



## Staff Report

**File #:** 18-16

**Version:** 1

**Date:** 1/22/2018

**Item #:**

**TO:** Mayor and City Council

**THROUGH:** Steve Powers, City Manager

**FROM:** Kristin Retherford, Urban Development Department Director

### **SUBJECT:**

Enterprise Zone Boundary for the Mill Creek Corporate Center

Ward(s): Ward 3

Councilor(s): Councilor Nanke

Neighborhood(s): SEMCA Neighborhood

### **ISSUE:**

Shall City Council adopt Resolution No. 2018-5 authorizing the City Manager to apply to the Oregon Business Development Department to change the existing City of Salem Enterprise Zone boundary to include the remaining 285 acres of development land on phases 1A, 2A, and 2B of the Mill Creek Corporate Center?

### **RECOMMENDATION:**

Adopt Resolution No. 2018-5 (Attachment 1) authorizing the City Manager to apply to the Oregon Business Development Department to change the existing City of Salem Enterprise Zone (Enterprise Zone) boundary to include the remaining 285 acres of development land on phases 1A, 2A, and 2B of the Mill Creek Corporate Center (Corporate Center).

### **SUMMARY AND BACKGROUND:**

The City of Salem (City), Urban Renewal Agency of the City of Salem (Agency), and the State of Oregon made significant progress on infrastructure and wetland construction projects in the Mill Creek URA. New businesses have acquired property, constructed facilities, and added jobs. The Enterprise Zone has been an instrumental incentive to the construction of new buildings and business operations in all phases of the Corporate Center. A change to the Enterprise Zone boundary to include all of the Corporate Center would increase the competitiveness of the remaining sites for new business development and job creation. Including the remaining land will advance the Mill Creek Industrial Park Urban Renewal Area Plan goals to stimulate the development of a broad mix of

compatible employment uses that strengthen the economic base of Salem.

The Enterprise Zone provides a temporary property tax abatement of three to five year, depending on the level of investment, to eligible businesses. The majority of businesses locating operations at the Corporate Center have sought the incentive to make their business expansion efforts viable. Without the incentive, the Corporate Center would be at a disadvantage when costs are evaluated in the early stages of the site selection process between multiple sites throughout Oregon and nationally.

## **FACTS AND FINDINGS:**

The Enterprise Zone is on properties in the West Salem URA, Fairview URA, North Gateway URA, and McGilchrist URA, comprising an area of seven square miles. Oregon Revised Statute allows for no more than a total of 12 square miles of Enterprise Zone (ORS 285C.090) within a city. The recommended change increases the Enterprise Zone by .45 square miles.

The remaining acreage at the Corporate Center is under State ownership and is exempt from property tax. As land is sold or leased for private development, the land becomes subject to property tax assessment. City Council approved the Enterprise Zone on 150 acres of the Corporate Center in 2012 and 2013 and 57 acres 2016. More information is in the attached Mill Creek Corporate Center master plan phases map (Attachment 2).

The Enterprise Zone incentive is available to business that create jobs in the Enterprise Zone. Developers of land and buildings are not eligible for an Enterprise Zone tax abatement. The Enterprise Zone incentive temporarily impacts tax increment collections within the Mill Creek URA. The value of the new buildings and equipment will increase the tax increment once the tax abatement period expires.

Financial modeling indicates sufficient tax increment revenues are available to meet loan debt service requirements for capital infrastructure projects that have been constructed. Expansion of the Enterprise Zone will have no negative fiscal impact to the City of Salem General Fund or any other taxing jurisdictions, because any property tax revenue abated through the expanded Enterprise Zone would go to the URA as tax increment.

Tory Banford  
Project Manger

### **Attachments:**

1. Resolution No. 2018-5
- 2 Master Plan Phases Map