



**Staff Report**

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**TO:** Mayor and City Council  
**THROUGH:** Steve Powers, City Manager  
**FROM:** Kristin Retherford, 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 third 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. This report includes activity from January 1 through March 31, 2019.

**BACKGROUND:**

***Economic Indicators***

New development and redevelopment projects are active citywide. According to the City's March 2019 report, there were 478 permits issued during the quarter with a total valuation of \$76,019,830. During the same period last year, there were 589 permits with a valuation of \$121,524,094. Among the total permits from January 1 through March 31, 2019, there were 14 new commercial/industrial permits with a total valuation of \$13,087,303. During the same period last year, there were 32

commercial/industrial permits with a total valuation of \$29,107,796.

### ***Business Recruitment***

During the quarter, the City and SEDCOR responded to eight requests for information from site selectors or brokers with interest in developing at Mill Creek Corporate Center or the Salem Business Campus. Staff attended the Natural Products Expo West tradeshow in Anaheim, California, as a Team Oregon participant. Team Oregon is a collaboration of cities, counties, state agencies, and economic development organizations, supported by the Oregon Economic Development Association (OEDA), to facilitate business recruitment to the state and region, as well as retention. Oregon Fruit participated in Team Oregon's booth, along with five other Oregon food companies, to connect with new food buyers and distributors. Staff connected with seven other Salem food companies while at the show, including their corporate leadership, as well as companies looking for west coast expansion for possible future recruitment.

### ***Business Retention and Expansion and Startup Business Programs***

During the quarter, staff outreached to more than 156 small and medium-sized traded sector businesses, including more than 29 startup businesses. Outreach efforts included 24 in-person meetings/connections with businesses. Staff also attended five business-related networking events, two tradeshows, and 13 meetings with business-related partner organizations. Outreach continues to focus on strengthening relationships between businesses and the City, connecting businesses with available resources, as well as receiving feedback to inform future programs and events.

Some of the meetings this quarter were with creative and technology focused businesses. There is a growing cluster of creative businesses in downtown, including those focused on marketing, design, film, and print media. The renovated Gray Building includes companies like House of Huckleberry, Tailwind Visuals, Ponderosa and Thyme, Bigwig Donuts, in addition to a photography studio and co-working space. Many of these businesses are collaborating. All Around Project, also downtown, films and produces 360 video for virtual reality formats. The City's 2019 GROW booklet (Attachment 1) highlights many of the businesses the City has assisted. This booklet is updated annually.

With expanding co-working spaces, meet-ups, and business networking events, there are more ways for Salem businesses to connect, including those in the technology sector. Staff met with leaders of two popular technology meet-ups this quarter- the "Hack Salem!" networking group, which has over 750 listed members, and the "Willamette Valley Software Engineers" networking group, which has over 350 listed members.

### ***Site Reuse and Revitalization Program***

During the quarter, the City's contractor with the support of City staff completed an EPA-approved archaeological report for on-site work which was completed during the previous quarter. The City's \$400,000 EPA grant is expected to be drawn down by mid-2019. Given the continued demand from property owners, staff will explore the feasibility of applying for additional funding at the end of 2019. Since the Program's inception, 27 Phase I and Phase II Environmental Assessments and cleanup/redevelopment planning projects have been completed to assist property owners with property re-use, sale, and redevelopment.

### ***Urban Renewal Area (URA) Grants***

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

Regarding the Riverfront-Downtown Urban Renewal Area (RDURA), more than \$1.35 million of RDURA Capital Improvement Grant funds were committed to seven projects valued at \$2.46 million during the quarter. Funds were used to leverage private investment for improvements to support business recruitment, upper floor building renovations, and business expansion. In February 2019, the Agency Board approved the Strategic Project Grant to support the goals of addressing homelessness within the RDURA by providing grant funds for building and property improvements that help with crime prevention, security, and safety. Eligible projects include fencing, trash/recycling enclosures, lighting, façade improvements, and security cameras. Two Strategic Project Grants totaling \$55,667 were issued during the quarter.

Significant updates for the West Salem URA will be provided for 4Q FY 18-19. In the North Gateway URA, funding has not been/is not currently available and therefore had no respective activity during the quarter. The Department continues to receive inquiries regarding the program and additional funds may be allocated for summer 2019.

Christopher Drobnicki  
Program Manager I

Attachments:

1. GROW Booklet