



March 7, 2013

**Representative Tobias Read, Chair
House Transportation and Economic Development Committee**

Testimony of the City of Salem In Support of HB 2284

The City of Salem supports HB 2284 to establish the Oregon Industrial Site Readiness Program which would make available loans, of which a portion may be forgivable, for industrial site preparation such as grading and environmental remediation or mitigation, transportation improvements, and improvements to water and sewer infrastructure for sites greater than 25 acres in size. This additional source of financing for needed infrastructure improvements would ensure the City of Salem's ability to prepare the 550 acres of developable acreage at the Mill Creek Corporate Center for traded sector businesses, \$400 million in private sector investment, and the more than 5,000 jobs anticipated for the Mid-Willamette Valley region.

The required infrastructure to serve development at individual parcels at the Mill Creek Corporate Center is defined by its Urban Growth Area Permit. Developer interest in one of the site's parcels, ranging from approximately 25 to 76 acres in size, triggers a set of infrastructure projects to serve the development. Because the State's funding is constrained to the proceeds of property sales and the City's funding is constrained to tax increment financing, contingent on property sales and lagging behind the resulting development, the ability of the partners to fund infrastructure improvements is constrained by the very property sales which create the need for the infrastructure improvement. To bridge this gap, the partners have been successful to-date in competing for limited federal and statewide loans or grants for infrastructure improvements. Fortunately, market demand has driven the initial two property sales to properties which have benefited from gap financing.

If HB 2285 was enacted into law, the City would have an additional option to meet the funding requirements for infrastructure needed to support development and traded sector jobs at the Mill Creek Corporate Center to benefit the Mid-Willamette Valley Region. This option for financing infrastructure improvements for industrial properties will give more flexibility in being able to respond with infrastructure improvements to meet market demand for industrial parcels. Without this source of financing, we may miss development opportunities because existing infrastructure is insufficient to open parcels for development.

Thank you.

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