



Staff Report

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Date: 4/22/2019

Item #: 3.3d.

TO: Urban Renewal Agency Board
THROUGH: Steve Powers, Executive Director
FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Exception to the North Gateway Urban Renewal Area Grant Program Policies for building and site improvements at the Salem-Keizer Career Technical Education Center (CTEC)

Ward(s): 5

Board Member(s): Ausec

Neighborhood(s): North Gate

Result Area(s): Strong and Diverse Economy; Welcoming and Livable Community

ISSUE:

Shall the Agency Board approve a North Gateway Urban Renewal Area grant exception request for \$400,000 for the construction of building and site improvements to support the completion of CTEC, 3501 Portland Road, and authorize a \$400,000 grant award?

RECOMMENDATION:

Approve a North Gateway Urban Renewal Area grant exception request of \$400,000 for the construction of building and site improvements to support the completion of CTEC, 3501 Portland Road, and authorize a \$400,000 grant award?

SUMMARY:

The North Gateway Urban Renewal Area Advisory Board recommended approval of a \$400,000 grant and an exception to the grant policy at its October 4, 2018 meeting

The current estimated cost for full buildout of CTEC is \$19 million, and fundraising efforts to secure the last needed funding are underway (Attachment 1). CTEC's request (Attachment 2) of \$400,000 exceeds the current \$300,000 grant limit for the NGURA Toolbox Grant Program. The funds will be used for new construction to accommodate the addition of agri-science and culinary arts programs.

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.

Section 1: Award Terms

Policy: Grant awards are limited to \$300,000 for interior and exterior improvements. A 50% match is required by the applicant.

Finding: The \$400,000 request exceeds the \$300,000 grant limitation.

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. The school district has submitted a letter of support for the request made by Mountain West for the CTEC facility (Attachment 3). 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 NGURA, and must be "industrial, commercial, or mixed-use".

Finding: The CTEC facility is located at 3501 Portland Road in Salem within the North Gateway Urban Renewal Area (Attachment 4). The map shows CTEC is within these boundaries.

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 and basic construction skills. Students in the manufacturing program learn machining welding and metal fabrication skills.

Students will 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 to accommodate the addition of agri-science and culinary arts programs. The proposed use of funds falls within the list of eligible grant activities. Under the terms of Section 4, the Mountain West request conforms to the grant policy.

Conclusion: Based on the above findings the Mountain West request conforms to the NGURA Program Policies with the exception of the amount requested.

Fiscal Impact of Approving the Grant Request

The grant request would be funded by project savings from the purchase of the property located at 4107 Fisher Road and cost savings from the Streetscape Improvement Project. Between these two projects, the Agency expects to realize at least \$500,000 of savings. These savings have not been allocated towards another funding priority in the FY 2018-2019 budget.

BACKGROUND:

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 Nielsen 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 (Attachment 5):

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

On April 11, 2016, the Agency Board approved a North Gateway URA Grant Program policy exception to fund \$1 million for the build-out of the CTEC Agri-Science and Culinary Arts Program (identified as Phase 5). Concurrent with the Agency Board approval, Mountain West submitted a request for up to \$5 million from the federal New Market Tax Credit program for the build-out of remaining CTEC phases. The CTEC funding request was not approved due to changes in the New Market Tax Credit program leaving a \$5 million funding gap.

In July 2017 the Agency Board approved an additional North Gateway URA Grant exception to fund another \$1 million toward Phase 4 program development. Approval of the current request will bring the total funds granted to the CTEC project to \$2.4 million.

Sara Long
Project Manager

Attachments:

1. Funding Activity Overview
2. NGURA Proposal October 2018
3. SKSD Letter of Support
4. Location Map
5. CTEC Master Plan