Street or 400 South Street.

The City and UDOT also are reviewing several key intersections to install left turn signals to facilitate heavier turning movements. The project contractor is drafting the signing plan. UTA's public information staff and others hired by the project contractor, and the City's Ombudsman have begun to meet with community councils, local businesses, and schools to discuss the plan and seek comment. An open house tentatively is scheduled for March. The attached map shows the streets considered for detour routes. However, it was decided not to recommend using 300 North Street due to the local nature of the street and its proximity to West High School. It also was decided not to recommend using 200 South Street because of current impacts on the street with traffic, light rail and crossing train traffic. Local residents and drivers probably will test alternate routes, but formal detour signing will recommend using multi-lane arterial streets.

¹ Administration Transmittal Letter; January 21, 2010, Page 1

² City Council Staff Report, January 12, 2010, Pages 12-14

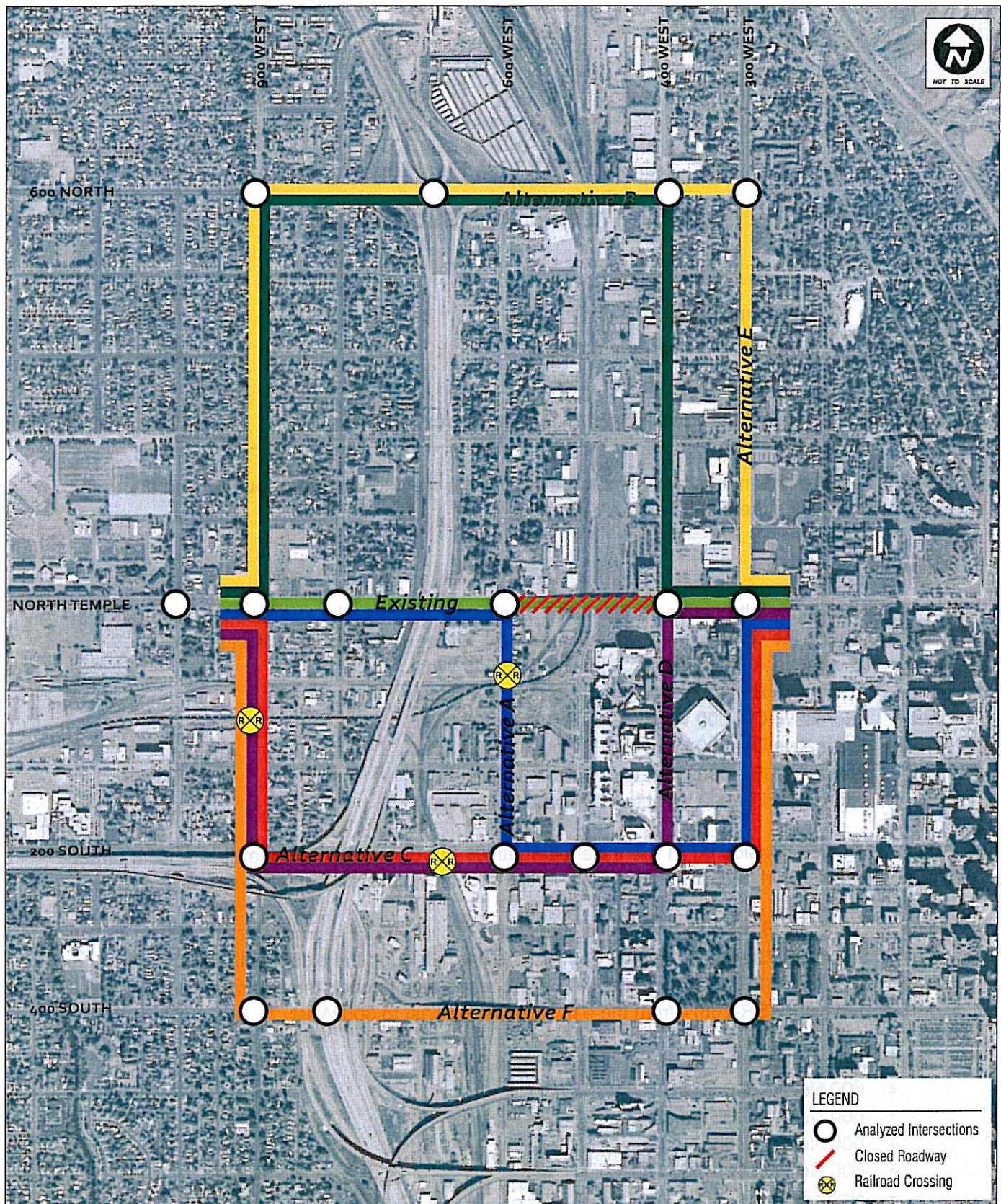
³ Administration Transmittal Letter, January 21, 2010, Page 1.

⁴ City Council Staff Memorandum, November 25, 2009, Page 5.

⁵ North Temple Viaduct Betterment Agreement, (Scope of Work), Page 7.

⁶ North Temple Viaduct Betterment Agreement, (Scope of Work), Page 6.

⁷ Proposed Resolution, Page 2, Paragraph 3.





RALPH BECKER
MAYOR

SALT LAKE CITY CORPORATION

OFFICE OF THE MAYOR

CITY COUNCIL TRANSMITTAL

James Hall for David Everitt
David Everitt, Chief of Staff

Date Received: 1/22/2010
Date sent to Council: 1/26/2010

TO: Salt Lake City Council
JT Martin, Chair

DATE: January 21, 2010

FROM: David Everitt
Chief of Staff, x7732, david.everitt@slcgov.com

SUBJECT: Final approval of funding for the North Temple Single Viaduct Project

STAFF CONTACT: John Naser, x6240, john.naser@slcgov.com
Rusty Vetter, x7633, rusty.vetter@slcgov.com

DOCUMENT TYPE: Resolution authorizing the Mayor to sign an agreement with UTA to proceed with the North Temple Single Viaduct Project.

BUDGET IMPACT: Maximum \$4 million from the Public Utilities storm water enterprise fund; future potential impact to the general fund, depending on the success of the Community Development Area.

RECOMMENDATION: That the Council approve the proposed resolution.

DISCUSSION:

On December 1, The Council adopted Resolution No. 68 of 2009, which approved funding for design and engineering for the North Temple Single Viaduct Project based on preliminary estimates of the total cost of the Proposal at no more than \$71 million. The attached resolution would authorize the Mayor to sign a betterment agreement (See attachment A) with the Utah Transit Authority covering the entire funding strategy for the Single Viaduct Project, which includes the reconstruction of the City Creek culvert underneath the current structure.

The funding plan, outlined in the transmittal from November 17, 2009 titled "Funding for the North Temple Boulevard and Single Viaduct," (Attachment B) has not changed¹. In summary, it proposes the following:²

¹ With one exception: the WFRC amount is listed in the November 17 transmittal (Attachment B) as \$5.73 million. The updated amount is \$5.78 million.

² Please see pages 10-13 of the November 17 transmittal (Attachment B) for details on each of these funding sources.

- \$25 million from UTA
- \$20 million from the State of Utah
- \$5.78 million from Wasatch Front Regional Council
- \$4 million from Public Utilities (for the City Creek culvert only)
- \$4.3 million (estimated) from adjacent property owners via a Special Assessment Area (“SAA”)
- \$13 million (estimated) from the proximate Community Development Area

The Administration is focused on cost savings both through creative design and during actual construction. UTA and its contractors are committed to working closely with the Administration to identify those savings to the benefit of all three entities.³

The negotiations with UTA and its contractor have resulted in the proposed Agreement and resolution that clearly sets forth the City’s expectations regarding the overall cost of the proposal and measures to find savings. Through this process, it has been established that: (1) the price shall not exceed \$67 million for the Single Viaduct and \$4 million for the storm water improvements; (2) that UTA has committed to dedicate the \$25 million in funding budgeted for construction of a separate TRAX viaduct to the construction of the Single Viaduct; and (3) that UTA and its contractor use appropriate measures to reduce the final construction costs of the Single Viaduct, including obtaining an independent cost estimate for the Single Viaduct. Any savings that are therefore realized will be shared equally among the City, UTA and its contractor.

PUBLIC PROCESS:

The Single Viaduct Proposal has been discussed in a number of public Council work sessions over the last several months, with frequent press coverage. The Single Viaduct has been discussed in open houses related to the Boulevard improvements, in presentations to Community Councils in the area and with the North Temple Advisory Committee. An informal meeting with property owners concerning the North Temple SAA took place December 5th. Public hearings were held on the various funding components, including the creation of the CDA and the sales tax bond issuances. Creation of the SAA has been submitted to the Council for consideration. The approval of the SAA is mentioned in the resolution, which will require filing in the blank for the Ordinance number.

³ Please see pages 9-10 of the November 17 transmittal (Attachment B) for details on potential cost savings.

RESOLUTION NO. _____ OF 2010
(North Temple Viaduct)

A resolution authorizing the Mayor to authorize UTA to proceed with construction of the Single Viaduct Proposal and execution of Betterment Agreement.

WHEREAS, Salt Lake City Corporation (the "City") has heretofore entered in to an Interlocal Agreement Regarding the Design and Construction of the Airport Light Rail Transit Project, between the City and the Utah Transit Authority ("UTA"), dated June 12, 2008 (the "Interlocal Agreement"); and

WHEREAS, the Interlocal Agreement provides for the construction of an extension of UTA's light rail line from the existing TRAX system located within the City to the Salt Lake City Airport (the "Airport TRAX Line"); and

WHEREAS, construction of the Airport TRAX line is currently underway; and

WHEREAS, the current proposed alignment for the Airport TRAX line to cross the Union Pacific and Front Runner rail lines at North Temple and approximately 500 West contemplates weaving the line underneath and through the supporting columns for the existing North Temple automobile viaduct and the construction of an additional viaduct parallel to the existing North Temple viaduct and dedicated exclusively to the Airport TRAX line; and

WHEREAS, the construction plan for the Airport TRAX line presently contemplates UTA's construction, at its expense, of a separate rail-line viaduct to run parallel to and on the north side of the existing North Temple Viaduct (the "Separate Viaduct Proposal"); and

WHEREAS, such an alignment is less desirable because of the negative impacts an additional viaduct would have on the interconnectedness of the downtown area with neighborhoods west of the viaduct; and

WHEREAS, current circumstances allow for the construction of a single transit, automobile, pedestrian and bicycle viaduct on North Temple (the "Single Viaduct") that is one block shorter on the east than the existing automobile viaduct; and

WHEREAS, efforts will be made to timely construct the new viaduct to lessen the impacts to traffic normally using the viaduct for access to area businesses and neighborhoods; and

WHEREAS, the demolition and reconstruction of a shorter and mixed-modal viaduct on North Temple (the "Single Viaduct Project") provides numerous benefits, including creating substantial opportunities for private development downtown, reducing the Airport TRAX line operation time across the rail lines corridor, facilitating an improved connection between the Airport TRAX line and the Front Runner system, encouraging additional transit-oriented development downtown, significantly improving pedestrian and bicycle traffic to and from downtown, and creating options to better streamline the integration of a future transit line from south Davis County; and

WHEREAS, a description and scope of the Single Viaduct Project has been developed to limit the cost of constructing the Single Viaduct Project (which does not include reconstruction of the storm drain facilities) by UTA, not to exceed \$67 million; and

WHEREAS, an related project of the Single Viaduct Project is the reconstruction by UTA of the existing City and Salt Lake County-owned storm drain facilities, and a scope of the reconstruction project has been developed to limit the cost not to exceed \$4 million; and

WHEREAS, the Utah Transit Authority is willing to dedicate the \$25 million in funding they have budgeted for the construction of a separate TRAX viaduct to the construction of the Single Viaduct; and

WHEREAS, the Utah Legislature directed \$20 million in funding for the reconstruction of the North Temple viaduct in the 2009 legislative session; that money has been received by the City and budgeted by the City Council in Ordinance No. 2 of 2010 (Budget Amendment No. 2, Initiative No. 6) amending Ordinance No. 17 of 2009; and

WHEREAS, the Wasatch Front Regional Council has approved \$5 million in funding for construction of the Single Viaduct Project, and \$780,604 in funding from the 13th East improvements for construction of the Single Viaduct Project; and

WHEREAS, the Salt Lake City Public Utilities stormwater enterprise fund will bear the cost of relocating the sewer and storm infrastructure affected by the Single Viaduct Project the budget for which is currently anticipated to not exceed \$4 million as included in Ordinance No. 2 of 2010 (Budget Amendment No. 2, Initiative No.4) amending Ordinance No.17 of 2009; and

WHEREAS, the City Council adopted Resolution No. ____ of 2010 authorizing the issuance and sale of up to \$20,000,000 of sales tax revenue bonds for the Single Viaduct Project and budgeted \$16,450,000 for the Single Viaduct Project in Ordinance No. 2 of 2010 (Budget Amendment No. 2, Initiative No. 8), amending Ordinance No.17 of 2009; and

WHEREAS, the City Council adopted the Community Development Plan for the North Temple Viaduct Community Development Area, as approved by the Redevelopment Agency of Salt Lake City in Ordinance No. 75 of 2009, the proceeds of which are intended to assist towards payment for the sales tax revenue bonds; and

WHEREAS, the City Council has approved the creation of a special assessment area in Ordinance No. ____ of 2010, which would contribute, directly or indirectly, approximately \$4.3 million toward the cost of the Single Viaduct Proposal, the proceeds of which are intended to assist towards payment for the sales tax revenue bonds, and has budgeted that amount in

Ordinance No. 2 of 2010 (Budget Amendment No.2, Initiative No.12) amending Ordinance No.17 of 2009; and

WHEREAS, the City Council adopted Resolution No. 68 of 2009 on December 1, 2009 which provided, inter alia, for the Mayor to authorize UTA to proceed with the final engineering and design of the Single Viaduct Proposal on satisfaction of certain conditions; and

WHEREAS, the City Council now wishes to give the Mayor authorization to enter into a final agreement with UTA for the Single Viaduct Proposal; and

WHEREAS, the City Council has studied the matter and decided that this resolution is in the best interest of the City.

NOW THEREFORE BE IT RESOLVED, by the City Council and the Mayor of Salt Lake City, that:

1. That the Betterment Agreement, in substantially the form presented to the City Council at the public meeting at which this Resolution is adopted, is hereby approved, and Ralph Becker, Mayor of the City, or his designee, is hereby authorized to execute and deliver the Betterment Agreement on behalf of the City, subject to such minor changes as do not materially affect the rights and obligations of the City thereunder and as shall be approved by the Mayor, his execution thereof to constitute conclusive evidence of such approval.

2. The Mayor, or his designee, is hereby authorized to execute and deliver all documents, certificates and showings, and to otherwise take any and all actions, deemed by the Mayor to be reasonably necessary or desirable to consummate the transactions contemplated by the foregoing.

DATED this _____ day of _____, 2010.

Passed by the City Council of Salt Lake City, Utah, this _____ day of _____, 2010.

SALT LAKE CITY COUNCIL

By: _____
CHAIRPERSON

ATTEST AND COUNTERSIGN:

CITY RECORDER

SALT LAKE CITY MAYOR

By: _____

ATTEST AND COUNTERSIGN:

CITY RECORDER

HB_ATTYY-#10993-v1-Resolution_authorizing_the_mayor_to_authorize_(North_Temple_Viaduct) DOC

APPROVED AS TO FORM
Salt Lake City Attorney's Office
Date 1-22-10
By ERL

Attachment A

UTA Betterment Agreement

NORTH TEMPLE VIADUCT BETTERMENT AGREEMENT

This NORTH TEMPLE VIADUCT BETTERMENT AGREEMENT (“Viaduct Betterment Agreement”) is entered into by and between Utah Transit Authority, a public transit district organized pursuant to Utah Code Ann. §§ 17B-2a-801 *et seq.* (“UTA”) and Salt Lake City Corporation, a municipal corporation and political subdivision of the State of Utah (the “City”) as of _____. The City and UTA are hereafter sometimes referred to as a “Party” or the “Parties,” as governed by the context by such words are used.

RECITALS

WHEREAS, the City and UTA have entered in to an Interlocal Agreement Regarding the Design and Construction of the Airport Light Rail Transit Project, dated June 12, 2008 (the “Interlocal Agreement”);

WHEREAS, the Interlocal Agreement provides for the construction of an extension of UTA’s light rail line from the existing TRAX system located within the City to the Salt Lake City Airport (the “Airport TRAX Line”);

WHEREAS, construction of the Airport TRAX Line is currently underway;

WHEREAS, the current design of the Airport TRAX Line includes a bridge structure over the Union Pacific and FrontRunner rail lines at approximately 500 West, to be constructed immediately to the north of the existing North Temple Street viaduct;

WHEREAS, pursuant to Article 15 of the Interlocal Agreement, the City may request betterments to the Airport TRAX Line project (the “Project”), and require UTA to implement such betterments so long as certain conditions are met;

WHEREAS, the City has requested, as a betterment to the Project, that UTA direct its contractor to demolish the existing North Temple Street viaduct, and construct a new, shorter viaduct that accommodates both the Airport TRAX Line and vehicular, bicycle, and pedestrian traffic (the “Viaduct Project”);

WHEREAS, related to the Viaduct Project, the City has also requested that UTA direct its contractor to perform certain work on existing City and Salt Lake County-owned storm drainage facilities, which will be treated as a betterment to the Project (the “Culvert Project”);

WHEREAS; UTA and the City desire to enter into this Viaduct Betterment Agreement to define the terms and conditions under which UTA will direct its contractor to perform the Viaduct Project and the Culvert Project.

AGREEMENT

NOW THEREFORE, based upon the stated Recitals, which are incorporated herein by reference, and for and in consideration of the mutual covenants and agreements hereafter set forth, it is hereby agreed as follows:

1. **INTERLOCAL AGREEMENT REMAINS IN FORCE.** This Viaduct Betterment Agreement is entered into pursuant to Article 15 of the Interlocal Agreement, and is not intended to amend or change the Interlocal Agreement in any way. This Viaduct Betterment Agreement governs only issues specifically related to the Viaduct Project and Culvert Project; ancillary issues, including but not limited to project management and dispute resolution, continue to be governed by the Interlocal Agreement. If there is any conflict between this Viaduct Betterment Agreement and the Interlocal Agreement, the terms of the Interlocal Agreement shall be deemed controlling.
2. **DEFINITIONS.** Except to the extent the context clearly requires a different interpretation, all capitalized terms used in this Viaduct Betterment Agreement shall have the meanings set forth in the Interlocal Agreement.
3. **AMENDMENT TO PROJECT SCOPE.** The parties hereby agree to clarify the scope and definition of the Project to (i) exclude the construction of the rail-only bridge over the Union Pacific and FrontRunner rail lines, (ii) include the demolition of the existing North Temple Street viaduct, and (iii) include the construction of a new, single viaduct over the Union Pacific and FrontRunner rail lines that will accommodate both the Airport TRAX Line and vehicle, pedestrian and bicycle traffic. The scope of the Project is supplemented to include the Viaduct Project and Culvert Project. The scope of the two new projects is more particularly described in the Scope of Work attached hereto as Exhibit A.
4. **VIADUCT PROJECT FUNDING.** The Parties have established a budget for the Viaduct Project in the amount of \$67,000,000 (the "Viaduct Construction Budget"). The Parties agree to fund the Viaduct Construction Budget as follows:
 - a. The City agrees to contribute \$20,000,000 to the Viaduct Budget, from monies previously appropriated by the Utah State Legislature. Upon execution of this Viaduct Betterment Agreement, the City shall place \$20,000,000 in the Escrow Account (defined later) for use in funding the Viaduct Project.
 - b. The City agrees to contribute \$5,780,604 to the Viaduct Budget, by foregoing monies expected to be granted to the City by the Wasatch Front Regional Council ("WFRC"), which will be available in October, 2011. Prior to or upon execution of this Viaduct Betterment Agreement, the City shall submit a written request to the WFRC to reprogram \$5,780,604 for use in UTA's Bus Replacement program. UTA agrees to submit a request to WFRC and the Federal Transit Administration for \$5,780,604 for UTA's Bus Replacement program. Upon receipt of such monies, UTA will commit an equivalent amount of local funds, previously

allocated to Bus Replacement, to the Airport TRAX Line Project, specifically for use in funding the Viaduct Project.

- c. The City agrees to contribute up to \$16,219,396 in local City funding, derived from sales tax bonds (the “Bond Funds”). The Bond Funds will be distributed to UTA by the City according to mutually acceptable terms of the Parties and the terms of the sales tax bonds so that the tax exempt status of the bonds is not affected; and, furthermore, so that UTA shall not be required to advance funds on behalf of the City for the Viaduct Project.
 - d. UTA agrees to contribute up to \$25,000,000 to the Viaduct Construction Budget, which represents the savings to the Airport TRAX Line Project from amending the scope to exclude the construction of the rail-only bridge to the north of the existing North Temple Street viaduct.
5. CULVERT PROJECT FUNDING. The Parties have established a budget for the Culvert Project in the amount of \$4,000,000 (the “Culvert Construction Budget”). The Parties agree to fund the Culvert Budget as follows:
 - a. The City shall pay, through its Department of Public Utilities, all costs associated with the Culvert Project. The funds for the Culvert Project shall be distributed by the City to UTA according to mutually acceptable terms of the Parties, so that UTA shall not be required to advance funds on behalf of the City.
6. CONTRACTOR. The Parties agree that, subject to the terms and conditions of this Viaduct Betterment Agreement, the Construction Manager/General Contractor (“CM/GC”) already engaged by UTA to construct the Airport TRAX Line will be engaged to perform and supervise the work associated with the Viaduct Project and the Culvert Project.
7. PAYMENT OF THE CONTRACTOR. UTA will pay invoices related to the Viaduct Project and Culvert Project directly to the CM/GC. As between UTA and the City, invoices related to the Viaduct Project will be attributed as follows:
 - a. For elements of work attributable solely to the City’s requested betterment, invoiced amounts will be attributed 100% to the City. These items include, but are not necessarily limited to, the following:
 - Demolition of the existing North Temple Street Viaduct
 - Restoration of North Temple street from 340 West to 400 West
 - Installation of the 400 West and North Temple street intersection traffic signal (less credit from UTA for gates and signals that will not be used)
 - b. For elements of work attributable solely to work that UTA would have had performed in the absence of the City’s requested betterment, invoiced amounts will be attributed 100% to UTA. These items include, but are not necessarily limited to, the following:

- Construction of track work
 - Construction of the light rail/commuter rail transfer station
 - OCS electrical system
- c. For elements of work not attributable solely to either the City or to UTA as described above, UTA and the City shall agree on an equitable allocation based on a reasonable estimate of how much of the work is attributable to the City's requested betterment, and how much of the work would have been performed in the absence of the City's requested betterment.
- d. Invoices related to the Culvert Project shall be attributed 100% to the City.

UTA shall maintain accounting records necessary to document such allocations, and shall make such records available to the City. The City agrees that the Culvert Budget, and the City's share of the Viaduct Budget, shall be paid to UTA as necessary to ensure that UTA is not required to advance funds on the City's behalf.

8. **ESCROW ACCOUNT.** Upon execution of this Viaduct Betterment Agreement, UTA and the City shall establish an escrow account with Wells Fargo Bank or another bank mutually acceptable to the parties (the "Escrow Account"). The City shall immediately thereafter deposit the \$20,000,000 referenced in paragraph 4.a (above) into the Escrow Account. UTA and the City shall enter into a standard escrow agreement with said bank, with instructions to the escrow agent that monies may be disbursed when:
- a. UTA provides the escrow agent with a written request for a disbursement, in an amount less than or equal to the estimated monthly City expenditure, as noted on the Cash Expenditure Analysis attached hereto as Exhibit B; or
 - b. UTA provides the escrow agent with a written request for a disbursement, evidenced by bills or invoices issued by the CM/GC contractor to UTA for work performed on the Viaduct Project; or
 - c. UTA and the City provide the escrow agent with a joint written request for a disbursement.

Promptly upon establishment of the Escrow Account, UTA and the City shall provide the escrow agent with a joint written request for a disbursement to UTA, in an amount equal to the City's share of funds already expended by UTA in anticipation of the execution of this Agreement (such as funds expended for design costs, geotechnical testing, etc.).

If UTA submits disbursement requests under paragraph 8.a, above, based on estimated City expenditures, UTA and the City shall, on a quarterly basis, review actual City costs incurred on the Viaduct Project, to ensure that disbursements from the Escrow Account are equal to actual City expenditures.

The Escrow Account shall be closed at the completion of the Viaduct Project. Funds remaining in the Escrow Account at that time, if any, plus interest earned thereon, if any, shall be returned to the City.

9. ALLOCATION OF COST SAVINGS AND COST OVERRUNS. UTA and the City acknowledge that the Viaduct Construction Budget and the Culvert Construction Budget are estimates based on preliminary engineering, and that the final, actual costs of the Viaduct Project and Culvert Project may be different than the budgeted amounts. UTA and the City agree to manage and allocate any cost savings or overruns, as more particularly described in the North Temple Viaduct Project – Cost Allocation Plan, attached hereto as Exhibit C.

IN WITNESS WHEREOF, the parties have each executed this Viaduct Betterment Agreement as of the date first set forth above.

SALT LAKE CITY CORPORATION

UTAH TRANSIT AUTHORITY

By: _____
Ralph Becker, Mayor

By: _____
John M. English, General Manager

ATTEST AND COUNTERSIGN:

By: _____
Chief Deputy City Recorder

By: _____
Michael Allegra, Chief Capital Development Officer

APPROVED AS TO FORM AND LEGALITY:

APPROVED AS TO FORM AND LEGALITY:



Senior City Attorney

UTA Legal Counsel

Exhibit A

North Temple Viaduct and Culvert Project Scope of Work

For illustrative purposes, see also the engineering drawings attached as Exhibit A.1.

SCOPE OF WORK: North Temple Viaduct Project

1. Construct a new, shorter North Temple viaduct from 400 West to 600 West that accommodates the Airport TRAX Line, a light rail/FrontRunner commuter rail transfer station, and vehicular, bicycle, and pedestrian traffic over the Union Pacific and FrontRunner railroad tracks at 500 West.
2. Demolish the existing North Temple viaduct structure from 340 West to 600 West, including foundations as needed, piers, approach structures, steel girders, walls, and roadway.
3. Demolish the existing Salt Lake Hardware Annex building located under the viaduct.
4. Construct a combined roadway and LRT structure utilizing a combined substructure of piers and pier caps, drilled shaft foundations, and separate superstructures for the TRAX line and station platform and North Temple roadway. The bridge configuration consists of an approximately 510 foot 3-span painted steel girder bridge with a poured in place concrete deck that clear spans the Union Pacific and FrontRunner tracks at 500 West.
5. Construct the viaduct approaches fill from 400 West and 600 West to the bridge structure with EPS light weight foam embankments encapsulated with pre-cast concrete tilt up retaining wall. Pre-cast wall to have a basic form liner finish with no integrated patterns or cut-offs. The viaduct approach fills will have the same cross sections as the bridge structure.
6. The light rail portion of the viaduct will include two tracks, a station platform located over the FrontRunner tracks, raised 10 to 14 foot wide walkway that can function also as a side loading platform for the light rail, concrete parapet walls, track way curbs, light rail OCS system, and lighting for light rail platforms and systems.
7. The roadway portion of the viaduct will include four 11 foot travel lanes, two 6.5 foot bike lanes, concrete parapet walls, traffic barrier curbs and a 10 foot wide raised walkway.
8. Left hand turn lanes will be provided on the embankments for the 400 West and 600 West intersections.
9. Asphalt pavement will be used for the approach roadway to the bridge structure and over the light weight fill embankments.
10. The light rail system will utilize an embedded track slab on embankments.
11. The light rail system will utilize direct fixation track on bridge structure.
12. Standard concrete parapet walls without architectural treatment and basic fall protection fencing will extend to a 10 foot height above Union Pacific and FrontRunner tracks with a separation fence between light rail trackway and sidewalk.
13. The reconstruction of the North Temple roadway from 350 to 400 West and the 400 West North intersection pavements with curb and gutter and sidewalk replacement as necessary within the limit of the existing viaduct.

14. Construction of the 500 West roadway and cul-de-sac to provide access to properties on the southwest side of the viaduct.
15. Right of way acquisition necessary to construct the new viaduct structure and transfer station.
16. Construction of the 400 West North Temple intersection traffic signals.
17. Light rail/commuter rail vertical transfer station from the viaduct to ground level, including elevators, escalators, stairs, passenger staging areas, lighting, and canopies.
18. Restoration of all disturbed areas adjacent to the viaduct due to construction.
19. Stacy and Witbeck/Kiewit Western, J.V., general conditions costs and CM/GC fee.
20. Viaduct and transfer station engineering and design costs.
21. UTA Program Management costs.
22. City Engineering Management costs.
23. Coordination with Union Pacific Railroad and FrontRunner trains for demolition and construction of viaduct structure. Payment of railroad flagging, engineering reviews and Union Pacific personnel as necessary.
24. Public and private utility relocations as necessary (excluding the City Creek Culvert, which is addressed below in a separate scope of work).

The following items are excluded from the Viaduct Project Scope of Work:

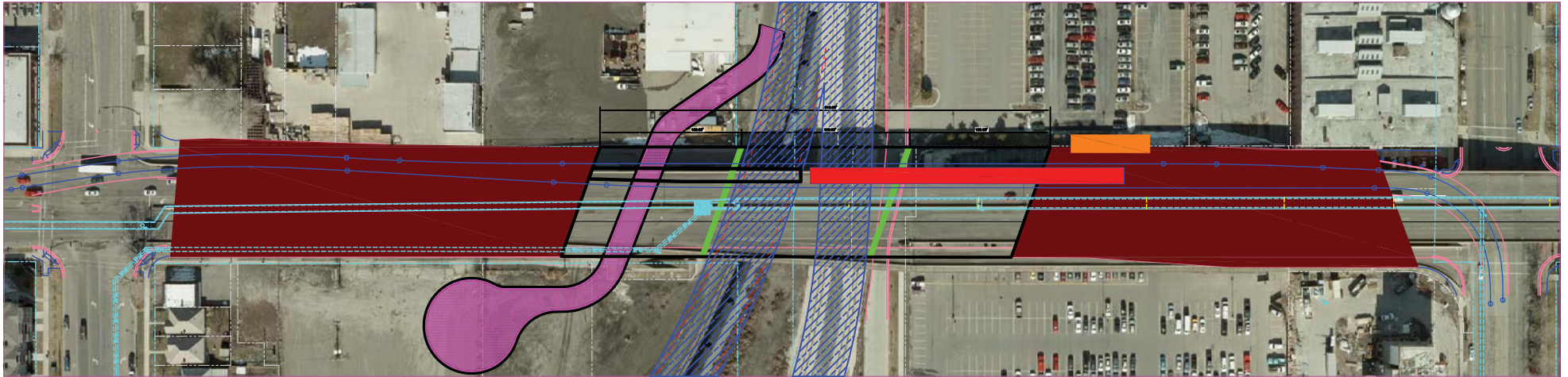
1. Viaduct roadway and pedestrian lighting will be constructed with project but funding will be provided by the City through a separate funding mechanism.
2. Pedestrian plaza improvements.
3. Architectural treatments, beyond standard form liner finish of EPS walls and concrete finishes.
4. Coloring or painting of concrete incorporated in the structure.
5. Anti-graffiti coatings.

SCOPE OF WORK: City Creek Culvert Project

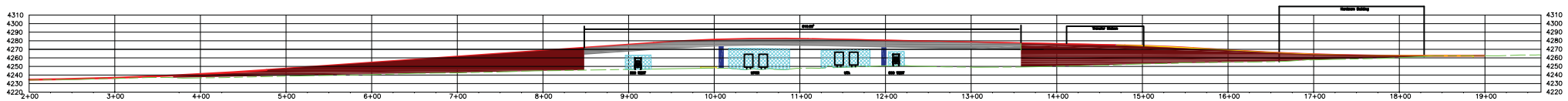
1. Modify and reconstruct the City Creek Culvert from approximately 380 West to 600 West in conjunction with the reconstruction of the North Temple Viaduct. The work will involve replacement of existing concrete pipe and box culvert, railroad crossing, diversion structures and access manholes.
2. Replace the existing debris removal structure at 380 West with an access manhole structure connecting the new pipe to the existing culvert.
3. Provide a diversion structure and necessary piping to divert 40 cubic feet per second (cfs) of flows from the City Creek culvert to the existing 42 inch reinforced concrete pipe in 400 West. Size the new City Creek culvert to carry 360 cfs before the diversion and 320 cfs flowing west of the diversion.

4. Replace with existing culvert with reinforced concrete pipe capable of carry the required flow and vertical loading due to the above viaduct embankment fill from 400 West to 500 West.
5. Install a debris removal structure suitable for cleaning the City Creek system at 500 West. At this structure convert from a round pipe to a box culvert section to be placed under the Union Pacific and Front Runner tracks.
6. Connect the box culvert to the existing 84 inch City Creek concrete pipe under the west approach of the viaduct.
7. Provide a diversion structure and necessary piping to divert 150 (cfs) of flow from the City Creek culvert to the existing 54 inch reinforced concrete pipe of the Folsom Diversion at 600 West. Size the new City Creek culvert to carry 320 cfs before the diversion and 170 cfs flowing west of the diversion.
8. Retain and protect the existing 54 inch reinforced concrete pipe from 500 to 600 West.
9. Remove or grout full all existing City Creek culvert not used after installation of the new system.
10. Restore all surface areas disturbed by the construction to original condition.
11. Reimburse for City Creek culvert engineering and design fees.
12. Coordination and obtain approval from Salt Lake City Department of Public Utilities and Salt Lake County Flood control for construction of the City Creek culvert.
13. Coordination with Union Pacific Railroad and FrontRunner trains for installation of City Creek culvert under the tracks. Payment of railroad flagging, engineering reviews and Union Pacific personnel employed to remove and replace the existing Union Pacific and FrontRunner tracks during installation of the box culvert.
14. Stacy and Witbeck/Kiewit Western, J.V., CM/GC fee, which is limited to 5.5 percent of the cost of the work, and general conditions costs.
15. UTA Program Management costs, which are based on actual time and expenses, and not to exceed 3% of the cost of the work.
16. Public and private utility relocations as necessary.

North Temple Viaduct Betterment Agreement



Three Span Steel Plate Girder Bridge with Lightweight Fill Approaches



Note: Figure is for illustrative purposes only

Exhibit A.1
Baseline Viaduct
Replacement Option
January 2010

Exhibit B

Cash Expenditure Analysis

North Temple Viaduct Replacement

Cash Expenditure Analysis

Updated: 1/20/2010

Expenditure			Totals	Sep-09	Oct-09	Nov-09	Dec-09	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10	Sep-10	Oct-10	Nov-10	Dec-10	Jan-11	Feb-11	Mar-11	Apr-11	May-11	Jun-11	Jul-11	Aug-11	Sep-11	Oct-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12	Apr-12	
Monthly	City	\$	42.0	0.6	0.3	0.3	0.2	0.4	0.4	0.4	1.6	4.4	4.4	2.5	2.5	2.2	1.4	0.7	1.0	2.8	3.3	2.4	2.2	1.2	1.4	1.6	1.6	1.4	1.0	0.0	0.0	0.0	0.0			
	UTA	\$	25.0	0.4	0.1	0.1	0.1	0.6	0.5	0.4	0.7	0.4	0.4	1.1	1.1	1.6	1.1	1.5	1.6	1.3	1.3	1.0	1.0	0.5	0.5	0.6	0.6	0.5	1.2	0.7	0.2	0.0	1.2	1.2		
	Total Expenditure	\$	67.0	1.0	0.4	0.4	0.3	1.0	0.8	0.7	2.2	4.8	4.8	3.7	3.7	3.8	2.5	2.2	2.6	4.1	4.6	3.4	3.2	1.7	1.9	2.1	2.1	1.9	2.2	0.7	0.2	0.0	1.2	1.2	1.2	
Cumulative	City	\$	42.0	0.6	0.9	1.2	1.4	1.8	2.2	2.5	4.1	8.5	12.9	15.4	18.0	20.1	21.5	22.2	23.3	26.1	29.3	31.7	33.9	35.2	36.5	38.1	39.6	41.0	42.0	42.0	42.0	42.0	42.0	42.0		
	UTA	\$	25.0	0.4	0.5	0.7	0.8	1.4	1.9	2.2	2.9	3.3	3.7	4.8	6.0	7.5	8.6	10.1	11.7	13.0	14.3	15.3	16.3	16.8	17.4	17.9	18.5	19.0	20.3	21.0	21.3	21.3	22.5	23.8	25.0	
	Total Expenditure	\$	67.0	1.0	1.4	1.8	2.2	3.2	4.0	4.7	7.0	11.8	16.6	20.3	23.9	27.7	30.1	32.3	35.0	39.1	43.7	47.0	50.3	52.0	53.9	56.0	58.1	60.0	62.3	63.0	63.3	63.3	64.5	65.8	67.0	
Yearly	City	\$	42.0																																	0.0
	UTA	\$	25.0																																	3.7
	Total Expenditure	\$	67.0																																	3.7

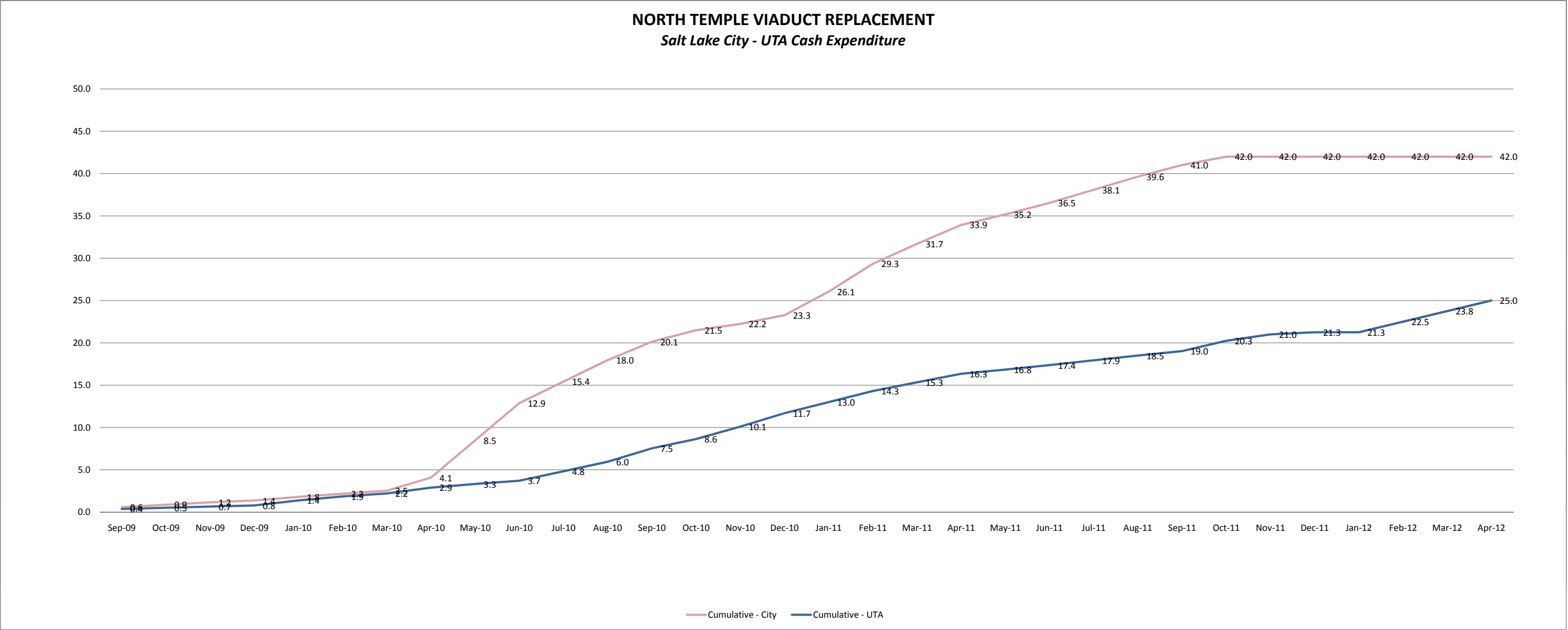


Exhibit C

North Temple Viaduct Betterment – Cost Allocation Plan

This **NORTH TEMPLE VIADUCT BETTERMENT – COST ALLOCATION PLAN** (“**Cost Allocation Plan**”) is an Exhibit to: (i) a North Temple Viaduct Betterment Agreement entered into by and between the Utah Transit Authority (“**UTA**”) and Salt Lake City Corporation (“**the City**”), (ii) a North Temple Viaduct Change Order entered into by and between UTA and Stacey-Witbeck Kiewit, a joint venture (“**SWK**”), and (iii) a North Temple Culvert Change Order entered into by and between UTA and SWK. UTA, the City, and SWK may hereafter be referred to as a “**Party**” or collectively as the “**Parties**,” as governed by the context in which such words are used herein.

RECITALS

WHEREAS, the City and UTA have entered into an Interlocal Agreement Regarding the Design and Construction of the Airport Light Rail Transit Project, dated June 12, 2008 (the “Interlocal Agreement”);

WHEREAS, the Interlocal Agreement contemplates the construction of an extension of UTA’s light rail line along City streets and over City-owned property, from the existing TRAX system located within the City to the Salt Lake City Airport (the “Airport TRAX Line”);

WHEREAS, UTA and SWK have entered into a Construction Manager/General Contractor Contract dated August 7, 2008 (“CM/GC Contract”);

WHEREAS, the CM/GC Contract defines the terms and conditions under which SWK will construct the Airport TRAX Line, and defines the method and manner of reimbursement for such construction work by UTA;

WHEREAS, construction of the Airport TRAX Line is currently underway pursuant to the Interlocal Agreement and the CM/GC Contract;

WHEREAS, the current design of the Airport TRAX Line includes a bridge structure over the Union Pacific and FrontRunner rail lines at approximately 500 West, to be constructed immediately to the north of the existing North Temple Street viaduct;

WHEREAS, pursuant to Article 15 of the Interlocal Agreement, the City may request betterments to the Airport TRAX Line project (the “Project”), and requires UTA to implement such betterments so long as certain conditions are met;

WHEREAS, the City has requested, as a betterment to the Project, that UTA have SWK demolish the existing North Temple Street viaduct, and construct a new, shorter viaduct that accommodates both the Airport TRAX Line and vehicular, bicycle, and pedestrian traffic (the “Viaduct Project”);

WHEREAS, related to the Viaduct Project, the City has also requested that UTA have SWK perform certain work on existing City-owned storm drainage facilities, which will be treated as a betterment to the Project (the “Culvert Project”);

WHEREAS; UTA and the City have entered into a North Temple Viaduct Betterment Agreement, wherein UTA has agreed to have SWK perform the Viaduct Project and the Culvert Project, and wherein UTA and the City have agreed to the manner of funding the additional costs of the Viaduct Project and the Culvert Project;

WHEREAS, UTA and SWK have entered into a North Temple Viaduct Change Order, which serves as an amendment to the CM/GC Contract clarifying the scope of the Airport TRAX Line Project to include the Viaduct Project, and have also entered into a North Temple Culvert Change Order, which serves as an amendment to the CM/GC Contract clarifying the scope of the Airport TRAX Line Project to include the Culvert Project;

WHEREAS, both the North Temple Viaduct Betterment Agreement and the North Temple Viaduct Change Order include an estimated cost for the Viaduct Project, and both the North Temple Viaduct Betterment Agreement and the North Temple Viaduct Change Order include an estimated cost for the Culvert Project; and

WHEREAS, this Cost Allocation Plan serves as Exhibit A to the North Temple Viaduct Betterment Agreement, the North Temple Viaduct Change Order, and the North Temple Culvert Change Order, and defines how the Parties shall share in cost savings related to the Viaduct Project, and manage cost overruns related to the Viaduct Project, and how the Parties shall manage costs of the Culvert Project.

COST ALLOCATION PLAN

1. **VIADUCT PROJECT.** The “Viaduct Project” consists of the work necessary to (i) demolish the existing North Temple Street viaduct, and (ii) construct a new, single viaduct over the Union Pacific and FrontRunner rail lines that will accommodate both the Airport TRAX Line and vehicle, pedestrian and bicycle traffic. The elements of work comprising the Viaduct Project are more particularly described in the Scope of Work, attached as an exhibit to the North Temple Viaduct Betterment Agreement and the North Temple Viaduct Change Order.
 - a. **Estimated Cost.** As of the date of execution of the North Temple Viaduct Betterment Agreement and the North Temple Viaduct Change Order, the Parties have estimated the cost of the Viaduct Project to be \$67,000,000 (the “Estimated Viaduct Cost”).
 - b. **Avoiding Cost Overruns.** The Parties recognize that the Estimated Viaduct Cost is still an estimate of the cost of the Viaduct Project based on preliminary engineering, and that the actual cost of the Viaduct Project could change due to final engineering, construction risks, unavoidable delays, or other unknown factors. However, the Parties recognize and agree that funding for the Viaduct

Project is strictly limited, such that in no event can UTA and the City collectively reimburse SWK in an amount exceeding the Estimated Viaduct Cost. Therefore, if and when the Parties learn of factors having the potential to increase the actual cost of the Viaduct Project to an amount exceeding the Estimated Viaduct Cost, the Parties shall meet and determine whether to: (a) reduce costs through modification or reduction in the scope of the Viaduct Project; (b) allow any party to unilaterally fund any item that would otherwise be deleted from the scope of the Viaduct Project; (c) reduce costs through implementation of value engineering proposals; (d) analyze options for separate bid subcontracts for different elements of the work, or (e) terminate the North Temple Viaduct Project Change Order and construct the Viaduct Project under a separate bid contract. If the Parties are unable to sufficiently reduce costs through the mechanisms listed above, UTA, SWK and the City may agree to jointly increase funding by written amendment to the North Temple Viaduct Betterment Agreement and the North Temple Viaduct Change Order. Nothing provided in this Section shall be construed so as to require or allow the Viaduct Project to be constructed in material conflict with any applicable Performance Specification unless otherwise agreed in writing by the Parties.

- c. Sharing of Cost Savings. If the actual cost of the Viaduct Project is less than the Estimated Viaduct Cost, the three Parties shall share equally in such savings (i.e., in the difference between the Estimated Viaduct Cost and the actual cost).
 - d. Managing Contingency. The Parties recognize and acknowledge that, with respect to different elements of the Viaduct Project (e.g., right of way acquisition, construction, safety, etc.), certain Parties may be in a better position to manage costs than the other Parties. Nevertheless, the Parties agree that neither cost savings nor cost overruns are to be allocated, attributed, or credited to specific line items, elements of work, or Parties. Rather, all cost savings and cost overruns are to be credited or debited, as the case may be, to the Viaduct Project as a whole. As a given element of work, as described in the Scope of Work, is completed, any cost savings in the budget for that element of work will be allocated to the project contingency. In the event that cost overruns are encountered or anticipated for given elements of work, the Parties shall cooperatively decide whether to address the cost overrun through one of the options described in paragraph 1.b, above, or by allocating project contingency funds to the budget for that element of work. Project contingency funds may be allocated to specific line items or elements of work only upon the agreement of all the Parties. The Parties agree to cooperatively decide how to spend Viaduct Project funds. No Party may add to the Scope of Work without agreement by the other Parties.
2. CULVERT PROJECT. The “Culvert Project” shall include the work necessary to protect, relocate, or replace certain City-owned and County-owned storm drainage facilities. The elements of work comprising the Culvert Project are more particularly

described in the Scope of Work, attached as an exhibit to the North Temple Viaduct Betterment Agreement and the North Temple Culvert Change Order..

- a. Estimated Culvert Cost. As of the date of execution of the North Temple Viaduct Betterment Agreement and the North Temple Culvert Change Order, the Parties have estimated the cost of the Culvert Project to be \$4,000,000 (the “Estimated Culvert Cost”).
 - b. Avoiding Cost Overruns. The Parties recognize that the Estimated Culvert Cost is an estimate of the cost of the Culvert Project based on preliminary engineering, and that the final cost of the Culvert Project could change due to final engineering, construction risks, unavoidable delays, or other unknown factors. If and when the Parties learn of factors having the potential to increase the actual cost of the Culvert Project to an amount exceeding the Estimated Culvert Cost, the Parties shall meet and determine whether to: (a) reduce costs through modification or reduction in the scope of the Culvert Project; (b) allow any party to unilaterally fund any item that would otherwise be deleted from the scope of the Culvert Project; (c) reduce costs through implementation of value engineering proposals; (d) analyze options for separate bid subcontracts for different elements of the work, or (e) terminate the North Temple Culvert Project Change Order and construct the Culvert Project under a separate bid contract. Nothing provided in this Section shall be construed so as to require or allow the Culvert Project to be constructed in material conflict with any applicable Performance Specification unless otherwise agreed in writing by the Parties.
 - c. Cost Savings. Since the City, through its Department of Public Utilities, will solely fund the cost of the Culvert Project, if the actual cost of the Culvert Project is less than the Estimated Culvert Cost, the City shall be solely entitled to such savings (i.e., in the difference between the Estimated Culvert Cost and the actual cost).
3. EARLY TERMINATION. Any Party may, prior to commencement of the demolishing of the existing North Temple Viaduct, elect to terminate its participation in this Cost Allocation Plan. In the event of such a termination, each Party agrees to share equally in costs incurred prior to such early termination, as well as costs incurred subsequent to such early termination that are unavoidable, including but not limited to penalties associated with cancellation of an earlier order of structural steel for the Viaduct Project. Notice of early termination shall be given in writing to the other Parties and mailed, hand-delivered, emailed, or faxed to the other Parties at the addresses set forth below or at such other addresses as the party may provide in writing from time to time.

If to the City:
Salt Lake City Corporation
Attn: City Mayor
City & County Building
451 South State Street, Room 306

With a Copy to:
Salt Lake City Attorney’s Office
City & County Building
451 South State Street, Room 505
Salt Lake City, Utah 84111

Salt Lake City, Utah 84111

If to UTA:

Utah Transit Authority

Attn: Matt Sibul, Airport LRT Project
Manager

669 West 200 South

Salt Lake City, Utah 84101

With a Copy to:

Utah Transit Authority

Attn: General Counsel's Office

3600 South 700 West

Salt Lake City, Utah 84119

If to SWK:

Stacy and Witbeck/Kiewit Western JV

Attn: Kevin McFall, Project Manager

2264 South 900 West

Salt Lake City, UT 84119

Attachment B

Funding for the North Temple Boulevard and Single Viaduct

November 17, 2009 City Council Transmittal


(Cover Letter)



RALPH BECKER
MAYOR

SALT LAKE CITY CORPORATION

OFFICE OF THE MAYOR
CITY COUNCIL TRANSMITTAL


David Everitt, Chief of Staff

Date Received: 11/17/2009
Date sent to Council: 11/17/2009

TO: Salt Lake City Council
Carlton Christensen, Chair

DATE: November 17, 2009

FROM: David Everitt
Chief of Staff, x7322

SUBJECT: Funding for North Temple Boulevard and Single Viaduct

STAFF CONTACT: David Everitt, 801-535-7732 or david.everitt@slcgov.com
Frank Gray, 801-535-7117 or frank.gray@slcgov.com
Ben McAdams, 801-535-7939 or ben.mcadams@slcgov.com

DOCUMENT TYPE: Resolution for the Boulevard Improvements
Resolution for the Single Viaduct

RECOMMENDATION:

Approve funding for: (1) design and engineering only at this time for North Temple Single Viaduct Proposal (amending and restating Resolution No. 53 of 2009); (2) certain North Temple Boulevard improvements; and (3) design and engineering only at this time for other North Temple Boulevard improvements.

For the North Temple Boulevard design elements for which authorization has not previously been given by the City Council, the City has until December 1, 2009 to decide on authorizing UTA to prepare design and engineering to maintain the current project schedule. Final authorization by the Council for elements for which design and engineering only are authorized would be decided at a later date.

For the North Temple Single Viaduct Proposal, the Council previously authorized the Administration in Resolution No. 55 of 2009 to authorize UTA to proceed with design and engineering upon the satisfaction of certain conditions. Because of changes in the financing for the Single Viaduct and other changes, the Administration is proposing that Resolution No. 55 of 2009 be amended and restated.

BUDGET IMPACT:

	<u>Total Project Cost</u>	<u>City Budget Impact</u>
Single Viaduct	\$71,000,000	\$20,300,000 (\$16,300,000 sales tax bond) (\$4,000,000 Public Utilities) See table 1
Boulevard Improvements	\$29,626,000	\$13,960,000 (\$10,000,000 sales tax bond) (\$3,960,000 SAA) See table 2
Total	\$100,626,000	\$34,260,000

Table 1
Single Viaduct

Not to exceed price \$71 million
 Less \$25 Million from UTA
 Less \$20 Million from State
 Less \$5 Million from Wasatch Front Regional Counsel
 Less \$730 Thousand from Wasatch Front

\$20.3 Million impact on City budget

\$4 Million from Public Utilities
 \$16.3 Million from Sales Tax Bond
 - Debt service from CDA
 - Debt service from SAA

Table 2
Boulevard Improvements

Early estimated cost of Design Improvements and Activities	\$29,626,000
Less Alliance Fund	\$10,000,000
Less Pending Addition to Alliance Fund (Tracks only partially embedded on Airport property)	\$850,000 ¹
Less Previously Appropriated CIP and Non-departmental	\$3,184,000
Less Previously Redirected Class C Road Funds (Pending Budget Am. #2)	\$375,000
Preliminary Impact on City Budget	\$15,217,000
Less SAA for lighting ²	\$3,960,000
Less Sales Tax Bond ²	\$10,000,000
Sub Total (Gap)	(\$1,257,000)
Eliminate North Temple Terminus	\$1,200,000
And Anticipated cost savings	\$57,000

BACKGROUND DISCUSSION:

¹ This is a new item. See discussion on page 5.

² A budget amendment will be necessary at a later date.

The Administration is presenting the financing structures for the North Temple Boulevard Improvements and the Single Viaduct Proposal in a single transmittal to facilitate the Council's understanding of the overall financial implications for the City of these two components of the Airport TRAX line project. While each of these proposals includes its own set of dedicated funding sources that cannot be transferred to the other (e.g. the State's grant of \$20 million for the Single Viaduct), in the end both proposals contemplate the issuance of sales tax bonds by the City in significant amounts. The schedule for the City to provide funds to UTA is also different for the two proposals. A combined presentation of the proposed funding is intended to help the Council better understand the overall timing of the City's proposed debt service and other financing obligations.

Submitted with this transmittal are the following additional documents:

- (1) Resolution on the North Temple Viaduct
- (2) Resolution on the North Temple Boulevard Improvements
- (3) Report of Jean Townsend, Coley/Forrest, Inc. dated November 17, 2009

The Administration is also separately transmitting Budget Opening #2, which included items relating to the Boulevard Improvements and/or the Single Viaduct and proposals for issuing sales tax bonds.

There are two driving forces affecting consideration of these proposals by the Council: (1) the current construction schedule and (2) the availability and timing of funding by the City.

Construction Schedule

UTA's current construction schedule dictates the dates by which UTA must receive binding authorization from the City to proceed with specific activities. For example, if the Single Viaduct Proposal is to proceed without jeopardizing the overall project schedule, UTA must order custom manufactured steel by the middle of January 2010. That in turn means that if the City wants UTA to build the Single Viaduct and maintain the current schedule, the City must give UTA a binding authorization to proceed with construction by the middle of January 2010.³

Similarly, there are authorization dates for the various North Temple Boulevard design items that need to be met if the overall project schedule is not to be delayed. For example, final authorization was given by the Council for burying the power lines for the entire Boulevard in Resolution No. 55 of 2009. In order to maintain the overall project schedule, UTA needs authorization from the City by December 1st to proceed with the design and engineering work for most of the design items. Final authorization is generally not needed by UTA until a later date;

³In theory, the City could agree to continue to bear the financial risk of ultimately not proceeding with the Single Viaduct, as it has done with the design and engineering costs subject to conditions in Resolution No. 53 of 2009, but the Administration believes that when the cost of items such as custom steel is added to the potential risk of not proceeding with the Single Viaduct, the potential cost becomes prohibitive. Thus the Administration contemplates that the Council will make a final, binding "go, no go" decision on construction of the Single Viaduct in early to mid-January 2010.

the City will, however, bear the financial cost of the design and engineering costs for any design item that it ultimately does not proceed with.

Exhibit C shows the anticipated expenditures over time by Boulevard design element.

Availability and Timing of Funding

SLCC Section 3.25.010(B)(3) provides that no City contract is valid or binding against the City until “funds are certified as available under a lawful city budget.” For purposes of Section 3.25.010(B)(3), a substantial amount of the required funding already is available. For example, the \$25 million in UTA’s budget for construction of a viaduct and the \$10 million in the Alliance Fund pursuant to the Interlocal Agreement will not flow through the City’s budget process, but these funds are currently available for binding commitment to UTA. Similarly, the Council already has appropriated \$3,184,000 from CIP and non-department funds for North Temple Boulevard Improvements and those funds therefore are currently available for binding commitment. For other financing components, City processes are underway (subject to Council approval) to make the funds available in the near future, but those funds are not yet currently available to commit. For example, the proposed budget opening transmitted today for action in January includes the \$20 million that the State has promised for the single viaduct. Similarly, the proposed budget opening includes a proposed sales tax bond issue by the City to complete the financing for the Single Viaduct. The City’s sales tax bonds will not be issued until a later date in 2010, but the budget opening is being completed now in order for the proceeds of the bond issue to be considered “available” in January.

Assuming a special assessment area, and an additional credit of \$850,000 to the Alliance Fund resulting from the decision to only partially embed the track on Airport Property (discussed below), the available funding of \$18,369,000 versus an estimated project cost of \$29,626,000 results in a funding gap of \$11,257,000 for Boulevard improvements. (See Exhibit B) The Administration is proposing a \$10 million sales tax bond (See Exhibit D), which would reduce the gap to \$1,257,000. To eliminate that gap, the Administration is proposing to eliminate the North Temple terminus design element (\$1,200,000) and to achieve cost reductions during the design and engineering process of \$57,000.

Overall Recommendation

The following recommendations address specific actions to be taken in the two proposed resolutions.

Combining the impact of the construction schedule and the availability and timing of funding, the Administration recommends:

- (1) That the Council adopt an amended and restated Resolution No. 53 of 2009 authorizing the Administration to in turn authorize UTA to proceed with the design and engineering work for the Single Viaduct proposal, subject to conditions stated therein (the Council would vote on whether to proceed with final authorization in early to mid-January 2010);
- (2) That the Council adopt a resolution: (a) authorizing the Administration to in turn give final authorization for specified design items and/or activities for which there are currently available budgeted funds; and (b) authorizing the Administration to in turn give UTA

authorization for design and engineering work only at this time for specific design items with the City to bear the financial cost of such work for any design items that the City ultimately does not proceed with. (Final authorization for these design items would be decided by the Council as the construction schedule dictates and funds become available.)

I. North Temple Boulevard Improvements

The current estimated cost of all the design items/activities that have been discussed is \$29,626,000. (See Exhibit A) After commitments already made to UTA (\$4,005,000), the current amount of available funds as of December 1st is \$9,704,000. (See below) The gap can be closed to zero by a combination of the following: (a) eliminating individual design items; (b) identifying additional funding sources, such as a sales tax bond and a special assessment area; and/or (c) identifying cost savings in the design and engineering process. For purpose of this analysis, we have not eliminated any design items (other than the North Temple Terminus), but we have identified as “future additions” those design items that do not have to be built as a part of the project and could be independently “grafted on” as separate City projects at any time after the TRAX line is completed.

A. Currently Available Funds

Alliance Fund per Interlocal Agreement		\$10,000,000
Previously appropriated funds from CIP		<u>\$3,184,000</u>
And non-departmental	Subtotal	\$13,184,000
Increase to Alliance Fund from decision not to		
Only partially embed track on Airport Property		<u>\$850,000⁴</u>
	Subtotal	\$14,034,000
Less power line burial for entire Boulevard		
(Per Resolution No. 55 of 2009) ⁵		\$3,500,000
Less Redwood Road intersection enhancements		
(Per Resolution No. 55 of 2009) ⁵		<u>\$130,000</u>
	Subtotal	\$10,404,000
Less temporarily encumbered Alliance Funds for North		
Temple Single Viaduct design and engineering contingency ⁶		<u>\$700,000</u>
	Subtotal	\$9,704,000

⁴ This is a new item resulting from the decision to only partially embed the track on Airport property. Paperwork confirming this credit to the Alliance Fund is expected to be received by December 1, 2000 from UTA.

⁵ Resolution No. 55 of 2009 also included authorization of \$375,000 for certain Jordan River bridge related improvements, but that is not included here because the entire \$375,000 is being funded from Class C road funds (See also Resolution No. 18 of 2009, para.2)

⁶ It is expected that these funds will become available again in January 2010, either because the contingency does not occur, or if it does, the Alliance Fund will promptly be made whole from either CIP or another City funding source.

B. Potential Design Improvements

Thirty six (36) separate design improvements (or activities) have been discussed with the Council. The current estimated cost to complete those thirty six items is \$29,626,000. (See Exhibit A.) Five of those items already have received final authorization from the Council in Resolution No. 55 of 2009 at a total cost of \$3,630,000 plus \$375,000 in Class C road funds. The current estimated cost for the remaining thirty one (31) items is \$25,621,000. The City will not have sufficient available funds on December 1st for the City Council to give final authorization to UTA on December 1st to proceed with all thirty one.

In Resolution No. 18 of 2009, the Council stated that the Alliance Fund should “be used primarily to pay for business impact mitigation and embedded, stamped⁷ and colored concrete from 600 West to 2200 West and any remaining money in the Alliance Fund should be used to pay for public art along the route...” In addition, the Council has previously authorized non-departmental funding for the design consultants. The early estimated costs for these items are the following:

<u>Item</u>	<u>Early Estimated Cost</u>
Business Mitigation ⁸	\$150,000
Embedded Track 600W to 2200W	\$6,400,000
Stamped concrete/embedded track at station platforms	\$95,000
Colored Embedded Track	\$820,000
Art in Transit ⁴	\$300,000
Planning consultants	<u>\$150,000</u>
	\$7,915,000

Giving a final commitment to UTA on these items on December 1st would leave \$1,789,000 available as of December 1st (i.e. left over from all the funds allocated so far and to be supplemented with the \$10 million sales tax bond and the SAA).

The Administration recommends that the Council give authorization on December 1st to fund only UTA’s expenses for the design and engineering documents, with the understanding that the City would be responsible to UTA for the cost of the wasted design and engineering work on design items that the City ultimately decided NOT to proceed with. (For design items that the City did ultimately decide to proceed with, the design and engineering cost would be included in the current estimated cost for those items.) The total estimated cost of this contingent financial responsibility to UTA if the City ultimately decided not to proceed with any of these items is approximately \$1,660,000 (10% of the early estimated cost for most of the items).

The contingent cost of \$1,660,000 for the design and engineering work for these items can be funded from the \$1,789,000 available as of December 1st.

⁷ This has evolved to stamping only at the stations.

⁸ Required by the Interlocal Agreement.

The Administration proposes that the cost of the new street lights (\$3,300,000) and the pedestrian lights (\$660,000) be financed with a special assessment area. Final commitment could be given to UTA if the SAA process is completed.

Formal Agreement with UTA

The numbers presented are the best available at this point in time. Once reviewed by the Council, the budget should not be assumed to be the final “project budget.” The Administration will continue its discussions with UTA and other community partners to get improved numbers. Other factors that may lower costs are:

- Confirmation of Project Scope and Price. UTA requests City direction on the design elements in order for UTA to complete their design drawings. The project managers and attorneys of both the City and UTA will need to negotiate the final scope and price of these improvements. Until the formal agreements are signed, there is some risk that the City may choose not to have any one of these elements built. The decision made by the Council now would assure UTA that any changes will be subject to reimbursement for design costs.
- Value Engineering. The Administration and UTA have not had the chance to conduct a value engineering review. As the project proceeds, the City’s project manager and UTA will tweak the numbers, come up with substitutes, get the budget down and make decisions about tradeoffs. It is a painstaking process. This will be done, but not in the present timeframe.
- Contingency Funds. These are worked into the estimates for the various project elements and do not show up as a line item in the proposed budget. Nonetheless, there is cushion in the budget numbers.
- Design Management. Once the Council and Mayor have set a budget for this project, the City’s project manager will need to make specific decisions evaluating each design element during construction (but based on the priorities set by the Council and Mayor).

Other Funding Options

Timing

The Townsend report gives other options for funding, which the Administration will pursue. We are unable to apply for these now for several reasons:

- To apply for Federal funding is problematic because it would throw the entire UTA project into Federal environmental reviews. UTA’s source of funding for the railway from downtown to the airport is bonding. To use Federal funds at this juncture would delay the entire project at least six months to go through the reviews. (It also is the reason why the City staff has tried to keep the Boulevard and Viaduct funding separated as there are Federal funds in the viaduct project.) Once UTA’s portion of the project is done and

they leave the scene, the City could use funds such as RDA loans, CDBG, and other Federal sources for funding.

- Grants often have fast turnaround times. The anticipation is that once a grant is received, the project is completed within 1-2 years (e.g., Rocky Mountain Power Blue Skies grants). As we are 2-3 years away from UTA installing the elements for which the grants are given, we do not yet qualify.
- Other sources – See Appendix in the Townsend Report.

II. North Temple Single Viaduct

A. Design Selection

Salt Lake City and UTA have completed a thorough conceptual evaluation of several bridge types and configurations that could be used to replace the existing North Temple viaduct with an integrated roadway/transit structure. As can be seen from previous architectural renderings (see Exhibit F), any and all of the bridge concepts would touch down at 400 West, instead of approximately 300 West where the existing viaduct currently does, thereby facilitating additional access to the area and providing opportunities for further economic development. Again, any and all of the integrated bridge concepts would carry:

- Two lanes of roadway traffic in each direction
- East and westbound TRAX trains located on the north side of the viaduct roadway
- A 6' wide bike lane in each direction
- 8-10' wide sidewalks on both sides of the bridge

Also, a TRAX station platform on the north side of the viaduct near the top of the bridge would be provided, with vertical circulation connection to Front Runner Commuter Rail trains and adjacent development and neighborhoods. See Exhibit G, which shows a cross-section of such a structure, with all of the associated uses.

The current concept that seems to best balance the concerns of budget, aesthetics, pedestrian movement under the structure, and good urban design is called “Option 4”, which is a single 3 span bridge with a total “open area” underneath of approximately 510 feet that would replace the existing North Temple Viaduct (see Exhibit H). The two open spans of 160’ on either side of the existing Union Pacific/Front Runner tracks would allow for a good flow of vehicles and pedestrians to the north and south, which is especially critical to achieve a positive connection between the existing Gateway and future SLHNET developments and to provide for a future extension of 500 West to the north. The design also includes a 190’ span over the tracks. In addition, with the transit station and vertical transfer elements on the north side of the bridge, both UTA and the City feel that the station can be truly integrated into the surrounding development, as a part of a robust Transit Oriented Development (TOD).

This option includes approximately 330 feet of retaining walls on each side of the bridge embankments as it touches down towards 400 West and 600 West. There are several options for

concrete finishes on these walls (ranging from inexpensive to very costly), and the architectural rendering shown in Exhibit I) reveals that the scale of the walls are not overwhelming given the surrounding context.

B. Estimated Costs and Opportunities for Savings

In July and August of 2009, during the timeframe when the bridge types and configurations were developed, Option 4 was originally estimated by the project team to cost between \$70 and \$75 million. However, as the scope of the concept is further understood and discussed between the City and UTA, there are several opportunities for reducing this cost and the parties are confident that through mutual cooperation the costs can be reduced. UTA has agreed to design the viaduct such that the project cost will not exceed \$71 million. It is important to note that in order to succeed on this project given a limited budget, the team would utilize a “design to budget” principle, whereby all the partners would agree that the scope of the project (number and length of bridge spans, architectural finishes, etc.) would need to be continually evaluated and potentially modified in order to stay within budget.

Opportunities for reducing the cost are found in areas prone to risk, which can be averted or reduced with diligent planning and engineering from the project partners. These include areas such as:

- Foundation design: As design progresses and more data on seismic requirements is collected, \$1-2 million could be saved in this area.
- Design costs: as design of the project advances, up to \$1 million in savings on the actual engineering and design of the viaduct may be available. The ability to realize such savings will largely result from coordination among the various parties to streamline and expedite the respective design decisions.
- Cost of materials: Up to \$0.2 million in savings on the cost of steel is available if the project manager is able to order steel by early winter. Final design of the project must be nearly complete in order to the steel, which requires final design of the project to begin immediately.
- Labor costs: UTA estimates the time for completion of the project is approximately 18 months. This estimate requires the contractor to begin demolition of the existing structure as early as possible in 2010 in order to properly time construction windows. Labor costs will vary based on the contractor’s ability or inability to take advantage of favorable weather conditions for construction of the viaduct.
- Roadway modifications: modifications to the North Temple roadway design at 400 West could save between \$0.2 million and \$0.5 million depending on the final configuration.
- Additional general fiscal impacts to Salt Lake City: Based on an estimated 18 month timeline, the parties are optimistic that vehicular traffic across the viaduct can be restored

prior to the 2011 holiday shopping season. Any delay in the contractor's ability to begin demolition will risk restoration of vehicular traffic prior to the holidays, which may have a negative fiscal impact on City sales tax revenues.

UTA and their contractor for the Airport TRAX Line, Stacy Witbeck/Kiewit, utilize an "open book" cost estimating process, so that all parties understand and agree to risks and associated costs as the project progresses. Salt Lake City has been and will continue to be at the table during this process.

C. Funding Sources for Not to Exceed Cost of \$71 Million

Committed Sources and Amounts:

- UTA: \$25 million
 - Utah State Legislature: \$20 million
 - Wasatch Front Regional Council (WFRC): \$5 million
- Total Committed Sources: \$50 million

Additional Sources and Amounts:

- Special Assessment Area involving immediately adjacent property owners (approximately \$4.3 million).
 - Community Development Area involving additional taxing entities (approximately \$13 million)
 - Funding from Salt Lake City Public Utilities for work relating to the City Creek conduit (actual cost, currently budgeted at \$4 million)
 - Reallocation of federal STP funds from the City's 1300 East project to the North Temple viaduct project (\$730,000)
- Total Additional Sources: Approximately \$21.3 million

The chart below shows the various funding sources for the viaduct replacement. As shown in the chart, at the time the Council will be asked to definitively proceed with the viaduct replacement (currently expected to be in early to mid – January 2010), approximately \$59 million of the cost of the viaduct replacement will have been completely secured and not subject to any future risk. The remaining \$12 million in funding will come from the CDA, the value of which is dependent upon the value and rate of future development within the boundaries of the CDA.

		Amount 100% secured by January authorization	Contingent amount outstanding
Viaduct Project Cost	\$71,000,000		
Sources			
UTA	\$25,000,000	\$25,000,000	\$ -
State	\$20,000,000	\$20,000,000	\$ -
WFRC	\$5,000,000	\$5,000,000	\$ -
Public Utilities	\$4,000,000	\$4,000,000	\$ -
WFRC- Reallocation of Project Funds	\$730,000	\$730,000	\$ -
SAA	\$4,300,000	\$4,300,000	\$ -
Amount remaining	\$11,970,000	CDA	\$ 11,970,000
<i>Remaining amount will be paid by a CDA, with any shortfalls paid from CIP funds or another revenue source</i>		See CDA scenarios	
Total Viaduct Project Cost	\$71,000,000	\$59,030,000	\$11,970,000

As the chart above shows, a remaining amount of approximately \$12 million is proposed to be funded through a CDA. The value of the CDA is dependent upon the value and rate of future development within the boundaries of the CDA. If no additional development occurs within the CDA boundaries, then the tax increment generated from the CDA is \$2,300,000, and the City will have an obligation to fund the remaining \$9,700,000 from other City resources such as the City's CIP budget.

If some development occurs as is currently contemplated by one of the major land owners within the CDA boundaries, who is currently planning the construction of a residential building and commercial office building, with an aggregate value of \$65 million, and no additional development occurs within the CDA boundaries during the 25 year lifetime of the Viaduct CDA, then the present value of the tax increment will equal \$8,900,000, and the City will have an obligation to fund the remaining \$3,100,000 from other City resources such as the City's CIP budget.

If some development occurs, as has been contemplated previously, with the construction of a residential building and commercial office building, with an aggregate value of \$100 million, and no additional development occurs within the CDA boundaries during the 25 year lifetime of the Viaduct CDA, then the present value of the tax increment will equal \$13 million, and the City will have no further obligation to fund the replacement of the viaduct. However, the City may be asked to make an interest bearing loan to assist with debt obligations, as described below

under “Issuance of Sales Tax Bonds,” which will be paid back to the City, with interest, from the tax increment proceeds of the CDA.

If any development occurs within the boundaries of the CDA in addition to the two buildings with an aggregate value of \$100 million as previously contemplated, the CDA will generate increment beyond the amount needed to fund the viaduct replacement and the City’s portion of such increment will be paid to the City’s general fund.

The chart below seeks to show the various scenarios possible under the CDA and the obligation of the City to assist with funding the viaduct replacement under the respective scenarios. **Please note that even under the worst case projections of the CDA, the City’s total obligation to fund the viaduct replacement will not exceed \$9,700,000.**

CDA Scenarios			
Amount needed	Scenario	CDA tax increment present value	Additional City obligation
\$11,970,000	<i>No new development.</i>	\$2,300,000	9,700,000
\$11,970,000	<i>Two new buildings constructed with an estimated aggregate value of \$65 million</i>	8,900,000	3,100,000
\$11,970,000	<i>Two new buildings constructed with an estimated aggregate value of \$100 million</i>	\$13,000,000	\$0
\$11,970,000	<i>Any development in addition to the two buildings that are currently planned</i>	\$13,000,000	Additional tax increment will be returned to the City

D. Issuance of Sales Tax Bond

In order to capture the present value of the CDA and the SAA, the Administration is currently contemplating the issuance of a sales tax bond, currently estimated to be in an amount of approximately \$16.3 million. While this bond will be secured by City sales tax revenue, the administration proposes using revenues generated by the SAA and CDA to pay debt service on this bond, to the extent such revenue is available.

While the CDA tax increment will become more substantial at a future date when new development occurs in the area to the north of the viaduct, in the early years after issuance of the

sales tax bond, projections show a shortfall in the ability of the SAA and CDA to make debt service payments on the bond in the amounts and during such fiscal years as shown in the cash flow projection statement attached as Exhibit E. To cover such amounts, loans would need to be made to the North Temple viaduct district, which loans would be repaid, with interest, from projected proceeds of the CDA tax increment.

Under the terms of the special assessment, participants in the SAA may elect to finance their obligation plus applicable interest over a period of 20 years. Some SAA participants representing up to \$3 million may elect to pay their SAA obligation up front.

The Administration is evaluating whether it would be more desirable for the City to pay this amount directly to the project costs and correspondingly reduce the value of the sales tax bond that would be issued rather than hold this amount in escrow in order to make debt service payments on the sales tax bond in the initial years after issuance of the bond. This approach would reduce the annual debt service obligation for the sales tax bond, however it would also eliminate the escrow used to assist with debt service payments in early years and require the city to either (i) advance debt service payments in early years until the CDA can generate sufficient tax increment to make debt service payments and repay such advances with interests or (ii) capitalize the first several years of interest in the overall sales tax bond such that no debt service payments would be payable during the first three years after issuance which would correspondingly increase the total amount of the sales tax bond.

These various options will be considered by the Administration, in consultation with the City's financial advisor. Because the relative benefit of these various approaches depends on the applicable interest rate at the time of issuance of the bonds, cash flow considerations and other factors not currently knowable, it is not possible to conclude at this date which financing approach is more beneficial to the City. Such determination will be made, in consultation with the Council, when the City prepares to issue the sales tax bond, currently anticipated to be issued at the end of 2010.

E. Council Member Garrott's Amendment

Resolution No. 53 of 2009 included an amendment by Council Member Garrott dealing with day lighting City Creek and certain cost savings in the vicinity of the Viaduct. The proposed amended resolution expresses the Council's desire that a proposal for day lighting City Creek be prepared and that a portion of any enhancements in the Single Viaduct be directed toward enhancements to the Front Runner Station at North Temple, the transfer station and the surrounding environs (see amended paragraph 7).

F. Temporary Encumbrance from Alliance Fund

As explained above, \$700,000 from the Alliance Fund has been temporarily encumbered to cover the contingent cost (subject to conditions) of \$700,000 for unnecessary work by UTA on design and engineering work for the Single Viaduct proposal if the City does not proceed with the Single Viaduct Proposal. New paragraph 8 of the proposed amended Single Viaduct

Resolution states the Council's intent that if the contingency does occur and the \$700,000 is drawn against that the Alliance Fund promptly be made whole by a transfer from CIP or other funding source.

PUBLIC PROCESS:

The various North Temple Boulevard Improvements and the Single Viaduct Proposal have been discussed in a number of public Council work sessions over the last several months, with frequent press coverage. Public open houses have also been held to explain the various Boulevard Improvement proposals and to receive public input on them. The Single Viaduct also has been discussed in these open houses, in presentations to Community Councils in the area and with the North Temple Advisory Committee. An informal meeting with property owners concerning the North Temple SAA is scheduled for December 5th. Public hearings will be held on the various funding components – creation of the CDA, creation of the SAA, and the sales tax bond issues. In addition to these public hearings, the Administration recommends that the Council schedule an overall “umbrella” public hearing on these two components and the proposed financing components.

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