

# EXHIBIT B

## **NORTH GATEWAY URBAN RENEWAL PLAN REPORT**

**Salem, Oregon**

January 4, 2019

Prepared By:

**Urban Renewal Agency**  
Of the  
City of Salem, Oregon

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## **SECTION 100: INTRODUCTION**

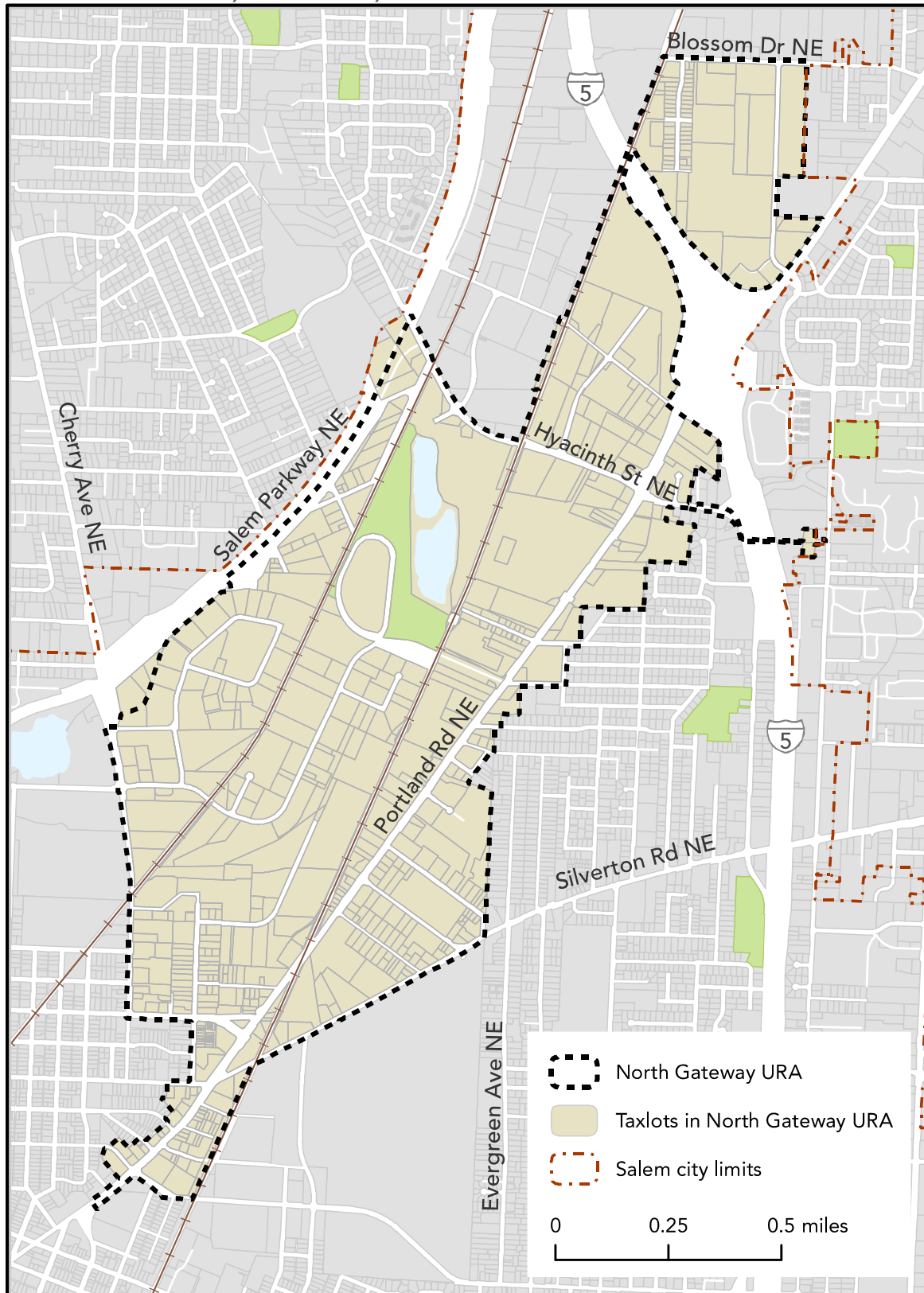
The North Gateway Urban Renewal Plan will be administered by the Salem Urban Renewal Agency (Agency), which was established by the Salem City Council as the City's Urban Renewal Agency. Oregon Urban Renewal Law (ORS 457.085) requires that the Urban Renewal Plan be accompanied by a Report which contains additional information outlined below:

- A description of the physical, social, and economic conditions in the area;
- Expected impact of the Plan, including fiscal impact in light of increased services;
- Reasons for selection of the Plan area;
- The relationship between each project to be undertaken and the existing conditions;
- The total cost of each project and the source of funds to pay such costs;
- Estimated completion date of each project

The Report on the North Gateway Urban Renewal Plan (Report) contains background information and project details that pertain to the North Gateway Urban Renewal Plan (Plan). The Report is not a legal part of the Plan, but is intended to provide public information and support the findings made as part of the approval of the Plan.

The Report provides only guidance on how the Plan might be implemented. As the Salem Urban Renewal Agency reviews revenues and potential projects each year, it has the authority to make adjustments to the assumptions in this Report. The Agency may allocate budgets differently, adjust the timing of the projects, decide to incur debt at different timeframes than projected in this Report, and make other changes, as allowed in the amendment section of the Plan.

Exhibit 1. North Gateway URA Boundary



## SECTION 200: EXISTING PHYSICAL, SOCIAL AND ECONOMIC CONDITIONS

This section of the Report describes existing conditions within the North Gateway Urban Renewal Area and documents the occurrence of “blighted areas” as defined by ORS 457.010 (1).

### A. Physical Conditions

#### 1. Land Use

The North Gateway Urban Renewal Area shown in **Exhibit 1**, contains 674 tax lots consisting of 778 acres, and an additional 152 acres of right-of-way for a total of 930 acres. The North Gateway Urban Renewal Area is located entirely within the Salem city limits.

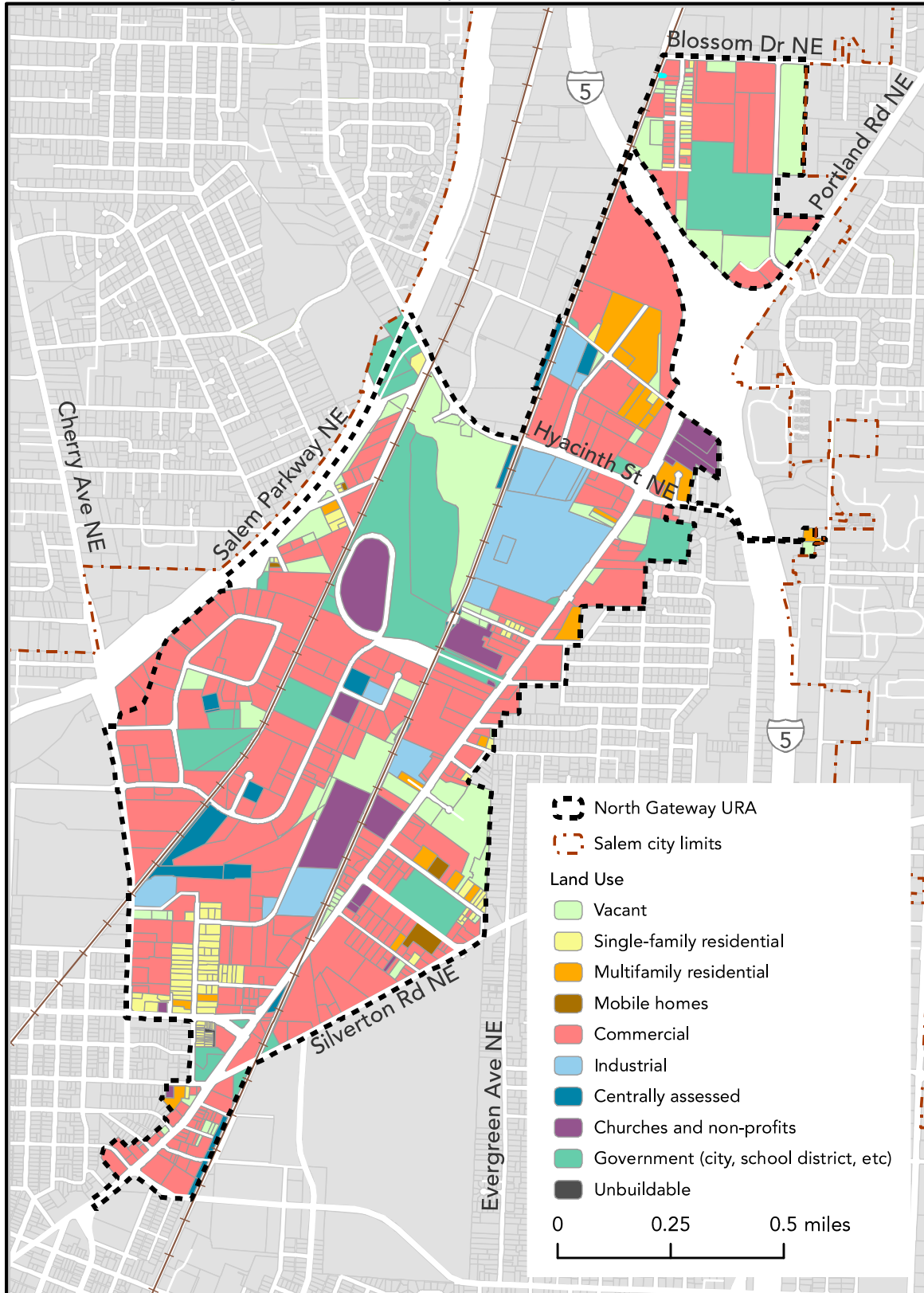
An analysis of property classification from the City of Salem was used to determine the land-use designation of parcels within the North Gateway Urban Renewal Area. Thirteen percent (13%) of the North Gateway Urban Renewal Area is currently classified as vacant. The predominant land use within the North Gateway Urban Renewal Area is commercial (52% of total acreage), followed by Government land-use as the next largest (14% of total acreage). Collectively, these three uses: commercial, government, and vacant account for nearly 80% of the total acreage within the North Gateway Urban Renewal Area. The total land uses of the North Gateway Urban Renewal Area, by acreage and parcel are shown in **Exhibit 2**. **Exhibit 3** provides the land-use classification data within a parcel/map format.

*Exhibit 2. Land Use Designation Summary, North Gateway URA*

| Generalized Land Use                     | Number of  |            |             |
|------------------------------------------|------------|------------|-------------|
|                                          | Taxlots    | Acres      | Percent     |
| Vacant                                   | 92         | 101        | 13%         |
| Single-family residential                | 110        | 22         | 3%          |
| Multifamily residential                  | 21         | 27         | 3%          |
| Mobile homes                             | 4          | 3          | 0%          |
| Commercial                               | 344        | 401        | 52%         |
| Industrial                               | 13         | 61         | 8%          |
| Centrally assessed                       | 34         | 18         | 2%          |
| Churches and non-profits                 | 16         | 39         | 5%          |
| Government (city, school district, etc.) | 34         | 106        | 14%         |
| Unbuildable                              | 3          | 0          | 0%          |
| <b>Total</b>                             | <b>671</b> | <b>778</b> | <b>100%</b> |

*Source: ECONorthwest with data from the City of Salem*

Exhibit 3. Land Use Designation, North Gateway URA



Source: ECONorthwest with data from the City of Salem

## 2. Zoning

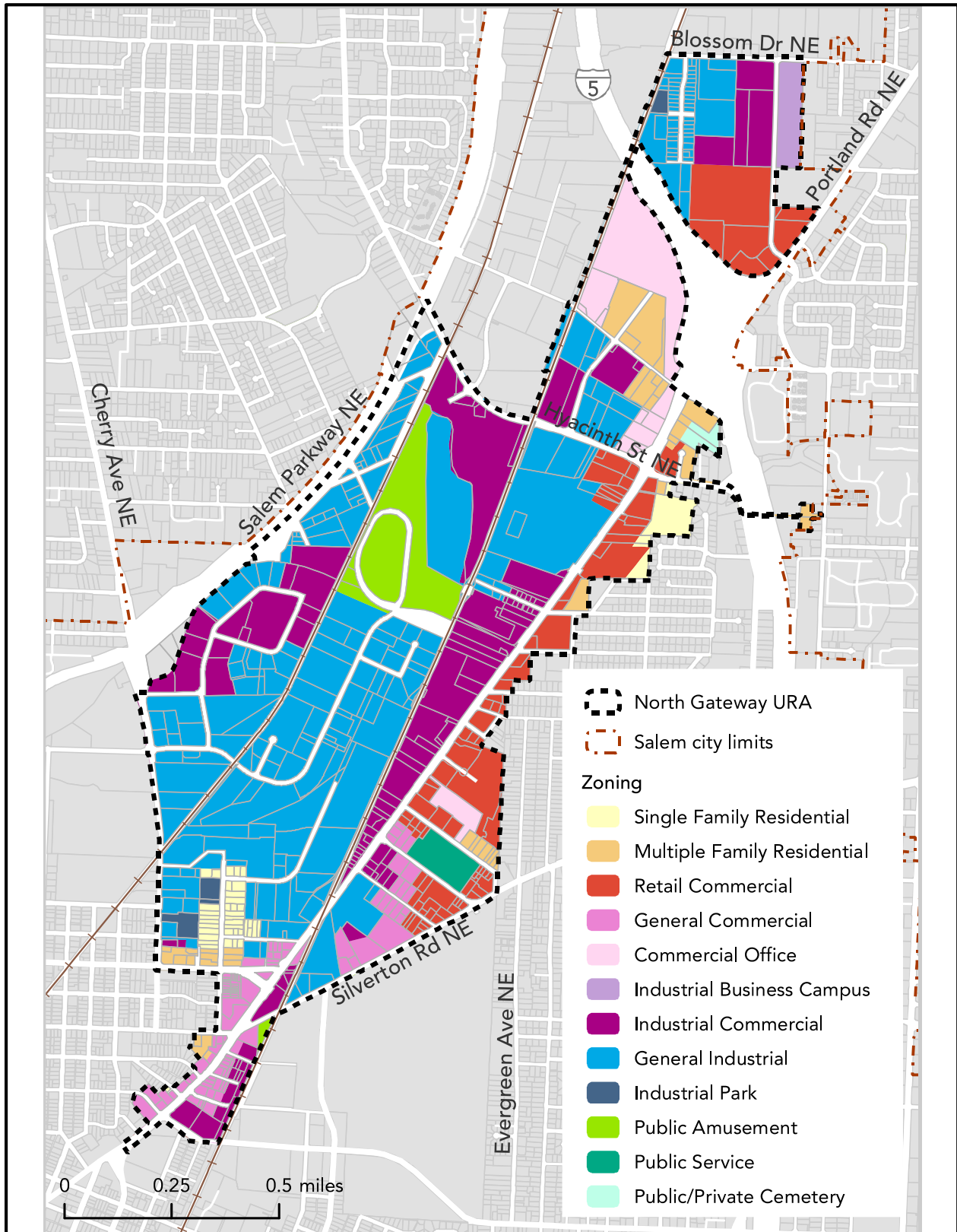
As illustrated in **Exhibit 4** and **Exhibit 5**, the North Gateway Urban Renewal Area is primarily zoned general industrial (44%) and Industrial Commercial (20%) by acreage. Retail Commercial zoning applies to 12% of the acreage. No other designated zoning comprises more than 5% of the total acreages in the North Gateway Urban Renewal Area.

*Exhibit 4. Zoning Summary, North Gateway URA*

| <b>Zoning Designation</b>               | <b>Acres</b> | <b>Percent</b> |
|-----------------------------------------|--------------|----------------|
| Single Family Residential               | 18           | 2%             |
| Multiple Family Residential             | 32           | 4%             |
| Retail Commercial                       | 93           | 12%            |
| General Commercial                      | 33           | 4%             |
| Commercial Office                       | 39           | 5%             |
| Industrial Business Campus              | 9            | 1%             |
| Industrial Commercial                   | 157          | 20%            |
| General Industrial                      | 342          | 44%            |
| Industrial Park                         | 5            | 1%             |
| Public Amusement                        | 35           | 5%             |
| Public Service                          | 8            | 1%             |
| Public/Private Cemetary                 | 3            | 0%             |
| Taxlot acres without zoning designation | 3            | 0%             |
| <b>Total</b>                            | <b>778</b>   | <b>100%</b>    |

*Source: ECONorthwest with data from the City of Salem*

Exhibit 5. Zoning, North Gateway URA



Source: ECONorthwest with data from the City of Salem

### 3. Comprehensive Plan Designation

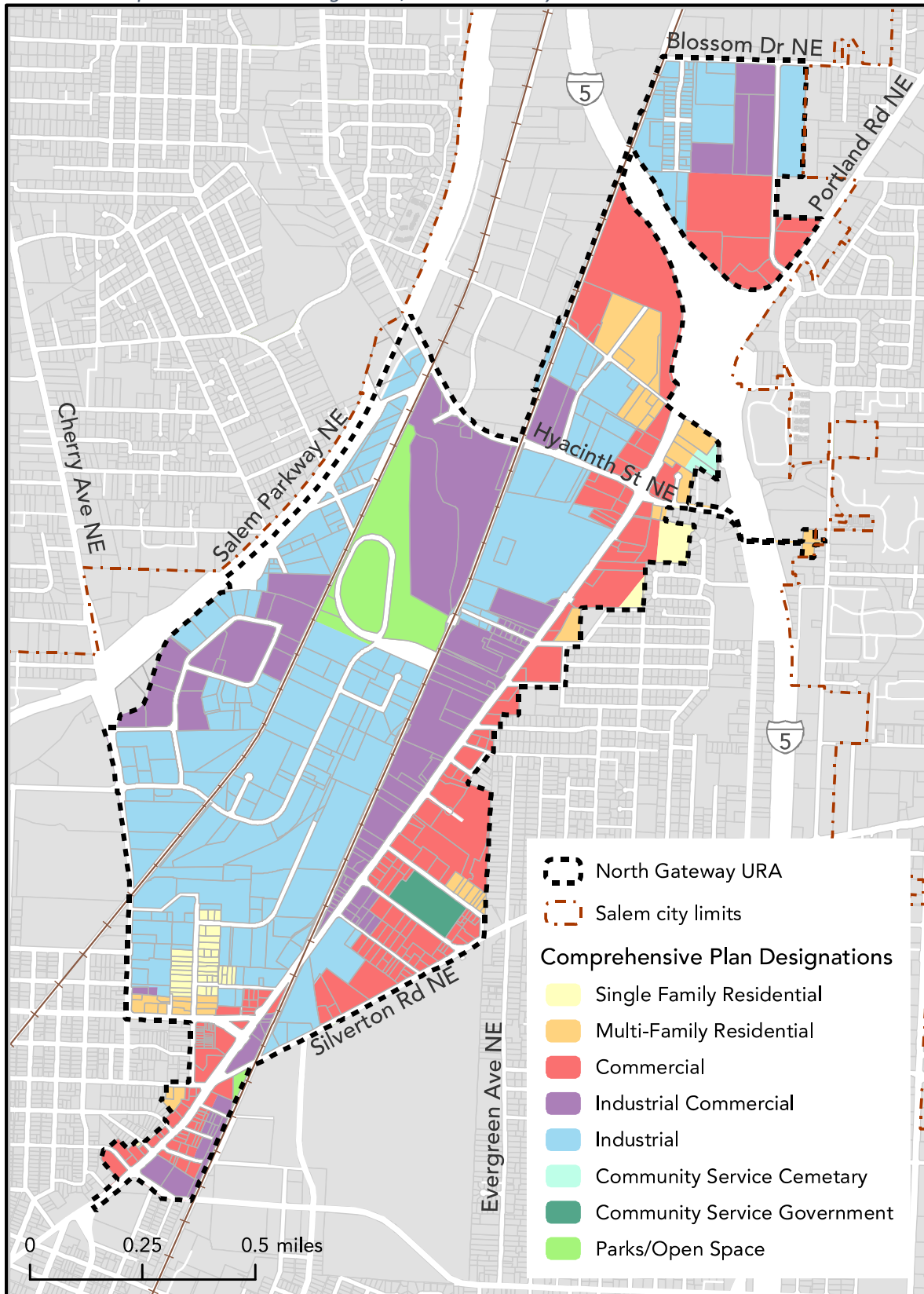
The majority of the North Gateway Urban Renewal Area is designated as Industrial (44%), Industrial Commercial (22%), and Commercial (22%). Six percent of the North Gateway Urban Renewal Area is designated within the category of Residential. **Exhibit 6** summarizes the Comprehensive Plan designations within the North Gateway Urban Renewal Area.

*Exhibit 6. Comprehensive Plan Designation Summary, North Gateway URA*

| <b>Comprehensive Plan Designation</b>                 | <b>Acres</b> | <b>Percent</b> |
|-------------------------------------------------------|--------------|----------------|
| Single Family                                         | 15           | 2%             |
| Multi-Family                                          | 33           | 4%             |
| Commercial                                            | 168          | 22%            |
| Industrial Commercial                                 | 170          | 22%            |
| Industrial                                            | 343          | 44%            |
| Community Services Cemetery                           | 2            | 0%             |
| Community Services Government                         | 8            | 1%             |
| Parks/Open Space                                      | 35           | 5%             |
| Taxlot acres without a comprehensive plan designation | 3            | 0%             |
| <b>Total</b>                                          | <b>778</b>   | <b>100%</b>    |

*Source: ECONorthwest with data from the City of Salem*

Exhibit 7. Comprehensive Plan Designation, North Gateway URA



Source: ECONorthwest with data from the City of Salem

## B. Infrastructure

This section identifies the existing conditions in the area to assist in establishing blight. There are projects listed in the City of Salem Master Plans and Transportation Systems Plan that identify these existing conditions. This does not mean all of these projects are included in the North Gateway Urban Renewal Plan. The specific projects to be included in the North Gateway Urban Renewal Plan are listed in **Sections 400** and **500** of this document.

### 1. Transportation

The North Gateway Urban Renewal Area may experience redevelopment opportunities within some neighborhoods. An established inner-city area, its issues deal more with how to maximize existing street system performance and reduce traffic infiltration in residential neighborhoods. The area is expected to continue experiencing growth from development. Access to Cherry Avenue Business Park continues to be a concern to businesses. Other issues include how best to serve the large and growing commercial districts, bringing arterial streets up to full urban standards with necessary system capacity.

The Salem Transportation Systems Plan (2016) details the transportation needs within the area.

#### Street Improvement Projects

There are significant transportation needs within the area:

- Salem Industrial Drive NE (Cherry Avenue NE to Bill Frey Drive NE) (TSP No. 42)  
*Improve the southbound and westbound (north) side of this street to urban collector standards, including travel lane with curb, gutter, sidewalk, bicycle lane, and storm drainage.*
- Hawthorne Avenue NE and Hyacinth Street NE (Portland Road NE to Sunnyview Road NE) (TSP No. 40)  
*Widen to two travel lanes with center turn lane where needed, add curbs, gutters, sidewalks, bicycle lanes, and widen intersection approaches to Portland Road NE, Silverton Road NE and Sunnyview Road NE.*
- Silverton Road Realignment (East of Railroad to Pine Street/ Portland Road Intersection) (TSP No. 272)  
*Realign Silverton Road NE westward to connect with Portland Road NE at Pine Street NE, allowing for the removal of the awkward existing Silverton Road NE/Portland Road NE intersection. Final approval of this realignment must be given by the Union Pacific Railroad and ODOT.*
- Cherry Avenue NE (BNRR/SF to Salem Parkway NE) (TSP No.16)  
*This project will improve capacity and access to Northgate Industrial Park by widening the roadway to four travel lanes and a center turn lane. The project will also construct curbs, sidewalks, and bicycle lanes.*
- Salem Industrial Drive Extension (Bill Frey Drive NE to Hyacinth Street NE) (TSP No.271)  
*Extend Salem Industrial Drive northward to Hyacinth Street NE.*

- Salem Parkway at Hyacinth Street NE and Cherry Avenue NE (TSP No.35)  
*Provide upgrades at both intersections in order to provide safety.*
- Hayesville Drive NE (Portland Road NE to Astoria Street NE) (TSP No.269)  
*Extend Portland Road NE westward to connect with Astoria Street NE.*
- Phyllis Street NE (Niles Avenue NE to Astoria Street NE) (TSP No.267)  
*Extend Phyllis Street NE eastward to connect with Astoria Street NE.*

#### Bicycle/Pedestrian Improvement Projects

- Clagget Creek Path (Bill Frey Drive NE to Hyacinth Street NE)  
*New multi-use connector path.*
- Bill Frey Bike Lane Extension from Kroc Center to Hyacinth Street NE
- Blossom Drive NE/Indian School Road NE  
*Bike Lanes from Portland Road NE to Chemawa Road NE.*
- Salem Industrial Drive NE from Cherry Avenue to Anunsen Street NE

#### New Sidewalks/Sidewalk Infill

- Bill Frey Drive NE Extension from Kroc Center to Hyacinth Street NE

#### New Sidewalks/Sidewalk Infill

- Cherry Avenue NE from Pine Street to City Limits  
*New Sidewalks/Sidewalk Infill*

## 2. Water

The City of Salem Water System needs for the North Gateway Urban Renewal Area are identified in the City of Salem (1994) Water Systems Master Plan. According to the Water System Master Plan, the majority of water improvements for the area will happen as development or redevelopment occurs. Improvements are intended to address marginal hydrant coverage in developed industrial and commercial areas, undersized industrial and commercial areas, and provide water to unserved areas.

**Appendix B** of the City of Salem Water Master Plan identifies water improvements needed within the North Gateway Urban Renewal Area.

## 3. Storm Water

Projects have been identified as part of the 2000 City of Salem Storm Water Master Plan (**Appendix C**). This references those known projects and does not include projects triggered by potential future developments.

- Hyacinth Street near Salem Industrial Drive (CLB1)  
*Replace undersized pipe.*
- Claxter Road to Hyacinth Street (CLB2)  
*Replace undersized pipe.*

- Cherry Avenue from N. Johnson Street to Salem Industrial Drive  
*Future storm water development*

- Niles Avenue from Phyllis Street NE to Blossom Drive NE  
*Future storm water development*

#### 4. Parks and Open Space

The 2013 City of Salem Comprehensive Park System Master Plan (**Appendix D**) identifies the following projects for the North Gateway Urban Renewal Area:

- Proposed new facility in the N. Fairgrounds Area of 5 acres (NP 14).
- Proposed new Fairgrounds Path (CT 10)
- Proposed new Northgate Avenue NE/Wooddale Avenue NE Connector
- Proposed Master Planning and Park Design Development of the Clagget Creek Nature Area; Reservoir, trails and bridge.

#### 5. Other Utilities

Electrical service, telecommunications service via fiber and natural gas services will also need to be extended and/or upgraded into the area to support development. These utilities are assumed to be constructed “as needed” in support of specific developments.

### **C. Social Conditions**

The social conditions referred to within this Report utilized data from the US Census Bureau. The geographies used by the Census Bureau to summarize the data do not strictly conform to the boundary of the North Gateway Urban Renewal Area. This analysis uses data from two US Census Bureau block groups which overlap the North Gateway Urban Renewal Area boundary, totaling 1,405 residents. Please note that while these block groups are the most representative geography for the North Gateway Urban Renewal Area, they contain areas outside the North Gateway Urban Renewal Area, and not all residences within the North Gateway Urban Renewal Area are captured<sup>1</sup>

**Exhibit 8** shows the age of residents within the North Gateway Urban Renewal Area block groups and the City of Salem as a whole. Those over the age of 54 compose a smaller proportion of the North Gateway Urban Renewal population (9%) as compared with the City of Salem as a whole (25%).

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<sup>1</sup> Within the URA boundary, there are six overlapping block groups. However, the demographic and social conditions described in this section only include data from the two block groups where the majority of households in the block groups reside within the URA boundary. In the other four block groups, almost all residential property is located outside of the URA boundary.

*Exhibit 8. Age, North Gateway URA and City of Salem*

| Age               | North Gateway URA |             | City of Salem  |             |
|-------------------|-------------------|-------------|----------------|-------------|
|                   | Estimate          | Percent     | Estimate       | Percent     |
| Under 5 years     | 155               | 11%         | 11,220         | 7%          |
| 5 to 9 years      | 33                | 2%          | 11,377         | 7%          |
| 10 to 14 years    | 132               | 9%          | 10,662         | 7%          |
| 15 to 17 years    | 29                | 2%          | 6,626          | 4%          |
| 18 to 24 years    | 219               | 16%         | 17,712         | 11%         |
| 25 to 34 years    | 268               | 19%         | 24,242         | 15%         |
| 35 to 44 years    | 151               | 11%         | 20,778         | 13%         |
| 45 to 54 years    | 290               | 21%         | 19,657         | 12%         |
| 55 to 64 years    | 97                | 7%          | 18,803         | 12%         |
| 65 to 74 years    | 15                | 1%          | 11,694         | 7%          |
| 75 to 84 years    | 7                 | 0%          | 5,816          | 4%          |
| 85 years and over | 9                 | 1%          | 3,388          | 2%          |
| <b>Total</b>      | <b>1,405</b>      | <b>100%</b> | <b>161,975</b> | <b>100%</b> |

*Source: American Community Survey 2012-2016 5-Year Estimates*

According to the data within **Exhibit 9**, 52% of the North Gateway Urban Renewal Area residents are Hispanic or Latino, compared to 22% of residents within the entire City of Salem.

*Exhibit 9. Hispanic or Latino Origin by Race, North Gateway and City of Salem*

|                                                  | North Gateway URA |             | City of Salem  |             |
|--------------------------------------------------|-------------------|-------------|----------------|-------------|
|                                                  | Estimate          | Percent     | Estimate       | Percent     |
| <b>Hispanic or Latino</b>                        |                   |             |                |             |
| White alone                                      | 381               | 27%         | 20,325         | 13%         |
| Black or African American alone                  | 0                 | 0%          | 106            | 0%          |
| American Indian and Alaska Native alone          | 0                 | 0%          | 666            | 0%          |
| Asian alone                                      | 0                 | 0%          | 36             | 0%          |
| Native Hawaiian and Other Pacific Islander alone | 0                 | 0%          | 32             | 0%          |
| Some other race alone                            | 263               | 19%         | 9,169          | 6%          |
| Two or more races                                | 91                | 6%          | 4,829          | 3%          |
| <i>Total</i>                                     | <i>735</i>        | <i>52%</i>  | <i>35,163</i>  | <i>22%</i>  |
| <b>Not Hispanic or Latino</b>                    |                   |             |                |             |
| White alone                                      | 625               | 44%         | 111,483        | 69%         |
| Black or African American alone                  | 17                | 1%          | 2,077          | 1%          |
| American Indian and Alaska Native alone          | 12                | 1%          | 1,121          | 1%          |
| Asian alone                                      | 0                 | 0%          | 4,537          | 3%          |
| Native Hawaiian and Other Pacific Islander alone | 0                 | 0%          | 1,706          | 1%          |
| Some other race alone                            | 0                 | 0%          | 146            | 0%          |
| Two or more races                                | 16                | 1%          | 5,742          | 4%          |
| <i>Total</i>                                     | <i>670</i>        | <i>48%</i>  | <i>126,812</i> | <i>78%</i>  |
| <b>Total</b>                                     | <b>1,405</b>      | <b>100%</b> | <b>161,975</b> | <b>100%</b> |

Source: American Community Survey 2012-2016 5-Year Estimates

**Exhibit 10** shows the educational attainment for residents 25 and over. Fifty-eight percent of residents in the North Gateway Urban Renewal Area have a high school or equivalent degree or less, compared to 38% in the City of Salem. Seventeen percent of residents in the North Gateway Urban Renewal Area have an associates, bachelors, or master's degree, compared to 27% city-wide.

*Exhibit 10. Educational Attainment, North Gateway URA and City of Salem*

|                                             | North Gateway URA |             | City of Salem  |             |
|---------------------------------------------|-------------------|-------------|----------------|-------------|
|                                             | Estimate          | Percent     | Estimate       | Percent     |
| Less than high school                       | 161               | 19%         | 13,423         | 13%         |
| High school graduate (includes equivalency) | 315               | 38%         | 26,145         | 25%         |
| Some college                                | 216               | 26%         | 28,449         | 27%         |
| Associate's degree                          | 100               | 12%         | 8,197          | 8%          |
| Bachelor's degree                           | 36                | 4%          | 17,240         | 17%         |
| Master's degree                             | 9                 | 1%          | 7,622          | 7%          |
| Professional school degree                  | 0                 | 0%          | 1,986          | 2%          |
| Doctorate degree                            | 0                 | 0%          | 1,316          | 1%          |
| <b>Total</b>                                | <b>837</b>        | <b>100%</b> | <b>104,378</b> | <b>100%</b> |

Source: American Community Survey 2012-2016 5-Year Estimates

Commute times are longer for residents in the North Gateway Urban Renewal Area than overall within the City of Salem. **Exhibit 11** shows that 37% of residents in the North Gateway Urban Renewal Area commute more than 30 minutes for work, compared to 23% of residents in the city as a whole.

*Exhibit 11. Travel Time to Work, North Gateway URA and City of Salem*

|                      | North Gateway URA |             | City of Salem |             |
|----------------------|-------------------|-------------|---------------|-------------|
|                      | Estimate          | Percent     | Estimate      | Percent     |
| Less than 10 minutes | 75                | 14%         | 9,868         | 15%         |
| 10 to 19 minutes     | 168               | 31%         | 28,151        | 42%         |
| 20 to 29 minutes     | 96                | 18%         | 13,580        | 20%         |
| 30 to 39 minutes     | 106               | 20%         | 6,490         | 10%         |
| 40 to 59 minutes     | 53                | 10%         | 4,518         | 7%          |
| 60 to 89 minutes     | 33                | 6%          | 2,913         | 4%          |
| 90 or more minutes   | 7                 | 1%          | 1,279         | 2%          |
| <b>Total</b>         | <b>538</b>        | <b>100%</b> | <b>66,799</b> | <b>100%</b> |

*Source: American Community Survey 2012-2016 5-Year Estimates*

Residents in the North Gateway Urban Renewal Area primarily commute by vehicle, as is true for residents city-wide. **Exhibit 12** shows a smaller share of residents in the North Gateway Urban Renewal Area drove alone to work: 66%, compared to 73% in the city as a whole. An additional 21% of the residents in the North Gateway Urban Renewal Area carpooled, compared to 13% in the city as a whole.

*Exhibit 12. Means of Transportation to Work, North Gateway URA and City of Salem*

|                       | North Gateway URA |             | City of Salem |             |
|-----------------------|-------------------|-------------|---------------|-------------|
|                       | Estimate          | Percent     | Estimate      | Percent     |
| Drove alone           | 362               | 66%         | 51,200        | 73%         |
| Carpooled             | 112               | 21%         | 9,265         | 13%         |
| Public transportation | 14                | 3%          | 1,783         | 3%          |
| Taxicab               | 0                 | 0%          | 27            | 0%          |
| Motorcycle            | 0                 | 0%          | 250           | 0%          |
| Bicycle               | 21                | 4%          | 1,001         | 1%          |
| Walked                | 16                | 3%          | 2,810         | 4%          |
| Other means           | 13                | 2%          | 463           | 1%          |
| Worked at home        | 8                 | 1%          | 3,187         | 5%          |
| <b>Total</b>          | <b>546</b>        | <b>100%</b> | <b>69,986</b> | <b>100%</b> |

*Source: American Community Survey 2012-2016 5-Year Estimates*

**Exhibit 13** illustrates household income in the past 12 months (*in 2016 dollars*) for the North Gateway Urban Renewal Area and the City of Salem. Sixty percent of households in the North Gateway Urban Renewal Area have an annual income of less than \$30,000, compared to 29% in the City as a whole. Eighty-four percent of households make under \$50,000 per year, compared to 50% in the City as a whole.

*Exhibit 13. Household Income (2016\$), North Gateway URA and City of Salem*

|                        | North Gateway URA |             | City of Salem |             |
|------------------------|-------------------|-------------|---------------|-------------|
|                        | Estimate          | Percent     | Estimate      | Percent     |
| Less than \$10,000     | 106               | 17%         | 4,100         | 7%          |
| \$10,000 to \$19,999   | 111               | 18%         | 6,444         | 11%         |
| \$20,000 to \$29,999   | 157               | 25%         | 6,478         | 11%         |
| \$30,000 to \$39,999   | 107               | 17%         | 6,603         | 11%         |
| \$40,000 to \$49,999   | 46                | 7%          | 5,883         | 10%         |
| \$50,000 to \$59,999   | 20                | 3%          | 4,935         | 8%          |
| \$60,000 to \$74,999   | 19                | 3%          | 6,625         | 11%         |
| \$75,000 to \$99,999   | 43                | 7%          | 7,324         | 13%         |
| \$100,000 to \$124,999 | 17                | 3%          | 4,042         | 7%          |
| \$125,000 to \$149,999 | 0                 | 0%          | 2,387         | 4%          |
| \$150,000 to \$199,999 | 0                 | 0%          | 1,989         | 3%          |
| \$200,000 or more      | 0                 | 0%          | 1,383         | 2%          |
| <b>Total</b>           | <b>626</b>        | <b>100%</b> | <b>58,193</b> | <b>100%</b> |

*Source: American Community Survey 2012-2016 5-Year Estimates*

## D. Economic Conditions

### 1. Taxable Value of Property within the Area

The estimated total assessed value of the area, including all real, personal, personal manufactured, and utility properties, is estimated to be \$324,979,108 as outlined in **Exhibit 14**.

*Exhibit 14. Assessed Value by Property Type, North Gateway URA, FYE 2018*

| Property Type | Assessed Value        | Percent     |
|---------------|-----------------------|-------------|
| Real          | \$ 268,987,500        | 83%         |
| Personal      | \$ 26,472,793         | 8%          |
| Manufactured  | \$ 173,750            | 0%          |
| Utilities     | \$ 29,345,065         | 9%          |
| <b>Total</b>  | <b>\$ 324,979,108</b> | <b>100%</b> |

*Source: Marion County Assessor*

### 2. Building to Land Value Ratio

An analysis of property values can be used to evaluate the economic condition of real estate investments in a given area. The relationship of a property's improvement value (*the value of buildings*

and other improvements to the property) to its land value is generally an accurate indicator of the condition of real estate investments. This relationship is referred to as the “Improvement to Land Value Ratio,” or “I:L”. The values used are real market values. In urban renewal areas, the “I:L” is often used to measure the intensity of development or the extent to which an area has achieved its short-and-long-term development objectives.

**Exhibit 15** below summarizes the improvement to land value ratio of all tax lots in the North Gateway Urban Renewal Area. Twenty-five percent of the URA has no improvement value and is considered vacant (*i.e. developable*). Another 22% of land in the URA has an improvement to land value ratio less than 1, meaning the land is more valuable than its structure. These parcels are considered redevelopable.

*Exhibit 15. Improvement to Land Value Ratio, North Gateway URA*

| Improvement to<br>Land Value Ratio | Number of<br>Taxlots | Acres      | Percent     |
|------------------------------------|----------------------|------------|-------------|
| 0                                  | 179                  | 197        | 25%         |
| 0.01-0.49                          | 99                   | 109        | 14%         |
| 0.5-0.99                           | 72                   | 60         | 8%          |
| 1-1.99                             | 114                  | 107        | 14%         |
| 2-4.99                             | 155                  | 195        | 25%         |
| 5 +                                | 52                   | 110        | 14%         |
| <b>Total</b>                       | <b>671</b>           | <b>778</b> | <b>100%</b> |

*Source: ECONorthwest with data from Marion County*

### **SECTION 300: REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN**

The reason for selecting the geographic area within the North Gateway Urban Renewal Plan is to provide the ability to fund improvements necessary to assist with the elimination of blight in the Area.

### **SECTION 400: THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA**

- A. The projects identified for the area are described below, including how they relate to the existing conditions of the area.

#### **● North Gateway Building Rehabilitation/Restoration Grant Program**

Continuation of the North Gateway Building Rehabilitation/Restoration Grant Program to encourage new construction and existing business and property owners to improve their properties.

*Existing: The North Gateway Urban Renewal Grant Program has helped several area businesses expand and supported workforce development. Since July 2016, \$6.4M in grant funds has helped*

*leverage \$23.6M of private investment in the area. Demand for the program exceeds funding available.*

- **Development Infrastructure Assistance Program**

Development Infrastructure Assistance Program to coincide with Grant Program, but specifically target those properties in which development is a challenge due to lack of necessary city infrastructure such as water, sewer, etc.

*Existing: There have been two development challenges identified which this program would assist with. The first is the availability for developable property has been decreasing and the properties available often include lack of adequate infrastructure. Secondly, recent projects have identified unknown gaps in the infrastructure system for developable properties. Both scenarios have led to substantial increases in project costs.*

- **Affordable Housing Development Assistance Program**

Affordable Housing Development Assistance Program to coincide with Grant Program, but specifically target providing financial assistance towards affordable housing development projects.

*Existing: Within both the City of Salem and the State of Oregon, the issue of affordable housing and lack thereof has become a high priority. The North Gateway Urban Renewal Area has several affordable housing projects, however the demand and need continue to be present within the URA and City of Salem as a whole.*

- **Silverton Road/17<sup>th</sup> Street Left Turn Lane**

A left turn lane will be established from Silverton Road to 17<sup>th</sup> Street with the goal to improve traffic flow and safety at the intersection. The improvement would also include a traffic signal.

*Existing: Silverton Road is a major arterial street, currently with 4 – 11' wide vehicular lanes and sidewalks within a 60' wide right-of-way. Westbound traffic wanting to turn left onto 17<sup>th</sup> Street must occupy the inner through vehicle lanes.*

- **Pine Street Redevelopment**

Costs associated with site preparation and potentially contributing to construction as it aligns with the goals of the URA for redevelopment of 2640 Portland Road NE and potentially other adjacent sites in the corridor.

*Existing: URA is in the process of purchasing a vacant/former car lot at 2640 Portland Road to be utilized for a redevelopment project.*

- **Gateway Streetscape Enhancements**

Additional funding to continue the enhancement of streetscape in order to complement future development including; lighting, sidewalk, landscaping, street furnishings, murals, sculptures, and other associated enhancements.

*Existing: The URA recently completed a streetscape project along a portion of Portland Road, however there continue to be additional needs for enhancements throughout the URA corridor.*

- **Property Acquisitions**

Potential acquisition of parcels as part of a larger Pine Street Redevelopment project. Also, provides for other blighted/opportunity sites which may arise.

*Existing: Recent analysis shows 47% of parcels within the URA are considered developable.*

- **Niles Avenue Infrastructure**

Provide full street improvements (*lights, sidewalks, etc.*) in addition to necessary upgrades to the water, sewer, and storm systems along Niles Avenue. Project would be completed in conjunction with funding from Public Works.

*Existing: The area does not have city water or sewer services and relies on private well and septic services. In addition, the road infrastructure does not safely accommodate pedestrians or vehicles. This area is challenged in both a redevelopment perspective and also a health and safety perspective as it consists of a mix of industrial property owners and residential properties.*

- **Pine Street Realignment**

Realignment of Silverton Road to align with Pine Street at Portland Road, allowing for turning traffic to utilize 90 degree turns which are safer than the current street and turning alignments.

*Existing: Silverton Road is a major arterial street with four vehicular lanes, and sidewalks within a 60' wide right-of-way. When Silverton Road traffic gets to the Portland Road/Fairgrounds Road/Highland Avenue intersection there is significant traffic turning left to Fairgrounds Road or traffic turning right onto Portland Road and then left onto Pine Street. The turns at Silverton Road and Portland Road are challenging due to the skewed angle of the intersection.*

- **Construction of Bike/Pedestrian Alternative Path**

Construction of a bike/pedestrian path as an alternative to utilizing the Portland Road underpass.

*Existing: Bike/Pedestrian Alternative Path does not currently exist.*

- **Environmental Clean-Up**

Remediate environmental contamination as associated with potential acquisition of property and redevelopment.

*Existing: Previous private and public redevelopment projects have encountered environmental remediation issues.*

- **Salem Industrial Drive Improvements**

Improvements to the Salem Industrial Drive corridor between Cherry Avenue and Hyacinth Street including; widening road to accommodate turn lane and bike lane, new sidewalks, planter strips, bike/pedestrian path, bridge and/or fill over Claggett Creek for additional access.

*Existing: There is currently no pedestrian/bicycle access path connectors within this area. Salem Industrial Drive has mostly roadside ditches. Some small drainage piping and inlets are existing where development has occurred, but the vast majority of the area does not have proper storm water management facilities.*

B. Debt Service and Administration

This project will allow for the repayment of costs associated with the implementation of the North Gateway Urban Renewal Plan. It also includes ongoing administration and any financing costs associated with issuing long and short term debt, relocation costs, and other administrative costs.

**SECTION 500: THE ESTIMATED TOTAL COST OF EACH PROJECT AND REVENUE SOURCES**

**Exhibit 16** of this Report shows the estimated total costs of the North Gateway Urban Renewal Plan. The amount of indebtedness approved upon establishment of the Plan equaled \$75,000,000. The process to increase maximum indebtedness to accommodate for both inflation and inclusion of additional projects as listed increases the total cost by \$26,466,402, resulting in a total cost of \$101,466,402. The principal method of funding these costs will be through use of tax increment financing as authorized by ORS 457. In addition, the Agency will apply for, and make use of funding from other federal, state, local, or private sources as such funds become available.

The allocations are the best estimates of expenditures at the time of preparation of the Urban Renewal Plan. The Agency will be able to review and update the allocations on an annual basis when they prepare the annual budget.

*Exhibit 16. Projects and Estimated Costs*

| Project                                           | Cost                 |                      | Estimated Completion |
|---------------------------------------------------|----------------------|----------------------|----------------------|
|                                                   | 2019\$               | YOE\$                |                      |
| Rehabilitation Grant Program                      | \$ 3,373,540         | \$ 3,373,540         | 2019                 |
| Early Learning Center / Community Gathering Space | \$ 1,000,000         | \$ 1,000,000         | 2019                 |
| Portland Road Bicycle / Pedestrian Path           | \$ 300,000           | \$ 300,000           | 2019                 |
| Streetscape Improvements                          | \$ 5,000,000         | \$ 5,000,000         | 2019                 |
| Fisher Road Property Acquisition                  | \$ 1,215,000         | \$ 1,215,000         | 2019                 |
| Portland Road Property Acquisition                | \$ 1,200,000         | \$ 1,200,000         | 2019                 |
| Opportunity Fund                                  | \$ 500,000           | \$ 500,000           | 2019                 |
| Ongoing Grant Program                             | \$ 5,417,168         | \$ 6,000,000         | 2025                 |
| Dev. Infrastructure Assistance Program            | \$ 1,500,000         | \$ 1,568,175         | 2021                 |
| Affordable Housing Development                    | \$ 900,000           | \$ 955,080           | 2022                 |
| Silverton Road/17th Street Turn Lane              | \$ 2,600,000         | \$ 2,841,020         | 2022                 |
| Pine Street Redevelopment                         | \$ 2,000,000         | \$ 2,353,400         | 2025                 |
| Gateway Streetscape Enhancements                  | \$ 1,000,000         | \$ 1,248,350         | 2027                 |
| Property Acquisitions                             | \$ 4,250,000         | \$ 4,741,925         | 2025                 |
| Niles Avenue Infrastructure                       | \$ 2,000,000         | \$ 2,251,000         | 2023                 |
| Pine Street Realignment                           | \$ 4,700,000         | \$ 5,694,610         | 2026                 |
| Construction of Bike/Ped Alternate Path           | \$ 2,700,000         | \$ 3,420,360         | 2027                 |
| Environmental Clean Up                            | \$ 250,000           | \$ 265,225           | 2021                 |
| Salem Industrial Drive                            | \$ 3,048,282         | \$ 3,977,398         | 2028                 |
| Financing Fees                                    | \$ -                 | \$ -                 | 2021                 |
| Administration - Internal Project Coordination    | \$ 1,367,325         | \$ 1,549,420         | 2028                 |
| Administration - Indirect Cost Allocation         | \$ 405,494           | \$ 466,965           | 2028                 |
| <b>Total</b>                                      | <b>\$ 44,726,809</b> | <b>\$ 49,921,468</b> |                      |

*Note: "YOE \$" means year-of-expenditure dollars.*

## SECTION 600: THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

The project activities shown in **Exhibit 16** will begin in FYE 2019, and it is estimated that all activities proposed in this plan will be completed by FYE 2028. **Exhibit 17**, **Exhibit 18**, and **Exhibit 19** show project expenditures by year. In FYE 2028, it is estimated there will be sufficient funds to complete all projects, pay off all debt, and end the URA's tax increment collections. The actual sequencing and prioritization of individual project activities will be done by the Urban Renewal Agency, and any citizen advisory bodies that the Agency calls upon to assist in this process. Completion dates for individual activities may be affected by changes to local economic and market conditions, changes in the availability of tax increment funds, and changes in priorities for carrying out project activities.

*Exhibit 17. Projects and Costs by Year, Part 1 of 3*

| URA PROJECTS FUND                                 | Total                  | FYE 2019               | FYE 2020              | FYE 2021              |
|---------------------------------------------------|------------------------|------------------------|-----------------------|-----------------------|
| <b>Resources</b>                                  |                        |                        |                       |                       |
| Beginning Balance                                 |                        | \$ 12,472,860          | \$ 3,202,000          | \$ 5,005,860          |
| Interest Earnings                                 | \$ 137,083             | \$ -                   | \$ 16,010             | \$ 25,029             |
| Du Jour Loan Proceeds                             | \$ 37,257,235          | \$ 3,500,000           | \$ 4,058,350          | \$ 3,329,945          |
| Loan Proceeds, Pricipal/Interest                  | \$ 29,290              | \$ 29,290              |                       |                       |
| Other                                             | \$ 25,000              | \$ 25,000              |                       |                       |
| <b>Total Resources</b>                            | <b>\$ 49,921,468</b>   | <b>\$ 16,027,150</b>   | <b>\$ 7,276,360</b>   | <b>\$ 8,360,834</b>   |
| <b>Expenditures (YOE \$)</b>                      |                        |                        |                       |                       |
| Rehabilitation Grant Program                      | \$ (3,373,540)         | \$ (3,373,540)         |                       |                       |
| Early Learning Center / Community Gathering Space | \$ (1,000,000)         | \$ (1,000,000)         |                       |                       |
| Portland Road Bicycle / Pedestrian Path           | \$ (300,000)           | \$ (300,000)           |                       |                       |
| Streetscape Improvements                          | \$ (5,000,000)         | \$ (5,000,000)         |                       |                       |
| Fisher Road Property Acquisition                  | \$ (1,215,000)         | \$ (1,215,000)         |                       |                       |
| Portland Road Property Acquisition                | \$ (1,200,000)         | \$ (1,200,000)         |                       |                       |
| Opportunity Fund                                  | \$ (500,000)           | \$ (500,000)           |                       |                       |
| Ongoing Grant Program                             | \$ (6,000,000)         |                        | \$ (1,000,000)        | \$ (1,000,000)        |
| Dev. Infrastructure Assistance Program            | \$ (1,568,175)         |                        | \$ (772,500)          | \$ (795,675)          |
| Affordable Housing Development                    | \$ (955,080)           |                        | \$ (309,000)          | \$ (318,270)          |
| Silverton Road/17th Street Turn Lane              | \$ (2,841,020)         |                        |                       |                       |
| Pine Street Redevelopment                         | \$ (2,353,400)         |                        |                       |                       |
| Gateway Streetscape Enhancements                  | \$ (1,248,350)         |                        |                       |                       |
| Property Acquisitions                             | \$ (4,741,925)         |                        |                       | \$ (2,652,250)        |
| Niles Avenue Infrastructure                       | \$ (2,251,000)         |                        |                       |                       |
| Pine Street Realignment                           | \$ (5,694,610)         |                        |                       |                       |
| Construction of Bike/Ped Alternate Path           | \$ (3,420,360)         |                        |                       |                       |
| Environmental Clean Up                            | \$ (265,225)           |                        |                       | \$ (265,225)          |
| Salem Industrial Drive                            | \$ (3,977,398)         |                        |                       |                       |
| Administration - Internal Project Coordination    | \$ (1,549,420)         | \$ (199,420)           | \$ (150,000)          | \$ (150,000)          |
| Administration - Indirect Cost Allocation         | \$ (466,965)           | \$ (37,190)            | \$ (39,000)           | \$ (41,002)           |
| <b>Total Expenditures</b>                         | <b>\$ (49,921,468)</b> | <b>\$ (12,825,150)</b> | <b>\$ (2,270,500)</b> | <b>\$ (5,222,422)</b> |
| Ending Balance                                    |                        | \$ 3,202,000           | \$ 5,005,860          | \$ 3,138,412          |
| Cumulative Maximum Indebtedness Used              |                        | \$ 67,572,084          | \$ 71,646,444         | \$ 75,001,418         |

*Source: Tiberius Solutions*

*Note: All values in year-of-expenditure (YOE) dollars.*

*Exhibit 18. Projects and Costs by Year, Part 2 of 3*

| URA PROJECTS FUND                                 | FYE 2022              | FYE 2023              | FYE 2024              | FYE 2025              |
|---------------------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Resources</b>                                  |                       |                       |                       |                       |
| Beginning Balance                                 | \$ 3,138,412          | \$ 2,373,561          | \$ 2,745,533          | \$ 4,441,172          |
| Interest Earnings                                 | \$ 15,692             | \$ 11,868             | \$ 13,728             | \$ 22,206             |
| Du Jour Loan Proceeds                             | \$ 3,581,339          | \$ 3,806,309          | \$ 4,038,676          | \$ 4,280,078          |
| Loan Proceeds, Pricipal/Interest                  |                       |                       |                       |                       |
| Other                                             |                       |                       |                       |                       |
| <b>Total Resources</b>                            | <b>\$ 6,735,443</b>   | <b>\$ 6,191,738</b>   | <b>\$ 6,797,937</b>   | <b>\$ 8,743,456</b>   |
| <b>Expenditures (YOE \$)</b>                      |                       |                       |                       |                       |
| Rehabilitation Grant Program                      |                       |                       |                       |                       |
| Early Learning Center / Community Gathering Space |                       |                       |                       |                       |
| Portland Road Bicycle / Pedestrian Path           |                       |                       |                       |                       |
| Streetscape Improvements                          |                       |                       |                       |                       |
| Fisher Road Property Acquisition                  |                       |                       |                       |                       |
| Portland Road Property Acquisition                |                       |                       |                       |                       |
| Opportunity Fund                                  |                       |                       |                       |                       |
| Ongoing Grant Program                             | \$ (1,000,000)        | \$ (1,000,000)        | \$ (1,000,000)        | \$ (1,000,000)        |
| Dev. Infrastructure Assistance Program            |                       |                       |                       |                       |
| Affordable Housing Development                    | \$ (327,810)          |                       |                       |                       |
| Silverton Road/17th Street Turn Lane              | \$ (2,841,020)        |                       |                       |                       |
| Pine Street Redevelopment                         |                       |                       | \$ (1,159,300)        | \$ (1,194,100)        |
| Gateway Streetscape Enhancements                  |                       |                       |                       |                       |
| Property Acquisitions                             |                       |                       |                       | \$ (2,089,675)        |
| Niles Avenue Infrastructure                       |                       | \$ (2,251,000)        |                       |                       |
| Pine Street Realignment                           |                       |                       |                       | \$ (2,865,840)        |
| Construction of Bike/Ped Alternate Path           |                       |                       |                       |                       |
| Environmental Clean Up                            |                       |                       |                       |                       |
| Salem Industrial Drive                            |                       |                       |                       |                       |
| Administration - Internal Project Coordination    | \$ (150,000)          | \$ (150,000)          | \$ (150,000)          | \$ (150,000)          |
| Administration - Indirect Cost Allocation         | \$ (43,052)           | \$ (45,205)           | \$ (47,465)           | \$ (49,838)           |
| <b>Total Expenditures</b>                         | <b>\$ (4,361,882)</b> | <b>\$ (3,446,205)</b> | <b>\$ (2,356,765)</b> | <b>\$ (7,349,453)</b> |
| Ending Balance                                    | \$ 2,373,561          | \$ 2,745,533          | \$ 4,441,172          | \$ 1,394,003          |
| Cumulative Maximum Indebtedness Used              | \$ 78,598,449         | \$ 82,416,626         | \$ 86,469,030         | \$ 90,771,314         |

*Source: Tiberius Solutions*

*Note: All values in year-of-expenditure (YOE) dollars.*

*Exhibit 19. Projects and Costs by Year, Part 3 of 3*

| URA PROJECTS FUND                                 | FYE 2026              | FYE 2027              | FYE 2028              |
|---------------------------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Resources</b>                                  |                       |                       |                       |
| Beginning Balance                                 | \$ 1,394,003          | \$ 2,285,740          | \$ 2,830,125          |
| Interest Earnings                                 | \$ 6,970              | \$ 11,429             | \$ 14,151             |
| Du Jour Loan Proceeds                             | \$ 4,530,817          | \$ 4,791,188          | \$ 1,340,533          |
| Loan Proceeds, Pricipal/Interest                  |                       |                       |                       |
| Other                                             |                       |                       |                       |
| <b>Total Resources</b>                            | <b>\$ 5,931,790</b>   | <b>\$ 7,088,357</b>   | <b>\$ 4,184,809</b>   |
| <b>Expenditures (YOE \$)</b>                      |                       |                       |                       |
| Rehabilitation Grant Program                      |                       |                       |                       |
| Early Learning Center / Community Gathering Space |                       |                       |                       |
| Portland Road Bicycle / Pedestrian Path           |                       |                       |                       |
| Streetscape Improvements                          |                       |                       |                       |
| Fisher Road Property Acquisition                  |                       |                       |                       |
| Portland Road Property Acquisition                |                       |                       |                       |
| Opportunity Fund                                  |                       |                       |                       |
| Ongoing Grant Program                             |                       |                       |                       |
| Dev. Infrastructure Assistance Program            |                       |                       |                       |
| Affordable Housing Development                    |                       |                       |                       |
| Silverton Road/17th Street Turn Lane              |                       |                       |                       |
| Pine Street Redevelopment                         |                       |                       |                       |
| Gateway Streetscape Enhancements                  | \$ (614,950)          | \$ (633,400)          |                       |
| Property Acquisitions                             |                       |                       |                       |
| Niles Avenue Infrastructure                       |                       |                       |                       |
| Pine Street Realignment                           | \$ (2,828,770)        |                       |                       |
| Construction of Bike/Ped Alternate Path           |                       | \$ (3,420,360)        |                       |
| Environmental Clean Up                            |                       |                       |                       |
| Salem Industrial Drive                            |                       |                       | \$ (3,977,398)        |
| Administration - Internal Project Coordination    | \$ (150,000)          | \$ (150,000)          | \$ (150,000)          |
| Administration - Indirect Cost Allocation         | \$ (52,330)           | \$ (54,472)           | \$ (57,411)           |
| <b>Total Expenditures</b>                         | <b>\$ (3,646,050)</b> | <b>\$ (4,258,232)</b> | <b>\$ (4,184,809)</b> |
| Ending Balance                                    | \$ 2,285,740          | \$ 2,830,125          | \$ -                  |
| Cumulative Maximum Indebtedness Used              | \$ 95,309,101         | \$ 100,111,718        | \$ 101,466,402        |

*Source: Tiberius Solutions*

*Note: All values in year-of-expenditure (YOE) dollars.*

## SECTION 700: ESTIMATED EXPENDITURES AND YEAR OF DEBT RETIREMENT

**Exhibit 20, Exhibit 21, and Exhibit 22** show annual tax increment revenue and allocations to debt service from FYE 2019 to the URA's expected termination in FYE 2028. The amended maximum indebtedness for the URA is \$101,466,402 (*one hundred and one million, four hundred and sixty-six thousand, four hundred and two dollars*).

The City of Salem anticipates using Du Jour Financing to fund all projects in the North Gateway URA, rather than incurring long-term indebtedness. This financing approach calls for paying off all debt immediately after it is incurred, with only a nominal interest charge. It is estimated that the maximum indebtedness will be reached and due to the Du Jour financing, all debt will also be retired by FYE 2028.

This tax increment revenue, along with other funding sources, will be utilized to fund project activities, and pay all debt service costs associated with understating these project activities. It is anticipated that available project revenues, and funds accumulated in a special fund for debt redemption will be sufficient to retire outstanding bonded indebtedness in FYE 2028, and terminate the tax increment financing provisions of the project. The time frame of urban renewal is not absolute; it may vary depending on the actual ability to meet the maximum indebtedness. If the economy is slower, it may take longer; if the economy is more robust than the projects, it may take a shorter time period. These assumptions show one scenario for financing and this scenario is financially feasible.

### *Exhibit 20. Annual Tax Increment Revenue and Allocations to Debt Service, Part 1 of 3*

| TAX INCREMENT FUND           | Total                  | FYE 2019              | FYE 2020              | FYE 2021              |
|------------------------------|------------------------|-----------------------|-----------------------|-----------------------|
| <b>Resources</b>             |                        |                       |                       |                       |
| Beginning Balance            |                        | \$ 1,123,130          | \$ 894,210            | \$ -                  |
| Interest Earnings            | \$ 4,471               | \$ -                  | \$ 4,471              | \$ -                  |
| TIF: Current Year            | \$ 34,751,436          | \$ 3,084,500          | \$ 3,049,657          | \$ 3,221,250          |
| TIF: Prior Years             | \$ 1,371,244           | \$ 162,580            | \$ 111,042            | \$ 109,788            |
| Other Revenues               | \$ 25,000              | \$ 25,000             |                       |                       |
| <b>Total Resources</b>       | <b>\$ 37,275,281</b>   | <b>\$ 4,395,210</b>   | <b>\$ 4,059,380</b>   | <b>\$ 3,331,038</b>   |
| <b>Expenditures</b>          |                        |                       |                       |                       |
| <i>Debt Service</i>          |                        |                       |                       |                       |
| Du Jour Financing - Payment  | \$ (37,257,235)        | \$ (3,500,000)        | \$ (4,058,350)        | \$ (3,329,945)        |
| Du Jour Financing - Interest | \$ (18,046)            | \$ (1,000)            | \$ (1,030)            | \$ (1,093)            |
| <b>Total Debt Service</b>    | <b>\$ (37,275,281)</b> | <b>\$ (3,501,000)</b> | <b>\$ (4,059,380)</b> | <b>\$ (3,331,038)</b> |
| Total Expenditures           | \$ (37,275,281)        | \$ (3,501,000)        | \$ (4,059,380)        | \$ (3,331,038)        |
| Ending Balance               |                        | \$ 894,210            | \$ -                  | \$ -                  |

Source: Tiberius Solutions

Note: All values in year-of-expenditure (YOE) dollars.

*Exhibit 21. Annual Tax Increment Revenue and Allocations to Debt Service, Part 2 of 3*

| TAX INCREMENT FUND           | FYE 2022              | FYE 2023              | FYE 2024              | FYE 2025              |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| <b>Resources</b>             |                       |                       |                       |                       |
| Beginning Balance            | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| Interest Earnings            | \$ -                  | \$ -                  | \$ -                  | \$ -                  |
| TIF: Current Year            | \$ 3,466,568          | \$ 3,682,857          | \$ 3,907,651          | \$ 4,141,263          |
| TIF: Prior Years             | \$ 115,965            | \$ 124,796            | \$ 132,583            | \$ 140,675            |
| Other Revenues               |                       |                       |                       |                       |
| <b>Total Resources</b>       | <b>\$ 3,582,533</b>   | <b>\$ 3,807,653</b>   | <b>\$ 4,040,234</b>   | <b>\$ 4,281,938</b>   |
| <b>Expenditures</b>          |                       |                       |                       |                       |
| <i>Debt Service</i>          |                       |                       |                       |                       |
| Du Jour Financing - Payment  | \$ (3,581,339)        | \$ (3,806,309)        | \$ (4,038,676)        | \$ (4,280,078)        |
| Du Jour Financing - Interest | \$ (1,194)            | \$ (1,344)            | \$ (1,558)            | \$ (1,860)            |
| <b>Total Debt Service</b>    | <b>\$ (3,582,533)</b> | <b>\$ (3,807,653)</b> | <b>\$ (4,040,234)</b> | <b>\$ (4,281,938)</b> |
| Total Expenditures           | \$ (3,582,533)        | \$ (3,807,653)        | \$ (4,040,234)        | \$ (4,281,938)        |
| Ending Balance               | \$ -                  | \$ -                  | \$ -                  | \$ -                  |

Source: Tiberius Solutions

Note: All values in year-of-expenditure (YOE) dollars.

*Exhibit 22. Annual Tax Increment Revenue and Allocations to Debt Service, Part 3 of 3*

| TAX INCREMENT FUND           | FYE 2026              | FYE 2027              | FYE 2028              |
|------------------------------|-----------------------|-----------------------|-----------------------|
| <b>Resources</b>             |                       |                       |                       |
| Beginning Balance            | \$ -                  | \$ -                  | \$ -                  |
| Interest Earnings            | \$ -                  | \$ -                  | \$ -                  |
| TIF: Current Year            | \$ 4,384,020          | \$ 4,636,261          | \$ 1,177,409          |
| TIF: Prior Years             | \$ 149,085            | \$ 157,825            | \$ 166,905            |
| Other Revenues               |                       |                       |                       |
| <b>Total Resources</b>       | <b>\$ 4,533,105</b>   | <b>\$ 4,794,086</b>   | <b>\$ 1,344,314</b>   |
| <b>Expenditures</b>          |                       |                       |                       |
| <i>Debt Service</i>          |                       |                       |                       |
| Du Jour Financing - Payment  | \$ (4,530,817)        | \$ (4,791,188)        | \$ (1,340,533)        |
| Du Jour Financing - Interest | \$ (2,288)            | \$ (2,898)            | \$ (3,781)            |
| <b>Total Debt Service</b>    | <b>\$ (4,533,105)</b> | <b>\$ (4,794,086)</b> | <b>\$ (1,344,314)</b> |
| Total Expenditures           | \$ (4,533,105)        | \$ (4,794,086)        | \$ (1,344,314)        |
| Ending Balance               | \$ -                  | \$ -                  | \$ -                  |

Source: Tiberius Solutions

Note: All values in year-of-expenditure (YOE) dollars.

## SECTION 800: FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues for the North Gateway URA through FYE 2028 are based on projections of the assessed value within the URA and applicable consolidated tax rates. The assumptions for the tax increment revenue forecast are detailed below.

Oregon's property tax system allows individual properties to appreciate a maximum amount of 3.0% per year in most situations. Most properties achieve that maximum growth rate of 3.0% every year. This analysis assumes that existing real and personal property assessed value will grow at 3.0% per year, and existing manufactured and utility property will experience no change in value over the forecast period.

In addition to appreciation of existing assessed value in the URA, this forecast also accounts for new development in the URA. Based on known development occurring in the URA from calendar years 2018 through 2020 (*from City of Salem building permits data and North Gateway URA grant and loan awards*), this forecast incorporates the exception value assumptions shown in **Exhibit 23**. The known development occurring in calendar years 2018 through 2020 is reflected in the years FYE 2020 through FYE 2022 (*when the new value will be added to the tax rolls*). For FYE 2023 through FYE 2028, the analysis assumes an average of \$4 million in new development each year (*in constant 2018 dollars*), and is not based on specific known development projects. This results in a URA total growth rate of 4.0% in assessed value per year in the URA from FYE 2023 to FYE 2028.

*Exhibit 23. Exception Value*

| Year on Tax Roll (FYE) | Assessed value (\$2018) | Assessed value (YOE \$) |
|------------------------|-------------------------|-------------------------|
| 2020                   | \$ 996,805              | \$ 1,057,510            |
| 2021                   | \$ 2,209,501            | \$ 2,414,322            |
| 2022                   | \$ 6,352,751            | \$ 7,150,021            |
| 2023                   | \$ 4,000,000            | \$ 4,637,200            |
| 2024                   | \$ 4,000,000            | \$ 4,776,400            |
| 2025                   | \$ 4,000,000            | \$ 4,919,600            |
| 2026                   | \$ 4,000,000            | \$ 5,067,200            |
| 2027                   | \$ 4,000,000            | \$ 5,219,200            |
| 2028                   | \$ 4,000,000            | \$ 5,375,600            |

*Source: Tiberius Solutions, with data from City of Salem building permits and URA Grant Awards*

*Note: The use of 2018\$ reflects the year of construction cost data received; "YOE \$" means year-of-expenditure dollars.*

**Exhibit 24** and **Exhibit 25** show the projected assessed value in the URA, the projected consolidated tax rate in the URA (*per \$1,000 assessed value*), and the projected tax increment finance (TIF) revenues from FYE 2019 through FYE 2028. Gross TIF revenue is calculated by multiplying the increment assessed value by the consolidated tax rate, divided by \$1,000. In FYE 2019, the consolidated tax rate includes all permanent rate levies and one general obligation (GO) bond rate from the Salem-Keizer School District. The consolidated tax rate decreases in FYE 2020, as the Salem-Keizer School District GO bond is forecast to be paid in full. In FYE 2020 and beyond, only permanent rate levies are included in the URA's consolidated tax rate.

*Exhibit 24. Projected Assessed Value, Tax Rates, and Gross Tax Increment Revenues*

| FYE          | Assessed Value |                |                | Tax Rate   | Gross TIF Revenue    |
|--------------|----------------|----------------|----------------|------------|----------------------|
|              | Total          | Frozen Base    | Increment      |            |                      |
| 2019         | \$ 333,842,917 | \$ 133,430,867 | \$ 200,412,050 | \$ 15.7566 | \$ 3,084,500         |
| 2020         | \$ 344,030,150 | \$ 133,430,867 | \$ 210,599,283 | \$ 15.2430 | \$ 3,210,165         |
| 2021         | \$ 355,879,812 | \$ 133,430,867 | \$ 222,448,945 | \$ 15.2430 | \$ 3,390,789         |
| 2022         | \$ 372,820,663 | \$ 133,430,867 | \$ 239,389,796 | \$ 15.2430 | \$ 3,649,019         |
| 2023         | \$ 387,756,918 | \$ 133,430,867 | \$ 254,326,051 | \$ 15.2430 | \$ 3,876,692         |
| 2024         | \$ 403,280,461 | \$ 133,430,867 | \$ 269,849,594 | \$ 15.2430 | \$ 4,113,317         |
| 2025         | \$ 419,412,910 | \$ 133,430,867 | \$ 285,982,043 | \$ 15.2430 | \$ 4,359,224         |
| 2026         | \$ 436,176,933 | \$ 133,430,867 | \$ 302,746,066 | \$ 15.2430 | \$ 4,614,758         |
| 2027         | \$ 453,595,877 | \$ 133,430,867 | \$ 320,165,010 | \$ 15.2430 | \$ 4,880,275         |
| 2028         | \$ 471,693,789 | \$ 133,430,867 | \$ 338,262,922 | \$ 15.2430 | \$ 5,156,142         |
| <b>Total</b> |                |                |                |            | <b>\$ 40,334,881</b> |

Source: Tiberius Solutions

Note: All values in year-of-expenditure (YOE) dollars.

*Exhibit 25. Tax Increment Finance Revenues, Gross and Net*

| FYE          | Tax Increment Finance Revenue |                       |                     |                       | Net                  |
|--------------|-------------------------------|-----------------------|---------------------|-----------------------|----------------------|
|              | Gross                         | Adjustments           | Prior Year          | Underlevy             |                      |
| 2019         | \$ 3,084,500                  | \$ -                  | \$ 162,580          | \$ -                  | \$ 3,247,080         |
| 2020         | \$ 3,210,165                  | \$ (160,508)          | \$ 111,042          | \$ -                  | \$ 3,160,699         |
| 2021         | \$ 3,390,789                  | \$ (169,539)          | \$ 109,788          | \$ -                  | \$ 3,331,038         |
| 2022         | \$ 3,649,019                  | \$ (182,451)          | \$ 115,965          | \$ -                  | \$ 3,582,533         |
| 2023         | \$ 3,876,692                  | \$ (193,835)          | \$ 124,796          | \$ -                  | \$ 3,807,653         |
| 2024         | \$ 4,113,317                  | \$ (205,666)          | \$ 132,583          | \$ -                  | \$ 4,040,234         |
| 2025         | \$ 4,359,224                  | \$ (217,961)          | \$ 140,675          | \$ -                  | \$ 4,281,938         |
| 2026         | \$ 4,614,758                  | \$ (230,738)          | \$ 149,085          | \$ -                  | \$ 4,533,105         |
| 2027         | \$ 4,880,275                  | \$ (244,014)          | \$ 157,825          | \$ -                  | \$ 4,794,086         |
| 2028         | \$ 5,156,142                  | \$ (257,807)          | \$ 166,905          | \$ (3,720,926)        | \$ 1,344,314         |
| <b>Total</b> | <b>\$ 40,334,881</b>          | <b>\$ (1,862,519)</b> | <b>\$ 1,371,244</b> | <b>\$ (3,720,926)</b> | <b>\$ 36,122,680</b> |

Source: Tiberius Solutions

Notes: Adjustments equal 5% of gross TIF revenue, and account for discounts, dilenquencies, and truncation loss. Prior year TIF collections equal 3.6% of Gross TIF, and are based on historical prior year TIF receipts; all values in year-of-expenditure (YOE) dollars.

Urban renewal plans that are substantially amended to increase maximum indebtedness are subject to mandatory revenue sharing. The revenue sharing provisions of ORS mandate that if and when annual TIF revenue exceeds certain thresholds defined in ORS 457.470, the impacted taxing jurisdictions will receive a share of the incremental growth in tax revenue in the area. The share is a percentage basis dependent upon the tax rates of the taxing jurisdictions. The first threshold is 10% of the original maximum indebtedness. At the 10% threshold, the Agency will receive TIF revenue equal to 10% of the initial maximum indebtedness plus 25% of the increment above the 10% threshold and the taxing jurisdictions will receive 75% of the increment above the 10% threshold. The second threshold is set at 12.5% of the maximum indebtedness. If this threshold is met, revenue for the district would be capped at 12.5% of the maximum indebtedness, with all additional tax revenue being shared with affected taxing districts. The North Gateway URA is not expected to reach revenue collection limits that would induce revenue sharing.

## SECTION 900: IMPACT OF TAX INCREMENT FINANCING

This section describes the impact of tax increment financing of the amendment to increase the maximum indebtedness, both until and after the indebtedness is repaid, upon all entities levying taxes upon property in the North Gateway Urban Renewal Area. The impact of the amendment is equal to the difference in foregone tax revenue that would occur with the original maximum indebtedness of \$75,000,000 versus the amended maximum indebtedness of \$101,466,402.

The URA is expected reach the original \$75,000,000 maximum indebtedness in FYE 2021, and the new amended maximum indebtedness of \$101,466,402 in FYE 2028. **Exhibit 26** and **Exhibit 27** show the foregone revenue from permanent rates levied after the URA reaches \$75,000,000 in indebtedness, until the URA reaches its amended maximum indebtedness of \$101,466,402 in FYE 2028. Because the URA would collect TIF revenue through FYE 2021 with or without this amendment, the impact of this amendment on taxing districts in FYE 2019 and FYE 2020 is zero, and is nearly zero in FYE 2021. The small amount of the impact in FYE 2021 is because the URA is not expected to need 100% of the forecast TIF revenue in FYE 2021 to pay off the original maximum indebtedness of \$75,000,000.

Note, the Salem-Keizer School District and Willamette Regional ESD are not directly affected, even though impacts are shown in the exhibits below. Under current school funding law, property tax revenues are combined with State School Fund revenues to achieve per-student funding targets. Under this system, property taxes that are foregone because of the use of Tax Increment Financing are replaced (*as determined by a funding formula at the State level*) with State School Fund revenues.

The URA collects tax increment revenue from one general obligation bond in the Salem-Keizer School District, but is anticipated to expire in FYE 2019. Therefore, it is not affected by this amendment.

*Exhibit 26. Impact of Amendment on Taxing Districts Permanent Levies, General Government*

| FYE          | Marion County         | City of Salem          | Marion Soil and Water | County Ext & 4-H Service District | Regional Library    | Salem Mass Transit    | Subtotal               |
|--------------|-----------------------|------------------------|-----------------------|-----------------------------------|---------------------|-----------------------|------------------------|
| 2019         | \$ -                  | \$ -                   | \$ -                  | \$ -                              | \$ -                | \$ -                  | \$ -                   |
| 2020         | \$ -                  | \$ -                   | \$ -                  | \$ -                              | \$ -                | \$ -                  | \$ -                   |
| 2021         | \$ (448)              | \$ (864)               | \$ (7)                | \$ (7)                            | \$ (12)             | \$ (113)              | \$ (1,452)             |
| 2022         | \$ (711,007)          | \$ (1,370,566)         | \$ (11,751)           | \$ (11,751)                       | \$ (19,225)         | \$ (178,833)          | \$ (2,303,134)         |
| 2023         | \$ (755,685)          | \$ (1,456,690)         | \$ (12,490)           | \$ (12,490)                       | \$ (20,433)         | \$ (190,070)          | \$ (2,447,859)         |
| 2024         | \$ (801,845)          | \$ (1,545,668)         | \$ (13,253)           | \$ (13,253)                       | \$ (21,682)         | \$ (201,680)          | \$ (2,597,380)         |
| 2025         | \$ (849,814)          | \$ (1,638,137)         | \$ (14,046)           | \$ (14,046)                       | \$ (22,979)         | \$ (213,746)          | \$ (2,752,767)         |
| 2026         | \$ (899,662)          | \$ (1,734,226)         | \$ (14,869)           | \$ (14,869)                       | \$ (24,326)         | \$ (226,284)          | \$ (2,914,237)         |
| 2027         | \$ (951,458)          | \$ (1,834,069)         | \$ (15,726)           | \$ (15,726)                       | \$ (25,727)         | \$ (239,311)          | \$ (3,082,016)         |
| 2028         | \$ (266,799)          | \$ (514,293)           | \$ (4,410)            | \$ (4,410)                        | \$ (7,214)          | \$ (67,105)           | \$ (864,231)           |
| 2029         | \$ -                  | \$ -                   | \$ -                  | \$ -                              | \$ -                | \$ -                  | \$ -                   |
| 2030         | \$ -                  | \$ -                   | \$ -                  | \$ -                              | \$ -                | \$ -                  | \$ -                   |
| 2031         | \$ -                  | \$ -                   | \$ -                  | \$ -                              | \$ -                | \$ -                  | \$ -                   |
| 2032         | \$ -                  | \$ -                   | \$ -                  | \$ -                              | \$ -                | \$ -                  | \$ -                   |
| 2033         | \$ -                  | \$ -                   | \$ -                  | \$ -                              | \$ -                | \$ -                  | \$ -                   |
| <b>Total</b> | <b>\$ (5,236,717)</b> | <b>\$ (10,094,513)</b> | <b>\$ (86,551)</b>    | <b>\$ (86,551)</b>                | <b>\$ (141,598)</b> | <b>\$ (1,317,142)</b> | <b>\$ (16,963,072)</b> |

Source: Tiberius Solutions

Note: All values in year-of-expenditure (YOE) dollars.

*Exhibit 27. Impact of Amendment on Taxing Districts Permanent Levies, Education*

| FYE          | Salem-Keizer<br>School District | Willamette<br>Regional ESD | Chemeketa<br>Communtiy<br>College | Subtotal              | Total: General<br>Gov't and<br>Education |
|--------------|---------------------------------|----------------------------|-----------------------------------|-----------------------|------------------------------------------|
| 2019         | \$ -                            | \$ -                       | \$ -                              | \$ -                  | \$ -                                     |
| 2020         | \$ -                            | \$ -                       | \$ -                              | \$ -                  | \$ -                                     |
| 2021         | \$ (670)                        | \$ (44)                    | \$ (93)                           | \$ (807)              | \$ (2,259)                               |
| 2022         | \$ (1,062,562)                  | \$ (69,733)                | \$ (147,104)                      | \$ (1,279,399)        | \$ (3,582,533)                           |
| 2023         | \$ (1,129,331)                  | \$ (74,115)                | \$ (156,348)                      | \$ (1,359,794)        | \$ (3,807,653)                           |
| 2024         | \$ (1,198,314)                  | \$ (78,642)                | \$ (165,898)                      | \$ (1,442,854)        | \$ (4,040,234)                           |
| 2025         | \$ (1,270,002)                  | \$ (83,347)                | \$ (175,823)                      | \$ (1,529,171)        | \$ (4,281,938)                           |
| 2026         | \$ (1,344,497)                  | \$ (88,235)                | \$ (186,136)                      | \$ (1,618,868)        | \$ (4,533,105)                           |
| 2027         | \$ (1,421,903)                  | \$ (93,315)                | \$ (196,852)                      | \$ (1,712,070)        | \$ (4,794,086)                           |
| 2028         | \$ (398,717)                    | \$ (26,167)                | \$ (55,200)                       | \$ (480,083)          | \$ (1,344,314)                           |
| 2029         | \$ -                            | \$ -                       | \$ -                              | \$ -                  | \$ -                                     |
| 2030         | \$ -                            | \$ -                       | \$ -                              | \$ -                  | \$ -                                     |
| 2031         | \$ -                            | \$ -                       | \$ -                              | \$ -                  | \$ -                                     |
| 2032         | \$ -                            | \$ -                       | \$ -                              | \$ -                  | \$ -                                     |
| 2033         | \$ -                            | \$ -                       | \$ -                              | \$ -                  | \$ -                                     |
| <b>Total</b> | <b>\$ (7,825,996)</b>           | <b>\$ (513,597)</b>        | <b>\$ (1,083,452)</b>             | <b>\$ (9,423,045)</b> | <b>\$ (26,386,118)</b>                   |

Source: Tiberius Solutions

Note: All values in year-of-expenditure (YOE) dollars.

**Exhibit 28** shows the projected property tax revenue received by overlapping taxing districts in FYE 2029, the year after the URA's expected termination.

*Exhibit 28. Taxing District Revenue in Year After URA Termination*

|                                 |            | Tax Revenue in FYE 2029 (year after termination) |              |              |       |
|---------------------------------|------------|--------------------------------------------------|--------------|--------------|-------|
| Taxing District                 | Tax Rate   | Base                                             | From Frozen  | From Excess  | Total |
| General Government              |            |                                                  |              |              |       |
| Marion County                   | \$ 3.0252  | \$ 403,655                                       | \$ 1,080,193 | \$ 1,483,848 |       |
| City of Salem                   | \$ 5.8315  | \$ 778,102                                       | \$ 2,082,224 | \$ 2,860,326 |       |
| Marion Soil and Water           | \$ 0.0500  | \$ 6,672                                         | \$ 17,853    | \$ 24,525    |       |
| Marion County Ext & 4-H Service | \$ 0.0500  | \$ 6,672                                         | \$ 17,853    | \$ 24,525    |       |
| Regional Library                | \$ 0.0818  | \$ 10,915                                        | \$ 29,208    | \$ 40,123    |       |
| Salem Mass Transit              | \$ 0.7609  | \$ 101,528                                       | \$ 271,691   | \$ 373,219   |       |
| Subtotal                        | \$ 9.7994  | \$ 1,307,544                                     | \$ 3,499,022 | \$ 4,806,566 |       |
| Education                       |            |                                                  |              |              |       |
| Salem-Keizer School District    | \$ 4.5210  | \$ 603,241                                       | \$ 1,614,291 | \$ 2,217,532 |       |
| Salem-Keizer School District    | \$ -       | \$ -                                             | \$ -         | \$ -         |       |
| Willamette Regional ESD         | \$ 0.2967  | \$ 39,589                                        | \$ 105,941   | \$ 145,530   |       |
| Chemeketa Communtiy College     | \$ 0.6259  | \$ 83,514                                        | \$ 223,487   | \$ 307,001   |       |
| Subtotal                        | \$ 5.4436  | \$ 726,344                                       | \$ 1,943,719 | \$ 2,670,063 |       |
| Total                           | \$ 15.2430 | \$ 2,033,888                                     | \$ 5,442,741 | \$ 7,476,629 |       |

Source: Tiberius Solutions

Note: All values in year-of-expenditure (YOE) dollars.

## SECTION 1000: COMPLIANCE WITH STATUTORY LIMITS ON ASSESSED VALUE AND SIZE OF URBAN RENEWAL AREA

State law limits the percent of both a municipality's total assessed value and the total land area that can be contained in an urban renewal area at the time of its establishment. For municipalities with a population over 50,000, both the total assessed value and total land area of urban renewal areas within the municipality cannot exceed 15 percent of the total assessed value and land area of that municipality.<sup>2</sup> **Exhibit 29** and **Exhibit 30** below show the City of Salem is compliant with these limitations, as both the total assessed value (*3.7% of City total*) and total land area (*10.9% of City total*) of all URAs in the City of Salem comprise less than 15 percent of the City's total.

### *Exhibit 29. Assessed Value Statutory Limit Compliance Verification*

| <b>Assessed Value Statutory Limit Verification</b> |                       |                       |
|----------------------------------------------------|-----------------------|-----------------------|
| <b>Salem URAs</b>                                  | <b>Frozen Base</b>    | <b>Increment</b>      |
| North Gateway                                      | \$ 133,430,867        | \$ 244,491,102        |
| Riverfront Downtown                                | \$ 43,292,931         | \$ 264,843,858        |
| West Salem                                         | \$ 141,630,333        | \$ 82,664,363         |
| Mill Creek                                         | \$ 1,012,524          | \$ 67,246,313         |
| McGilchrist                                        | \$ 103,001,366        | \$ 53,396,743         |
| South Waterfront                                   | \$ 23,799,930         | \$ 19,458,287         |
| <i>Total</i>                                       | <i>\$ 446,167,951</i> | <i>\$ 732,100,666</i> |
| <b>Calculation</b>                                 |                       |                       |
| A. City of Salem Total AV                          |                       | \$ 12,875,560,229     |
| B. Total Frozen Base of URAs                       |                       | \$ 446,167,951        |
| C. Total Increment of URAs                         |                       | \$ 732,100,666        |
| D. Frozen Base as % of City AV: B/(A-C)            |                       | 3.7%                  |

*Source: FYE 2019 SAL Tables 4a and 4c, Polk County and Marion County Assessors*

### *Exhibit 30. Land Area Statutory Limit Compliance Verification*

|                                  | <b>Land Area<br/>(Acres)</b> |
|----------------------------------|------------------------------|
| City of Salem URAs               |                              |
| North Gateway                    | 929                          |
| Riverfront Downtown              | 290                          |
| West Salem                       | 453                          |
| Mill Creek                       | 828                          |
| McGilchrist                      | 437                          |
| South Waterfront                 | 441                          |
| <i>Total</i>                     | <i>3,378</i>                 |
| City of Salem                    | 31,008                       |
| <b>URA as % of City of Salem</b> | <b>10.9%</b>                 |

*Source: City of Salem*

<sup>2</sup> ORS 457.420 (2)(a)

## **SECTION 1100: RELOCATION**

There is no relocation report required for the Plan, no specific acquisitions that would result in relocation benefits have been identified. If in the implementation of this Plan, persons or businesses should be displaced by action of the Agency, the Agency shall provide assistance to such persons or businesses to be displaced. Such displaces will be contacted to determine their individual relocation needs. They will be provided information on available space and will be given assistance in moving. All relocation activities will be undertaken and payments made in accordance with the requirements of ORS 281.045 – 281.105 and any other applicable laws or regulations. Relocation payments will be made as provided in ORS 281.060.