

MINUTES
Downtown Advisory Board
 Thursday, October 28 – 2:00 P.M.
 350 Commercial St NE

Members Present	Members Absent	Staff Present	Guests
Dana Vugteveen - C Jim Bauer Suzi Bicknell Jeff Corner Bill Davis Paul Gehlar Jim Lewis Brian Moore Anna Peterson Allan Pollock	Debra Edwards - E Sylvia Dorney -E Darr Goss - E	Sara Bratcher – UD Jill Corcoran – UD Todd Klocke - UD Courtney Knox - UD Nicole Miller - UD Anita Sandoval – UD Sheri Wahrgren – UD Ralph Lambert - PW Julie Warncke – PW	Rick Williams Mary Lou Zeek Bill Puntney

1. CALL TO ORDER

Chair Vugteveen called the meeting to order at 2:03 PM, noting a quorum of appointed members was present.

2. APPROVAL OF AGENDA

A. October 28, 2010

Mr Gehlar made a motion to approve the agenda for October 28, 2010. The motion was seconded and approved unanimously.

3. APPROVAL OF MINUTES

A. September 23, 2010

Ms Bicknell made a motion to approve the minutes from September 23, 2010, with correction of a typo under Section B, paragraph 2 (loose should be lose), and the addition of the following question/answer asked during the discussion about the amendment to SRC Chapter 102.

Q - How would the bulk rate compare to a space a business might rent for an employee for the month? Is there some level of equity there?

A - The City offers a 60 percent discount on 1000+ daily permits. The discounted rate is available to all employers. Pricing has already been approved. It's still less expensive to buy monthly permits rather than purchase daily parking permits at the discounted rate.

The motion was seconded and approved unanimously.

4. REPORT ON COMMITTEES

A. None.

5. PUBLIC COMMENT:

There were no comments on topics other than those on the agenda.

6. ACTION ITEMS:

A. *Go Downtown Salem Downtown Welcome Center Proposal – Mary Lou Zeek*

The Board heard a proposal by Mary Lou Zeek concerning a *Go Downtown Salem* (GDS) Welcome Center at 365 Ferry St as presented in the Board packet. This location is preferred due to the close proximity of the Conference Center. The following represents the Board's questions with answers from the presenter and Suzi Bicknell, Executive Director of GDS, unless otherwise stated.

Q – Why is there not already an area inside the Conference Center for this kind of service?

A – There's not enough space in the Conference Center to be inclusive for all businesses.

Q – Because there is currently no one paying rent, the assumption in this proposal is the City will get \$1,000 and forgo roughly \$3,000 a month. This hasn't been tested against the market. If the City offered this space for \$0.50 Sq Ft, would it be rentable?

A – I see it as a partnership with the City. It's not another business ~ this idea promotes all of downtown. There are improvements to the building that need to be done anyway for the City to lease it. The City may want to try this for a limited time to see how it works.

Q – If you are going to tie up space for two years and forgo revenue, what's the amount of time that's practical in a partnership for GDS to control the space before it's released back to the public? This is a prime location. Is this about scaling into a full-rent agreement? How long should the City subsidize this space?

A – This should be discussed. One of the early ideas not contained in the proposal was to rent out part of the space to other non-profits to generate income.

Q – Do your capital costs for investment in this space exceed the grant money?

A – Garth Brandaw designed the area. It started out at \$150,000 and could go up to \$300,000. This has to go to the table for discussion. Perhaps tenant improvements could be done in phases.

Q – How much is available from the grant?

A – Ms Wahrgren responded. If the grant is received, the amount available for that space is \$103,600, plus approximately \$70,000 in Tenant Improvement funds that could be available.

Q – What happens to the proposed signage if GDS is not the provider for the EID?

A - Under the terms of the contract with the City, all the intellectual property reverts to the City.

Q – What if another group did not want the GDS branding?

A – The GDS brand is something the City should keep. The body could change, but the name should stay the same and should be clear in the contract.

Q – If the EID ceases to exist, who would administer this place?

A – It would revert back to the City. But the building will still belong to the City, so the signage could stay to promote Salem.

Q – Will the Tenant Improvement money still be available to that space if the Welcome Center doesn't happen? And what happens to the grant money if this project doesn't happen?

A – Ms Wahrgren explained, every year staff is asked for ideas and projects to submit through the congressional appropriations. All federal funds have different requirements and strings attached. This year staff found out the funding source is through the Small Business Administration and can only be used on a public project. The improvements to Liberty leasehold space were identified as a

project to help market the space. The scope includes demolition, and a unisex restroom. But part of the grant is to be used for wayfinding and additional signage for parking structures. When the Welcome Center concept came in, we looked at how it would align with the grant, and some of it does, like the demolition. An award is anticipated by November 5 with a potential to receive \$200,000. Once staff knows what funds are available, we may try to get a modification to see if they will allow us to change out some of the original project costs. We have five years to use the funds.

Q – Because this proposal suggests the City will forgo rent and property tax revenue, is there a way to measure the results of the sweat equity from GDS? It's important to maintain motivation to do everything possible to get the return on the investment. What is THIS project specifically doing to generate activity downtown? How many people are visiting the Center each day, etc?

A – That's a good idea. That's one of the hardest parts to identify ~ why did you walk into my business, what brought you here.

Q – Downtown is evolving in a strong and positive way. Is there a dramatic need for this project today, and could money be utilized in another way to protect our investment? A measuring tool for this project should be mandatory. Is this the only project we can use the Tenant Improvement funding for?

A – Staff responded \$70,000 is targeted for that space from the Tenant Improvements Fund, in conjunction with a lease agreement from a tenant.

Q – What does the GDS pay for rent now? And how much would you pay in the new space?

A – GDS is currently paying \$505 per month; that would increase to \$1,000 in the new space.

Q – Is this a fixed amount, or does this include utilities?

A – Ms Wahrgren responded the proposal reads, "We propose to pay utility charges to and including \$1,000 monthly".

Q – What is the action we're being asked to provide?

A – Chair Vugteveen responded he understood the requested motion was whether the Board supported the concept, given the fact there are certain things we don't know. We don't know the total capital cost; there's no guarantee the grant will come through; if the grant doesn't come through, how is this going to be funded? This may come back to the DAB and Agency for additional funding. Right now, if the grant comes through and the capital improvements can be kept to \$173,000, what we'd be endorsing is a loss of revenue to the Leasehold Fund. There is no impact on tax increment because its City owned property; and essentially subsidizing that location for whatever time the City writes a lease with some organization who will administer this location – which may or may not be GDS.

Q – If we were marketing the property at this rate, or somewhere between this rate and the market rate, what tenants would come out of the woodwork? What are we giving up if we do this?

A – Chair Vugteveen responded, in short, we're giving up income to Leasehold Tenant Improvement Fund, which this Board has no control over.

Q – Has this space been fully marketed?

A – Ms Wahrgren responded that the Real Estate Division has a marketing strategy for leasehold spaces.

Q – Is the space divisible? Can you make it into several smaller spaces?

A – Yes. Ms Wahrgren explained that’s part of the strategy staff had been examining. Right now, the proposal is to remove the second floor. If we remove the second floor it is more marketable because there will be high open spaces, new windows, and awnings.

Q –So that \$70,000 would be available to any tenant?

A – Ms Wahrgren answered yes.

Ms Wahrgren explained the reason GDS presented this today is because of a Council motion asking them to present their proposal to various community groups to receive comments and feedback. Staff will incorporate that feed back in a staff report in conjunction with a public hearing on November 15.

Mr Bauer made a motion to conceptually support the idea, and that the Liberty Parkade space is a viable location for this idea. The motion was seconded. The Board continued to consider the proposal as submitted with remaining questions including: whether the space been marketed at the same price per square foot that is being offered to Go Downtown Salem; whether this is the best project for the space; how to keep signage if Go Downtown ceases to exist; and how to incorporate a performance measurement for the City’s return on investment. The original motion was reiterated and the Chair called for the question. **Suzi Bicknell and Paul Gehlar abstained. Allan Pollock, Anna Peterson, Jim Bauer, and Dana Vugteveen voted “yes”; Jeff Corner, Bill Davis, and Brian Moore voted “no”. The motion passed.**

B. Urban Renewal Art Policy – Jill Corcoran

Ms Corcoran reviewed the memo from the Board packet regarding the proposed Agency Art Policy.

She explained Option 1 would be a jump start to fund public art within the URA with a certain percentage of tax increment revenue for each of the next three fiscal years. Option 2 would mimic the City ordinance with one half of one percent of a public improvement project costing \$100,000 or more. This would necessitate budgeting the additional amount into the project at the start. Maintenance and repair of the public arts would not be covered by URA funds.

A staff report will be going forward to the Agency on November 15 with a recommendation.

Mr Moore made a motion to support Option 2 at one half of one percent of a public improvement project costing \$100,000 or more. The motion was seconded and passed unanimously.

7. INFORMATION ITEMS:

A. Follow-up Discussion: Draft Downtown Salem Parking Strategy Recommendations – Rick Williams

Ms Wahrgren explained at the list meeting Mr Williams went over the utilization survey and identified recommendations to consider. This month he is back to answer questions.

Mr Williams clarified the recommendations have been broken into two sections: Policy Level Actions, and Parking Management Actions.

Q – Have you met with the Strategic Action Plan Subcommittee?

A – Not yet, but there have been conversations with the consultant.

Q - Is it possible to integrate the parking recommendations into the Strategic Action Plan (Plan)? Can we look for conflicts between the Plan and the parking recommendations to be solved?

A – The context of the recommendations is to try to encourage forward thinking. Whatever happens with the Plan is going to be economic development related; parking should support that. The intent of the recommendations was to move toward the future, and the Plan is just the kind of anchor to hook on to.

Q – Are these recommendations dramatic enough? Did you hold back?

A – There are a lot of things that could come out in a Work Session. One example is the recommendation on the Parking Tax. This really needs to be evaluated. There are 4,000 public stalls in the downtown now. The operating principle for establishing the Parking Tax was to keep the two-hour parking system free. But the Parking District only raises \$373,000. If you divide the \$373,000 by the 4,000 stalls that are two-hour free parking, the taxes are only leasing those stalls for \$7 a year. Opening that question up will start people thinking about what is the value of parking and how to use parking as a way to support new development, existing development, and making sure the City is receiving a return on its investment.

Q – We have underutilized garages and at the same time depreciating assets. Do you ever do a calculation on that sort of thing, because these garages are slowly deteriorating?

A – We might not be able to do that calculation, but instead, start filling up the garages. One of the reasons the garages are underutilized is they need to be segregated in order to track people. That limits the amount of monthly parking available to sell. If the dynamics are changed and a garage has pay stations and monthly parking, then you don't have to keep track of people and every stall is going to raise revenue.

Q – How do you plan for future if a portion of your capacity is only subsidized on one side of the equation (parking tax vs. bulk permits)?

A – You're assuming how you're pricing garages now is correct. The system has never been tested as to what pricing should be. The limits need to be taken off so the garages can actually be seen as operating at what the demand actually is. If there is a waiting list, theoretically the rates should be raised. But you don't know if you should raise the rates because part of the reason there is a waiting list is because there are only certain areas of the garages where permits are sold. There are two ways to raise rates: by demand, and keeping up with costs. The City should become performance based and take off restriction on the operating system.

Q – Do you know any Parking District in the northwest that funds depreciation as a cost? In other words, is the cost of replacing a garage built into the system?

A – Yes, but not as the only source of funding. Generally, parking districts don't include parking tax on business; they consider their parking system the meter system, and they consider their parking district surplus revenues generated from off street public facilities. There are very few municipalities that rely on parking district revenue to fully fund a parking garage in the future.

Chair Vugteveen suggested one of the recommendations to City Council could be to create a Task Force to evaluate where this is once the Strategic Action Plan is completed, probably sometime in the first quarter of the new calendar year. Because of the resistance to paid parking downtown, it might be outside the realm of this Board to make much headway. Mr Williams concurred, stating that one of his recommendations is for a comprehensive stakeholder group. Its relationship to the Strategic Action Plan needs to be defined.

Ms Wahrgren said the Strategic Action Plan Subcommittee has another meeting soon. She commented there appeared to be an interest that recommendations regarding parking strategies be identified as a project in the Action Plan. Ms Knox explained within the Strategic Action Plan there is currently a project regarding a Parking Management Capital Facilities Plan. Each of those projects is going to be scoped in such a way that the justification for the project is incorporated into the project description. So there's no reason why we cannot make sure that some of the basis being described in the memo is a part of that recommendation.

Staff will review the Parking Management Action recommendations and bring back a report on how those have been, or can be, done. Those recommendations are consistent with and approved in the 2006 Plan.

A question was asked about "fee in lieu". Mr Williams responded there are cities doing it well, and others who do it poorly. Fee in lieu works best where cities already have a municipal supply. That way you can sell parking and entitlement to a developer. He recommended it for Salem because of the underutilization of parking spaces. The City could sell the fee in lieu and guarantee a stall and lock it into the developer's financing as an entitlement that would go on their title, and begin to take in new revenue for future planning. There's still a cultural issue of developer's not having the parking on site.

B. Streetscape Standards – Ralph Lambert

This topic was deferred to a later date.

C. City of Salem, Sustainable Cities Initiative Overview – Courtney Knox

This topic was deferred to a later date.

8. NEW BUSINESS

Ms Knox announced the Strategic Action Plan will be unveiled to the Board on November 18. A Work Session for the Agency will be held on January 10, 2011.

9. ADJOURN

Chair Vugteveen adjourned the meeting at 3:55 P.M. The next scheduled meeting is November 18, 2010, at 2:00 PM.