

CITY OF SALEM ECONOMIC DEVELOPMENT STRATEGY

AND COVID-19 RECOVERY PLAN

2021





2021 City of Salem Economic Development Strategy and COVID-19 Recovery Plan

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Executive Summary

The City of Salem Economic Development Strategy and COVID-19 Recovery Plan will guide the work of the Economic Development Division and collaboration with local, regional and state partners. The initiatives in the plan are based on existing work the division is doing, accepted best practices and outreach conducted with a wide range of economic development partners and local businesses.

Outreach for the plan consisted of 20 one on one or small group meetings with other City departments, local and regional economic development groups, non-profit organizations, area businesses and other community members involved in economic development. These meetings were instrumental in developing and refining the themes in this plan.

Economic Development Strategy and COVID-19 Recovery Plan Themes

COVID-19

Diversity, Equity and Inclusion

Affordable & Workforce Housing

Employment Land and Redevelopment

Broadband Technology

Business Retention and Expansion

Entrepreneurship

Workforce Development

Recruitment

Marketing and Promotion

A total of 10 themes were identified for the plan. Most of the items are building upon programs from the existing 2011 Economic Development Strategy but there are several new categories. Most notably, recovery from the COVID-19 pandemic and economic impacts are central to this Strategy. New or modified initiatives to assist businesses and workforce recover from the pandemic are throughout the plan. Diversity, Equity and Inclusion is also a new theme in the 2021 Strategy. Initiatives are intended to increase access to services and foster higher quality engagement with underserved business.

Introduction

This report presents a 3-5-year Economic Development Strategy and COVID-19 Recovery Plan for the City of Salem's Economic Development Division. This strategy provides an internal work plan for City staff and lays out the foundation of the City's economic development strategies, including work with local and regional partners. The report is also in response to the ongoing COVID-19 pandemic and its impact to local businesses and the economy. The Strategy will serve as the City's economic recovery plan, during COVID-19 and beyond.



Since 2011, Salem's population has grown from about 155,000 to about 177,000 and the City has experienced significant business growth.

Background

The City's most recent Economic Development Strategy was prepared by University of Oregon students in 2011. Since 2011, Salem's population has grown from about 155,000 to about 177,000 and the City has experienced significant business growth.¹ In addition, the Urban Development Department has created the Economic Development Division and Manager role to help facilitate many of the actions in the Strategy.

The City's communication functions have been centralized and enhanced and a City Strategic Plan adopted. Strategic plans were adopted for three urban renewal areas and an Airport Business Plan completed. SEDCOR, Business Oregon, and Marion County also recently adopted economic development strategic plans.

The 2021 Strategy will continue to build on past efforts and include elements that align with local and regional planning efforts. The Strategy also includes new goals and actions to reflect the changing needs of the community, including initiatives on Diversity, Equity and Inclusion (DEI) and COVID-19 recovery.

1. Portland State University Population Forecasts

The COVID-19 pandemic and economic impacts are central to this Strategy. Since March 2020, many businesses have been impacted by closures or changes in service orders. About 10% of Salem MSA residents lost their jobs at the peak of the pandemic (June 2020).² As a result, many residents and businesses struggle to pay basic expenses like rent. Nationally, underserved groups have been disproportionately impacted by the health and economic impacts of COVID-19 and serving these groups will be central to recommendations in the Strategy.³

Additional context for the Strategy includes:

- Labor force growth in Oregon is slower than population growth due to aging Baby Boomers.
- Acceleration of automation and technology due to COVID-19.
- A significant number of Americans have transitioned to working from home in some capacity.
- Oregon's young workers, women, and Black, Indigenous and Communities of color, especially those of Hispanic and Latino origin were most impacted economically by the pandemic.⁴

Outreach

The initiatives in this Strategy were developed and refined through months of community outreach. Outreach for the Strategy served three purposes, 1) Ensure the City has an accurate understanding of the local economic impact resulting from COVID-19, across industries, age groups, and individuals with different ethnic and socioeconomic backgrounds. 2) Obtain community input, including from underserved businesses, regarding actions needed to ensure those most vulnerable have a path out of the economic downturn. 3) Identify opportunities to develop new partnerships or strengthen existing partnerships, to help implement Strategy recommendations.

Outreach was primarily done through one on one or small group interviews. See Appendix for a list of interviewees.

Outreach with the community, businesses and organizational partners guided the initiatives listed in this Strategy. The remainder of the Strategy provides a summary of the 10 key themes identified and the City's proposed initiatives.

2. Oregon Employment Department (www.qualityinfo.org)

3. Underserved is adapted from the *State of Oregon Equity Framework in COVID-19 Response and Recovery* (https://www.oregon.gov/gov/policy/Documents/EquityFrameworkCovid19_2020.pdf) and defined as - Native Americans, members of Oregon's nine federally recognized tribes, American Indians, Alaska Natives; Black, Africans, African Americans; Latina/o/x, Hispanic; Asian, Pacific Islanders; Immigrants, refugees, asylum seekers; Undocumented, DREAMers; Linguistically diverse; People with disabilities; LGBTQ+;

Aging/older adults;

Economically disadvantaged; Farmworkers, migrant workers;

4. Oregon Employment Department. *Disparate Impacts of the Pandemic Recession in Oregon.*

<https://www.qualityinfo.org/documents/10182/13336/Disparate+Impacts+of+the+Pandemic+Recession+in+Oregon>

Key Themes

COVID-19

The COVID-19 pandemic has impacted every citizen and business in Salem. It has highlighted existing inequality, and some have borne more of the burden of the pandemic than others. Certain groups, like the Micronesian Islander Community and Latino populations have been disproportionately impacted by the disease and negative economic effects. The pandemic has impacted the community differently, but not equally. The intent of this Strategy is to support all businesses through the recovery.

The hospitality, tourism and leisure industries have been especially impacted by COVID-19. State closures meant that many businesses were closed, or operations were limited starting in March 2020. Additionally, social distancing, health concerns and changes in operations meant that less customers were going to businesses. The result has been devastating for some of Salem's businesses in these industries.

For all businesses, COVID-19 has been a new challenge. In outreach, businesses said they need access to technology including high-quality broadband, assistance paying fixed costs due to loss of revenue, and help with workforce challenges - including an inability to find workers and willing workers who couldn't work due to lack of childcare or other barriers.



Downtown businesses took advantage of the City's tent and heater grant program and temporary use of parking spots to expand outdoor seating options.

Restaurant, retail and personal service businesses have not only lost revenue but have also been burdened by the costs of meeting mandated closures and reduced operations. Additional costs include, goods purchased and wasted as a result of opening and closing and the investments made to keep the business open. Those investments include retrofitting spaces, adding dividers, air filters, purchasing more Personal Protective Equipment (PPE), additional to-go packaging, outdoor seating and more. COVID-19 has been very disruptive for these businesses and many have reduced staff or closed altogether. Several businesses said that they have been able to stay open for now but have taken on significant debt or fallen behind on payments.

The changing state-wide mandates and high number of business assistance programs has also taken up the time of business owners and management. Businesses expressed the need for up to date information on resources like grants, loans, COVID-19 policies, and other COVID-19 related information. Businesses said that there were so many grant programs, from different sources, and with different criteria it was hard to keep track and determine if they were eligible. This is especially true for underserved businesses, businesses with limited staff and those most impacted by the changing regulations like restaurants, retail and other personal services.

The pandemic has also accelerated the shift to online retail causing immediate challenges but also long-term opportunities. Prior to the pandemic, major downtown retailers were already experiencing the effects of higher online sales. Recently, some larger national brands made business decisions that impacted and closed some of Salem's existing retail stores. It's unlikely that large box retail is returning to downtown, and these now vacant properties create opportunities to meet the demand for more housing or other uses.

While many industries lost revenue in the last couple of years, some of businesses maintained their operations or experienced growth, including warehousing and logistics, technology, and some manufacturing businesses. For these businesses the pandemic and market disruption has caused different challenges. In interviews, businesses described inventory challenges, increasing costs of goods sold, disrupted supply chains and employee shortages.

In response to the pandemic the City provided as much support and relief as possible to all business types and has lead the following initiatives.



Grant for Small Businesses and 501.c3 Non-Profits without Payroll Protection Program or Economic Injury Disaster Loan Funding

\$183,000 Distributed to 58 Businesses, in partnership with Willamette Workforce Partnership.



501.c3 Cultural and Heritage Non-Profit Grant for Organizations with Physical Presence in the Community

\$25,000 to 7 organizations.



Business Oregon Grant Program Round 3 for Businesses and 501.c3 Organizations with Less than 25 Employees

\$105,042 to 39 businesses.



Grants for Temporary Outdoor Coverings and Heaters for Restaurants or Employee Break Areas

\$256,777 to 57 businesses.



Open for Business Grant

Provides funding for downtown food and beverage businesses to construct permanent outdoor dining platforms, install gas and/or electrical lines to serve outdoor eating areas and interior construction to meet safety protocols due to COVID-19.



PPE Distribution

The City Received about \$120,000 in PPE and partnered with the Salem Chamber of Commerce to distribute it to over 250 businesses.



Downtown Expanded Seating Options for Food/Beverage Businesses

Allowed businesses to use parking spaces for seating. About 15 businesses took advantage of the program. In July 2021, the City Council approved design guidelines for downtown outdoor dining platforms. Businesses can apply for the Open for Business grant to transition outdoor dining in parking areas to more permanent platforms.



Information and Support

City sent out a periodic Business Resources email to about 450 contacts. Emails included information on grants, loans and other COVID-19 related information.

Initiatives - COVID-19

Tasks	Key Partners	UD Role
1. Explore the use of Service Kiosks, or other low contact service hubs as planned by Salem Housing Authority (SHA). Service kiosks may include access to communication technology, printers & scanners, and other tools needed to apply for jobs or seek services.	Salem Housing Authority City of Salem IT Willamette Workforce Partnership	Support
2. Continue to be a source of information for our businesses by sending out informational emails, press releases, and social media posts on available business resources. Explore other ways of reaching businesses to ensure the information is accessible to all that need it.	City of Salem Strategic Communications Team	Lead
3. Continue to seek, apply for, and promote grants that meet the needs of area businesses. Efforts include collaborating with local partners to develop basic trainings so businesses have the information they need to be successful.	Business Oregon Small Business Development Center Willamette Workforce Partnership	Lead
4. Target programs to assist high risk unemployed people, for example those who have been unemployed for six or more months, recent graduates, and those that need to pivot to a new industry.	Willamette Workforce Partnership Career Technical Education Center Willamette Career Academy Oregon Employment Department	Support
5. Collaborate with local partners on ways to increase childcare options for working families.	Salem Housing Authority Willamette Workforce Partnership Mid-Willamette Community Action Agency Marion & Polk Early Learning Hub Small Business Development Center Chemeketa Early Childhood Education Program Major employers	Collaborate Support
6. Support and encourage the adaptive reuse of retail space vacated due to increased demand in online sales. This may include master planning areas in the downtown core.	Development community Consultants Property owners Real estate brokers	Collaborate

Diversity, Equity & Inclusion



Xicha Brewing located in West Salem serves fresh Latino food paired with European Ales and Lagers. It is currently the Pacific Northwest's only Latinx owned brewery.

The City is focused on creating a culture that values diversity, supports equitable outcomes, and seeks to be inclusive. In the last year the City has taken several steps to improve DEI outcomes including DEI training and goal setting by City Council, the creation of an internal DEI City committee, internal DEI Plan and defining what equity means to the City. The 2021-2022 budget also includes funding for a limited duration staff position to initiate and manage the City's DEI priorities.

The City's initiatives are a start, but there is a lot of work to be done that will require long term investment. In alignment with the City's ongoing efforts this Strategy recommends an evaluation of existing programs and will seek input from partners and businesses to determine how the Urban Development Department can better support underserved businesses.

The evaluation will review who is and isn't served by existing programs and explore ways to proactively engage with groups who may not feel comfortable accessing government programs. Moving forward the City will seek to setup systems so that future programs will be developed with input from underserved businesses.

The Economic Development team is dedicated to offering equitable programing. To help the Economic Development Division understand the needs of underserved communities, much of the outreach for this strategy was with partner organizations that provide service to underserved communities.

Initiatives - Diversity, Equity & Inclusion

Tasks	Key Partners	UD Role
1. With help from the community, conduct a DEI audit of Salem's Economic Development and Urban Renewal Area programs and outreach procedures.	Small Business Development Center Willamette Workforce Partnership Latino Business Alliance Micronesian Islander Community - Oregon Salem Capital Connections Non-profit groups Area businesses	Lead Collaborate
2. Include input from underserved groups in the formation of new programs.	Small Business Development Center Willamette Workforce Partnership Latino Business Alliance Micronesian Islander Community - Oregon Salem Capital Connections Area businesses	Lead
3. DEI is broad, focus efforts on those that the City has control over and prioritize community goals – align with those from the Council's DEI work.	City of Salem City Manager's Office City of Salem Strategic Communications Team	Collaborate
4. Review the City's policies and procedures for translation of printed and electronic information. Improve outreach to underserved communities and continue to find ways to reduce language barriers. Ideas proposed for easier translation include making more information and applications available in web-based platforms, using images to convey key information, and simplifying language.	City of Salem Strategic Communications Team Latino Business Alliance Micronesian Islander Community - Oregon	Collaborate
5. Strengthen partnerships with regional and statewide organizations. Establish regular on going meetings with area partners.	Small Business Development Center Willamette Workforce Partnership Latino Business Alliance Micronesian Islander Community - Oregon Black American Chamber of Commerce Oregon Association of Minority Entrepreneurs	Collaborate
6. Encourage the business community adopt DEI goals. Review the City's existing tools to see if any can be used to incentivize businesses to adopt DEI metrics.	Area businesses	Collaborate

Affordable & Workforce Housing

Workforce and affordable housing are critical to supporting Salem's residents and employers.⁵ Historically, Salem's median home sale prices and rental rates have been lower compared to other cities along the I-5 corridor.

In Spring 2019, a study showed that Salem's percentage of average monthly household income used for housing, transportation, and energy expenses (36%) was below the national standard of 45%.⁶ Salem also had a smaller share of its population rent burdened than comparable cities in Oregon.⁷ Furthermore, Salem was not among the Oregon cities that have more than 25% of households being severely rent burdened,⁸ unlike Bend, Eugene, and Portland which all exceeded the 25% threshold.⁹



A duplex located in SE Salem. Small multi-family projects like this increase overall housing stock in traditionally single-family residential neighborhoods.

Housing prices in Salem are rising

Salem's housing prices may be more affordable than other regional cities, but prices have been steadily rising which is causing more people to be priced out of the market. From March 2013 to March 2020, housing prices were increasing by about 11% a year.¹⁰ At the same time, housing supply has remained low, making it more difficult for families and individuals to afford to buy a home. It appeared median home prices had leveled off between 2019 -2020 as the increase was only 3%, but home prices began rising again in 2020.¹¹

The Impact of the COVID-19 Pandemic

In March 2020 the COVID-19 pandemic began to impact Oregon, and the subsequent housing boom began. According to redfin.com, from the start of the pandemic in March 2020 through August 2021 median sales price went up by 24% and 21.5% over the last year (July 2020 – July 2021). Salem's increase was higher than both the Oregon and national averages of 18.8% and 19.5% respectively.

5. Affordable is defined as housing for individuals at 80% Area Median Income (AMI). Workforce is a broader term, that generally applies to housing for individuals from 60% Area Median Income to 120% of Area Median Income.

6. Our Salem – Report Card. <https://www.cityofsalem.net/citydocuments/final-our-salem-report-card.pdf>

7. Rent Burdened is defined as a household that pays more than 30% of their income on housing.

8. Severely Rent Burdened is defined as a household that pays more than 50% of their income on housing.

9. City of Salem Housing Needs Analysis 2015-2035

10. <https://www.zillow.com/salem-or/home-values/>

11. <https://www.zillow.com/salem-or/home-values/>

As shown in Table 1., the median house price in Salem is lower than other west coast cities but has increased significantly in the last year.¹²

Table 1. Median Housing Prices 2021

City	Median Housing Price	% Change in Last Year
Salem	\$399,500	+ 21.1%
Eugene	\$436,500	+ 21.3%
Vancouver	\$445,000	+ 14.1%
Sacramento	\$470,000	+ 27.4%
Olympia, WA	\$480,000	+ 20%
Portland	\$536,000	+ 10.5%
Bend	\$688,000	+ 27%
Seattle, WA	\$800,000	+ 5.3%
San Jose, CA	\$1.25 M	+ 16.3%

Housing prices will likely continue to rise as Salem's population grows. The City's Housing Needs Analysis forecasts Salem's portion of the UGB is expected to grow from 210,035 people in 2015 to 269,274 people in 2035, adding 59,239 people over the 20-year period.¹³ To accommodate this growth, the City is recommending policy changes to encourage more dense development in historically single-family zones and to make it easier to develop multi-family housing, particularly in and around downtown Salem and along streets with frequent transit service.¹⁴



Cornerstone apartments is an affordable housing community offering 1, 2 and 3 bedroom apartments in NE Salem.

12. www.redfin.com

13. City of Salem Housing Needs Analysis 2015-2035

14. Our Salem Draft Vision

The high cost of housing development is a multi-faceted obstacle to increasing overall supply. The cost to construct new housing continues to increase because of labor and material costs and supply shortages. Salem's lower rental and home prices also means developers profit margins are lower in Salem than in Portland or other similar cities, since development costs tend to be similar. Therefore, developers will likely need subsidies to address market challenges and increase the city's housing supply, particularly for affordable and workforce housing.

The City has several existing programs to offset the costs of housing and to incentivize the development of workforce and affordable housing:

INCENTIVE	DESCRIPTION
Multi-Unit Housing Tax Incentive Program (MUHTIP)	Up to 10-year incentive for multi-unit apartment developments. Unit affordability is not a requirement of the program.
Low-Income Rental Housing Property Tax Exemption Program (LIRHPTE)	Provides tax exemption on units rented by individuals at or below 60 percent of the area median income. This program is only eligible for non-profit owners or operators of low-income housing developments.
Salem Housing Authority Community Partners Property Tax Exemption Program	Provides a tax-exemption to incent the inclusion of affordable units in market rate developments. This program requires Salem Housing Authority to be designated as General Manager.
U.S. Housing and Urban Development HOME and CDBG Funds	These federal funds can be used to produce and preserve affordable housing as well as needed infrastructure. The City is an entitlement community and receives an annual allocation of HOME and Community Development Block Grant funding that it offers through an annual competitive grant cycle.
Urban Renewal Area Grants	Urban Renewal grants of up to \$300,000 are available to support multi-family housing in in the Riverfront Downtown, West Salem and North Gateway Urban Renewal Areas.
Jory Apartment TIF District	A single property District that provided a tax rebate to incentivize the addition of 36 affordable housing units within a 240-unit multifamily development. These units will be reserved for individuals earning an average of 60% of Area Median Income. Similar single property TIF districts can be created to support similar projects in other areas of the City.
Development incentives	Development incentives bring down the cost of affordable housing such as lower parking requirements, SDC waivers for affordable housing and ADUs, and fast-tracked permitting process.

Initiatives - Affordable & Workforce Housing

Tasks	Key Partners	UD Role
<p>1. Coordinate with and support the City Planning division on housing planning efforts including:</p> <ul style="list-style-type: none"> Adoption of the Housing Needs Analysis 2015 – 2035, planned to be adopted with the updated Comprehensive Plan. Development of the forthcoming Housing Production Strategy required by House Bill 2003. Housing initiatives described in Our Salem related to green building, energy efficiency, mitigating residential displacement and maintaining and rehabilitating existing housing stock. 	City of Salem Community Development	Support
<p>2. Identify redevelopment or infill development sites, especially within Urban Renewal Areas.</p> <ul style="list-style-type: none"> Support and encourage adaptive reuse of former retail spaces for affordable housing and uses that compliment housing. This could include master planning for development and reuse of downtown spaces. 	City of Salem Community Development City of Salem IT - GIS Development Community Consultants	Lead
<p>3. Explore new incentive programs including, vertical housing incentive, additional single property TIF Districts, a construction excise tax, and land banking.</p>	City of Salem Community Development City of Salem City Council Development Community	Lead
<p>4. Increase awareness of Salem's opportunities and incentives for building new affordable housing. Consider tools to get projects approved and built more quickly and at less cost to the developer.</p>	City of Salem Community Development Development Community	Collaborate
<p>5. Attract/encourage more developers and organizations that build and maintain affordable housing, including non-profit partners.</p>	Salem Housing Authority Housing developers Non-profit organizations	Collaborate

Employment Land & Redevelopment



Salem Business Campus is a City owned shovel ready industrial site located in SE Salem.

One of the primary objectives of economic development is to create and maintain middle and high-income jobs.

To do this, an adequate supply of suitable land is needed to support the growth of expanding businesses and recruit new businesses.

The City's 2014 Economic Opportunity Analysis states that the existing Urban Growth Boundary has enough land to accommodate employment growth.¹⁵ Most of the land is contained in the 500-acre Mill Creek Corporate Center and at the City owned 70-acre Salem Business Campus. Since the 2014 Economic Opportunity Analysis study was completed a significant amount of the land has been developed or is under contract.

At Mill Creek Corporate Center developers control all remaining parcels. Land in the Salem Business Campus is all under contract, with land sales planned for early 2022. When the land is developed, the City's ability to attract new traded sector employers, will be severely limited. Acquiring and preparing new industrial land to be development ready takes years and significant investment.

Citywide, industrial and commercial development activity has remained high throughout the pandemic. City permit data shows that from July 2020-June 2021 there were 85 permits for new industrial development totaling \$138M and 409 permits for alternation and additions to existing buildings totally \$238M.

15. Salem Economic Opportunities Analysis 2015-2035. <https://www.cityofsalem.net/CityDocuments/econorthwest-economic-opportunities-analysis-2015-2035.pdf>

Initiatives - Employment Land & Redevelopment

Tasks	Key Partners	UD Role
<p>1. Identify redevelopment or infill development sites, especially within the URA.</p> <ul style="list-style-type: none"> • Conduct an analysis of buildable lands with a focus on the urban renewal areas. Pursue an intern to formalize this research. • Contact property owners to gauge interest in developing sites. For willing and interested property owners, identify URA and other grant funding to assist with further defining and remedying site development constraints. • Pursue Environmental Protection Agency Brownfields Area-Wide Planning Program assessment funding to help prepare key sites for development. 	<p>City of Salem IT - GIS Real Estate community Business Oregon Property owners Environmental Protection Agency (EPA)</p>	Lead
<p>2. If buildable land research suggests a shortage of developable employment land, then coordinate with Community Development to initiate an Economic Opportunity Analysis (EOA) to identify and update industrial land needs.</p> <ul style="list-style-type: none"> • Conduct additional studies as needed to assess employment lands. 	<p>City of Salem Community Development City of Salem City Council Consultants</p>	Support
<p>3. Coordinate with Community Development on efforts to streamline the permitting process. Continue to be a city-based resource to local developers on projects.</p>	<p>City of Salem Community Development Development Community</p>	Support
<p>4. In response to the accelerated shift to online retail, encourage and pursue activities that support adaptive reuse of retail spaces, including major spaces downtown. Efforts may include master planning for the development and reuse of targeted areas.</p>	<p>Development Community Property owners Consultants</p>	<p>Lead Support</p>

Broadband & Technology

Quality broadband internet is essential infrastructure for many industries and a central component to a healthy economy. The requirements of social distancing and society's shift to a more remote life including work/school/services due to the pandemic has intensified the need for quality broadband.

This new ability for a significant portion of the workforce to work from anywhere provides the City an opportunity to attract workers from outside the area. It is also an important piece of creating more equitable outcomes. With more societal functions shifting to online, including education options, those that don't have access will not be included

The expansion and management of broadband internet is led by private Internet Service Providers and therefore the City's influence is limited. The initiatives in this Strategy, encourage the City to work with service providers on activities that to provide all residences and businesses the ability to easily connect to high quality broadband.

Initiatives - Broadband & Technology

Tasks	Key Partners	UD Role
1. Evaluate broadband service and speeds within the URAs and Citywide. <ul style="list-style-type: none">Consult with service providers on mapping, service gap identification and network expansion.	Internet Service Providers City of Salem IT Business Oregon and other agencies that support expansion of broadband	Collaborate
2. Consult with service providers on ways to achieve better rates and provide customers with higher quality broadband.	Internet Service Providers City of Salem URA Private users Business Oregon and other agencies that support expansion of broadband	Support
3. Continue to support the expansion of quality broadband. <ul style="list-style-type: none">Seek efficiency improvements in the existing broadband permitting process. Examples include, City franchise agreements, City ROW permits, single dig initiatives.Plan for future technologies and the equipment needed. For example, fixed wireless.	Internet Service Providers City of Salem Community Development Business Oregon Govt agencies that support expansion of broadband	Support

Business Retention & Expansion (BRE)

Business Retention and Expansion is about supporting and helping existing businesses meet their goals. The City contracts with SEDCOR to support BRE outreach with Salem's top 50 traded sector employers. City staff manage a BRE outreach program for smaller businesses, with less than 25 employees. The City continues to leverage its partnerships with organizations like SEDCOR, the Small Business Development Center, and the Willamette Workforce Partnership to support its BRE program.

Throughout the pandemic staff continued to be in close contact with Salem businesses. Good Business Retention and Expansion is predicated on good relationships and COVID-19 made keeping up those relationships challenging with some businesses. For example, those businesses City staff connected with through professional organizations, in person partner meeting, stop-ins, and tours. While Zoom is a great tool, it's just not the same as an in-person meeting.

COVID-19 has expanded the City's BRE focus to include non-traded sector businesses, including leisure and hospitality businesses like restaurants, retail and personal services. Prior to the pandemic, efforts were primarily focused on traded sector industries, those that offered good paying jobs, and brought money into the community.

While many traded sector businesses did relatively well the last couple of years, the pandemic has been brutal to leisure and hospitality businesses like retail, restaurants, and personal services. Many of these businesses are in the downtown core and need help. In addition, many of the grant programs were targeted to non-traded businesses. The result is that staff focused more time working with service industry businesses during COVID-19 than before and that will continue throughout the duration of the recovery.



Kettle brand potato chips being processed.



Beer making process at Gilgamesh Brewing.

Initiatives - Business Retention & Expansion

Tasks	Key Partners	UD Role
<p>1. Strengthen the City's Small Business Outreach Program (focused on businesses with less than 25 employees), including new methods for connecting with small businesses and understanding their individual needs and opportunities.</p> <ul style="list-style-type: none"> • Explore how best to generate our annual BRE outreach priorities. • Work with LBA to learn more about local Latino firms especially those looking for assistance to grow their businesses. Formalize partnership to assist with Latino business outreach. 	<p>SEDCOR Salem Chamber of Commerce Small Business Development Center Latino Business Alliance</p>	<p>Lead Collaborate</p>
<p>2. In partnership with SEDCOR, strengthen the City's Business Retention and Outreach Program for mid to large size employers, including annual visits with our top 50 employers.</p> <ul style="list-style-type: none"> • Share the results of our BRE work with City Council and the community using case studies, annual GROW booklet, videos, and more. • Tell the story of the businesses and products driving Salem's economy. 	<p>SEDCOR City of Salem Strategic Communications Team Consultants</p>	<p>Lead Collaborate Support</p>
<p>3. In response to COVID-19, the City's BRE focus has broadened to include main street leisure and hospitality businesses like restaurants, retail, and personal services. Those efforts will likely continue in coordination with Salem Main Street Association, Salem Chamber, and other partners.</p>	<p>Main Street Association Salem Chamber of Commerce Other small business partners</p>	<p>Collaborate Support</p>
<p>4. Support businesses working towards their Corporate Social Responsibility Goals.</p> <ul style="list-style-type: none"> • Research programs to help businesses reduce greenhouse gas emissions and achieve other sustainability goals. • Explore programs to support businesses affected by local, state or federal environmental initiatives, including the Salem Climate Action Plan. 	<p>Area businesses City of Salem Public Works, and others working on the Climate Action Plan</p>	<p>Support</p>

Entrepreneurship

The City and its partners continue to connect aspiring entrepreneurs with local and regional resources. There will be a continued focus on building the entrepreneurial ecosystem. The pandemic may have slowed some of the momentum that had been building prior to spring 2020, but this Strategy lays out actions for catalyzing those efforts once again.

One significant program that did launch in the last year was Mid-Valley Angel Fund, led by SEDCOR, OEN, and the Mid-Valley Venture Catalyst. Investors in the local area raised \$50,000 and invested it into three businesses, one of which was from Salem. A second round of over \$60,000 in funding was recently raised.



Matt Kuerbis, Owner of Hoss Soss, re-stocks his signature sauces at Roth's Grocery Store. The company received funding from the Mid-Willamette Angel Fund in 2020.



Parallel 45 located in NE Salem serves as a launching ground for Salem businesses.

Initiatives - Entrepreneurship

Tasks	Key Partners	UD Role
1. Foster the growth of small and emerging companies <ul style="list-style-type: none"> • Support programming and events where all start-ups and small businesses feel welcome and included • Meet with partners and area businesses to clarify the need for start-up and small business networking opportunities • If need confirmed, pursue re-establishing a CEO round table or similar for leaders in local start-ups to share problems, get advice, and strengthen relationships. 	SEDCOR Business leaders Area businesses	Collaborate
2. Explore re-developing the former Department of Motor Vehicle office at 2640 Portland Road. Past ideas for this site included an incubator space, commercial kitchen and on-site business mentoring.	Entrepreneur community Neighborhood groups	Collaborate
3. Support and partner with the Mid-Valley Venture Catalyst, SEDCOR and others to continue to foster the startup and entrepreneurial ecosystem. Events include business networking lunches, coffee clubs, pub talks, design sprints, hack-a-thons, pitch competitions trainings and speaker sessions.	SEDCOR Mid-Valley Venture Catalyst Salem Chamber of Commerce Small Business Development Center Business leaders Salem Capital Connections Investors	Collaborate
4. Develop a startup funding tool box that lists possible funding sources for new and growing businesses.	Agencies, non-profits, lenders and any other entities that have loans, grants, equity options and any other capital options for new businesses	Lead
5. Assist the existing Mid-Valley Angel Fund and other seed money opportunities. <ul style="list-style-type: none"> • Work with the Oregon Entrepreneurs Network (OEN) and Mid-Valley Venture Catalyst to promote and grow the existing Angel Fund. • Support efforts to develop a Latino/a/x Angel Fund. • Seek other start-up funds, including researching the viability of the Community Public Offering (Hatch Oregon) and/or partnerships with crowd funding platforms such as Republic. 	SEDCOR Mid-Valley Venture Catalyst Small Business Development Center Salem Capital Connections RAIN HATCH Oregon Entrepreneurs groups and others	Support
6. Increase engagement and support of underserved and aspiring entrepreneurs. <ul style="list-style-type: none"> • Seek opportunities in construction, retail, and food service. • Partner with the Venture Catalyst, SEDCOR, Capital Connections and SBDC on their efforts to launch a start-up weekend for underserved entrepreneurs and/or seed fund. 	SEDCOR Mid-Valley Venture Catalyst Salem Capital Connections Small Business Development Center Enlace Latino Business Alliance	Collaborate Support
7. Promote a culture of entrepreneurship among young people.	Willamette Workforce Partnership CTEC Salem-Keizer Public Schools Area Businesses	Support

Workforce Development

COVID-19 has transformed the workforce in many ways. The most notable changes being the shift to online work and the sudden increase in unemployment rate. Prior to the pandemic the country was experiencing very low unemployment rates. In February 2019, the Salem area unemployment rate matched the state and national averages of about 3.5%.¹⁶ A month into the pandemic the unemployment rate rose to 13.2% in Oregon and Marion County. Polk County was slightly lower at 12.8%. For reference, peak unemployment during the great recession was 11.3% in Oregon, 11.7% in Marion County and 9.8% in Polk County.¹⁷

In April 2020, Oregon's unemployment rate peaked at 13.2%, but quickly began to fall. The unemployment rate as of July 2021 is about 5.2% in Oregon, 5.3% in Marion County and 5.1% in Polk County.¹⁸ This quick drop in unemployment rate was much faster than after the great recession when it took about seven years to get back to the pre-recession unemployment rate.



CTEC, part of the Salem-Keizer school district offers professional and technical programs for Junior and Seniors in High School.

Oregon's unemployment rate was about 5.2% in July, but the unemployment rates and job losses were not equal across sectors. The Leisure and hospitality industry had the largest losses. Between February 2020 and July 2021, there was a 22% change in employment, meaning over 1 in 5 people working in that industry lost their job. In comparison, most industries only had a reduction of about 1-5%.¹⁹ Transportation and warehousing is the one industry that had an increase in employment of about 3%.²⁰

16. Oregon Employment Department. www.qualityinfo.org
17. Oregon Employment Department. www.qualityinfo.org
18. Oregon Employment Department. www.qualityinfo.org
19. Oregon Employment Department. www.qualityinfo.org
20. Oregon Employment Department. www.qualityinfo.org

In addition to some sectors fairing worse than others, some groups are also being unequally impacted by the pandemic.²¹ For example, there are higher rates of unemployment among underserved populations and women. In addition, lower income individuals have had higher rates of unemployment than higher earners. The result is that groups who were already struggling have had disproportionate negative impacts.²²

Employers are also having a hard time finding workers. Anecdotally, businesses have said they are not getting responses to their job posts and that when they do have potential employees, they are asking for untenably high wages.

The last topic in workforce is the need to consider the future generations of workers, those high school age and younger. The City will continue to partner with workforce organizations to support programs that give young people the chance to gain experience and explore career paths.



CTEC instructor and students in the Culinary program show off their latest creation.

21. Oregon Employment Department. *Disparate Impacts of the Pandemic Recession in Oregon*. <https://www.qualityinfo.org/documents/10182/13336/Disparate+Impacts+of+the+Pandemic+Recession+in+Oregon>
22. Oregon Employment Department. *Disparate Impacts of the Pandemic Recession in Oregon*. <https://www.qualityinfo.org/documents/10182/13336/Disparate+Impacts+of+the+Pandemic+Recession+in+Oregon>

The City will rely heavily on its workforce partners including Willamette Workforce Partnership, Chemeketa Community College, SBDC, and Oregon Employment Department on the following initiatives:

Initiatives - Workforce Development

Tasks	Key Partners	UD Role
<p>1. Through partnerships with local industry and the school district, foster opportunities for middle and high school students to learn about career opportunities in local industries. Consider creating apprenticeship programs, speaker panels, and mentorships for students.</p> <ul style="list-style-type: none"> Collaborate with the Economic Development Administration funded Northwest Ag Innovation Hub (SEDCOR) on this activity. Look into replicating existing area programs like, McMinnville WORKS Internship Program, Willamette Workforce Partnership – sidewalk construction program, Salem Chamber of Commerce- INSPIRE, and Department of Human Services programs. 	<p>SEDCOR CTEC Willamette Workforce Partnership Salem Chamber of Commerce Salem Capital Connections Area businesses</p>	<p>Support Collaborate</p>
<p>2. Include programs for vulnerable students, those who may not be eligible for CTEC due to grades and those not enrolled in school. For example, WWP has programming for non-school attending young adults between 16-24.</p>	<p>Willamette Workforce Partnership</p>	<p>Support</p>
<p>3. Focus efforts on actions that reduce barriers to work (childcare, transportation, livable wage) and increase childcare options for working families. For childcare look into the Oasis model launching in Yamhill County, a private-public partnership led by a local employer, to address childcare needs.</p>	<p>SEDCOR Salem Housing Authority Small Business Development Center Chemeketa Early Childhood Education Mid-Willamette Community Action Agency Willamette Workforce Partnership Regional employment agencies Marion Polk Learning Hub</p>	<p>Support Collaborate</p>
<p>4. Explore partnerships with Oregon Department of Employment to encourage opportunities for veterans, those leaving the prison system, and the underemployed, to find work. Identify Salem companies that may like to launch a pilot program.</p>	<p>Oregon Department of Employment Willamette Education Service District Willamette Workforce Partnership Chemeketa Apprenticeship Salem Businesses</p>	<p>Support Collaborate</p>

Recruitment

Nationally, approximately 60% of job growth comes from the expansion of existing businesses.²³ This is likely true in Salem too and why the City focuses so much on its BRE program. Recruitment activities are another area where job growth can occur, including by recruiting higher wage industries. Don Froylan Creamery is a recent recruitment, where the City was contacted directly by the company, and assisted them with site selection and support through to project completion, including with urban renewal grant assistance.

The majority of requests from companies looking for sites to locate and/or expand, come through Business Oregon, to the City and SEDCOR. Sometimes they come through local brokers or the City is contacted directly by a company. In the last year, most requests for information have been from companies looking for 50-100 acres or 5-10 acres of shovel ready land. Because most of Salem's shovel ready land at Mill Creek Corporate Center is now controlled by developers, the City and SEDCOR's role has shifted. When this land is developed it will take years to identify and prepare more employment land.

The City efforts on recruitment will continue to be coordinated with SEDCOR and our regional and state partners.

This Strategy identifies several actions to evaluate our existing recruitment strategy, assess land needs and respond to market changes.



Amazon's 1 million square foot distribution center located in SE Salem.



Don Froylan Creamery's new location in NE Salem. The public area features a quesadilla bar and viewing area to watch the cheese production.

23. Small Business Administration. https://www.sba.gov/sites/default/files/Job_Creation.pdf

Initiatives - Recruitment

Tasks	Key Partners	UD Role
1. Collaborate with regional economic development groups to keep Salem competitive which means having available land, grants/incentives, infrastructure funding and skilled workforce. Pursue industries that are well suited for Salem.	SEDCOR Chemeketa Center for Business & Industry Mid-Valley Economic Development Alliance Oregon Department of Employment Business Oregon Tribal representatives	Collaborate
2. Review the City's existing target industries and ensure programs still align with regional trends and industry needs. <ul style="list-style-type: none"> Ensure the City is positioned to help companies grow and modernize, especially for those in industries that are changing such as food and beverage and warehouse and distribution. Historically, these industries have been the City's largest employers. Assess workforce to determine if it still matches the City's target industries. Support growth of new companies throughout the supply chain. 	Oregon Department of Employment SEDCOR Chemeketa Center for Business & Industry Oregon Manufacturing Extension Partnership Business Oregon	Lead
3. Due to the acceleration of remote work, people have greater flexibility where they work. How do we position Salem to take advantage of this opportunity? How do we support businesses that are moving to a permanent remote work model?	Local businesses Willamette Workforce Partnership SEDCOR	Support Collaborate
4. Update the City's business marketing documents and value proposition. Increase the use of technology in marketing and informational materials.	SEDCOR Area Businesses Salem Capital Connections Consultants City of Salem Strategic Communications Team CTEC Video Communications	Lead
5. Strengthen our relationship with Business Oregon and other regional recruitment entities. Ensure we are meeting with them on a regular basis, and they have up to date information on Salem.	Business Oregon	Collaborate
6. Work with Oregon Economic Development Association (OEDA) and other Economic Development groups to advocate for more state funding for infrastructure and land readiness tools.	OEDA Other local jurisdictions and ED groups	Support

Marketing & Promotion

Many unique and important products are produced in Salem. Businesses highlight the importance of Salem's continued livability as key to attracting and retaining employees. Part of the Economic Development strategy will be to continue to define Salem's brand by highlighting the success stories of our businesses and show that Salem is a great place to live and do business.



Changtuh Corporation is producing Korean flavored soups in Salem.



Employees at Don Froylan Creamery pulling cheese to make authentic hand stretched Queso Oaxaca.

Initiatives - Marketing & Promotion

Tasks

1. Continue to refine and promote Salem's brand, in partnership with Travel Salem and others.
 - Weave the narrative of Salem and its businesses successes, and opportunities to inform future retention and recruitment efforts. This includes articulating the value of doing business in Salem, highlighting thriving industries, and local products.

2. Develop Salem quality of life videos, possible topics include, Doing Business in Salem, Salem Businesses and Products, and Lifestyle.

3. Share the voices and stories of underserved businesses and residents.

Key Partners

Regional economic development groups
Travel Salem
Salem Chamber of Commerce
SEDCOR
Salem Capital Connections
Area businesses

Area businesses

Micronesian Islander Community - Oregon
Latino Business Alliance
Area businesses
City of Salem Strategic Communications Team

UD Role

Collaborate

Lead

Lead
Collaborate

Appendix: Outreach Acknowledgements

Business Oregon - Broadband Internet Office

Dennie Houle
Chris Tamarin

Business Oregon - Recruitment

Jill Miles
Colin Sears

Capital Connections

Marin Arreloa

Chemeketa Small Business Development Center

Celia Nunez
Joanne Scharer

City of Salem - Community Development

Lisa Anderson-Ogilvie
Eunice Kim

Enlace

Amador Aguilar
Pedro Mayoral

Latino Business Alliance

Jose Gonzalez
Baltazar Molina
David Rheinholdt
Ismael Zuniga

Mano a Mano

Levi Herrera-Lopez

McKay High School

Aaron Johnson
Wendy Stradley

Micronesian Island Community - Oregon (MIC - Oregon)

Jackie Leung

Pineros y Campesinos Unidos del Noreste (PCUN)

Omar Alvarado
Cynthia Ramirez

Salem Housing Authority

Jessica Blakely
Lynette Brown
Melanie Fletcher
Kimmberly McBeth
Kalena Plath
Nicole Utz

SEDCOR

Erik Andersson
Alex Paraskevas

Willamette Workforce Partnership

Dean Craig
Suzie Gibson
Ami Maceira -McSparin
Kim Parker -Llerenas

Business Group - Entrepreneurs

Best Damn BBQ Sauce - Mike White
Better than Mama's - Joy Campos
Sandbox Games - Michael McCarthy Hoss
Soss - Matt Kuerbis
Uncle Troy's BBQ - Troy Campbell

Business Group - Food and Beverage

Divine Distillers - Jason Greenwood
Don Froylan Creamery - Francisco Ochoa
Fresh N' Local Foods - Evann Remington
Gilgamesh Brewing - Matt Radtke
Gilgamesh Brewing - Mike Radtke
Liv Bar - Wade Brooks
Oregon Fruit - Chris Sarles
Xicha Brewing - Matt Dakopolos

Business Group - Small Manufacturers

Barnwood Naturals - Bruce Wadleigh
Smith and Steel - Ric Smith
Sparrow Furniture - Thomas Berney

Enlace Cross Cultural Friday Night for Community Connection Public Meeting

Downtown Advisory Board

North Gateway Redevelopment Advisory Board

West Salem Redevelopment Advisory Board

