



Staff Report

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Date: 9/25/2017

Item #: 4.3a.

TO: Urban Renewal Agency Board

THROUGH: Steve Powers, Executive Director

FROM: Kristin Retherford, Urban Development Director

SUBJECT:

North Gateway Urban Renewal Area Grant Exception for the Salem-Keizer Career Technical Education Center.

Ward(s): 5

Board Member(s): Ausec

Neighborhood(s): Northgate

ISSUE:

Shall the Agency Board approve an exception to the 50% required applicant match included in the North Gateway Urban Renewal Grant Program Policies to facilitate the use of an existing \$2 million grant for design, engineering, and construction of building and site improvements to support the continued expansion of CTEC, located at 3501 Portland Road?

RECOMMENDATION:

Approve an exception to the 50% required applicant match included in the North Gateway Urban Renewal Grant Program Policies to facilitate the use of an existing \$2 million grant for design, engineering, and construction of building and site improvements to support the continued expansion of CTEC, located at 3501 Portland Road.

SUMMARY AND BACKGROUND:

Adoption of the staff recommendation will authorize an exception to the 50% applicant match requirement included in the North Gateway Urban Renewal Area (URA) Grant Program Policies in order to facilitate the use of the Career Technical Education Center's (CTEC) existing \$2 million grant award.

The recommendation conforms to the North Gateway URA Program Policies with the exception of the total \$2 million grant award which was previously approved by the Agency, and the exception to the 50% match requirement.

On July 10, 2017, the Agency Board approved a North Gateway URA Grant Program Policy exception to fund a \$2 million grant. The current estimated cost for full buildout of CTEC is \$19 million; nearly \$14 million has been raised to date. CTEC has also been awarded funds from the State of Oregon that are specific to Phase 5. As a result, CTEC is requesting all \$2 million of previously approved Agency grant funds be applied primarily to Phase 4 costs. The total cost for Phase 4 is \$2.9 million.

The North Gateway URA Grant Program Policies require applicants to provide a 50% match for every dollar the Agency provides. CTEC is asking for an exception to this policy; CTEC is requesting the Agency provide 70% of the cost of Phase 4 improvements, up to the \$2 million previously awarded (Attachment 1). If there are grant funds remaining after Phase 4 is complete, CTEC is requesting they be used for Phase 5.

CTEC, the Career Technical Education Center, is a joint venture between Mountain West Career Education Technical Center LLC (Mountain West) and the Salem Keizer School District (School District). In 2014 Mountain West purchased the 150,000 square foot Neilsen Manufacturing complex on Portland Road with a vision for partnering with the school district to open a career technical education center. Mountain West owns the facility and leases it to the School District for \$1.00 per year. CTEC opened to students in 2015 with the goal of continuing to expand program offerings through several phases:

- Phase 1: Manufacturing and Construction, (Completed 2015)
- Phase 2: Cosmetology and Digital Design, (Completed 2016)
- Phase 3: Drone Technology and Auto Repair, (Completion September 2017)
- Phase 4: Law Enforcement and Business Leadership, (Completion September 2018)
- Phase 5: Agri-Science and Culinary Arts, (Completion 2019)
- Phase 6: Professional Development Center, (Completion 2019)

Upon completion of the full CTEC build-out in 2019, the center is expected to serve 1,100 11th and 12th grade students each year, add at least 60 jobs, and bring over 50,000 adults annually to meetings/trainings in the Professional Development Center. The goals of CTEC are consistent with the goals and priorities identified in the Portland Road Corridor Action Plan, including reducing blight and improving economic conditions.

FACTS AND FINDINGS:

The NGURA Grant Program Policies contains specific grant criteria. The section below provides findings with respect to the Grant Program Policies.

Section 1: Award Terms

Policy: A 50% match is required by the applicant.

Finding: CTEC is requesting an exception to this policy, asking that the Agency fund 70% of Phase 4 costs, with the applicant providing a 30% match.

Section 2: Eligible Recipient

Policy: Grant awards are limited to property owners or tenants with an executed lease and written consent of the property owner. Non-profit entities are not eligible for grants.

Finding: Mountain West is a for-profit LLC which owns the property and facilities associated with CTEC and in turn leases portions to the Salem Keizer School District. Once CTEC is fully built out, it will be leased to the school district and will come off the tax rolls; this is expected to occur in 2020. Until that time, Mountain West will continue to pay property taxes. Under the terms of Section 2, the Mountain West request conforms to the grant policy.

Section 3: Eligible Property

Policy: Properties eligible for grant awards must be located within the North Gateway URA, and must be "industrial, commercial, or mixed use."

Finding: The CTEC facility is located at 3501 Portland Road in Salem within the North Gateway URA.

Finding: City of Salem zoning shows the site to be zoned as General Commercial. Allowable uses within the zone include; basic education, warehouse, distribution, and general manufacturing. CTEC provides basic education and training in construction and manufacturing on the site. CTEC is a workforce training program whose students are preparing for careers in technical education programs. The facility is used for hands-on learning of technical skills. Students learn basic construction skills which have been utilized at off-site projects constructing homes. Students in the manufacturing program learn machining, welding, and metal fabrication skills which are sometimes used to fill "orders" for products which are manufactured on-site.

Under the terms of Section 3, the Mountain West request conforms to the grant policy.

Section 4: Eligible Grant Activities

Policy: Grant Program Policies list eligible grant activities:

- Restoration or rehabilitation to face of a building that is in public view
- HVAC, electrical, plumbing repair or replacement
- ADA accessibility improvements
- Environmental Remediation

- Building Permit and Design Review Fees (not exceeding \$1,500)
- New Construction
- Repair or replacement of items required to address zoning, building, fire code, or seismic deficiencies
- Demolition in conjunction with an approved project

Finding: Mountain West proposes to use the funds for new construction and redevelopment of the existing structures to accommodate the addition of law enforcement and business leadership programs. The proposed use of funds falls within the list of eligible grant activities. Under the terms of Section 4, the Mountain West request confirms to the grant policy.

Renee K Frazier
Financial Services Supervisor

Attachments:

1. City of Salem Exception Letter