

NOTICE OF DECISION

PLANNING DIVISION
555 LIBERTY ST. SE, RM 305
SALEM, OREGON 97301
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*Si necesita ayuda para comprender esta informacion, por favor llame
503-588-6173*

DECISION OF THE PLANNING COMMISSION

**COMPREHENSIVE PLAN MAP CHANGE / NEIGHBORHOOD PLAN CHANGE /
ZONE CHANGE CASE NO. CPC-NPC-ZC19-04**

APPLICATION NO. : 19-107199-ZO & 19-107359-ZO

NOTICE OF DECISION DATE: May 22, 2019

REQUEST: An application to change the Comprehensive Plan Map designation from "Industrial" to "Commercial", the Neighborhood Plan Designation from "Industrial" to "Commercial" to change the zoning from IP (Industrial Park) to CR (Retail Commercial) for property approximately 7.19 acres in size, zoned IP (Industrial Park), and located at 865 Hawthorne Avenue SE 97301(073W36A01100).

APPLICANT: PJS Land Development, LLC (Steven Freeburg)

LOCATION: 865 Hawthorne Avenue SE / 97301

CRITERIA: Salem Revised Code Chapter 64.025(e)(2)
Salem Revised Code Chapter 265.005(e)

FINDINGS: The facts and findings are in the attached document dated May 22, 2019.

DECISION: The Planning Commission **APPROVED** Comprehensive Plan Map Change / Neighborhood Plan Change / Zone Change Case No. CPC-NPC-ZC19-04 subject to the following conditions of approval:

Condition 1: All buildings, accessory structures and vehicle use areas shall have a minimum 20-ft setback abutting Hawthorne Avenue SE.

Condition 2: Development on the subject property shall be limited to a maximum of 8,977 average daily trips.

VOTE:

Yes 8 No 0 Absent 1 (Kopcho) Abstained 0



Chane Griggs, President
Salem Planning Commission

Application Deemed Complete:	<u>April 10, 2019</u>
Public Hearing Date:	<u>May 21, 2019</u>
Notice of Decision Mailing Date:	<u>May 22, 2019</u>
Decision Effective Date:	<u>June 7, 2019</u>
State Mandate Date:	<u>August 8, 2019</u>

Case Manager: Olivia Glantz, OGlantz@cityofsalem.net

This decision is final unless written appeal from an aggrieved party is filed with the City of Salem Planning Division, Room 305, 555 Liberty Street SE, Salem OR 97301, **no later than 5:00 p.m., Thursday, June 6, 2019.** Any person who presented evidence or testimony at the hearing may appeal the decision. The notice of appeal must contain the information required by SRC 300.1020 and must state where the decision failed to conform to the provisions of the applicable code section, SRC Chapter(s) 64 and 265. The appeal must be filed in duplicate with the City of Salem Planning Division. The appeal fee must be paid at the time of filing. If the appeal is untimely and/or lacks the proper fee, the appeal will be rejected. The City Council will review the appeal at a public hearing. After the hearing, the City Council may amend, rescind, or affirm the action, or refer the matter to staff for additional information.

The complete case file, including findings, conclusions and conditions of approval, if any, is available for review at the Planning Division office, Room 305, City Hall, 555 Liberty Street SE, during regular business hours.

<http://www.cityofsalem.net/planning>

FACTS & FINDINGS

COMPREHENSIVE PLAN MAP & NEIGHBORHOOD PLAN AMENDMENT FROM “INDUSTRIAL” TO “COMMERCIAL” AND ZONE CHANGE FROM IP (INDUSTRIAL PARK) TO CR (RETAIL COMMERCIAL) CASE NO. CPC-NPC-ZC 19-04

MAY 22, 2019

PROCEDURAL FINDINGS

On March 14, 2019, Jeff Tross, on behalf of the applicant and property owner, PJS Land Development LLC filed an application for a Comprehensive Plan Change, Neighborhood Plan Change, and Zone Change of the subject property from “Industrial” to “Commercial”, the Neighborhood Plan Designation from “Industrial” to “Commercial” to change the zoning from IP (Industrial Park) to CR (Retail Commercial).

The consolidated application complete for processing on April 10, 2019. The public hearing on the application was scheduled for May 21, 2019.

Notice of public hearing was sent by mail to surrounding property owners pursuant to Salem Revised Code (SRC) requirements on February 6, 2019. Public hearing notice was posted on the property on February 12, 2019 by the applicant pursuant to SRC requirements.

Notice of the consolidated application was distributed to City departments and public and private service provider for comment on April 23, 2019. Notice of the public hearing was mailed to the owners of all property within 250 feet of the subject property and the Southeast Salem Neighborhood Association (SESNA) and Southeast Mill Creek Association (SEMCA) on May 1, 2019. The property was posted with public hearing notice signs in accordance with the posting provision outlined in SRC 300.620.

State law (ORS 197.610) and SRC 300.620(b)(1) require the City to provide the Oregon Department of Land Conservation and Development (DLCD) a minimum 35-day notice when an applicant or the City proposes an amendment to an acknowledged Comprehensive Plan or land use regulation or to adopt a new land use regulation. The City sent notice of this proposed Comprehensive Plan Change and collective application to DLCD on April 10, 2019.

FINDINGS APPLYING THE APPLICABLE SALEM REVISED CODE CRITERIA FOR A COMPREHENSIVE PLAN MAP AMENDMENT

Salem Revised Code (SRC) 64.025(e)(2) establishes the approval criteria for Comprehensive Plan Map amendments. In order to approve a quasi-judicial Plan Map amendment request, the decision-making authority shall make findings of fact based on evidence provided by the applicant that demonstrates satisfaction of all of the applicable criteria. The applicable criteria are shown below in **bold** print. Following each criterion is a finding relative to the amendment requested.

SRC 64.025(e)(2)(A): The Minor Plan Map Amendment is justified based on the existence of one of the following:

- (i) ***Alteration in Circumstances.*** Social, economic, or demographic patterns of the nearby vicinity have so altered that the current designations are no longer appropriate.
- (ii) ***Equally or Better Suited Designation.*** A demonstration that the proposed designation is equally or better suited for the property than the existing designation.
- (iii) ***Conflict Between Comprehensive Plan Map Designation and Zone Designation.*** A Minor Plan Map Amendment may be granted where there is conflict between the Comprehensive Plan Map designation and the zoning of the property, and the zoning designation is a more appropriate designation for the property than the Comprehensive Plan Map designation. In determining whether the zoning designation is the more appropriate designation, the following factors shall be considered:
 - (aa) Whether there was a mistake in the application of a land use designation to the property;
 - (bb) Whether the physical characteristics of the property are better suited to the uses in the zone as opposed to the uses permitted by the Comprehensive Plan Map designation;
 - (cc) Whether the property has been developed for uses that are incompatible with the Comprehensive Plan Map designation; and
 - (dd) Whether the Comprehensive Plan Map designation is compatible with the surrounding Comprehensive Plan Map designations.

Finding: The proposed designation is equally or better suited for the property than the existing designation.

The applicant's findings address (ii) above, demonstrating that the proposed Industrial Commercial designation is equally or better suited for the subject property.

The applicant identifies an alteration in the social, economic and demographic patterns of the Salem urban area as evidenced by the findings from the 2015 HNA/EOA which found a need for additional commercial and multi-family residential land to meet demand over the next 20-years while conversely finding that the City has a surplus of available industrial lands. The proposed change in designation would allow for a

commercial development/redevelopment that could potentially allow multi-family or mixed use development which will help to meet the changing needs of the Salem urban area.

The proposed commercial designation is equally or better suited for the property. Due to the location south of the creek and its relationship to the adjoining commercial property, the predominant commercial development pattern between Mission Street and the creek, and the benefit to the transportation system of an additional access to a public street that is dependent on uses included in the CR zone, the proposed designation is equally or better suited for the property than the existing designation. The CR zone would provide a similar rate in the number of anticipated trip generation between the current industrial designation and the proposed commercial designation. The two zones have similarity in the development standards, including setbacks and site landscaping, between the current industrial designation and the proposed commercial designation. The proposed designation is equally or better suited for the property than the existing designation.

The applicant does not identify a conflict between the comprehensive plan designation and zoning designation for the subject property.

The proposal meets this criterion.

SRC 64.025(e)(2)(B): The property is currently served, or is capable of being served, with public facilities and services necessary to support the uses allowed by the proposed plan map designation;

Finding: The water, sewer, and storm infrastructure are available within surrounding streets/areas and appear to be adequate to serve the proposed development. Site specific infrastructure requirements have been addressed in the previous Site Plan Review approval.

The proposal meets this criterion.

SRC 64.025(e)(2)(C): The proposed plan map designation provides for the logical urbanization of land;

Finding: The land use pattern for property in the surrounding area is comprised mostly of Commercial and Industrial Commercial designations and is located within the City's urban service area, consistent with this approval criterion.

SRC 64.025(e)(2)(D): The proposed land use designation is consistent with the Salem Area Comprehensive Plan and applicable Statewide planning goals and administrative rules adopted by the Department of Land Conservation and Development; and

The applicable Goals and Policies of the Comprehensive Plan are addressed as follows:

Salem Urban Area Goals and Policies, General Development (Pages 23-26, Salem Comprehensive Policies Plan):

To ensure that future decisions concerning the use of land within the Salem urban area are consistent with State Land Use Goals.

Development Compatibility B.12

Land use regulations which govern the siting of any development shall encourage development to reduce its impact on adjacent properties by screening, landscaping, setback, height, and mass regulations.

Finding: The setback, landscaping and screening requirements of the zoning code help to buffer incompatible land uses. In this case the landscaping, screening and setbacks are similar between the two zones with the exception of the setback abutting the street. The previous site plan review decision was approved with the IP zone setbacks, which are more restrictive than the CR zone.

The proposed site plan shows buildings will be setback approximately 20 feet from abutting streets. Setbacks will be landscaped with a combination of shrubs and trees, providing a visual buffer from public view in compliance with this goal.

Salem Urban Area Goals and Policies, Urban Growth Goal (Page 26, Salem Comprehensive Policies Plan):

To ensure that the rate, amount, type, location and cost of development will preserve or enhance the City's quality of life and promote the City's efficient delivery of services.

Infill C.4

Development of land with existing urban services shall be encouraged before the conversion of urbanizable lands to urban uses.

Finding: The subject property is located outside of the Urban Service Area. Development of the proposed site does not require the extension or development of new public services. City services, including water, sewer, and storm infrastructure are available within surrounding streets and appear to be adequate to serve the proposed development. The proposal is consistent with this policy.

Salem Urban Area Goals and Policies, Commercial Development Goal (Pages 34-36, Salem Comprehensive Policies Plan):

Community Shopping and Service Facilities G4.

Community shopping and service facilities shall be located adjacent to major arterials and shall provide adequate parking and service areas. Land use regulations shall include provisions for siting and development that discourage major customer traffic from outside the immediate neighborhoods from filtering through residential streets and provisions for connectivity to the facilities for pedestrian and bicyclists from residential neighborhoods.

Finding: The subject property is adjacent to a major arterial (Hawthorne Ave) and an existing commercial complex to the south. Costco is located just south of the subject property at the corner of Hawthorne Avenue and North Santiam Highway SE. There is no single family or multi-family located in the immediate area.

Neighborhood and Community Shopping and Service Facilities C5.

Unless the existing development pattern along arterials and collectors commits an area to strip development, new commercial development shall be clustered and located to provide convenience goods and services for neighborhood residents or a wide variety of goods and services for a market area of several neighborhoods. New commercial development will generally be within a range of sizes of commercial centers, such as convenience shopping centers, neighborhood shopping centers, and community shopping centers. The size of the commercial center should be scaled and consistent with the character of surrounding and nearby residential development.

Finding: The proposal would provide for additional commercial development clustered near the corner of Hawthorne Ave and Ryan Drive. The general vicinity of Hawthorne Avenue and North Santiam Highway SE provides for a variety of goods and services, which will be expanded by the proposed change to Commercial Office on the subject property.

Salem Urban Area Goals and Policies, Industrial Development Goal (Pages 37-40, Salem Comprehensive Policies Plan):

Goal: To encourage and promote industrial development which strengthens the economic base of the community by increasing traded-sector employment, especially in sectors that pay higher-than-average wages, and minimizes air and water pollution.

Industrial Land Inventory I.1

Maintain a long-term (20 year) industrial land inventory which provides a full range of small, medium, and large parcel sizes and locations to sustain a competitive market for industrial sites. Maintaining a long-term supply of industrial land will require identifying and preserving key high value industrial

land, especially areas where the City has made substantial investments in infrastructure. High value industrial land has the following characteristics: it is designated for industrial uses, in flat parcels, most frequently in large parcels at least 10 acres in size, located within an industrial district, has direct access to a state highway or I-5, and is serviced or planned to be serviced with water and wastewater infrastructure.

Finding: In 2015, the City completed an Economic Opportunities Analysis (EOA) for areas within the Salem Urban Growth Boundary for the years 2015 to 2035. The study found a surplus of 907 acres of industrial land within the Salem UGB and a shortage of 271 acres for commercial uses. In response to these findings, the EOA included a recommendation to identify industrial land most suitable for conversion to commercial designations. The parcel is less than ten acres, and it is functionally related to the adjoining commercial lands rather than to the industrial land to the north, due to the creek. Because of its location and features the property is not characteristic of "key high value industrial land" and changing its Plan designation will not adversely affect the 20-year industrial land inventory in term of the amount of available land or in terms of maintaining suitable sites for industrial development.

Industrial Land Inventory I.2

Identify areas that may be appropriate for converting from industrial to commercial or other non-industrial uses over the long-term. The characteristics of industrial land that may be appropriate for conversion to commercial or other non-industrial uses include some or all of the following: (1) located outside of industrial areas or isolated from other industrial uses, (2) surrounded by incompatible uses (such as housing), (3) located adjacent to properties that have converted to commercial uses, (4) have limited or no access to major roads (such as arterial streets, collector streets, or highways), or (5) lacks rail access.

Finding: In 2015, the City completed an Economic Opportunities Analysis (EOA) for areas within the Salem Urban Growth Boundary for the years 2015 to 2035. The study found a surplus of 907 acres of industrial land within the Salem UGB and a shortage of 271 acres for commercial uses. In response to these findings, the EOA included a recommendation to identify industrial land most suitable for conversion to commercial designations. This recommendation was implemented through Industrial Policy I.2.

The subject parcel is appropriate for conversion from industrial to commercial use in keeping with the factors identified in this policy because (1) it is not part of a cohesive industrial area, (3) it is adjacent to high-intensity commercial retail and service uses, and (5) it lacks rail access. As cited in this policy, these are factors that detract from its suitability as an industrial site and contribute to being appropriate for conversion to a commercial site.

Salem Urban Area Goals and Policies, Public and Semi-Public Buildings and Land Development Goal (Pages 46, Salem Comprehensive Policies Plan):

Goal: To provide for an arrangement of public and semi-public facilities and services that compliment private development and meet the needs of Salem area residents. Public Buildings.

Public Buildings M.1

Principal local government, state and federal offices should be located within the downtown area.

Finding: The proposed Plan Amendment and zone change will enable the Oregon State Treasury to locate to a new office building that will be developed on the property. The purpose of the policy is to provide state and federal services in the downtown core of the City. The goal envisioned one location that citizens of Salem and the State of Oregon can access the services and offices to conduct business in one location. Being downtown is the best location for all modes of transportation to access state and federal offices, including mass transit, biking and pedestrians.

Although, the property will remain in private ownership, and the building will be leased to the State. This arrangement will compliment private development. It will meet the needs of Salem area residents, as well those of the state, by maintaining a State agency in the State Capitol, in a secure facility that will be capable of maintaining operations in the event of a critical event such as a major earthquake. These reasons are consistent with the requirements of this Goal. This is an advisory policy that states the City's preference for the location of government facilities. In this case, the State Treasurer's office has provided two letters describing its reasons and needs for locating outside of the downtown area (Attachment D and E). These reasons and needs are specific and described in detail, and include the lack of available space, and the need for a resilient structure meeting specific requirements. As an accompaniment to this letter, a map of the Capitol Area is also included, which demonstrates the existing location of State facilities on the Capitol Mall and the lack of available locations for new facilities. It should also be considered that in years past the expansion of State facilities northward, especially north of Union Street, required the demolition of homes in residential neighborhoods, a practice that would likely be met with strong objections from area residents and neighborhood representatives. For the reasons presented in the Treasury's letter, and the potential adverse effect on existing inner-city neighborhoods, the location of the State Treasury offices to the subject site is necessary and not in conflict with this policy.

Capitol Mall M.2

Within the Salem metropolitan area state-owned buildings which house the executive, legislative, judicial, or state-wide administrative offices of any state agency shall be located on the Capitol Mall, except when an agency can demonstrate the necessity of locating off the mall. Plans for development and redevelopment of State facilities shall take into account social, environmental,

energy and economic impacts upon residential population.

Finding: As mentioned above, the goal was intended to have the majority of state offices located on the Capital Mall, especially those with administrative offices. The applicant has addressed the necessity for the Treasury office to relocate off the Capital and to be a stand-alone state office.

The applicant states that the policy above pertains specifically to state-owned buildings. As further documented in Attachment E, the State will not own the building that will be developed on this site and has excluded language in their lease pertaining to the first right of refusal. The policy above is related to state-owned buildings and as such, the proposal is in conformance with this policy, since the Treasury will not own the building. It will remain in private ownership and the State will lease the space. In addition, the letter from the Treasury explains its necessity for locating off the mall. There subject property is surrounded by commercial, industrial and public lands and facilities, and there is no residential population in the vicinity. For these reason, the proposal is consistent with this policy.

The applicable Statewide Planning Goals are addressed as follows:

Statewide Planning Goal 1 – Citizen Involvement: *To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.*

Finding: Notice of the proposal was provided to the Southeast Salem Neighborhood Association (SESNA) and adjacent to Southeast Mill Creek Association (SEMCA), to surrounding property owners within the notice area, and posted on the property prior to the hearing. The Planning Commission will hold a public hearing to consider the request. Through the notice and public hearing process all interested parties are afforded the opportunity to review the application, comment on the proposal, and participate in the decision. These procedures meet the requirements of this Goal for citizen involvement in the land use planning process.

Statewide Planning Goal 2 – Land Use Planning: *To establish a land use planning process and policy framework as a basis for all decision and actions related to use of land and to assure an adequate factual base for such decisions and actions.*

Finding: The City has complied with the Goal requirements for establishing and maintaining a land use planning process. The Oregon Land Conservation and Development Commission have acknowledged the Salem Area Comprehensive Plan to be in compliance with the Statewide Planning Goals.

Statewide Planning Goal 5 – Open Spaces, Scenic and Historic Areas, and Natural Resources: *To protect natural resources and conserve scenic and historic areas and open spaces.*

Finding: The subject property is vacant industrial land, there are no known scenic, historic, natural, or cultural resources on the subject property. The Planning Commission finds that the proposal is consistent with Goal 5.

Statewide Planning Goal 7 – Areas Subject to Natural Hazards: *To protect people and property from natural hazards.*

Finding: The subject property is adjacent to Mill Creek and is designated on the Federal Emergency Management Agency floodplain maps as a Zone “AE” floodplain. In conjunction with SPR-DAP18-03, the applicant submitted a biological evaluation demonstrating the proposed property redevelopment would not cause an adverse impact to Endangered Species Act (ESA) listed species. The applicant is required to construct grading and landscaping in compliance with those plans analyzed by the Biological Evaluation, prepared by Northwest Resource Solutions LLC and dated February 22, 2018.

Mapped landslide hazards are identified on the subject property and development activity may require a geological assessment. The Planning Commission finds that the proposal is consistent with Goal 7.

Statewide Planning Goal 9 – Economic Development: *To provide adequate opportunities throughout the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon’s citizens.*

Finding: In 2014, the City conducted a study called the Salem Economic Opportunities Analysis (EOA). The EOA examined Salem’s needs for industrial and commercial land through 2035, and concluded that Salem has a projected commercial land shortage of 271 acres. The EOA provides strategies to meet the projected employment land needs in the Salem area. In 2015, the City Council voted to adopt the EOA; the City now uses the EOA and its findings to inform policy decision, including how to respond to request for rezoning land.

The proposed change to Industrial Commercial will maintain the industrial designation for the property and will increase the number of permitted uses on the subject property, thereby opening up additional opportunities for economic development, consistent with the intent of Goal 9.

Statewide Planning Goal 10 – Housing: *To provide for the housing needs of citizens of the state.*

Finding: In 2014, the City conducted a Housing Needs Analysis (HNA) to develop strategies for the community to meet housing needs through 2035 and to inform policy decision related to residential land. The HNA concluded that Salem has a projected 1,975-acre surplus of land for single-family detached housing, and that there is a deficit of approximately 207 acres of available multi-family zoned land. The properties current industrial designation does not allow residential uses. The proposed comprehensive

plan change and zone change will not reduce the City's supply of land for housing.

Statewide Planning Goal 12 – Transportation: *To provide and encourage a safe, convenient and economic transportation system.*

Goal 12 is implemented by the Transportation Planning Rule (TPR). In summary, the TPR requires local governments to adopt Transportation System Plans (TSPs) and requires local governments to consider transportation impacts resulting from land use decisions and development. The key provision of the TPR related to local land use decisions is Oregon Administrative Rule (OAR) 660-012-0060. This provision is triggered by amendments to comprehensive plans and land use regulations that “significantly affect” a surrounding transportation facility (road, intersection, etc.). Where there is a “significant effect” on a facility, the local government must ensure that any new allowed land uses are consistent with the capacity of the facility. In the context of a site-specific comprehensive plan change request, such as this proposal, a “significant effect” is defined under Oregon Administrative Rule (OAR) 660-012-0060(1) as either an amendment that “allows types or levels of land uses which would result in levels of travel or access which are inconsistent with the functional classification of a transportation facility,” or an amendment that would “reduce the performance standards of an existing or planned facility below the minimum acceptable level identified in the TSP.”

The applicant for a comprehensive plan change is required to submit a Transportation Planning Rule (TPR) analysis to demonstrate that their request will not have a “significant effect” on the surrounding transportation system, as defined above.

The applicant submitted a Transportation Planning Rule (TPR) Analysis in consideration of the requirements of the Transportation Planning Rule (OAR 660-012-0060). The Assistant City Traffic Engineer concurs with the applicant's TPR analysis findings and recommends a condition to limit the development on the 7.19 acre property to 8,977 vehicles per day.

Statewide Planning Goal 14 – Urbanization: *To provide for an orderly and efficient transition from rural to urban land use, to accommodate urban population and urban employment inside urban growth boundaries, to ensure efficient use of land, and to provide for livable communities.*

Finding: The subject property was annexed into the City of Salem in 1960, and is located within the Urban Service Areas (USA). Existing transportation and utility infrastructure is available in the vicinity. The request allows for the efficient use and development of property without requiring extension of new public services.

SRC 64.025(e)(2)(E): **The amendment is in the public interest and would be of general benefit.**

Finding: The proposed change will help to encourage and promote the wider use of an existing property near an existing commercial node in the city. The wider range of uses allowed by the CR zone will allow for additional flexibility for future use and development of the property benefiting the public. The proposal satisfies this criterion.

SESNA-NEN NEIGHBORHOOD PLAN

Finding: The property is located within the boundaries of the SESNA-NEN Neighborhood Association. The Morningside Neighborhood Plan was adopted in 2015 and is in effect pursuant to SRC Chapter 64. The criteria for approval of a Neighborhood Plan Change are the same as the Minor Comprehensive Plan Map amendment, the findings above adequately address the proposed Neighborhood Plan change.

FINDINGS APPLYING TO THE APPLICABLE SALEM REVISED CODE CRITERIA FOR THE ZONING MAP AMENDMENT

The following analysis addresses the proposed zone change for the subject property from IP (Industrial Park) to CR (Retail Commercial).

SRC Chapter 265.005 provides the criteria for approval for Quasi-Judicial Zone Changes. In order to approve a quasi-judicial Zone Map amendment request, the review authority shall make findings based on evidence provided by the applicant demonstrating that all the following criteria and factors are satisfied. The extent of the consideration given to the various factors set forth below will depend on the degree of impact of the proposed change, and the greater the impact of a proposal on the area, the greater is the burden on the applicant to demonstrate that, in weighing all the factors, the zone change is appropriate.

The applicable criteria and factors are stated below in **bold** print. Following each criterion is a response and/or finding relative to the amendment requested.

SRC 265.005(e)(1)(A). The zone change is justified based on one or more of the following:

- (i) **A mistake in the application of a land use designation to the property**
- (ii) **A demonstration that there has been a change in the economic, demographic, or physical character of the vicinity such that the zone would be compatible with the vicinity's development pattern.**
- (iii) **A demonstration that the proposed zone change is equally or better suited for the property than the existing zone. A proposed zone is equally or better suited than an existing zone if the physical characteristics of the property are appropriate for the proposed zone and the uses allowed by the proposed zone are logical with the surrounding land uses.**

Finding: The applicant does not identify a mistake in the application of a land use designation to the property.

The proposal is justified based on (ii) and (iii). The applicant identifies an alteration in the social, economic and demographic patterns of the Salem urban area as evidenced by the findings from the 2015 HNA/EOA which found a need for additional commercial and multi-family residential land to meet demand over the next 20-years while conversely finding that the City has a surplus of available industrial lands. The proposed change in designation would allow for a commercial development/redevelopment that could potentially allow multi-family or mixed use development which will help to meet the changing needs of the Salem urban area.

The proposed commercial designation is equally or better suited for the property. Due to the size of the subject property, and access along Hawthorne Avenue the property better suited for commercial development. The applicant identifies a similar rate in the number of anticipated trip generation between the current industrial designation and the proposed commercial designation. There are a similarity in the development standards, including setbacks and site landscaping, between the current industrial designation and the proposed commercial designation. The proposed designation is equally or better suited for the property than the existing designation, with the following condition:

Condition 1: All buildings, accessory structures and vehicle use areas shall have a minimum 20-ft setback abutting Hawthorne Avenue SE.

With the above conditions, the proposal meets this criterion.

(B) If the zone change is City-initiated, and the change is for other than City-owned property, the zone change is in the public interest and would be of general benefit.

Finding: The proposal is not a City-initiated zone change. Therefore, this criterion does not apply.

(C) The zone change conforms with the applicable provisions of the Salem Area Comprehensive Plan.

Finding: Findings addressing the Comprehensive Plan Change criterion SRC 64.025(e)(2)(D), included earlier in this report, address the applicable provisions of the Salem Area Comprehensive Plan for this collective application. The proposal satisfies this criterion.

(D) The zone change complies with applicable Statewide Planning Goals and applicable administrative rules adopted by the Department of Land Conservation and Development.

Finding: Findings addressing the Comprehensive Plan Change criterion SRC 64.025(e)(2)(D), included earlier in this report, address applicable Statewide Planning Goals and Oregon Administrative Rules for this consolidated comprehensive plan change and zone change request. The proposal satisfies this criterion.

(E) If the zone change requires a comprehensive plan change from an industrial use designation to a non-industrial use designation, or from a commercial or employment designation to any other use designation, a demonstration that the proposed rezone is consistent with its most recent economic opportunities analysis and the parts of the Comprehensive Plan which address the provision of land for economic development and employment growth; or be accompanied by an amendment to the Comprehensive Plan to address the proposed rezone; or include both the demonstration and an amendment to the Comprehensive Plan.

Finding: The proposed zone change requires a comprehensive plan change from an industrial designation to a commercial designation. Findings included earlier in this report indicate that the Salem Economic Opportunities Analysis 2015-2035 identified a surplus of available industrial lands as well as a need for additional commercial designated property to meet projected demands. The proposed change in designation to commercial will not have an adverse impact on the ability for the City to meet future industrial needs, and will have the ability to provide additional needed commercial services, therefore, this criterion has been met.

(F) The zone change does not significantly affect a transportation facility, or, if the zone change would significantly affect a transportation facility, the significant effects can be adequately addressed through the measures associated with, or conditions imposed on, the zone change.

Finding: The applicant has submitted a Transportation Planning Rule (TPR) Analysis that is required to address the Transportation Planning Rule (OAR 660-012-0060). The applicant's TPR analysis demonstrates that the proposal will not have a significant impact on the transportation system as defined by OAR 660-012-0060. The Assistant City Traffic Engineer concurs with the TPR analysis findings and recommends a condition to limit the development on the 7.19 acre property to 8,977 vehicles per day, which is the number of trips identified in the applicant's TPR analysis as the reasonable worst case trip generation under the properties current IP zoning.

Condition 2: Development on the subject property shall be limited to a maximum of 8,977 average daily trips.

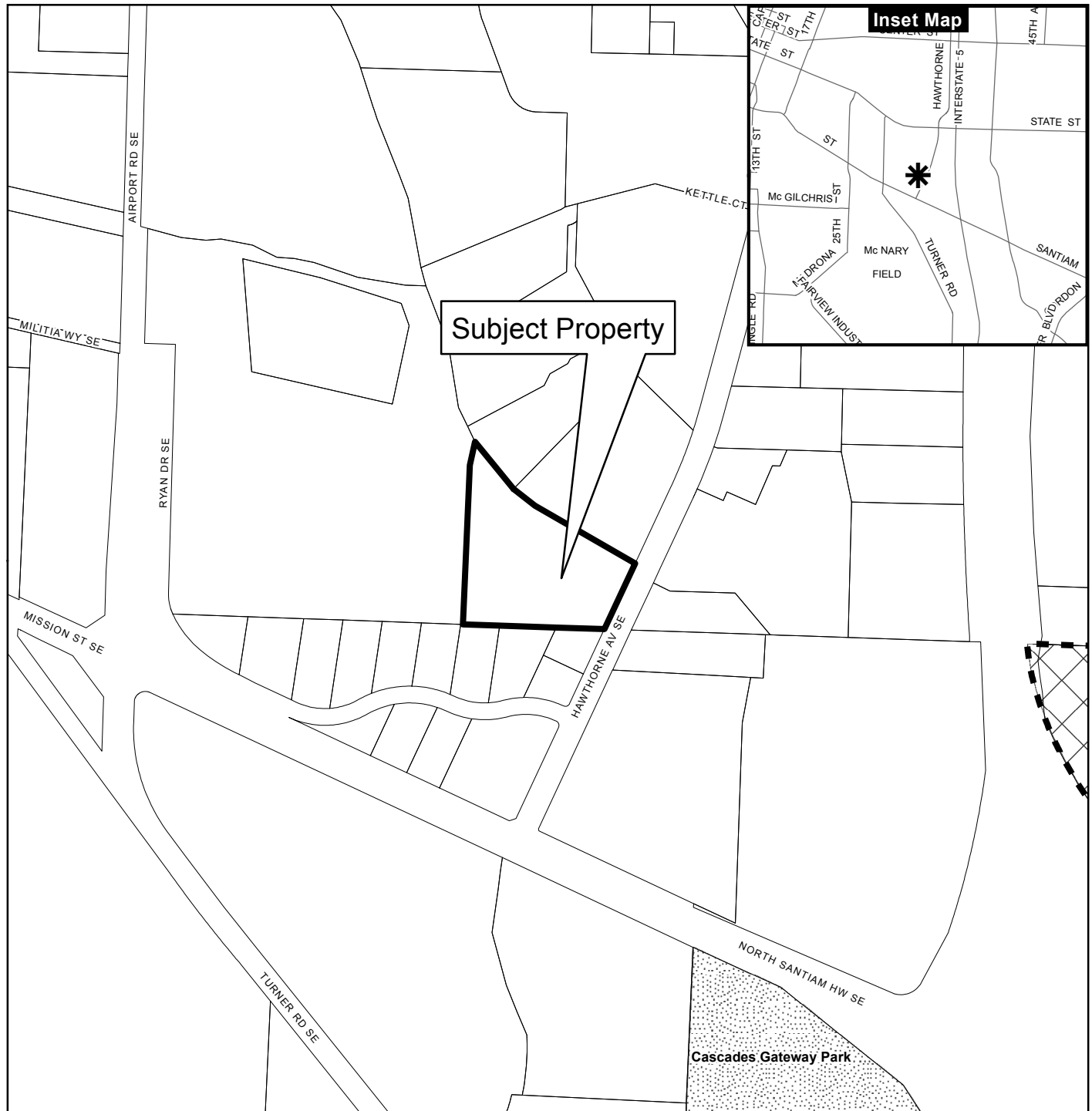
As conditioned, the proposal meets this criterion.

The property is currently served, or is capable of being served, with public facilities and services necessary to support the uses allowed in the proposed zone.







Finding: The water, sewer, and storm infrastructure are available within surrounding streets/areas and appear to be adequate to serve the proposed development. Site-specific infrastructure requirements will be addressed at Site Plan Review. The proposal satisfies this criterion.

Vicinity Map

865 HAWTHORNE AVE SE



Legend

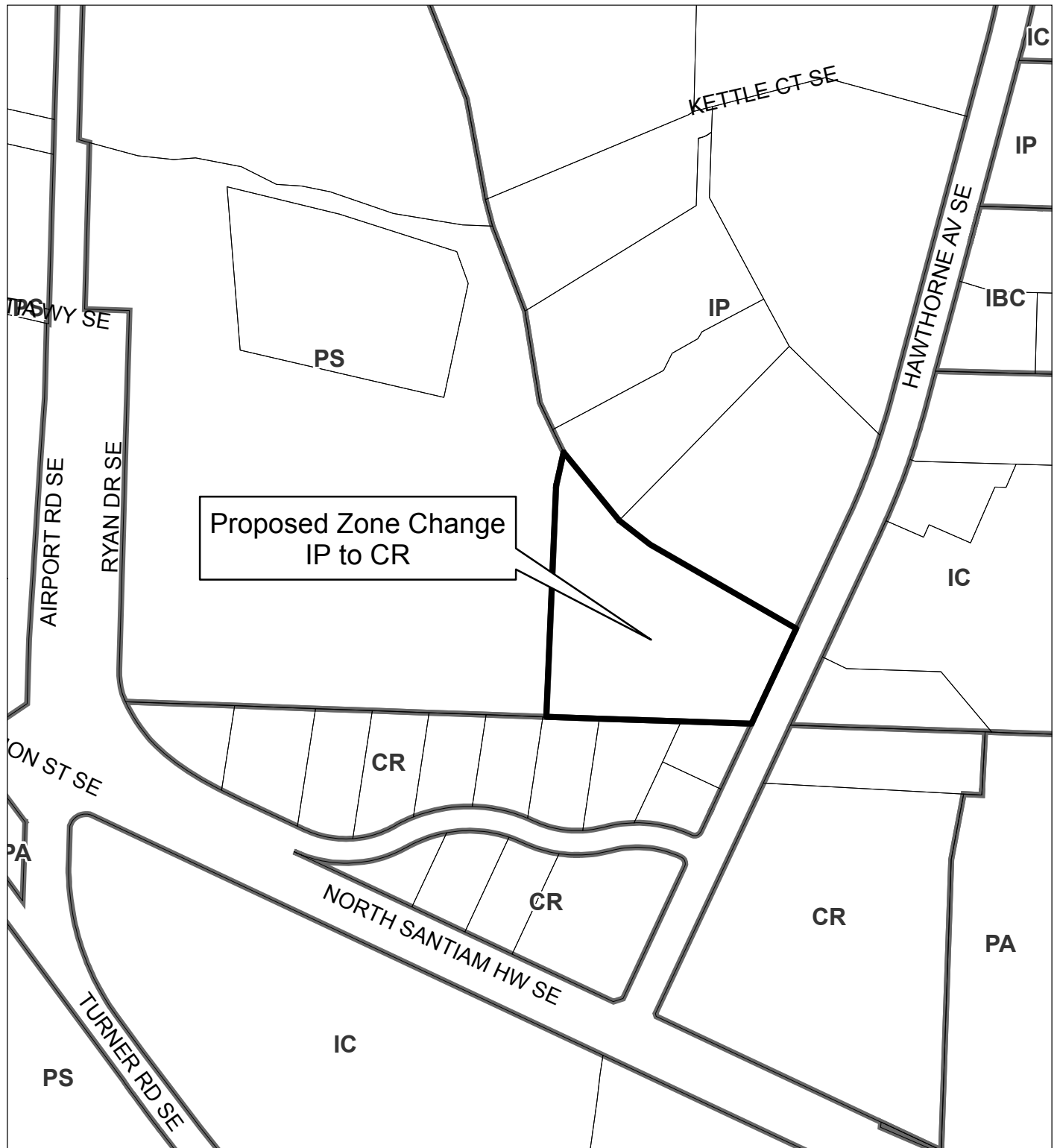
-  Taxlots
  Outside Salem City Limits
-  Urban Growth Boundary
  Historic District
-  City Limits
  Schools

- 
- Parks









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Vicinity Zoning - 865 Hawthorne Avenue SE



Legend

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|---|---|
|  Base Zoning |  Taxlots |
|  Urban Growth Boundary |  Parks |
|  Outside Salem City Limits |  Schools |

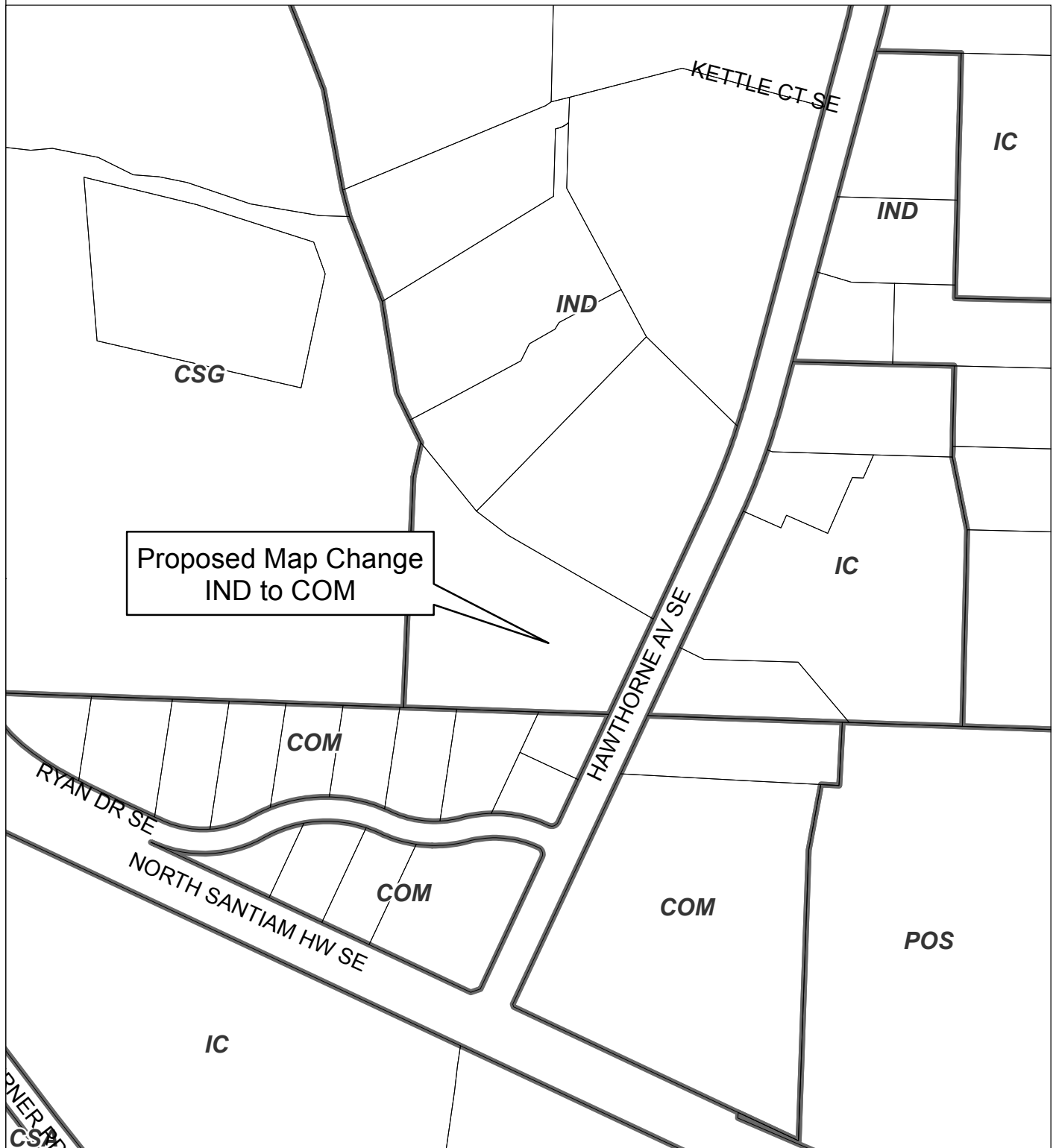
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0 50 100 200 Feet



CITY OF *Salem*
AT YOUR SERVICE
Community Development Dept.

Comprehensive Plan Map - 865 Hawthorne Ave SE



Legend

- | | |
|---------------------------|---------|
| Comprehensive Plan | Taxlots |
| Urban Growth Boundary | Parks |
| Outside Salem City Limits | Schools |

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CITY OF *Salem*
AT YOUR SERVICE
Community Development Dept.

THE PROPOSAL

PJS Land Development LLC, (PJS), a Salem company, owns a parcel on the west side of Hawthorne Ave. SE, south of Mill Creek and north of Ryan Drive. The property is identified as Tax Lot 1100 on Assessor's map T7S R3WSection 36A, and it is addressed as 865 Hawthorne Avenue SE. The property is vacant and totals 7.19 acres. It is designated *Industrial* on the Salem Area Comprehensive Plan (SACP) Map, and it is zone IP.

PJS proposes to amend the Comprehensive Plan Map designation for the property to *Commercial*, and change the zone to CR. These changes are consistent with the existing land use and zoning pattern along Hawthorne Avenue between Mission Street and Mill Creek, in which all of the developed properties are in commercial uses and zoned CR. There are no industrial uses south of the creek. Lands zoned for industrial use are located along Hawthorne north of Mill Creek, and consequently the creek serves as a natural and identifiable boundary between the commercial and industrial lands along the Hawthorne corridor.

The property is intended to be developed for various uses allowed in the CR zone, and may be divided into two or more parcels to accommodate future uses. The first development is expected to be an office building, for use by the Oregon State Treasury. The use of the site for an office building was approved on April 25, 2018, in Site Plan Review Case No. SPR-DAP18-03. Governmental services are included in the CR zone as an allowed use, SRC 522.005 Table 522-1, and as defined in SRC 400.075(a)(2). The Treasury has specific needs and requirements for a new facility, and has identified this property as its preferred location. A letter from the Treasury Department describing its requirements and intentions, dated March 15, 2019, accompanies this application.

A Pre-Application Conference on this proposal was held on February 14, 2019; Pre-App19-07.

Relationship to the Hawthorne Avenue Corridor-Land Use and Zoning

Hawthorne Avenue was extended between State Street and Mission Street in 1985. Prior to that time the lands south of State Street were a contiguous, vacant tract zoned IP, with no access from Mission Street or to the I-5 interchange. Without this critical access to these major elements of the transportation system the area was isolated, and it remained undeveloped.

The extension of Hawthorne to Mission Street provided access and opened the corridor for development. In conjunction with this change in the transportation pattern the City altered the zoning along the corridor. The land to the west of Hawthorne remained IP, and the land to the east was changed to IBC. This change in zoning corresponded to the economic development efforts of the time, which were focused on attracting campus-based high-technology manufacturing industry. The original IBC zone was devised specifically to accommodate that type of use, but later revisions included more provision for flexible-space uses. However, as a result of the increased exposure and access afforded by its linkage to major elements of the transportation system, Hawthorne Avenue became the location mainly for a mix of major commercial, office-based, and service activities, as well as industrial uses, and it became a major route between Mission Street and Market Street.

The current character of the Hawthorne Avenue corridor between Mission and State is the result of this combination of activities. Commercial retail and service activities predominate between Mission Street and Mill Creek, and include Costco, the Roberson auto dealership, Denny's restaurant, and the Mill Creek Inn and the La Quinta motel. As shown on City Zoning Map 7336N these commercial uses are zoned CR. North of Mill Creek the lands west of Hawthorne remain uniformly IP. CFP, Inc. a financial services advisory firm, is located on the north side of Mill Creek in the former Ashton Photo processing plant, with the rest of the frontage north to Kettle Court remaining vacant. The Kettle Foods manufacturing plant and Lenity Architects are located along Kettle Court, west of Hawthorne.

The east side of Hawthorne is highly developed and includes a mix of uses, including the Creekside Corporate Center office complex, three lodging facilities, the State Farm

Insurance office, the Garten Foundation recycling operation (the former Trans-Ocean food processing plant), and the Park 5 Business Center, which houses a variety of service and retail activities. Several of the properties in this area that were zoned IBC have been changed to IC, including the Creekside office complex, Garten, and the Park 5 complex.

There are no industrial uses along Hawthorne south of Mill Creek, and the land use and development pattern between Mission Street and the creek is established as commercial. The large area of IP zoning north of the creek represents a substantial inventory for future industrial use in this area. Besides the subject PJS parcel the only other property south of the creek that is not zoned CR is Tax Lot 1002, 1.72 acres, directly across on the east side of Hawthorne. That parcel is vacant and held as part of the Creekside Corporate Center as an open space buffer, and is similarly zoned IC.

Considering the existing pattern of development and zoning, the PJS parcel is most appropriately associated with the commercial development pattern south of the creek, rather than with the industrial lands to the north. This relationship was recognized in SPR-DAP18-03, in which an access for the PJS parcel to Ryan Drive through the adjoining CR property was allowed, if the uses on the PJS parcel are also allowed by the CR zone (Condition 1). This Condition was included because the use on a parcel must also be allowed by a property that provides it access; e.g. industrial uses in the IP zone would not be allowed to have access through the CR property, if the use is not allowed in the CR zone. The proposed Plan and Zone Change will result in uniform CR zoning of the subject parcel and the adjacent lands to the south, thereby eliminating any conflict between a use and the access to Ryan Drive. The provision for access through the CR property to the south confirms the subject parcel's functional relationship to the established commercial land use pattern south of the creek.

Relationship to Industrial Development and Employment Opportunities

In 2015 the City adopted the "Salem Economic Opportunities Analysis 2015-2035", prepared by ECONorthwest (the EOA). The EOA examined economic development and employment trends and opportunities affecting the city, and analyzed the demand for industrial and commercial land to fulfill these projected requirements during the

20-year study period. The EOA was prepared to be consistent with Statewide Planning Goal 9 - Economic Development.

The EOA determined that there will be demand for 486 gross acres of industrial land, of which 56 acres will be for office employment. The EOA found there was a total of 1,393 acres of designated industrial land, resulting in a surplus of 907 acres beyond the projected demand. Conversely, the EOA projected a demand for 569 gross acres of commercial land, of which 72 acres were projected for industrial use. There were only 298 acres currently designated for commercial use, resulting in a shortage of 271 acres (EOA p. 27). The EOA found that 50% of employment land is in industrial designations (Comp Plan IND and IC) and 31% is in commercial designations (CB and COM) (p. 7). (Table 6, p. 21). Commercial land is therefore a substantial contributor to the inventory of employment land.

Based on the results of the EOA, redesignating this property from *Industrial* to *Commercial* does not adversely affect the City's designated industrial land inventory, but it helps to address the projected deficit of designated commercial land. The proposed change does not adversely impact the City's ability to fulfill its projected industrial development and employment opportunities during the 20-year planning period.

CRITERIA

Salem Area Comprehensive Plan

The proposal is classified as a Minor Plan Map Amendment. A Minor Plan Map Amendment is reviewed according to the criteria in SRC 64.025(e)(2). The criteria are addressed as follows:

- (A) The Minor Plan Map Amendment is justified based on the existence of one of the following:
 - (i) Alteration in Circumstances. Social, economic, or demographic patterns of the nearby vicinity have so altered that the current designations are no longer appropriate.
 - (ii) Equally or Better Suited Designation. A demonstration that the proposed

designation is equally or better suited for the property than the existing designation.

(iii) Conflict between Comprehensive Map Designation and Zone Designation...

This proposal is justified based on (ii). The proposed *Commercial* designation is equally or better suited for the subject property than the existing *Industrial* designation because the parcel is more closely associated with and functionally related to the commercial land use pattern to the south, then to the industrial lands to the north. The parcel is adjacent to developed commercial land to the south, but physically separated from the industrial zoning to the north. All of the developed properties bordering Hawthorne Avenue between Mission Street and Mill Creek are in commercial use, and the subject property remains vacant. The property has been approved for access to Ryan Drive through the adjacent commercial property, but that access is not available for industrial uses that are not allowed in the adjoining CR zone. The access to Ryan Drive will supplement the property's access to Hawthorne, and enable it to reduce its impact by prohibiting left turn movements into and out of the property from Hawthorne. The City Traffic Engineer has determined that the traffic signal at Ryan Drive and Hawthorne can accommodate the traffic from this site with the use of the access to Ryan Drive.

Because of its location south of the creek and its relationship to the adjoining commercial property, the predominant commercial development pattern between Mission Street and the creek, and the benefit to the transportation system of an additional access to a public street that is dependent on uses included in the CR zone, the proposed designation is equally or better suited for the property than the existing designation.

(B) The property is currently served, or is capable of being served, with public facilities and services necessary to support the uses allowed by the proposed plan map designation.

The property is in a highly developed part of the city which is currently served by public facilities. All public facilities and services necessary and required to serve the property can be made available. The public facilities available to serve the property are described in the Public Works Dept. Memo that was a part of SPR-DAP 18-03. Water service can be provided from a line located in Hawthorne Avenue. A storm drain line is

also available in Hawthorne Ave. Sewer service is available from a line located within an easement on the adjacent property. Public Works noted that the property is outside of the Urban Services Area (USA), but a UGA Permit is not required because development does not precede the construction of required facilities. Because the property is capable of being served by public facilities and services that are necessary to support the uses allowed by the proposed plan map designation, this criterion is satisfied.

(C) The proposed plan map designation provides for the logical urbanization of land; The property is in a fully urbanized part of the city. The urbanization pattern includes existing public services that are available to serve new development, and elements of the transportation system that includes major streets designated as Arterial, Parkway, and Freeway. In this area the development pattern is distinct to the south and to the north of Mill Creek. Commercial development is south of the creek and zoned CR, and industrial and industrial-commercial development is to the north and zoned IP, IC and IBC. The proposed Plan map designation provides for the logical urbanization of land because it is consistent with the existing land use pattern south of the creek, and appropriate for the transportation system and the capacity of the public services that are available in this area. The proposal is a logical addition to the existing commercial land use and development pattern. For these reasons the proposed plan map designation provides for the logical urbanization of land, consistent with this criterion.

(D) The proposed land use designation is consistent with the Salem Area Comprehensive Plan and applicable Statewide planning goals and administrative rules adopted by the Department of Land Conservation and Development;

The following elements of the SACP are applicable to this request:

Part II. Definitions and Intent Statements

A. Comprehensive Land Use Plan Map

1. Intent: The stated intent of the Comp Plan is to project a goal of the desirable pattern of land use in the Salem area. The Plan recognizes that the factors that determine the appropriate use of property change over time. The Plan's methodology is to rezone land over time in response to changing needs and conditions. This methodology was chosen

in order to provide maximum flexibility within the guidelines provided by Plan policies. The Plan map designations indicate the predominant type of land use in the general area rather than a predetermined projection of future use, and the Plan recognizes that land use and zoning are expected to change as conditions change.

In this case, the property has not developed while under its long-standing Industrial designation. Its existing designation represents the southern extent of a tract of designated industrial land along the west side of Hawthorne that largely remains vacant. Meanwhile, the lands along Hawthorne between Mission Street and the creek have developed with major commercial uses under the Commercial designation. The commercial development has established a land use pattern south of the creek that is distinctly different than the pattern north of the creek. The proposed change is consistent with the predominant land use pattern between Mission Street and the creek, and will have the desirable effect of recognizing the commercial and industrial land use pattern based on the creek as a readily identifiable boundary. The property is also oriented to the commercial lands because of its the approval granted for access to Ryan Drive through the adjacent commercial property, which effectively requires that it be in commercial use.

The development of the lands south of the creek as a major commercial location, and the approved access for the property, represent a change in the condition that affect the property, which is consistent with the Plan's methodology is to rezone land over time in response to changing needs and conditions, and to recognize that land use and zoning are expected to change as conditions change. The proposed designation is consistent with the land use and development pattern along the Hawthorne corridor. The proposed change in the Plan map designation will contribute to maintaining this location as a focus of commercial activity. For these reasons the proposed change is consistent with the intent of the Plan.

Part IV. Salem Urban Area Goals and Policies

The site is proposed to be designated *Commercial*. The Goal and policies for commercial development are addressed as follows.

G. Commercial Development

GOAL: To maintain and promote the Salem urban area as a commercial center for Marion and Polk counties.

The proposed change will add a parcel of 7.19 acres to the city's inventory of commercial land. According to the 2015 EOA the city has a deficit of 271 acres designated for commercial use. The urban area cannot maintain and promote itself as a commercial center for the metropolitan area without a sufficient supply of land designated for this purpose. Redesignating the property is in keeping with this Goal.

GOAL: To promote development of commercial office buildings for a range of employment uses, especially in downtown, mixed use districts, and commercially-oriented urban renewal areas.

One of the uses expected to be developed on the property is a commercial office building. The property is not in downtown, a mixed use district, or an urban renewal area, but it is appropriate for an office use. The site is vacant, it is adjacent to an established commercial center, and it is near a variety of industrial, office, and service uses. The use of the site for a commercial office building that will provide employment opportunities is consistent with this Goal.

GOAL: To promote commercial development that supports growth of traded-sector commercial employment.

The site will provide a location for new commercial development. It will help to reduce the deficit of commercial land in the city. The site is vacant, and could be a location for employment in any sector of the commercial economy. This will help to promote commercial employment in the city, which is consistent with this Goal.

Policies:

1. Central Business District: The central business district shall be maintained and developed as a mixed-use regional retail and employment center for the Salem urban area as well as Marion and Polk counties

The site is not within the central business district. It is currently vacant industrial land associated with a developed, outlying commercial area. The proposed change will not affect the central business district as a regional center for Marion and Polk counties.

2. Shopping and Service Facilities. Development of shopping and service facilities may be approved only after reviewing a development plan consisting of maps and written statements on the following (factors a-k).

The development of the site for a commercial office building has been reviewed and approved in SPR-DAP18-03. That review included the factors specified in this policy. The approval of the development through the required SPR process fulfills the requirements of this policy.

3. Redevelopment

The site is not an existing shopping and service facility that is proposed for redevelopment, and this policy does not apply.

4. Community Shopping and Service Facilities, and

5. Neighborhood and Community Shopping and Service Facilities

The proposal is for a commercial office use. It is not for a Community shopping and service facility or a Neighborhood shopping and service facility. These policies do not apply to the proposal.

6. Commercial Office Uses. Commercial office uses shall have direct access to collector and arterial streets or be located within one quarter mile of a collector or arterial street.

The site will have direct access to Hawthorne Avenue, a Major Arterial, and to Ryan Drive. The intersection of these streets is signal controlled. The direct access to the Arterial satisfies this policy.

7. Mixed Use Development

The site is not proposed for Mixed Use development, and this policy does not apply.

The proposal represents an appropriate addition to an existing, outlying commercial cluster. The change of the designation from industrial land to commercial land does not affect the purpose or development of the central business district. Access to the site is provided by major Arterial elements of the transportation system. There is no direct access from the site to or through a residential neighborhood. Site Plan Review for a new office development has been approved. For these reasons, the proposal satisfies the Commercial Development Goals and Policies.

I. Industrial Development

GOAL: To encourage and promote industrial development which strengthens the economic base of the community by increasing traded-sector employment, especially in sectors that pay higher-than-average wages, and minimizes air and water pollution. The 2015 EOA determined that there is a large surplus of industrial land in the city. The City also has created the Mill Creek industrial park, which is specifically intended for industrial development that can provide significant traded-sector employment opportunities. The characteristics of the subject site are not well suited as an industrial site for that purpose. It is a small site for industrial development purposes, and it is adjacent to commercial and public activities. The proposed change will not detract from the inventory of industrial land that strengthens the economic base of the community by increasing traded sector employment. For these reasons the proposal is in keeping with this Goal.

The main issue in consideration of this proposed change in the land use designation is its effect on the industrial land inventory. The policies that apply to this issue are reviewed as follows:

Industrial Land Inventory

1. Maintain a long-term (20 year) industrial land inventory which provides a full range of small, medium, and large parcel sizes and locations to sustain a competitive market for industrial sites. Maintaining a long-term supply of industrial land will require

identifying and preserving key high value industrial land, especially areas where the City has made substantial investments in infrastructure. High value industrial land has the following characteristics: it is designated for industrial uses, in flat parcels, most frequently in large parcels at least 10 acres in size, located within an industrial district, has direct access to a state highway or I-5, and is serviced or planned to be serviced with water and wastewater infrastructure.

The City has a documented surplus of land designated for industrial use. The existing inventory includes a full range of parcels sizes at a variety of locations. The inventory includes the industrial lands along Hawthorne Avenue. The main area of industrial land is north of Mill Creek. The subject parcel is south of Mill Creek, and not part of the cohesive industrial zoning to the north. The parcel is less than ten acres, and it is functionally related to the adjoining commercial lands rather than to the industrial land to the north. Because of its location and features the property is not characteristic of "key high value industrial land", and changing its Plan designation will not adversely affect the 20-year industrial land inventory in term of the amount of available land or in terms of maintaining suitable sites for industrial development.

2. Identify areas that may be appropriate for converting from industrial to commercial or other non-industrial uses over the long-term. The characteristics of industrial land that may be appropriate for conversion to commercial or other non-industrial uses include some or all of the following: (1) located outside of industrial areas or isolated from other industrial uses, (2) surrounded by incompatible uses (such as housing), (3) located adjacent to properties that have converted to commercial uses, (4) have limited or no access to major roads (such as arterial streets, collector streets, or highways), or (5) lacks rail access.

The subject parcel is appropriate for conversion from industrial to commercial use in keeping with the factors identified in this policy because (1) it is not part of a cohesive industrial area, (3) it is adjacent to high-intensity commercial retail and service uses, and (5) it lacks rail access. As cited in this policy, these are factors that detract from its suitability as an industrial site, and contribute to being appropriate for conversion to a commercial site.

3. Ensure a sufficient short-term supply of serviced industrial land that is suitable for construction within one year of application for a building permit or request for service extension.

There is a documented surplus of industrial land in the city, and the existing inventory provides a sufficient supply of serviced land that is suitable for construction within a year of application for a building permit. These serviced industrial lands include the Fairview Industrial Park and the Mill Creek Industrial Park, two of the largest industrial reserves in the city. The Mill Creek Industrial Park alone contains over 500 acres that is serviced or available for service extensions.

4. Monitor and report on the supply of industrial land and conversions to commercial uses on an annual basis, to ensure a long-term and short-term supply of industrial land.

This is an obligation on the City, and does not pertain to this proposal.

The remaining policies pertain to aspects of industrial development. Industrial development is not proposed by this application, and these policies do not apply to this case.

M. Public and Semi-Public Buildings and Land

Goal: To provide for an arrangement of public and semi-public facilities and services that compliment private development and meet the needs of Salem area residents. The proposed Plan Amendment and zone change will enable the Oregon State Treasury to locate to a new office building that will be developed on the property. The property will remain in private ownership, and the building will be leased to the State. This arrangement will compliment private development. It will meet the needs of Salem area residents, as well those of the state, by maintaining a State agency in the State Capitol, in a secure facility that will be capable of maintaining operations in the event of a critical event such as a major earthquake. These reasons are consistent with the requirements of this Goal.

1. Public Buildings. Principal local government, state and federal offices should be located within the downtown area.

This is an advisory policy that states the City's preference for the location of government facilities. In this case, the State Treasury has provided a letter describing its reasons and needs for locating outside of the downtown area. These reasons and needs are specific and described in detail, and include the lack of available space, and the need for a resilient structure meeting specific requirements. As an accompaniment to this letter, a map of the Capitol Area is also included, which demonstrates the existing location of State facilities on the Capitol Mall and the lack of available locations for new facilities. It should also be considered that in years past the expansion of State facilities northward, especially north of Union Street, required the demolition

of homes in residential neighborhoods, a practice that would likely be met with strong objections from area residents and neighborhood representatives. For the reasons presented in the Treasury's letter, and the potential adverse effect on existing inner-city neighborhoods, the location of the State Treasury offices to the subject site is necessary and not in conflict with this policy.

2. Capitol Mall. Within the Salem metropolitan area state-owned buildings which house the executive, legislative, judicial, or state-wide administrative offices of any state agency shall be located on the Capitol Mall, except when an agency can demonstrate the necessity of locating off the mall. Plans for development and redevelopment of State facilities shall take into account social, environmental, energy and economic impacts upon residential population.

This policy pertains specifically to state-owned buildings. The State will not own the building that will be developed on this site. It will remain in private ownership and the State will lease the space. In addition, the letter from the Treasury explains its necessity for locating off the mall. The subject property is surrounded by commercial, industrial and public lands and facilities, and there is no residential population in the vicinity. For these reasons, the proposal is consistent with this policy.

3. "J" Building. The proposal does not involve or affect the J Building.

4. Access. Major public and semi-public buildings shall be located on or near arterials and have well-planned access and parking.

The site is located along Hawthorne Avenue, a Major Arterial, and will have access to that street and to Ryan Drive. The access and parking for an office building has been reviewed and approved in SPR-DAP Case 18-03. These factors satisfy this policy.

5. Convention and Conference Facilities. for the Salem area shall be located in the downtown area close to other public and commercial facilities and with easy transportation access.

The proposal does not involve a convention and conference facility.

For the reasons, factors, and circumstances that have been described, the proposal conforms to the Goals and Policies for Public and Semi-Public Buildings and Land.

Statewide Planning Goals

The following Statewide Planning Goals are reviewed as may be applicable to this proposal:

Goal 1 - Citizen Involvement

The City's public hearing process meets the requirements of this Goal for citizen involvement in the land use process. Notice of the proposal will be provided to property owners within the notice area, to the Neighborhood Association, published in the newspaper, and posted on the property prior to the hearing. A public hearing to consider the request will be held by the Planning Commission. Through the notice and public hearing process all interested parties are afforded the opportunity to review the application, comment on the proposal, and participate in the decision. These procedures meet the requirements of this Goal for citizen involvement in the land use planning process.

Goal 2 - Land Use Planning

The City's Comprehensive Plan is acknowledged to be in compliance with the Statewide Planning Goals. The SACP provides goals, policies and procedures for reviewing and evaluating land use requests. The proposal will be reviewed in relation to the methodology and intent of the Plan and its applicable goals and policies, and

under its implementing ordinances. The City's adopted land use planning process provides a framework for evaluating the proposal, in keeping with the requirements of this Goal.

Goal 5 - Open Spaces, Scenic And Historic Areas, Natural Resources

The property is currently designated as industrial land. It has not been identified in the Comprehensive Plan as open space, as a scenic, historic, cultural, or natural resource, or as a recreation site. The site is subject to a 50'-wide riparian corridor along Mill Creek, and to a Tree Conservation Plan, included with Site Plan Review SPR-DAP18-03. These factors are in keeping with the requirements of this Goal.

Goal 6 - Air, Water And Land Resources Quality

The subject site is vacant and is surrounded by developed properties. Traffic-intensive commercial activities including a restaurant, a motor inn, and an auto dealer are to the south, the State motor pool is to the west, a motel and a large general merchandise store are to the southeast, an industrial use is to the north, and multi-building office complex is to the northeast.

The major impacts to air quality at this location is traffic on the adjoining and nearby street system, which is composed of high-volume Arterial routes including Hawthorne Avenue, Ryan Drive, Mission Street, and I-5. The traffic volume in the area is generated by the surrounding and nearby commercial and industrial activities, and by regional traffic on Mission Street (Highway 22) and I-5. With regards to air quality, new development on the site will contribute to the vehicular air quality impact in this area, but it will be an incremental impact and not a major additional impact on the overall air quality impact in the area.

Future development will be provided with City sewer, storm drainage, and water supply services, which are maintained and managed according to approved regulatory standards to protect ground and surface waters. There will be no withdrawal of groundwater or waste discharges into the ground. Mill Creek will be protected by a 50' riparian setback.

Because the proposal represents a change to allow development as expected in the urban area, and its impacts will be managed according to regulatory requirements, the proposed change in the Plan designation will not have a significant effect on air, water and land resource quality.

Goal 7 - Areas Subject To Natural Disasters And Hazards

Part of the site is within the FEMA-designated floodplain of Mill Creek as Zone AE. Development within the floodplain requires a floodplain development permit. Information necessary to obtain this permit will be submitted to the City prior to issuance of building permits. The City has also identified a moderate landslide hazard risk on the property, which will require a geological assessment to be provided. The requirements for a floodplain development permit and a geological assessment will act to protect life and property from these natural hazards, in keeping with this Goal.

Goal 9 - Economic Development

The proposal will change the SACP map designation from the existing *Industrial* designation to *Commercial*. This will not detract from or impair the City economic development or employment opportunities. The 2015 EOA, which addressed the requirements of this Goal, determined there is a large surplus of land for future industrial use, and a significant deficit of land for future commercial use. Land in the commercial designations provides about 31% of the employment land in the city. The subject parcel is not consistent with the identified key characteristics associated with future industrial development, because it is less than ten acres and because it is adjacent to intensive commercial activity. For these reasons the proposed change is remains consistent with this Goal.

Goal 10 - Housing

The site is not designated for housing, and is not proposed for housing, and this goal does not apply.

Goal 11 - Public Facilities And Services

Public facilities and services are provided in this area and are available to serve development on this site, as described in the Public Works Memo attached to the

Decision in SPR-DAP18-03. Water, sewer, and storm drainage facilities are adjacent to the site and can be extended to new development; adequate streets are in place; fire and police protection, electricity and telephone, and solid waste disposal, are available and can be provided to serve future development on the property. The specific levels of service needed for future uses will be specified at the time building plans are submitted. The site is in a part of the urban area that has been provided with the public facilities and services required to support development, consistent with this Goal.

Goal 12 - Transportation

Access to the site is provided by Hawthorne Avenue, and by Ryan Drive via an easement across the property to the south. The STSP classifies Hawthorne as a Major Arterial. The intersection of Ryan Drive and Hawthorne Avenue is controlled by a traffic signal. These are appropriate components of the transportation system for access to commercial uses.

The street system serving the site provides direct links to major routes to the city center and to I-5. Hawthorne is a direct link to Mission Street/Highway 22, and to State Street. Ryan Drive connects to Airport Road, which also connects to Mission Street and State Street. The existing street network provides multiple routes to the site, and connectivity to other parts of the urban area as well as outlying areas and the surrounding region, and no new streets or major improvements are required.

Transit service is available to the subject property along Salem-Keizer Transit Route 7-Mission Street. This route runs between the downtown transit center and Hawthorne at Mission. Part of the route runs along Ryan Drive. Currently a transit stop is on Hawthorne just north of Mission, about one block from the subject property. Bike lanes are located along Hawthorne Avenue and Mission Street. Ryan Drive also appears suitable as a bicycle route between Hawthorne and Airport Road. Sidewalks are provided along Hawthorne and Ryan Drive.

The streets, public transit system, bicycle routes and sidewalks provide transportation alternatives for access by private motor vehicle, public transit, and non-motorized access to this site. The street system provides connectivity and multiple routes of

access. Overall, the transportation system provides alternatives and efficient access to the property.

The traffic impact of future potential commercial uses on the property has been evaluated in a Memorandum report prepared by DKS, Traffic Engineers, Salem Bridge at Mill Creek Zone Change TPR Evaluation, March 14, 2019. The DKS report is included as a part of this application. The report evaluated a "reasonable worst case" trip generation scenario based on uses allowed under the existing IP zone and the proposed CR zone, for the developable 5.4 acres of the 7.19 acre property.

The DKS report estimates that the reasonable worst-case scenario for uses allowed in the existing IP zone could generate 5,350 net new daily trips, including 363 net new AM peak hour trips and 448 net new PM peak hour trips (Table 2). For uses allowed in the proposed CR zone, the reasonable worst case scenario is estimated to generate 6,439 net new daily trips, including 269 AM peak hour trips and 521 net new PM peak hour trips (Table 4). The uses allowed in the CR zone would produce 1,089 more net new daily trips than the uses in IP zone.

Because the zone change to CR would result in a daily increase of more than 400 trips, (the volume below which a zone change is considered to cause "no further degradation" to the roadway network, per the Oregon Highway Plan), a "trip cap" is recommended. The recommended trip cap is either 448 PM peak hour trips or 5,350 total net new daily trips. These are the trip volumes that could be generated by uses in the existing IP zone. With this trip cap, the requirements of this Goal will not be affected.

Based on the findings and recommendations of the DKS report, and the other factors of the transportation system and access to the property, the requirements of this Goal and the TPR are satisfied.

GOAL 13 - ENERGY CONSERVATION

The property is located in an existing cluster of major commercial activity. It is served by the existing transportation system, and transportation alternatives are available to the site. The proposal will infill and intensify, rather than disperse, activity within the

urban area. New construction will make use of current methods and standards for energy efficiency. These factors serve to conserve energy.

GOAL 14 - URBANIZATION

The site is within a fully urbanized part of the city. The proposed redesignation of the site will provide for a new commercial use within a cluster of existing commercial uses. All necessary public services are available to the site. The proposal represents an order and efficient use of available urban land. The proposal does not affect the Urban Growth Boundary.

Considering the facts, evidence and reasons presented, the proposed Comprehensive Plan Change conforms to the applicable Statewide Planning Goals.

(E) The amendment is in the public interest and would be of general benefit

The proposed amendment is in the public interest because it provides for an appropriate utilization of vacant urban land at a site that can be provided with all necessary public facilities and services. The site has remained vacant under its current Industrial designations. The amendment would be of general benefit because it will provide a location for a State agency that is critical to the conduct and continuity of State programs, in a new facility that will be designed and built to specific requirements to sustain operations during times of a critical event such as a major earthquake or other disabling occurrence. During and following such an event the sustained operation and functioning of the State Treasury will be directly related to the conduct of short- and long-term recovery operations.

Maintaining the current Industrial designations would prevent the use of the property by this State agency, or any other governmental purpose, and unnecessarily prevent and complicate the relocation of this essential governmental activity that directly benefits the public interest. The Plan amendment is consistent with the predominant existing land use pattern that influences the location, and new uses as allowed in the proposed Commercial designations will be compatible with the established land use and transportation pattern. By providing the opportunity for additional types of development on serviced vacant land, in a manner that is consistent and compatible

with the existing land use, transportation, and development patterns, the proposed change is in the public interest and will be of general benefit.

Based on the facts, reasons and factors that have been presented, the proposal satisfies the criteria for a Comprehensive Plan Map Amendment.

Zone Change Criteria, SRC Chapter 265

As stated in UDC 265.001, “Because of normal and anticipated growth of the city, changing development patterns, governmental policy decisions affecting land use, community needs, and other factors whose specific future application cannot be anticipated, the zoning pattern established by the Uniform Development Code cannot remain fixed in perpetuity, and the purpose of this chapter is to establish procedures and criteria to, when appropriate, change zoning designations.”

As has been described, the Hawthorne corridor did not develop with the type or extent of industrial activity that had been anticipated. The lands south of Mill Creek have developed with large-scale commercial uses, and the predominant activities north of the creek are office-based and small business-service activities. Large areas of industrial land remain vacant long after Hawthorne Avenue was improved and connected to Mission Street. The gradual change from IBC to IC zoning east of Hawthorne is evidence of the change in the development pattern. Industrial manufacturing and processing has been limited to the former Trans-Ocean food processing plant east of Hawthorne, which is now a Garten Foundation recycling facility; and Kettle Foods, located to the west of the Hawthorne corridor.

In addition to the change in the land use and development pattern, the 2015 EOA recognized the surplus of industrial land, and the shortage of commercial land in the city. Adoption of the EOA represents a government policy decision affecting land use.

The proposed zone change conforms to the development pattern that exists in this area. The zone change proposal is consistent with the recognition that the zoning pattern cannot remain static, and it is consistent with the intent to recognize the factors that warrant consideration for zone change.

Proposals for a Quasi-Judicial Zone Change must address the criteria of SRC 265.005(e), as follows:

(1) A quasi judicial zone change shall be granted if the following criteria are met:

(A) The zone change is justified based on the existence of one or more of the following:

- (i) A mistake in the application of a land use designation to the property;
- (ii) A demonstration that there has been a change in the economic, demographic, or physical character of the vicinity such that the proposed zone would be compatible with the vicinity's development pattern; or
- (iii) A demonstration that the proposed zone change is equally or better suited for the property than the existing one. A proposed zone is equally or better suited than an existing zone if the physical characteristics of the property are appropriate for the proposed zone and the uses allowed by the proposed zone are logical with the surrounding land uses.

This proposal addresses (iii). The proposed CR zone is equally or better suited for the subject property than the existing IP zone because the property is logically part of the commercial land use pattern that exists between Mill Creek and Mission Street. All of the developed uses in this area are commercial, including the Mill Creek Inn, Denny's Restaurant, Roberson Motors, Costco, and the La Quinta motel. There are no industrial uses in this area. The subject property received Site Plan Review approval in April, 2018, which included approval of an access easement to Ryan Drive through the CR property to the south. In order to use that access the uses on the subject property must also be allowed in the CR zone. The change to the CR zone will result in a cohesive commercial cluster between the creek and Mission Street. In addition, the property is physically capable of development for commercial uses in terms of its location, size, shape, frontage on the arterial street, and availability of public services. Because the physical characteristics of the property are appropriate for the proposed zone and the uses allowed in the zone are logical with the surrounding land uses, this criterion is satisfied.

(B) This criterion applies to City-initiated zone changes, and does not apply to this property-owner initiated change.

(C) The zone change conforms to the applicable provisions of the Salem Area Comprehensive Plan.

The applicable provisions of the SACP have been examined and addressed in this report, and the zone change has been shown to conform to those provisions.

(D) The zone change complies with applicable Statewide Planning Goals and applicable administrative rules adopted by the Department of Land Conservation and Development.

The applicable Statewide Planning Goals have been examined and addressed in this report, and the proposed zone change complies with the applicable Goals.

(E) If the zone change requires a comprehensive plan change from an industrial use designation to a non-industrial use designation, or a comprehensive plan change from a commercial or employment designation to any other designation, a demonstration that the proposed rezone is consistent with its most recent economic opportunities analysis and the parts of the Comprehensive Plan that which address the provision of land for economic development and employment growth, or be accompanied by an amendment to the Comprehensive Plan to address the proposed rezone, or include both the demonstration and an amendment to the Comprehensive Plan.

The zone change requires a Comp Plan Change from *Industrial* to *Commercial*. The *Commercial* designation is a non-industrial use designation. The most recent EOA was adopted by the City in 2015. According to that EOA there is a surplus of 900 acres of industrial land in the city, and a deficit of 200 acres of commercial land. The EOA also identified the key characteristics for needed industrial land. Those key characteristics are not present on this property. In this regard, the zone change for the subject property is consistent with findings of the EOA. The parts of the Comprehensive Plan that address the provision of land for economic development and employment growth have also been addressed. These include the Goals and Policies for Industrial land and those for Commercial land. The proposal has been shown to be consistent with those Goals and Policies, including those for maintaining an appropriate industrial land inventory, and those for converting industrial land to commercial land. Because the zone change is consistent with the most recent EOA and the required parts of the Comp Plan, this criterion is satisfied.

(F) The zone change does not significantly affect a transportation facility, or, if the zone change would significantly affect a transportation facility, the significant effects can be adequately addressed through the measures associated with or conditions imposed upon, the zone change.

The affect of the zone change on the transportation system is described in the Memorandum/TPR Evaluation from DKS Traffic Engineers, that has been submitted with this application. The DKS analysis found that the proposed zone change could have a significant effect on the transportation system beyond the uses allowed in the current zone. To mitigate the effects of the zone change the report recommends a trip cap limiting traffic to levels that could be generated by the existing zone. With this measure as a condition on the zone change, the effects of the zone change will be adequately addressed, which satisfies this criterion.

(G) The property is currently served, or is capable of being served, with public facilities and services necessary to support the uses allowed in the proposed zone.

The property is in a highly developed part of the city and public facilities and services are available to serve uses allowed in the proposed zone. The available public services are described in the Public Works Memo attached to the Decision in SPR-DAP18-03. Water, sewer, and storm drainage facilities are adjacent to the site and can be extended to new development on the property; adequate streets are in place; fire and police services are provided by the City, electricity, telephone, and solid waste disposal, are available and can be provided to serve future development on the property. Public Works has stated that the property is outside of the Urban Services Area (USA), but a UGA Permit is not required because development does not precede the construction of required facilities. Because the property is capable of being served with public facilities and services that are necessary to support the uses allowed by the proposed zone, this criterion is satisfied.

(2) The greater the impact of the proposed zone change on the area, the greater the burden on the applicant to demonstrate that the criteria are satisfied

In this case, the impact of the proposed zone change on the area is minor. The property is part of a commercial area that is occupied by major commercial activities. The land use pattern of the area south of Mill Creek is nearly entirely commercial, and it is distinctly different than the development and zoning pattern north of the creek. The site

is bordered by commercial uses to the south, and will obtain access to Ryan Drive through those commercial properties. The transportation pattern is appropriate for additional commercial uses. Although zoned industrial for many years the site has remained vacant. Considering these factors the proposed zone change will be consistent and compatible with the surrounding land use pattern, and no changes that are not expected, or incompatible, will occur as a result of the zone change. For these reasons the impact of the proposed zone change on the area will be small, and the facts and evidence provided are adequate to satisfy the criteria.

Summary

The proposed Plan and zone change is consistent with the predominant commercial use and land use designations of the lands to the south. The proposed change will not have an adverse impact on the industrial lands inventory or on employment lands, and the change is in keeping with the provisions of the industrial lands policies in the Comp Plan. The proposal also conforms to the Plan goals and policies for commercial development, and for the location of public and semi-public buildings and lands. The proposal is appropriate with regards to the provision of public facilities and services. With the recommended condition for a trip cap, it will not significantly affect the transportation system. For the facts, reasons and factors presented, the proposal is appropriate for the property and the location, and it satisfies the applicable review criteria.



MEMO

TO: Olivia Glantz, Planner III
Community Development Department

FROM: Glenn J. Davis, PE, CFM, Chief Development Engineer
Public Works Department

DATE: May 9, 2019

SUBJECT: PUBLIC WORKS RECOMMENDATIONS
CPC-NPC-ZC19-04 (19-107199-ZO)
865 HAWTHORNE AVENUE SE
COMPREHENSIVE PLAN CHANGE

PROPOSAL

An application to change the Comprehensive Plan Map designation from Industrial to Commercial, the Neighborhood Plan Designation from Industrial to Commercial to change the zoning from IP (Industrial Park) to CR (Retail Commercial) for property approximately 7.19 acres in size, zoned IP, and located at 865 Hawthorne Avenue SE (Marion County Tax Lot Number 073W36A 01100).

RECOMMENDED CONDITIONS OF APPROVAL

The transportation impacts from the 7.19 acre site shall be limited to a maximum cumulative total of 8,977 average daily vehicles trips.

FACTS

Public Infrastructure Plan—The *Water System Master Plan*, *Wastewater Management Master Plan*, and *Stormwater Master Plan* provide the outline for facilities adequate to serve the proposed zone.

Transportation Planning Rule—The applicant submitted a Transportation Planning Rule (TPR) Analysis in consideration of the requirements of the TPR (OAR 660-012-0060). The TPR analysis is required to demonstrate that the proposed Comprehensive Plan Change and Zone Change (CPC/ZC) will not have a significant effect on the transportation system as defined by OAR 660-012-0060.

Streets

1. Hawthorne Avenue SE

- a. Standard—This street is designated as a Major Arterial street in the TSP. The standard for this street classification is a 68-foot-wide improvement within a 96-foot-wide right-of-way.
- b. Existing Condition—This street has a varied 57- to 68-foot improvement within a 100-foot-wide right-of-way abutting the subject property.

Storm Drainage

1. Existing Conditions

- a. A 12-inch storm main is located in Hawthorne Avenue SE adjacent to the subject property.
- b. A 24-inch storm main is located on the far side of Hawthorne Avenue SE adjacent to the subject property.

Water

1. Existing Conditions

- a. The subject property is located in the G-0 water service level.
- b. A 16-inch water main is located in Hawthorne Avenue SE. Mains of this size generally convey flows of 3,800 to 8,800 gallons per minute.
- c. A 16-inch water main is located within an easement on the adjacent property to the south. New connections to this main will not be permitted.

Sanitary Sewer

1. Existing Condition

- a. An 8-inch sewer line is located within an easement on the adjacent property to the south.

Natural Resources

1. Mill Creek flows through the subject property.

2. The subject property is designated on the Federal Emergency Management Agency floodplain maps as a Zone "AE" floodplain. Public Works staff has reviewed the Flood Insurance Study and Flood Insurance Rate Maps and has determined the 100 year base flood elevation for the subject development is 194 feet. At the time of development a floodplain development permit will be required and is subject to the requirements of SRC Chapter 601, including elevation of new structures to a minimum of one foot above the base flood elevation. An Elevation Certificate is required to verify the new structure's elevation.
3. In conjunction with SPR-DAP18-03, the applicant submitted a biological evaluation demonstrating the proposed property redevelopment would not cause an adverse impact to Endangered Species Act listed species. The applicant is required to construct grading and landscaping in compliance with those plans analyzed by the Biological Evaluation, prepared by Northwest Resource Solutions LLC and dated February 22, 2018.
4. The Salem-Keizer Local Wetland Inventory shows that there are hydric soils and/or linear wetland area(s) mapped on the property. The applicant should contact the Oregon Department of State Lands to verify if any permits are required for development or construction in the vicinity of the mapped wetland area(s).
5. City records show there are category 2- and 3-point landslide hazard areas mapped on the site. At the time of site plan review, a geological assessment may be required.

CRITERIA AND FINDINGS

Criteria: SRC 265.005(e)(1)(F) The zone change does not significantly affect a transportation facility, or, if the zone change would significantly affect a transportation facility, the significant effects can be adequately addressed through the measures associated with, or conditions imposed on, the zone change.

Finding: The applicant has submitted a TPR analysis that is required to address the Transportation Planning Rule (OAR 660-012-0060). The TPR analysis demonstrates that the proposed CPC/ZC will have a significant impact on the transportation system as defined by OAR 660-012-0060, and as such must mitigate the impacts of the amendment to avoid further degradation to the performance of the facility as specified in the conditions of approval. The Assistant City Traffic Engineer concurs with the TPR analysis findings and recommends a condition to limit the development on the 7.19-acre site to 8,977 vehicles per day.

Criteria: SRC 265.005(e)(1)(G) The property is currently served, or is capable of being served, with public facilities and services necessary to support the uses allowed by the proposed zone.

Finding: The water, sewer, and storm infrastructure are available within surrounding streets/areas and appear to be adequate to serve the proposed development. Site-specific infrastructure requirements will be addressed in the Site Plan Review process in SRC Chapter 220.

RESPONSE TO CITIZEN COMMENTS

Staff received opposition to the proposed development because of concerns regarding traffic impacts to Hawthorne Avenue SE. The proposed CPC/ZC warranted a TPR Analysis to be completed to verify the reasonable worst-case scenario of traffic generation. The TPR Analysis showed the site could generate 8,977 daily trips under the existing IP zoning. The TPR analysis proposes to limit the number of trips to what would be allowed under the IP zoning in order to adequately mitigate the impact to the transportation system. The Assistant City Traffic Engineer recommends a condition to limit the number of average daily vehicle trips to 8,977 for the site. With the trip cap in place, the Transportation Planning Rule is satisfied.

Prepared by: Jennifer Scott, Program Manager
cc: File



**OREGON
STATE
TREASURY**

Tobias Read
Oregon State Treasurer

Darren Bond
Deputy State Treasurer

March 15th, 2019

City of Salem Planning Commission
c/o Lisa Anderson-Olgilvie, Urban Planning Administrator
City Hall, Room 305
555 Liberty St. SE
Salem, Oregon 97301

City of Salem Planning Commission,

I am writing regarding the request from PJS Land Development for a comprehensive plan change and zone change, which was discussed in PRE-AP19-07. It is our understanding that the parcel in question is currently zoned IP and the request is to change to CR. During the meeting on Feb 14, 2019, City of Salem staff raised concerns regarding the potential relocation of a state agency outside of the Capitol Mall area. Below is additional information on why we are currently seeking to move off the Capitol Mall area.

The Oregon State Treasury currently leases space in three locations. Our primary operations are located at 350 Winter St NE in the Labor & Industries building in Salem. We have a secondary office in Tigard, Oregon, and we lease a small amount of space for the Treasurer's ceremonial office in the State Capitol. For several reasons, including those outlined below, we are going to relocate our primary operations from the 350 Winter Street location. By law the State Treasurer is required to keep his office within Marion County. For practical reasons, a location close to the Capitol Mall was desired as all existing space on the Capitol Mall is currently occupied.

Over the last five years, the Oregon State Treasury has seen a significant increase in staffing, almost doubling the number of staff employed. We have already expanded our space in Tigard twice in that time to accommodate



growth and we similarly need to identify alternatives to our current Salem space.

We had three primary goals in evaluating space: increasing the square footage and efficiency of space utilization, increased resiliency, and to have a site that effectively supports our operations. Currently the State of Oregon owns 31 buildings within the City of Salem. Our staff have worked with the Department of Administrative services to evaluate options to remodel the existing space as well as relocation options to other existing buildings. The existing lease options in State-owned buildings did not have adequate square footage to meet our needs. Additionally, the cost of remodeling our current leased space turned out to be prohibitively expensive and would still not meet our long-term requirements. The Department of Administrative Services will lease the vacated space to another agency. The number of state employees in the Capitol Mall will only be impacted for a short time.

A significant factor driving site selection and building requirements is the necessity of having a building that provides sufficient resilience. Current State-owned buildings in Salem have limited, if any, resilience to natural disasters, especially earthquakes. The State's Emergency Operations Center is the only State-owned building in Salem rated for immediate occupancy for a critical facility after a design-basis event. The Governor's office has been exploring options to build a larger more resilient building, but those plans have not yet been formalized.

We have engaged several consultants, including KPMG, WSP, and FEMA to provide a robust risk assessment and design requirements to ensure will be operational within 24 to 48 hours after a natural disaster. We recognize the vital need for state funds to be utilized statewide in the event of an emergency. We believe this level of resilience is critical to fulfilling our role as the keeper of the state's funds. One specific requirement is to build to the design standards of the US Resiliency Council Platinum level for Safety and Damage ratings, and at least the gold level for Recovery.

One of the challenges faced on other similar projects is the size and cost of large, 100,000+ square foot facilities that have been envisioned. Utilizing our experience with real estate investing, debt issuance, and Public-Private Partnerships, we have come to realize that building a smaller, 30,000 square foot building and partnering with a private sector owner and developer would increase the ability to complete this project. This property would meet that goal. We have no plans to purchase the land or the building. While we are still negotiating a lease, we have asked for a 19-year term and have not included a purchase option or right of first refusal in our

proposal. Our legal counsel is currently conducting a review to determine if we can include additional options to extend in the initial contract. Because of the significant above-code requirements, the per square foot constructions costs are significant and we want to enter a lease that balances those costs over the long-run.

Another factor was site evaluation. Since increased or resilient space on the Capitol Mall was not an option, the State Treasurer wanted to have a location that was still close to the Capitol. Since some staff work in both Salem and Tigard, access to I-5 was a benefit. We wanted a location close to other state agency locations, especially those with significant continuity of operations roles. This location borders several other state buildings including the Motor Pool, State Data Center, and Emergency Operations Center. The pad for the building needed to be located outside of the 100-year floodplain on a site that did not have significant liquefaction risk. We found that these two requirements ruled out a significant number of other potential sites. For example, we investigated building on the old State Hospital site, but the liquefaction risk was too high. As part of lease negotiations we have discussed an easement on tax parcel 073W36 00900 to provide ingress and egress to the building across property owned by the State of Oregon.

In summary, we have spent the last two years evaluating options and feel that if the zoning is changed, this location would be ideal for the Oregon State Treasury to lease. By partnering with a local owner, we will not increase the amount of State-owned buildings in Salem, will provide significant job opportunities and experience for local workers as they construct this building, and will provide the owner a high value long term real estate asset that can provide essential services to the citizens of Salem and of Oregon in a time of crisis. If there is additional information you would like, we are happy to meet with you to discuss the planning.

Sincerely,



Byron Williams
Chief Administrative Officer
Oregon State Treasury



**OREGON
STATE
TREASURY**

Tobias Read
Oregon State Treasurer

Darren Bond
Deputy State Treasurer

May 14th, 2019

City of Salem Planning Commission
c/o Lisa Anderson-Olgilvie, Urban Planning Administrator
City Hall, Room 305
555 Liberty St. SE
Salem, Oregon 97301

City of Salem Planning Commission,

I am writing this as a follow up to our March 15, 2019 Letter of Support regarding PJS Land Development's request for a comprehensive plan change and zone change, which was discussed in PRS-AP19-07. It is our understanding that in subsequent conversations, Staff have raised additional concerns regarding our potential use of the property.

As an independently elected statewide official, the Oregon State Treasury is normally exempt from the oversight of DAS. Based on advice from the Oregon Department of Justice, this lease acquisition is not subject to oversight by DAS. Pursuant to ORS 178.050, the State Treasurer is required to keep an office at the seat of Government and the Treasurer currently has and will continue to maintain an office in the State Capitol for the Treasurer and the Treasurer's direct support staff. As we described in our March 15 letter, Treasury staff have worked to identify lease options near the State Capitol. The State Treasurer asked that any lease option found near the Capitol meet the stated resiliency requirements. Despite not being subject to DAS oversight regarding leasing, Treasury staff coordinated with DAS to determine if suitable locations near the Capitol might be available. In the summer of 2018, Treasury staff met with Liz Beaty and Darrin Brightman. A series of discussions and meetings were held to discuss options, but none was found that met the stated resiliency requirements. The old state hospital property was identified as a potential, but had to be ruled out due to the liquefaction risk. At no time has DAS provided an option for a location on the Capitol Mall.

Treasury was informed by Darrin Brightman that the Oregon Resilience Building One and Two projects, which had been sited for the location of the existing parking lots on the Capitol Mall, have been determined to no longer be viable options. The



Oregon Resilience Building One and Two project team also reviewed the old state hospital property and determined it would not be suitable due to the liquefaction risks. This information was later confirmed with the team's project manager Steve Ponce.

Based on advice from the DOJ, and to avoid the appearance of potential ownership, Treasury has specifically excluded any request for the right of first refusal or the right of first opportunity related to the property. The lease under negotiation, and contingent upon zoning approval, has an initial term of 19 years and 11 months with eight 10-year extensions. Property ownership is not the core business of the State Treasury, and it has never been part of Treasury's operating model to own our buildings. When Treasury needed to locate staff in the Portland Metro area, it leased space to do so. The Treasury lease on that building has 125 months remaining, with the option to extend for four additional periods of 60 months each. As it is not the intention of Treasury to acquire a new State Building, a request to purchase one was not made to the Capitol Planning Commission.

Sincerely,



Byron Williams
Chief Administrative Officer
Oregon State Treasury