



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 19-103

Version: 1

Date: 3/11/2019

Item #: 6. c.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Rutherford, Urban Development Department Director

SUBJECT:

Economic Development Quarterly Report

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Strong and Diverse Economy

ISSUE:

Information report of economic development activities for the second quarter of fiscal year 2018-2019.

RECOMMENDATION:

Information only.

SUMMARY:

City Council (Council) has requested quarterly economic development reports from the Urban Development Department associated with the goal to create a vibrant economy.

BACKGROUND:

Economic Indicators

New development and redevelopment projects are active citywide. According to the December 2018 report on building permit data from the City of Salem Community Development Department, there were 583 permits issued during the quarter with a total valuation of \$104,950,554. Among the total permits were 37 new commercial/ industrial permits with a total valuation of \$18,139,538.

Business Recruitment

During the quarter, the City and SEDCOR responded to five requests for information from site selectors or brokers with interest in developing at Mill Creek Corporate Center or the Salem Business Campus.

Additionally, staff hosted four national site selectors, for Project Harvest, to introduce them to the benefits of locating in our region as well as the Mill Creek Corporate Center site. Feedback received from the site selectors will help us continue to improve our business recruitment efforts. The site selectors represent businesses in a variety of sectors, including manufacturing, distribution, and value added food. We anticipate that the connections made will help generate additional business recruitment activity in the future.

Business Retention and Expansion and Startup Business Programs

During the quarter staff completed a business retention survey for launch in 2019, as well as research and meetings to improve our business retention efforts.

During the quarter staff outreached to more than 24 small and medium-sized businesses, including 10 mature businesses and 14 startup businesses, with a traded sector focus. Outreach continues to be intended to strengthen relationships between businesses and the City, connect businesses with available and appropriate resources, as well as help inform programs and policies. Staff outreach efforts led to six in-person interviews with businesses located in the North Gateway Urban Renewal Area (3), the West Salem Urban Renewal Area (1), as well as outside of the Urban Renewal Areas (3). A notable challenge mentioned during interviews was workforce availability and quality. Staff also attended four business-related networking events as well as five meetings with business-related partner organizations.

One of the companies that staff continues to work with is Liv Foods, Inc., maker of LivBar. LivBars are an all-natural, certified organic and allergen free superfood energy bar. The City has continued to strengthen its relationship with Liv Foods and provided support as they experience both rapid growth and popularity within the region as well as work to increase their product's presence on the national market.

The City's Site Reuse & Revitalization Program, funded by a U.S. EPA grant, contributed to one environmental site assessment this quarter. Another assessment project is pending. The City's \$400,000 EPA grant is expected to be drawn down by early to mid-2019. Staff will explore applying for additional funding at the end of 2019, given the continued demand from property owners.

Urban Renewal Area (URA) Grants

URA grants continue to encourage private investment in development and redevelopment for the benefit of the community.

For the West Salem URA, construction has commenced on a state of the art commercial health clinic located on Patterson St NW intended to provide physical rehabilitation and injury prevention services to the community. Three buildings off of Glen Creek Rd NW and Wallace Rd NW are nearing

completion and will house tenants like Gilgamesh Brewing, MudBay, and others. Equipment installation and building expansion improvements are also progressing at West Salem Machinery. To date, there have been nine redevelopment grants issued at an average grant amount of \$140,000, \$1.2 million total, matched by over \$20 million in private investment helping create more than 140 jobs.

Additionally, during the quarter the Riverfront-Downtown URA committed \$435,000 across four projects valued at over \$2.78 million. The North Gateway URA also committed \$975,000 across six projects valued at \$1.95 million.

Airport Business Plan

In an effort to plan proactively for the future operations, business, and development needs/opportunities at the Airport, staff began development of an Airport Business Plan in early 2018. After a variety of meetings with stakeholders in 2018, staff is now collecting specific Airport property information to better prepare vacant acreage for development. Staff expects to have a draft Plan available for review and feedback by mid-2019, and will then focus efforts on development of a marketing strategy for vacant land at the Airport.

The Salem Airport has existed in the community since 1929 and today remains a hub of general aviation, corporate, and military activity. The airport is situated on 750+ acres of land with nearly 200 locally-based aircraft, and over 100 private and commercial tenants, including several businesses that total more than 600 jobs. Business activity on the airport contributes over 1,200 aviation related jobs and is estimated to generate over \$220 million of business sales both on and off the airport. Approximately 70 acres of vacant land is available for development on the airport property.

Christopher Drobnicki
Program Manager I

Attachments:

1. None