

TO: Urban Renewal Agency Board
THROUGH: Steve Powers, Executive Director
FROM: Kristin Retherford, Urban Development Director

SUBJECT:

Award a \$749,999,000 Opportunity Grant to Park Front, LLC for new construction of a 30,000 square foot office building at 230 Front Street

Ward(s): Ward 1
Board Member(s): Bennett
Neighborhood(s): CANDO

ISSUE:

Shall the Agency Board authorize the Executive Director to execute the attached grant agreement with Park Front, LLC to partially fund the costs to construct a 30,000 square foot office building at 230 Front Street?

RECOMMENDATION:

Authorize the Executive Director to execute the attached grant agreement (Attachment 1) with Park Front, LLC to partially fund the construction costs of a 30,000 square foot office building.

SUMMARY AND BACKGROUND:

On November 21, 2016, Park Front, LLC consisting comprised of James Sturdivant, T.J. Sullivan, Dawn Bostwick, Lance Barnwell, and James Fields, submitted a letter to the Urban Development Department requesting \$749,999,000 in Riverfront-Downtown Urban Renewal Area (RDURA) grant funds to partially fund construction costs for a to-be-built 30,000 square foot office building at 230 Front Street in downtown Salem. The site is part of the industrial parcels previously owned/operated by Boise Cascade

commonly referred to as the "Triangle Site". Although this is a prime downtown location near Riverfront Park, redevelopment of this brownfield site has languished for several years due to challenges and costs associated with infrastructure and environmental issues. Even though this site is conveniently located to Riverfront Park and downtown, it has been available for redevelopment for many years because of the challenges and additional costs associated with the infrastructure and environmental

issues of a brownfield site. The grant, in partnership with owner equity and bank financing, offsets some of these additional costs and risks, and provides an incentive to move forward with the project.

On December 2, 2016 the Oregon Bureau of Labor and Industries (BOLI) provided confirmation that the Park Front LLC project is determined to be separate and distinct from the Marquis project, and that the grant under consideration will not impact the BOLI determination for the Marquis project.

Redevelopment will include a 4-story, steel constructed building with a unique design to maximize the triangular shape of the site. Parking will be provided by 90 on-site surface parking spaces. Landscaping will be enhanced due to the buildings key location and connections to Riverfront Park and downtown. Total project costs are estimated to be \$8.9M, which is an estimated \$10.87 leverage of private investment for every \$1 of Riverfront-Downtown Urban Renewal funds. Owner equity will be more than \$1M with proposed financing of \$6.2M. Three of the four building floors are leased or under negotiation with only 6,000 sf available for lease. Estimated construction start date is December 2016 with a targeted completion of September 2017.

The FY 2016-17 RDURA budget has an allocation of \$4M for Opportunity Purchases with an uncommitted available balance of \$3.260M. Based on recent information obtained from downtown property owners who have been identified in opportunity areas, on August 22, 2016, the Downtown Advisory Board (DAB) recommended to the Agency Board that funding be available to property owners to incent redevelopment in downtown, not acquisition of property at this time.

This project aligns with the following RDURA Plan, and Downtown Strategic Action Plan goals/objectives:

- Removal of blight
- Leverage of Public Funds with Private investment
- Increased Property Value and Tax Increment
- Connectivity between Riverfront Park and Downtown
- Job Creation
- Streetscape Enhancements
- Downtown Vibrancy

FACTS AND FINDINGS:

The RDURA Plan, Section 1105 (Core Area Redevelopment), states that urban renewal funding to engage in any combination of activities including grants and construction is eligible.

On December 12, 2016, the DAB unanimously approved a recommendation of

support to the Agency Board for the grant funding request.

All grants are conditioned upon confirmation of financial feasibility, final construction costs, qualified contractor, and meeting all of the City of Salem's building requirements.

Sheri Wahrgren
Downtown Revitalization Manager

Attachments:

1. Grant Agreement.
2. Funding Request

11/23/2016