



Staff Report

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TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development Department Director

SUBJECT:

Economic Development Quarterly Report

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Strong and Diverse Economy

ISSUE:

Information report of economic development activities for the first quarter of fiscal year 2019-2020.

RECOMMENDATION:

Information only.

SUMMARY:

City Council (Council) requested quarterly economic development reports from the Urban Development Department associated with the goal of creating a vibrant economy. This report includes activity from July 1 through September 30, 2019.

BACKGROUND:

Economic Indicators

New development and redevelopment projects are active citywide. According to the City's September 2019 report, there were 539 permits issued during the quarter with a total valuation of \$74,965,985. During the same period last year, there were 665 permits with a valuation of \$78,652,076. Included in the total permits for the quarter were 15 new commercial/industrial permits with a total valuation of \$26,418,929. During the same period last year, there were 31 commercial/industrial permits with

a total valuation of \$14,176,027.

Small Business Retention & Expansion and Startup Business Programs

During the quarter, staff outreached to more than 68 businesses, including more than 30 startup businesses. Staff also attended more than three business-related networking events and more than nine meetings with business-related partner organizations. These efforts led to 18 in-person meetings with businesses and continued to focus on strengthening relationships between businesses and the City, connecting businesses with resources, as well as receiving feedback to inform future programs and events.

The City also began actively collaborating with the Mid-Valley Venture Catalyst, a new position created through a partnership among Oregon Entrepreneurs Network (OEN) and select members of the Launch Mid-Valley collaborative, including the City of Salem. The Mid-Valley Venture Catalyst is responsible for assisting in the development of a regional entrepreneurial ecosystem through a variety of activities, including providing mentorship, establishing networking events, establishing an angel investment fund, recruiting and training angel investors, creating a startup business challenge, as well as other strategic events and programs.

As an active partner in these efforts, City staff assisted the Mid-Valley Venture Catalyst in planning, coordinating, and advertising the first OEN Mid-Valley PubTalk, a networking and informational event for entrepreneurs.

Also during the quarter, three Salem startup businesses participated in the third cohort of Oregon Technology Business Center's Virtual Incubation Program (VIP). VIP is an online business fundamentals training program for startup businesses.

Site Reuse and Revitalization Program (Program)

During the quarter, City staff began completing grant closeout activities, including preparation of a final report. Over the course of the Program, 27 Phase I and Phase II Environmental Site Assessments and cleanup/redevelopment planning projects were completed, assisting property owners with property re-use, sale, and redevelopment.

Broadband/WiFi Study (Study)

The City is completing a Broadband/WiFi Study within the Riverfront Downtown Urban Renewal Area (RDURA) in alignment with the Strategic Plan. Magellan Advisors was selected as the consultant to complete the Study. The final deliverables of the Study will include a market analysis report and a final report with recommendations. During the quarter, staff worked with Magellan Advisors to complete outreach efforts to determine demand for high-speed broadband and free WiFi within the RDURA. The market analysis report which will summarize demand is expected in November.

Urban Renewal Area (URA) Grants

URA grants continue to encourage private investment in development and redevelopment for the benefit of the community.

In the West Salem URA, Gilgamesh Brewing's "The Woods" restaurant, Mud Bay, and other tenants

have moved into the buildings on Wallace Road NW and Glen Creek Road NW. Physical therapy and fitness training services are now offered at the Northwest Rehabilitation Associates RE-Building and the owner is preparing to install solar panels to be fully sustainable when complete. West Salem Machinery has added a new milling station to produce additional machinery parts in-house to reduce manufacturing costs and add jobs. A new office building on 3rd Street NW will be breaking ground soon and Urban Development staff are working closely with West Salem businesses on the next wave of grant eligible improvements.

At the Mill Creek Corporate Center, Amazon has added jobs and is operating in their new building. PacTrust continues the construction of two new buildings along Aumsville Highway SE. One more tenant has moved into the existing PacTrust building. The wetland construction and grading project is complete. The next phase of planting and wetland establishment will begin in the spring/summer of 2020. Mitigating wetlands into a central space will help make the south development lots ready for development.

In the North Gateway URA, two grant categories were created in addition to the existing Rehabilitation Grant Program. The new grant categories include, 1) the Development Infrastructure Assistance Program, and 2) the Affordable Housing Assistance Program. The purpose for directing funds to specific uses was the result of high demand for the Rehabilitation Grant Program over the past two years and a desire to both diversify the types of projects being funded and meet the goals of the North Gateway URA and City of Salem. North Gateway URA funding (\$300,000) has been committed to Redwoods Crossing LLC to support the creation of 29 housing units on Fisher Road for homeless individuals. The total project cost of the Salem Housing Authority project is estimated at \$2.8 million.

In the Riverfront-Downtown URA, during the quarter more than \$997,401 of combined Capital Improvement and Strategic Grant funds were committed to eight projects totaling more than \$18 million. Funds were used to leverage private investment for crime prevention improvements and to support business expansion and recruitment.

Christopher Drobnicki
Program Manager I

Attachments:

1. Small Business Retention & Expansion and Startup Business Program Success Stories - 1st Quarter, Fiscal Year 2019-2020.