

## Staff Report

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**File #:** 19-560**Version:** 1**Date:** 12/2/2019**Item #:**

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**TO:** Urban Renewal Agency Board

**THROUGH:** Steve Powers, Executive Director

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

**SUBJECT:**

Modifying the boundary of the Fairview Urban Renewal Area

Ward(s): 3, 2

Board Member(s): Andersen, Nanke

Neighborhood(s): SEMCA and SESNA

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

**ISSUE:**

Shall the Agency Board approve initiation of a substantial amendment to modify the boundary of the Fairview Urban Renewal Area?

**RECOMMENDATION:**

Approve initiation of a substantial amendment to modify the boundary of the Fairview Urban Renewal Area (URA).

**SUMMARY:**

The recommendation initiates the process to include property at the Salem Airport in the Fairview Urban Renewal Area (URA) and reduce the total URA acreage by 259 acres.

The URA boundary (Attachment A) includes the southern portion of the Salem Airport. The Airport's business plan highlights additional infrastructure needs. Investing the remaining urban renewal resources in Airport infrastructure would help to transform vacant parcels to development ready parcels, attract jobs, and increase lease revenue.

The amendment adds 70 acres of developable vacant land and the terminal at the Salem Airport. During the last year, the City has been negotiating with an aviation business interested in locating on approximately ten acres of the 70 acres. Incorporating this parcel into the URA boundary and constructing needed taxiway connections would facilitate development of this parcel.

In total, the amendment would modify the URA boundary from 390 acres to approximately 131 acres (Attachment B).

The return on investment in the URA, based on expenditures and growth in assessed value, is approximately 845 percent. There is approximately \$2,000,000 available in the FY 2019-2020 Fairview URA budget.

## **FACTS AND FINDINGS:**

With the construction of needed infrastructure and development on the vacant land, the Airport has the potential to generate more than \$1,000,000 in new lease revenue. This is double what the Airport currently receives in lease revenue. The Airport is funded by revenues generated at the Airport. The Airport receives no operating assistance from the City's General Fund.

Airport infrastructure projects totaling \$2,000,000 include a taxiway connection, new hangars, and reconstructing the older section of the terminal building. The estimated cost for a taxiway connection to the vacant 10-acre site at the north of the Airport is \$450,000 and could result in \$148,100 in annual lease revenue. The Airport's capital improvement plan includes four flex-space hangars at the south end of the Airport for a variety of industrial tenants. The estimated cost is \$1,000,000. Assuming the Airport maintained ownership of the hangars and full occupancy, \$275,000 in revenue per year could be generated for the Airport. The remaining \$550,000 would help fund reconstruction of the older section of the terminal building.

Implementation of infrastructure improvements at the Airport is consistent with the primary goal in the Fairview URA Plan to create new job opportunities by eliminating conditions inhibiting private development. Objective 5 of the Plan states that the Agency may provide loans, grants, or other assistance to developers for rehabilitation or development of properties that meet the conditions of the Plan.

The amendment would make available 259 acres for new URA creation or expansion of existing URAs in the City.

### Options to the Recommendation

The remaining \$2,000,000 could either be used within the existing URA boundary for business loans, or it could be returned to overlapping taxing districts. Attachment 3 identifies the amount each taxing district would receive if funds were returned.

### Amendment Process

The Fairview URA boundary change is considered a substantial amendment to the Plan requiring:

- The Agency initiate the substantial amendment and forward the amendment to the Planning Commission and City Council for consideration;
- Notification to the taxing jurisdictions of the intent to modify the boundary. A 45-day notice is

required to the taxing jurisdictions;

- Planning Commission review to ensure the amendment is consistent with the Salem Comprehensive Plan;
- A City Council public hearing on the required ordinance change.

## **BACKGROUND:**

The 390-acre Fairview URA was established in 1984 to fund needed infrastructure that resulted in job creation. The URA funded roads, utilities, wetland mitigation, acquisition, and a loan program in the area that later became known as the Fairview Industrial Park. Waterlines were also installed in the southern portion of the Airport. Major projects in the URA Plan are complete and the City has stopped collecting tax increment.

When the URA was created in 1984 the assessed value was \$368,396. In FY 18-19 the assessed value was \$198,581,148. The Oregon Employment Department estimates employment in the Fairview Industrial Park at nearly 3,900.

Annie Gorski  
Economic Development Manager

## **Attachments:**

1. Existing Fairview URA Boundary
2. Proposed Fairview URA Boundary Modification
3. Taxing District Amounts