



Staff Report

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TO: Urban Renewal Agency Board

THROUGH: Steve Powers, Executive Director

FROM: Kristin Retherford, Director

SUBJECT:

North Gateway Urban Renewal Salem Community Food Study

Ward(s): Ward 5

Board Member(s): Board Member Ausec

Neighborhood(s): Northgate

ISSUE:

Information only.

RECOMMENDATION:

Information only.

SUMMARY AND BACKGROUND:

The Portland Road Action Plan (Action Plan) was completed in winter 2016 to identify funding priorities within the Portland Road Corridor (Corridor) of the North Gateway URA. The Action Plan identified opportunities to support and grow small business activity; provide small, flexible industrial/commercial space; and increase retail, restaurants, and other affordable food options. The Action Plan concluded that new food businesses could capitalize on the Corridor's existing local demand, good access to major roads, and the existing base of food production industries. The Action Plan recommended conducting a feasibility study to evaluate specific opportunities to increase food access, jobs, and economic activity, including a public market, food incubator, food hub or a combination.

On June 27, 2016, the Agency Board approved \$80,000 in North Gateway URA FY 16-17 funding to conduct the food feasibility study (later referred to as the "Salem Community Food Study"), along with other Action Plan projects. The Agency Board approved amendments to the North Gateway URA Plan to add Action Plan projects, including Section 601.c.13, to support food manufacturing and related businesses.

The Salem Community Food Study concluded in March 2017, following several months of outreach and analysis. Since March, staff met with project stakeholders and potential partners to discuss the recommendations and next steps. Several opportunities have emerged that staff are still exploring. If the Agency Board accepts the report and supports continuing this work, staff will return later this year with a more formal project proposal for:

- Development of a resource guide for start-up food/beverage related businesses, with assistance from MERIT and the Salem Small Business Development Center.
- Partnership to explore conversion of underutilized Marion-Polk Food Share kitchen to start-up food incubator, with support from NEDCO and other partners.
- Development of a North Gateway marketplace that includes public gathering space, affordable food access, retail, restaurant, farmers market, food carts, and small business incubation

FACTS AND FINDINGS:

The Salem Community Food Study (Attachment 1) evaluated three concepts and variations of the three. Of the three concepts evaluated, the most viable that also addresses the North Gateway URA and project goals is likely a hybrid “marketplace” that combines:

- 1. Food Business Incubator and/or Commercial Kitchen:** An incubator is a facility that supports the development of new companies. Many programs provide clients with a range of services including production facilities, business support services, access to capital, and other resources. A commercial kitchen is typically rented hourly but does not include the business support.

Findings: Many Salem organizations provide guidance for new entrepreneurs and small business owners, but none focus on food-related businesses, including expertise on production, permitting, marketing, and legal requirements specific to the industry. The number of food-related business startups is growing in Salem. An incubator could play an important role in supporting this sector. Successful incubators are often led by non-profit organizations and subsidized with grants and other sources. Several local individuals and organizations have expressed interest in collaborating to explore this concept further, including Neighborhood Economic Development Corporation (NEDCO), Marion Polk Food Share, MERIT, and the Salem Small Business Development Center. Successful food start-up businesses have expressed an interest in serving as mentors.

- 2. Public Market:** Several market concepts were evaluated, including year-round and seasonal markets with local and regional food producers, artisans, and community gathering spaces. A mobile farmers market, “seconds” market to offer local produce at a lower cost, and ways to enhance existing Portland Road area markets were also evaluated.

Findings: There is demand for community-oriented retail concepts along Portland Road that balance price, convenience, and novelty. Year-round public markets are difficult to sustain

financially and likely not a fit for Portland Road, unless combined with other new retail uses to draw visitors and generate rental income. Many surveyed, including neighborhood Spanish speakers, indicated interest in a public market or more food options that also include outdoor seating and community gathering space for events. Residents and employees in the area also expressed interest in unique offerings such as food trucks and ethnic foods.

- 3. Food Hub:** As defined by the United States Department of Agriculture, a food hub is a centrally located facility with a business management structure facilitating the aggregation, storage, processing, distribution, and/or marketing of locally/regionally produced food products. A food hub could improve access to fresh, local produce for residents while also helping Mid-Willamette Valley farmers strengthen their businesses.

Findings: Marion County has a strong supply base of many food products, but much of this food is not reaching local consumers. A food hub could strengthen connections in the Mid-Valley local food system. There is widespread interest from food producers in the services a food hub could provide, but buyers and producers may have different expectations of a food hub, and consumer demand may be lower than desirable. Although groups like the Mid-Willamette Valley Food Network are exploring support for a food hub there is presently no champion to spearhead the effort. Staff will continue to track interest in a local food hub in relation to broader City-wide economic development goals, but wait until an organization leader emerges before playing a more active role.

Concepts were evaluated based on their alignment with several North Gateway URA and project goals and community input. Community Food Study investment goals:

- Catalyze development in the Portland Road Corridor.
- Encourage growth of small, food-related businesses and entrepreneurs in the Corridor.
- Expand access to fresh, affordable food for neighborhood residents and employees.
- Create a destination for residents and employees with gathering space, food, and other goods.
- Attract people from outside the area with unique offerings of food, kitchen space, training/education, events, goods and/or services; strengthen Corridor identity.
- Support the local economy by providing access for farmers to larger retail and institutional markets; strengthen connections among growers, producers, and processors; raise awareness for the value of locally grown/processed foods.

Public outreach to solicit input on Food Study concepts included:

- Online and in person surveys, administered with help from Mano a Mano, were completed by 222 individuals, including 115 North Salem residents. Respondents included 105 English, 102

Spanish and 2 Russian-speaking respondents. Surveys were also distributed to more than 25 area agencies, including the Kroc Center, Latino Business Alliance, and area churches and area businesses and employers.

- Meetings were held at locations in the Portland Road Corridor, including with Hallman Elementary School parents, Enlace, and the Center 50+.
- Meetings were held with an advisory committee made up of small business support organizations, Latino and neighborhood organizations, Portland Road businesses, area farmers, and non-profits.
- Discussion occurred with potential partners to identify interest and potential roles, including Marion Polk Food Share, NEDCO, MERIT, the Small Business Development Center, and Oregon Department of Agriculture.
- Meetings with similar projects in the region, including the Portland Mercado, the Redd (Portland), and the Rockwood Rising project (Gresham).
- Ongoing involvement from the North Gateway Redevelopment Advisory Board (NGRAB). On August 3, 2017 NGRAB recommended the Agency Board accept the Food Study report and support staff moving forward with near-term recommendations.

Annie Gorski
Economic Development Manager

Attachments:

1. Community Food Study Report