

Staff Report

File #: 19-275**Version:** 1**Date:** 7/8/2019**Item #:**

TO: Urban Renewal Agency Board
THROUGH: Steve Powers, Executive Director
FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Riverfront Downtown Urban Renewal funds for the Salem Police Station.

Ward(s): Ward 1

Board Member(s): Kaser

Neighborhood(s): CANDU

Result Area(s): Safe Community; Safe, Reliable and Efficient Infrastructure

ISSUE:

Shall the Agency Board authorize the use of \$4,745,000 in Riverfront-Downtown Urban Renewal Area funds for site improvements and construction of the Salem Police Station and authorize the Executive Director to execute the attached grant agreement to provide the \$4,745,000 to the City?

RECOMMENDATION:

Authorize the use of \$4,745,000 in Riverfront-Downtown Urban Renewal Area funds for site improvements and construction of the Salem Police Station and authorize the Executive Director to execute the attached grant agreement to provide the \$4,745,000 to the City.

SUMMARY:

Approval of the recommendation will allocate \$4,745,000 of Riverfront-Downtown Urban Renewal Area (RDURA) Funds for site improvements and construction of the Salem Police Station and grant the funds to the City.

FACTS AND FINDINGS:

In order to transfer Agency funds to the City for construction costs, it is necessary for the Agency to authorize the attached grant agreement (Attachment 1).

The Riverfront Downtown Urban Renewal Plan, Sections 1107 and 1108, support public art and

public improvements for North Downtown redevelopment. Components of the Salem Police Station, including the community room and associated facilities, public restroom facilities, a public plaza, public art, and site access improvements are eligible and appropriate uses of urban renewal funds.

Funding for the Police Station project will not impact the URA's ability to help other identified projects in the RDURA. A significant amount of funds will remain available in the capital grant program for downtown property owners seeking to construct or renovate downtown buildings. The streetscape project will have sufficient funds remaining in the current fiscal year to complete design work and some streetscape construction; additional funds will be allocated in future years to continue implementing the Agency's adopted downtown streetscape plan.

Background:

The City's project team recently completed final design of the project, and subcontractor bids have been received for the work. Now that all costs are known, JE Dunn, Construction Manager/General Contractor (CM/GC), is able to offer a Guaranteed Maximum Price (GMP) for the project. The contractor's cost for construction of the building and other onsite improvements is \$54,760,000.

On July 23, 2018, the Agency allocated \$2,085,000 in RDURA funds to fund public components of the Salem Police Station, such as the community room, public restroom facilities, public plaza, and public art. The additional \$2,660,000 will allow completion of the public components and fund site access improvements.

The strong building market has caused construction costs to rise much more rapidly than anticipated in the original bond estimate. The project team has worked diligently to reduce the GMP as low as possible without compromising the original bond promise to provide a safe and efficient Police Station both now and in the future.

Renee K. Frazier
Financial Services Manager

Attachments:

1. Grant Agreement for Salem Police Station