



Staff Report

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TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Kristin Retherford, Urban Development Department Director

SUBJECT:

Fiscal year 2017-2018 economic development update

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods

ISSUE:

Information report on economic development activities for the first quarter of fiscal year 2017-2018

RECOMMENDATION:

Information only.

SUMMARY AND BACKGROUND:

City Council (Council) has requested quarterly economic development reports from the Urban Development Department associated with Council's goal to create a vibrant economy. This quarterly update concentrates on infrastructure projects, business retention and recruitment, planning efforts that will eventually transition to implementation of construction projects that will further revitalize the community, and grants that help local businesses expand.

FACTS AND FINDINGS:

Planning and Construction Projects Focused on the Community

Urban renewal projects predominantly benefit the community and local businesses. Several projects have either been completed or are underway since the last update.

Those who visit Salem's downtown now enjoy the additional connectivity of the iconic Peter Courtney

Minto Island Bridge. Construction was completed this summer, and the bridge formally opened in August. Residents and visitors now have access to the three downtown major parks and more than 20 miles of off road trails. Also this summer, Oregon artists unveiled two downtown murals; the Mirror Maze, by Damien Gilley, located on the short rounded wall in the alley between Commercial St NE and Liberty St NE, and the Waldo Stewards, by Blaine Fontana, located on the exterior of the east stairwell of the Chemeketa parking structure.

The majority of the Salem Convention Center debt will be paid off soon and Riverfront-Downtown urban renewal resources will shift to the next priority projects. Downtown groups and the City's Urban Renewal Agency (Agency) have determined that connectivity around the area and to the parks and Willamette River need to be improved. The Urban Development Department issued a formal request for proposal solicitation and selected a consulting firm with expertise in this area. Among the five applicants, Walker Macy was chosen based on their background in streetscape, landscape architecture, planning, civil engineering, transportation, and related professional resume.

Following the construction of a portion of 2nd St NW, improvements to West Salem parks, and the erection of wayfinding signs, the Agency adopted the West Salem Business District Action Plan to prioritize the next projects in the West Salem Urban Renewal Area. Among them is the West Salem Business District Zoning Code Clean-up project (Zoning Project). The effort is intended to streamline zoning regulations along Edgewater St NW, 2nd St NW, and Wallace Rd NW by removing overlay zones and creating single zones that contain more flexibility for commercial and mixed-use development. The Zoning Project commenced in the spring with stakeholder interviews and meetings with West Salem groups. Zoning concepts have been shared with the community, and there will be a West Salem Redevelopment Advisory Board meeting at the West Salem Roth's Fresh Markets on October 18 to share the zoning details and seek feedback.

Streetscape design is underway for Portland Rd NE between Bill Frey Drive NE and Hyacinth St NE. The design follows the recommendations of the Portland Road Corridor Action Plan by incorporating cross walks, sidewalks, street trees, and other improvements to the corridor. Preliminary designs are complete, and staff will be sharing the information with the North Gateway Urban Renewal Advisory Board, area groups, and property owners.

Multiple buildings are under construction at the Mill Creek Corporate Center, where coordination with regional partners, responsiveness of internal departments, and urban renewal funds for infrastructure projects have been critical. The Strategic Economic Development Corporation (SEDCOR) report will provide more details in their annual report during tonight's Council meeting.

The Salem Municipal Airport received notice in August of a \$3.3 million grant award from the Federal Aviation Administration to mill and overlay the primary runway. Construction is anticipated for next summer. A new 12,000 square foot private hangar is under construction on the south side of the airport and it should be complete this fall.

Focused on Local Businesses

The Small Business Retention and Expansion Program started in 2016 with a focus on businesses in the North Gateway Urban Renewal Area, and it expanded citywide in 2017. Staff average around 25

visits with traded sector businesses per quarter and connect them with resources to help them succeed.

Local businesses are incentivized to invest in Salem through grant programs available to help with new development and redevelopment projects in the Riverfront-Downtown, West Salem, and North Gateway Urban Renewal Areas. Each area is experiencing considerable growth to the extent that a combined total of approximately \$876,000 in grant funds have been committed on projects this quarter leveraging a combined total private investment exceeding \$2.5 million.

Among these projects is an industrial building located at 576 Patterson St NW that was vacant for two years and is being improved to house Xicha Brewing. Xicha Brewing will manufacture their product at this new location, and they will also have a dining space. Mid construction they encountered a lead contamination crisis that warranted an immediate response. Adjacent businesses were also affected. The Agency responded with additional grant funds so the property owner could quickly and thoroughly remedy the situation so displaced businesses could return and construction could continue. The project is nearly complete with an anticipated opening on November 3, 2017.

More information about City of Salem Urban Renewal may be found here:
www.cityofsalem.net/urban-renewal <<http://www.cityofsalem.net/urban-renewal>>

Tory Banford
Project Manager

Attachments:
1. None.