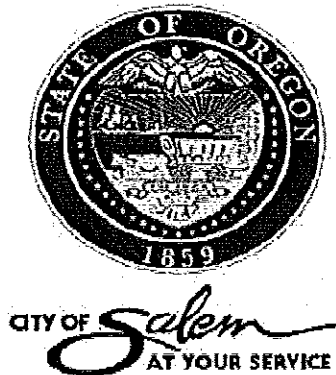


MILL CREEK CORPORATE CENTER

1605

Implementation Committee Action Item



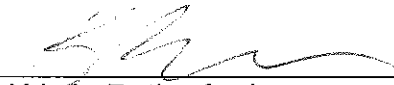
The Implementation Committee recommends that the City Council approve a second amendment to the Mill Creek Corporate Center District Development Order and a third amendment to the Infrastructure Agreement (Attachment A) to remove reference to the infrastructure fee increasing at the same rate as systems development charges in the City of Salem (City). Such fee increases include but are not limited to annual adjustments for inflation based on indices adopted for system development charges. The Implementation Committee further recommends an adjustment to the FY 16-17 City of Salem Public Works fee schedule from \$3.72 per square foot to the original fee of \$2.76 per square foot.

The infrastructure fee has increased annually over time. However, not all system development charges within the City have increased annually. This has created a significant cost differential between fees at Mill Creek and fees elsewhere in the City. The infrastructure fee for recent projects at Mill Creek represented 185-105% of the system development charges for equivalent projects outside of the Development District. Potential developers of proposed Mill Creek projects, including Project Blue, have indicated that the infrastructure fee does not fairly represent their development impact and represents a significant cost burden. An evaluation by City staff determined that the remaining anticipated \$12 million in Development District infrastructure projects can be funded at the original infrastructure fee rate of \$2.76 per square foot.

The Intergovernmental Agreement between the City of Salem and Oregon Department of Administrative Services establishes the roles and responsibilities of both parties, including the financing and construction of public improvements to be funded by the infrastructure fee.

The City and State desire to roll back the inflated infrastructure fee to increase the competitiveness of the development sites at the Mill Creek Corporate Center.

APPROVED BY:



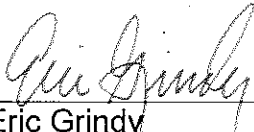
Kristin Retherford
Director, Salem Urban Development
Department, City of Salem

6/29/16
Date



Shannon Ryan
Administrator
DAS- Enterprise Asset Management Division

6/30/16
Date



Eric Grindy
Senior Real Estate Transaction and Portfolio
Manager, Enterprise Asset Management, Real
Estate Services

6/30/16
Date



Steve Powers
City Manager, City of Salem

06/29/2016
Date

Attachment A: Second Amendment to the Development District Order and Third
Amendment to the Infrastructure Agreement