



Staff Report

File #: 17-394

Version: 2

Date: 8/14/2017

Item #: 3.3c.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Department Director, Kristin Retherford

SUBJECT:

Kuebler Boulevard Improvement Agreement between the City of Salem and the Oregon Department of Administrative Services in support of Mill Creek Corporate Center development

Ward(s): Ward 3

Councilor(s): Councilor Nanke

Neighborhood(s): Southeast Mill Creek Association

ISSUE:

Authorize the City Manager to execute the attached Improvement Agreement with the Oregon Department of Administrative Services to formalize responsibility for approximately 2,700 feet of Kuebler Boulevard SE improvements along the Mill Creek Corporate Center frontage and issue a Partial Release of Constructional Deferral Agreement to DAS and the future property owner, after closing on the sale of Site A of the Corporate Center?

RECOMMENDATION:

Authorize the City Manager to execute the attached Improvement Agreement with the Oregon Department of Administrative Services (DAS) to formalize responsibility for approximately 2,700 feet of Kuebler Boulevard SE improvements along the Mill Creek Corporate Center frontage and issue a Partial Release of Constructional Deferral Agreement to DAS and the future property owner, after closing on the sale of Site A of the Corporate Center.

SUMMARY AND BACKGROUND:

The DAS, City of Salem (City), and Urban Renewal Agency executed an Intergovernmental Agreement (IGA) in 2005 to coordinate implementation of the Salem Regional Employment Center development program (later referred to as the "Mill Creek Corporate Center"), including financing of required on and off-site infrastructure. The Mill Creek Industrial Park Urban Renewal Area was formed in 2005 to help finance off-site infrastructure to support development. Improvements to

Kuebler Boulevard SE are contemplated in the IGA and identified requirements in the Urban Growth Area permit and subdivision decision for the property, as well as the partition plat recorded for Site A of the Corporate Center, north of Aumsville Highway.

Traffic volumes did not warrant the need for widening Kuebler Boulevard in 2009, when Home Depot developed. To allow the development to move forward and satisfy conditions of the Site A partition plat, the City and DAS executed a Construction Deferral Agreement (Attachment 1). The Deferral Agreement formalized DAS responsibility for the Kuebler Boulevard improvements related to Site A, approximately 4,000 feet from the Highway 22 bridge to 1,200 feet south of Aumsville Highway (Attachment 2). A portion of the Kuebler improvements referenced in the Deferral Agreement were constructed in 2013, along with construction on Aumsville Highway. There is approximately 2,700 feet of improvement associated with the Deferral Agreement that still needs to be constructed in the future.

The City and DAS would like to formalize responsibility now for the remaining 2,700 feet of Kuebler improvements for two reasons. First, because the full widening from the Highway 22 bridge south to Turner Road SE is not anticipated for a minimum of five years; and second, because DAS is negotiating the sale of the remaining 90 acres of the Site A property which is currently subject to the Construction Deferral Agreement. The prospective purchaser has requested that the Deferral Agreement be removed from the title at the time of purchase. An executed improvement agreement (Attachment 3) is needed to satisfy the terms of the Construction Deferral Agreement and remove it from the title. If the Improvement Agreement is executed the City will issue a Partial Release of Construction Deferral Agreement (Attachment 4) to DAS and the future owner.

FACTS AND FINDINGS:

The recommended Kuebler Boulevard Improvement Agreement (Attachment 3) specifies that the DAS shall transfer funding to the City for the construction of the improvements and the City shall complete, or cause to be completed (utilizing a contractor), the improvements. The City will continue to monitor traffic patterns on Kuebler Boulevard SE and determine when these and the full length of improvements between the Highway 22 bridge and Turner Road SE are needed. To save cost and improve construction efficiencies, the City will oversee construction of the full length of Kuebler Boulevard SE improvements concurrently rather than phasing the project.

Annie Gorski
Economic Development Manager

Attachments:

1. Attachment 1 - Construction Deferral Agreement
2. Attachment 2 - Map
3. Attachment 3 - Kuebler Boulevard Improvement Agreement
4. Attachment 4 - Partial Release of Construction Deferral Agreement