



MCGILCHRIST COMPLETE STREET PROJECT

CITY OF SALEM - RAISE 2022 GRANT APPLICATION



PROJECT TYPE

Road

LOCATION

Salem, Oregon

URBAN/RURAL

Urban

TOTAL PROJECT COST

\$28,362,000

RAISE 2022 FUNDING AMOUNT REQUEST

\$13,229,320

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I Project Description

The Project is located in Salem (City), the capital of Oregon, and close to a variety of transportation corridors, including the interstate highway, freight, air, and rail service. The project has been in development since the early 2000s.

The primary obstacle to development in the McGilchrist Opportunity Area is the abysmal condition of McGilchrist Street SE. It lacks sufficient width to safely accommodate current traffic volumes, freight movement, pedestrians and bicyclists, and stormwater drainage. In its existing condition the roadway has two 11-foot travel lanes with limited to non-existent shoulders, no turn lanes, and no crossing facilities for over 4,300 feet, as illustrated in [Figure 1](#). There are no facilities to accommodate walking or bicycling, and the roadway is subject to frequent flooding due to two undersized creek crossings and inadequate drainage.

Figure 1 - Current Road

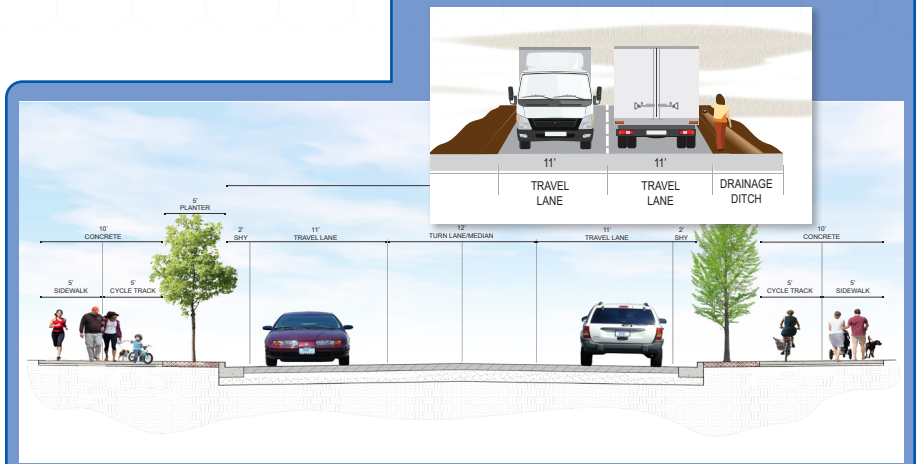


Figure 2 - Proposed Road Improvements

Project Elements

The McGilchrist Complete Street Improvement Project (Project) includes the following improvements. Major project components are illustrated in [Figures 2 and 3](#).

- Sidewalks
- Cycle track
- Streetlights
- Center turn lane
- Turn lanes at the east and west ends of the Project extent
- Upgrades to existing traffic signals
- Realignment of the 22nd Street SE intersection and traffic signal installation
- Improved railroad and creek crossings
- Green stormwater collection infrastructure

The Project will tie in with several additional transportation investments undertaken in the last fifteen years. Together these investments will result in a complete transportation system serving the Project Corridor and the larger Salem Community.



Figure 3. Expanded View: McGilchrist Street Improvement

Project Benefits

The Project addresses needs on McGilchrist Street from 12th to 25th Streets (Project Corridor) and yields numerous benefits to the public with an emphasis on economic development, safety, and accessibility. This Project will:

- Stimulate development of a broad mix of compatible employment uses, including light industrial and industrial commercial
- Assist in financing transportation and stormwater infrastructure improvements to support the development of light industrial and industrial commercial uses
- Open land for development within a federally designated Opportunity Zone
- Increase the supply of buildable lands in Salem
- Create both permanent and temporary construction-related employment opportunities
- Improve safety for people and freight on this federal and state-designated Critical Urban Freight Corridor
- Implement transportation improvements that will increase access to the area and mitigate traffic impacts
- Support the City's Climate Action Plan
- Increase transportation choices for people who access jobs and services
- Enhance access for all modes of transportation to jobs, transit, and services for the surrounding neighborhoods, which are classified as areas of persistent poverty.

Why Invest in Salem and this Project?

Since its establishment as part of the McGilchrist Urban Renewal Area (URA), the Project has had strong community support, and it has been a culmination of efforts by diverse groups that has brought the project to the point of being construction ready. The broad support from a diverse group of interests helps to show how the project could truly benefit the community.

The City has been working diligently to move this Project forward so it will be ready for construction within the timeline needed if RAISE funds are awarded. The City has completed 60% design documents, developed environmental documentation, and provided matching funds for right-of-way acquisition that is underway with completion expected in fall 2022. The City has a long history of delivering complex transportation projects on schedule and within budget.

The total cost of the Project is \$28.3 million. The City has acquired more than 50% of the necessary funds through a variety of both internal funds and additional grant sources.

Project Background

In 2006, the City identified 406 acres of vacant and underdeveloped property to be established as the URA. The purpose of creating the URA was to provide a financial mechanism to fund improvements to the Project Corridor that had been deemed as the primary obstacle to development. McGilchrist Street lacks sufficient width to accommodate current traffic loads or provide safe pedestrian and bicycle movement. Inadequate storm drain facilities lead to frequent flooding. Prior to the establishment of the URA, the location of the Project Corridor was outside the City's Urban Service Area and, therefore, up until 2006 its infrastructure needs were the responsibility of property owners within the Project Corridor. Due to the cost of the necessary improvements, minimal development had occurred. The goal of the URA was to use the financial tool of Tax Increment Financing to overcome barriers to development and create economic benefits that would serve local and regional residents. Because of the slow rate of development after the establishment of the URA, the annual tax increment coming into the URA to go toward the project has been slow but increasing each year and has been a source of revenue to contribute toward design work and as a resource for grant match funding.

II Project Location

The McGilchrist Complete Street Project is located in Salem, the capital of Oregon and the county seat of Marion County. Salem is located in the center of the Willamette Valley alongside the Willamette River. Salem is a Census Designated Urban Area with a 2010 population of 236,632. Salem is located within the Salem-Keizer Area Transportation Study (SKATS), which is the designated Metropolitan Planning Organization (MPO) for the Salem-Keizer area.

Interstate-5 is the key north-south highway serving this area; OR 22 is the key east-west highway connecting the Oregon Coast to I-5 and further east. Salem is approximately a one hour drive south of Portland, Oregon. McGilchrist is located in an area of inner south Salem that is less than half a mile to OR 22 (Mission Street) and approximately 1.5 miles to Interstate-5. As shown in [Figure 4](#), the McGilchrist Complete Street Project is located immediately west of the Salem Municipal Airport and crosses the Union Pacific Railroad. Transit provides fixed-route bus service to the area with four different routes operating on intersecting and parallel streets. The proximity to multiple modes of transportation make this an attractive area for industrial development. The project is located in Census Tract 10, Marion County, Oregon. This Census Tract is identified as a RAISE Area of Persistent Poverty and a higher than average minority population (compared to the City of Salem and the State of Oregon).

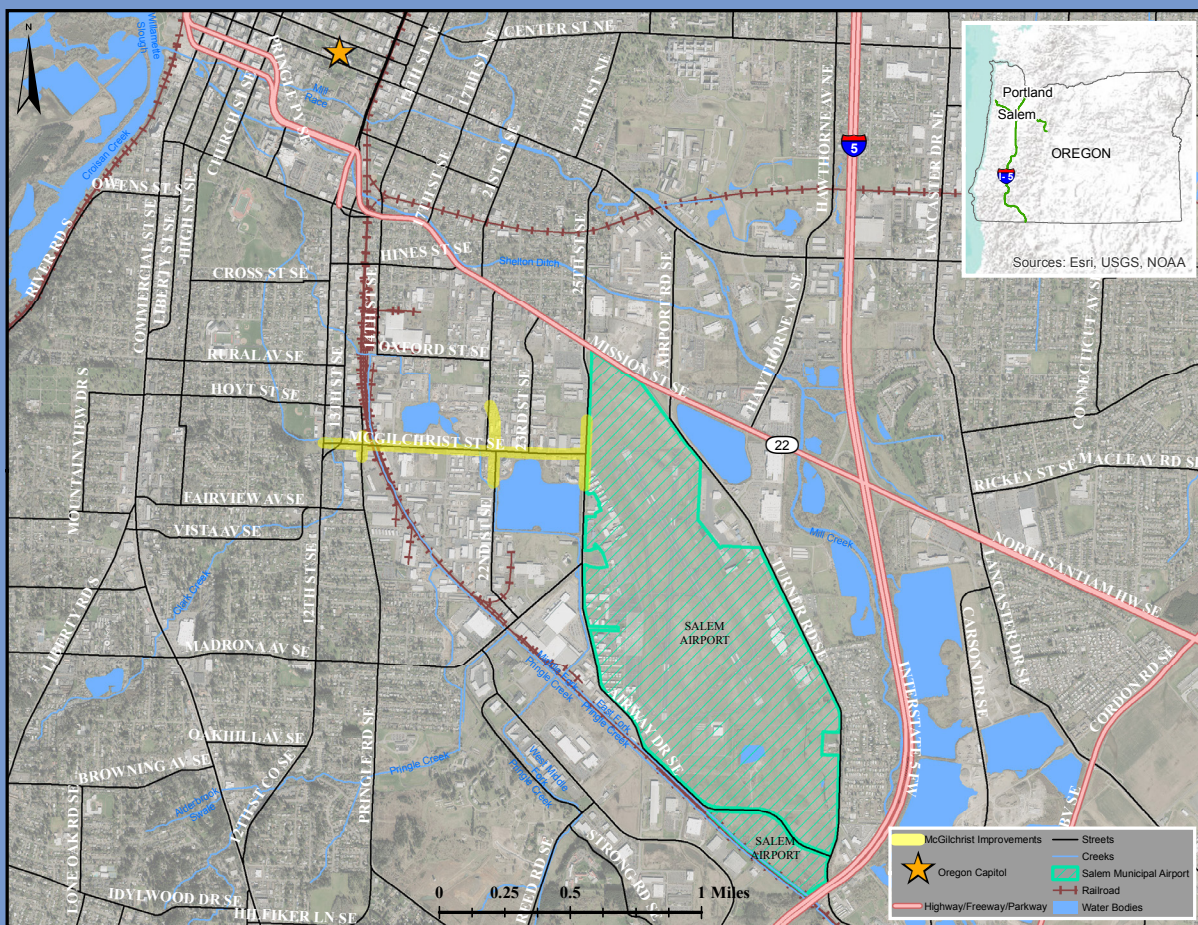


Figure 4 - McGilchrist Location

Other Federal:

The City was awarded over \$8.8 million in federal Surface Transportation Block Grant Program – Urban (STBGP-U) funds through the SKATS MPO. Half of these funds (\$4,575,280) were programmed in federal Fiscal Year 2018 for right-of-way acquisition. Right-of-way acquisition is currently underway with completion anticipated in October 2022. The remainder have been allocated toward final design and construction of a portion of the overall project (PE 2021 \$102,893 and CONS 2023 \$4,082,715). If RAISE funds are awarded, these funds would be combined with the RAISE funds to advance the entire project to construction.



Narrow Railroad crossing on McGilchrist

IV Merit Criteria

A. Safety

The collision analysis considered five years of available data (March 2015-March 2020). There was a total of 65 crashes within the project area, including 63 during the three-year period 2015 to 2018 and 2 fatalities in 2019 and 2020 (full crash data is not yet available for these years). Almost half of these crashes (48 percent) were rear-end collisions. Turning movement collisions were the next most prevalent (37 percent). See [Table 2](#). The collision rate at the intersection of McGilchrist Street SE and 19th Street SE is higher than the 90th percentile rate for similar intersection types in Oregon. This was also the location of one of the fatal crashes that occurred in August 2019. The second fatality, in March 2020, involved a pedestrian who was struck and killed by a driver while walking alongside the roadway at night.

The project will create a complete street designed to safely move people and freight through the corridor. Turn lanes will provide space for vehicles to wait for a safe opportunity for left turns. The addition of a center left turn lane will help reduce the incidence of both rear-end and turning movement crashes. The addition of lighting and dedicated space for people walking and bicycling will mitigate the conditions that led to the 2020 fatality.

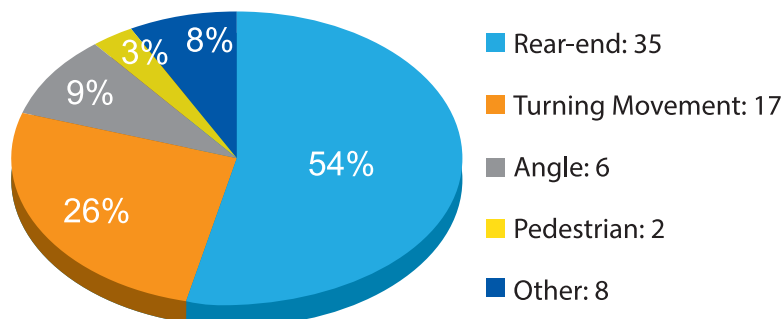


Table 2 - Crash Type

The current spacing between signals is 4,500 feet. The new signal at 22nd Street will create a safe crossing opportunity approximately halfway between the protected crossings at 25th Street and Pringle Road. The addition of a signal mid-way in this mile-long corridor will provide a safe opportunity for turning movements that will reduce the probability of turning movement crashes.

The collision analysis performed for this project shows that with the improvements, total crashes will be reduced by 15 percent based on crash reduction factors applied to specific counter measures such as installing left turn lanes and adding a new traffic signal.

While there were only two pedestrian-involved collisions in the past five years, including one fatality, the conditions for people walking and bicycling are very poor. The corridor has pedestrian destinations, including the Veteran's Administration, the Social Security Office, and employment centers. Sidewalks constructed with this project will enable people to access these and other destinations by foot, including transit connections. The addition of a traffic signal at 22nd Street will provide a safe crossing location for pedestrians needing to cross McGilchrist Street mid-way between existing protected crossing locations. Protected cycle tracks will provide dedicated space for people choosing this travel mode. Lighting will be added to this currently dark corridor to improve safety for all users, particularly during dark and rainy conditions of Oregon's winters. Planting strips and rain gardens will be designed to further separate pedestrians from motor vehicles, where possible.

There is a crossing of the Union Pacific Rail line within the project limits. This is a very active rail line and the crossing is immediately adjacent to a switching yard. The rail crossing is activated between 30 and 35 times on a typical day. The project will increase the storage capacity for the intersection that is adjacent to the railroad by adding a turn lane. In addition, the project will incorporate additional interconnect and Intelligent Transportation System (ITS) signage and flashers (queue activated "do not stop on tracks" message) to discourage vehicles from interfering with the railroad crossing.

B. Environmental Sustainability

As described below, this Project:

- Supports the City's Climate Action Plan.
- Constructs facilities to support transportation options such as walking, bicycling, and transit, and will reduce energy use and improve air quality. The close-in proximity to housing further supports the viability of people choosing to walk, bicycle, or ride the bus.
- Will significantly decrease congestion and reduce delays at project intersections as documented in the traffic analysis. This reduction in congestion-related emissions will help the region and the state meet Greenhouse Gas Reduction targets.
- Improves water quality through stormwater treatment that feeds to streams with ESA listed fish species.
- Is included in the SKATS 2021-2026 Transportation Improvement Plan that does not dedicate a significant share of funding to highway expansion.

The City of Salem recently completed a Climate Action Plan (February 2022). The Climate Action Plan supports the City of Salem Emissions Reduction Goal: *By 2035, Salem's greenhouse gas emissions are reduced to 50% of the citywide greenhouse gas emissions from the baseline year of 2016, and by 2050, Salem is carbon neutral.* The McGilchrist Complete Street Project directly supports the goals of the Climate Action Plan and aligns closely with the vision for transportation and land use:

- *Salem residents of all ages and ability will have access to safe, reliable, and affordable transportation options. Salem will have a multi-modal transportation system where everyone is able to choose the mode that works best for them.*

The Project includes construction of facilities for people to walk and bicycle where currently none exist. Complete sidewalk systems and bicycle facilities have the potential to reduce commuting and other non-recreational trips. Emissions are reduced when vehicle trips are replaced by walking and biking. To help estimate the reduction in vehicle miles traveled (VMT) due to the construction of the sidewalks and cycle tracks

along McGilchrist Street, we used a methodology developed by the California Air Resources Board (CARB) in 2005, Methods to Find the Cost-Effectiveness of Funding Air Quality Projects, May 2005. The report is available at: <https://www.arb.ca.gov/planning/tsaq/eval/eval.htm> (see the Methods guide). This methodology estimates the impact of new facilities based on the average daily traffic (ADT) of the adjacent roadway, the length of the project, and the number of activity centers nearby. Applying this methodology to the McGilchrist project shows an estimated reduction of 30 auto vehicle miles traveled per day. Applying the CO Emission reduction rate of 4.77 grams/vehicle mile results in a CO reduction of 0.1431 kilograms per day.

Completion of this project will also lead to a significant reduction in travel times leading to lower levels of congestion-related emissions. As illustrated in [Table 3](#), the westbound peak-hour travel time of approximately 9.5 minutes in 2024 would be reduced to 2.5 minutes with completion of the project, a reduction of 7 minutes. Without the project, this same westbound peak-hour travel time is expected to almost double to 18 minutes in 2044. Reducing the travel time from 18 minutes to just under 3 minutes in 2044 translates to a significant drop in the pollutants being emitted from idling vehicles during peak hours.

Runoff from the McGilchrist corridor is currently collected by catch basins and roadside ditches that

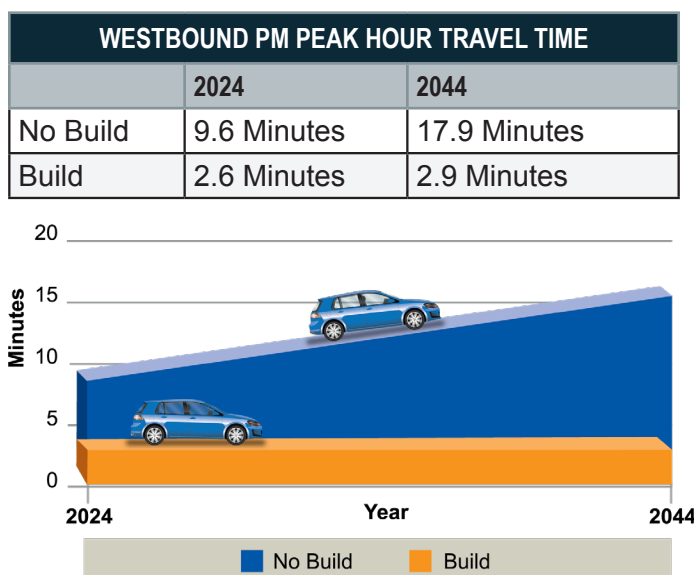
discharge to Clark Creek, West Fork of Pringle Creek, East Fork of Pringle Creek, or an unnamed ditch. With existing conditions, there is no water quality treatment for the approximately 11 acres of impervious service in the project area. The three creeks that receive this runoff are known to contain native and non-native fish species, including ESA-listed species. The project will treat site runoff using Green Stormwater Infrastructure, designed according to City, State, and Federal requirements. Treatment will include Green Stormwater Infrastructure partial infiltration facilities (planters, rain gardens, vegetated swales) to the maximum extent feasible. The addition of stormwater quality treatment will benefit the environment by improving water quality within the Pringle Creek Watershed.

The SKATS FY 2021-2026 TIP (<https://www.mwvcog.org/wp-content/uploads/2020/06/FY-2021-2026-TIP-Adopted-May-26-2020.pdf>) does not dedicate a significant share of funding to highway expansion. Figure 3 in the SKATS TIP shows that the majority of funds (more than 70 percent) are devoted to Complete Streets, Transit, Transportation Demand Management, Intelligent Transportation Systems, and Planning. Safety is a component of all projects. The federal funds in the category of Roadway/Bridge are largely devoted to preservation, seismic retrofits, and safety.

C. Quality of Life

Completion of the McGilchrist Complete Street project will enhance the quality of life for many types of individuals and users within the city. Overall, the project will allow for a variety of increased types of vehicular access for businesses and transit, and it will create safe and connected pedestrian and bicycle access, all of which will support access to what we expect to be increased employment and development opportunities within the project corridor.

Table 3



The McGilchrist Complete Street project falls within census tract 10 which meets the definition of persistent poverty; in addition, the City of Salem suffers from a higher percentage of persons in poverty than the U.S. average. Salem also has a higher percentage of both population with a disability under 65 who will have increased access to the project corridor due to the planned improvements. The project falls within a census tract that has a 43% minority population¹, which is higher than the average minority population for Salem (33%) and for the State of Oregon (24%).

SOURCE: US CENSUS 5-YEAR DATA 2015-2019

| | Project Census Tract | Salem | Oregon | United States |
|----------------------------------|----------------------|-------|--------|---------------|
| Persons in Poverty | 21% | 15.5% | 11.4% | 10.5% |
| Population w/disability under 65 | n/a | 11.3% | 9.9% | 8.6% |

Table 4

Upon completion, the McGilchrist Corridor will provide appropriate vehicular access allowing trucks, cars, buses, and bicycles to utilize the corridor to reach jobs, businesses, and the nearby freeway access. The corridor will allow for safe and visually appealing multi-user transportation. New sidewalks will be installed where none exist today that, in combination with streetlights, street trees, and a bike lane, will create a complete corridor for all users.

The project will increase transportation choices for people who access jobs and services within the project corridor. Current conditions do not support walking, bicycling, or transit. There is no transit service currently along McGilchrist Street due to the poor conditions. There are transit routes that intersect McGilchrist; however, there are no comfortable facilities for people to walk to and from these stops.

The adjacent neighborhoods will benefit by having a variety of transportation options that do not currently exist. Supporting employment and development in close proximity to existing neighborhoods will allow for increased quality of life by minimizing the need for long-distance commutes. The increase in vehicular capacity on McGilchrist Street will reduce neighborhood cut-through traffic that currently diverts off of McGilchrist due to excessive delays. The project is adjacent to the Southeast Salem Neighborhood, which is one of Salem's oldest neighborhoods. Minimizing non-local traffic will help maintain livability within the neighborhood.

The City's local bus service provider, Cherriots, has provided written support of this project. The locations of both the Social Security Administration and the Veterans Administration along the project corridor deserve to have public transit access. Completion of the McGilchrist Complete Street project would provide an

¹ Census Data- 5-year data 2015-2019

"We recognize McGilchrist Street is home to several small and medium sized businesses, in addition to critical services for veterans, seniors, and individuals with disabilities. In its current condition, it is not safe to provide fixed route public transportation to these businesses and critical services."

Allan Pollock, Cherriots General Manager



Critical Services Located on McGilchrist

opportunity to create more access and thereby allow those in need of these critical services improved options to reach them easily and in a cost-effective and safe manner.

Salem's high quality of life and urban amenities are a competitive advantage for attracting businesses to the community. Salem's quality of life attributes include cultural amenities, shopping opportunities, and access to outdoor recreation. Salem attracts businesses and entrepreneurs who want to locate in a high amenity area. With the completion of the project, it is expected that businesses will continue to develop and expand within the corridor. Since initiating the design for the McGilchrist Complete Street project, the amount of business inquiries has increased significantly. The expected increase of activity at the adjacent airport with respect to industrial development, corporate hangar development, and possible commercial air service will continue to help support existing and future development/businesses within the project corridor.

The City of Salem has identified targeted industries for growth in Salem's economy, which would be appropriate options within the project corridor upon project completion. These industries are traded-sector, and the majority have incomes above Salem's average, with national annual

averages for employment in these sectors ranging from \$50,000-\$63,000.

The City of Salem has and is in the process of integrating in a variety of equity/inclusion processes associated with the bidding and contracting of city-wide projects, including the McGilchrist Complete Street project.

Capitol Connections:

The City of Salem was on the founding board to launch Salem Capitol Connections, which brings together small and minority-owned business owners with large private and public contractors in a networking environment, to help develop relationships and demystify the bidding process. City staff continue to participate in monthly meetings.

Purchasing/Procurement Process:

The City of Salem is currently utilizing the State of Oregon's bid system called OregonBuys. The system is used by State of Oregon Agencies and local governments; it provides access to procurement and contracting information. Companies register as suppliers in OregonBuys to competitively and fairly bid for providing products and services. The Certification Office for Business Inclusion and Diversity Office certifies minority businesses and provides them training and information about using OregonBuys to bid on state and local government projects.

Current Project Example:

Beyond the City of Salem's use of OregonBuys, we are actively looking for ways to continue to expand our outreach to, and use of, minority businesses. One example is the Public Works Administration Building Project that is moving forward with the use of the contractor Howard S. Wright. As part of this \$45 million project, the City of Salem is working with the contractor to promote using subcontractors that are disadvantaged business enterprises, minority-owned businesses, women-owned businesses, service-disabled veteran owned businesses, and emerging small businesses. We are using this project as a template and learning process for this effort.

Upon completion of the McGilchrist Complete Street project, the City envisions the following:

- A transportation corridor that has the ability to accommodate the variety of transit needs within the project area.
- Safe and visually appealing pedestrian and bicycle access that will connect to planned and completed bike/multi-use paths, allowing city-wide access.
- Safer intersections along McGilchrist Street due to realignments, added lights, and turn lanes.
- Development on the 36 percent of underutilized acres in the corridor.
- Expansion of existing businesses due to enhanced access for distribution, patrons, and employees.
- Additional development/business expansion will contribute to an increase of tax increment for the Urban Renewal Area, allowing for additional publicly funded projects to continue

benefiting the area after the completion of the Complete Street project.

- Enhanced access to jobs, transit, and services for the surrounding neighborhoods.
- Reduction in non-local traffic within nearby neighborhoods.
- Increased job opportunities through new development and expansion especially within the traded-sector category.
- Increased vehicle storage with addition of turn lane adjacent to railroad crossing.
- Increased safety with incorporation of Interconnect and Intelligent Transportation Systems Signage and flashers to discourage interference with Union Pacific Rail Crossing in the project corridor for both vehicles and pedestrians.

D. Improves Mobility and Community Connectivity

The Project will improve access for people walking, bicycling, and using transit to and through this corridor and the surrounding neighborhoods. Promoting infill development will create jobs that can be accessed by means other than driving.

The McGilchrist corridor is located within one mile of residential districts. Key social services are currently located in the corridor, including the Salem office of the Social Security Administration and the Veteran's Affairs Outpatient Clinic. Both facilities suffer from a lack of accessibility due to the existing conditions of the roadway. Transit currently operates on an intersecting corridor but is unable to directly service these locations due to inadequate facilities. The Transit District has

"The primary obstacle to development in the McGilchrist area is the poor condition of McGilchrist Street which lacks sufficient width to safely accommodate current traffic volumes, freight movement, people walking and bicycling, and storm water drainage. Once constructed, the McGilchrist Complete Street Project will allow use of the corridor to support economic development in a sustainable manner...project [is] a critical component of our redevelopment effort."

Mike Walling, Vacant Property Owner

committed to providing service on McGilchrist once pedestrian facilities are available.

Promoting the development of jobs close to residential areas and services will provide increased opportunities for people to walk, bicycle, or use transit to access employment opportunities. Without the addition of needed infrastructure, jobs often end up developing at the edges of the urban area, creating more need for people to drive to access employment opportunities. This project is key to supporting job growth in the McGilchrist Opportunity Zone.

The Project will tie in with several additional transportation investments undertaken in the last fifteen years (*Table 5 and Figure 6*). Together these investments will result in a complete transportation system serving the Project Corridor and the larger Salem Community.

E. Economic Competitiveness and Opportunity

Completion of the McGilchrist Complete Street Project will make available development and growth opportunities that are currently locked. There is a great deal of available land that is zoned properly and inviting to a host of manufacturers due to its proximity to rail and air service for freight transportation, and economic conditions will be ripe for redevelopment following the Complete Street Project. The project will immediately benefit the existing businesses and

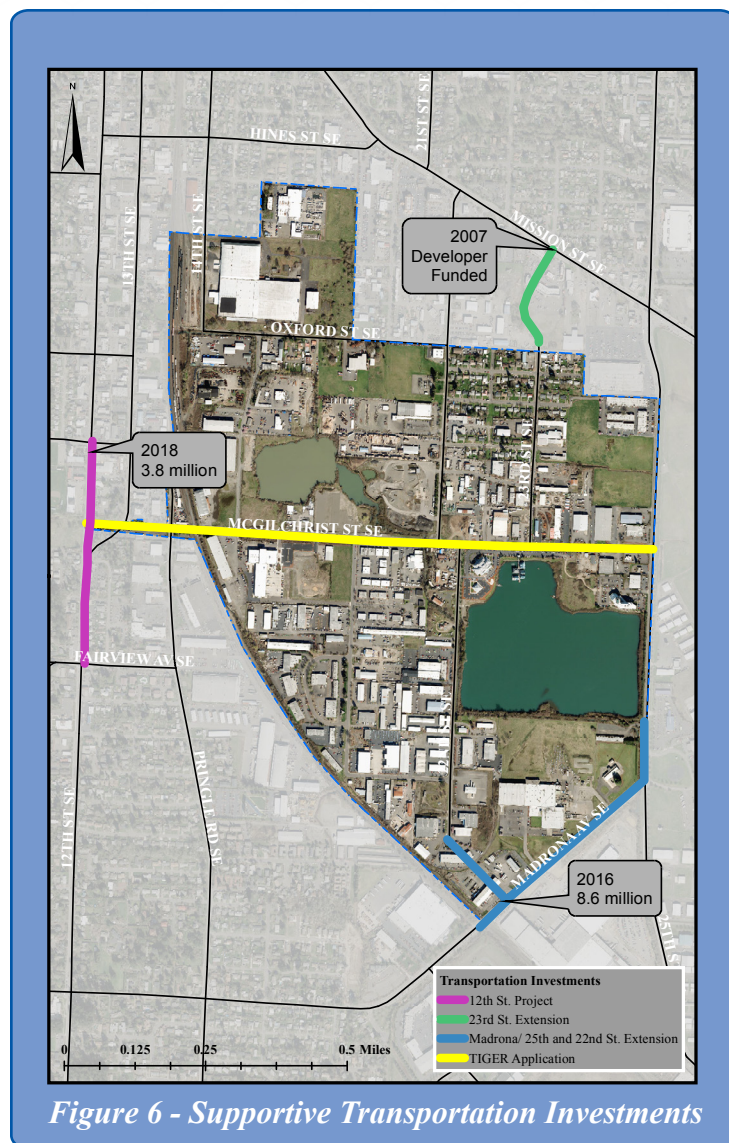


Figure 6 - Supportive Transportation Investments

| SUPPORTIVE TRANSPORTATION INFRASTRUCTURE INVESTMENTS | | | |
|--|--|------|---|
| Location | Description | Year | Funding Source(s) |
| 23rd Street | Extended to connect to Mission Street, OR 22 | 2007 | Private Developer |
| 25th Street at Madrona | Realign intersection, new traffic signal, add travel lanes, bike lanes, and sidewalks | 2016 | General Obligation Bond; Stormwater Funds; State Funds (Immediate Opportunity Fund) |
| 22nd Street | Extended south to connect to Madrona | 2016 | Transportation System Development Fee; General Obligation Bond |
| 12th Street | Add new southbound travel lane, extend and connect sidewalks, improve creek crossing, new traffic signal | 2018 | Federal Funds through MPO; Stormwater Funds; Private developer |

Table 5 - Supportive Transportation Infrastructure Investments

surrounding residents. Over time, the project will benefit property owners for future development and the broader community with the resources that will be opened due to the completion of the project.

The McGilchrist corridor is located in an industrial area west of Salem's Municipal Airport and south of downtown Salem, the Oregon State Capitol Building, and Willamette University. The majority of the land in the McGilchrist Opportunity Area (*Figure 7*) is zoned 'General Industrial', which allows a wide range of manufacturing, distribution, and storage uses. More than a dozen additional properties are zoned 'Industrial Commercial', which allows a variety of retail, office, light manufacturing, and warehouse activities. Businesses within the project area benefit from their proximity to Interstate-5, direct access to rail service, and relatively flat topography. McGilchrist is the primary east-west roadway connecting this industrial land to freeway access and is designed as a Critical Urban Freight Corridor, one of only nine miles with such a designation within the boundary of the SKATS MPO.

In addition to the network of highways and streets running adjacent to and through the city, residents and businesses within the McGilchrist Opportunity Area can access other modes of transportation in Salem, including Cherriots (local bus service), Greyhound Bus Service, and Amtrak passenger rail services. Several airlines have communicated their interest in providing commercial air service at the Salem Airport, which could be established in 2022/2023. Currently, the airport provides general aviation services including corporate hangars and business flight amenities, which includes 175 locally based aircraft and 127 private and commercial tenants providing more than 1,289 local jobs. The City recently completed an Airport Business Plan to address future growth and development opportunities for vacant industrial parcels. Thirty acres of vacant industrial land have been designated as pre-certified industrial site readiness through the State of Oregon. The pre-certification aligns with feedback from local real estate brokers who have indicated a need and interest for shovel ready industrial land. The area surrounding McGilchrist Street was identified as an Opportunity Area in the 2015 NEN/SESNA Neighborhood Plan. This area, shown in *Figure 7*, consists of approximately 468 acres, with an

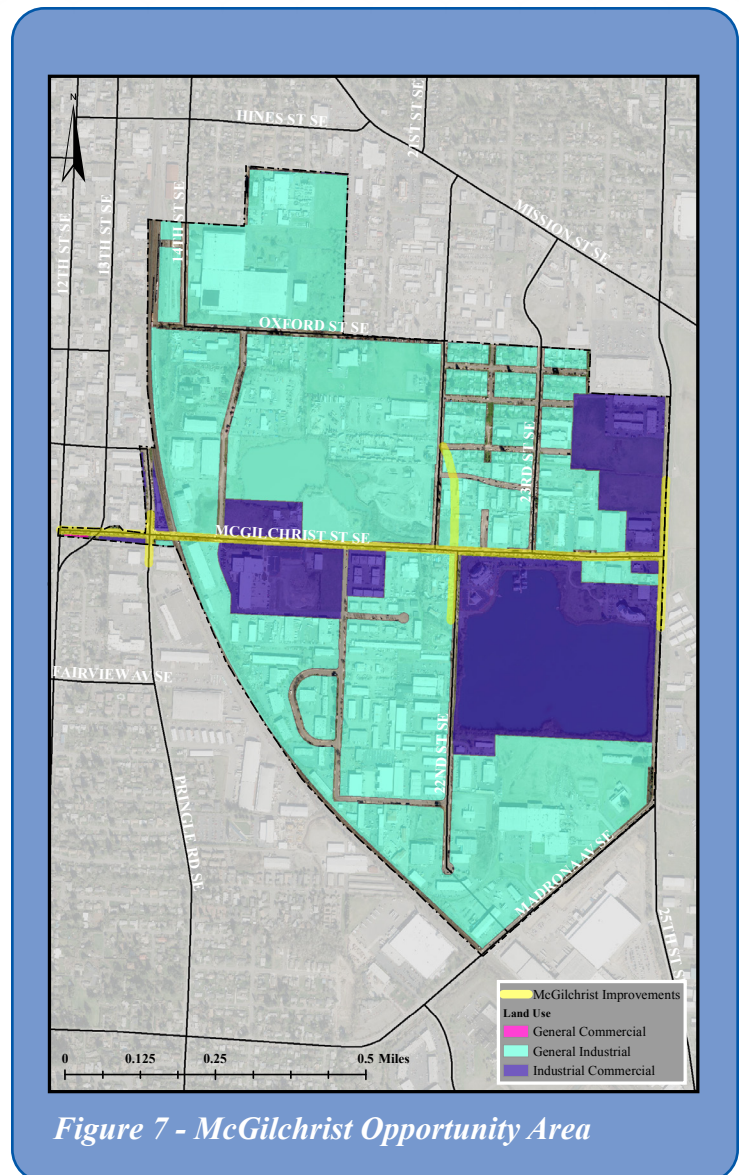


Figure 7 - McGilchrist Opportunity Area

existing concentration of manufacturing and other industrial uses. The City has long-term plans for future infrastructure investments that will make this area attractive to manufacturing and other traded-sector industrial uses. The City of Salem has finalized an Economic Strategic Plan that found the impacts of Covid-19 have led to growth in business sectors such as: warehousing, transporting, technology, and food packaging and beverage that the project area is prime to accommodate with the proposed street and infrastructure improvements.

The McGilchrist Complete Street project falls within Census Tract 10 which meets the definition of persistent poverty. In addition, the City of Salem suffers from a higher percentage of persons

in poverty than the U.S. average (21% in project census tract versus 10.5% in United States²). Salem also has a higher percentage of population with a disability under 65 who will have increased access to the project corridor due to the planned improvements (11.3% in Salem versus 8.6% in United States¹). The project corridor is adjacent to one of Salem's oldest neighborhoods whose residents were associated with the founding of the City of Salem in the 1840s. A wide variety of businesses have shaped the history of the neighborhood over the years, including canneries, a woolen mill, food producers, tanneries, fuel companies, dairies, and a wide range of service and retail businesses serving the neighborhood and the broader community.

Since 2006, the corridor has been the focal point of Salem's McGilchrist Urban Renewal Area, a tax increment financing designation focused on improvements to the corridor with the end goal of stimulating private development. The primary obstacle to development in the McGilchrist area is the substandard condition of the roadway and its intersections. In addition to substandard geometry, there is insufficient capacity to serve future growth as documented in the traffic analysis for the project. Without completion of this project, capacity at five of the six study intersections will fail to meet operating standards in the horizon year of 2040 and will experience volume-to-capacity ratios of 1.0 in the PM peak hour. Improvements to the corridor will allow the employment areas served by McGilchrist Street to fully develop in line with the City's comprehensive plan objectives.

In addition to the sector growth tied specifically to Covid-19 as outlined earlier, the forecast shows growth in all categories of employment, with the most growth in industrial employment. The employment forecast assumes that Salem will grow at an average annual growth of 1.25 percent, an

increase of 26,425 employees (28 percent) between 2015 and 2035. The forecast is tied to the City's economic development policies that support the growth of traded sector businesses. The policies target growth of industrial traded sector businesses such as technology manufacturing, as well as other types of manufacturing. The resulting increase in the share of industrial employment reflected the expectation that the City's policy direction will lead to growth in the share of industrial jobs. The McGilchrist Corridor would be an ideal location for geographic growth once the necessary infrastructure improvements are made. The City's Airport Business Plan focuses on increasing locally based activity and growing jobs, and with the project corridor and available industrial land being adjacent to the airport, it would be a prime location for growth. There are approximately 50 aviation-related companies within a 60-mile radius of Salem. Businesses include airplane component fabricators, unmanned aircraft system design, and testing of components.

Historically, growth of manufacturing in Salem has been largely driven by growth in the food and beverage processing industries, and to a lesser extent other industries in which Salem has advantages, such as metal manufacturing. Salem's vision for economic development is growth and diversification of its core manufacturing base. The McGilchrist Corridor is currently home to an array of business types such as food processing, manufacturing, breweries, industrial flex space, and equipment rentals, in addition to service providers such as Veterans Administration, Social Security, and State of Oregon agencies. The corridor is already in a position to accommodate a diversified economy and has the potential to be a central location for anticipated growth through the construction of the proposed improvement projects in the corridor.

² United States Census Bureau, 2019 Data

"Once constructed, the McGilchrist Complete Street project will allow use of the corridor to support economic development in a sustainable manner. I enthusiastically support this project."

Mike Walling, Owner of Walling Properties LLC



Figure 8

Over the past few years, several up and coming breweries have established within the McGilchrist Opportunity Area due to the location and zoning of the land. Since then, not only have the original breweries expanded, but additional breweries have also established themselves in the area. There are currently six craft breweries and a distillery within walking distance of each other, and as of 2019, the area has been designated as a Brewery District (Figure 8). Marketing for the District includes a detailed walking map so people can visit all locations. The businesses within the District are supportive of the McGilchrist Complete Street Project as it would provide necessary infrastructure for their patrons and continued growth of what is becoming a visitor destination district (Figure 9).

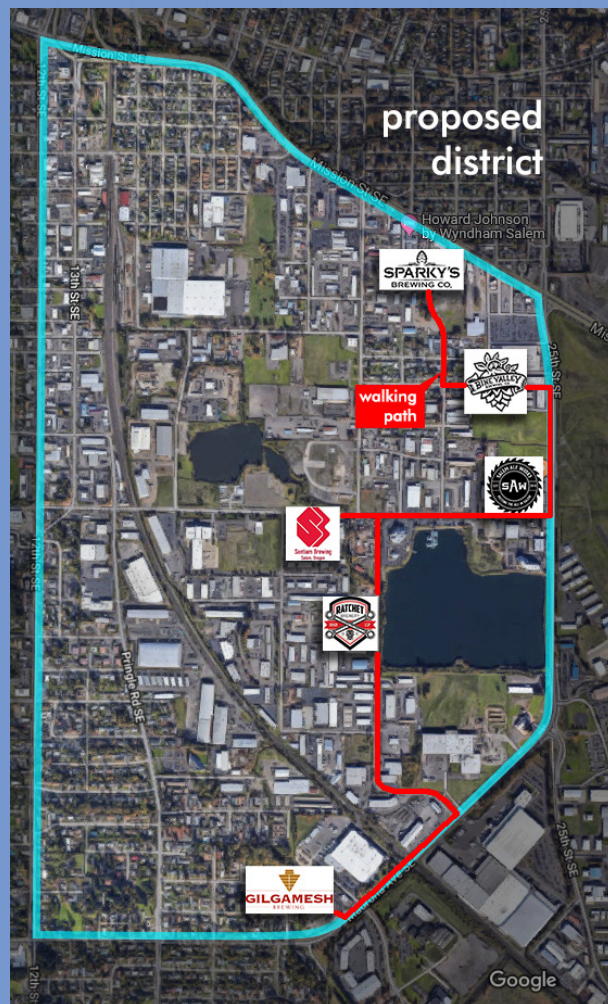


Figure 9

According to the City of Salem's Economic Opportunity Analysis, Salem's supply of vacant buildable industrial land is a significant asset to the city for economic development potential. It is expected property values within the McGilchrist Corridor will see significant increases as a result of project completion. Based on existing city buildable lands information, 26 percent of the tax lots within the project corridor have been identified as underutilized parcels; this equates to 62.98 acres (36 percent of total acres) Figure 10.

“As an existing business owner, I have interest in continued and future redevelopment opportunities of the area to not only support our growth, but for the overall enhancement of this district within our city.”

James Weinman, Owner Bine Valley Brewing & Founding Member of Salem Brewery District

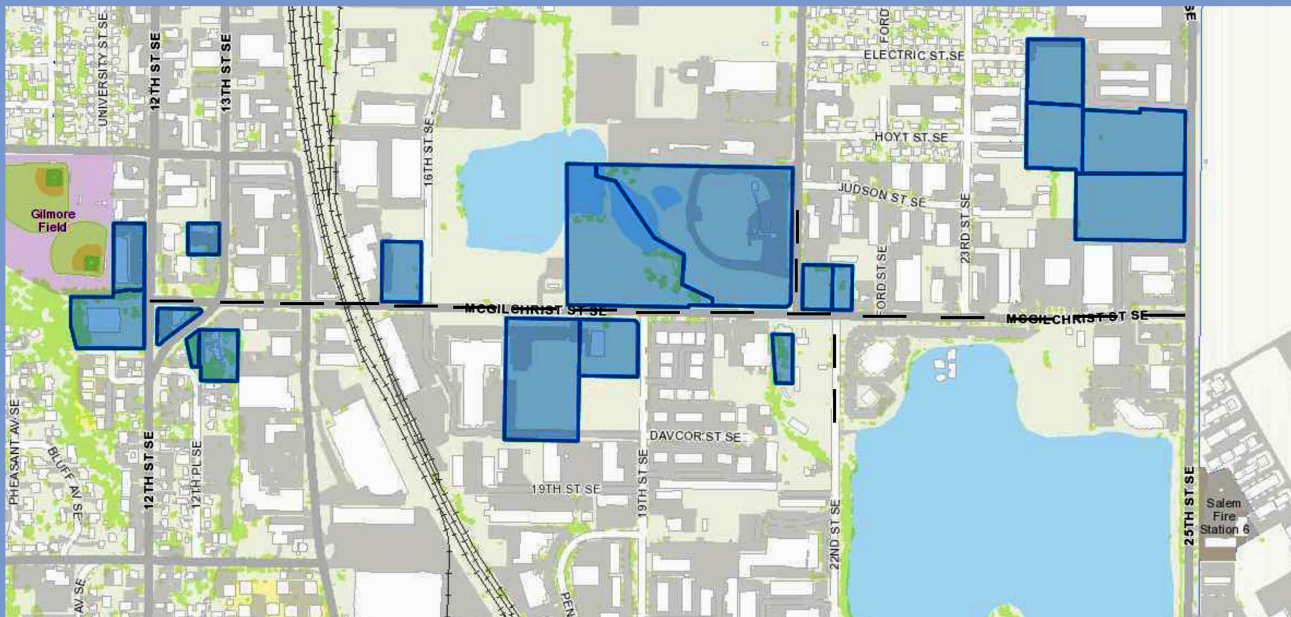


Figure 10 - Underutilized Parcels

As vacancy rates continue to decline within all sectors, being able to develop within the project corridor continues to be of importance within the community. As of 2017, the industrial land vacancy rate in Salem was 1.7 percent as compared to Portland with 4 percent.

According to the Benefit-Cost Analysis, once the McGilchrist Complete Street project is constructed, the corridor is projected to see a net increase in property value of \$19,349,783. This is based off the existing conditions of land underutilization as identified in the City's Buildable Lands Inventory.

As an additional benefit to the increase in property value, the infrastructure project will lead to increased development allowing for growth in labor-dense employment opportunities. For example, an existing property owner who currently has the largest ownership of vacant/developable industrial land (23 acres; 35% of existing underutilized parcels), has shared with City staff they cannot develop until the street improvements are completed. If private development increases, it will generate an increase in tax revenue for the City's established Urban Renewal Area, which can be used to finance supportive public facility investments such as water, stormwater, and sanitary sewer capital projects without the need for additional federal government assistance.

Within the corridor, the city has another property owner with a food processing business which relocated to the area in order to facilitate an expansion. This particular property owner has been very interested in the status of the improvements to the McGilchrist Corridor as their business relies very heavily on the local transportation network and hopes to continue expanding; the improvements to the corridor would contribute to expediting the expansion plans.

Over the past 9 months there has been an increased amount of interest in potential development within the project corridor with specific conversations regarding how the Complete Street project will impact the area. Interested developers are providing feedback that the project components are beneficial to the potential developments. Recent conversations have involved approximately a total of 22 acres spread amongst the sites (34% of existing underutilized parcels).

The McGilchrist Opportunity Area has received the Federal Opportunity Zone Designation, opening up another opportunity for development/redevelopment utilizing private investor incentives. Since the designation, several property owners have approached the City of Salem to discuss development options. During all of these conversations the topic of both vehicular and

pedestrian access have been discussed with relation to when the Complete Street project would be constructed.

The McGilchrist Complete Street project falls within a census tract that has a 43% minority population³, which is higher than the average minority population for Salem (33%) and for the State of Oregon (24%). The City of Salem has integrated a variety of equity/inclusion processes associated with the bidding and contracting of city-wide projects to capture the diversity of the Salem community.

The City of Salem was on the founding board to launch Salem Capitol Connections, which brings together small and minority-owned business owners with large private and public contractors in a networking environment, to help develop relationships and demystify bidding processes. City staff continue to participate in these monthly meetings. The City of Salem is currently utilizing the State of Oregon's bid system called OregonBuys. The system is used by state agencies and local governments and provide access to procurement and contracting information. Companies register as suppliers in OregonBuys to competitively and fairly bid for providing products and services. The Certification Office for Business Inclusion and Diversity Office certifies minority businesses and provides them training and information about using OregonBuys to bid on state and local government projects.

The McGilchrist Complete Street Project would accomplish or contribute to the accomplishment of economic goals and strategies contained in several adopted City plans, including the NEN/SESNA Neighborhood Plan and the Salem Economic Opportunities Analysis. Highlights of these are presented below.

NEN/SESNA Neighborhood Plan (2015)

- Industrial development should incorporate sustainable site design techniques such as green storm water infrastructure to reduce negative impacts on the environment and community.
- The City, Salem Area Chamber of Commerce, the Strategic Economic Development

Corporation, Northeast Neighborhood Association, and Southeast Neighborhood Association should support business development and entrepreneurship by fostering a business-friendly environment, aiding start-up businesses, and promoting industry clusters.

- Improve streets in the McGilchrist Street Corridor to support redevelopment in the area, facilitate safe travel by all modes of transportation, and address existing flooding issues.

The McGilchrist Complete Street design incorporates sustainable design where feasible, based upon code and geographic constraints. Completion of a property complete street infrastructure in the corridor will support the listed organizations in their efforts to promote economic growth. Finally, the McGilchrist Complete Street Project will support redevelopment, facilitate safe travel, and minimize future flooding.

Salem Economic Opportunities Analysis (2015-2035)

- **Stay and Grow in Salem:** This strategy protects Salem's existing economic base by helping to expand and grow existing businesses and by diversifying the traded-sector businesses in Salem to support existing companies. This strategy will require Salem and regional partners to invest in transportation and other infrastructure improvements, ensure that Salem has the right mix of land for development, provide incentives and a range of financial resources for economic development, and support and invest in economic development partners.
- **Rely on Strengths of Regional Partnerships:** The City will continue to emphasize regional partnerships to provide a full range of economic development services through means such as seeking federal funds to facilitate infrastructure improvements and leveraging State of Oregon resources and incentives for jobs and other investments. The City will continue to work with local partners to retain and recruit businesses, provide utilities, prepare the workforce, and develop

³ Census Data- 5-year data 2015-2019



Thriving Salem Economy

property. In addition, the City will collaborate with its partners on the availability of land and infrastructure development to support job creation.

- **Rail:** Rail access can be very important to certain types of heavy industries. Union Pacific rail lines serve Salem, providing freight service. Amtrak passenger service is also available, connecting Salem to cities all along the west coast. The train station is located immediately southeast of downtown Salem near Willamette University. Union Pacific Railroad provides freight service to metropolitan area businesses.
- **Transit:** The Salem Area Transit District (Cherriots) provides transit services within the urban growth boundary of Salem and Keizer. Cherriots serves Salem with multiple fixed-route bus lines, both within Salem and connecting Salem to Keizer and other outlying communities such as Wilsonville and Grand Ronde. In addition, there is a private bus service to Tualatin, as well as Valley Van Pool services with routes to and from surrounding communities.
- **Availability of Air Transportation Facilities:** Proximity to air transportation is important to some companies engaged in manufacturing, finance, or business services. The Salem Municipal Airport (adjacent to Project) provides freight service for area residents and businesses. Transportation access is a competitive advantage that affects the overall type of employment and its growth in Salem.

Salem's location, access to Interstate-5, urban amenities, the presence of the State Capitol, and access to natural resources are primary competitive advantages for economic development in the City. The Salem Economic Opportunities Analysis identified the McGilchrist Urban Renewal Area as high value industrial land, and placed importance on preserving this area for industrial uses. By completing the necessary infrastructure improvements for the McGilchrist Complete Street project, the private sector will be able to develop and expand, accommodating growth in the area. In turn, jobs and property values will increase, generating additional tax revenue. Additional tax revenue will facilitate future projects to invest in and assist development within the area, building upon the McGilchrist Complete Street project and accomplishing the goals and objectives set out by the Salem community.



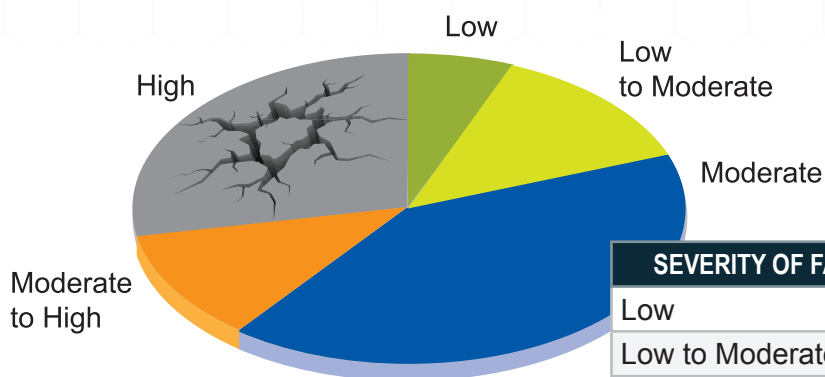


Table 6 - Severity of Fatigue Cracking

F. State of Good Repair

McGilchrist Street is classified as a Critical Urban Freight Corridor in the SKATS area, signifying its importance for supporting economic development. The Project will result in a newly constructed street that is designed to handle the existing and forecast demands of the facility, including proper pavement thickness and stormwater facilities.

The current condition of this roadway and drainage is such that it can barely support the demands placed on it today; there is no capacity to accommodate future growth. The average daily traffic volume mid-way through the project area is approximately 11,000 vehicles. Heavy vehicles comprise 13.5 percent of this total.

The pavement report completed for the project concluded that there is a significant amount of existing pavement fatigue cracking. As shown in [Table 6](#), approximately 80 percent of the pavement shows signs of fatigue cracking with a severity of moderate, moderate to high, or high. City maintenance crews grade the roadside

ditches annually, fill potholes, and do minor surface treatments in an attempt to maintain its functionality; however, this is not a cost-effective use of resources.

The project will address these existing conditions through pavement rehabilitation, repair, reconstruction, and widening to meet the City of Salem Design Standards. The pavement design will conform to the City's design standard for a 20-year design life. Based on existing and projected volumes and truck traffic, the 20-year Equivalent Single-Axle Load is 3,090,000. Once constructed, City resources can be transitioned from corrective to preventative maintenance.

The project is located in a floodplain and has inadequate stormwater drainage. While flooding cannot be entirely eliminated, stormwater drainage will be improved significantly, thereby reducing the frequency and severity of flooding associated with under-sized culverts.



Pavement Failure



Frequent Flooding of McGilchrist Street - 2015

G. Partnership and Collaboration

The McGilchrist Complete Street Project has been supported throughout the community since its inception both in respect to project support and financial assistance. The project is the culmination of efforts by diverse groups to bring economic vitality to Salem and the Mid-Willamette Valley Region.

The McGilchrist Urban Renewal Area was established in 2006 to support transportation improvements needed to spur economic development. The NEN/SESNA Neighborhood Plan identifies the McGilchrist Area as a significant opportunity area. This is further supported by the Economic Opportunities Analysis that identified this area as high value industrial land. The SKATS MPO has recognized the importance of this project to the region by allocating over \$4 million toward purchasing right-of-way. SKATS also designated the project corridor (distance of one mile) as a Critical Urban

Freight Corridor, which is significant given that the region was limited to approximately nine miles with this designation (total designation is 9.28 miles).

Broad support from a diverse group of interests helps to show how the project could truly benefit the community. During the sixty percent project design process, community outreach contributed to ensuring design components were appropriate for the adjacent neighborhood and affected business community. In addition to individual property owner meetings, specific to right-of-way, the project team has held business community meetings, attended neighborhood association meetings, developed a project website, and developed project materials in both English and Spanish. As the project moves forward, these outreach methods will continue in addition to utilizing the City's social media presence and working with community partners to share information.

From endorsement of financial assistance, to letters of support, meetings, and providing positive feedback, the partnerships have all proved to be a positive benefit to the project. The various categories of support include:

- Transportation Related Entities
- Membership Organizations
- Businesses, Property Owners, Real Estate Professionals
- Elected Officials

A complete listing of all partners is incorporated in the supplemental letters of support; however, below are some highlights for each of the different categories.

“McGilchrist Street plays a unique role as a transportation corridor within Salem. An investment in critical infrastructure that provides travel lanes, sidewalks, bike lanes, signalized intersections, and stream crossing improvements is a high priority for our community in this project area.”

Mayor Chuck Bennett, City of Salem

“All the planned improvements will contribute to promoting development of properties within the project area.”

Erik Andersson, President Strategic Economic Development Corporation (SEDCOR)

“The planned improvements will contribute to promoting development and improving multi-modal access, which will benefit the airport as well as the surrounding industrial area.”

John Paskell, Salem Municipal Airport Manager

“As an existing property owner and one who has an interest in continued and future redevelopment opportunities, the potential public investment into our existing transportation corridor will provide the necessary improvements to accommodate future growth opportunities.”

Chris Sarles, President/CEO, Oregon Fruit Products

H. Innovation

This project will incorporate Green Stormwater Infrastructure to treat site runoff to the maximum extent feasible. This stormwater management approach is an industry-accepted best management practice for stormwater runoff from roadways, where runoff is infiltrated, and pollutants of concern are filtered out and broken down by bacteria in the soil.

Delivery of the project is designed to minimize disruption to property owners. The project will be constructed over two construction seasons. This will limit road closures associated with the creek crossings to one during each in-water work period.

V Project Readiness

The City of Salem anticipates being ready to obligate RAISE funds before the obligation deadline of September 30, 2025. Our schedule anticipates that funds would be obligated through an agreement by June 2023, allowing work to begin on the remaining tasks as shown in [Table 7](#).

A. Technical Feasibility

The City of Salem has a long history of delivering complex transportation projects on schedule and within budget, including successful delivery of \$100 million in transportation projects as part of a 2008 Streets and Bridges General Obligation Bond Measure. In addition, the City is certified to deliver federal projects by the Oregon Department of Transportation.

The McGilchrist Complete Street Project was identified through an extensive planning and design process that started with the creation of the McGilchrist Urban Renewal Area in 2006. Since that time, the City has continued to engage

the public while simultaneously undertaking the technical design work needed to complete 60 percent design documents (available on the City web page). The project was designed consistent with ODOT design criteria and has been deemed technically feasible. The project has been coordinated with ODOT and other regulatory partners. Project costs were developed using City of Salem and ODOT historic bid item databases. Right-of-way costs were also estimated using typical values and methods from similar projects. Given the level of design, a 20 percent contingency factor was used for both construction and right-of-way costs.

Environmental review documents were completed in 2017 and updated in 2021 to address any changes to conditions. Having completed 60 percent design, there are no technical issues anticipated to affect the feasibility of the project. Pending funding, the project will move forward quickly.

| SCHEDULE | | | |
|--|-----------|------------|-----------------------|
| Task | Duration | Begin | End |
| Public Outreach & Stakeholder Meetings | 91 months | Jan. 2016 | July 20223 |
| Field Survey | 14 months | Oct. 2015 | Dec. 2016 COMPLETE |
| Traffic Analysis (Updated April 2020) | 5 months | Oct. 2015 | Mar. 2016 COMPLETE |
| Discipline Reports/Environmental Documentation | 71 months | Nov. 2015 | Sept. 2021 |
| Alternative Analysis/Preliminary Design | 9 months | Jan. 2016 | Sep. 2016 COMPLETE |
| Environmental Document Approval | | | Sept. 2022 |
| Right-of-Way Acquisition | 48 months | Sept. 2018 | Oct. 2022 |
| Railroad Approvals | 12 months | June 2023 | June 2024 |
| Final Design | 13 months | June 2023 | Aug. 2024 |
| Obtain Required Permits | 9 months | June 2023 | Mar. 2024 |
| Approval of PS&E Package | | | Sept. 2024 |
| Construction Procurement | 3 months | Oct. 2024 | Dec. 2024 |
| Project Construction | 20 months | Mar. 2025 | Nov. 2026 |

Table 7 - Schedule

B. Project Schedule

As shown on our project schedule, the City has been diligently working to move this project forward so that it will be ready for construction within the timeline needed to meet requirements of a RAISE award. The City has invested over \$1.7 million to date to complete 60 percent design documents, to develop environmental documentation, and to provide matching funds for right-of-way acquisition. The City was awarded federal funds by the SKATS MPO to acquire the right-of-way needed to construct the project. Right-of-way acquisition is currently in progress with expected completion by October 2022. The City was also awarded federal funds by the SKATS MPO for an initial phase of construction. The final design work for this initial phase is underway. The construction funds are programmed for 2023.

Upon awarding of the RAISE grant, the project will be fully funded, see [Table 8](#). The City expects to be able to enter into an agreement with the US DOT by June 2023, well before the obligation deadline of September 30, 2025. This obligation date will allow the City to move forward with final design and other tasks necessary to obtain approval of Plans, Specifications, and Estimates (PS&E) in September 2024. Project construction is scheduled for two construction seasons, summers of 2025 and 2026.

| FUNDING STATUS | |
|-------------------------------|--------------|
| Previously Spent or Obligated | \$6,525,001 |
| Funded | \$8,607,330 |
| RAISE | \$13,229,320 |

Table 8

C. Required Approvals

1. Environmental Permits and Reviews
Environmental discipline reports and documentation were completed in March 2017. An environmental review binder was submitted to ODOT in September 2017. This memo and associated reports are available on the project web page. The City updated the environmental review reports in 2021 to address any changes to conditions since original completion.

The City expects to receive approval of environmental documentation by September 2022. The City will continue to work with ODOT, the Oregon Division of State Lands, and the US Army Corps of Engineers for other required permits and approvals.

2. State and Local Approvals
The McGilchrist Complete Street Project is included in the Capital Improvement Plan for the City of Salem. This project is also included in the SKATS FY2021-2024 Transportation Improvement Program (TIP) and in the Oregon Statewide Transportation Improvement Program (STIP). Should RAISE funding be awarded, the City will work with the MPO and ODOT to amend the TIP and STIP on an expedited schedule.
3. Federal Transportation Requirements Affecting State and Local Planning.
The McGilchrist Complete Street Project is included in the adopted SKATS 2019-2043 Regional Transportation Systems Plan as Project Number S126 on Map 7-8 (<http://www.mwvcog.org/documents/>).

D. Assessment of Project Risks and Mitigation Strategies

The greatest risk for the project is the timely acquisition of right-of-way and easements from approximately 60 parcels. As shown in the schedule, we anticipate completion of this task by October 2022.

A second project risk is the need for a railroad crossing order to address improvements of the rail crossing and adjacent Pringle Creek culvert. To mitigate this risk, the City has been coordinating closely with ODOT Rail and the Union Pacific Railroad throughout project development and design.

VI Benefit Cost Analysis (BCA)

The BCA methodology used in this analysis is consistent with the U.S. Department of Transportation, Benefit-Cost Analysis Guidance for Discretionary Grant Programs, January 2020 guidelines. The detailed cost and benefit assumptions are provided in this BCA Appendix, and have been prepared by independent professional engineers and economists.

The results of the BCA indicate a benefit cost ratio of 3.1:1 when analyzed with a 7 percent discount rate over 30 years ([Table 9](#)). Benefits accrue to economic competitiveness, residual project value, environmental, safety and State of Good Repair categories. Economic competitiveness (61%) and safety (35%) account for the majority of total benefits ([Table 10](#)).

Table 10 - Results of Benefit-Cost Analysis

| BENEFIT ESTIMATE BY BENEFIT CATEGORY | | |
|--------------------------------------|----------------------|---------------------|
| Benefit Categories | Zero Discount Rate | 7% Discount Rate |
| Economic Competitiveness | \$149,276,565 | \$38,844,003 |
| Residual Value | \$14,495,754 | \$1,904,265 |
| Environmental | \$180,657 | \$41,410 |
| Safety | \$74,807,401 | \$22,579,773 |
| State of Good Repair | \$787,927 | \$424,143 |
| Total Benefit Estimates | \$239,548,303 | \$63,793,594 |

Table 11 - Benefit Estimate by Benefit Category

| OVERALL RESULTS OF BENEFIT-COST ANALYSIS | | |
|--|--------------------|------------------|
| | Zero Discount Rate | 7% Discount Rate |
| Total Discounted Benefits | \$239,548,303 | \$63,793,594 |
| Total Discounted Costs | \$27,880,000 | \$20,622,745 |
| Benefit-Cost Ratio | 8.6:1 | 3.1:1 |

VII Supporting Documentation

Documentation supporting the McGilchrist Complete Street RAISE application is available on the project website at: www.cityofsalem.net/pages/mcgilchrist-project.aspx.

Supporting documents include the following:

- Benefit-Cost Analysis
- Letters of Support
- Design Documentation
- Environmental Documentation
- Adopted Plans

