



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

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TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Rutherford, Urban Development 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 first and second quarters of fiscal year 2020-2021.

RECOMMENDATION:

Information only.

SUMMARY:

City Council requested economic development reports from the Urban Development Department associated with the goal of creating a vibrant economy. This report includes activity from July 1 through December 31, 2020.

BACKGROUND:

Economic Indicators

New development and redevelopment projects were active citywide. According to City of Salem (City) permit reports, there were 597 issued during the months of July, August, and September with a total valuation of \$152,943,286. During the same period last year, there were 539 permits with a valuation of \$98,116,329. Included in the total permits for the quarter were 19 new commercial/industrial permits with a total valuation of \$19,001,578. During the same period last

year, there were 15 commercial/industrial permits with a total valuation of \$26,418,929.

COVID-19 Business Assistance

Since March, Economic Development staff have been communicating regularly with small businesses and start-ups in Salem, helping businesses connect with personal protective equipment (PPE), training, funding, and other assistance. By the end of 2020, staff were communicating regularly with more than 400 small businesses. From July through October, the City disbursed approximately \$320,000 in grant funding for small business and 501.c3 non-profit organizations, including Business Oregon grant funding. Most grants were issued to businesses with seven or fewer employees.

The City created the Summer Streets Program to expand outdoor seating options for downtown eating and drinking establishments. In October, the City launched a streamlined process for obtaining temporary outdoor coverings or tents to expand customer seating through the winter. Tents larger than 400 SF require a patio covering permit. Tents less than 400 SF typically do not require a permit, but instead a certification form that illustrates that needed safety and access requirements are met. Staff across several departments, including Fire, Community Development, Public Works, and Urban Development, continue to coordinate to simplify these processes for businesses.

In November, an additional \$200,000 was approved for a new program to help businesses maintain or expand outdoor seating for customers and/or employees through the winter months. Staff received 56 eligible applications for purchase of temporary outdoor coverings and heaters. Administration of this program and disbursement of funding is expected into early January. Staff also connected businesses with grant opportunities available through Central Willamette Credit Union, Marion County, Polk County, Business Oregon, and Willamette Workforce Partnership.

Business Retention and Recruitment

Businesses continue to show interest in the Salem Business Campus and the Mill Creek Corporate Center. The subdivision for the Salem Business Campus has been modified to reflect City Council's charge to balance development lots with Oregon white oak conservation areas. There are purchase and sale agreements in place on nearly 20 acres and staff are proceeding with the design of Gaia Street SE to accommodate new development.

From July 1 to December 30, 2020, staff and SEDCOR responded to 13 inquiries from site selectors and brokers regarding new business or expansion of existing businesses locating at the Mill Creek Corporate Center or Salem Business Campus. To meet the demand for new development, a new internal road, Truax Dr SE, has been constructed off Aumsville Highway SE to improve circulation and access in the corporate center. The sewer conversion project is also complete, and progress continues with the establishment of a new 26-acre wetland to serve as wetland mitigation and stormwater support for the surrounding parcels.

Other Economic Development Projects

On September 14, 2020, Council received an informational report about the City's Economic Development Strategy Update, currently underway. Economic Development staff completed the first phase of meetings with partner organizations and individuals in early December. This included

meetings with Willamette Workforce Partnership, the Latino Business Alliance, Pineros y Campesinos Unidos del Noroeste (PCUN), Marin Arreola, Business Oregon, McKay High School, Oregon Micronesian Island Community, Salem Housing Authority, Chemeketa Small Business Development Center. Meetings and outreach will include into 2021, including with businesses from different industries.

Urban Renewal Area (URA) Grants

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

In the Riverfront-Downtown URA, more than \$230,000 of capital improvement grant funds were committed to four projects totaling around \$690,000. Funds were used to leverage private investment for tenant improvements to help recruit two new businesses into downtown.

The Urban Development Department is finalizing its calendar year annual report on urban renewal. It highlights some of the projects made possible through grant funds, along with the correlating growth in assessed values. Urban renewal has also been critical in historic preservation and the expansion of affordable housing.

Tory Banford
Project Manager

Attachments:
None.