



McGilchrist

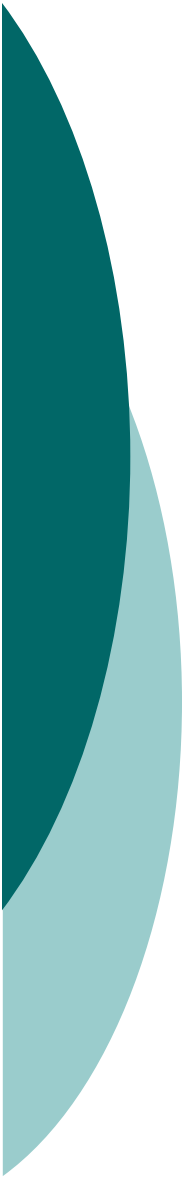
Urban Renewal Plan and Report

September 2006 (Ordinance 36-06)

Urban Renewal Agency

of the





McGilchrist
Urban Renewal Plan
September 2006 (Ordinance 36-06)

Urban Renewal Agency
of the

CITY OF *Salem*
AT YOUR SERVICE

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MCGILCHRIST URBAN RENEWAL PLAN

I. INTRODUCTION

The McGilchrist Urban Renewal Plan (the “Plan”) contains goals, objectives and projects for the development of the McGilchrist Urban Renewal Area (the “Area”). The Area, shown in Figure 1, encompasses 404 acres of vacant and underdeveloped property north and south of McGilchrist Street and is bounded by 25th Street SE on the east, Madrona Avenue SE on the south and the Union Pacific RR (“UP”) on the west. The primary obstacle to development in the Area has been the substandard condition of McGilchrist Street and its intersections with the major north-south streets serving the Area (12th Street, 13th Street, Pringle Road, 22nd Street and 25th Street.

The Area is located outside the City of Salem’s Urban Service Area (“USA”) and therefore to date its infrastructure needs have been the responsibility of property owners. The cost of the necessary improvements has resulted in little new development. The Plan will facilitate the improvement to McGilchrist Street SE and allow the Area to develop according to the City’s Comprehensive Plan and land use regulations.

The purpose of the Plan is to use the tools provided by urban renewal (ORS Chapter 457) to overcome barriers to the development of the Area and create economic opportunities that will benefit local and regional residents. These tools include tax increment financing (see Section X), which means that the property taxes resulting from growth in property value within the Area can be used to finance improvement projects and programs, and the acquisition and sale of land for redevelopment as part of a public/private development partnership.

The Plan is administered by Salem Urban Renewal Agency (the “Agency”) which has been established by the City Council of the City of Salem as the City’s Urban Renewal Agency under Resolution No. 7986, adopted on October 23, 1961.

As required by ORS 457.085 (3), the Plan will be accompanied by the McGilchrist Urban Renewal Report (the “Report”), which is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

II. GOALS AND OBJECTIVES

The goals of the Plan represent its basic intents and purposes. Accompanying each goal are objectives, which generally describe how the Agency intends to achieve the goals. The urban renewal projects identified in Chapter IV of the Plan are the specific means of meeting the objectives.

Goal 1:*LAND USE*

Stimulate the Development of a Broad Mix of Compatible Employment Uses within the Area.

Objectives:

- 1A: Assist in the financing and provision of transportation and stormwater infrastructure improvements to support the development of industrial and industrial commercial uses.
- 1B: Work with property owners and to promote beneficial development of properties within the Area.
- 1C: Increase the supply of buildable industrial land within the City of Salem, thereby satisfying industrial land needs in the Salem area and maximizing the use of buildable industrial lands within the UGB.

Goal 2:*TRAFFIC AND TRANSPORTATION*

Implement Transportation Improvements that will Increase Access to the Area and Mitigate Traffic Impacts.

Objectives:

- 3A: Construct street improvements as consistent with City standards.
- 3B: Provide sidewalks and streetscape improvements that promote multimodal usage, access and safety.

Goal 3:*PUBLIC UTILITIES*

Provide Surface Water Management Infrastructure within the Area that will Facilitate its Efficient and Timely Development.

Objective:

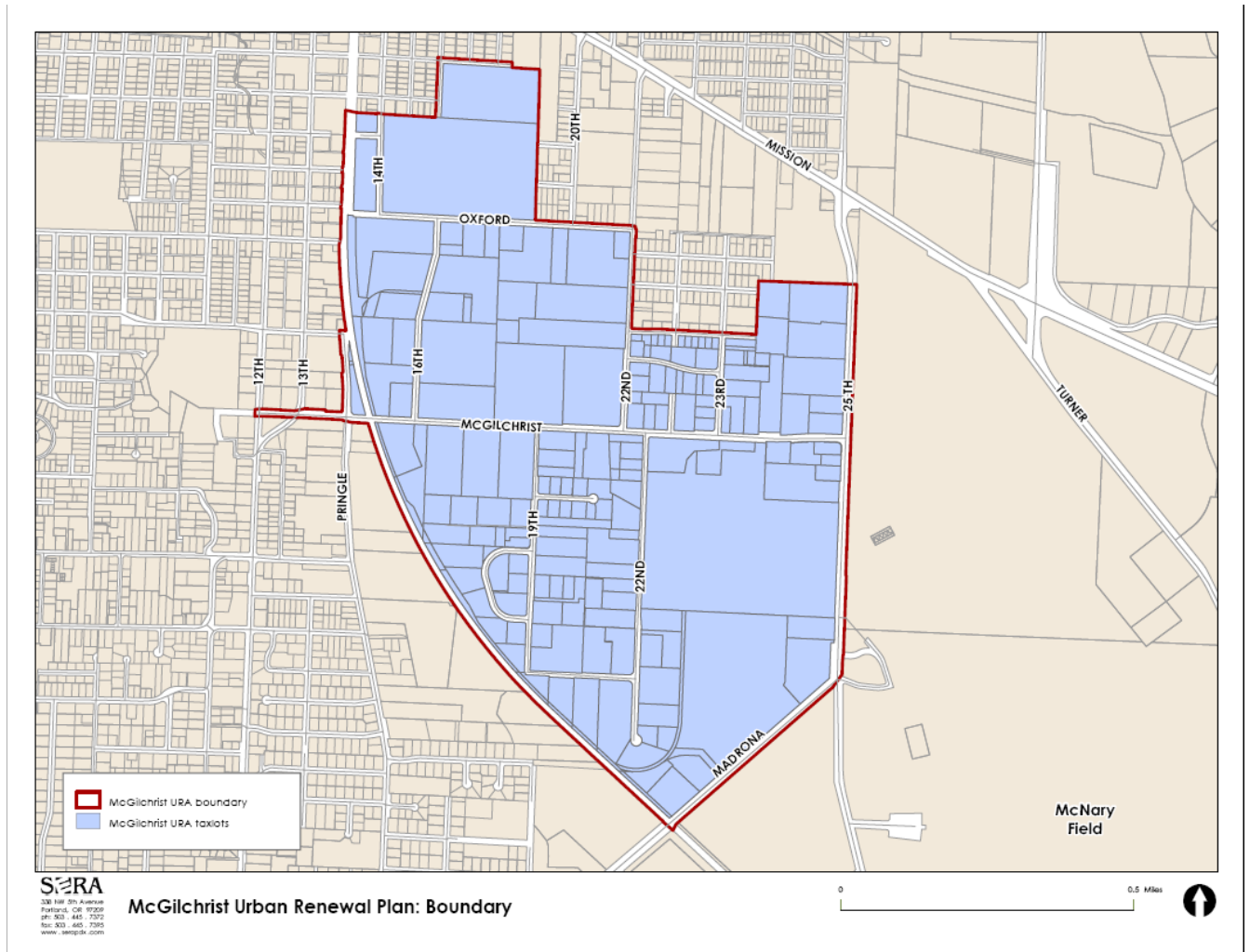
- 3A: Develop surface water management improvements as necessary to serve anticipated development within the Area.

MCGILCHRIST URBAN RENEWAL PLAN

III. MAP AND LEGAL DESCRIPTION OF URBAN RENEWAL AREA

Figure 1 shows the Area boundaries. The legal description of the Area is attached as Appendix A.

Figure 1: Area Boundaries



IV. OUTLINE OF MAJOR URBAN RENEWAL PROJECT ACTIVITIES

An outline of major urban renewal project activities is as follows:

- Transportation improvements to increase circulation from, to and within the Area.
- Stormwater management activities to serve the Area and mitigate impacts of stormwater on the natural environment on-site and downstream infrastructure.

V. URBAN RENEWAL PROJECTS

Urban renewal projects authorized by the Plan consist of public improvements that are described below and shown in Figure 2. Public improvements authorized under the Plan include transportation and stormwater infrastructure projects.

Transportation improvements will upgrade and expand existing roadways to increase access into, out of and within the Area, facilitate the development of vacant lands and accommodate increased levels of traffic as future development occurs. To promote neighborhood livability and increase multimodal connectivity, transportation projects may include sidewalks and streetscape improvements. To mitigate existing flooding problems stormwater infrastructure improvements are also planned.

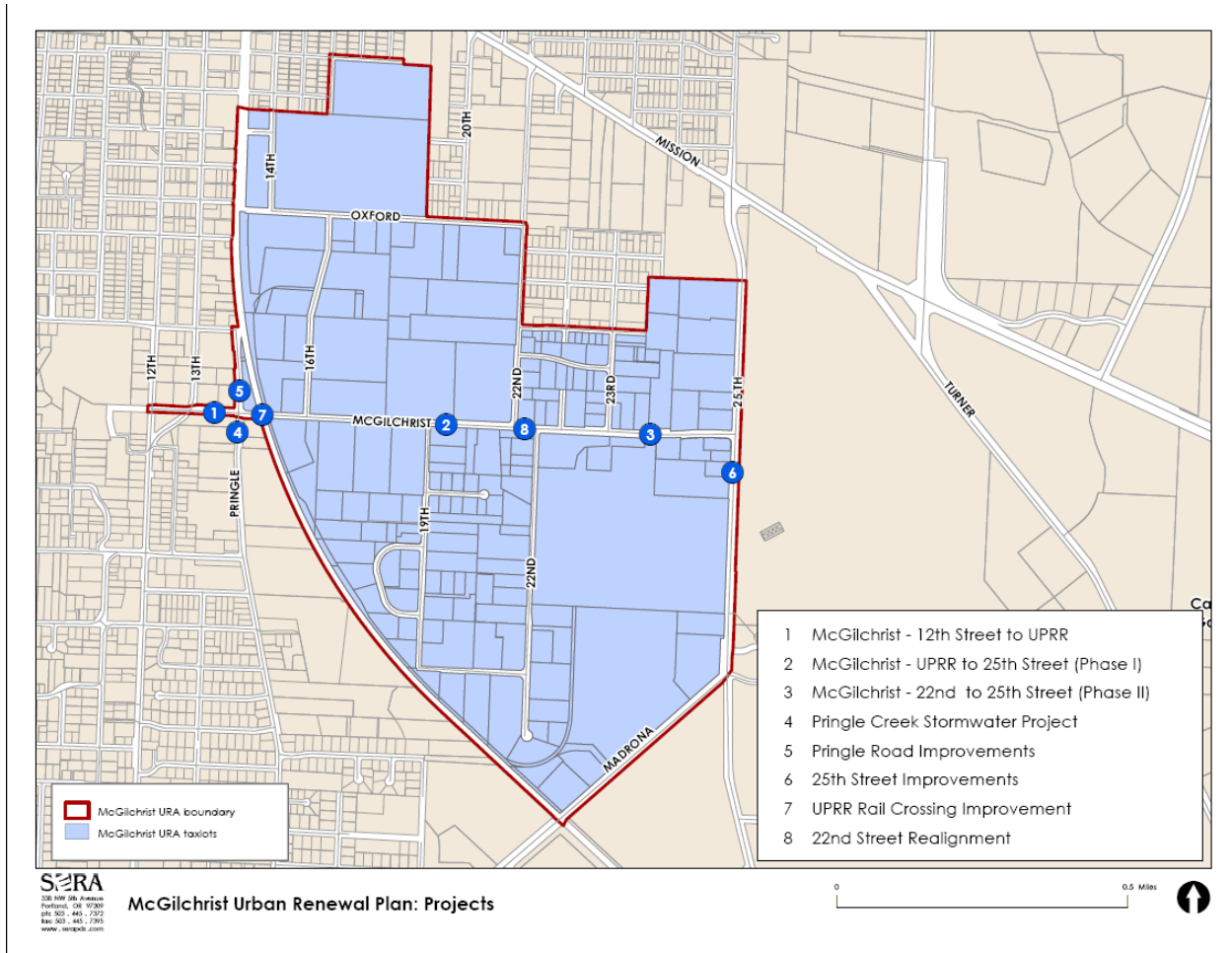
As shown in the Report, urban renewal funds will be combined with existing and other future sources of funding to finance project costs.

A. Transportation

1. McGilchrist Street SE 12th Street to Pringle Road: Three lane section with curbs, sidewalks and bicycle lanes. New signal at 12th, signal revision at 13th.
2. McGilchrist Street SE Pringle Road to 25th street: Three lane section with curbs, sidewalks and bicycle lanes from Pringle Road to 19th street, tapering to a four lane section from 22nd street to 25th street. Railroad crossing and major drainage improvements. New signal at intersection with Pringle Road.
3. Pringle Road North and South of McGilchrist Street SE: Widened section to include turn pockets.
4. 22nd Street North and South of McGilchrist Street SE: Segment south of McGilchrist realigned to match northern section and addition of turn pockets.
5. 25th Street at McGilchrist Street SE: Northbound left turn pocket.
6. Transit Improvements: To include shelters and pull-outs as appropriate on transit streets within the Area.

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Figure 2 : Map of McGilchrist Urban Renewal Plan Major Project Locations



B. Stormwater and Wetlands Mitigation

Improvements will mitigate existing flooding problems in the Area. Specific projects are:

1. Stormwater Master Plan drainage improvements: Drainage improvements at Pringle Creek.

VI. RELATIONSHIP TO LOCAL OBJECTIVES

The Plan reflects the regional planning and development objectives contained in the Salem Area Comprehensive Plan, City of Salem Revised Code, Transportation System Plan, and Master Plan. Adopted in October 1992 and most recently revised in 2000, the Salem Area Comprehensive Plan identifies goals and policy objectives that support planning activities which will attract private investment to the area and create new economic opportunities for local residents. The most specific objectives to which the Plan responds are those contained in the Comprehensive Plan, Transportation System Plan and Master Plan.

A. Salem Area Comprehensive Plan Goals and Policies

Chapter 4 of the Salem Area Comprehensive Plan identifies goals and policies pertaining to the City of Salem’s long range planning and development objectives. Of particular relevance to the Plan are the goals and policy directives contained in the economic development, industrial development and transportation sections.

Economic Development (Section G)

The Salem Area Comprehensive Plan’s Economic Development goal is to, “Strengthen the economic base of the Salem area to sustain the economic growth necessary to provide adequate employment opportunities and maintain community livability.” The Salem Comprehensive Plan’s economic development policies supported by the Plan include:

Policy 1: Economic Diversification

Diversify the basic economic sector of the Salem urban area through:

- a. Expansion of existing industrial enterprises and location of new, clean industries.
- b. Expansion of the light manufacturing element.

Policy 2: Labor Force

Increase labor intensive employment opportunities and encourage the hiring of unemployed local residents.

The Plan supports the Salem Comprehensive Plan Economic Development goal and policies by authorizing investments in transportation infrastructure and public utilities projects that will diversify the City’s employment base and attract high paying industries to the Area.

Industrial Development (Section H)

The Salem Area Comprehensive Plan's Industrial Development goal is "to encourage and promote industrial development which strengthens the economic base of the community and minimizes air and water pollution." It contains the following industrial development policies :

Policy 7: Traffic

Traffic generated by industrial uses should be diverted away from residential areas when feasible and should have convenient access to arterial or collector streets.

The Plan advances the Industrial Development goal and policies by facilitating the productive use of the Area's fallow lands and attracting industries that will provide "family wage" jobs for local residents. The Plan also supports street widening projects and improvements that will increase the capacity of existing roadways and mitigate the potential adverse impacts of increased traffic volume generated by workers, commercial vehicles and visitors to the Area. The Plan conforms to the Traffic Policy because it specifically avoids creating traffic conflicts in residential areas; and provides new roads, and improvements to existing roads and connections, in support of industrial development.

Transportation (Section I)

The Salem Comprehensive Plan's stated Transportation goal is "to provide a balanced, multimodal transportation system for the Salem Urban Area that supports the safe and efficient movement of goods and people."

It contains the following transportation policies:

Policy 3: Regional Mobility

A balanced system of transportation facilities and services shall be designed to meet the regional travel patterns and mobility needs of residents, businesses, and industries.

Policy 4: Multimodal Transportation System

The transportation system for the Salem Urban Area shall consist of an integrated network of facilities and services for a variety of motorized and nonmotorized travel modes.

Policy 5: Connectivity and Circulation

The vehicle, transit, and pedestrian circulation systems shall be designed to connect major population and employment centers in the Salem Urban Area, as well as provide access to local neighborhood residential, shopping, schools, and other activity centers.

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Policy 6: Supportive of Land Use Plan Designations and Development Patterns

The provision of transportation facilities and services shall reflect and support land use designations and development patterns as identified in the Salem Area Comprehensive Plan. The design and implementation of transportation facilities and services shall be based on serving current and future travel demand, residential densities, retail, and employment centers.

Policy 19: Neighborhood Livability

Transportation facilities shall be designed and constructed to minimize noise; energy consumption; neighborhood disruption; economic losses to the private or public economy, and social, environmental, and institutional disruptions; and to encourage the use of public transit, bikeways, and walkways.

Policy 20: Aesthetics and Landscaping

Aesthetics and landscaping shall be considered in the design of the transportation system. Within the physical and financial constraints of the project, landscaping, and where appropriate, public art, shall be included in the design of the transportation facility. Various landscaping designs, plants, and materials shall be utilized by local governments, private entities, or individuals to enhance the livability of the area.

The Plan helps to accomplish the Salem Area Comprehensive Plan transportation goal and satisfies the transportation policies by providing sidewalks and pedestrian-oriented streetscape improvements in conjunction with new traffic lanes on McGilchrist. The Plan supports transportation projects that will increase multimodal access and circulation throughout the Area. To promote neighborhood livability and create a visually appealing streetscape environment that protects and enhances the Area's natural features and environmentally sensitive areas, landscape improvements will be a key component of transportation projects.

B. City of Salem Zoning and Development Standards

The Salem Revised Code establishes zoning districts, which govern the allowed uses (including outright permitted uses and conditional uses) and contain development standards. Land within the Area is zoned General Industrial and Industrial Commercial.

The Plan will help ensure that the Area develops efficiently, with high quality and visually appealing development that enhances community livability. Further, one of the Plan's stated goals is to stimulate employment and business activity in the Area by drawing a diverse mix of industrial, and industrial commercial employers to the Area, creating jobs for local residents and strengthening both the local and regional economy.

C. Transportation System Plan Goals, Objectives and Policies

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Adopted in 1998 and most recently amended in 2005, the stated purpose of the Transportation System Plan (TSP) is to “provide a framework of goals, objectives, and policies that will guide our community’s efforts at achieving mobility through the remainder of this century and the first third of the 21st century. In addition, the TSP will show how our community must invest its resources in future transportation programs and infrastructure to meet anticipated travel demands.”

The Plan’s goals, objectives, policies and transportation infrastructure projects directly address or correlate to planning needs identified in the TSP’s Street System Element, Bicycle System Element and Pedestrian System Element as described below.

Street System Element

The TSP’s Street System Element goal is, “To provide a comprehensive system of streets and highways that serves the mobility and multimodal travel needs of the Salem Urban Area.” Objective Number 1 is to develop a comprehensive, hierarchical system of streets and highways that provides optimal mobility for all travel modes throughout the Salem Urban Area. Policies implementing this objective are:

Policy 1.1: Multimodal Capacity – The City shall fulfill its system wide travel capacity needs through the utilization of multiple travel modes within the public rights-of-way.

Policy 1.3: System of Peripheral Arterial Streets – The City’s street system shall contain a network of peripheral arterial streets that intercept radial street routes, linking outlying residential, commercial, and business districts without having to travel through the central core area.

Objective Number 2 is to design City streets in a manner that maximizes the utility of public rights-of way, is appropriate to their functional role, and provides for multiple travel modes, while minimizing their impact on the character and livability of surrounding neighborhoods and business districts. Policies implementing this objective are:

Policy 2.1: Multimodal Street Design – The City of Salem shall design its streets to safely accommodate pedestrian, bicycle, and motor vehicle travel.

Policy 2.6: Streetscape Design and Aesthetics – Wherever possible the City of Salem shall incorporate safely designed, aesthetic features into the streetscape of its public rights-of-way. These features may include: planting of street trees, shrubs, and grasses; incorporation of planting strips and raised medians; and, in some instances, the installation of street furniture, planters, special lighting, public art, and nonstandard paving materials.

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Objective Number 4 is to efficiently plan, design, and construct City-funded street improvement projects to meet the safety and travel demands of the community. Policies implementing this objective are:

Policy 4.3: Project Design Life – To maximize the longevity of its capital investments, the City shall design street improvement projects to meet existing travel demand and, whenever possible, accommodate the anticipated travel demand of the next 20 years for that facility.

The Plan supports these Street System Element goals, objectives and policies by facilitating the improvement of McGilchrist Street as a multimodal peripheral arterial, designed in keeping with its industrial environment and meeting long term transportation needs.

Bicycle System Element

The TSP's Bicycle System Element goal is "to provide a comprehensive system of connecting on-street bicycle facilities that will encourage increased ridership and safe bicycle travel."

Objective No. 1 is to create a comprehensive system of bicycle facilities. Policies implementing this objective are:

Policy 1.1: Provide Bicycle Facilities on Arterial and Collector Streets – Bicycle lanes shall be provided on all newly constructed Arterial and Collector streets. Arterial and Collector streets undergoing overlays or reconstruction will be restriped with bicycle lanes as designated on the Bicycle Route and Facility System Map. Every effort will be made to retrofit existing Arterials and Collectors with bicycle lanes, as designated on the Map.

The Plan provides for bicycle facilities on McGilchrist Street.

Pedestrian System Element

The TSP's Pedestrian System Element goal is, "To provide a comprehensive system of connecting sidewalks and walkways that will encourage and increase safe pedestrian travel."

Objective No. 1: is to create a comprehensive system of pedestrian facilities. Policies implementing this objective are:

Policy 1.4: Ensuring Future Sidewalk Connections – All future development shall include sidewalk and walkway construction as required by the Salem Revised Code and

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adopted City of Salem Design Standards. All road construction or renovation projects shall include sidewalks.

The Plan supports this policy by including sidewalk improvements on McGilchrist Street.

In sum, the inclusion of bike lanes and streetscape amenities in proposed transportation projects will increase multimodal safety and connectivity, create a more livable, visually pleasing physical environment and encourage alternative modes of transportation to the single occupancy vehicle.

VII. PLANNED LAND USES

Land in the Area is within the General Industrial (IG) Industrial Commercial (IC) zones. Permitted land uses, maximum densities, and building requirements (“development standards”) for the IG Zone are described below.

A. IG Zone

The purpose of the IG zone is to provide areas suitable for warehousing, secondary processing and packaging and fabricating of finished goods and equipment with related outdoor storage and incidental sales. The General Industrial zone is appropriate in those areas designated Industrial in the SACP (Salem Area Comprehensive Plan) where the location has access to an arterial street or highway and where permitted uses will not create significant adverse impacts on local and collector streets and residential zones.

B. IC Zone

The purpose of the IC zone is to provide areas suitable for light industrial uses such as warehousing, wholesale commercial sales and services with related outdoor storage or retail sales. The Industrial Commercial zone is appropriate in those areas designated "Industrial Commercial" in the SACP where the location has access to a collector, arterial street or highway and permitted uses will not create significant adverse impacts on local streets or residential zones.

VIII. PROPERTY ACQUISITION AND DISPOSITION

The Plan authorizes the acquisition and disposition of property as described in this section. Property includes any and all interests in property, including fee simple ownership, lease, easements, licenses or other rights to use.

A. Property Acquisition for Public Improvements

The Agency may acquire any property within the Area for public improvement projects authorized in the Plan by all legal means, including use of eminent domain. Good faith negotiations for such acquisition must occur prior to institution of eminent domain procedures. Acquisition of property authorized under this plan must follow the policies and procedures contained in Urban Renewal Agency Resolution 06-4 URA.

B. Property Acquisition for Private Development

The Agency may acquire any property in the Area for resale or lease for private development by all legal means, including use of eminent domain. Good faith negotiations for such acquisition must occur prior to institution of eminent domain procedures. Acquisition of property authorized under this plan must follow the policies and procedures contained in Urban Renewal Agency Resolution 06-4 URA.

C. Disposition of Land for Private Redevelopment

Property acquired for private development under subsection B, within the life of the Plan and as development opportunities occur, shall be sold or leased at its fair re-use value. Fair re-use value represents the value, whether expressed in terms of rental or capital price, at which the Urban Renewal Agency, in its discretion, determines such land should be made available in order that it may be developed, redeveloped, cleared, conserved or rehabilitated for the purposes specified in the Plan.

Where land is sold or leased, the purchaser or lessee must agree to use the land for the purposes designated in the Plan and to begin and complete the building of their improvements within a period of time that the Agency determines is reasonable.

IX. RELOCATION METHODS

Where property is acquired under the Plan and the acquisition is through or under the threat of eminent domain, residential or commercial occupants of such property shall be offered relocation assistance as required under applicable state law. Prior to such acquisition, the Agency shall adopt rules and regulations as necessary for the administration of relocation assistance.

X. TAX INCREMENT FINANCING OF PLAN

Tax increment financing consists of using annual tax increment revenues to make payments on loans, usually in the form of tax increment bonds. The proceeds of the bonds are used to finance the urban renewal projects authorized in the Plan. Bonds may be either long-term or short-term.

Tax increment revenues equal most of the annual property taxes imposed on the cumulative *increase* in assessed value within an urban renewal area over the total assessed value at the time an urban renewal plan is adopted. [Under current law, the property taxes for general obligation (“GO”) bonds and local option levies approved after October 6, 2001 are not part of the tax increment revenues.]

A. General Description of the Proposed Financing Methods

The Plan will be financed using a combination of revenue sources. These include:

- Tax increment revenues;

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- Advances, loans, grants and any other form of financial assistance from the Federal, State or local governments or other public body;
- Loans, grants, dedications or other contributions from private developers and property owners, including but not limited to assessment districts; and
- Any other public or private source.

Revenues obtained by the Agency will be used to pay or repay the costs, expenses, advancements and indebtedness incurred in (1) planning or undertaking project activities, or (2) otherwise exercising any of the powers granted by ORS Chapter 457 in connection with the implementation of this Plan.

B. Tax Increment Financing and Maximum Indebtedness

The Plan may be financed, in whole or in part, by tax increment revenues allocated to the Agency as provided in ORS Chapter 457. The ad valorem taxes, if any, levied by a taxing district in which all or a portion of the Area is located, shall be divided as provided in Section 1c, Article IX of the Oregon Constitution, and ORS 457.440. Amounts collected pursuant to ORS 457.440 shall be deposited into the unsegregated tax collections account and distributed to the Agency based upon the distribution schedule established under ORS 311.390.

The maximum amount of indebtedness that may be issued or incurred under the Plan, based upon good faith estimates of the scope and costs of projects in the Plan and the schedule for their completion is Eleven Million Dollars (\$11,000,000). This amount is the principal of such indebtedness and does not include interest or indebtedness incurred to refund or refinance existing indebtedness.

C. Prior Indebtedness

Any indebtedness permitted by law and incurred by the Agency or the City of Salem in connection with the preparation of this Plan or prior planning efforts related to this Plan may be repaid from tax increment revenues from the Area when and if such funds are available.

XI. FUTURE AMENDMENTS TO PLAN

The Plan may be amended as described in this section.

A. Substantial Amendments

Substantial Amendments are solely amendments:

- Adding land to the urban renewal area, except for an addition of land that totals not more than one percent of the existing area of the urban renewal area; or
- Increasing the maximum amount of indebtedness that can be issued or incurred under the Plan.

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Substantial Amendments, in accordance with ORS 457.085(2)(i), shall require the same notice, hearing and approval procedure required of the original Plan under ORS 457.095, including public involvement, consultation with taxing districts, presentation to the Planning Commission and adoption by the City Council by non-emergency ordinance after a hearing. Notice of such hearing is provided to individuals or households within the City of Salem as required by ORS 457.120. Notice of adoption of a Substantial Amendment shall be provided in accordance with ORS 457.095 and .115

B. Major Amendments

Major Amendments consist solely of amendments which result in:

- Material changes to the goals and objectives of the Plan; or
- Addition or expansion of a project that adds a cost of more than \$500,000 and is materially different from projects previously authorized in the Plan.

Major Amendments require approval by the Agency by resolution and by the City Council, which may approve the amendment by ordinance.

C. Minor Amendments

Minor Amendments are amendments that are not Substantial or Major Amendments in scope. They require approval by the Agency by resolution.

D. Amendments to the Salem Area Comprehensive Plan and/or Salem Revised Code

Amendments to the Salem Area Comprehensive Plan and/or Salem Revised Code that affect the Plan and/or the Area shall be incorporated within the Plan without any action required by the Agency or the City Council.

APPENDIX A: LEGAL DESCRIPTION

Beginning at the point of intersection of a westerly extension of the South line of Oak Lodge, a subdivision recorded in Marion County Book of Town Plats, Volume 8, Page 111, with the centerline of the Union Pacific Railroad;

thence easterly along the South line of the plat of Oak Lodge, a distance of 900 feet, more or less, to the easterly R/W of 16th Street Southeast;

thence northerly along the easterly R/W of 16th Street Southeast, a distance of 493 feet, more or less, to the southerly R/W of Cross Street Southeast;

thence easterly along the southerly R/W of Cross Street Southeast and an easterly extension thereof, a distance of 871 feet, more or less, to the West line of that tract conveyed to E. Bello by deed recorded in Volume 284, Page 579, deed records of Marion County;

thence southerly along said West line of the E. Bello tract and a southerly extension thereof, a distance of 1370 feet, more or less, to the northerly R/W of Oxford Street Southeast;

thence easterly along the northerly R/W of Oxford Street Southeast, a distance of 879.5 feet, more or less, to the westerly R/W of 22nd Street Southeast;

thence southerly along the westerly R/W of 22nd Street Southeast, a distance of 932.5 feet, more or less, to a westerly extension of the northerly R/W of Hoyt Street Southeast;

thence easterly along the northerly R/W of Hoyt Street Southeast, a distance of 1156 feet, more or less, to the East boundary of Broadmoor Addition, a subdivision recorded in Marion County Book of Town Plats, Volume 17, Page 9;

thence northerly along the East boundary of Broadmoor Addition and Bar-Franc Addition, a subdivision recorded in Marion County Book of Town Plats, Volume 17, Page 31, a distance of 242 feet, more or less, to the South boundary of the Amended Plat of New Haven, a subdivision recorded in Marion County Book of Town Plats, Volume 16, Page 24;

thence easterly along the South boundary of the Amended Plat of New Haven, a distance of 2.30 feet to the southeast corner thereof;

thence northerly along the East boundary of the Amended Plat of New Haven, a distance of 243.2 feet, more or less, to the most southerly southwest corner of Lot 2, Block 6 of the Amended Plat of New Haven;

thence easterly along the South line of Lots 2 and 1 of the Amended Plat of New Haven, a distance of 134.4 feet, more or less, to the easterly R/W of 24th Street Southeast;

thence continuing easterly along the North line of Lot 7, Miller's Mill Creek Rural Home Tracts, a subdivision recorded in Marion County Book of Town Plats, Volume 2, Page 48, a distance of 670 feet, more or less, to the westerly R/W of 25th Street Southeast;

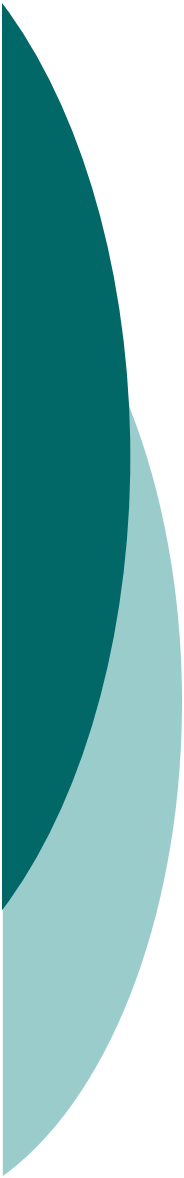
thence southerly along the westerly R/W of 25th Street Southeast, a distance of 660 feet, more or less, to the South line of Lot 7;

thence continuing southerly along the westerly R/W of 25th Street Southeast, a distance of 704.5 feet, more or less, to the northerly R/W of McGilchrist Street Southeast;

thence continuing southerly along the westerly R/W of 25th Street Southeast, a distance of 617.2 feet, more or less, to the South line of Lot 11 of aforesaid Miller's Mill Creek Rural Home Tracts;

thence westerly along said South line of Lot 11, a distance of 4.0 feet to the easterly northeast corner of Parcel 3 of Partition Plat No. 95-61, Marion County Plat Records;

thence continuing southerly along the West R/W of 25th Street Southeast, a distance of 1049 feet, more or less, to the southeast corner of said Parcel 3;
thence easterly along an easterly extension of the South line of said Parcel 3, a distance of 4.0 feet;
thence continuing southerly along the West R/W of 25th Street Southeast, a distance of 224.1 feet, more or less;
thence westerly, a distance of 30.00 feet, more or less;
thence continuing southerly along the West R/W of 25th Street Southeast, a distance of 323 feet, more or less, to the point of intersection of the westerly R/W of 25th Street Southeast with the northwesterly R/W of Madrona Avenue Southeast (County Road No. 838);
thence southwestwesterly along the northwesterly R/W of Madrona Avenue Southeast, a distance of 1343 feet, more or less, to the South boundary of Lot 4, Garden Home Tracts, a subdivision recorded in Marion County Book of Town Plats, Volume 3, Page 80;
thence continuing southwestwesterly along the northwesterly R/W of Madrona Avenue Southeast, a distance of 607.5 feet, more or less, to the centerline of the aforementioned Union Pacific Railroad;
thence northerly and westerly along the centerline of the Union Pacific Railroad, a distance of 4600 feet, more or less, to the southerly R/W of McGilchrist Street Southeast (County Road No. 724);
thence westerly along the southerly R/W of McGilchrist Street Southeast, a distance of 1000 feet, more or less, to the westerly R/W of 12th Street Southeast (Market Road No. 91);
thence northerly, crossing the centerline of McGilchrist Street Southeast, a distance of 60 feet, more or less, to the northerly R/W boundary;
thence easterly along the northerly R/W boundary of McGilchrist Street Southeast, a distance of 760 feet, more or less, to the westerly R/W of Pringle Road Southeast;
thence northerly along the westerly R/W of Pringle Road Southeast and a northerly projection thereof, a distance of 765 feet more or less, to the northerly R/W of Hoyt Street Southeast;
thence easterly along the northerly R/W of Hoyt Street Southeast and an easterly projection thereof, a distance of 160 feet, more or less, to the centerline of the aforementioned Union Pacific Railroad;
thence northerly and westerly along the centerline of the Union Pacific Railroad, a distance of 1150 feet, more or less, to the point of beginning.



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Urban Renewal Report
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I. INTRODUCTION

The McGilchrist Urban Renewal Report (the “Report”) contains background information and project details for the McGilchrist Urban Renewal Plan (the “Plan”). The Report is not a legal part of the Plan but is intended to provide public information and a basis for the findings made by the City Council as part of its approval of the Plan.

The Report provides the information required in ORS 457.085(3). The format of the Report is based on this statute.

II. EXISTING PHYSICAL AND ECONOMIC CONDITIONS AND IMPACT ON MUNICIPAL SERVICES

This section of the Report describes existing conditions within the McGilchrist Urban Renewal Area (the “Area”), documenting the occurrence of “blighted areas” as defined by ORS 457.010(1).

A. Physical Conditions

1. Land Use and Zoning

The Area, shown in Figure 1, comprises an estimated 404 acres — is currently characterized by vacant and underdeveloped land generally zoned for a mix of industrial and light industrial/commercial mixed use. Property owners in the area have expressed interest in development and redevelopment, but the area lacks access and storm drainage facilities. The Area is south of Mission Street and is bounded by several major roadways, including 25th Street and Madrona Avenue and constitutes 1.5% of Salem’s estimated 26,109 acres of total land area.

2. Topography

The Area is generally flat, resulting in constraints to the drainage capacity of existing stormwater outlets.

B. Infrastructure

1. Transportation

Most of the Area is accessed via McGilchrist Street SE, a Major Arterial under the City’s Transportation System Plan (from SE 12th to SE 25th, McGilchrist has a Special Section requirement described below). Major arterials are high-capacity streets that primarily serve regional and intracity travel and serve as main radial and peripheral routes through the City. Minimum standards for Major Arterials are a minimum 4 travel lanes with left-turn pockets, raised medians, or center turn lanes where appropriate and 84 feet of improvements in a minimum right of way width of 96 feet. The Special Section requires a minimum 68 feet of improvements within an minimum 84 foot right of way.

The street is substandard, lacking adequate paving width, travel lanes, curbs, gutters and sidewalks. Given that the Area is underdeveloped, access demands are low and the Area’s roadways are generally adequate for existing transportation

needs. However, with the future development of the Area, critical upgrades to existing roadways will be needed to accommodate anticipated increases in capacity demand and traffic volume. In addition general growth in SE Salem will place higher capacity demands on the facility.

In addition to McGilchrist Street itself, the intersections with 12th, 13th, 22nd and 25th Streets lack adequate capacity and controls. In particular 22nd Street SE intersects McGilchrist so that the south and north segments of the street are offset.

2. Public Utilities

The Area has adequate sanitary sewer and water service but lacks storm drainage facilities. There are persistent flooding problems from Pringle Creek.

3. Transportation

The Area is currently served by Salem Keizer Transit Route 7. However, the route lacks shelters or pullouts to shield riders from the weather or improve traffic flow.

C. Social Conditions

The Area is characterized by vacant and underdeveloped land generally zoned for a mix of industrial and light industrial/commercial mixed use. The Area has no residential zoning and few if any residents.

D. Economic Conditions

1. Intensity of Development: Improvement to Land Analysis

Figure 1. shows the intensity of development of parcels within the Area, as measured by the ratio of the real market value of the improvements on each parcel to the real market value of the land. Parcels that have a ratio of 2.0 or less can be considered underdeveloped for general industrial uses. Parcels that have a ratio of 5.0 or less can be considered underdeveloped for industrial commercial uses.

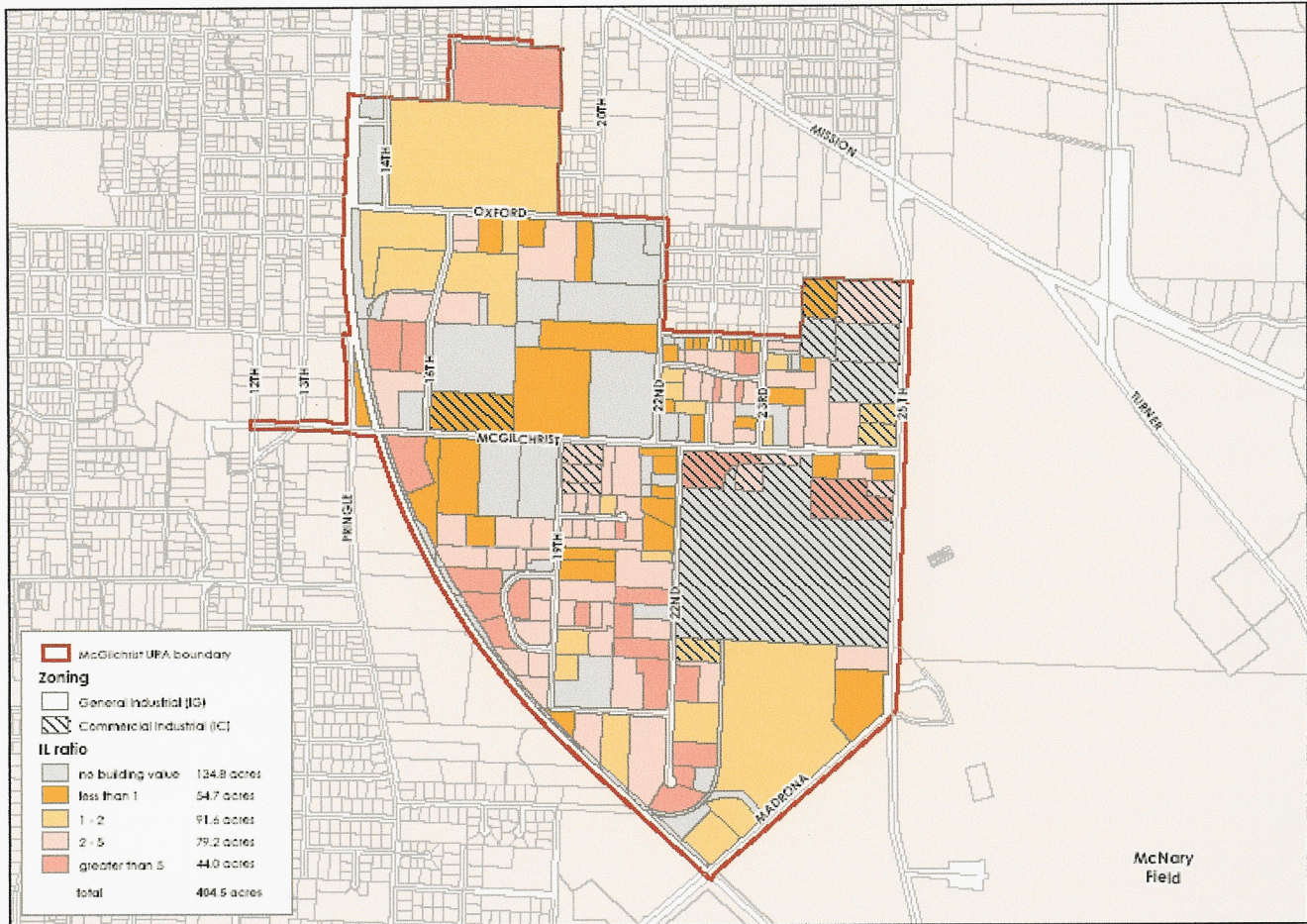
2. Taxable Value of Property within the Area

For municipalities over 50,000 in population, State law provides that the assessed value of an urban renewal area, when added to the certified assessed values (AV) for all other urban renewal areas, may not exceed 15% of the total assessed value of the municipality, exclusive of any increased assessed value for other urban renewal areas.

Table 2 below, "Conformance to Assessed Value Limits," shows the certified frozen base assessed values of the City of Salem's existing urban renewal areas and the estimated assessed value of the McGilchrist Urban Renewal Area. The total is 6.5% of the adjusted assessed value of the City of Salem.

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Figure 1: Improvement to Land Ratio



SERA
Sustainable Economic
Revitalization Authority
100 N. 1st Street
Portland, OR 97209
503.944.2312
503.944.2985
www.sera.or.gov

McGilchrist Urban Renewal Plan: Improvement to Land Ratio

0 0.5 Miles

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Table 2 : Conformance to Assessed Value Limits

Urban Renewal Area	Frozen Base Assessed Value
Fairview	368,369
North Gateway	133,430,967
Riverfront/Downtown	43,292,931
West Salem	141,630,333
Mill Creek Industrial Park	0
McGilchrist (Proposed)	84,000,000
Total	402,722,600
Total Assessed Value, City of Salem Less Incremental Assessed Value in Urban Renewal Areas	6,150,292,134
Percent of Salem AV in Urban Renewal Areas	6.5%

In addition to imposing a 15% AV limit, State law limits the total land area within a municipality that can be within urban renewal areas to 15%.

Table 3 below, “Conformance to Acreage Limits,” shows the land area of existing urban renewal areas in Salem and the estimated acreage of the proposed new Area. With the addition of the Area, the percent of the City in Urban Renewal Areas is estimated at 11%, well within the 15% limit.

Table 3: Conformance to Acreage Limits

Acreage in Existing Urban Renewal Areas	2,487
Acreage McGilchrist Urban Renewal Area	404
Total Acreage	2,890
Total acreage, City of Salem	26,109
Percent of City Area in Urban Renewal Areas	11%

E. Impact on Municipal Services

The fiscal impact of tax increment financing on taxing districts that levy taxes within the Area (“affected taxing districts”) is described in Section IX of this Report. This subsection discusses the fiscal impacts resulting from potential increases in demand for municipal services.

Anticipated increases in commercial, industrial, business park and office development within the Area will generally result in higher demand for fire, life safety and public safety services.

Landscaping improvements associated with many of the Plan’s public infrastructure and utility projects will increase the need for maintenance.

As described in the Section II. C, Social Conditions, the Area is unpopulated. Properties in the Area are zoned for a mix of industrial and light industrial/commercial mixed use, which permit a broad range of employment and service uses but prohibit residential uses. Accordingly, there will be no population increase and build-out of the Area will not increase the demand for residential municipal and social services.

III. REASONS FOR SELECTION OF EACH URBAN RENEWAL AREA IN THE PLAN

There is one urban renewal area in the Plan and it was selected to remove and prevent the future occurrence of blighted areas as defined in ORS 457.010(1).

IV. THE RELATIONSHIP BETWEEN URBAN RENEWAL PROJECTS AND THE EXISTING CONDITIONS IN THE URBAN RENEWAL AREA

This section describes the relationship between the urban renewal projects prescribed in the Plan and conditions generally described in Section II of this Report and, in more detail, below.

Urban renewal projects authorized by the Plan are described below.

A. Transportation Improvements

Planned transportation improvements will increase the carrying capacity and safety of the Area's existing roadways through the addition of new traffic lanes and the signalization of major intersections. In general, the Plan supports transportation projects that will improve multimodal connectivity and circulation within the Area through the provision of bike lanes, sidewalks and pedestrian-oriented streetscape improvements.

Relationship to Existing Conditions

As described in Section II, Area roadways are able to accommodate existing traffic demand, which is generally low due to the Area's undeveloped status. However, with phased development of the Area and growth in SE Salem, traffic generated by commuters, commercial vehicles and visitors will exceed the carrying capacity of existing roadways. The implementation of planned street widening projects, travel lane additions, and associated pedestrian and streetscape improvements will help ensure the projected increase in demand will be met without compromising the safety of vehicular and non-vehicular traffic. Further, the installation and rehabilitation of traffic signals at key intersections on McGilchrist street will promote multimodal safety and traffic circulation.

B. Stormwater Improvements

Construction of the stormwater master plan drainage improvements at Pringle Creek.

Relationship to Existing Conditions

The Area currently lacks stormwater infrastructure leading to existing flooding problems present throughout the area .

V. THE ESTIMATED TOTAL COST OF EACH PROJECT AND THE SOURCES OF MONEYS TO PAY SUCH COSTS

Table 4. shows the estimated total cost of each project. Table 5 shows the estimated sources of funds to address such costs, with all figures in year of expenditure dollars (which take into account inflation).

Table 4 : Project Costs

Administration	1,845,397
Bond Issuance Costs	226,760
McGilchrist, (UPRR to 12th Street)	2,204,227
McGilchrist (UPRR to 25th Street)	4,854,832
McGilchrist (22nd Street to 25th Street)	2,811,897
Pringle Creek Stormwater Project	2,307,542
Pringle Road Improvements	883,108
25th Street Improvements	1,299,715
UPRR Rail Crossing Improvement	2,076,788
22nd Street Realignment	2,015,859
Total Expenditures	20,526,125
Total + Ending Balance	20,538,711

Table 5: Project Revenues

Debt Proceeds	
Tax Increment Debt - Long Term	8,290,386
Tax Increment Debt - Short Term	2,447,035
Utility Project (Stormwater)	3,000,000
Transportation System Dev. Charge	800,000
R/W Dedication	800,000
Local Improvement District	2,000,000
OECD	2,000,000
Other	800,000
Interest	401,290
Total	20,538,711

VI. THE ANTICIPATED COMPLETION DATE FOR EACH PROJECT

Table 6. shows the anticipated completion dates of the urban renewal projects.

Table 6: Project Completion Dates

Project	Date
McGilchrist, UPRR to 12th Street	2017
McGilchrist (UPRR to 25th Street)	2012
McGilchrist 22 nd Street to 25th Street (Phase II)	2023
Pringle Creek stormwater project	2013
Pringle Road Improvements	2019
25th Street Improvements	2021
UPRR Rail Crossing Improvement	2013
22nd Street Realignment	2011

VII. THE ESTIMATED AMOUNT OF TAX INCREMENT REVENUES REQUIRED AND THE ANTICIPATED YEAR IN WHICH INDEBTEDNESS WILL BE RETIRED

Table 7 shows the yearly tax increment revenues and their allocation to debt service and debt service reserve funds. It is anticipated all debt will be retired by the end of FY 2025/2026. The estimated amount of tax increment revenues required to service debt is \$12,452,479.

VIII. FINANCIAL ANALYSIS OF THE PLAN

The estimated tax increment revenues of \$12,452,479 are based on projections of the assessed value of development within the Area which are derived from the projections of real market value as described in Table 8.

Table 9 shows the projected incremental assessed value, projected tax rates that would produce tax increment revenues, and the annual tax increment revenues. These, in turn, provide the basis for the projections in Table 7, Tax Increment Revenues and Debt Service

IX. IMPACT ON THE TAX INCREMENT FINANCING BOTH UNTIL AND AFTER THE INDEBTEDNESS IS REPAYED, UPON ALL ENTITIES LEVYING TAXES UPON PROPERTY IN THE URBAN RENEWAL AREA

The impact of tax increment financing on overlapping taxing districts consists primarily of the property tax revenues foregone on permanent rate levies as applied to the growth in assessed value in the Area.

Table 10 shows the average annual foregone revenues to the overlapping taxing districts in year of receipt dollars from FY 2007/2008 through FY 2025/2026. Note that under current school funding law, the Salem Keizer School District and the Willamette Regional Education Service District would receive substantially the same revenues per student

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irrespective of the property tax revenues foregone. Therefore no impacts are shown for these districts.

Table 10: Projected Revenues Foregone (PV = Present Value)

	Total PV	Average PV/Year
MARION COUNTY	1,898,899	99,942
SALEM	3,660,395	192,652
MARION SOIL & WTR	31,385	1,652
CHEMEKETA COM COL	392,873	20,678
REGIONAL LIBRARY	51,345	2,702
SALEM MASS TRANSIT	477,612	25,137

After the termination of tax increment financing, the projected value of the additional property tax revenues in current dollars will exceed the projected foregone property tax revenues in FY 2031/2032. The projected increase in annual revenues in FY 2032/2033 is shown in Table 11.

Table 11: Projected Increase in Property Tax Revenues, FY 2032/2033

MARION COUNTY	441,775
SALEM	851,584
MARION SOIL & WTR	7,302
CHEMEKETA COM COL	91,401
REGIONAL LIBRARY	11,945
SALEM MASS TRANSIT	111,116

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Table 7: Tax Increment Revenues and Debt Service

Fiscal Year Ending June 30	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
REVENUES										
Beginning Balance	\$ -	\$ 62,208	\$ 101,930	\$ 193,060	\$ 275,725	\$ 288,974	\$ 382,351	\$ 382,351	\$ 479,174	\$ 479,174
Tax Increment Revenues	\$ 61,288	\$ 128,981	\$ 195,870	\$ 261,918	\$ 327,087	\$ 391,338	\$ 454,631	\$ 525,535	\$ 603,485	\$ 684,880
Interest	\$ 919	\$ 3,801	\$ 5,996	\$ 9,721	\$ 13,178	\$ 14,539	\$ 18,290	\$ 19,354	\$ 23,427	\$ 24,648
Total Revenues	\$ 62,208	\$ 194,990	\$ 303,796	\$ 464,699	\$ 615,990	\$ 694,851	\$ 855,272	\$ 927,240	\$ 1,106,086	\$ 1,188,702
EXPENDITURES										
Debt Service, Long Term										
Bond 1		\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060
Bond 2				\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914
Bond 3						\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376
Bond 4								\$ 96,823	\$ 96,823	\$ 96,823
Bond 5										\$ 114,967
Bond 6										
Bond 7										
Bond 8										
Total Debt Service, Long Term	\$ -	\$ 93,060	\$ 93,060	\$ 188,974	\$ 188,974	\$ 282,351	\$ 282,351	\$ 379,174	\$ 379,174	\$ 494,141
Bond Reserve	\$ -	\$ 93,060	\$ 93,060	\$ 188,974	\$ 188,974	\$ 282,351	\$ 282,351	\$ 379,174	\$ 379,174	\$ 494,141
Debt Service Short Term		\$ -	\$ 17,676	\$ -	\$ 138,042	\$ 30,150	\$ 190,571	\$ 68,891	\$ 247,738	\$ 100,420
Total Expenditures	\$ -	\$ 186,120	\$ 203,796	\$ 377,948	\$ 515,990	\$ 594,851	\$ 755,272	\$ 827,240	\$ 1,006,086	\$ 1,088,702

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Table 7 (Continued)

Fiscal Year Ending June 30	2018	2019	2020	2021	2022	2023	2024	2025	2026
REVENUES									
Beginning Balance	\$ 594,141	\$ 594,141	\$ 715,413	\$ 715,413	\$ 849,904	\$ 756,844	\$ 999,135	\$ 2,001,820	\$ 3,242,087
Tax Increment Revenues	\$ 768,029	\$ 852,963	\$ 939,715	\$ 1,039,367	\$ 1,141,512	\$ 1,246,201	\$ 1,353,489	\$ 1,463,429	\$ 1,576,077
Interest	\$ 29,345	\$ 30,619	\$ 35,558	\$ 37,053	\$ 42,620	\$ 41,398	\$ 50,276	\$ 82,006	\$ 120,904
Total Revenues	\$ 1,391,514	\$ 1,477,723	\$ 1,690,686	\$ 1,791,833	\$ 2,034,036	\$ 2,044,444	\$ 2,402,901	\$ 3,547,254	\$ 4,939,068
EXPENDITURES									
Debt Service, Long Term									
Bond 1	\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060	\$ 93,060				
Bond 2	\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914	\$ 95,914		
Bond 3	\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376	\$ 93,376
Bond 4	\$ 96,823	\$ 96,823	\$ 96,823	\$ 96,823	\$ 96,823	\$ 96,823	\$ 96,823	\$ 96,823	\$ 96,823
Bond 5	\$ 114,967	\$ 114,967	\$ 114,967	\$ 114,967	\$ 114,967	\$ 114,967	\$ 114,967	\$ 114,967	\$ 114,967
Bond 6		\$ 121,272	\$ 121,272	\$ 121,272	\$ 121,272	\$ 121,272	\$ 121,272	\$ 121,272	\$ 121,272
Bond 7				\$ 134,491	\$ 134,491	\$ 134,491	\$ 134,491	\$ 134,491	\$ 134,491
Bond 8						\$ 242,291	\$ 242,291	\$ 242,291	\$ 242,291
Total Debt Service, Long Term	\$ 494,141	\$ 615,413	\$ 615,413	\$ 749,904	\$ 749,904	\$ 899,135	\$ 401,081	\$ 305,167	\$ 3,375,752
Bond Reserve	\$ 494,141	\$ 615,413	\$ 615,413	\$ 749,904	\$ 656,844	\$ 899,135	\$ 305,167	\$ 305,167	
Debt Service Short Term	\$ 303,232	\$ 146,896	\$ 359,860	\$ 192,025	\$ 527,288	\$ 146,173			
Total Expenditures	\$ 1,291,514	\$ 1,377,723	\$ 1,590,686	\$ 1,691,833	\$ 1,934,036	\$ 1,944,444	\$ 706,248	\$ 610,334	\$ 3,375,752

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Table 8: Projected Real Market Value

Fiscal Year Ending June 30	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Industrial Commercial	\$ 2,156,220	\$ 2,188,563	\$ 2,221,392	\$ 2,254,713	\$ 2,288,533	\$ 2,322,861	\$ 2,357,704	\$ 2,393,070	\$ 2,428,966	\$ 2,465,400
General Industrial	\$ 2,395,800	\$ 2,431,737	\$ 2,468,213	\$ 2,505,236	\$ 2,542,815	\$ 2,580,957	\$ 2,619,671	\$ 2,658,966	\$ 2,698,851	\$ 2,739,334

Fiscal Year Ending June 30	2018	2019	2020	2021	2022	2023	2024	2025	2026
Industrial Commercial	\$2,502,381	\$2,539,917	\$2,578,016	\$2,616,686	\$2,655,936	\$2,695,775	\$2,736,212	\$2,777,255	\$2,818,914
General Industrial	\$2,780,424	\$2,822,130	\$2,864,462	\$2,907,429	\$2,951,040	\$2,995,306	\$3,040,236	\$3,085,839	\$3,132,127

Table 9: Projected Incremental Assessed Value And Tax Increment Revenue

Fiscal Year Ending June 30	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Base	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000
Appreciation %	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	1.00%	1.00%	1.00%
Appreciation Dollars	420,000	440,308	460,991	482,054	503,504	525,347	547,589	1,140,473	1,192,294	1,245,240
Exception Value	3,641,616	3,696,240	3,751,684	3,807,959	3,865,078	3,923,055	3,981,900	4,041,629	4,102,253	4,163,787
Total AV	88,061,616	92,198,164	96,410,839	100,700,852	105,069,435	109,517,837	114,047,327	119,229,429	124,523,977	129,933,004
Incremental AV	3,641,616	7,778,164	11,990,839	16,280,852	20,649,435	25,097,837	29,627,327	34,809,429	40,103,977	45,513,004
Tax Rate	17.0000	16.7500	16.5000	16.2500	16.0000	15.7500	15.5000	15.2500	15.2000	15.2000
Tax Increment Revenues	\$ 61,907	\$ 130,284	\$ 197,849	\$ 264,564	\$ 330,391	\$ 395,291	\$ 459,224	\$ 530,844	\$ 609,580	\$ 691,798

Fiscal Year Ending June 30	2018	2019	2020	2021	2022	2023	2024	2025	2026
Base	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000	84,000,000
Appreciation %	1.00%	1.00%	1.00%	1.50%	1.50%	1.50%	1.50%	1.50%	1.50%
Appreciation Dollars	1,299,330	1,354,586	1,411,028	2,203,017	2,302,352	2,404,171	2,508,526	2,615,472	2,725,061
Exception Value	4,226,244	4,289,638	4,353,982	4,419,292	4,485,581	4,552,865	4,621,158	4,690,475	4,760,833
Total AV	135,458,578	141,102,801	146,867,811	153,490,120	160,278,054	167,235,090	174,364,774	181,670,721	189,156,614
Incremental AV	51,038,578	56,682,801	62,447,811	69,070,120	75,858,054	82,815,090	89,944,774	97,250,721	104,736,614
Tax Rate	15.2000	15.2000	15.2000	15.2000	15.2000	15.2000	15.2000	15.2000	15.2000
Tax Increment Revenues	\$ 775,786	\$ 861,579	\$ 949,207	\$ 1,049,866	\$ 1,153,042	\$ 1,258,789	\$ 1,367,161	\$ 1,478,211	\$ 1,591,997