



Staff Report

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Date: 10/25/2021

Item #: 6.b.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kristin Retherford, Urban Development 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

SUMMARY:

Quarterly report on activities contributing to a strong and diverse economy.

ISSUE:

Information report of economic development activities for first quarter of fiscal year 2021-2022.

RECOMMENDATION:

Information only.

FACTS AND FINDINGS:

Airport

Several new hangar projects are in the works or planned at the airport. There are currently five hangars under construction, two are for corporate use (Attachment 1) and three are general aviation (Attachment 2).

Another six hangars are proposed, but are still waiting on the completion of biological, archaeological, and environmental studies. It is anticipated construction approval will be complete by Spring 2022 and construction could commence by Summer 2022.

URA Grant Activity

Businesses continue to access URA grants to spur new development and redevelopment for the benefit of the community.

In the Riverfront-Downtown URA, an estimated \$766,336 of capital improvement grant funds were committed to two projects with total project costs of about \$25M. The grant funds were used to leverage private investment for new construction and tenant improvements. In addition, \$45,211 of Strategic Project Grant funds were utilized by two buildings to fund improvements to help with crime prevention and building security and safety.

West Salem Urban Renewal matching grants continue to aid new building construction and manufacturing equipment investments in progress, but there are no new grants to report in Q1. Survey work is complete for 2nd St NW and the draft alignment is being reviewed by Public Works. Public engagement will start later this fall and early winter.

In the North Gateway Urban Renewal Area, building improvements along 1815-1821 Silverton Rd NE are complete. A new grant commitment has been issued to remodel buildings and improve ADA accessibility on properties located at 1793-1799 Silverton Rd NE. The grant for \$300,000 leveraged over \$700,000 in private investment.

Salem's Industrial Zoned Land Development Activity Update

At the end of each fiscal year an analysis is conducted which compares the City of Salem to six other comparable pacific northwest municipalities with respect to development activity on industrial-zoned land. Information is collected from issued building permits and includes new construction, additions, alterations, site/grading, and repair activities. The data collected compares the cities in three categories; activity on individual sites, activity based on projects, and activities based on total project valuations. For Fiscal Year 2020-2021, the City of Salem data shows a high level of industrial-zoned land development activity. Salem ranked number one for total sites with development activity, number two for number of projects in which a permit was pulled, and number three for the total valuation of industrial-zoned land projects. Staff utilize this data to provide a baseline for industrial-zoned land activity and trends within the pacific northwest.

Business Outreach

Urban Development staff continue to engage in a high level of interaction with local businesses. In the first quarter staff made about 50 one-on-one business contacts. Staff also attended several professional business group meetings including Coffee Club for Startups, Pub Talks, and Latino Business Alliance meetings.

Staff is starting to see the topic of conversations move away from direct COVID-19 assistance, like grants or Payroll Protection Program or loan programs. About 25% of interactions with businesses were related to COVID-19 assistance in the first quarter of fiscal year 2021-2022, compared to about 65% in 2020-2021. While some of this can be contributed to establishments being allowed to operate with less restrictions, the reduction is also a result of dwindling resources available to businesses. In addition, businesses are dealing with the downstream impacts from COVID-19 including worker shortages and supply chain disruptions.

In Mid-August, the Urban Development Department, Chamber of Commerce, and SEDCOR coordinated a business forum to share information about the Climate Action Plan and Our Salem. City staff members Patricia Farrell and Eunice Kim gave presentations on their respective topics and then staff facilitated break-out rooms so attendees could share their thoughts on the plans. In total, there were about forty attendees representing a wide range of businesses.

Mid-Valley Angel Fund

The Mid-Valley Angel Fund is launching its second iteration of the seed fund for startups. The angel fund is an investment fund for early-stage growth businesses with the potential to scale to national or international markets. Businesses who are interested in receiving funding prepare a pitch deck for the investors. If selected, business can receive up to \$25,000 in exchange for equity in the company. Interested companies can apply here: <https://gust.com/organizations/mid-valley-angel-fund>.

Business Retention and Expansion Survey

The Urban Development has prepared a business survey and will be sharing that with businesses throughout the month of October. The City is partnering with SEDCOR and the Chamber of Commerce to distribute the survey.

The survey provides the Department a chance to check in with businesses and get a sense of how they are doing 18 months into the COVID-19 pandemic. The survey asks about employment levels, revenue, common COVID-19 related challenges, workforce, and general questions about doing business in Salem. The survey will be conducted online and in English and Spanish.

English version: <https://form.cityofsalem.net/s3/BRE-Survey>

Spanish version: <https://form.cityofsalem.net/s3/Encuesta-BRE-BRE-Survey-Spanish>

Recruitments

Demand for industrial land remains high in the Salem area. The City and SEDCOR responded to seven Requests for Information from companies and site selectors interested in locating their business in Salem.

Seth Lenaerts
Program Manager

Attachments:

1. Construction of Corporate Hangars
2. Construction of General Aviation Hangars