



Oregon

Theodore R. Kulbowski, Governor

Department of Land Conservation and Development

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Salem, OR 97301-2540

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NOTICE OF ADOPTED AMENDMENT

12/22/2008

TO: Subscribers to Notice of Adopted Plan
or Land Use Regulation Amendments

FROM: Mara Ulloa, Plan Amendment Program Specialist

SUBJECT: City of Salem Plan Amendment
DLCD File Number 021-08

The Department of Land Conservation and Development (DLCD) received the attached notice of adoption. A Copy of the adopted plan amendment is available for review at the DLCD office in Salem and the local government office.

Appeal Procedures*

DLCD ACKNOWLEDGMENT or DEADLINE TO APPEAL: Monday, January 05, 2009

This amendment was submitted to DLCD for review prior to adoption. Pursuant to ORS 197.830(2)(b) only persons who participated in the local government proceedings leading to adoption of the amendment are eligible to appeal this decision to the Land Use Board of Appeals (LUBA).

If you wish to appeal, you must file a notice of intent to appeal with the Land Use Board of Appeals (LUBA) no later than 21 days from the date the decision was mailed to you by the local government. If you have questions, check with the local government to determine the appeal deadline. Copies of the notice of intent to appeal must be served upon the local government and others who received written notice of the final decision from the local government. The notice of intent to appeal must be served and filed in the form and manner prescribed by LUBA, (OAR Chapter 661, Division 10). Please call LUBA at 503-373-1265, if you have questions about appeal procedures.

***NOTE:** THE APPEAL DEADLINE IS BASED UPON THE DATE THE DECISION WAS MAILED BY LOCAL GOVERNMENT. A DECISION MAY HAVE BEEN MAILED TO YOU ON A DIFFERENT DATE THAT IT WAS MAILED TO DLCD. AS A RESULT, YOUR APPEAL DEADLINE MAY BE EARLIER THAN THE ABOVE DATE SPECIFIED.

Cc: Bryce Bishop, City of Salem
Gloria Gardiner, DLCD Urban Planning Specialist
Steve Oulman, DLCD Regional Representative

<paa> YA

NOTICE OF ADOPTION

THIS FORM **MUST BE MAILED** TO DLCD
WITHIN 5 DAYS AFTER THE FINAL DECISION
PER ORS 197.610, OAR CHAPTER 660 - DIVISION 18



Jurisdiction: City of Salem

Local File Number: CPC/NPC/ZC 08-14

Date of Adoption: December 8, 2008

Date Mailed: December 12, 2008

Date the Notice of Proposed Amendment was Mailed to DLCD: 8-1-08

Is this a **REVISED** Proposal previously submitted to DLCD: ___ YES X NO Date Submitted:

___ Comprehensive Plan Text Amendment

X Comprehensive Plan Map Amendment

___ Land Use Regulation Amendment

X Zoning Map Amendment

___ New Land Use Regulation

___ Other:

Summarize the adopted amendment. Do not use technical terms. Do not write "See Attached."

The adopted amendment changes the Salem Area Comprehensive Plan Map designation from "Industrial" to "River-Oriented Mixed Uses"; the Central Area Neighborhood Development Organization neighborhood plan map designation to "River-Oriented Mixed Uses"; and the zone district from General Industrial (IG) and Central Business District (CB) to South Waterfront Mixed-Use (SWMU), for properties totaling approximately 12.32 acres in size generally located south and east of Riverfront Park, west of Front Street and Commercial Street, and north of Bellevue Street; addressed at 230 Front Street SE and 315 Commercial Street SE (Marion County Assessor's Map and Tax Lot No.'s: 073W27BA/1490, 1500, 1600, 1700, 1800, 2000, 2100, 3000, 3100, & 3101 and 073W27BD/300). The adopted amendment included two conditions of approval limiting the uses of the subject property to those that will cumulatively generate a total of no more than 1,071 new peak PM hour trips and requiring coordination with the Salem-Keizer Transit District prior to development to provide transit service to the site.

Describe how the adopted amendment differs from the proposed amendment. If it is the same, write "SAME." If you did not give notice of the Proposed Amendment, write "N/A." **SAME**

Plan Map changed from: Industrial

To: River Oriented Mixed Uses

Zone Map Changed from: IG (General Industrial) and CB (Central Business District)

To: SWMU (South Waterfront Mixed Use)

Location: 230 Front St. SE and 315 Commercial St. SE

Acres Involved: 12.32 Acres

Specify Density: Previous:

New:

Applicable Statewide Planning Goals: 1, 2, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15 and 16

Was an Exception Proposed: ___ YES X NO

Did the Department of Land Conservation and Development receive a Notice of Proposed Amendment

Forty-five (45) days prior to first evidentiary hearing?

X Yes ___ No

If no, do the statewide planning goals apply?

___ Yes ___ No

If no, did Emergency Circumstances require immediate adoption?

___ Yes ___ No

Affected State of Federal Agencies, Local Governments or Special Districts:

Local Contact: Bryce Bishop, Interim Senior Planner

Phone: (503) 588-6173 Extension: 7599

Address: 555 Liberty Street SE, Room 305

City: Salem

Zip: 97301

Fax Number: (503) 588-6005

E-Mail Address: bbishop@cityofsalem.net

DLCD File No:

021-08 (17057) [15314]

1 **ENGROSSED**

2 **ORDINANCE BILL NO. 48-08**

3 AN ORDINANCE RELATING TO THE SALEM AREA COMPREHENSIVE PLAN MAP,
4 THE CENTRAL AREA NEIGHBORHOOD DEVELOPMENT ORGANIZATION
5 NEIGHBORHOOD PLAN MAP, AND THE SALEM ZONING MAP CHANGING THE
6 COMPREHENSIVE PLAN MAP DESIGNATION FROM "INDUSTRIAL" TO "RIVER-
7 ORIENTED MIXED USES"; THE NEIGHBORHOOD PLAN MAP TO "RIVER-ORIENTED
8 MIXED USES"; AND THE ZONING MAP FROM IG (GENERAL INDUSTRIAL) AND CB
9 (CENTRAL BUSINESS DISTRICT) TO SWMU (SOUTH WATERFRONT MIXED-USE)
10 FOR PROPERTY LOCATED AT 230 FRONT STREET SE AND 315 COMMERCIAL
11 STREET SE AND REFERRED TO AS THE FORMER BOISE CASCADE SITE

12 *The City of Salem ordains as follows:*

13 **Section 1.** The Salem Area Comprehensive Plan Map is amended to change the comprehensive
14 plan designation from "Industrial" to "River-Oriented Mixed Uses" for that certain territory
15 depicted on "Exhibit A" ("the Subject Property"), which is attached hereto and incorporated
16 herein by reference.

17 **Section 2.** The Central Area Neighborhood Development Organization Neighborhood Plan Map
18 is amended to change the neighborhood plan designation to "River-Oriented Mixed Uses" for the
19 Subject Property.

20 **Section 3.** The Subject Property is re-zoned from "General Industrial" (IG) and "Central
21 Business District" (CB) to "South Waterfront Mixed-Use" (SWMU); subject to the following
22 conditions of approval that

23 1. developmentDevelopment of the Subject Property shall be limited to those uses that will
24 cumulatively generate a total of no more than 1,071 new Peak PM Hour Trips.

25 2. Coordinate with Salem-Keizer Transit District prior to development to provide transit
26 service to the site.

27 /////

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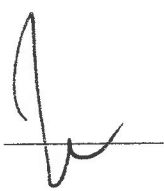
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1 **Section 4.** The City Council hereby adopts as findings that certain staff report, plus attachments,
2 entitled "Proposed City Initiated Comprehensive Plan Change, Neighborhood Plan Change, and
3 Zone Change (CI-CPC/NPC/ZC 08-14) to apply the South Waterfront Mixed-Use Zone to the
4 Former Boise Cascade Site," dated November 24, 2008, which is attached hereto as "Exhibit B,"
and incorporated herein by reference.

5 PASSED by the City Council this 8th day of December, 2008.

7 ATTEST:

8 *Kathleen Hall*
9 City Recorder

10 Approved by City Attorney: 

11 Checked by: B. Bishop

12 G:\GROUP\LEGAL\Council\120808 Boise Comp Plan Zone Chg ord.doc

EXHIBIT B

FOR COUNCIL MEETING OF: November 24, 2008
AGENDA ITEM NO.: _____

TO: MAYOR AND CITY COUNCIL

THROUGH: *Linda Norris*
LINDA NORRIS, CITY MANAGER

FROM: VICKIE HARDIN WOODS, DIRECTOR *VHW*
COMMUNITY DEVELOPMENT DEPARTMENT

**SUBJECT: PROPOSED CITY INITIATED COMPREHENSIVE PLAN CHANGE,
NEIGHBORHOOD PLAN CHANGE, AND ZONE CHANGE (CICPC/NPC/ZC
08-14) TO APPLY THE SOUTH WATERFRONT MIXED USE ZONE TO THE
FORMER BOISE CASCADE SITE**

ISSUE:

Should the City Council adopt Ordinance Bill No. 48-08 to change the Salem Area Comprehensive Plan Map designation from "Industrial" to "River-Oriented Mixed-Uses"; to change the Central Area Neighborhood Development Organization (CAN-DO) Neighborhood Plan designation to "River-Oriented Mixed-Uses"; and to change the zone district from IG (General Industrial) and CB (Central Business District) to SWMU (South Waterfront Mixed-Use) for the former Boise Cascade site?

RECOMMENDATION

Staff recommends that following public hearing the City Council approve the proposal to change the Salem Area Comprehensive Plan Map designation from "Industrial" to "River-Oriented Mixed-Uses"; to change the Central Area Neighborhood Development Organization (CAN-DO) Neighborhood Plan designation to "River-Oriented Mixed-Uses"; and to change the zone district from IG (General Industrial) and CB (Central Business District) to SWMU (South Waterfront Mixed-Use) for the former Boise Cascade site and advance Ordinance Bill No. 48-08 to second reading for enactment.

BACKGROUND:

The downtown Boise Cascade site had historically been utilized in some capacity as a logging operation, sawmill, or pulp and paper manufacturing facility since the 1860's. In 1920, the Oregon Pulp and Paper Company began operations at the site. In 1962 Boise Cascade purchased Oregon Pulp & Paper.

In mid-2005, Boise Cascade began consideration of relocating their downtown operations and redeveloping their riverfront parcels. Because of the prime location of this riverfront property next to the downtown and adjacent to Riverfront Park, an excellent opportunity presented itself to examine how the property could be re-developed to contribute to the vitality of the downtown, the Salem Urban Area, and the region.

Capitalizing on the unique opportunity, the City of Salem, Boise Cascade, and the Strategic Economic Development Corporation (SEDCOR) sought the experience and expertise of the Urban Land Institute (ULI) to help evaluate the opportunities and re-development potential for Boise Cascade's riverfront property.

In June of 2006, a ULI Advisory Services Program panel convened. The panel consisted of a team of professionals with experience in a variety of urban re-development projects and development-related fields including real estate, economics, urban design, and land use planning. The ULI Panel conducted interviews over a five-day period with key stakeholders, community leaders, and citizens in order to frame many of the issues pertaining to the property and formulate their recommendations, which were later published in a ULI Advisory Services Panel Report.

The ULI's vision for this prime riverfront property was one of a destination site with complementary retail, office and services uses, and a mix of housing choices, which would provide an attractive gateway to downtown with active pedestrian-friendly uses on the street level.

In 2007, Boise Cascade sold their riverfront property located east of the Willamette Slough, south of Riverfront Park, north of Bellevue Street, and west of Front Street and Commercial Street to Pringle Square LLC. To help realize the ULI vision for the property and facilitate its private redevelopment consistent with that vision, the Council approved a Memorandum of Understanding (MOU) between the City and Pringle Square LLC (Attachment A).

As outlined in the MOU, the City is now considering adoption of the proposed new zoning district, the SWMU (South Waterfront Mixed-Use) zone, to apply to the Boise site (Attachment B). The zone district is intended to implement both the core concepts and vision of the ULI study and the City's "River-Oriented Mixed Uses" Comprehensive Plan Map designation which is intended to be applied to the Boise site through a separate concurrent legislative comprehensive plan change, neighborhood plan change, and zone change. Adoption of the new zoning district and its application to the Boise site will facilitate the transition of the property from its historic industrial use to its envisioned use of urban mixed-use, capitalizing on proximity to the downtown, the waterfront, and Riverfront Park.

FACTS AND FINDINGS:

Procedural Findings

1. Comprehensive plan changes, neighborhood plan changes, and zone changes may be initiated by the City Council or the Planning Commission pursuant to SRC Chapter 64.060 and SRC Chapters 113.120 and 113.130. The Urban Planning Administrator must then fix a date for a public hearing before the Commission and cause public notice to be provided.

On July 15, 2008, the Planning Commission adopted Resolution No. 08-5 initiating the proposed comprehensive plan change, neighborhood plan change, and zone change. The Planning Administrator set the public hearing before the Planning Commission for September 23, 2008, and caused notice of the hearing to be published in the Statesman Journal on September 11, 16, 17, and 18, 2008, as required under SRC 64.080.

On September 4, 2008, public notice was sent to the City Council, the Planning Commission, all neighborhood associations, the Boards of Commissioners of Marion and Polk Counties, the owners of the Boise site, and all owners of property located within 250 feet of the Boise property as required under SRC 64.080, and SRC Chapter 113.130 and 114.060.

On September 11, 2008, public notice was posted on the property as required under SRC Chapters 113.130 and 114.070.

2. ORS 197.610 requires that the Department of Land Conservation and Development receive notification of any proposed amendment to a local land use regulation at least 45 days prior to the first public hearing. Such notice was sent by regular mail on August 1, 2008.
3. ORS 227.186 requires notice to be mailed to affected property owners when a proposed legislative action would limit or prohibit land uses previously allowed under the zoning district applicable to their property. Because the proposal changes the comprehensive plan, neighborhood plan, and zoning of the property, notice of the proposal was mailed to all affected property owners as required under ORS 227.186 on September 3, 2008.
4. In addition to required notice, public notice was also provided to the Salem Area Chamber of Commerce, GO Downtown!, and the Downtown Advisory Board on September 4, 2008. Staff also conducted additional public outreach on the proposal that included: attending the meetings of GO Downtown!, the CAN-DO Neighborhood Association, and the Downtown Advisory Board; creating a web page about the project on the Planning Division's website; publishing an article on the project in the September edition of the *Salem Community Connections* newsletter; and holding a public open house held on September 11, 2008.
5. On September 23, 2008, the Planning Commission held a public hearing to receive testimony and consider the proposed amendments.

Subsequent to the close of the public hearing, the Planning Commission voted to recommend approval of the proposed comprehensive plan change, neighborhood plan change, and zone change subject to a condition of approval placing a cap on the total new vehicle trips generated from the redevelopment of the property to address the requirements of Statewide Planning Goal 12 (Transportation) and OAR (Oregon Administrative Rules) 660-012 (Transportation Planning Rule).

Public Testimony Received

6. Public testimony on the proposed comprehensive plan change, neighborhood plan change, and zone change was provided at the Planning Commission's October 23, 2008, public hearing indicating both support and opposition to the proposal.

Written testimony in support was provided by the Salem Area Chamber of Commerce and the CAN-DO Neighborhood Association (Attachment C). The comments received, in summary, expressed support for the proposed changes to the comprehensive plan, neighborhood plan, and zoning maps and the positive

effect that redevelopment of the Boise Cased site will have on the downtown and the community as a whole. The future redevelopment plans for the site fit well into the vision supported by the community and also recommended by the Urban Land Institute. Along with the other major projects currently planned for the downtown core, the redevelopment of the Boise site and the public spaces it will create will help put Salem on the map and contribute to it becoming a more desired destination and better place to live and work.

Written testimony in opposition to the application of the South Waterfront Mixed-Use (SWMU) zone to the Boise site was provided by the Rail Division of the Oregon Department of Transportation (ODOT) (Attachment D).

Testimony provided from the Rail Division of ODOT indicated concerns relating to three principle areas:

- A. Accommodating Development Defined as Heavy Industry: The Rail Division expressed concern about the loss of industrial zoned land that is serviced by existing rail lines and explained that based upon a renewed interest in the utilization of rail for transportation of freight spurred on by rising fuel costs, it is not the appropriate time for consideration of the removal of land that is currently serviced by rail from the industrial land inventory and changing its zoning to allow mixed-use development that does not require rail service.

In order to protect the supply of industrial zoned land serviced by rail, the Rail Division suggests that the City consider adopting a policy to replace land with rail access that is lost due to rezoning with land that has rail access in another location.

Staff Response: Policy 1.2 of the "Freight Movement Element" of the Salem Transportation System Plan (TSP) provides that, "The City shall encourage the availability of railroad freight services to those industrial and commercial areas where utilization is economically viable. The proposed comprehensive plan change, neighborhood plan change, and zone change will result in the loss of industrial land serviced by rail. However, the re-designation of the site from industrial to mixed-use reflects current economic trends and will allow the Boise site to be redeveloped to its full potential; a potential shaped by its unique location and proximity to the downtown, riverfront park, the waterfront, and Pringle Creek.

The economic opportunities analysis (EOA) (Attachment E) conducted for the proposal also supports the redevelopment of the Boise site for mixed-use rather than industrial development. The EOA finds that:

- 1) Based on national, state, and regional trends, it is reasonable to assume that industrial uses are no longer the highest and best use for the Boise site due to its location, access constraints, and other factors that apply to the industrial site selection process;
- 2) Salem's steady population growth, coupled with the projected growth of the Retail Trade and Service industries both locally and regionally, and the increasing demand for higher-density mixed-use development

in urban centers, indicate that the site is ideally suited to a mixed-use project; and

- 3) There is sufficient industrial and commercial land inventory within the Salem Urban Growth Boundary for the 20-year planning horizon.

B. Access and Safety: The Rail Division also expressed concerns relating to the rezoning of the property for mixed-uses and the potential problems that may arise from this action. The Rail Division explains that encouraging residential development and pedestrians in proximity to an active rail line creates the potential for increased trespassing within the railroad right-of-way and increased chances for people to be injured.

The Rail Division also explains that development of the waterfront portion of the site creates the risk of potentially physically isolating that portion of the development from the outside world and emergency vehicle access for extended periods of time due to lengthy, slow moving or incapacitated trains.

They finally explain that the allowance of residential development next to rail lines poses inherent risks due to the potential for crashes and derailments. It is explained that if such an event were to occur there is a potential for significant damage to be caused without setbacks/buffers being established from the rail line.

In order to address these identified concerns, the Rail Division indicates that a grade-separated crossing, significant setbacks/buffers from the railroad right-of-way, and physical barriers to prevent trespassing would be needed.

Staff Response: Because of the location of the Boise site within the downtown core and its adjacency to Riverfront Park, the waterfront, and Pringle Creek, a unique opportunity presents itself to enhance the vitality of the downtown with the redevelopment of the site. Both the ULI study and the EOA identify mixed-use as the highest and best use of the property based upon market analysis, demand, and the unique location of the property.

The rail line that bisects the Boise site poses unique safety and design challenges that will need to be addressed with the development of the property. In order to address these challenges, the property owner's representatives have been meeting with the City, the railroad, ODOT Rail, and a rail engineer. The question of how access will ultimately be provided on the site in relation to the rail line will be addressed when application is made to the Rail Division of ODOT seeking approval of an at-grade crossing.

If an at-grade crossing is allowed and it is obstructed by a train, an alternative means of emergency vehicle access is available. The alternative access would be taken from the portion of Front Street NE located north of Division Street NE; then to the alley linking Division Street NE to Union Street NE; and then south on Water Street NE to Riverfront Park and to the property.

The development standards of the SWMU zone are in part based upon the model that the City's CB (Central Business District) zone provides. This includes minimized building setbacks and an emphasis on creating active

building storefronts that create a lively and active pedestrian environment. The SWMU zone does not, however, establish specific access, safety, or buffer/setback requirements in relation to the rail line; which is consistent with all of the other zoning districts within the City. Safety and access issues will be addressed with the development of the property as with the City's other zone districts.

- C. Quality of Life and Potential Conflicts: Testimony submitted by the Rail Division expressed concerns relating to the potential impacts on the quality of life of residents/occupants within the development should the zoning of the site be changed to allow for the non-industrial use of the site. The Rail Division explains it is likely that the character of the rail line bisecting the Boise site will evolve from a low speed, low-volume feeder line to a line that handles significantly more freight traffic as well as high frequency and higher speed passenger traffic. Such a change in the character of the rail line will result in an increase of potential impacts and conflicts between the rail line and residents/occupants.

The Rail Division explains that despite special measures that builders might employ to lessen the impact of the sights, smells, sounds, and vibrations associated with railroad operations such as triple pane windows and other mitigating efforts, the impacts will still remain when structures are built in close proximity to an existing rail line without the benefit of buffer zones.

Staff Response: The potential for additional impacts due to an increase in freight and passenger transportation along the rail line that bisects the Boise site are the same as for all of the other properties within the City that are zoned and used for commercial, office, and residential use that abut or are located adjacent to or within the vicinity of a rail line.

The potential for the provision of commuter and passenger service along this rail line would be beneficial to the proposed development of the Boise Site. The ULI study identified a potential commuter rail station in its illustrative redevelopment concepts for the site to provide an easy access point for passengers from Eugene, Portland, and other points to reach Salem's employment centers at Salem Hospital, Willamette University, the downtown, and the state Capitol.

The SWMU zone enables the property to be developed with a mix of uses, including housing. While the commercial and other non-residential uses allowed within the zone are not dependent on rail service, an argument can be made that the residential component of any future development of the site could benefit from that service. As the comments from ODOT Rail indicate, passenger and commuter rail service along this line is a possibility in the future. The proposed zone allowing the mixed-use development of the Boise site takes advantage of that opportunity.

Conformance with Approval Criteria

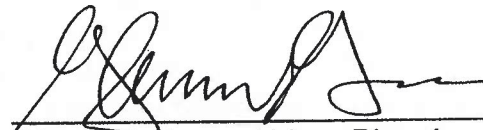
7. The proposed Comprehensive Plan Change, Neighborhood Plan Change, and Zone Change satisfies all applicable approval criteria, as stated in the facts and findings

herein and in the September 23, 2008, Planning Commission staff report (Attachments F).

In order to ensure that the proposal conforms to the requirements of Statewide Planning Goal 12 and the Transportation Planning Rule (TPR), the following condition of approval is recommended to ensure that the total number of new vehicle trips generated from the redevelopment of the Boise site under the new proposed comprehensive plan and zoning designations do not exceed that which could be reasonably expected to be generated under existing conditions:

Condition: Development of the subject property shall be limited to those uses that will cumulatively generate a total of no more than 1,071 new Peak PM Hour Trips.

Establishment of this condition of approval ensures that the proposed comprehensive plan change, neighborhood plan change, and zone change will not significantly affect transportation facilities; thus, conforming to the Transportation Planning Rule provisions of Goal 12.



Glenn W. Gross, Urban Planning Administrator

- Attachments:
- A. MOU between City of Salem and Pringle Square LLC
 - B. Map of Boise Cascade Site
 - C. Written testimony from the Salem Area Chamber of Commerce and the Central Area Neighborhood Development Organization (CAN-DO) Neighborhood Association
 - D. Written testimony from the Rail Division of the Oregon Department of Transportation.
 - E. Boise Cascade Site Economic Opportunities Analysis
 - F. September 23, 2008, Planning Commission staff report.

Prepared by Bryce Bishop, Interim Senior Planner

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MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (MOU) is between *The City of Salem*, an Oregon municipality, (the "City") and *Pringle Square LLC*, an Oregon limited liability company, (the "LLC").

Whereas, the LLC has entered into a purchase agreement with Boise Cascade Corporation for the purchase of certain real property commonly known as "the Boise Cascade Site," as more particularly shown on "Attachment A" (the "Subject Property");

Whereas, the LLC has not released contingencies under the purchase agreement, and LLC will rely on this MOU in making that final purchase decision;

Whereas, the City will rely on this MOU in undertaking certain actions that will ultimately provide significant and concrete benefits to the LLC and the end users of the Subject Property, such actions include, but are not limited to, the formation of an urban renewal district that will provide certain public infrastructure necessary for the redevelopment of the Subject Property and possible grant and/or loan funding that may be available to the LLC for the redevelopment of the Subject Property;

Whereas, the City and the LLC desire that the Subject Property be developed following the core elements of the Urban Lands Institute Advisory Services Panel Report (the "ULI Study") dated June 25, 2006 and desire to implement certain land use designations and consider certain other actions to that end; and

Whereas, the parties desire to enter into an MOU in order that they may mutually accomplish their complementary objectives, and reach a comfort level that will enable each to proceed with their respective, and their mutual, decision-making processes.

NOW, THEREFORE, the parties enter into this MOU which consists of the following:

- A. The parties recognize the need for development standards to accomplish the core elements of the ULI Study's recommendations, and that these development standards should be designed to respect both the public interest in development of the Subject Property and the private property rights of the eventual purchaser. Therefore the City and the LLC desire to adopt the principles set forth in this MOU as a means to implement the ULI recommendations in such a manner that recognizes the public interest in such development, but provides the LLC with flexibility and responsiveness to the marketplace needed to successfully re-develop the Subject Property.
- B. The City will initiate a legislative comprehensive plan map amendment on the Subject Property to a River-Oriented Mixed Use designation and a legislative zone change to create a new zoning designation (collectively, "the Land Use Decisions") that will implement the ULI Study's recommendations. The Land Use Decisions will be undertaken and adopted pursuant to the concepts contained in this MOU. The City will

absorb the costs of Land Use Decisions for the Subject Property; provided, however, the LLC will provide the, at the LLC's sole cost, the TIA to support the Land Use Decisions.

- C. The City and the LLC reasonably anticipate that mutual agreement on the core concepts for the new zoning designation will be established by September 15, 2007, that the initial draft of the new zoning designation will be complete by November 15, 2007, and that the Land Use Decisions will be complete by April 1, 2008.
- D. The LLC and the City will work collaboratively, collegially, and closely in creating the new zoning designation and in all other aspects of the Land Use Decisions, and as part of such effort, the City will provide the LLC with reasonable access to, and the ability to work with, staff and the consultant.
- E. The core concepts of the new zoning designation that will be addressed by the parties include, but are not limited to:

1. Opening of Pringle Creek

- a. The City and the LLC recognize that "daylighting" Pringle Creek is a core element of the ULI Study's recommendations, will provide substantial public and private benefits, and is one of the inducements for the creation of an urban renewal district that will include the Subject Property. Therefore, it is the parties intent that the existing building over Pringle Creek be removed to open a view corridor along Pringle Creek to the Willamette Slough.
- b. Subject to any required regulatory agency permits, public funds, grants, or as may be otherwise agreed by the parties, the parties envision that the banks of Pringle Creek will be restored in a manner that will allow active public pedestrian links to and from development on the Subject Property, to Riverfront Park, and public open spaces surrounding the Civic Center Mirror Pond. The parties envision that public access will be integrated with the development itself, and may include such things as opportunities for outdoor dining and entertainment and a pedestrian footbridge access across Pringle Creek.
- c. The parties recognize that restoration of the bank as a natural riparian area will be severely limited by the steepness of the banks and the pre-existing industrial fill and riprap.
- d. Setbacks from Pringle Creek will be determined as part of the creation the new zoning designation; the parties anticipate that the setbacks will be as minimal as possible, in order to accomplish "daylighting" of Pringle Creek and provision of pedestrian access.

2. New Zoning Designation

a. The parties intend that the new zoning designation will use a mix of retail, housing and office uses, and will establish a minimum number of housing units and a minimum amount of retail space. The parties do not intend that the zoning designation will contain maximum number of housing units or maximum amount of retail space. The parties contemplate that the new zoning designation may, if desired by the LLC, include a master plan or phasing plan for the timing of construction for the different uses that will be developed. The parties intend that any such phasing plan will allow flexibility to meet market demands, but will eventually result in the required minimum amounts of housing and retail space. The parties intend that the retail space will be located in a way that brings vitality to the Subject Property and actively interfaces with streets and Riverfront Park.

b. Because the ULI Study did not contain a housing feasibility study, and because the LLC believes that such study is necessary to establish minimum housing units, the LLC plans to immediately commence a feasibility study to determine an estimated number of housing units and estimated type of housing units, including mixed-income housing, which the market will support on the Subject Property, and will share such results with City as soon as they are available.

c. Because the ULI Study did not contain a retail feasibility study, and because the LLC believes that such study is necessary to establish minimum amount of retail space, the LLC plans to immediately commence a feasibility study to determine an estimated amount of retail space and estimated type of retail use which the market will support on the Subject Property, and will share such results with City as soon as they are available.

d. The parties desire to create a new zoning designation that will allow for simple, flexible and expedient development.

e. The City's land use consultant will study the entire Subject Property for inclusion within the new zoning designation. The LLC does not intend to apply for a building permit for the five-acre parcel while the zoning designation is being considered.

f. The LLC will consider the feasibility of salvage from the Old Mill Building.

3. Design Guidelines

a. The parties desire an attractive development that will be sensitive to the Subject Property's location next to the Riverfront Park.

b. The parties intend that the new zoning designation may have minimal design guidelines that are sensitive to market forces.

c. The parties anticipate that no general height limitations will be used, but that stepped building height may be a consideration in relating the development to the Riverfront Park.

d. The parties intend that the minimal design guidelines will relate to pedestrian orientation, view corridors and those components of building

design that relate to ground floor activity and the property location relative to public spaces.

4. Parking

a. The parties recognize the necessity of on-site parking to support the uses proposed to be developed on the Subject Property.

b. LLC is strongly considering adaptive reuse of the south warehouse as a parking structure per the ULI Study's recommendation. Structural analysis is yet to be performed. However, the parties do not intend that adaptive reuse of this building will be required as part of the new zoning designation.

c. The parties intend that the new zoning designation will not use maximum parking restrictions, and SRC Chapter 133 maximum will not apply.

5. Pedestrian Connections

a. In addition to the east/west connection along Pringle Creek referred to above, the parties agree to work collaboratively and in good faith to create for a north/south connection through the Subject Property with the intent to connect the Meridian project to the Subject Property and to Riverfront Park, with a possible eventual extension along River Road to Minto Brown Island Park. The north/south connection will be a pedestrian thoroughfare between the Meridian and the Subject Property, along the bluff overlooking the Willamette Slough, and should allow public access.

b. The City is currently in the planning process for the construction of a pedestrian bridge providing access from Riverfront Park to Minto Brown Island.

6. View Corridors

a. The parties agree that Pringle Creek is an important view corridor.

b. The City desires some view enhancement to the west from the Conference Center. The LLC has not decided whether it would demolish the Fry Warehouse, or whether it will be subject to adaptive reuse. If adaptive reuse of the Fry Warehouse is undertaken, the LLC intends to refurbish the exterior in order to make it more attractive.

c. The parties agree redevelopment of the Fry Warehouse and the Five-Acre Parcel located on the west side of the Portland & Western Railroad right-of-way is intended to present an attractive view from the Conference Center and the Riverfront Park, and visual access to the Willamette River and Riverfront Park will be considered.

7. Integration with Riverfront Park

The parties intend that development of the Subject Property will integrate with Riverfront Park by use of open spaces, a mix of public and private

access, building orientation and uses, and architectural sensitivity to public uses.

F. Access

1. The ULI Report recognizes that the Parkway and the Portland & Western Railroad right-of-way create access challenges to the redevelopment of the Subject Property. The parties will work in good faith to acquire an agreement from ODOT and Portland & Western Railroad that will allow the LLC to obtain the most commercially reasonable access to the Subject Property.

2. The ULI Report recommended redesigning the State Street access to Riverfront Park to accommodate access to the Subject Property and to provide safety for the public. The parties acknowledge that, if implemented, that approach would most likely result in redesign of the current access and public areas in front of the Carousel building with the likelihood of replacement public parking being moved to the five acres.

2. The parties acknowledge that other access points to the Subject Property and across the Portland & Western Railroad right-of-way may be needed.

G. Other issues

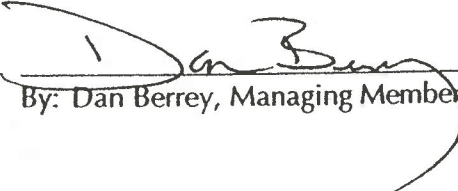
1. The parties agree to work jointly and collaboratively to develop a management plan that will address the LLC's concerns regarding vagrancy control, litter and maintenance of public areas.

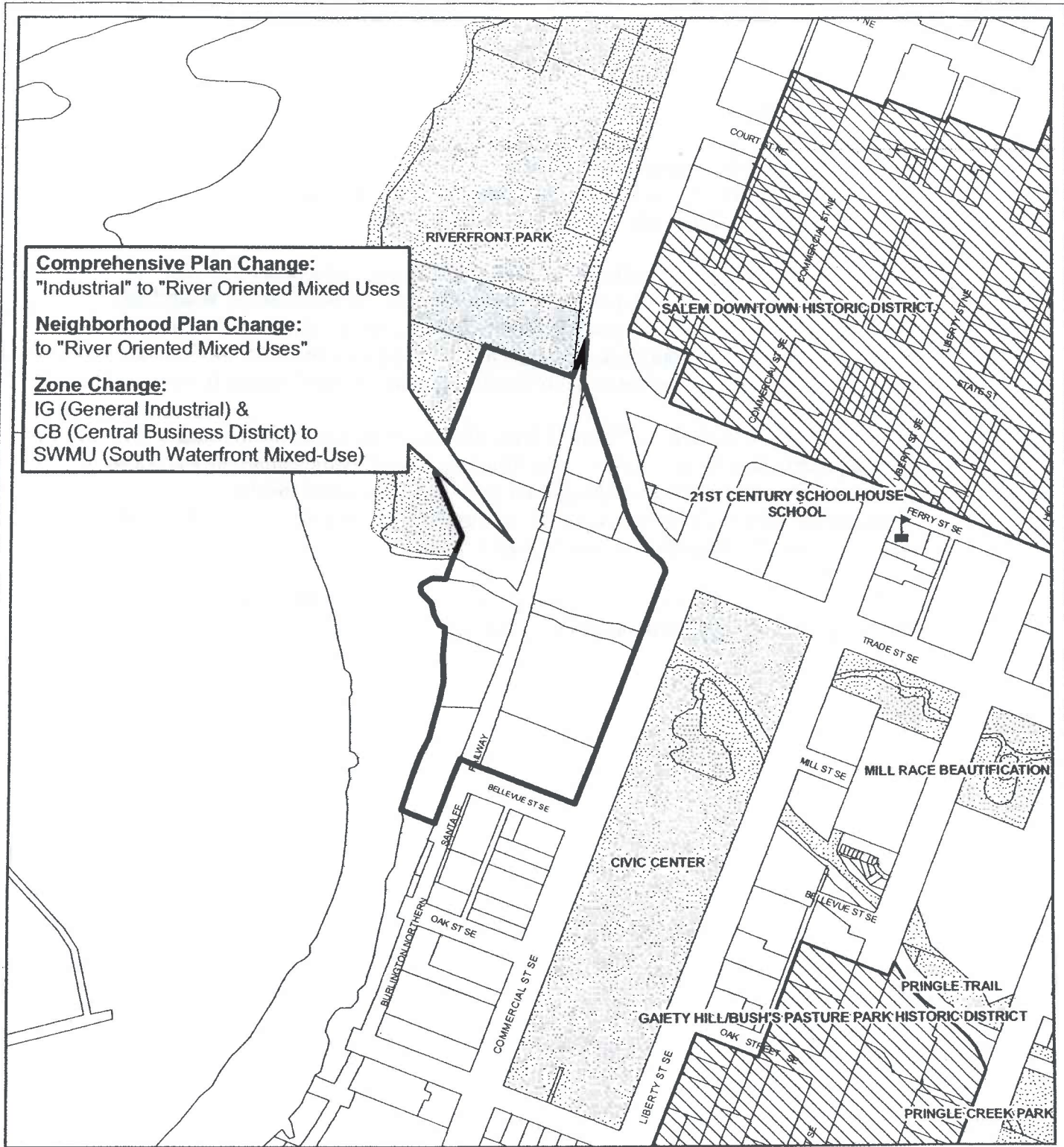
Dated this 7th day of August, 2007.

CITY:





By: Robert Wells, City Manager

PRINGLE SQUARE LLC:


By: Dan Berrey, Managing Member



Legend

-  Subject Property
-  Taxlots
-  Historic District

-  Schools
-  Parks

0 100 200 400 Feet



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CITY OF *Salem*
AT YOUR SERVICE
Community Development Dept.

ATTACHMENT B

September 22, 2008

To: City of Salem Planning Commission
From: Mike McLaran, CEO, Salem Area Chamber of Commerce
RE: Rezoning the Boise site

The pending redevelopment of the Boise property is a huge opportunity that will positively change the heart of Salem for decades to come. With the South Waterfront Urban Renewal District already created for this purpose, the Salem Area Chamber of Commerce urges quick progress to complete all necessary requirements, such as the proposed zoning changes before you this evening, to allow redevelopment to begin.

The community, as a whole, will benefit from this private investment. The future redevelopment plans fit very well into the vision supported by the community and also recommended by the City's consulting team from the Urban Land Institute. Consequently, the City's best service to the community now is to help facilitate steady progress toward the desired outcomes without any undue delays.

Thank you for your service to our community and we look forward to this once in a lifetime opportunity for Salem becoming a reality.

ATTACHMENT C

CAN-Do Here for the Community and Ready to Listen
Meets every third Wed., of each month.
6pm @ Salem Urban Development
Located at 350 Commercial St NE

CAN-Do

Letter of support for Boise project

September 21st, 2008

To: City of Salem Planning Commission and City Council

The Board of the CAN-Do Neighborhood Association wants to lend our enthusiastic backing to the proposed redevelopment of the Boise site by Pringle Square LLC.

We would like to go on record in support of the new South Waterfront Mixed-Use Zone Code and the Design Standards and Guidelines that will enable this old industrial site to be transformed into Salem's first large-scale downtown mixed-use development.

We ask for the City's full support for a public rail crossing to help this site become a fully integrated development. As well as, and important to the public is the day-lighting of Pringle Creek and the creation of a new bike and pedestrian path connecting Riverfront Park to the Civic Center and the rest of downtown. These elements will allow the project to succeed on the scale that is needed to bring about a complete project which benefits the Salem community.

Along with the other major projects currently planned for our downtown core, this redevelopment and the public spaces it will create, will truly put Salem on the map. Becoming a more desired destination and better place to live and work.

We urge your approval of the following to make success possible:

Amendment Requests:

Amend SRC Title X (zoning) to establish a new zoning district, the South Waterfront Mixed-Use zone (SRC Chapter 164);

Amend SRC Chapter 133 (off-street parking, loading and driveways) and SRC Chapter 62 (sign code);

And the Development Design Handbook to establish specific design standards and design guidelines for development within the South Waterfront Mixed-Use zone.

Change Requests:

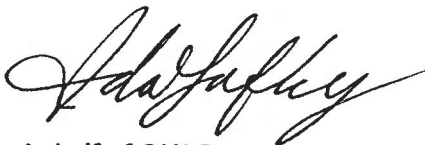
Change the Salem Area Comprehensive Plan Map designation from "Industrial" to "River-Oriented Mixed-Uses"

Change the Central Area Neighborhood Development Organization (CAN-Do) Neighborhood Plan designation to "River-Oriented Mixed-Uses"

Change zone district from IG (General Industrial) and CB (Central Business District) to SWMU (South Waterfront Mixed-Use)

CAN-Do appreciates all you do for the community. A special thanks to Mayor Taylor, City Staff, City Council, and all of you who devote your time to improving Salem.

Sincerely,



On behalf of CAN-Do
CAN-Do Co-Chair, Ida Lafky

RECEIVED

SEP 22 2008

COMMUNITY DEVELOPMENT

CAN-Do Central Area Neighborhood Development Organization



Oregon

Theodore R. Kulongoski, Governor

Department of Transportation

Rail Division

555 13th St NE Ste 3

Salem, OR 97301-4179

(503) 986-4321

Fax: (503) 986-3183

September 23, 2008

RECEIVED

SEP 23 2008

File Code:

Hon. Dan Dorn, Chairman and
Members of the Salem Planning Commission
City of Salem
555 Liberty Street, S.E., Room 305
Salem, Oregon 97301

COMMUNITY DEVELOPMENT

Subject: Amending Zoning Code to Create South Waterfront Mixed-Use Zone

Dear Chairman Dorn and Commission Members:

The Oregon Department of Transportation's Rail Division (ODOT Rail) submits these comments with respect to proposed amendments to the City of Salem's zoning code creating a new district, the South Waterfront Mixed-Use Zone, for the former Boise Cascade property currently zoned for heavy industry and bifurcated by the Portland-Eugene main line of the Portland & Western Railroad.

Oregon Transportation Plan policies as adopted by the Oregon Transportation Commission (OTC) promote a balanced freight transportation system that takes advantage of the inherent efficiencies of each mode. The system must be accessible to potential users by various means, including proximity to service. Transportation corridors are unique assets, so they must be protected from encroachment by such means as controlling access to state highways, minimizing rail crossings and controlling adjacent incompatible land use. Railroad specific policies of Oregon's transportation plan include:

- Encouraging increased use of railroad transportation by promoting rail service opportunities and assisting localities to understand railroad economics, revenue needs and land use requirements.
- Integrating rail freight considerations into land use decisions where rail service is available or potentially available.
- Working with communities to minimize conflicts between railroad operations and other urban activities.

We understand Salem's desire to develop the Boise property as proposed. Unfortunately, the actions proposed do not appear to support these policies. Our specific concerns with the proposal are:

Accommodating Development Defined as Heavy Industry The Boise Cascade site is uniquely situated astride one of only two Portland-Eugene rail corridors and also has reasonably good motor carrier access. Industrial land in northwestern Oregon and the Willamette Valley is in short supply generally; land with rail access is even harder to find. The current run-up in fuel prices, which shows no sign of abating, is causing new interest nationally in highway freight alternatives. Denigrating Salem's inventory of rail-served heavy industrial lands now, in the face of what may become significant new demand for rail freight transportation, seems especially ill-timed.

ATTACHMENT D

Although Salem's proposed zoning amendments and the development plan for the Boise Cascade site call for residential and non-residential "mixed use," none of the proposed non-residential uses listed for inclusion are businesses typically needing or using railroad service. Since shortage of industrially zoned properties adjacent to railroad lines is becoming acute, Salem could consider adopting a policy to protect such areas, such as replacing an industrial area with rail access that has been rezoned with a comparably-sized parcel with rail access somewhere else in Salem.

Access and Safety Nationally, states are being challenged to eliminate at least 25% of public grade crossings by closing or grade separating intersections of highways and railroads. ODOT Rail's policy for new public crossings is to encourage only grade separations because they insure vehicles and pedestrians will not collide with trains. For residences built in the waterfront section, a grade separated crossing precludes any risk of being physically isolated from the outside world, including emergency responders, for an extended period by a lengthy slow moving or incapacitated train. Since Salem's intent is to develop the Boise site for mixed use including residential, it reinforces that safety mandates a grade separation for any additional public way projected across the rail corridor to connect the parcels.

Switching the Boise site from industrial to mixed use could result in increased incidence of trespass in the rail corridor unless the City of Salem requires the developer to secure the right-of-way. Pedestrian trespass upon rail lines is a problem in Salem as multiple injuries and fatalities have occurred in the past 15 years. Indeed, in 164.005, the "Intent and Purpose" of proposed new Chapter 164, it is stated: "*Development within the SWMU designation should contribute to a visually stimulating public realm and an **active and lively pedestrian environment by locating uses which attract pedestrians...***" By encouraging more pedestrians into this section of downtown the likelihood of casual trespassing in the rail corridor will increase unless it is discouraged by barriers and other means.

Another aspect of transportation safety, the juxtaposition of residential uses adjacent to railroad corridors, is becoming of increasing concern to planning authorities. A number of unfortunate accidents since 2000, including two major derailments in southern California and train collisions in Graniteville, South Carolina, and near San Antonio, Texas, have highlighted risks inherent to residential development in close proximity to railroads. The Graniteville and San Antonio incidents demonstrated that deadly vapors from cargo released in train wrecks, such as chlorine, can kill at significant distances from the track. In southern California, two wrecks without hazardous commodities spilled freight cars and locomotives into the back yards and houses of subdivisions built next to the rail line. One news photo depicted an empty flat car spanning a swimming pool. Because derailing locomotives and cars often disrespect the right-of-way boundary, Salem should require substantial setbacks from the railroad property line for commercial and residential buildings on this site. In developing a buffer zone, city planners should take into account that railroad cars range from 55 to 90 feet in length and weigh up to 143 tons each loaded. Despite their great size and weight, the forces unleashed during a train wreck can propel rail vehicles extraordinary distances, even if derailed at relatively slow speeds. Fortunately, train accidents occur infrequently but they do happen.

Quality of Life and Potential Conflicts Rezoning the Boise Cascade site for mixed residential and commercial activity will create immediate conflicts with one heavy industrial use that will remain, which is the railroad. Moreover, ODOT Rail anticipates that freight traffic moving over this line will grow significantly in the years ahead and there is potential for operation of commuter and intercity passenger trains over the line as well. To put things into perspective, there are only two rail corridors that extend from the Portland metropolitan area through the Willamette Valley to Eugene and the Union Pacific line, which currently carries the lion's share

of rail traffic on track along 12th Street, will not be able to fully absorb the projected growth in rail freight tonnage over the next 25 years and host more passenger trains, too. During this same period, one million additional people are expected to settle in the Willamette Valley and Portland areas, creating a significant demand for public transportation services as highways become more congested and fuel prices increase. It is only logical that the Portland & Western Railroad's rail corridor, which is under utilized today, will see substantially more use.

Unfortunately, experience has proven that despite triple pane windows and other mitigating efforts builders might employ, the sounds, smells, sight and vibrations of railroad operations can and will intrude upon nearby residents simply because their homes and apartments have been erected in close proximity to existing rail routes without benefit of buffer zones. It is important to think seriously about how this metamorphosis of the railroad infrastructure could detrimentally affect quality of life for future residents of the Boise development because any thought that the city can establish and enforce regulations to minimize and mitigate railroad nuisances ignores the fatal flaw of federal preemption regarding interstate commerce.

Under the doctrine of the federal railroad regulatory system, state and local governments are precluded from imposing upon railroads local regulations of the type that might provide relief to residents beset with noise, vibrations, smells and around-the-clock train operations. Under the federal system, the Portland & Western Railroad may maintain and improve its line, add or delete track, install and maintain train traffic control systems, raise and lower speed limits, strengthen or rebuild bridges and tunnels, construct buildings, towers and communication systems, all incidental to remedying wear and tear and to meet changing needs of the market for rail services, and do all of these things independent of local permitting processes and zoning constraints. Moreover, the railroad may run as many trains as it wants, when it wants, as state and local jurisdictions are precluded from regulating hours of operation. Nor may state and local noise and emission laws be enforced because rail operations already are subject to federal oversight in these areas. Therefore, because nearly everything railroads do is beyond the ability of local government to control or moderate, the notion that the city can establish and enforce ordinances to resolve or minimize conflicts between rail activities and residential uses ignores legal reality.

In closing, it is highly likely the character of the rail line straddled by the Boise Cascade property will evolve from a low-speed, low-volume feeder line to a line that handles significantly more freight traffic as well as high frequency and higher speed passenger traffic. We hope that you take this vision into account when reviewing plans and approving permits for new development along the Salem waterfront.

Respectfully,



Kelly Taylor
Rail Division Administrator

Boise Cascade Site

Economic Opportunities Analysis

September 2008

City of Salem
Community Development Department
Planning Division

Prepared by:
Leland Consulting Group
Portland, Oregon

ATTACHMENT E

TABLE OF CONTENTS

Introduction.....	1
Development Concept.....	1
Information Resources	2
Demographics	2
Analysis.....	3
Task 1 - Review of National, State and Local Trends	3
National Trends	3
State Trends	5
Regional and Local Trends.....	7
Major Categories of Industrial and Commercial Uses That Can Reasonably be Expected to Locate or Expand in Salem.....	8
Task 2 - Identification of Site Requirements for Industrial and Commercial Uses Likely to Expand or Locate in Salem.....	9
Task 3 - Inventory of Industrial and Commercial Lands	10
Buildable Vacant Industrial and Commercial Land	10
Buildable Underutilized Land	11
Impact of Non-Industrial Development Occurring on Industrially-Zoned Land	13
Summary of Industrial and Commercial Lands Inventory.....	14
Task 4 - Estimate of Types and Amounts of Industrial and Commercial Development Likely to Occur in Salem.....	15
Employment	15
Summary of Economic Development Potential.....	18
Conclusion.....	18

Introduction

This report is an Economic Opportunities Analysis (EOA) to support the change in the comprehensive plan designation of the Boise Cascade property, an approximately 12-acre waterfront property located in downtown Salem, across the street from City Hall and the central library. Currently zoned industrial, the property features five and a half acres of vacant land and just under seven acres of developed land occupied by 613,820 square feet of industrial buildings that served as packaging and distribution operations for Boise Cascade until early 2008, at which time Boise Cascade closed its downtown facilities. Since that time, the buildings have been vacant, and the site significantly underutilized.

The purpose of this EOA is to establish compliance with Statewide Planning Goal 9, "Economy of the State," by ensuring that "adequate opportunities" are provided "for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens." Specifically, the EOA shows that changing the comprehensive plan designation of the Boise Cascade property to the River-Oriented Mixed Use zoning designation will not compromise the City of Salem's capacity to comply with the mandate of Goal 9 to provide "for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses."

The EOA shows that: (1) Based on national, state and regional trends, it is reasonable to assume that industrial uses are no longer the highest and best use for the Boise Cascade site due to its location, significant access constraints, and other factors that apply to the industrial site selection process; (2) Salem's steady population growth, coupled with the projected growth of the Retail Trade and Services industries both locally and regionally, and the increasing demand for higher-density, mixed-use development in urban centers, indicate that the site is ideally suited to a mixed-use project; and (3) There is a sufficient industrial and commercial land inventory within the Salem Urban Growth Boundary for the 20-year planning horizon.

Development Concept

The proposed redevelopment concept for the Boise Cascade property includes a balanced mix of retail, residential, and office land uses, and would require the site to be rezoned to a new "South Waterfront Mixed Use (SWMU)" zoning designation and the "River-Oriented Mixed Uses" comprehensive plan designation.

For organizational purposes, DKS Associates, the firm responsible for examining transportation issues and assumptions associated with the zone change amendment, has divided the project site into three blocks: the north block, the south block, and the waterfront block. The north block is north of Pringle Creek and east of the railroad tracks, the south block is south of Pringle Creek, and the waterfront block is west of the railroad tracks. The proposed land uses for each block, which may change in the future, are as follows:

North Block

- Hotel (150 rooms)
- General Office (40,000 square feet)

South Block

- Mid Rise Apartments (80 dwelling units)
- Grocery Store (40,000 square feet)
- Health Club (40,000 square feet)

Waterfront Block

- Specialty Retail (30,000 square feet)
- High-Rise Apartments (200 dwelling units)

Information Resources

In undertaking this EOA, the best available and readily collectable sources of information were used. These sources include:

U.S. Department of Labor Bureau of Labor statistics;

Oregon Employment Department statistics;

ESRI Business Analyst, a national demographic and business data source, provided demographic data

2031 Regional Transportation System Plan, Mid-Willamette Valley Council of Governments;

Regional Transportation System Plan – 2002 Interim Update (RTSP), Mid-Willamette Valley Council of Governments;

Research and analysis by Leland Consulting Group, Portland, Oregon;

An inventory and GIS analysis of existing vacant and underutilized commercial and industrial land completed by the City of Salem Community Development Department in 2004 (updated by Leland Consulting Group in 2008);

Metro's 2002-2022 Urban Growth Report: An Employment Lands Need Analysis;

Review of recent industrial development trends;

Demographics

Salem is Oregon's second largest city, with a metropolitan area population of 378,570.¹ Salem is located 45 miles south of Portland, Oregon's largest city, and approximately 60 miles north of Eugene, Oregon's third largest city in Oregon.

I-5 runs through Salem, as does the Burlington Northern Railroad, both of which are major north/south transportation corridors for the movement of goods and services within Oregon and along the West Coast.

Salem is located in the central Willamette Valley, a region of prime agricultural land. With its combination of mild climate, rich soils and readily available supply of water, the Willamette Valley has long been a major area for the production of crops such as fruits, berries, vegetables

¹ Salem Metropolitan Statistical Area (MSA), *2007 Annual Population Report*, Population Research Center, Portland State University.

and grass seed. In recent years, this combination of environmental factors has led to the Willamette Valley emerging as a significant producer of fine wines for the world market.

Analysis

Oregon Statewide Planning Goal 9 is implemented by OAR 660-009-0015, which establishes criteria that must be addressed if a local government proposes to change acknowledged comprehensive plan designations to or from commercial or industrial use for sites greater than two acres in size that are located within the local government's "planning area." To meet the requirements of OAR 660-009-0015, an EOA should include: (1) A review of national, state, and local trends; (2) An identification of site requirements; (3) An inventory of industrial and commercial lands; and (4) An assessment of community economic development potential. The planning area examined for this EOA includes all lands within the City of Salem Urban Growth Boundary (UGB).

Task 1 - Review of National, State and Local Trends

Identify major categories of industrial and commercial uses that could reasonably be expected to locate or expand in the planning area based on available information about national, state, and local trends. A use or category could reasonably be expected to locate in the planning area if the area possesses the appropriate locational factors for the use or category of uses.

The Information Resources were reviewed to establish national, state and local trends in the following major industrial and commercial sectors: Agriculture and Forestry, Natural Resources and Mining, Construction, Manufacturing, Utilities, Wholesale Trade, Retail Trade, Transportation and Warehousing, Information, Financial Activities, Professional and Business Services, Educational Services, Health Care and Social Assistance, Leisure and Hospitality, Other Services, and Government.

National Trends

As shown in Table 1 on the following page, nationally, only two sectors are projected to experience an increase in the average annual rate of job growth at a rate of two percent or greater between 2006 and 2016: Professional and Business Services, at 2.0 percent growth, and Health Care and Social Assistance, at 2.4 percent growth. Together, these two sectors are anticipated to add more than eight million jobs to the national economy. The following sectors are projected to lose jobs: Agriculture, at a 0.8 percent loss; Mining, at a 0.2 percent loss; Manufacturing, at a 1.1 percent loss; Utilities, at a 0.6 percent loss; and Federal Government at a 0.4 percent loss. Employment in the Transportation and Warehousing, Financial Activities, Educational Services, Leisure and Hospitality and "Other Services" sectors is projected to increase at an annual rate of between one and two percent.

TABLE 1: NATIONAL EMPLOYMENT BY NAICS MAJOR INDUSTRY SECTOR. 1996, 2006, AND PROJECTED 2016

Industry sector	Thousands of jobs			Absolute Change		Percent distribution			Average Annual Rate	
	1996	2006	2016	1996-2006	2006-16	1996	2006	2016	1996-2006	2006-16
Total employment ¹	134,690	150,620	166,220	15,930	15,600	100	100	100	1.1	1
Non-farm employment ²	120,371	136,912	151,962	16,541	15,050	89.4	90.9	91.4	1.3	1
Goods-producing, excluding agriculture	23,329	22,505	21,773	-824	-732	17.3	14.9	13.1	-0.4	-0.3
Mining	556	619	609	62	-10	0.4	0.4	0.4	1.1	-0.2
Construction	5,536	7,689	8,470	2,153	781	4.1	5.1	5.1	3.3	1
Manufacturing	17,237	14,197	12,695	-3,039	-1,503	12.8	9.4	7.6	-1.9	-1.1
Services-providing	97,043	114,407	130,190	17,364	15,782	72	76	78.3	1.7	1.3
Utilities	640	549	518	-91	-31	0.5	0.4	0.3	-1.5	-0.6
Wholesale trade	5,522	5,898	6,326	376	429	4.1	3.9	3.8	0.7	0.7
Retail trade	14,143	15,319	16,006	1,177	687	10.5	10.2	9.6	0.8	0.4
Transportation and warehousing	3,936	4,466	4,962	530	496	2.9	3	3	1.3	1.1
Information	2,940	3,055	3,267	115	212	2.2	2	2	0.4	0.7
Financial activities	6,969	8,363	9,570	1,395	1,207	5.2	5.6	5.8	1.8	1.4
Professional and business services	13,462	17,552	21,644	4,090	4,092	10	11.7	13	2.7	2.1
Educational services	2,078	2,918	3,527	841	609	1.5	1.9	2.1	3.5	1.9
Health care and social assistance	11,605	14,920	18,954	3,315	4,034	8.6	9.9	11.4	2.5	2.4
Leisure and hospitality	10,777	13,143	15,017	2,367	1,873	8	8.7	9	2	1.3
Other services	5,435	6,235	7,077	800	843	4	4.1	4.3	1.4	1.3
Federal government	2,877	2,728	2,626	-149	-103	2.1	1.8	1.6	-0.5	-0.4
State and local government	16,662	19,262	20,696	2,600	1,434	12.4	12.8	12.5	1.5	0.7
Agriculture, forestry, fishing, and hunting ³	2,731	2,139	1,966	-592	-173	2	1.4	1.2	-2.4	-0.8
Agriculture wage and salary	1,390	1,220	1,114	-170	-105	1	0.8	0.7	-1.3	-0.9
Agriculture self-employed and unpaid family workers	1,341	919	851	-422	-68	1	0.6	0.5	-3.7	-0.8
Nonagriculture self-employed and unpaid family worker	9,368	9,772	10,462	404	690	7	6.5	6.3	0.4	0.7
Secondary wage and salary jobs in agriculture and private households ⁴	177	178	185	2	7	0.1	0.1	0.1	0.1	0.4
Secondary jobs as a self-employed or unpaid family worker ⁵	2,043	1,619	1,646	-425	27	1.5	1.1	1	-2.3	0.2

¹ Employment data for wage and salary workers are from the BLS Current Employment Statistics survey, which counts jobs, whereas self-employed, unpaid family worker and agriculture, forestry, fishing and hunting are from the Current Population Survey (household survey), which counts workers

² Includes wage and salary data from the Current Employment Statistics survey, except private households, which is from the Current Population Survey. Logging workers are excluded.

³ Includes agriculture, forestry, fishing, and hunting data, which is from the Current Population Survey, except logging, which is from Current Employment Statistics survey. Government wages and salary workers are excluded.

⁴ Workers who hold a secondary wage and salary job in agricultural production, forestry, fishing, and private household industries.

⁵ Wage and salary workers who hold a secondary job as a self-employed or unpaid family worker.

Source: US Bureau of Labor Statistics and Leland Consulting Group

Most industry sectors are projected to follow the same patterns of employment growth or decline they experienced in the previous decade. However, there are a few notable exceptions. While employment in the Mining sector grew at an average annual rate of 1.1 percent between 1996 and 2006, this sector is projected to lose an estimated 10,000 jobs between 2006 and 2016. Two sectors that grew at an annual rate of over three percent between 1996 and 2006, Construction and Educational Services, are anticipated to experience much slower growth between 2006 and 2016. Finally, while the Agricultural sector shed jobs at an average annual rate of 2.4 percent between 1996 and 2016, the rate of job loss in this sector is anticipated to slow dramatically between 2006 and 2016, to 0.8 percent annually. Although some sectors of the Pacific Northwest economy will add or lose jobs at a different rate than the

national economy, overall, employment trends in the Northwest are expected to mirror national employment trends.

State Trends

During the past decade, job growth in Oregon generally mirrored national trends. As evidenced in Table 2, between 1997 and 2007, Oregon saw a loss of jobs in three areas. Employment in the Natural Resources and Mining sector and the Manufacturing sector declined at an average annual rate of 1 percent while the Utilities sector shed jobs at a rate of 1.6 percent annually. During this same 10-year timeframe, similar to the nationwide economy, Oregon witnessed robust job growth in three industry sectors: Construction, Educational Services and Leisure and Hospitality. Statewide, job growth in these sectors increased at an average annual rate of 2.4 percent (Construction), 2.8 percent (Educational Services) and 2.0 percent (Leisure and Hospitality) between 1997 and 2007.

TABLE 2: STATE EMPLOYMENT BY NAICS MAJOR INDUSTRY SECTOR, 1997 AND 2007

Industry Sector	Number of Jobs		Numeric Change 1997-2007	Percent distribution of total non-farm employment		Average annual rate of change 1997-2007
	1997	2007		1997	2007	
Total non-farm employment	1,536,800	1,731,600	194,800	100.0	100.0	1.2
Natural Resources & Mining	10,300	9,300	(1,000)	0.7	0.5	(1.0)
Construction	82,300	103,900	21,600	5.4	6.0	2.4
Manufacturing	226,900	204,300	(22,600)	14.8	11.8	(1.0)
Utilities	5,400	4,600	(800)	0.4	0.3	(1.6)
Wholesale trade	74,900	80,500	5,600	4.9	4.6	0.7
Retail trade	181,500	201,000	19,500	11.8	11.6	1.0
Transportation and warehousing	48,600	54,000	5,400	3.2	3.1	1.1
Information	33,800	36,100	2,300	2.2	2.1	0.7
Financial activities	91,900	106,600	14,700	6.0	6.2	1.5
Professional and business services	167,500	197,500	30,000	10.9	11.4	1.7
Educational and health services	160,400	211,600	51,200	10.4	12.2	2.8
Leisure and hospitality	140,700	172,300	31,600	9.2	10.0	2.0
Other Services	52,500	59,900	7,400	3.4	3.5	1.3
Government	260,100	290,000	29,900	16.9	16.7	1.1

Source: Oregon Employment Department and Leland Consulting Group

Just as Statewide employment trends have historically mirrored national trends, in the next decade and beyond it is anticipated that job growth in Oregon will continue to follow national trends.

Between 2007 and 2020, Oregon's population is projected to increase by 14 percent, from 3,745,455 to 4,359,258.² As shown in Table 3, as the Statewide population grows, Oregon is projected to attract new jobs. Job growth will be affected not only by increases in population, but by changes in demographics as well. Similar to the population nationwide, Oregon's population is aging. As such, job growth will, to a certain extent, reflect an increasing demand for goods and services connected with the needs of an older population. These anticipated changes are reflected in industry job growth projections.

TABLE 3: STATE EMPLOYMENT BY NAICS MAJOR INDUSTRY SECTOR, 2006 AND PROJECTED 2016

Industry Sector	Number of Jobs		Numeric Change 2006-2016	Percent distribution of total non-farm employment		Average annual rate of change 2006-2016
	2006	2016		2006	2016	
Total non-farm employment	1,702,500	1,943,600	241,100	100.0	100.0	1.3
Natural Resources & Mining	9,200	9,300	100	0.5	0.5	0.1
Construction	100,300	115,000	14,700	5.9	5.9	1.4
Manufacturing	206,800	209,100	2,300	12.1	10.8	0.1
Utilities	4,800	4,900	100	0.3	0.3	0.2
Wholesale trade	80,600	90,300	9,700	4.7	4.6	1.1
Retail trade	197,500	224,500	27,000	11.6	11.6	1.3
Transportation and warehousing	53,300	60,200	6,900	3.1	3.1	1.2
Information	35,000	38,800	3,800	2.1	2.0	1.0
Financial activities	105,800	117,900	12,100	6.2	6.1	1.1
Professional and business services	193,100	232,800	39,700	11.3	12.0	1.9
Educational and health services	205,200	262,700	57,500	12.1	13.5	2.5
Leisure and hospitality	165,300	197,500	32,200	9.7	10.2	1.8
Other Services	59,000	66,500	7,500	3.5	3.4	1.2
Government	286,500	314,200	27,700	16.8	16.2	0.9

Source: Oregon Employment Department and Leland Consulting Group

Not surprisingly, industry sectors with the greatest projected job growth between 2006 and 2016 are those with strong, direct linkages to Oregon's growing population of senior citizens and retirees. The Educational and Health Services sector is expected to experience the greatest job growth, with a projected average annual increase in employment of 2.5 percent, or 57,500 jobs total. Approximately half of the new jobs created between 2006 and 2016 are projected to be in the Services sector. Job growth is also expected to be strong in the Retail Trade sector, which is expected to add 27,000 new jobs to the Oregon economy. Industry sectors with a high proportion of industrial employment (e.g., Transportation and Warehousing, Manufacturing, Utilities, and Wholesale Trade) are expected to generate approximately 16,000 new jobs, or eight percent of total new non-farm employment between 2006 and 2016.

² 2007 Annual Population Report, Population Research Center, Portland State University.

Regional and Local Trends

The City of Salem is located within the Salem Metropolitan Statistical Area (MSA), which is comprised of Marion and Polk Counties. Employment information specific to the Salem MSA is compiled by OED³, and per that compilation, the following industry sectors provide the bulk of jobs within the region: state and local government; educational and health services, retail trade and manufacturing. The bulk of the MSA's population and, thus, the vast majority of employment opportunities, are concentrated in the City of Salem.

Employment by industry sector in the Salem MSA, from 2001 to 2007, is shown in Table 4 below.

TABLE 4: EMPLOYMENT BY INDUSTRY SECTOR, SALEM MSA, 2001 TO 2007

Industry Sector	2001	2007	Numeric Change 2001-2007	Percent distribution of total non-farm employment		Average annual rate of change 2001-2007
				2001	2007	
Total nonfarm employment	139,000	152,200	13,200	100.0	100.0	0.9
Total private	98,500	111,900	13,400	70.9	73.5	1.3
Natural resources and mining	1,300	1,300	0	0.9	0.9	0.0
Construction	6,800	10,000	3,200	4.9	6.6	3.9
Manufacturing	15,100	15,200	100	10.9	10.0	0.1
Wholesale trade	3,400	4,000	600	2.4	2.6	1.6
Retail trade	15,600	18,000	2,400	11.2	11.8	1.4
Transportation, warehousing and utilities	3,200	3,700	500	2.3	2.4	1.5
Information	1,000	1,500	500	0.7	1.0	4.1
Financial activities	7,000	7,500	500	5.0	4.9	0.7
Professional and business services	9,900	13,200	3,300	7.1	8.7	2.9
Educational and health services	17,300	19,600	2,300	12.4	12.9	1.3
Leisure and hospitality	11,800	12,500	700	8.5	8.2	0.6
Other services	5,200	5,300	100	3.7	3.5	0.2
Government	40,500	40,300	-200	29.1	26.5	(0.0)
Federal government	1,500	1,600	100	1.1	1.1	0.6
State government	20,700	20,200	-500	14.9	13.3	(0.2)
Local government	18,200	18,600	400	13.1	12.2	0.2

* Series Break: 2002 data for Financial activities not comparable to prior years.
 * Series Break: 2003 data for Local education not comparable to prior years.
 Salem MSA consists of Marion and Polk counties.

Source: Oregon Employment Department and Leland Consulting Group

As shown above, while employment within the State Government industry sector decreased slightly, at an average annual rate of -0.2 percent between 2001 and 2007, State and Local Government agencies were the largest providers of jobs within the Salem MSA (38,800 jobs). Given that Salem is the State capital and the second largest City in Oregon, the high concentration of State and Local government workers in the MSA is not surprising.

The second largest provider of jobs in the MSA was the Educational and Health Services sector, with 19,600 jobs, or 12.9 percent of total non-farm employment in the MSA. The Salem MSA is home to several private educational institutions include Willamette University, Western Baptist College and a branch of George University in Salem, and Linfield College in McMinnville.

Retail Trade is the third largest employment sector in the MSA. In 2007, this sector provided 18,000 jobs, nearly 12 percent of total non-farm employment in the MSA.

³ Covered employment statistics produced by the OED are published on the Oregon Labor Market Information System (OLMIS) web site.

Industry sectors that experienced no growth or relatively slow growth of less than one percent per year between 2001 and 2007 included Natural resources and Mining (zero percent), Manufacturing (0.1 percent), Financial Activities (0.7 percent), Leisure and Hospitality (0.6 percent), Other Services (0.2%), Federal Government (0.6 percent), and Local Government (0.2 percent).

Table 5 below shows projected employment growth within the Salem UGB between 2000 and 2030, as reported in the Salem-Keizer Area 2031 Regional Transportation Systems Plan produced by the Mid-Willamette Valley Council of Governments.

TABLE 5: SALEM UGB EMPLOYMENT FORECAST 2000 - 2030

Industry Group	Number of Jobs		Numeric Change 2000-2030	Percent distribution of total non-farm employment		Average annual rate of change 2000-2030
	2000	2030		2000	2030	
Agriculture, Forestry and Fishing	1,109	735	(374)	1.3	0.6	(4.0)
Mining	121	121	0	0.1	0.1	0.0
Construction	3,465	4,994	1,529	4.1	4.3	3.7
Manufacturing	8,487	10,989	2,502	9.9	9.5	2.6
Trans., Comm., and Utilities	2,639	6,532	3,893	3.1	5.6	9.5
Wholesale trade	2,288	2,612	324	2.7	2.3	1.3
Retail trade	16,188	22,588	6,400	19.0	19.5	3.4
Finance, Insurance and Real Estate	4,433	4,657	224	5.2	4.0	0.5
Services	21,486	31,391	9,905	25.2	27.1	3.9
Total Government	25,093	31,312	6,219	29.4	27.0	2.2
Total	85,309	115,931	30,622	100.00	100.0	n/a

As shown above, the highest numeric job growth within the Salem UGB is anticipated in the Services, Retail Trade and Government industry groups, each of which is projected to add between 6,200 and 9,900 new jobs between 2000 and 2030. At 9.5 percent, the Transportation, Communications and Utilities industry group is projected to experience the highest average annual job growth. The Agriculture, Forestry and Fishing is projected to shed jobs at an average annual rate of -4.0 percent. However, given that this industry group accounted for just 1.3 percent of total employment in the Salem UGB in 2000, the overall impact of job loss in this industry group on the local economy will be relatively small.

Major Categories of Industrial and Commercial Uses That Can Reasonably be Expected to Locate or Expand in Salem

Based on national, state and regional trends, it is reasonable to assume that agriculture, forestry, natural resources and mining will continue to experience job loss, while wholesale and retail trade, and those industries necessary to support those trades – such as transportation and warehousing – will continue to grow. Population growth in the Salem UGB, coupled with the retirement of baby boomers, will increase the demand for retail goods and services. Thus, it is reasonable to assume that the services, retail and wholesale trade, and construction industries, will locate or expand within the Salem planning area.

Salem's central location in the Willamette Valley, along I-5 and the Burlington Northern Railway also make it a good location for transportation and warehousing facilities. Thus, it is reasonable to expect that those industries will seek to locate in Salem, in areas with superior freeway access and multimodal connectivity.

Task 2 - Identification of Site Requirements for Industrial and Commercial Uses Likely to Expand or Locate in Salem

Identify the types of sites that are likely to be needed by industrial and commercial uses that might expand or locate in the planning area. Types of sites shall be identified based on the site requirements of expected uses. Local governments should survey existing firms in the planning area to identify the types of sites that may be needed for expansion. Industrial and commercial uses with compatible site requirements should be grouped together into common site categories to simplify identification of site needs and subsequent planning.

Real estate needs can be deduced from national, regional and local employment trends, the character of existing businesses in the UGB, and the character of businesses likely to locate in the UGB.

Recent employment trends described in the previous section and, in particular, forecasted employment growth the Salem UGB, indicate that job growth in the Manufacturing, Wholesale Trade and Natural Resources and Mining industrial employment sectors has slowed down and, in some cases, declined. In contrast, employment in the Retail Trade and Services sectors continues to rise. As a result, the need for "pure" industrial land is decreasing while the demand for mixed-use sites and employment lands that can accommodate a broad range of light industrial, office, and commercial service uses is increasing.

Historically, smaller firms with from one to nine employees have comprised the vast majority of industrial and commercial businesses in Salem. In particular, retail trade and services businesses, which are projected to represent an increasing share of total employment in the Salem UGB in the next 20 years, tend to be small businesses requiring smaller sites of 10 acres or less.

Industrial uses generally require sites that are close freeways and major transportation corridors, with good access and flat topography. The Mill Creek site, recently added to the Salem UGB's inventory of vacant industrial lands, is a prime location for industrial development. Close to I-5 and the Santiam Highway, Mill Creek contains approximately 500 acres of buildable land and is suitable for a broad mix of industrial and employment uses, including uses that require large sites of 40 acres or more. The Boise Cascade site, on the other hand, is a poor location for industrial development given its locational constraints, poor access and connectivity, and the lack of compatible industrial uses in the surrounding area, where commercial and civic uses are predominant.

Task 3 - Inventory of Industrial and Commercial Lands

Comprehensive plans for all areas within urban growth boundaries shall include an inventory of vacant and significantly underutilized lands within the planning area that are designated for industrial or commercial use.

In 2004, while completing an EOA required to approve the comprehensive plan and zone change amendment for the Mill Creek site, the Salem Community Development Department analyzed vacant and significantly underutilized land using parcel data from the City of Salem Geographic Information System (GIS), the Marion County Tax Assessors' Office, and the Polk County Tax Assessors' Office. The analysis addressed "buildable" industrial and commercial land. Buildable land excludes land that cannot be developed due to identified constraints on development. For the purposes of the inventory, constraints include:

- Land with slopes of 10 percent or greater;
- Land within the FEMA floodway;
- Land with wetlands as identified in the Salem-Keizer Local Wetland Inventory, Mid-Willamette Valley Council of Governments (1999);
- Land used as mitigation wetlands;
- One or more parcels under one ownership without access to public right-of-way;
- Parcels with a configuration or shape that makes them unusable for industrial or commercial land uses. Examples include parcels with extremely narrow lot widths or shallow depth that do not allow the siting of buildings or parking areas; and
- Parcels where public water or sanitary sewer services are not currently available and are unlikely to be available within the next 20 years.

For the purpose of updating the 2004 inventory for the Boise Cascade EOA, City planners compiled commercial and industrial building permit data and records of comprehensive plan and zone change amendments to commercial and industrial property approved on or after July 1, 2004. Leland Consulting Group (LCG) analyzed the building permit data to estimate how many acres of land in the 2004 inventory have since been developed. In addition, LCG determined the total acres of land that should be added to or removed from the 2004 inventory as a result of zoning and comprehensive plan designation changes.⁴

Buildable Vacant Industrial and Commercial Land

The inventory of vacant commercial and industrial land in the Salem UGB is based on the acreage of vacant commercial and industrial land by tax lot. "Vacant land" is defined as undeveloped lots or parcels without an occupied structure or building under construction. The size of these lots or parcels was reduced by the area where development is not possible due to constraints. The amount of remaining commercial land area on lots or parcels with mixed-use zones or overlays was reduced by 50 percent. The following lots or parcels were

⁴ The records of zoning and comprehensive plan designation changes that occurred on or after July 1, 2004 do not indicate the development status of the affected tax lots. For this analysis, it is assumed that all the affected taxlots are vacant. The 651-acre Mill Creek site represents the only significant addition of vacant industrial land to the Salem UGB vacant industrial land inventory. Other than the Mill Creek site, which was entirely vacant at the time it was added to the inventory, only 5.03 acres of land was redesignated as industrial as a result of a comprehensive plan change amendment.

excluded from the inventory: lots or parcels that have an occupied structure as determined by an aerial photo or site visit; lots or parcels that are used for accessory parking for an adjacent developed parcel; lots or parcels that have an existing use with personal property but no permanent improvements – i.e., batch plants, wrecking yards, mobile home parks, or storage; and lots or parcels that are identified as railroad or road right-of-way. The acreage of vacant commercial and industrial land by ownership size categories was calculated, and all data verified for accuracy.

As illustrated in Table 6, the total inventory of vacant industrial and commercial land, excluding constraints, is 1,052 acres and 236 acres, respectively.

TABLE 6: SUMMARY OF CONSTRAINTS AND AVAILABLE ACRES ON VACANT INDUSTRIAL AND COMMERCIAL LAND IN SALEM UGB

	Gross Acreage	Right-of-Way Exclusions	Size/Access/ Configuration	Natural Constraints	Other Constraints ¹¹	Available Acreage
Vacant Industrial	1738	7	20	522	0	1052
Vacant Commercial	275	8	0	22	0	236

¹¹ The Mill Creek site, a 651-acre site added to the vacant industrial lands inventory after the 2004 inventory was completed, contains an estimated 136 acres of constrained lands. In addition to Mill Creek, 5.03 acres of industrial land was added to the vacant industrial inventory as a result of comprehensive plan amendments and is assumed to be 100% buildable given its small size. An estimated 11% of the gross acreage of vacant commercial lands in the 2004 inventory were identified as constrained. Therefore, for the purpose of updating the 2004 inventory for this EOA, it is assumed that 11% (9 acres) of the 82 acres of commercial property added to the vacant commercial lands inventory on or after July 1, 2004 are constrained.

Source: City of Salem Community Development Department and Leland Consulting Group

Buildable Underutilized Land

The current inventory of underutilized commercial and industrial land in the UGB is based on the acreage of underutilized commercial and industrial land by tax lot. Underutilized land includes parcels that have an improvement value of 50 percent or less of their land value based on county assessor records and are not currently under construction.

Lots and parcels that were identified in the inventory of vacant land to have an existing use with personal property but no permanent improvements – i.e., batch plants, wrecking yards, mobile home parks, or storage – were included in the inventory. The size of these parcels was reduced by the area where development is not possible due to constraints. The amount of remaining underutilized commercial land area on parcels with mixed-use (residential) zone overlays was reduced by 50 percent.

In the 2004 inventory, the acreage of underutilized commercial and industrial land by lot and parcel and ownership size categories was calculated, and all data verified for accuracy. To update the 2004 inventory, LCG analyzed industrial and commercial development activity that occurred on or after July 1, 2004⁵ and assumed that redevelopment of underutilized sites accounted for 10 percent of industrial development and 15 percent of commercial development.

Table 7 on the following page shows the updated inventory of underutilized industrial and commercial land in the Salem UGB.

⁵ Based on commercial and industrial building permits issued within the Salem UGB after July 1, 2004.

TABLE 7: SUMMARY OF CONSTRAINTS AND AVAILABLE ACRES ON UNDERUTILIZED INDUSTRIAL AND COMMERCIAL LAND IN SALEM UGB

	Gross Acreage	Constraints	Available Acreage
Underutilized industrial land	520	85	522
Underutilized commercial land	273	14	259

Source: City of Salem Community Development Department and Leland Consulting Group

As part of the Salem Futures planning process, ECONorthwest was retained to analyze the amount of employment land⁶ demand likely to be accommodated on already-developed land. In preparing its technical memorandum, *Analysis of Redevelopment Potential* (September 2000), ECONorthwest reviewed research conducted in the Portland metropolitan area by Metro and in the Eugene-Springfield area by Lane County Council of Governments. ECONorthwest also inventoried the improvement to land value ratio of already-developed Salem land, and conducted focus group interviews with Salem-area developers. Their review indicated that redevelopment occurs on properties with varying improvement to land value ratios and that use of a fixed cutoff point was not useful. As a result, the analysis estimated the share of demand for employment land likely to be met by development occurring on all currently-developed land including, but not limited to, land with low or very low improvement to land value ratios.

The analysis concluded that already-developed land would accommodate approximately 10 percent of Salem's demand for industrial land. This rate reflects industrial users' sensitivity to real estate costs and inability to absorb the expenses associated with redevelopment. Because of the timing and cost requirements particular to regional distribution centers, it is not likely that these facilities would be built on redeveloped land.

While ECONorthwest assumed that 10 percent of the need for commercial and industrial land would be met by already-developed land—including, but not limited to, underutilized land—the *Analysis of Redevelopment Potential* acknowledges a potential for greater redevelopment activity on commercial land. In order to provide a conservative analysis, this EOA assumes that 15 percent of demand for commercial land will be accommodated on already-developed land—including, but not limited to, underutilized land.

The share of employment land demand anticipated to be accommodated on already-developed parcels is summarized in Table 8.

TABLE 8: SALEM UGB SHARE OF DEMAND ACCOMMODATED THROUGH REDEVELOPMENT

	Industrial	Commercial
Salem Futures Estimate	10%	10%
Assumption for Boise Cascade EOA	10%	15%

Source: City of Salem, ECONorthwest, and Leland Consulting Group

⁶ Employment lands include commercial and industrial lands.

Impact of Non-Industrial Development Occurring on Vacant Industrially-Zoned Land

The inventory of industrial land overstates the amount of land that is likely to be available for industrial development over the next 20 years. Commercial or other non-industrial development is likely to occur on some industrially-zoned lots or parcels. This “conversion,” may occur due to the construction of commercial uses permitted in the Industrial Commercial (IC) zone or to re-zoning.

As no comprehensive analysis of conversion has been completed in the Salem area, findings from Metro’s 2002-2022 *Urban Growth Report* were reviewed to gauge the potential impact of conversion on the inventory of industrial land. Metro’s 20-year forecast for industrial conversion is summarized in Table 9:

TABLE 9: METRO 20-YEAR FORECAST OF INDUSTRIAL CONVERSION TO COMMERCIAL USES

	Under 1 acre	1 - 4.9 acres	5-9.9 acres	10 - 24.9 acres	25 - 49.9 acres	50 - 100 acres	Over 100 acres	Total acres
Vacant Buildable Industrial Land	432.5	1806.5	1309.4	1342.8	1164.5	372.8	89.1	6517.6
Less Commercial Development	368.2	1123.4	566.4	468.3	198.8	111.4	0.0	2,836.5
Available Industrial Land	64.3	683.1	743.0	874.5	965.7	261.4	89.1	3681.1
Conversion Rate	85.1%	62.2%	43.3%	34.9%	17.1%	29.9%	0.0%	43.5%

Source: METRO 2002-2022 Urban Growth Report: An Employment Need Analysis

The Metro data shows that approximately 43.5 percent of an industrial inventory will ultimately develop for commercial use. Smaller parcels had higher conversion rates than large parcels. This likely reflects the need for larger sites by industrial users, with the accompanying economic advantages associated with scale.

The industrial inventory has been adjusted to reflect conversion rates by lot and parcel size. To avoid overstating the significance of conversion, two assumptions have been made: (1) in cases where lot or parcel size categories used by Metro did not match Salem categories, the lower rate of conversion was used; and (2) to reflect City of Salem and State of Oregon policies that intend to prevent or discourage conversion on larger industrial lots or parcels (specifically, Mill Creek), no conversion was assumed to occur on lots or parcels that are 20 acres or larger. Lots or parcels subtracted from the industrial inventory as a result of conversion have then been added to the commercial inventory.

After conversion is considered, Salem is anticipated to have a total of 957 acres of industrial land, as shown in Table 10 on the following page.

**TABLE 10: SALEM UGB INDUSTRIAL INVENTORY LESS PROJECTED CONVERSION, 2008
2028**

	0-1.9 acres	2-4.9 acres	5-9.9 acres	10-19.9 acres	20-39.9 acres	Over 40 acres	Total
Gross Inventory Vacant Industrial Land (acres)	59.3	98.5	37.9	0.0	192.3	664.4	1052.4
Conversion Rate*	62.2%	62.2%	43.3%	34.9%	0.0%	0.0%	24.3%
Projected Conversion to Commercial (acres)	30.8	51.0	13.7	0.0	0.0	0.0	95.5
Net Acres	28.6	47.4	24.2	0.0	192.3	664.4	956.9
* Based on METRO 2002-2022 Urban Growth Report rates. Italicized rates are calculated based on Salem acreages and assumptions.							

Source: Leland Consulting Group

Land converted from industrial to commercial will add approximately 96 acres to the 236 acres of available vacant commercial land for a total of 331 acres.

Summary of Industrial and Commercial Lands Inventory

The analysis of vacant and underutilized land revealed the following capacity for accommodating future industrial and commercial employment needs:

Vacant industrial land: After adjustment for conversion, 957 acres of industrially-zoned land will be available. The vacant lands supply includes eight parcels of 40+ acres suitable for large distribution/warehousing users as well as multi-tenant business and office parks.

Industrial land needs met through redevelopment: Already developed land—including, but not limited to, underutilized land – will accommodate 10 percent of projected general industrial land demand.

Vacant commercial land: The commercial inventory identified 236 acres of vacant commercial land. After adjustment for conversion, a total of 331 acres are anticipated to be available for commercial development.

Commercial land needs met through redevelopment: Already developed land—including, but not limited to, underutilized land – will accommodate 15 percent of projected commercial land demand.

The Salem UGB's inventory of vacant and underutilized industrial and commercial land is summarized in Table 11:

TABLE 11: SUMMARY OF SALEM UGB FINDINGS

	Industrial acres	Commercial acres
Available Vacant Inventory	1052	236
Adjustment for Conversion	-96	96
Net Inventory	957	331
Share of Demand Accommodated on Currently Developed Land (including underutilized land)	10%	15%

Source: Leland Consulting Group

Task 4 - Estimate of Types and Amounts of Industrial and Commercial Development Likely to Occur in Salem.

The economic opportunities analysis shall estimate the types and amounts of industrial and commercial development likely to occur in the planning area. The estimate shall be based on information generated in response to review of national, state, and local trends, the review of site requirements, inventory of industrial and commercial lands, and shall consider the planning area's economic advantages and disadvantages of attracting new or expanded development in general as well as particular types of industrial and commercial uses.

In order to determine the types and amounts of industrial and commercial development likely to occur within Salem, and the land required to accommodate projected employment growth, land demand for different industries was estimated using the 2031 *Regional Transportation Systems Plan*. The RTSP estimated the average number of employees per acre of zoned land as shown in Table 12:

TABLE 12: SALEM AREA RETAIL, SERVICE, OFFICE, AND INDUSTRIAL EMPLOYMENT DENSITIES

Employment Sector	Employees per acre
Retail	27.0
Service	31.0
Office	35.0
Industrial-Commercial Mix	15.4

Source: 2031 Regional Transportation Systems Plan

Employment

Employment growth is the primary generator of real estate demand in the commercial and industrial sectors. If the comprehensive plan designation of the Boise Cascade site is rezoned from General Industrial to the River-Oriented Mixed-Uses designation, the site will be able to accommodate a mix of retail and service commercial uses, including office development. The analysis is based on projected demand for commercial and industrial space anticipated by the *Regional Transportation Systems Plan—2002 Interim Update* (RTSP). Employment for the Salem portion of the Salem-Keizer UGB was allocated based on the 2031 RTSP's 2030 forecast estimate of 92.9 percent.

TABLE 13: SALEM UGB INDUSTRIAL LAND SUPPLY AND DEMAND

Salem UGB industrial land supply and demand for existing industries.	
RTSP 1997 Salem-Keizer UGB Industrial Employment	18,153 acres
RTSP Annualized Rate of Growth 1997 to 2025	1.49%
Projected Salem-Keizer UGB Growth 2008 to 2028	7,281 jobs
Salem UGB Share	92.9%
Projected Salem UGB Growth in Employment	6,857 jobs
Divided by employees per acre (from RTSP)	15.4
Equals Gross Required Acres	445 acres
Minus Demand Absorbed through Redevelopment (10%)	45 acres
Land Required	401 acres
Inventory	1052 acres
Minus Projected Conversion to Commercial Uses (parcels 5 to 19.9 acres)	(96) acres
Net Inventory	957 acres
Net Inventory Minus Land Required (surplus)	556 acres

Source: Leland Consulting Group

Industrial Land. RTSP projections were used to forecast industrial employment growth. Using the RTSP projections for employment growth and employees per acres, there is a 20-year demand for 445 acres for industrial uses (see Table 13). Of this amount, an estimated 10 percent, or 45 acres, will be accommodated through redevelopment. Assuming approximately 96 acres of industrial land will convert to commercial uses during the next 20 years, there is a net inventory of 957 acres of vacant industrial land and a surplus of 556 acres of vacant industrial land within the Salem UGB after the required 20-year supply is factored out. If the Boise Cascade property's comprehensive plan designation is changed from Industrial to River-Oriented Mixed-Uses (ROM), thereby removing approximately 12 acres of land from the vacant industrial land inventory, there would still be a tremendous surplus of approximately 544 acres. In actuality, this surplus is important in order to provide a choice of locations and parcel sizes for prospective industrial users.

Commercial Land: RTSP projections were used to forecast commercial employment growth. For the purpose of the analysis, public administration, education and social services were excluded.¹³ Based on this forecast, there is a 20-year demand of 467 acres for commercial use. After factoring the 15 percent share of demand that will be accommodated through redevelopment, a net demand of 397 acres remains. However, only 331 acres of vacant commercial land are currently available. This results in a shortfall of 66 acres (see Table 14).

¹³ Commercial employment is driven by both retail and office (primarily finance, insurance and real estate, and services) users. RTSP forecasts for commercial employment include both office-based firms and retail stores, but not government employment. The share of commercial employment generated by retail is based on RTSP estimates using 1997 data.

TABLE 14: SALEM UGB COMMERCIAL LAND SUPPLY AND DEMAND

Salem UGB commercial land supply and demand for existing industries.	
RTSP 1997 Salem-Keizer UGB Industrial Employment	39,424 acres
RTSP Annualized Rate of Growth 1997 to 2025	1.46%
Projected Salem-Keizer UGB Growth 2008 to 2028	15,576 jobs
Salem UGB Share	92.9%
Projected Salem UGB Growth in Employment	14,470 jobs
Divided by employees per acre (from RTSP)	31
Equals Gross Required Acres	467 acres
Minus Demand Absorbed through Redevelopment (15%)	70 acres
Land Required	397 acres
Inventory	236 acres
Plus Projected Conversion to Commercial Uses (parcels 5 to 19.9 acres)	96 acres
Net Inventory	331 acres
Net Inventory Minus Land Required (surplus)	(66) acres

Source: Leland Consulting Group

Summary of Economic Development Potential

The analysis indicates that the proposed land use regulations associated with the Boise Cascade property offer an economic opportunity for the City of Salem. These opportunities are:

Housing: The Boise Cascade Property is projected to accommodate urban housing, including rental or ownership units, some of which may be located on the upper stories of mixed-use buildings. Given Salem's continued population growth and national trends indicating a growing preference for walkable mixed-use communities, the site's downtown waterfront location will be highly desirable for residential uses.

Employment: The Boise Cascade site will provide an opportunity for a range of office employment. Largely fitting the definition of "services" in the economic analysis, these employment categories are projected to be the fastest growing both regionally and nationally.

Commercial: The economic opportunities analysis shows a clear demand for commercial uses. A downtown waterfront location across from the new Salem Conference Center would support the economic development objectives of a vibrant, walkable downtown.

Manufacturing and Production: Under the ROM comprehensive plan designation, the Boise Cascade property could accommodate small manufacturing and production uses (e.g. specialty food processors, woodworking, paper products processing and other small manufacturing, assembly and production businesses) requiring less than 10,000 square feet of floor area. Given the property's central, waterfront location, however, a mix of housing, employment and commercial uses are anticipated to be the highest and best use for the site and lease rates are likely to exceed the rents that industrial users can afford to pay.

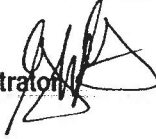
Conclusion

The Boise Cascade property represents a unique opportunity for the City of Salem to create an urban mixed-use waterfront development in the heart of Salem's downtown/central business district. Within walking distance of City Hall, the central library, the proposed Salem Conference Center and other commercial and employment uses, and adjacent to the Willamette River, an important natural amenity, the property is a desirable location for a pedestrian-oriented mixed-use waterfront development that offers opportunities for residents to live, work, shop and recreate.

While the property is well served by rail, it is too far from I-5 to be a suitable location for industrial development of any scale. Further, industrial users prefer to locate in areas developed at a significantly lower density than downtown, where traffic congestion, particularly during peak business hours, is less likely to impact the movement of goods via truck and other modes of transport.

Because Salem has a surplus of vacant industrial land that far exceeds the projected 20-year demand, changing the comprehensive plan designation of the Boise Cascade property from industrial to ROM will not adversely impact the City's capacity to accommodate industrial employment into the long-term future. However, approving the proposed zoning and comprehensive plan amendments to the Boise Cascade Property would reduce the deficit of vacant commercial lands that currently exists.

TO: Planning Commission

FROM: Glenn W. Gross, Urban Planning Administrator 

STAFF: Bryce Bishop, Interim Senior Planner

STAFF REPORT DATE: September 16, 2008

HEARING DATE: September 23, 2008

SUBJECT: SOUTH WATERFRONT MIXED USE (SWMU) ZONE – PROPOSED CITY INITIATED COMPREHENSIVE PLAN CHANGE, NEIGHBORHOOD PLAN CHANGE, AND ZONE CHANGE (CI-CPC/NPC/ZC 08-14)

LOCATION: The former downtown Boise Cascade mill site totaling approximately 12.32 acres in size and generally located south and east of Riverfront Park, west of Front Street and Commercial Street, and north of Bellevue Street, and generally addressed at 230 Front Street SE and 315 Commercial Street SE (Marion County Assessor's Map and Tax Lot No.'s: 073W27BA/1490, 1500, 1600, 1700, 1800, 2000, 2100, 3000, 3100, & 3101 and 073W27BD/300). Hereafter referred to as the "Boise site".

REQUEST: (1) To change the Salem Area Comprehensive Plan Map designation from "Industrial" to "River-Oriented Mixed-Uses";
(2) To change the Central Area Neighborhood Development Organization (CAN-DO) Neighborhood Plan designation to "River-Oriented Mixed-Uses"; AND
(3) To change the zone district from IG (General Industrial) and CB (Central Business District) to SWMU (South Waterfront Mixed-Use).

PROPERTY OWNER: Pringle Square, LLC

APPLICANT: City of Salem

APPROVAL CRITERIA: Comprehensive Plan Change & Neighborhood Plan Change
SRC Chapter 64.070: Comprehensive Plan major amendments shall be] in the best interest of the public health, safety, and welfare of its citizens; provided that the council shall consider and accommodate as much as possible all applicable statewide planning goals.
Zone Change
SACP Section II-F.1: The zoning code shall be compatible and consistent with the intent of the Salem Area Comprehensive Plan.

RECOMMENDATION: Staff recommends that the Planning Commission adopt the facts and findings of the staff report and recommend to the City Council, by resolution, APPROVAL of: (1) changing the Salem Area Comprehensive Plan Map designation of the Boise site from "Industrial" to "River-Oriented Mixed-Uses"; (2) changing the Central Area Neighborhood Development Organization (CAN-DO) Neighborhood Plan designation of the Boise site to "River-Oriented Mixed-Uses"; and (3) changing the zone district of the Boise site from IG (General Industrial) and CB (Central Business District) to SWMU (South Waterfront Mixed-Use) subject to the following condition of approval:

Condition 1: Development of the subject property shall be limited to those uses that will cumulatively generate a total of no more than 1,071 new Peak PM Hour Trips.

TABLE OF CONTENTS

VICINITY MAP 3

BACKGROUND 4

ANALYSIS, FACTS, AND FINDINGS 4

 -*General Facts and Findings* 4

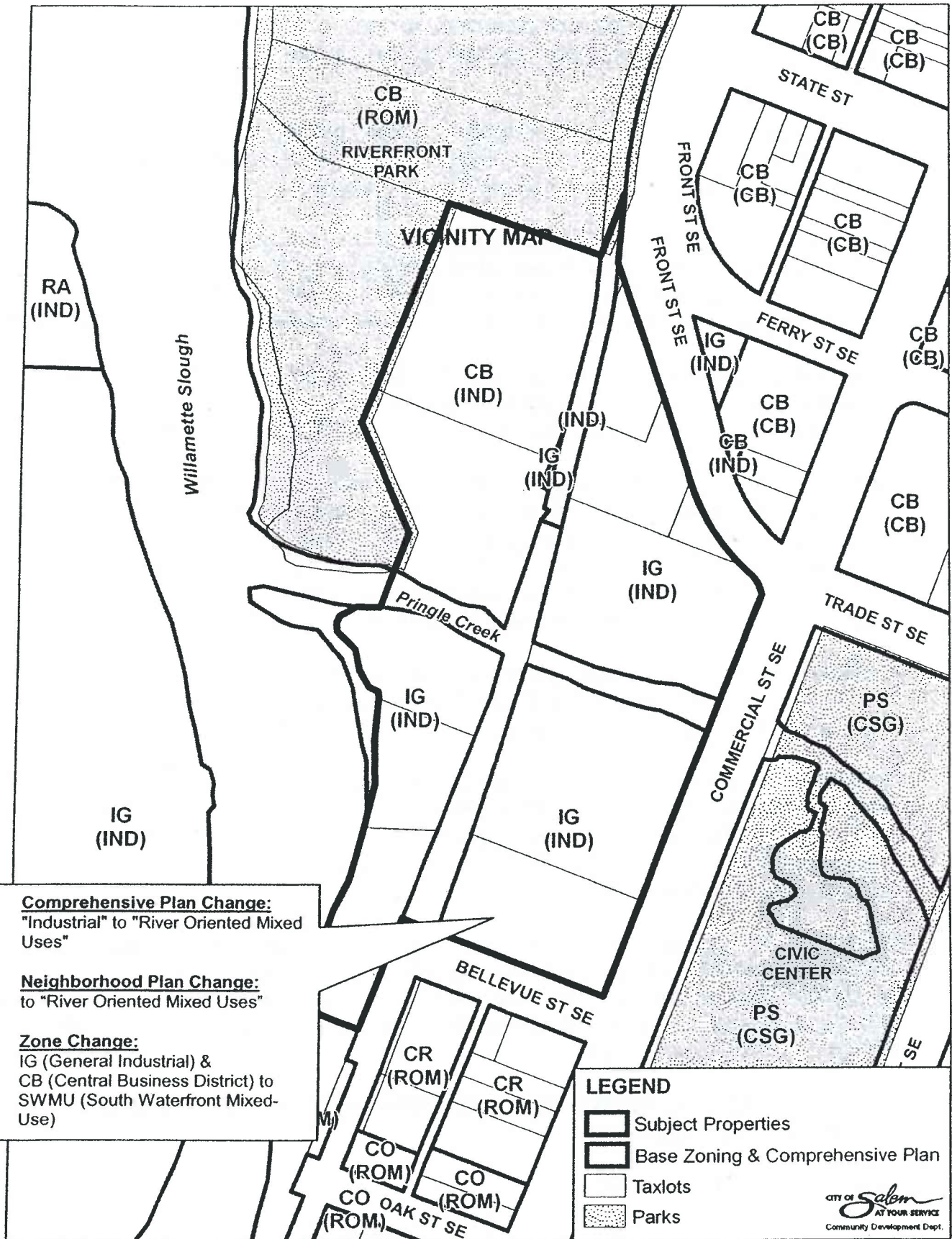
 -*Comprehensive Plan Change and Neighborhood Plan Change to
 "River-Oriented Mixed Uses"* 6

 -*Zone Change to SWMU (South Waterfront Mixed Use)* 12

CONCLUSION 16

RECOMMENDATION 16

ATTACHMENTS 17



BACKGROUND

The downtown Boise site was historically utilized in some capacity as a logging operation, sawmill, or pulp and paper manufacturing facility since the Oregon Pulp and Paper Company first began operations at the site in 1920.

In 1962 Boise Cascade purchased Oregon Pulp & Paper. While under Boise Cascade's ownership, a yeast plant and container operations were added to meet local demand, and several improvements were made to the facility to expand production and to meet air and water quality standards.

In mid-2005, Boise Cascade began considering the possibility of relocating their downtown operations and redeveloping their riverfront parcels. Because of the prime location of this riverfront property next to downtown Salem and adjacent to Riverfront Park, an excellent opportunity presented itself to examine how the property could be re-developed to contribute to the vitality of the downtown, the Salem Urban Area, and the region.

Capitalizing on the unique opportunity, the City of Salem, Boise Cascade, and the Strategic Economic Development Corporation (SEDCOR) sought the experience and expertise of the Urban Land Institute (ULI) to help evaluate the opportunities and re-development potential for Boise Cascade's riverfront property.

In June of 2006, a ULI Advisory Services Program panel convened. The panel consisted of a team of professionals with experience in a variety of urban re-development projects and development-related fields including real estate, economics, urban design, and land use planning. The team traveled to Salem and over a period of five days of interviews with key stakeholders, community leaders, and citizens gathered the information necessary to frame many of the issues pertaining to the property and formulate their recommendations, which were later published in an ULI Advisory Services Panel Report.

The ULI's vision for this prime riverfront property was one of a destination site with complementary retail, office and services uses, and a mix of housing choices, which would provide an attractive gateway to downtown with active pedestrian friendly uses on street level.

In 2007, Boise Cascade sold their riverfront property located east of the Willamette Slough, south of Riverfront Park, north of Bellevue Street, and west of Front Street and Commercial Street. To help realize the ULI vision for the property and facilitate its private redevelopment consistent with that vision, the Council approved a Memorandum of Understanding (MOU) between the City and Pringle Square LLC, the purchaser of the approximately 12.32 acre Boise site.

As outlined in that agreement, the City is now considering changing the predominantly industrial zoning of the property to a new South Waterfront Mixed Use (SWMU) zone. The proposed new zoning district which is being considered through a separate legislative action, and the associated map amendments to apply the new zone to the property are the result of city staff working with representatives of the owners of the Boise site to implement the vision of the ULI study.

ANALYSIS, FACTS, AND FINDINGS FOR COMPREHENSIVE PLAN CHANGE, NEIGHBORHOOD PLAN CHANGE, AND ZONE CHANGE

GENERAL FACTS AND FINDINGS:

1. The former downtown Boise Cascade mill site is that property ("Boise site") generally located south and east of Riverfront Park, west of Front Street and Commercial Street, and north of Bellevue Street, and generally addressed at 230 Front Street SE and 315 Commercial Street SE (Marion County

Assessor's Map and Tax Lot No.'s: 073W27BA/1490, 1500, 1600, 1700, 1800, 2000, 2100, 3000, 3100, & 3101 and 073W27BD/300) as shown on the Vicinity Map and containing approximately 12.32 acres.

2. With the sale of the downtown Boise Cascade property and the close of their operations at that location, it was necessary to consider alternatives for the property's redevelopment.
3. At the invitation of the City of Salem, Boise Cascade, the Strategic Economic Development Corporation (SEDCOR), and Urban Land Institute Advisory Services Program panel convened to evaluate development opportunities for the Boise site.
4. In June of 2006 the Urban Land Institute (ULI) released a report summarizing their recommendations for the redevelopment of the Boise site.
5. On July 2, 2007, the City Council directed staff to begin the process of creating a new zoning district that would include the downtown Boise Cascade site that is consistent with the recommendation of the ULI study. Pursuant to that direction, staff has been working with representatives of the owners of the Boise site to formulate an initial draft of a new zoning district (the South Waterfront Mixed Use district) to implement the vision of the ULI study. Adoption of the proposed new SWMU district will be considered in a separate hearing.
6. In order to enable the Boise site's re-development in accordance with the standards of the proposed new zone district, a comprehensive plan change, neighborhood plan change, and zone change are necessary. The proposed comprehensive plan change, neighborhood plan change, and zone change specifically involve:

- a. Changing the property's comprehensive plan designation from "Industrial" to "River-Oriented Mixed Uses".

The "River-Oriented Mixed Uses" comprehensive plan designation is one that already exists. This land use designation applies to other neighboring properties along the waterfront and is consistent with the requirements of the South Waterfront Mixed-Use zone which requires pedestrian-friendly, mixed-use development that takes advantage of the scenic, natural, and recreational qualities of the riverfront. Because of the utilization of the "River-Oriented Mixed Uses" comprehensive plan designation on other properties on the waterfront and the consistency of the provisions of this designation with the requirements and development objectives of the SWMU zone, this designation was chosen to implement the SWMU zone on the Boise site.

- b. Changing the property's land use designation within the CAN-DO Neighborhood Plan to "River-Oriented Mixed Uses".

This change is necessary to ensure that both the comprehensive plan designation for the property and its land use designation within the neighborhood plan, which is adopted as a part of the Salem Area Comprehensive Plan under SRC Chapter 64.220, are consistent.

- c. Changing the property's zoning from IG (General Industrial) and CB (Central Business District) to SWMU (South Waterfront Mixed-Use).

Changing the zoning of the property results in the South Waterfront Mixed-Use zone being

applied to the Boise site. Once applied to the property, its re-development will be governed by the requirements of the SWMU zone (SRC Chapter 164).

7. Comprehensive plan changes, neighborhood plan changes, and zone changes may be initiated by the City Council or the Planning Commission pursuant to SRC Chapter 64.060 and SRC Chapters 113.120 and 113.130. On July 15, 2008, the Planning Commission adopted Resolution No. 08-5 (Attachment 1) initiating the proposed comprehensive plan change, neighborhood plan change, and zone change.

8. **NOTIFICATION:**

- a. Notification of the proposal was sent to the Department of Land Conservation and Development (DLCD) as required by State law (ORS 197.610) on August 1, 2008, which was 53 days prior to the scheduled Planning Commission public hearing.
- b. ORS 227.186 requires notice to be mailed to affected property owners when a proposed legislative action would limit or prohibit land uses previously allowed under the zoning district applicable to their property. Because the proposal changes the comprehensive plan, neighborhood plan, and zoning of the property, notice of the proposal was mailed to all affected property owners as required under ORS 227.186 on September 3, 2008.
- c. On September 4, 2008, notice of public hearing on the proposal was mailed, pursuant to the requirements of SRC Chapter 64.080 and SRC Chapters 113.130 and 114.060, to:
 - The City Council;
 - The Planning Commission;
 - All Neighborhood Associations;
 - The Boards of Commissioners of Marion and Polk Counties;
 - Owners of the Boise site; and
 - Owners of property located within 250 feet of the subject property.

In addition to the public notice required by the SRC, public hearing notice was also mailed on September 4, 2008, to:

- The Salem Area Chamber of Commerce;
 - GO Downtown!; and
 - The Downtown Advisory Board.
- d. Notice of public hearing was posted on the property pursuant to the requirements of SRC Chapters 113.130 and 114.070 on September 11, 2008.
 - e. Notice of public hearing was also published in the Statesman Journal pursuant to the requirements of SRC Chapter 64.080 on September 11, 16, 17, and 18, 2008.
 - f. In addition to providing mailed, posted, and published public hearing notice on the proposed comprehensive plan change, neighborhood plan change, and zone change, the following additional public outreach was conducted:
 - Staff attended the August 14, 2008, meeting of GO Downtown!;
 - Staff attended the August 20, 2008, meeting of the CAN-DO Neighborhood Association;
 - Attended the August 28, 2008, meeting of the Downtown Advisory Board;

- Information concerning the project was posted on the Planning Division's website;
- The September edition of the Salem Community Connections newsletter included an article on the project; and
- Staff held a public open house on September 11, 2008.

9. **PUBLIC TESTIMONY:**

As of the date of this staff report no comments have been received on the proposal.

COMPREHENSIVE PLAN CHANGE AND NEIGHBORHOOD PLAN CHANGE TO "RIVER-ORIENTED MIXED-USES"

10. SRC Chapter 64.070 establishes the approval criteria that must be met in order for a major comprehensive plan change and neighborhood plan change to be approved. SRC Chapter 64.070 provides that:

No special burden of proof need be met by the proponents of such changes, and the criterion used by the common council in making such changes shall be what is, in its opinion, in the best interest of the public health, safety, and welfare of its citizens; provided, however, that the council shall consider and accommodate as much as possible all applicable statewide planning goals.

In the Best Interest of the Public Health, Safety, and Welfare:

The proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site promotes the best interest of the public health, safety, and welfare of the citizens of Salem by facilitating the redevelopment of this highly visible downtown riverfront parcel in a manner which complements existing downtown development and provides additional opportunities for public enjoyment of the riverfront, as well as eventually providing increased property tax revenue to the City's general fund.

12. ***Accommodates Statewide Planning Goals:***

The proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site accommodates, as much as possible, all applicable statewide planning goals:

- a. **Goal 1 - Citizen Involvement:** *To develop a citizen involvement program that insures the opportunity for citizens to be involved in all phases of the planning process.*

The City, through the requirements of the Salem Revised Code, has created proper procedures to ensure that citizens have the opportunity to provide input on proposed changes to the comprehensive plan and neighborhood plan maps. Opportunities for public input will be available in the hearings process prior to a final decision on this proposal. Notification of the proposed comprehensive plan change and neighborhood plan change was provided consistent with the requirements of State Law and the Salem Revised Code as detailed in this staff report. The City has therefore met its obligation to provide for Citizen Involvement under Statewide Planning Goal One, as defined through the City's adopted procedures.

- b. **Goal 2 - Land Use Planning:** *To establish a land use planning process and policy framework*

as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions.

The City has established a land use planning process and policy framework as a basis for all decisions and actions related to use of land and to assure an adequate factual base for such decisions and actions. The Salem Area Comprehensive Plan was adopted by the City and acknowledged by the Land Conservation and Development Commission as being in compliance with the statewide goals, state statutes and state administrative rules in October 1992.

The CAN-DO Neighborhood Plan, including the land use map, was originally adopted by the City Council in February of 1979, and was subsequently amended in September 1980, March 1984, and August 1984. The CAN-DO Neighborhood Plan is adopted as part of the Salem Area Comprehensive Plan pursuant to SRC Chapter 64.220.

The proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site allow beneficial use of the property and keeps the comprehensive plan and neighborhood plan up to date.

c. **Goal 5 - Open Spaces, Scenic and Historic Areas, and Natural Resources:** *To conserve open space and protect natural and scenic resources.*

Applicability of Goal 5 to post-acknowledgment plan amendments is governed by OAR 660-023-0250. The proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site do not amend an acknowledged Goal 5 resource list, or that portion of the SACP adopted to protect a significant Goal 5 resource, or a policy that addresses specific requirements of Goal 5. In addition, the proposal does not allow uses that would conflict with a particular Goal 5 resource site on an acknowledged resource list; nor does the proposal amend the acknowledged UGB.

The proposed comprehensive plan change and neighborhood plan change will not eliminate the requirement for future development to meet the conditions of SRC Chapter 68 (Preservation of Trees and Vegetation), SRC Chapter 126 (Wetlands), SRC Chapter 132 (Landscaping), SRC Chapter 140 (Floodplain Overlay Zones), and SRC Chapter 141 (Willamette Greenway). The Oregon Department of State Lands (DSL) and the US Army Corps of Engineers regulate jurisdictional wetlands and waters through the Clean Water Act (CWA) Section 404.

The proposed comprehensive plan change and neighborhood plan change may have potential positive benefit to Pringle Creek and associated fish passage from the Willamette River. Redevelopment of the Boise site will provide the opportunity to better treat storm water runoff entering Pringle Creek and the Willamette River. Scenic areas and open space aesthetics will also have the potential for enhancement by the introduction of both ornamental and native landscaping which would provide seasonal color, interest and shade.

Salem's Downtown Historic District is located a short distance to the northeast of the Boise site, across Front Street SE and north of Ferry Street SE. While the Boise site is located near Salem's Downtown Historic District the property itself is not located within a historic district or listed as a historic resource. As such, there will be neither a positive or negative impact.

Open spaces may potentially to be positively impacted with the removal of the existing Boise Cascade facility. The proposed project could provide more direct public access through the site to adjacent open spaces. This project could also provide passive visual connections to the waterfront from Commercial Street and adjacent areas by opening up view corridors.

Given this, the proposal considers and accommodates Statewide Planning Goal 5 as much as possible.

- d. **Goal 6 - Air, Water and Land Resources Quality:** *To maintain and improve the air, water and land resources of the state.*

The proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site do not affect policies established by the SACP or CAN-DO Neighborhood Plan associated with Goal 6.

The proposed comprehensive plan change and neighborhood plan change will not eliminate the requirement for future development to meet the conditions of SRC Chapter 69 (Landslide Hazards) and SRC Chapter 140 (Floodplain Overlay Zones). Oregon Department of Environmental Quality (DEQ) regulates air, water and land through CWA Section 401 Water Quality, Water Quality Certification, State 303(d) listed waters, Clean Air Act (CAA), and CWA Section 402 (NPDES Construction and Storm water Permits). DSL and the Corps regulate jurisdictional wetlands and waters through CWA Section 404 of the State of Oregon and the US respectively.

On April 30, 2007, the DEQ made a No Further Action Determination (NFA) for the Mill Site of Boise Cascade, LLC. They stated in their conclusion "soil and groundwater contamination at the site appears to pose no unacceptable risks to human health or the environment under current and future likely land use conditions." They further note "the NFA will specify that the determination is based on current industrial/commercial land use and future urban residential use, and any soil excavated and removed from the site be properly characterized, managed and disposed."

Given this, the proposal considers and accommodates Statewide Planning Goal 6 as much as possible.

- e. **Goal 7 - Areas Subject to Natural Disasters and Hazards:** *To protect life and property from natural disasters and hazards.*

The proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site do not affect policies established by the SACP or CAN-DO Neighborhood Plan associated with Goal 7. The proposed comprehensive plan change and neighborhood plan change will not eliminate the requirement for future development to meet the conditions of SRC Chapter 69 (Landslide Hazards) and SRC Chapter 140 (Flood Plain Overlay Zones). By facilitating redevelopment of the Boise site, the proposed comprehensive plan change and neighborhood plan change will not adversely impact, and may provide increased protection to people and property from flooding impacts.

Given this, the proposal considers and accommodates Statewide Planning Goal 7 as much as possible.

- f. **Goal 8 - Recreational Needs:** *To satisfy the recreational needs of the citizens of the state and visitors and, where appropriate, to provide for the siting of necessary recreational facilities including destination resorts.*

The Comprehensive Parks System Master Plan was adopted February 17, 1999. Application of the River-Oriented Mixed Uses land use designation to the Boise site does not preclude the siting of any facilities identified in the Comprehensive Parks System Master Plan. The "River-Oriented Mixed Uses" land use designation, as implemented by the South Waterfront Mixed-Use Zone and Design Guidelines and Standards, will help ensure that buildings located along Riverfront Park include park-facing ground floors that are highly integrated and responsive to the park. In addition, the Design Guidelines and Standards include a requirement for at least one public pedestrian connection along the north bank of Pringle Creek which connects with the sidewalk along Commercial Street at street level.

Given this, the proposal considers and accommodates Statewide Planning Goal 8 as much as possible.

- g. **Goal 9 - Economic Development:** *To provide adequate opportunities through the state for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens.*

Oregon Statewide Planning Goal 9 is implemented by Oregon Administrative Rule (OAR), Division 9, Industrial and Commercial Development, which establishes criteria that must be addressed when a local government proposes to change acknowledged comprehensive plan designations to or from commercial or industrial use for sites greater than two acres in size that are located within the local government's "planning area." Consistent with OAR 660-009-0010, the jurisdiction; must address all applicable planning requirements; and

- (a) Demonstrate that the proposed amendment is consistent with the parts of [the] acknowledged comprehensive plan which address the requirement of [Division 9]; or
- (b) Amend [the] comprehensive plan to explain the proposed amendment, pursuant to OAR 660-009-0015 through 660.009.0025; or
- (c) Adopt a combination of [(a) and (b)], consistent with the requirements of [Division 9].

The "planning requirements" include an Economic Opportunities Analysis (EOA) as detailed in OAR 660-009-0015. The City of Salem conducted an EOA to address this criterion (Attachment 2).

The purpose of the EOA is to establish compliance with Statewide Planning Goal 9 by ensuring that "adequate opportunities" are provided "for a variety of economic activities vital to the health, welfare, and prosperity of Oregon's citizens." Specifically, the EOA shows that changing the comprehensive plan designation of the Boise Cascade property to the "River-Oriented Mixed Uses" will not compromise the City's ability to comply with the mandate of Goal 9 to provide "for at least an adequate supply of sites of suitable sizes, types, locations, and service levels for a variety of industrial and commercial uses."

The EOA shows that: (1) Based on national, state and regional trends, it is reasonable to assume that industrial uses are no longer the highest and best use for the Boise Cascade site due to its location, significant access constraints, and other factors that apply to the industrial site selection process; (2) Salem's steady population growth, coupled with the projected growth of the Retail Trade and Services industries both locally and regionally, and the increasing demand for higher-density, mixed-use development in urban centers, indicate that

the site is ideally suited to a mixed-use project; and (3) There is a sufficient industrial and commercial land inventory within the Salem Urban Growth Boundary for the 20-year planning horizon.

Conformance of the proposed zone change with the SACP demonstrates that the proposed application of the SWMU zone district, which in this case implements the River-Oriented Mixed Uses land use designation to the Boise site, is consistent with the applicable Industrial, Commercial, and Economic Development policies of the SACP. Therefore, application of the River-Oriented Mixed Uses land use designation to the Boise site is consistent with the applicable Industrial, Commercial, and Economic Development policies of the SACP. No amendments to the goals or policies of the SACP or Neighborhood Plan are required.

Given this, the proposal considers and accommodates Statewide Planning Goal 9 as much as possible.

h. **Goal 10 - Housing:** *To provide for the housing needs of citizens of the state.*

The "River-Oriented Mixed Uses" land use designation is intended to provide for a combination of urban uses which take advantage of the scenic, natural and recreational qualities of the riverfront and to provide opportunities for the residents in the community to have both visual and physical access to the riverfront while allowing for the continuation of existing industries. As implemented by the proposed SWMU zone, the combination of urban uses would include residential uses other than detached single-family dwellings and manufactured housing. As such, the proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site would provide additional housing opportunities within downtown Salem.

By allowing residential uses on the Boise site, the proposed comprehensive plan change and neighborhood plan change will provide an opportunity for a mix of housing types to be located near employment, services, and transit facilities. This will positively affect the City's ability to provide for the varied housing needs of the tenants of Salem.

Given this, the proposal considers and accommodates Statewide Planning Goal 10 as much as possible.

i. **Goal 11 - Public Facilities and Services:** *To plan and develop a timely, orderly and efficient arrangement of public facilities and services to serve as a framework for urban and rural development.*

The City of Salem Water Master Plan was adopted by Council on April 25, 1994, and amended on September 23, 1996 and October 25, 1999. The Salem Wastewater Management Master Plan was adopted by Council on December 16, 1996, and amended by the Willow Lake Wastewater Treatment Plant Facilities Plan as adopted September 23, 2002. Both documents were adopted and amended as Detailed Plans in accordance with SRC 64.230(b).

The proposed comprehensive plan change and neighborhood plan change will not change but has the potential to reduce the demand for domestic water within the limits of the site. The prior use of the property created a large demand for water in the processing of materials which required the City to create a public water system around the site. The system will now provide

an adequate water system to serve the property with both domestic water and fire protection.

It is not likely that the proposed comprehensive plan change and neighborhood plan change will change the demand on the public sanitary sewer system that crosses the site. However improvements at the adjacent pump station, however, may be required with redevelopment of the site. The improvements required to the pump station have been identified in the City's Sewer Master Plan. The extent of the improvements required by the site are dependent on the final demand created by the development.

No amendments to Public Facilities Plans are anticipated as being necessary in response to the proposed comprehensive plan change and neighborhood plan change. Goal 11 is therefore not applicable to this proposal.

- j. **Goal 12 - Transportation:** *To provide and encourage a safe, convenient and economic transportation system.*

Oregon Statewide Planning Goal 12 is implemented by OAR 66-012-0060(1), which states:

Where an amendment to a functional plan, an acknowledged comprehensive plan, or a land use regulation would significantly affect an existing or planned transportation facility, the local government shall put in place measures as provided in section (2) of this rule to assure that allowed land uses are consistent with the identified function, capacity, and performance standards (e.g. level of service, volume to capacity ratio, etc.) of the facility. A plan or land use regulation amendment significantly affects a transportation facility if it would:

- (a) Change the functional classification of an existing or planned transportation facility (exclusive of correction of map errors in an adopted plan);*
- (b) Change standards implementing a functional classification system; or*
- (c) As measured at the end of the planning period identified in the adopted transportation system plan:*
 - (A) Allow land uses or levels of development that would result in types or levels of travel or access that are inconsistent with the functional classification of an existing or planned transportation facility;*
 - (B) Reduce the performance of an existing or planned transportation facility below the minimum acceptable performance standard identified in the TSP or comprehensive plan; or*
 - (C) Worsen the performance of an existing or planned transportation facility that is otherwise projected to perform below the minimum acceptable performance standard identified in the TSP or comprehensive plan.*

The City's an adopted Transportation System Plan (TSP) designates streets in terms of their intended capacities, functions, and layout. Commercial Street, the abutting street on the east, is designated as a Major Arterial in the TSP. Major Arterials are intended to serve as high-capacity roadways that serve regional and intracity travel, carrying between 15,000 and

50,000 vehicle trips per day (ADT). The ultimate configuration for a Major Arterial multiple travel lanes depending on expected traffic volumes, within a 96-foot-wide public right-of-way. Commercial Street in this location is one-way southbound, part of a couplet (with Liberty Street north-bound). Commercial Street has three travel lanes with parking on both sides, within a 99-foot-wide right-of-way, and presents no capacity issues. The City reduced the number of lanes from four to three several years ago and added on-street parking.

Connecting to Commercial Street at the south end of the proposed development is Bellevue Street SE, designated as a Local Street in the TSP. Local Streets provide access to properties, and can carry approximately 1600 vehicle trips a day. The standard configuration for this street type is a 30-foot-wide paved improvement within a 60-foot-wide right-of-way.

Front Street to the northeast is a State Highway within a City right-of-way, which is intended to provide freight and commute routes for business and residents in and through Salem. The TSP designates Front Street as a Parkway to carry 30,000 to 60,000 ADT. The ultimate configuration for this street is a divided highway, with a minimum of 2 to 4 travel lanes with raised center median, in a 120-foot right-of-way. Front Street in this area today is a divided highway with three lanes southbound and three lanes northbound, with 145-foot-wide right-of-way at State Street. Front Street divides into a one-way couplet (Ferry Street and Trade Street) along the frontage of the parcel.

The site is currently designated "Industrial" on the SACP Map. The proposed comprehensive plan designation is "River-Oriented Mixed Uses" with SWMU zoning. The site is currently served by Salem Area Mass Transit, sidewalks and bike paths, and meets the multimodal transportation guidelines. The SWMU and the Design Standards and Guidelines require pedestrian friendly development on the site and linkage to off-site bike and pedestrian systems, further assuring Goal 12 compliance.

The proposed comprehensive plan change and neighborhood plan change will not significantly affect the above referenced transportation facilities. These facilities were planned with functional classifications and performance standards to accommodate the trip generation of industrial uses like manufacturing, business parks and wholesale trade, along with commercial support services.

An analysis addressing the requirements of the Transportation Planning Rule has been provided by DKS Associates that is included as Attachment 3.

The analysis provided estimates that the combination of reasonably expected uses on the entirety of the Boise site, if developed with light industrial uses under existing land use classifications, would generate 1,071 Peak PM Hour Trips. Conversely, the analysis estimates that based on the conceptual development proposal for the property under the proposed new land use designations, approximately 635 net new Peak PM Hour Trips are generated.

In comparison of the number of trips generated with what could be reasonably developed on the site today under the property's existing comprehensive plan designation and zoning, and the trips generated by the conceptual development proposal for the site under the new proposed comprehensive plan designation and zoning, a net reduction of approximately 436 trips is achieved. However, the proposed number of trips estimated to be generated with the redevelopment of the property under the new proposed comprehensive plan and zoning district is not based on a reasonable worst-case scenario of what could be developed on the

property under the new land use designations.

In order to ensure that the proposed comprehensive plan change, neighborhood plan change, and zone change conform to the requirements of Goal 12 and the TPR, the following condition of approval is recommended to ensure that the total number of new vehicle trips generated from the redevelopment of the Boise site under the new proposed comprehensive plan and zoning designations do not exceed that which could be reasonably expected to be generated under existing conditions:

Condition 1: Development of the subject property shall be limited to those uses that will cumulatively generate a total of no more than 1,071 new Peak PM Hour Trips.

Establishing this condition of approval precludes the future development of the site with uses that generate larger volumes of traffic than are currently permitted. Therefore, the proposed comprehensive plan change, neighborhood plan change and zone change, as conditioned, will not significantly affect transportation facilities; thus, the proposal conforms to the Transportation Planning Rule provisions of Goal 12.

k. **Goal 13 - Energy Conservation:**

Land and uses developed on the land shall be managed and controlled so as to maximize the conservation of all forms of energy based upon sound economic principles.

Oregon Statewide Planning Goal 13 is implemented by OAR 66-015-0000(13), which states in part: "Land use planning should, to the maximum extent possible, seek to recycle and re-use vacant land and those uses which are not energy efficient."

The proposed use of the Boise site would follow techniques and implementation devices that can have a material impact on energy efficiency. Redevelopment of the Boise site is a re-use of an existing, developed parcel that has lain idle for several years. There would be a minimal increase in the surface area of the built environment for any proposed mixed use development that may occur on the property.

Given this, the proposal considers and accommodates Statewide Planning Goal 13 as much as possible.

l. **Goal 14 - Urbanization:** *To provide for an orderly and efficient transition from rural to urban land use.*

All areas subject to this proposal are within the regional urban growth boundary; therefore, Goal 14 does not apply.

m. **Goal 15 - Willamette River Greenway:** *To protect, conserve, enhance and maintain the natural, scenic, historical, agricultural, economic and recreational qualities of lands along the Willamette River as the Willamette River Greenway.*

The proposed comprehensive plan change and neighborhood plan change to "River-Oriented Mixed Uses" for the Boise site do not affect policies associated with Goal 15 established by the SACP. Approval of the proposed comprehensive plan change and neighborhood plan change will not eliminate the requirement for future development to meet the conditions of

SRC Chapter 141 (Willamette Greenway). The DSL and Corp regulate jurisdictional wetlands and waters through CWA Section 404. By facilitating redevelopment of the Boise site, the proposed comprehensive plan change and neighborhood plan change will help to protect, conserve, and enhance the natural, scenic and recreational qualities of the Willamette River Greenway. Removal of existing buildings will protect, conserve, enhance and maintain the natural, scenic, and recreational values of the surrounding areas by improving the view corridors, providing a more direct access to, and expanding the linkage of the adjacent open spaces to the Greenway.

Given this, the proposal considers and accommodates Statewide Planning Goal 15 as much as possible.

SUMMARY FINDING:

Based on the facts and findings included in sections 10 through 12 above, the proposed comprehensive plan change and neighborhood plan change are in the best interest of the public health, safety, and welfare and accommodate as much as possible all applicable Statewide Planning Goals.

ZONE CHANGE TO SWMU (SOUTH WATERFRONT MIXED-USE):

11. One of the implementation tools of the Salem Area Comprehensive Plan is the Zoning code, and as such, the proposed zone change to apply the SWMU (South Waterfront Mixed-Use) zone to the Boise site must be consistent with the Salem Area Comprehensive Plan (SACP). Salem Area Comprehensive Plan Section II-F.1 provides that:

The zoning code shall be compatible and consistent with the intent of the Salem Area Comprehensive Plan.

Compatible and Consistent with the Intent of the Salem Area Comprehensive Plan

The proposed zone change applying the SWMU (South Waterfront Mixed-Use) zone to the Boise site is compatible and consistent with the intent, goals, and policies of the SACP as follows:

- a. **Plan Map Designations - River-Oriented Mixed Uses:** *The intent is to provide for a combination of urban uses which take advantage of the scenic, natural and recreational qualities of the riverfront and to provide opportunities for the residents in the community to have both visual and physical access to the riverfront while allowing for the continuation of existing industries.*

The proposed zone change conforms to the intent of the "River-Oriented Mixed Uses" plan designation. Located between the Willamette River and downtown Salem, the location of the Boise site has the potential to provide a mix of urban uses in a manner that takes advantage of the scenic, natural and recreational qualities of the riverfront. The proposed zone change will facilitate redevelopment of the Boise site, thus providing maximum opportunity to enhance both visual and physical access to the river.

In addition to promoting development that takes advantage of the scenic, natural and recreational qualities of the riverfront and providing opportunities for residents to have both visual and physical access to it, the "River-Oriented Mixed Uses" designation also allows for

the continuation of exiting industries.

The "River-Oriented Mixed Uses" designation, while allowing for the continuation of existing industries does not, however, encourage new industries or the expansion of existing ones. This ensures that existing industrial-type developments on land designated "River-Oriented Mixed Uses" can remain in operation, but over time as the character of the riverfront areas change, the industrial properties can be transitioned to accommodate the new types of uses envisioned for these areas.

The Boise site is an excellent example of a riverfront property that has been utilized for many years for industrial purposes that is now transitioning from that former industrial use to urban mixed-use.

Because of the location of the Boise site within the downtown on the riverfront next to Riverfront Park; the presence of "River-Oriented Mixed Uses" designated land to the north and south of the property; the vision for the redevelopment of the Boise site; and the development standards of the SWMU zone to implement that vision, the proposed zone change to SWMU is consistent with the intent of the "River-Oriented Mixed Uses" plan designation.

- b. **General Development Policy No. 1 (Citizen Involvement):** *Opportunities for broad-based citizen involvement in the development, revision, monitoring and implementation of the Salem Area Comprehensive Plan shall be provided by the City of Salem and Marion and Polk Counties. Where neighborhood groups have been officially recognized by the governing body, they shall be included in the planning process. To help assure citizen participation and information, public hearing shall be held prior to adoption of all land use ordinances.*

Opportunities for public input will be available during the public hearings process prior to the City's final action on this proposed zone change. The public notification provided for this proposal and hearing is detailed in the facts and findings of this staff report, including notification to all officially-recognized neighborhood associations. The City has therefore met its obligation to provide broad-based citizen involvement under SACP General Development Policy No. 1.

- c. **General Development Policy No. 3 (Economic Growth):** *Economic growth which improves and strengthens the economic base of the Salem urban area should be encouraged.*

By facilitating the redevelopment of this highly visible downtown riverfront parcel in a manner which complements existing downtown development and provides additional opportunities for public enjoyment of the riverfront as well as eventually providing increased property tax revenue to the City's general fund, application of the SWMU zone district to the Boise site will improve and strengthen the economic base of Salem.

- d. **General Development Policy No. 7 (Optimal Use of the Land):** *Structures and their siting in all residential, commercial, and industrial developments shall optimize the use of land. The cumulative effect of all new residential development in the Salem urban area should average 6.5 dwelling units per gross acre of residential development. Development should minimize adverse alteration of the natural terrain and water courses, the potential for erosion and adverse effects upon the existing topography and soil conditions.*

The River-Oriented Mixed Uses land use designation is intended to provide for a combination

of urban uses which take advantage of the scenic, natural and recreational qualities of the riverfront and to provide opportunities for the residents in the community to have both visual and physical access to the riverfront while allowing for the continuation of existing industries. As implemented by the proposed SWMU zone, a range of urban uses would be allowed on the Boise site, including retail, office, institutional, commercial parking, small industrial, and residential uses (other than detached single-family dwellings and manufactured housing). The proposed South Waterfront Mixed-Use Zone Design Guidelines and Standards encourage a compact urban form and pedestrian orientation. By allowing residential uses on the Boise site, the SWMU zone will provide an opportunity for a mix of housing types to be located near employment, services, and transit facilities. This will positively affect the City's ability to provide for the varied housing needs of the citizens of Salem. In addition, application of the SWMU zone district will facilitate redevelopment of the Boise site, thus providing maximum opportunity for preservation and enhancement of Pringle Creek and other topographic features.

- e. **General Development Policy No. 14 (Screening of Storage):** *Outdoor storage areas should be screened from the public streets and from adjacent uses.*

The South Waterfront Mixed-Use Zone Design Guidelines and Standards are intended to facilitate creation of an active, pedestrian friendly environment in the SWMU zone.

- f. **Urban Growth Policy No. 4 (Infill):** *Development of land with existing urban services shall be encouraged before the conversion of urbanizable lands to urban uses; and*

Growth Management Policy No. 9 (Infill on Facilities): *New development shall be encouraged to locate in areas where facilities are already available and in areas which require the least public costs to provide needed facilities and services.*

By facilitating redevelopment of the vacant Boise Cascade mill site, the proposed zone change will provide an opportunity to intensify urban uses on a site which is already fully served with existing urban services.

- g. **Residential Development Policy No. 6 (Multi-Family Housing):** *Multi-family housing shall be located in areas proximate to existing or planned transportation corridors, public facilities and services: a. To encourage the efficient use of residential land and public facilities, development regulations shall require minimum densities for multiple family development zones; b. Development regulations shall promote a range of densities that encourage a variety of housing types; c. Multiple family developments should be located in areas that provide walking, auto or transit connections to: (1) Employment centers; (2) Shopping areas; (3) Transit service; (4) Parks; (5) Public buildings; and*

Residential Development Policy No. 9 (Alternative Housing Patterns): *Residential Development Patterns Subdivision and zoning regulations shall provide opportunities for increased housing densities, alternative housing patterns, and reduced development costs. Development regulations shall promote residential development patterns that encourage: a. The use of all modes of transportation; b. Reduction in vehicle miles traveled and length of auto trips; and c. Efficiency in providing public services.*

As implemented by the proposed SWMU zone, a range of urban uses would be allowed on the Boise site, including retail, office, institutional, commercial parking, small industrial, and

residential uses (other than detached single-family dwellings and manufactured housing). By allowing residential uses on the Boise site, the SWMU zone will provide an opportunity for a mix of housing types to be located adjacent to employment centers, shopping areas, transit services, parks, and public buildings.

- h. **Mixed-use Development Policy No. 1 (Development):** *Encourage efficient use of land by facilitating compact, high-density development and minimizing the amount of land that is needed to accommodate automobile parking.*

The proposed SWMU zone allows for a range of high-density, urban uses on the Boise site, including retail, office, institutional, commercial parking, small industrial, and residential uses (other than detached single-family dwellings and manufactured housing). The proposed South Waterfront Mixed-Use Zone Design Guidelines and Standards encourage a compact urban form and pedestrian orientation. By requiring a mix of uses on the Boise site, the SWMU zone will minimize the amount of land that is needed to accommodate automobile parking. In addition, the location near employment, services, and transit facilities will help facilitate the use of alternative modes of transportation.

- i. **Mixed-use Development Policy No. 2 (Development):** *Encourage development that preserves open space.*

By facilitating redevelopment of the vacant Boise Cascade mill site, the proposed zone change will afford maximum opportunity for preservation and enhancement of the natural features and open spaces on the Boise site. The proposed SWMU zone and Design Guidelines and Standards include provisions for open plazas and enhanced pedestrian features. In addition, the proposed Design Standards include standards to address compatibility with the adjacent Riverfront Park.

- j. **Mixed-use Development Policy No. 3 (Priorities for Mobility and Access):** *Facilitate development (land use mix, density, connectivity, design, and orientation) that reduces the need for, and frequency of, SOV trips and supports public transit, where applicable.*

The proposed SWMU zone allows for a range of high-density, urban uses on the Boise site, including retail, office, institutional, commercial parking, small industrial, and residential uses (other than detached single-family dwellings and manufactured housing). The proposed South Waterfront Mixed-Use Zone Design Guidelines and Standards encourage a compact urban form and pedestrian orientation. By requiring a mix of uses on the Boise site, the SWMU zone will minimize the amount of land that is needed to accommodate automobile parking. In addition, the location near employment, services, and transit facilities will help facilitate the use of alternative modes of transportation, including public transit.

- k. **Mixed-use Development Policy No. 4 (Priorities for Mobility and Access):** *Reinforce streets as public places that encourage pedestrian and bicycle travel; and*

Mixed-use Development Policy No. 6 (Design): *Develop commercial and mixed-use areas that are safe, comfortable and attractive to pedestrians.*

The proposed South Waterfront Mixed-Use Zone Design Guidelines and Standards reinforce the streets as public places by emphasizing the pedestrian orientation of buildings in terms of building facades, ground floor height, building transparency, primary building entries,

screening of mechanical and service equipment, building setbacks and frontages, parking location and screening, and weather protection.

- l. **Mixed-use Development Policy No. 7 (Design):** *Provide flexibility in the siting and design of new developments, facilities, and redevelopment to respond to changes in the marketplace and infrastructure systems.*

Rezoning the Boise site to SWMU reflects changes in the marketplace. As described in the 2006 Urban Land Institute (ULI) report, the proposed zoning will allow for uses that reflect the highest and best use of the land.

- m. **Commercial Development Policy No. 1 (Central Business District):** *The central business district shall be maintained and developed as a regional retail and employment center for the Salem urban area.*

The proposed SWMU zoning will allow for uses that are more compatible and complementary to adjacent activity and uses in the central business district than those that would be permitted by maintaining the existing industrial designation and uses.

- n. **Commercial Development Policy No. 4 (Community Shopping and Service Facilities):** *Community shopping and service facilities shall be located adjacent to major arterials and shall provide adequate parking and service areas. Land use regulations shall include provisions for siting and development which discourage major customer traffic from outside the immediate neighborhoods from filtering through residential streets; and*

Commercial Development Policy No. 6 (Commercial Office Uses): *Commercial office uses shall have convenient access to collector and arterial streets.*

The Boise site has convenient access to collector and arterial streets. Commercial Street, the abutting street on the east, is designated as a Major Arterial in the TSP. Front Street to the northeast is a State Highway within a City right-of-way, which is intended to provide freight and commute routes for business and residents in and through Salem. The TSP designates Front Street as a Parkway to carry 30,000 to 60,000 ADT. The SWMU zone requires adequate parking be provided within the zoning district. There are no adjacent single family neighborhoods or residential streets that would be impacted by commercial activity on the Boise site.

- o. **Economic Development Policy No. 2 (Labor Force):** *Increase labor intensive employment opportunities and encourage the hiring of unemployed local residents.*

The proposed zone change is expected to facilitate redevelopment of the vacant Boise Cascade mill site to a more intensive mixed-use development. A wide range of uses are permitted within the SWMU zone including more labor intensive types of development such as retail and office.

- p. **Economic Development Policy No. 5 (Basic Industry):** *The contributions to the economic base by the significant sources of basic sector employment, including state and federal government and the food and wood products industries, should be recognized and maintained.*

The sale of the downtown Boise Cascade property, and the close of their operations at that location, has led to the consideration of alternatives for the property's redevelopment. Because of its location adjacent to downtown, Riverfront Park, and the Willamette River, the ULI study recommended that the Boise site be converted from industrial use to mixed-use zoning. The proposed zone change will allow for uses that are more compatible and complementary to adjacent activity and uses than those that would be permitted by maintaining the existing industrial designation and uses.

- q. **Industrial Development Policy No. 1 (Industrial Land Inventory):** *Maintain a long-term (20-year) industrial land inventory which provides a full range of small, medium, and large parcel sizes and locations to sustain a competitive market for industrial sites. Re-designation of the land to or from industrial may be allowed providing: (a) It serves the community's interests and does not impact the long-term continuity of the industrial inventory; and (b) Is preferably a boundary adjustment which results from expansion of an existing, adjacent use; and (c) There is a demonstrated need to expand the industrial or non-industrial use inventory.*

As outlined in the EOA completed to address the requirements of Statewide Planning Goal 9 (Attachment 2), the proposed re-designation of the 12.32 acre Boise site will not significantly impact the City's 20-year industrial land inventory. Re-designation of the land to SWMU serves the community's interests by facilitating the redevelopment of the vacant, Boise Cascade mill property. The proposed zoning will allow for uses that are more compatible and complementary to adjacent activity and uses than those that would be permitted by maintaining the existing industrial designation and uses. The need for additional mixed-use land at this location is described in the 2006 Urban Land Institute (ULI) report.

- r. **Willamette River Greenway Policy No. 7 (Changes of Land Uses):** *New development and changes of land uses which are compatible with the Greenway concept as defined in the State Land Use Goal may be permitted along the Willamette River.*

Statewide Planning Goal 15 (Willamette River Greenway) is intended to protect, conserve, enhance and maintain the natural, scenic, historical, agricultural, economic and recreational qualities of lands along the Willamette River as the Willamette River Greenway. As noted in findings included for section 11 (o) of this report, the City has met its obligation of considering and accommodating Statewide Planning Goal 15 as much as possible. Approval of the proposed zone change will not eliminate the requirement for future development to meet the conditions of SRC Chapter 141 (Willamette Greenway). The DSL and Corps regulate jurisdictional wetlands and waters through CWA Section 404.

- s. **Willamette River Greenway Policy No. 8 (Changes of Land Uses):** *The review of proposed land use changes shall include the establishment of an appropriate setback from the Willamette River; and*

Willamette River Greenway Policy No. 12 (Visual Access): *Visual access and a sense of openness should be provided by maximizing the open space between buildings and the river.*

Approval of the proposed zone change will not eliminate the requirement for future development to meet the requirements of SRC Chapter 141 (Willamette Greenway) and the setbacks established therein.

- t. *Willamette River Greenway Policy No. 13 (River Oriented Use):* Within Salem, the transition of the waterfront areas designated Commercial, Commercial Industrial or Industrial use to a mixture of commercial, office and high density residential uses shall be encouraged.

The proposed zone change will implement this policy by transitioning one of the waterfront areas currently designated in the SACP as "Industrial" to a mixture of commercial, office and high-density residential uses. The proposed SWMU zone allows for a range of high-density, urban uses on the Boise site, including retail, office, institutional, commercial parking, small industrial, and residential uses (other than detached single-family dwellings and manufactured housing).

SUMMARY FINDING:

Based on the facts and findings included in sections 13 and 14 above, the proposed zone change is compatible and consistent with the intent, goals, and policies of the SACP.

CONCLUSION

Staff concludes that all applicable criteria for Commission-Initiated Comprehensive Plan Change/Neighborhood Plan Change/Zone Change 08-14 are satisfied.

RECOMMENDATION

Staff recommends that the Planning Commission adopt the facts and findings of the staff report and recommend to the City Council, by resolution, **APPROVAL** of: (1) changing the Salem Area Comprehensive Plan Map designation of the Boise site from "Industrial" to "River-Oriented Mixed-Uses"; (2) changing the Central Area Neighborhood Development Organization (CAN-DO) Neighborhood Plan designation of the Boise site to "River-Oriented Mixed-Uses"; and (3) changing the zone district of the Boise site from IG (General Industrial) and CB (Central Business District) to SWMU (South Waterfront Mixed-Use) subject to the following condition of approval:

Condition 1: Development of the subject property shall be limited to those uses that will cumulatively generate a total of no more than 1,071 net new Peak PM Hour Trips.

- Attachments:
1. Planning Commission Resolution No. 08-5
 2. Economic Opportunities Analysis, September 2008
 3. Transportation Planning Rule Analysis, September 2008

Prepared by Bryce Bishop, Interim Senior Planner

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SALEM PLANNING COMMISSION
RESOLUTION 08-5

Whereas, with the sale of the downtown Boise Cascade property and the close of their operations at that location the necessity to consider alternatives for the property's redevelopment was needed; and

Whereas, at the invitation of the City of Salem, Boise Cascade, and the Strategic Economic Development Corporation (SEDCOR), an Urban Land Institute Advisory Services Program panel was convened to evaluate development opportunities for the Boise Cascade river front properties; and

Whereas, in June of 2006 the Urban Land Institute (ULI) released a report summarizing their recommendations for the redevelopment of the Boise Cascade site; and

Whereas, on July 2, 2007, the City Council directed staff to begin the process of creating a new zoning district that would include the downtown Boise Cascade site that is consistent with the recommendation of the ULI study; and

Whereas, staff has been working with representatives of the owners of the Boise Cascade site to formulate an initial draft of a new zoning district to implement the vision of the ULI study; and

Whereas, public outreach will be conducted to gather input and comments on the proposal, and

Whereas, to facilitate the redevelopment of the site consistent with the ULI vision the zoning code must be amended and the comprehensive plan designation, neighborhood plan designation, and zoning for the site must be changed; and

Whereas, proposed amendments to the Salem Zoning Code may be initiated by the Salem Planning Commission by resolution under SRC 110.070(a); and

Whereas, comprehensive plan changes and neighborhood plan changes may be initiated by the Salem Planning Commission by resolution under SRC 64.060; and

Whereas, zone changes may be initiated by the Salem Planning Commission by resolution under SRC 113.130; and

Whereas, a 45-day notification to the Department of Land Conservation and Development (DLCD) is required under ORS 197.610 and OAR Chapter 660 - Division 18; and

Whereas, under SRC 114.080, the Urban Planning Administrator must set a date for a public hearing before the Planning Commission and cause notice to be published; NOW THEREFORE

BE IT RESOLVED BY THE PLANNING COMMISSION

Section 1. The matter of amending the Salem Revised Code to establish a new zoning district to implement the recommendations of the ULI study for the redevelopment of the downtown Boise Cascade site (Attachment 1) be set for a public hearing before the Salem Planning Commission in the Council Chambers, Civic Center, Salem, Oregon, for a future date to be determined by the Planning Administrator pursuant to SRC 110.070(b).

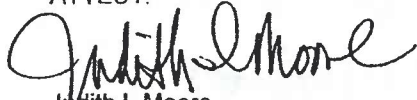
The purpose of the hearing is to receive testimony on the issue of amendment the Salem Revised Code.

Section 2. The matter of changing the comprehensive plan designation, neighborhood plan designation, and zoning for the downtown Boise Cascade site (Attachment 1) to implement the new zoning district and the recommendations of the ULI study be set for a public hearing before the Salem Planning Commission in the Council Chambers, Civic Center, Salem, Oregon, for a future date to be determined by the Planning Administrator pursuant to SRC 64.060 and SRC 113.130.

ADOPTED by the Salem Planning Commission this 15th day of July, 2008.

Attachment: 1. Map of Boise Cascade Site

ATTEST:



Judith I. Moore
Secretary
Salem Planning Commission

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Draft Boise Cascade Site Economic Opportunities Analysis

This document was included as Attachment 2 to the Planning Commission's September 23, 2008, staff report.

In order to reduce photocopying expenses, the document is hereby incorporated by reference.

ATTACHMENT 2

MEMORANDUM

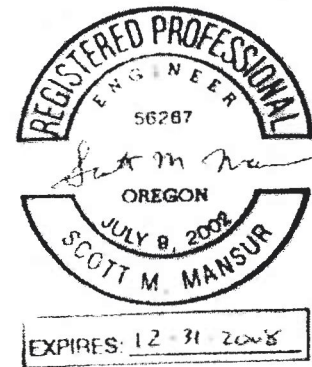
TO: Tim Gerling, P.E., Gerling Solutions, Inc.

FROM: Scott Mansur, P.E., P.T.O.E. *SM*
Brad Coy, E.I.T.

DATE: September 9, 2008

SUBJECT: Boise Cascade Redevelopment – Trip Generation

P08086-000-000



This memorandum presents the trip generation assumptions for the Boise Cascade Redevelopment project. The Boise Cascade site is located in Salem, Oregon, on the southwest corner of the Commercial Street/Trade Street intersection and is adjacent to the Willamette River and Riverfront Park. Currently, the Boise Cascade site is zoned as general industrial (IG), and unoccupied industrial buildings occupy the site. It is our understanding that a zone change is desired to convert to a new "South Waterfront Mixed Use (SWMU)" zoning designation, which is implementing the "River-Oriented Mixed Uses" designation in the Salem Area Comprehensive Plan; this change would allow redevelopment of the site for retail, residential, and office land uses.

Trip Generation

Trip generation is the estimation of project traffic that is added to the nearby transportation system. Trip generation estimates were performed for both the existing/potential and proposed land uses.

EXISTING/POTENTIAL TRIP GENERATION

Typically, the trips from existing uses can be determined from driveway counts. In the case of the Boise Cascade site, the existing buildings are currently unoccupied; therefore, trip rates provided in the Institute of Transportation Engineers (ITE) *Trip Generation, 7th Edition*¹ manual were used to estimate the "existing" trips. The Boise Cascade site is currently zoned as General Industrial (IG) and Central Business District (CBD), and consists of 613,820 square feet of industrial buildings (prior use: 421,820 square feet of manufacturing; 176,000 square feet of warehouse; and 16,000 square feet of office). As a most-probable use estimate, the conservative approach would be to assume that re-use of the site would be Light Industrial, with a mix of permitted uses. As shown in Table 1, these existing structures would generate 761 (92 in, 669 out) PM peak hour trips.

¹ *Trip Generation, 7th Edition*. Institute of Transportation Engineers, 2003.

ATTACHMENT 3

The site also has 5.5 acres on the west side of the railroad tracks that are currently undeveloped and that could be expected to accommodate approximately 250,000 square feet of light industrial space based on the Industrial Comprehensive Plan designation. The 250,000 square feet of light industrial would generate 310 (37 in, 273 out) PM peak hour trips. When combined, the existing and potential uses would generate 1,071 (129 in, 942 out) PM peak hour trips.

TABLE 1: Existing Trip Generation Estimates (Existing and Potential Uses)

Land Use (ITE Code)	Size	PM Peak Hour Trip Rate	PM Peak Hour Trips		
			In	Out	Total
Existing Uses					
Light Industrial (110)	614 KSF	1.24 trips/KSF ^a	92	669	761
Potential Uses					
Light Industrial (110)	250 KSF	1.24 trips/KSF ^a	37	273	310
Existing + Potential Uses			129	942	1,071

^a Trip generation for this land use was performed using the ITE equation; therefore, this is a back-calculated rate based on 864 KSF (i.e., 614 KSF + 250 KSF).

PROPOSED TRIP GENERATION

Because the Boise Cascade redevelopment plan includes mixed-uses, its trip generation includes the calculation of many types of trips that do not currently exist under the current industrial land uses:

Total Trips are estimated for each of the proposed land uses assuming they are free-standing sites (though, in some cases, land uses can be grouped together, such as with a “shopping center”).

Internal Trips are made between land uses within a mixed-use development and do not access the public transportation network (due to shared parking facilities and internal roadways/pedestrian paths).

Pass-by Trips are made by vehicles already on the adjacent roadway that are passing by and choose to stop at the development; these trips typically occur only for retail land uses and they only impact project accesses.

Primary Trips are the new trips that are added to the study area roadway network by the proposed land uses; they consist of the total trips that are neither internal nor pass-by trips.

Net-New Trips are the new development trips that are in excess of the existing trips being removed.

The methodology used and resulting estimates of each of these trips for the Boise Cascade site are explained in the following sections. In addition, the results of the trip generation are provided in Table 2, which first lists the trip generation by land use and then provides the total number of trips by type.

Total Trips

Total trips include all trips made to and from each proposed land use (including between land uses) within the development. The total trips were estimated using trip rates provided in the Institute of Transportation Engineers (ITE) *Trip Generation, 7th Edition*² manual. The rates assume that each land use is a free-standing site; because multi-use developments do not have free-standing land uses, the total trip generation is only a starting point for trip generation (i.e., internal and pass-by trip reductions are necessary to determine the number of new vehicles added to the network).

The total trips for each proposed land use within the Boise Cascade site are shown in Table 2. In addition, Table 2 also shows that all the proposed land uses combined would generate a total of 856 (396 in, 460 out) PM peak hour trips.

Internal Trips

Internal trips occur in multi-use developments and are specified as those trips taken between the different uses of the site. Typically, internal trips are made using the private street network of the development or consist of a patron parking at one land use and walking to other land uses; therefore, internal trips do not impact public roads, public intersections, or site driveways and can be subtracted from the total trips.

Internal trips are estimated using the ITE methodology specified in the *ITE Trip Generation Handbook*.³ This methodology consists of assuming internal capture rates, calculating unconstrained internal demand volumes, and estimating the balanced demand volumes between land use types. This methodology is based on the assumption that each land uses can only “give” a certain number of internal trips to each of the other land uses; those land uses in turn can only “receive” a certain number of internal trips. Balancing consists of assuming that the smaller of the “give” and “receive” amounts is the actual number of internal trips.

The ITE methodology was performed for the Boise Cascade site between all land use types (all retail trips were lumped together for the calculations; the same was done for residential trips and for office trips). Based on a request by City of Salem staff⁴, the internal trip ends generated by the residential uses (i.e., apartment and hotel uses) were not included.

The resulting internal trip reductions for each land use are shown as negative values in Table 2. In total, there are 82 internal trips; because each has its origin and destination within the development, these trips are applied twice (i.e., for both entering and exiting trip values). A diagram showing the internal capture rates and trips between land use types is provided in the appendix.

Pass-by Trips

Pass-by trips are project trips made by vehicles already on the adjacent roadway. Due to the nature of certain land uses, not all trips generated by the land use are from new traffic added to

² *Trip Generation, 7th Edition*, Institute of Transportation Engineers, 2003.

³ *Trip Generation Handbook, 2nd Edition*, Institute of Transportation Engineers, June 2004; Chapter 7.

⁴ Kevin Hottman

the street system. Instead, some vehicles already on the adjacent roadway will stop by at the site. Some example land uses that typically attract high numbers of pass-by trips are fast-food restaurants and gas stations, where a significant number of vehicles stop by on their way to other destinations; in addition to these land uses, most other retail developments also attract pass-by trips. While pass-by trips are not added by the development as new trips to the street system, they are added to the project driveways and therefore still impact the site accesses due to the increase in turn movements.

For the proposed development, pass-by reductions were applied to the grocery store (36%), shopping center (34%), and specialty retail store (10%). These rates are consistent with the ITE *Trip Generation Handbook*⁵. The resulting pass-by trip reductions calculated for the affected land uses are shown as negative values in Table 2. As shown in the table, there are 139 (71 in, 68 out) total pass-by trips

Primary Trips

Primary trips are the new trips added to the study area roadways by the proposed development; these are vehicles whose primary destination is the development and who otherwise would not be using study area roadways. The primary trips are determined by subtracting the internal and pass-by trips from the total trips.

The primary trips generated by the proposed project are shown in Table 2. As shown in the table, the proposed project is expected to generate 635 (284 in, 351 out) PM peak hour primary trips.

Net-New Trips

Net-new trips are the total number of new trips added by the development minus the existing and potential site trips that are being removed or replaced with the current redevelopment plan. Because the redevelopment site has the opportunity for internal and pass-by trips, the redevelopment plan is actually estimated to generate fewer PM peak hour trips than would currently be generated under the existing and potential uses; therefore, the net-new trip values are negative.

The project trips generated by the redevelopment site are shown in Table 2. As shown in the table, the proposed project is expected to generate 436 fewer PM peak hour trips; there will be 155 more entering trips, but there will also be 591 less exiting trips.

⁵ *Trip Generation Handbook, 2nd Edition*, Institute of Transportation Engineers, June 2004, Chapter 5.

TABLE 2: Proposed Project Trip Generation Estimates (Total, Internal, Pass-by, Primary, and Net-New Trips)

Land Use (ITE Code)	Size	PM Peak Hour Trip Rate	PM Peak Hour Trips		
			In	Out	Total
Proposed Uses – North Block					
Hotel (310)	150 rooms	0.59 trips/room	47	42	89
General Office (710)	40 KSF	2.38 trips/KSF ^a	16	79	95
<i>Internal Trips</i>			-6	-6	-12
Proposed Uses – South Block					
Mid-Rise Apartments (223)	80 units	0.39 trips/units	18	13	31
Grocery Store (850)	40 KSF	10.45 trips/KSF	213	205	418
<i>Internal Trips</i>			-26	-26	-52
<i>Pass-by Reduction = 36%</i>			-68	-64	-132
Health Club (495)	40 KSF	1.65 trips/KSF	19	47	66
<i>Internal Trips</i>			-4	-4	-8
Proposed Uses – Waterfront Block					
Specialty Retail (814)	30 KSF	2.70 trips/KSF ^a	36	45	81
<i>Internal Trips</i>			-5	-5	-10
<i>Pass-by Reduction = 10%</i>			-3	-4	-7
High-Rise Apartments (232)	200 units	0.38 trips/unit	47	29	76
Total Trips			396	460	856
<i>Internal Trips</i>			-41	-41	-82
<i>Pass-by Trips</i>			-71	-68	-139
Primary Trips			284	351	635
<i>Existing + Potential Trips</i>			-129	-942	-1,071
Net-New Trips			155	-591	-436

^a Trip generation for this land use was performed using the ITE equation; therefore, this is a back-calculated rate.

Feel free to give us a call if you have any questions or comments.

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