

AN ADVISORY SERVICES PANEL REPORT

Salem Oregon



Urban Land
Institute

Salem Oregon

Strategies for Redevelopment of the Downtown Boise Cascade Site

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An Advisory Services Panel Report

ULI—the Urban Land Institute
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About ULI—the Urban Land Institute

ULI—the Urban Land Institute is a non-profit research and education organization that promotes responsible leadership in the use of land in order to enhance the total environment.

The Institute maintains a membership representing a broad spectrum of interests and sponsors a wide variety of educational programs and forums to encourage an open exchange of ideas and sharing of experience. ULI initiates research that anticipates emerging land use trends and issues and proposes creative solutions based on that research; provides advisory services; and publishes a wide variety of materials to disseminate information on land use and development.

Established in 1936, the Institute today has more than 32,000 members and associates from 90 countries, representing the entire spectrum of the land use and development disciplines. Professionals rep-

resented include developers, builders, property owners, investors, architects, public officials, planners, real estate brokers, appraisers, attorneys, engineers, financiers, academics, students, and librarians. ULI relies heavily on the experience of its members. It is through member involvement and information resources that ULI has been able to set standards of excellence in development practice. The Institute has long been recognized as one of America's most respected and widely quoted sources of objective information on urban planning, growth, and development.

This Advisory Services panel report is intended to further the objectives of the Institute and to make authoritative information generally available to those seeking knowledge in the field of urban land use.

Richard M. Rosan
President

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About ULI Advisory Services

The goal of ULI's Advisory Services Program is to bring the finest expertise in the real estate field to bear on complex land use planning and development projects, programs, and policies. Since 1947, this program has assembled well over 400 ULI-member teams to help sponsors find creative, practical solutions for issues such as downtown redevelopment, land management strategies, evaluation of development potential, growth management, community revitalization, brownfields redevelopment, military base reuse, provision of low-cost and affordable housing, and asset management strategies, among other matters. A wide variety of public, private, and nonprofit organizations have contracted for ULI's Advisory Services.

Each panel team is composed of highly qualified professionals who volunteer their time to ULI. They are chosen for their knowledge of the panel topic and screened to ensure their objectivity. ULI's interdisciplinary panel teams provide a holistic look at development problems. A respected ULI member who has previous panel experience chairs each panel.

The agenda for a five-day panel assignment is intensive. It includes an in-depth briefing day composed of a tour of the site and meetings with sponsor representatives; a day of hour-long interviews of typically 50 to 75 key community representatives; and two days of formulating recommendations. Many long nights of discussion precede the panel's conclusions. On the final day on site, the panel makes an oral presentation of its findings and conclusions to the sponsor. A written report is prepared and published.

Because the sponsoring entities are responsible for significant preparation before the panel's visit, including sending extensive briefing materials to each member and arranging for the panel to meet with key local community members and stakeholders in the project under consideration, partici-

pants in ULI's five-day panel assignments are able to make accurate assessments of a sponsor's issues and to provide recommendations in a compressed amount of time.

A major strength of the program is ULI's unique ability to draw on the knowledge and expertise of its members, including land developers and owners, public officials, academicians, representatives of financial institutions, and others. In fulfillment of the mission of the Urban Land Institute, this Advisory Services panel report is intended to provide objective advice that will promote the responsible use of land to enhance the environment.

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Special thanks go to Courtney Knox and others on the city's urban development staff. The countless hours they spent preparing for, providing information to, and assisting the panel were truly appreci-

ated. Their hard work and dedication are an asset to the city.

In all, the panel had the opportunity to interview more than 75 community stakeholders, all of whom provided valuable information and insight. Those interviewed included government officials, residents, business leaders, developers, property owners, historic preservationists, and community activists. Their shared perspectives were essential to the panel process. This strong group of stakeholders serves as a major asset for advancing and maintaining the interests of this community.

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Foreword: The Panel's Assignment

At the invitation of the city of Salem, Boise Cascade, and the Strategic Economic Development Corporation (SEDCOR), a ULI Advisory Services Program panel was convened to evaluate development opportunities for Boise Cascade's riverfront properties in downtown Salem. The panel was asked to consider possibilities for profitably redeveloping the properties and relocating within Salem the jobs the company contributes to the community. As its Willamette riverfront is reinvented as a community amenity and its economic base makes the transition from industry to services, Salem is at an important juncture in its development history.

Background

Throughout its history, Salem has been defined by its relationship to the Willamette River. Early Anglo-American settlers were drawn to the Willamette Valley via the Oregon Trail by its fertile agricultural lands. After gold was discovered in California in 1848, Salem profited from shipping wheat, timber, and other goods from the area by steamboat to California via Portland. The river became Salem's competitive advantage and, as a result, the city flourished and in 1851 became the state capital.

As the city's manufacturing base expanded, a dense concentration of industrial uses developed along the riverfront—a common pattern in manufacturing communities because of the reliance on the river both as a power source and as a means of transporting goods, livestock, and people.

Today, the city's character is shaped more by the Willamette River and its adjacent parklands than by the historic mercantile buildings of the downtown, the modernist state Capitol office complex, or the varied residential neighborhoods. The de-



Location map.

velopment of more advanced means of transportation and power has resulted in the relocation of many of the city's traditional industries away from the river. Salem, like many other communities making the transition from an industrial to a service economy, recognizes the potential to reinvent its riverfront as a regional amenity. To that end, it has made great strides in purchasing key underused and flood-prone riverfront parcels and redeveloping these areas as parks.

However, one major piece of the puzzle is missing from the city's riverfront redevelopment and reclamation efforts—the Boise Cascade riverfront properties. It can be argued that these properties are the linchpin in Salem's riverfront redevelopment.

The Study Area

The Boise Cascade riverfront property consists of nearly 324 acres in two parcels separated by the Willamette Slough. Occupied by Boise Cascade and its predecessor companies since 1862, the area

The Boise Cascade properties consist of nearly 324 acres on two parcels separated by the Willamette Slough.



is roughly bounded by the Willamette River on the west, Riverfront Park on the north, Commercial Street on the east, and Minto-Brown Island Park and Oak Street on the south. Downtown Salem, Riverfront Park, the Salem Conference Center, Minto-Brown Island Park, the Salem Center Mall, Willamette University, Bush's Pasture Park, the Civic Center, and the Oregon state Capitol are all either adjacent to the property or within a short walk.

A 13-acre parcel of the property adjacent to downtown Salem is occupied by a complex of large industrial buildings that house packaging and distribution operations for Boise Cascade. At the site, giant rolls of paper manufactured elsewhere are converted into packaged paper products ready for sale.

This parcel is divided into four nearly equal-sized quadrants—along the north-south axis by the Burlington Northern Santa Fe Railroad tracks, and along the east-west axis by Pringle Creek. One of the Boise plant buildings is built over the creek, covering it completely. The site also con-

tains unpaved surface parking and tractor-trailer turnarounds.

The remaining 310 acres of the Boise property constitute a flood-prone, undeveloped site on Minto Island originally used for settlement lagoons for Boise's now-defunct downtown paper manufacturing operation. The balance of Minto Island is a widely used regional park, Minto-Brown Island Park, which is maintained by Salem, though the tip of the island is a bird sanctuary overseen by the local chapter of the Audubon Society.

The Assignment

In mid-2005, Salem and Boise Cascade began discussing the possibility of relocating company operations from the downtown location to another site within the city and redeveloping the riverfront parcels. The discussions also covered the future of Boise's ownership of the northern portion of Minto Island. During these conversations, Salem established the following priorities:

- keep existing jobs and expand employment opportunities in Salem;



The 310-acre Minto Island parcel is undeveloped and prone to flooding.

- redevelop the Boise downtown site; and
- seek open space and/or parks in the redevelopment.

Similarly, Boise Cascade established goals of its own:

- gain operational efficiencies by relocating to a replacement facility; and
- create land value so that moving is either revenue neutral or profitable.

As a way of exploring opportunities for a partnership and settling seemingly divergent priorities, SEDCOR entered the process and sponsored a ULI Advisory Services panel to analyze the situation and make recommendations.

ULI was asked to assemble a team of professionals with experience in a variety of urban redevelopment projects to meet in Salem for five days to address several interrelated questions and to recommend ways to keep Boise Cascade's packaging and distribution operations and their associated jobs in the city.

The panel also was asked to consider potential reuses of the Boise property and recommend a redevelopment program that would enhance the economic vitality of downtown Salem. Additional questions included the following:

- What is the highest and best use of Boise's riverfront properties?
- What are the challenges and opportunities involved in redeveloping the downtown properties?
- What assets or strengths could the redevelopment capitalize on?
- What redevelopment scenarios would create the greatest overall value for Boise Cascade, the city, and the region?
- Which potential uses of the properties would have the strongest market appeal?
- Can the extant industrial building complex be reused in the redevelopment?
- What is the best way to address park, floodplain, Willamette Greenway, and other environmental issues relating to Minto Island and the river?

The downtown Boise Cascade parcel is occupied by a complex of large industrial buildings, ranging from historic former mill buildings to vacant former brownfield parcels.



- What are the most appropriate development strategies for this sort of project?
- What are the most appropriate roles for the city, Boise Cascade, SEDCOR, and other key players in the redevelopment?

This report offers several suggestions from the panel for the next steps in redevelopment of the Boise Cascade downtown plant in Salem.

Overview and Summary of Recommendations

After an intense week of interviews, presentations, and site tours, the panel was able to frame several issues pertaining to the study area and formulate recommendations. The panel has devised a strategy to create land value for Boise Cascade to facilitate a move while devising a feasible redevelopment strategy for the downtown properties. The recommendations set forth are summarized below and described in more detail later in this report.

A Positive Climate

It is worth noting that the climate for redeveloping the Boise properties is very promising. A few factors contributing to this positive climate merit highlighting.

First, it is the panel's impression that Boise has shown admirable leadership on addressing the environmental issues related to its riverfront properties. Some work remains, but it is unlikely to affect redevelopment efforts.

Second, the panel was impressed by the vitality of downtown Salem, attributable to the revitalization efforts of the city's previous and current leadership. Salem is fortunate to already have a mall and other retail merchants in its downtown, as well as the new Phoenix Grand Hotel and the new Salem Conference Center. The previous relocation of other Boise operations and the subsequent creation of Riverfront Park have had a catalytic impact on the downtown.

Efforts to promote pedestrian orientation, encourage downtown residential development, and assist with facade improvements are continuing, and downtown Salem has a distinctive stock of preserved historic buildings that have tremendous potential. Plus, commuter train service between Portland and Salem appears to be in the works, though progress is slow. These positive characteristics are the result of strong and effective com-

munity leadership and will create a strong platform for future revitalization initiatives.

Third, the panel was struck by Salem's potential to continue to thrive economically. The city's efforts at building strategic partnerships have expanded industrial employment opportunities for the community at the new Mill Creek Industrial Park. The education sector in Salem is growing: both Willamette University and the local community college are in the process of making substantial capital improvements. Likewise, Salem Hospital is investing in larger and more efficient facilities. Arguably the most significant variable is Salem's high quality of life, which will undoubtedly attract new employers and new residents who want to live and work in a vibrant community.

Obstacles and Opportunities

However, obstacles loom over any potential redevelopment scenarios. Downtown traffic circulation is inefficient and requires drastic reengineering, and parking is not optimally managed. The retail sector fails to attract a broad base of customers and, as a result, is struggling. Though the viability of residential development in the downtown is unproven, the market is promising. Funding for significant capital improvements within the city is tight, resulting in fierce competition for scarce dollars among worthy projects.

Despite these issues, the opportunity to redevelop Boise's riverfront properties is compelling. The panel analyzed redevelopment opportunities from several perspectives:

- Economic development: an employer needs assistance relocating to a more efficient plant within the community so that more than 100 high-quality jobs are retained.

Salem has worked to encourage the relocation of industry away from the waterfront, and to reclaim these parcels as a regional amenity. Many have been redeveloped as parks.



- **Market:** redevelopment is an opportunity only if there is sufficient market support to cover the potentially high costs of removing unwanted or obsolete buildings, the expense of any residual environmental cleanup, plus the hard and soft costs of development.
- **Catalytic potential:** current circumstances present a much-needed opportunity for catalytic development that would contribute significantly to the economic vitality of the downtown and the broader community.

The city and Boise can capture all the above opportunities if they expand their existing relationship to a formal partnership; they must continue to cooperate for mutual benefit. The panel's analysis of the site's market economics and catalytic potential demonstrate that the redevelopment of the Boise waterfront site presents a highly compelling opportunity for a classic win-win outcome.

First Steps

A brief discussion of the real estate economics of determining land value is in order. One of the most important variables in determining the value of a

given parcel of land is how its legal use, or zoning, is defined. If a parcel of land can be legally developed with mixed uses—residential, retail, and office space, for example—it has a very different value than if it can only be used for industrial purposes.

In Salem's market today, land that is zoned for a mix of residential, retail, and office uses has a value four to six times that of land that can only be used for industrial development. This fact is fundamental to the first recommendation for enhancing and formalizing the partnership between Boise and the city.

Zoning Change

The panel recommends that Boise and the city develop an agreement under which the city initiates changes to the zoning on the downtown riverfront parcel from industrial to mixed use—essentially residential, retail, and office space. Such a zoning change should involve stakeholder participation, but should also be done quickly—optimally within six months—to create immediate land value for the Boise riverfront properties. The rezoning should also include two adjacent city-owned



The site presently houses packaging and distribution operations for Boise Cascade. Giant rolls of paper manufactured elsewhere are converted into packaged products ready for sale.

parcels in order to create additional value for both Boise and the city.

It is important to note that this change in zoning under the auspices of an agreement between the city and Boise is a critical first step. Timely action is necessary for Boise to have certainty about the site's land value creation in order for the envisioned remaining obligations to be fulfilled.

The rezoning will eliminate uncertainty about possible reuses of the Boise riverfront properties. In general, land value increases as uncertainties about development decrease; elimination of entitlement risk for potential developers of the properties makes the land more valuable. In addition, city requirements about view corridors, pedestrian access, and performance standards should be enumerated early in the process so that the redevelopment does not become mired in such details later.

After Rezoning

The rezoning action, with its resulting value creation, should be matched by reciprocal action by Boise. The company should commit to relocating its packaging and distribution operations within

Salem's city limits, thereby allowing the community to retain jobs.

In addition, Boise should donate the Minto Island parcel to the city, since redevelopment options for the island are constrained by their location in the floodway. Salem should begin a formal community visioning and planning process for Minto Island—a process that should involve all appropriate stakeholders and result in a consensus on recreational and habitat preservation uses on the parcel. Salem also should fund construction of a pedestrian bridge to the north end of the island, creating an essential link between Minto-Brown Island Park and the downtown.

Rezoning of the Boise downtown parcel does not mean that the site will immediately be developed. However, it does mean that the legally allowed use of the property has changed, creating a material increase in its "paper value." The eventual purchase price will depend on market dynamics at the time when a developer becomes interested in acquiring the property. It is estimated that Boise will need a year to 18 months to relocate its operations before redevelopment of the downtown parcel can begin. The market demand for a mixed-use

In Salem's market today, land zoned for a mix of residential, retail, and office uses has a value that is four to six times higher than that of land zoned for industrial use.



development on the site is unproven but promising, and is likely to strengthen.

Redevelopment

When the redevelopment process formally begins, the city and Boise should explore ways of obtaining the highest-quality development possible on the site through continuing their formal partnership. The two parties should jointly select the developers through a transparent request-for-qualifications process. Financial assistance, if justified, should be made available in order to achieve the best possible redevelopment plan, which would include both high-quality design and programming.

Most important, the redevelopment of the Boise downtown parcel is a major opportunity for enhancing downtown vitality. To envision how this contribution might occur, the panel made a considerable effort to create a suggested development plan for the site. This plan is consistent with the proposed rezoning and incorporates ideas the

panel believes are worth considering, but it is only one interpretation of how the opportunities can be captured. For instance, one idea involves leveraging the considerable value of one of the existing buildings as a low-cost parking garage in a way that enhances the development potential of the site. The plan is intended to give the city and Boise a sense of the magnitude of the opportunities the site possesses.

Finally, it is worth reemphasizing the panel's impression that the city/Boise partnership presents a unique opportunity for creating mutual benefit. Both parties have shown visionary leadership in working together thus far. It clearly is in the interest of both parties for the partnership to continue to flourish. With careful communication, cooperation, and collaboration, Boise and the city can create a project for the site that serves both business and community needs.

Market Potential

Nestled in the Willamette Valley, Salem has developed through the years building on a strong base of agriculture, industry, and state government. The city grew up along the river, used to move logs and other products and to power industry. After turning over the riverfront to industry and the railroad, Salem lost its connection to the river. Now, as Salem shifts away from basic manufacturing and moves further into the knowledge-based economy, re-creation of that connection offers Salem a great opportunity to enhance the quality of life of all its residents.

Salem is a small city of about 147,000, but one that is growing at a steady pace. Many of its assets provide a base for a diversified and growing economy—the state capital and government, Willamette University, Salem Hospital, links via Interstate 5 to West Coast markets, and remarkable natural resources and recreational opportunities. Downtown Salem is reclaiming its historic buildings and developing a unique character attractive to locals and visitors alike. All these factors contribute to a developing market—one that can begin to move up the scale economically.

Development Issues

Some issues have defined and influenced Salem's development in recent years. Currently, Salem's median household income is 5 percent below that of the state and 16 percent below that of the Portland metropolitan area. That tends to define and limit the city's real estate market, but it masks the fact that in 1999, Marion County, where Salem is located, had more than 17,000 households with incomes of \$75,000 or more.

The city's reputation in the rest of the state is that of being a fairly low-key place. Salem is not recognized in the way that one might expect for the state's second-largest city and the state capital. Many Oregonians have little impression of Salem

beyond that of it being a sleepy town where there is little to do, particularly for young people. The community has been somewhat resistant to change and has struggled to reconcile the respective interests of longtime residents, businesses, and newcomers to the economy.

As the world economy continues to change quickly, with greater and greater emphasis being placed on knowledge-based industry, traditional ways of doing business are also changing. The need to compete in that world and capitalize on new opportunities will force Salem to change as well. When attraction and retention of well-educated workers becomes a critical factor in a community's economy, an area's quality of life and amenities become even more important.

Salem already is a great place to raise a family, but it will need to develop places and opportunities for a more diverse population ranging from young entrepreneurs and employees of knowledge-based companies to older couples and retirees. Enhancement of the city's image

Among downtown Salem's greatest assets are its scale and walkability.



The panel believes that Salem's high quality of life will attract new employers and new residents who want to live and work in a vibrant community.



and visibility in the Pacific Northwest will be important to Salem's long-term economic vitality.

The downtown is Salem's center and soul: it communicates what is special and distinctive about this community. In the past five years, the downtown has reemerged as a vital place with new shops and things to do. However, it lacks a residential base to activate the shops, restaurants, and streets beyond the 8-to-5, five-day workweek. The downtown needs many more residents to create a round-the-clock environment that will support restaurants and attract other area residents and visitors to be part of downtown's energy.

Reconnecting downtown to the river offers the opportunity to capitalize on one of the city's greatest assets—its natural setting and environment. The community's embrace of Riverfront Park and the many joggers, dog walkers, and bicyclists who use Minto Island every day demonstrate the community's hunger for access to the river and other natural environments.

Linking downtown to Minto Island will enhance the value of the Boise Cascade site east of the river by providing new amenities for potential residents. The visceral appeal of water can help

downtown attract the residential base it needs to thrive into the next decade. What happens on the Boise Cascade site can help put Salem on the map, raising its visibility and enhancing its image in the region. Shifting a former industrial waterfront to one that is oriented and accessible to pedestrians has transformed Portland and Vancouver, British Columbia, and many smaller cities around the country.

Challenges to Redevelopment

Redevelopment of the 13-acre downtown Boise Cascade site will need to overcome several challenges—physical, economic, and process related.

Physical Challenges

The site needs better links to the downtown, Willamette University, and Salem Hospital. It also needs better immediate pedestrian and automobile access that addresses the railroad crossing and the downtown street system.

Many of the site's best assets—its relationship to the Willamette River and Slough, Pringle Creek as it runs through the site, and the historic



The downtown Boise Cascade site is bisected along a north-south axis by the Portland & Western railroad tracks.

structures—are hidden and not celebrated as they should be. Environmental and historic matters need to be resolved before the buildings and land can be reused, and the location of the Minto Island property in the floodway results in frequent flooding and prevents development of structures there.

Economic Challenges

The United States is experiencing a period of rapidly increasing construction costs. The spike in demand created by the rebuilding following Hurricane Katrina and the growing demand from China is driving up materials costs and challenging the ability of developers to respond with new residential and commercial space at prices that residents and businesses can afford. The fact that area household incomes are lower than those of more affluent metropolitan areas dampens market support for retail space and constrains the prices of new housing, limiting the area's ability to attract new housing types such as condominiums and lofts.

Downtown and riverfront condominiums are a relatively new product in the Salem market, meaning that lenders have no track record that might reassure them regarding market demand. They

wonder whether there are enough buyers willing to pay the higher prices required by the cost of development, making it hard for developers to finance new projects.

The size of the Boise Cascade project means that development will need to be phased and may take five to ten years or longer. Over a period that long, markets can change significantly, so the project's design and mix of uses needs to remain flexible. The housing market is hot now, but rising interest rates could dampen demand in the future at a time when office demand is on the upswing. Developers need to be able to adapt and respond to those changes in demand.

Process-Related Challenges

The development process in Salem creates significant challenges for developers contemplating multimillion-dollar projects. Development can be a risky endeavor. Economic changes beyond local control can undermine a project overnight despite the efforts of the best developers. In addition to the impact of building-material costs, fluctuations in the business cycle can change a development project from a financial bonanza to a massive financial disaster. The wrenching upheavals in the

Salem's downtown contains a well-preserved but largely underused stock of distinctive historic mercantile buildings.



real estate industry and the widespread bankruptcies of the late 1980s and early 1990s underscore the risks associated with real estate development.

Key to the success of individual developments is hitting the market at the right time with products that people want to buy and lease. Long and unpredictable delays in securing development approvals add substantial risk to any development, and developers and investors considering major investments weigh those risks in deciding whether to commit to a project. Entitlement of a property through a prompt zoning and development process is critical to reducing the risks of development and attracting private investment. Enactment of the panel's recommendation for early rezoning will create value for Boise and help it fund its move off the riverfront.

Several people interviewed by the panel described Salem's traditional way of doing business as one that seeks consensus from all constituencies. As a result, the decision making can stretch out dramatically through a process that becomes "paralysis by analysis," as one person put it. That process and reputation will cause many of the best and most experienced developers to bypass a commu-

nity. The chances for successful redevelopment of the Boise Cascade properties would be greatly improved by a more decisive, timely, predictable, and responsive public decision-making and approval process.

Local Markets

The opportunities for redevelopment of the Boise Cascade site will depend on the nature and strength of demand in the local market for a variety of uses. The nature of the site on the downtown riverfront suggests that it would be best suited for a mix of residential, retail, office, hotel, and parking uses.

Housing

The Salem housing market has traditionally emphasized single-family homes, which represent 59 percent of the overall stock, and multifamily rental apartments, which account for 28 percent. The city is blessed with a solid housing stock and many attractive, historic neighborhoods. Salem's housing market is somewhat more transient than one would expect from a city of its size; it is affected by the biennial legislative schedule, the state penitentiary that attracts families and individuals wanting to be near their jailed relatives,

and by the college student population. Fifty-seven percent of Salem's households own their home and 43 percent rent.

Compared with the astronomically high cost of housing in Portland, Seattle, and California, the Salem market is much more affordable. Single-family homes sell for \$150,000 to \$500,000, with most priced from \$200,000 to \$400,000. The city has almost no condominiums, though two major downtown condominium projects are proposed or underway. Though rare, riverfront condominiums are attracting buyer interest at higher prices—\$200,000 to \$600,000—representing a significant increase in price per square foot to \$250 to \$350, compared with roughly \$200 for higher-quality single-family homes.

The economics for rental housing make multifamily rental development more difficult to justify. Current market rents for newer, high-quality units range from \$1 to \$1.50 per square foot per month. Almost all the new affordable rental units have received public subsidies to reduce the development costs.

With shifting demographics, some new markets are emerging for Salem. The aging of the baby boom generation has created a large number of empty-nester households—parents whose children no longer live with them. For people seeking a lower-maintenance housing alternative, condominiums would be very attractive. It also can be assumed that some professionals associated with Willamette University, Salem Hospital, and the state government would prefer condominium living. Salem is beginning to attract retired individuals and couples seeking a high-quality environment. Also emerging is demand from ethnic homebuyers, particularly in the Latino community.

Office

Salem's office market consists of 8 million square feet of space, with 6 million square feet of that owned by the state. Historically, local office market demand has shifted in direct response to changes in state government: when the state decides to occupy space only in buildings it owns, the private office market sees major increases in vacancies. Also, increased state spending on road and bridge construction and other programs can

trigger significant new demand from contractors opening local project offices.

Downtown commands an important segment of the regional office market, but increasing construction in suburban locations has eroded downtown's dominance. The somewhat constrained supply of downtown parking may limit future development.

Full-service office rents in today's market range from \$1.50 to \$2.10 per square foot per month, or \$18 to \$25 per square foot per year, including janitorial services, taxes, and utilities. Given current construction costs, those rent levels do not justify new construction on a speculative basis. The office development activity is limited now to build-to-suit facilities for specific tenant/owners.

Retail

The panel's impression is that the downtown's retail base has improved significantly in recent years, with vacancies declining from 27 percent five years ago to about 7 percent today. New stores include a variety of local specialty shops unique to Salem, with a growing artist community also providing unique shopping opportunities. Benefiting downtown is the presence of Nordstrom, Mervyn's, and JCPenney department stores in the Salem Center—an unusual amenity for a city of Salem's size. However, downtown has no waterfront restaurants or shops that take advantage of the river's appeal, and there are no downtown grocery store to serve downtown employees and the residents Salem hopes to attract.

Rents remain relatively low, ranging from \$1.25 to \$2.50 per square foot per month. Because many of the downtown retailers are new businesses, they do not have the credit history a developer could use to secure financing for new retail space. Also, there appears to be little capacity among local retailers to pay high rents. Downtown and the region have a very limited supply of zoned sites in good locations available for new retail development.

Hotel

The new Salem Conference Center has been open for over one year and is generating new demand for downtown hotel rooms, helping to support the new Phoenix Grand Hotel. Over time, the confer-

The market viability of downtown housing is unproven, but promising. A few new projects are underway.



ence center will become better established and attract a higher level of bookings. Riverfront amenities and activities also will help attract more visitors to the region, and, in the longer term, sufficient demand may develop to support a second hotel. That hotel should be sited near the conference center and riverfront amenities.

Parking

Downtown currently has a system of free customer parking on the street, with employees encouraged to park in public garages, paying \$56 per month for a parking pass. The parking system is supported by taxes on downtown businesses, but is significantly underfunded and unable to support required maintenance improvements to the garages. As a result, the city is reviewing downtown parking policies and financing mechanisms.

Some downtown garages are reported to be approaching capacity, so parking supply limitations may constrain future office development. Few office buildings have dedicated on-site parking. The Salem Conference Center has only 88 dedicated spaces, and its expanding level of activity will create additional pressure on the parking system.

Riverfront Park overflow parking can interfere with shopper parking at times.

Site Program

Full redevelopment of the Boise Cascade site will require a mix of uses, because no single use could absorb the full development capacity of the site. More important, a mix of uses is critical to creating for downtown Salem an active people place that will support the higher prices and rents needed to fund the improvements. The panel recommends a program that combines condominiums, office space, retail space, restaurants, a hotel, and support parking.

Development of the site will take five to ten years or longer, so it will need to be broken into smaller, more manageable phases sized to respond to the market. Developers will seek to build space in one- or two-year phases, so as to minimize the carrying cost of building and holding larger amounts of space long in advance of receiving sales or lease revenue. Developers also will need to have the flexibility to change their products and mix of uses as the market changes over the development period.

One of the existing buildings is suitable for conversion to loft units.



Condominium Housing

Downtown condominiums are an untested market in Salem. Developers and lenders have little experience to demonstrate either the extent of demand at different price levels or the pace of sales that could be achieved. The Salmon Run development sold out quickly at high prices, but it had only four units; the Rivers Condominiums project, which broke ground in early July 2006, has already received reservations for 15 of its 26 units. The Meridian development, proposed to break ground in fall 2006 on the river south of the Boise Cascade property, has also found good market demand for its 89 condominium units.

Long-term plans to extend commuter rail from Portland to Eugene, running through Salem on the existing riverfront railroad tracks, could significantly increase the demand for condominium living for people employed in Portland who would enjoy riverfront living but cannot afford Portland prices.

The development would be well served by offering a mix of housing types and prices in order to attract a range of buyers and renters to the site and accelerate the pace of sales. Diversity among

housing types and the households attracted to them will help sustain the development into the future, giving it the opportunity to respond to different markets at different times.

Basing its view on the evidence provided by the few downtown condominium developments to date, the panel believes that the Boise Cascade property could support high-end units priced at \$275 to \$350 per square foot, and units for middle-income households priced at \$225 to \$275 per square foot. Inclusion of on-site parking will be important: the panel recommends that at least one space be provided per unit and that the average be about 1.5 spaces per unit.

The project design should strive to include a variety of housing types, including loft units in the existing mill buildings, conventional flats, and possibly two-level townhouse units. Units should be oriented to take advantage of views of the river, Pringle Creek, and the Civic Center. Phasing of the project should provide housing in increments to meet the potential pace of market demand, possibly in sections as small as 25 to 30 units. There is no way to predict accurately the ultimate pace

of sales, but it could range from 50 to 75 units per year.

Retail

The Boise Cascade site offers an opportunity to build retail space with a direct link to the river, Riverfront Park, and the regional network of parks and trails—an opportunity with great appeal for certain types of retailers that can build on the views and the ambience created by an active gathering place. The retail component of the project should complement and not duplicate existing downtown retail space. However, the panel believes that the addition of well-designed retail space in a pedestrian environment could boost the overall demand for downtown shopping. With good pedestrian linkages and marketing, the new retail space on the Boise Cascade site could attract new shoppers to downtown Salem.

The best market would be for restaurants. Well-designed spaces that take advantage of riverfront views could attract 5,000 to 20,000 square feet of restaurant and specialty food outlets. The mix should include restaurants with multiple price points and serving a variety of markets, including casual dining and not just special-occasion, high-end dining.

The panel's interviews revealed a longing for a downtown grocery store that could support both new residents and existing employees. A specialty grocery store emphasizing prepared foods could succeed in a space of 30,000 to 50,000 square feet; adjacent on-site parking will be critical to that success.

Additional retail space of perhaps 1,000 to 5,000 square feet at the Boise site could be occupied by service providers, such as a dry cleaner. Downtown Salem could benefit from additional daycare facilities, particularly one that could take advantage of the Riverfront Park amenities; this facility could occupy 3,000 to 5,000 square feet. A health club of 15,000 to 25,000 square feet could serve residents and downtown employees.

Office

With the downtown office market now restricted to build-to-suit facilities for owner-occupied space, the site has the potential to attract a bank or a

headquarters office. The existing mill buildings offer the opportunity for introduction of dramatic office space in a creative-space layout that takes advantage of high ceilings and large windows. Other potential users could be a consortium of area universities and colleges. Live/work units could appeal to entrepreneurs, artists, and others with home-based businesses. Overall, the market could potentially support 75,000 to 125,000 square feet.

Hotel

As the Salem Conference Center becomes better established and the market develops, demand could arise for a new riverfront hotel with 150 to 200 rooms.

Parking

One of the key advantages of the Boise Cascade site is its ability to provide parking for all its potential uses on site. However, the project economics demand that the nonretail parking facilities generate revenues to support their costs and maintenance.

Value Implications

Without a significant amount of additional market and site information and a more refined design for construction on the site, it was not possible for the panel to accurately estimate the value of the Boise Cascade site. But the panel was able to make a few observations at this stage regarding land value. Land value relates to what can be built on a piece of land, what it costs to build the project, how much the project will sell for, how quickly the project can be sold, and the development risks involved.

Permitted Uses

Different land uses support different land costs according to development density and the ability of the market to pay rent or to buy property. In the Salem market at this time, the highest land value is generated by residential use at higher densities. Industrial land use typically supports the lowest land prices, and office uses support higher values because of their higher densities and rents. Well-located retail land with good visibility and access can command some of the highest values for national tenants. Smaller retail spaces at lower rents support lower land prices.

Land prices, therefore, depend on what zoning and the market will allow to be built on the site. Land zoned for industrial use has a much lower value than land entitled for residential and commercial use. The city can help raise the value of the Boise Cascade land by zoning it for mixed use.

Development Risks

Developers and investors buy land at a price that allows them to improve it, build the best product, and sell it at a price that generates a return high enough to justify the risks they take. The value of raw land is much lower than the value of land for which there is an approved plan—on which a developer could begin construction tomorrow.

The impact of uncertainty regarding zoning and development approval can be substantial. Expressed in terms of required return, a developer would need a return topping 25 percent to pursue a project on raw land that has no zoning or development rights. For a site meeting all the legal requirements needed to proceed and receive a building permit, a return as low 10 to 15 percent might be high enough.

Information from numerous interviews indicated that Salem is a community with a reputation for a difficult development approval process—one in which the developer cannot predict whether appropriate zoning will be applied to a property or when that approval might be received. This leads to less willingness on the part of developers to pay a high price for land, because they need the lower land price in order to obtain the rate of return required to justify the higher costs of a lengthy approval process and the risk of mistiming the market.

By promptly rezoning the property for mixed use and developing ahead of time a specified list of required public improvements needed for development of the property under the new zoning, the city could help create value on the Boise Cascade site.

Planning and Design

A city is a living system. Each of its components affects and is affected by the rest of the city. Some effects are immediate and obvious; others are gradual and more subtle. If the Boise Cascade downtown site is to flourish and support the community's goals, planning and design for the properties must consider the wider context of the downtown.

Downtown Site Considerations

The Boise Cascade site and the structures on it encompass a broad range of conditions—from historic former mill buildings to vacant former brownfield parcels. Consequently, the panel, in crafting a master plan for the site, adopted a campuslike approach, dividing the property into five smaller parcels according to their specific attributes and their potential for new commercial and public uses.

Each of these distinct parcels offers a range of opportunities for development under the overall master plan; more intensive development could be considered if additional public benefits are in-

cluded in the development plans. This parcel-by-parcel approach provides the opportunity for phased development as market conditions allow, and for flexibility regarding the specific uses to be accommodated on each parcel. Additionally, the property owner may elect to sell ownership interests to multiple developers, guided by the specific entitlements attached to each of the parcels.

The downtown site is bordered by Riverfront Park and the Commercial/Front Street state highway, and is bisected by the Portland & Western short-line railroad. Both the state highway and the railroad create special considerations relative to public safety and noise, and care has been taken to consider these factors in evaluating the development potential for each site. In addition, the site is bisected by Pringle Creek, which currently flows beneath the center of the existing building complex.

Community Considerations

The panel discovered during the interviews that community groups widely believe that the creek conditions should be modified to allow public access along Pringle Creek to Riverfront Park on the Willamette River side of the property. The panel agrees with this objective and recommends that any scenario for development of this property provide for opening of the creekbed to the river to allow public access and provide a view corridor to the river from Civic Center Park and Commercial Street.

The community also expressed a desire for improved access to and use of the area adjacent to Riverfront Park, as well as access north and south across the site for pedestrians and bicyclists. The panel concurs with these community requests and with the interest in pursuing the construction of the long-planned pedestrian bridge to Minto Island from a point near the Eco Earth Globe in

The missing piece of the city's waterfront reclamation and redevelopment efforts is the Boise Cascade site. These properties are considered the linchpin in Salem's riverfront redevelopment.



Riverfront Park. Each of these issues will be discussed in greater detail in the relevant parcel section.

Parcel One: Civic Center West

This parcel is located at the southern end of the site on the south side of Bellevue Street Southeast. The portion of the parcel bounded by Bellevue, the Portland & Western railroad tracks, and an unnamed road that runs north-south from Oak Street Southeast to Bellevue Street Southeast is owned by Boise Cascade. The panel understands that Salem owns the bulk of the remainder of the block, with the exception of two properties at the northeast and southwest corners of the block.

The panel recommends that the city and Boise combine their properties to create a larger development opportunity. This larger parcel could accommodate future city needs for municipal office and parking space, as well as the existing use of city vehicle parking, and still provide space for additional development opportunities up to the current height limit. The panel proposes that development on the site include ground-floor retail and service uses along Commercial Street, with a mix of office and residential uses above on-site parking. The panel expects the parking requirements for these uses to be met on site.

Parcel Two: South Warehouse and Paper Factory

This parcel consists of five separate areas bounded by Bellevue on the south, Commercial on the east, Pringle Creek on the north, and an additional property across the Portland & Western rail lines that is partially made up of palisades above the Willamette Slough. Current site improvements include the concrete South Warehouse, constructed in the early 1960s and consisting of three floor plates of 90,000 square feet each. The concrete floors are supported by concrete-and-steel columns spaced about 25 feet apart, and the top floor is enclosed by steel columns supporting a glued-laminated wood roof system.

Adjacent to this building on the south is a vacant property currently used for truck loading access



Site plan of the study area.

and surface parking. To the north is the historic wood-and-concrete Paper Factory building consisting of three large floor plates with wood beams supporting wood floors and 20-foot-high ceilings. The building rises from the very edge of the creekbed and is supported by a foundation of open concrete footings that allow high water to flow under the building during periods of heavy runoff.

Adjacent to the Paper Factory is an open area occupied by Portland General Electric transformers that serve the Boise facilities. The final component of the parcel contains three large tank towers, two of which are faced with terra-cotta tile. A signifi-

The South Warehouse represents a significant asset due to its potential for conversion to provide parking. The panel suggests that the parking be surrounded by new residential lofts.



Redevelopment proposal for existing Boise Cascade buildings.



cant grade differential of about 30 feet separates the area along the Portland & Western railbed from the adjacent Willamette Slough.

The panel believes that the South Warehouse represents a significant asset because of its potential for conversion to provide parking. A previous study of the building by Lion Unlimited of Salem for a hotel/conference center indicates that in its current configuration, it has a capacity for 250 vehicles per level—a total of 750 spaces. At current construction costs of \$15,000 to \$25,000 per space for new parking structures, the building could provide a significant savings for any future development on the site. In addition, the warehouse elevations offer appealing views across Civic Center Park and Willamette Slough to Minto Island.

Given the development potential offered by the South Warehouse building and the vacant area along Bellevue and atop the slough bluff, the panel recommends that the parcel be adapted for use as parking surrounded by new residential lofts. The panel believes that about 90 residential units could be created by using the area along Bellevue for 30 townhouse-style units, and that an additional 30 units per level could be located on two new park-



The Old Mill Building, built in the late 1880s and featuring the dramatic wood-truss ceiling shown here, is an excellent candidate for adaptive use.

ing decks placed atop the existing structure. Units also could be located along Commercial Street and serve as live/work entrepreneur units.

The existing concrete walls could selectively be carved away to create window openings without affecting the structural integrity of the warehouse. The new units atop the building should be configured in a U shape, and would feature spectacular views across Minto Island to the Willamette River and beyond.

The panel suggests that the entire bluff-top area across the railroad tracks from the warehouse be used as a continuation of the walking and biking trail system that begins in Riverfront Park. It hopes that a pedestrian bridge across Pringle Creek could be built to provide an all-season connection for walkers and cyclists.

Another promising element of this adaptive use proposal is the opportunity to address the often-mentioned desire for a gourmet food market. The first level of the South Warehouse along Commercial Street could accommodate both a 40,000-square-foot gourmet grocer, such as Roth's, Trader Joe's, or Whole Foods, and public parking for 125 cars. Ramps providing access to the upper

parking levels with 500 spaces could be created behind the new residential units, making a total of 625 parking spaces available on Parcel Two.

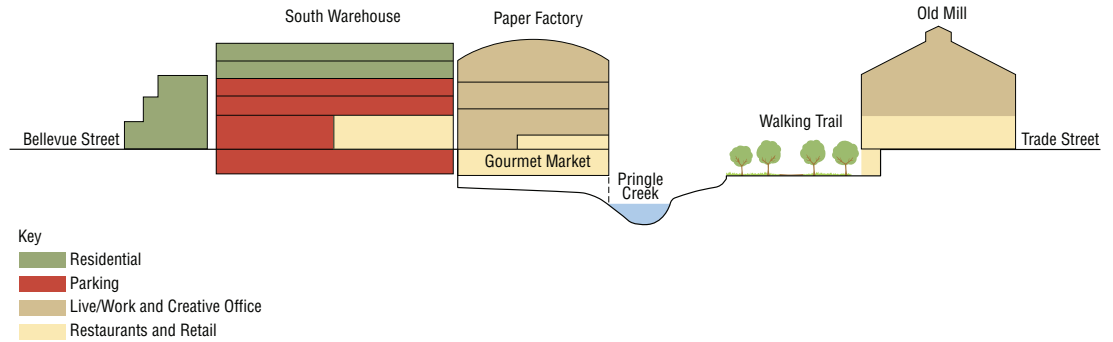
The final element in this parcel is adaptive use of the Paper Factory building. The panel suggests a mix of retail and service uses on the Commercial Street frontage, restaurant uses along the Pringle Creek side of the building, and creative office or live/work units in the remaining space on the two upper levels. The top floor has a dramatic bow-truss wood ceiling, providing an opportunity to create Class A creative-style offices. With the plentiful parking available in the adjacent South Warehouse, a uniquely appealing corporate open-office location could be created.

Parcel Three: Old Mill Building

The third parcel is composed of three buildings built during various periods:

- the concrete-and-glass-block industrial structure built in the 1920s above Pringle Creek, formerly the machine room building, which has two levels of steel-truss spans supporting wooden floor decks;

Section of redevelopment proposal for existing Boise buildings.



Transit-oriented development plan for the site.



- the historic two-level Old Mill Building; and
- the adjacent three-story beater room building, located along the Portland & Western railroad tracks.

The Old Mill Building, assumed to be the first building on the site, was constructed in the late 1800s and features a dramatic wood-truss ceiling on the upper floor, with clerestory windows now blocked by wooden panels. The enormous former window openings, now blocked with concrete-block and aluminum-siding infill sections, could provide dramatic views across the Willamette Slough to the river and beyond in an adaptive-use development.

The advisory panel recommends that the entire former machine room building, which spans Pringle Creek, be removed, with the exception of a portion of the steel truss system, which can be reused to provide pedestrian access above Pringle Creek to the South Warehouse parking.

Also suggested for removal is the southern portion of the beater room building to create an exceptional view corridor to the Willamette Slough and Minto Island from Commercial Street and the Civic Center campus.

The final element in this parcel is adaptive use of the Old Mill Building. The panel suggests a mix of retail and service uses on the building's Commercial Street frontage, restaurant uses along its Pringle Creek and north Trade Street sides, and creative office or live/work units in the remaining space on the two upper levels. The top floor's dramatic wood-truss ceiling also provides an opportunity for creation of new Class A creative-style



Pringle Creek flows under the center of the existing building complex. The panel believes that any redevelopment scenario should open the creek for public access and create a view corridor from Civic Center Park and Commercial Street.

offices, spectacular residential lofts, or, as market conditions allow, a boutique hotel with a restaurant.

With the plentiful parking that would be available in the adjacent South Warehouse, the historic Old Mill Building offers flexibility for a variety of uses that can take advantage of the views and convenient location near downtown.

Parcel Four: Station Square

The triangular parcel on the north side of the Boise property, currently home to the multistory concrete Fry Warehouse, is proposed by the panel as the site of a future commuter rail station. Over the long term, this location has the potential to provide an easy access point for passengers from Eugene, Portland, and points in between to reach Salem's employment centers at Salem Hospital, Willamette University, downtown, and the state Capitol.

The existing curb cuts could be used to provide access to a driveway for passenger drop-off, shuttle bus service connecting to other downtown points, and taxi services. A linear pedestrian plaza could

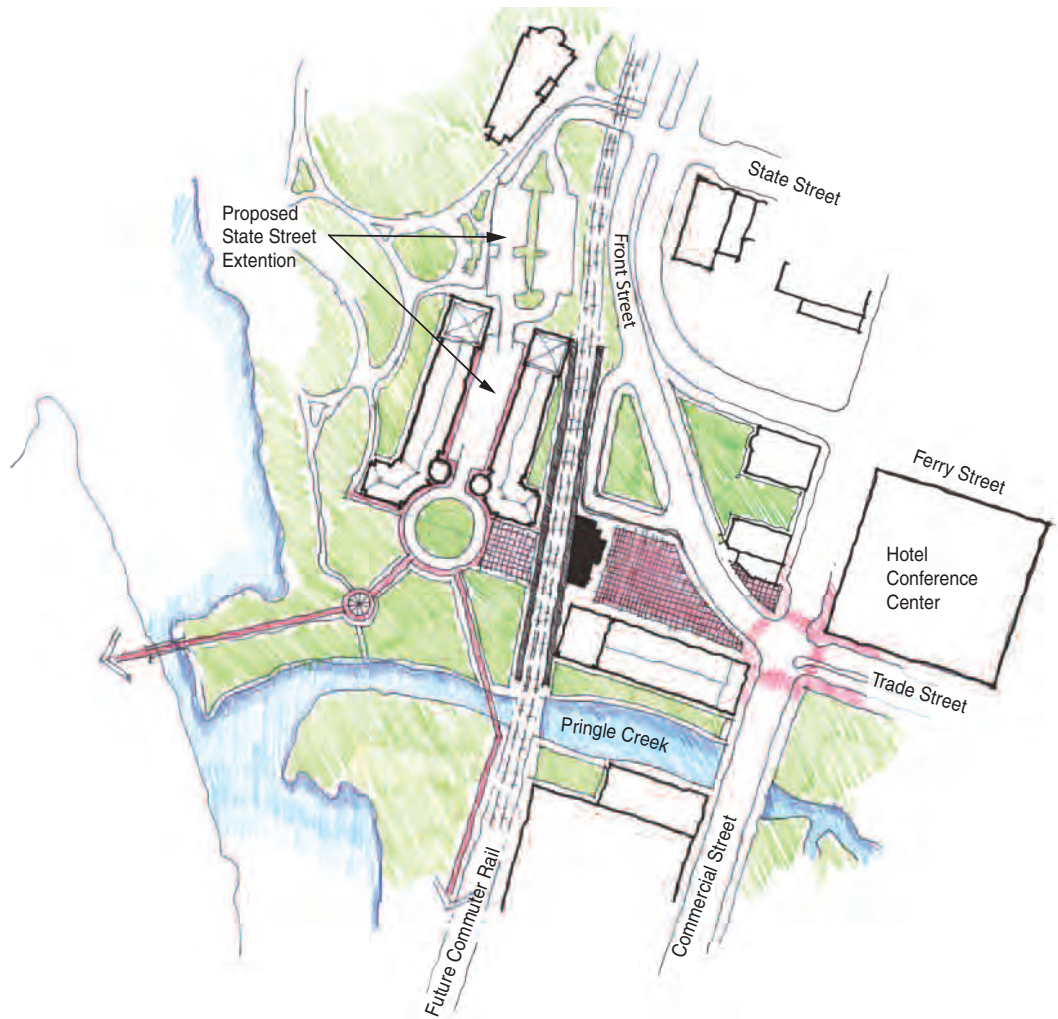
connect the proposed station to the Commercial and Front Street intersection, with the Old Mill Building offering the potential for development of shops and small cafés that spill out onto the plaza in good weather. At the railroad tracks, an elevated pedestrian bridge could connect the station to a northbound station platform and to Riverfront Park beyond.

The Fry Building itself could be considered for renovation to provide additional loft units, or demolished as appropriate for the development of the proposed rail station. The panel believes it can be assumed that the transit agency responsible for the commuter rail developments would pay fair market value for the site.

Parcel Five: South State Street

The panel believes one of the most exciting opportunities for both commercial and public space development may be presented by the Boise truck parking lot. The site is bordered by Riverfront Park on the north and west, by the Portland & Western railroad tracks on the east, and by Pringle Creek on the south. A portion of the site

Proposed State Street extension.



along the Pringle Creek edge is fill composed of construction debris.

The community stakeholders interviewed by the panel expressed interest in the site's potential for expansion of Riverfront Park, and concerns about areas of the park that are currently underused and the much-debated question of whether or not to build a bridge to Minto Island. In formulating its plan, the panel has attempted to balance two factors—the sensitivity of the site due to its location along the park and the need for commercial development to ensure the economic viability of the project. The panel proposes creation of a downtown community gathering place to serve as a symbol of the community.

The panel suggests that perhaps the most effective way to activate Riverfront Park and to provide economic stimulus to downtown Salem is to extend the central commercial spine along State Street into Riverfront Park.

As conceived by the panel, the new South State Street extension would begin at the intersection of State and Front streets, with an enhanced signal and public safety system provided at that busy spot. The extension would continue across city-owned land past the carousel through the existing public parking lot and the Boise site to terminate at a roundabout in a new Great Lawn at Pringle Creek. Twin pedestrian pathways would extend across the lawn to pedestrian bridges, one crossing Pringle Creek parallel to the Portland & West-

ern railroad tracks, and the other passing around the Eco Earth Globe to the long-proposed bridge to Minto Island.

Along the new South State extension would be twin four-story structures lined with 18,000 square feet of small shops, restaurants, and entrepreneurial business spaces, with 50 residences located on the upper floors of each building. The retail space could offer perhaps two or three signature waterview restaurants with outdoor seating during nice weather, with the remainder devoted to small owner-operated businesses sized so as not to compete with the established downtown

retail district. Parking for 250 cars would provided underground, with an additional 60 spaces provided inside each residential building.

The new South State extension itself could provide vehicular access to the Great Lawn during less-busy periods, and, when closed to traffic, used as a new home for the Salem Farmers Market. Each of the new residential units, averaging 1,200 square feet, would offer city, park, or water views, and have the amenities of downtown Salem and three exceptional city parks right at their doorstep.

Development Strategies

The purpose of the panel is to help the city and Boise Cascade define a vision for redevelopment of the company's plant property. Development of the site will confer a great public benefit while also providing the incidental benefit of creating value that will facilitate relocation of Boise's operations to a new site in Salem. The panel has identified three ways to achieve a greater public benefit and help keep jobs in Salem:

- The city should change the zoning to allow uses that will facilitate redevelopment of the Boise downtown properties.
- The city should contribute property it already owns to a joint venture between itself and Boise to develop discrete phases of the redevelopment site.
- Boise should make a gift to the city of the Minto Island property, an underperforming asset for Boise, on the condition that the city redevelop the island property in a manner that will enhance the value of the downtown properties that Boise will continue to own.

Of the three recommended actions, changing the zoning would create the greatest value for Boise.

In addition, the panel recommends that the city and Boise continue to evaluate additional financial assistance that will improve the economics of redeveloping the company's downtown properties and facilitate relocation of plant operations to another site in Salem. Finally, the panel recommends that the city and Boise establish deadlines for milestone events along the path of redeveloping the downtown properties.

Create Value at the Site

The full value of the Boise downtown properties is not presently realized because the current industrial zoning classification does not allow their

highest and best use. If the city were to immediately rezone the properties, it would remove uncertainty associated with the zoning process and increase their value—value that would facilitate relocation of Boise plant operations to another location within the city limits.

The Boise downtown properties have been used for industrial production and distribution for more than 100 years, but the plant is inefficient and nearing functional obsolescence for the following reasons:

- It has multistory buildings.
- The building layout is inefficient for current distribution uses.
- Truck access through the city and around the site is difficult.
- It is too far away from an interstate highway.

As plant operations have become less competitive, the character of the city's riverfront has changed over past 30 years from industrial uses to recreational and public open-space uses. The Boise downtown properties stand out as the last industrial site on a fundamentally changed riverfront. These developments are consistent with a national trend of industry moving out of downtown waterfront locations to sites along the interstate highway system.

All these circumstances contribute to the unrealized value in the Boise downtown properties—value that can be realized through a new zoning designation.

The Value of Entitlement

What is an "entitlement," and how would an entitlement change create value for Boise? The Federal Communications Commission (FCC) issuing a license to a broadcaster provides a useful analogy. The FCC authorization to broadcast to the public

Salem should change the zoning on the downtown riverfront parcel from industrial to mixed use in order to create immediate land value at the site.



creates value that did not previously exist. If it were not for the FCC authorization, the broadcaster could not engage in the profitable business of broadcasting. The same principle—government authorization of an activity to create value—applies in the zoning context.

Salem has the power to regulate through its zoning ordinance the use of all land within the city limits, in accordance with Oregon's state enabling legislation. The current zoning of the Boise downtown properties is industrial, which, given changes on the riverfront over the past 30 years, is the least valuable use of the property. The value of property is determined in large part by its zoning classification: property zoned for mixed use—residential, retail, office, and parking—is more valuable than property zoned for industrial purposes.

When changed circumstances mean that a property cannot be put to its highest, best, and most profitable use, its owner may apply to the city for a change in zoning classification. The process of seeking a change in zoning classification is expensive and time consuming, and the result can be unpredictable. Removal of the uncertainly associated

with the zoning process increases the value of property.

The panel recommends that the city and Boise immediately start discussions concerning the specific components of the entitlement change. The panel set as a realistic goal that within six months Boise and the city would complete their discussions concerning the specifics of the entitlement change and that the city would enact necessary amendments to the zoning ordinance.

Strategies for Balance

The panel appreciates the competing interests that will underlie the discussions between the city and Boise concerning the specific nature of the entitlement change. The redevelopment will likely proceed in phases over a period that could extend from five to ten years, or longer if the market changes. It is therefore understandable that Boise will seek an entitlement change that provides flexibility to adapt to changing conditions. The city, on the other hand, will seek to ensure that the vision articulated and endorsed by the community is actually carried out.

The panel proposes two strategies for striking an appropriate balance between these two, equally

compelling objectives. The first, most effective strategy is to identify the elements of the entitlement change that define the community vision for redevelopment of the Boise properties. The city should focus on the core, essential elements of the redevelopment plan; peripheral elements should be left to the developer and the market. The second strategy is for the city and Boise to collaborate on selection of a development team.

Ensuring the Vision

As part of the land use changes, the panel recommends that the comprehensive plan classification of the Boise properties be changed from industrial to a new zoning classification created for the property—river-oriented mixed use. To ensure that the community’s vision of the redevelopment is realized, the new zone should define the core elements of the redevelopment plan for the Boise downtown properties. The standards for the new zone, discussed in greater detail in the Planning and Design section of this report, should address, for example, the following core elements of the redevelopment plan:

- defined view corridors;
- designated public open-space areas;
- the opening and extension of public access to Pringle Creek;
- defined density of the redevelopment;
- specific phases of the redevelopment; and
- requirements for parking.

Choosing a Developer

The panel also recommends that in exchange for enhancing the Boise property by constructing the pedestrian bridge linking the site to Minto Island, the city be given a role in determining the qualifications of the site developer. The city and Boise Cascade should develop an agreement specifying objective criteria for evaluating the qualifications of a developer—e.g., relevant experience and financial resources required.

Developer candidates should not be required to present specific development proposals. Requiring that developers spend the time and incur the expense—often hundreds of thousands of dollars

—to prepare a development proposal may actually discourage the most qualified developers from seeking to work on the project. Instead, the focus should be entirely on the qualifications of the developer.

After a qualified developer is approved by the city and Boise Cascade, the developer then should be free to develop and implement a development plan based on the core principles specified in the entitlement change. However, apart from standard design review by city staff, the details of implementation of the redevelopment should not be subject to further city review.

These controls would strike an appropriate balance between ensuring adherence to the core principles and providing the developer with the flexibility needed to react to changing conditions.

This process would enable the developer to evaluate the economics of redeveloping the Boise downtown properties around the core principles of the entitlement change and to prepare financial analyses required by investors, lenders, and insurers. In the short term, Boise would be able to maximize the value of its downtown properties—value that will facilitate relocation of operations to a new location in the city—and the developer would be in a better position to raise capital to redevelop the property.

The entitlement change also would enable evaluation of the economics of the distinct phases in which the project is expected to be divided, leaving the developer better positioned to finance a series of independently developable components of the overall redevelopment plan. The benefit of phased financing is that incremental redevelopment is more likely to commence in the near term than is an all-or-nothing, high-risk, large-scale redevelopment plan.

Leverage City and Boise Assets

Another strategy for promoting redevelopment of the Boise downtown properties is to make other property already owned by the city available to the development team to improve the economics of the redevelopment plan. As mentioned in the Planning and Design section of this report, the



Boise should donate the Minto Island parcel to the city since redevelopment options for the island are constrained by flood risk.

city owns two parcels with significant value to the redevelopment.

At the southern end of the redevelopment site, the city and Boise each own portions of the parcel south of Bellevue adjacent to the railroad tracks. Because the two portions combined would have a greater development potential than either portion alone, the city and Boise should combine these properties through a joint venture.

The city also owns land at the northern end of the redevelopment site. The panel recommends that the city work with the developer to extend State Street to the south to provide access to a new Great Lawn and a signature mixed-use development connecting the downtown to Riverfront Park. This vision cannot be realized without the city dedicating a new road, the South State Street Extension, across the city-owned land north of the current Boise truck parking area.

A coordinated development strategy for the redevelopment site—through which the city and Boise participate in a joint venture at the southern end and the city dedicates a road at the northern end—would produce gains for both the city and Boise

exceeding what they would achieve acting independently.

Transfer Minto Island to the City

Because it is located in a floodway, Minto Island is effectively off-limits for any development. As a consequence, long-term use of the Boise-owned property on the island is limited to passive recreational uses, such as jogging, hiking, bird watching, and similar activities. The Minto Island property appears to have no viable use as income-producing property—at least not in the short term. Transfer of this nonperforming asset to the city would create value in that Boise would be relieved of the obligation to pay property taxes, maintain the property, and insure the property.

More fundamentally, making a connection between the redeveloped Boise downtown properties and an urban park on the island would enhance the value of the properties. The extension of and connection of a new Great Lawn to the island would bring a unique urban park within a footbridge's reach of the Boise downtown properties. Boise would only realize this value if the

city funds and constructs the pedestrian bridge to the island.

Conditions for Transfer

The panel recommends that Boise transfer title to its property on the island to the city—not just to relieve itself of the burden of owning a nonperforming asset, but also to enhance the value of its downtown properties. The panel recommends that certain conditions be satisfied before title to the island property is conveyed to the city. These should include the following:

- The city, in coordination with Boise, should develop a specific plan defining the manner in which the island property will be used for passive recreational purposes. For example, the plan should identify the specific location of running and bike paths.
- Boise Cascade should consult with the Oregon Department of Environmental Quality (DEQ) concerning whether a change from an industrial use to passive recreational use would affect the no-further-action (NFA) letter issued by the DEQ in 2000 declaring that no additional action was needed for environmental remediation at the island property.
- Boise, or one of its affiliates, should indemnify the city against claims relating to existing conditions on the island property.

Alternative Uses for the Property

The panel was impressed by the creativity of and enthusiasm expressed by the city, DEQ, and Boise staff for proposed enhancements of the island property that, if implemented, could create significant value from a nonperforming asset. Among the alternative uses of the island property discussed are the following:

- *Establishment of a wetlands bank.* A wetlands bank works on the principle that the right to impair wetlands within the Willamette Valley watershed can be “acquired” by paying to create new wetlands elsewhere within the watershed. Bankable acres of created wetlands have significant market value. As development advances within the Salem urban growth boundary, development pressure on wetlands within that boundary will increase. That pressure could be

relieved through a program in which a developer, in exchange for the right to develop on wetlands elsewhere within the growth boundary, could purchase wetlands enhancement credits from a bank of credits created by enhancing wetlands on the island.

- *Enhancement of natural resources to offset damages at other sites.* This concept is similar to that of wetlands banking. A party that damages a natural resource owned by Oregon or the United States can be required to reimburse the state or country for the value of the damaged resource. The best-known example of this is Exxon having to pay the United States and Alaska the value of the wildlife killed as a result of the *Exxon Valdez* oil spill. In lieu of paying money for the value of the damaged resources, the responsible party can enter into an agreement with the trustees of the resource—the state DEQ or the U.S. secretary of the interior—to enhance another natural resource elsewhere. Enhancing natural resources on the Minto Island property—for example, creating a nesting ground for bald eagles—would create a marketable credit that could be sold to a party needing one.
- *Construction of a golf course.* The possibility of locating a golf course on the island has been considered. Also, one panel member thought a park on the island could be integrated with the downtown to create an ideal venue for a marathon or another showcase road race.

As exciting as these concepts are, there is a consensus among the panel members that potential gains from implementation of any of these ideas or others will not be realized in the near term. There is also a consensus that redevelopment of the Boise downtown properties and relocation of the company’s operations to a more efficient location in the city should not be delayed in order to explore promising, albeit long-term, alternative uses for the island property.

The panel expressed no opinion on the likelihood that income would be derived from the island property in the short term. The panel believes that Boise, rather than the city, is in the best position to pursue these opportunities for the island

Archaeological and environmental matters will need to be fully resolved before the Boise Cascade buildings and land can be redeveloped.



property. Therefore, it recommended that Boise be given two years to pursue these options and determine a value of the island property for tax purposes before giving it to the city as a gift. The obligation of Boise to make a gift of the property to the city should also be conditioned on the city committing to fund construction of the pedestrian bridge since some of increase in the value of the Boise downtown properties derived from the zoning change is contingent on existence of the bridge.

Leverage Other Resources

The panel expressed no opinion as to whether, in addition to the value created by the proposals outlined here, additional public resources should be committed to improve the economics of the redevelopment plan. However, the panel does recommend that the city and Boise begin a dialogue on this subject should it become apparent that public resources may be necessary to implement the redevelopment plan. The discussion of public/private partnerships might include the evaluation of the following options:

- seeking state and federal assistance and financial incentives to advance the redevelopment or defray some of the cost of Boise's relocation to a new facility within Salem; and
- providing relocation assistance.

Clarify Environmental Conditions

The panel would like to acknowledge the leadership Boise Cascade has shown in addressing environmental conditions and positioning the downtown properties and the Minto Island property for redevelopment. Boise has pursued an aggressive strategy in pursuing an NFA letter from the DEQ for both its downtown properties and the island property.

According to available information, it does not appear that environmental conditions will impede redevelopment as conceived by the panel of either the downtown properties or the island property. Specific issues regarding the downtown properties will have to be addressed by Boise to the satisfaction of the developer, lenders, insurers, and others. As noted, the panel recommends that the applicability of the NFA letter for the island prop-

erty be clarified regarding passive recreational, as opposed to industrial, uses.

In addition, an investigation of the possible presence of archaeological or historic artifacts on the site should be completed before redevelopment.

Establish Deadlines for Milestone Events

The panel recommends that Salem and Boise Cascade develop specific deadlines for achieving milestone events in the redevelopment of the downtown and island properties. These events should include the following:

- development of a plan for the passive recreational use of the Minto Island property;
- obtainment of a binding commitment from the city to fund construction of a pedestrian bridge from Riverfront Park near the proposed new Great Lawn (at the northern end of the redevelopment site) to the island;
- obtainment of clarification from the DEQ regarding future passive recreational use of the island property;
- development of specific design/performance criteria and core principles to govern entitlement changes;
- transfer of title to the island property to the city;
- creation of a joint strategy for development of adjacent downtown city-owned and Boise-owned property;
- hiring of appropriate professional support to guide the city and Boise through the redevelopment process;
- engagement of stakeholders in the redevelopment process; and
- evaluation of the potential for archaeological or historical resource discoveries.

Implementation

The ULI panel has established a thoughtful and innovative development plan for the Boise Cascade properties in downtown Salem. Implementation of this plan will require a series of careful steps. ULI recently published a report titled *Ten Principles of Successful Public/Private Partnerships*, developed in conjunction with the ULI Public/Private Partnership Council and a blue-ribbon committee of U.S. mayors and private developers. Copies of this report were provided to stakeholders for their reference during preparation for development of the Boise downtown properties.

To implement the proposed development plan, the panel recommends that the city and Boise take the following steps, which are based on the tenets in the *Ten Principles* report.

Understand Your Partners and Key Players

The management of Boise Cascade and city officials, including both staff and elected officials, should establish a working group to manage the development process. A key person from each organization with authority to make decisions should be designated as the prime contact person, and each organization must have a complete understanding of the other's decision-making process. The working group should be staffed by appropriate support personnel from each organization.

Create a Shared Vision

The first agenda item for this group should be to establish and agree on the goals or visions for the process. The panel understands the goals of the two major parties to be the following:

For Boise Cascade:

- to maximize the value of its downtown properties to provide a funding source for moving its

Salem processing and distribution facility to a new location where it can operate more efficiently and economically; and

- to determine the most economical disposition arrangement for the 310 acres it owns on Minto Island.

For Salem:

- to retain the 100-plus Boise jobs and the related tax base within the city limits;
- to ensure that there is high-quality redevelopment of the Boise Cascade industrial facility, and promote the vitality of downtown and the new and adaptive-use development taking place there; and
- to accept from Boise a donation of the open-space land on Minto Island and integrate it into the park system.

Build Trust as a Core Value

To accomplish these goals, both participants must first build trust as a core value. This should occur as each party proceeds in good faith to recognize the other's risks and goals.

Be Clear on the Risks and Rewards for All Parties

Boise Cascade owns industrial property in downtown Salem that it would like to sell for the best price possible, but it currently does not have the entitlements necessary to achieve maximum value. The earlier it receives the needed entitlements for reuse of the property, the greater its return will be and the faster it will be able to sell the project. It would like to make its business operation more efficient and economical, but needs new capital and/or public assistance to accomplish this. If it does not sell its properties and resolve the outstanding issues associated with the ownership quickly, the relocation may be jeopardized.

With careful communication, cooperation, and collaboration, Boise and the city can create a project for the site that serves both business and community needs.



If Salem cannot provide incentives for Boise Cascade to remain in the city, it could lose the associated jobs and tax base and will not be able to expand its park system. By creating entitlements for the Commercial Street parcels, the city will add value to the site, but cannot ensure that a high-quality development will be placed there. If the city acts too quickly and without public support, it risks loss of broad resident support for the public process.

Establish a Clear, Rational Decision-Making Process

Within 60 days, the parties should develop and sign a memorandum of understanding. This document essentially would be an agreement to agree, and should include a timetable for the development process, identify the specific tasks each party needs to perform, and establish a process for information sharing and dispute resolution.

Agreement Parameters

The memorandum of understanding would reasonably include the following broad parameters for action by each party.

Salem would agree to do the following:

- fund and complete in eight or nine months a rezoning plan for recreational use and habitat preservation on Minto Island and commit to funding construction of a pedestrian bridge across the Willamette Slough to the island; and
- initiate rezoning of the Boise downtown properties to a mixed-use zone that is similar to downtown zoning.

This zoning should include the following:

- stipulation that all needed parking for development on the property will be provided on site;
- stipulations regarding all public easements for pedestrian movement and view corridors, including daylighting of Pringle Creek from Commercial Street to Willamette Slough; and
- stipulations regarding design criteria, infrastructure requirements, possible adaptive use of certain historic structures, and performance standards for developing the property in phases.

Boise Cascade would agree to do the following:



The city would like to see the 100 jobs at the Boise Cascade site retained within the city limits after its redevelopment.

- relocate its current processing and distribution facility to a new location within Salem;
- provide as-built drawings of the Boise downtown properties;
- market its downtown properties for redevelopment and select one or more buyers in collaboration with Salem; the strategy for identifying and selecting the developer/buyer should be established collaboratively with Salem and can include a variety of techniques, including direct negotiation or a request-for-qualifications process;
- obtain DEQ clearance for recreational use of Minto Island and pay reasonable costs of environmental mitigation necessary to receive this clearance; Boise would retain liability for remaining contamination on the island, if any; and
- dismantle and remove the electrical substation and transformers on the industrial property.

The city and Boise Cascade should agree to a negotiated dispute resolution process within the next six months.

Immediate Actions

In order to carry out the memorandum of understanding, the city and Boise should take a number of steps immediately.

Salem should do the following:

- undertake a rezoning plan for the Boise downtown properties; this plan should define development parcels, identify historic buildings for adaptive use (four buildings merit further evaluation), identify transportation and utility issues affecting the site, and establish a daylight corridor above Pringle Creek and other possible pedestrian corridors;
- complete rezoning of the Boise downtown properties and Minto Island; and
- create a new urban renewal district to include all the Boise downtown properties and certain nearby city-owned properties. The district controls should include flexibility on heights, densities, parking requirements, open-space definitions, and other development matters, and should remain in effect for 15 to 20 years. The stability provided by the district regulations should give the developer or developers confidence that all necessary entitlements will remain in place,

If the Boise Cascade site is to flourish and support the community's goals, planning and design must consider the broader context of the downtown.



that development can be financed, and that city review will be timely and reasonable.

As part of the requirements of that district, Salem should retain the right to approve the selection of the developer based on the developer's demonstrated ability to design, finance, build, and market projects of similar size, complexity, and quality. An additional criterion should be the developer's willingness to develop the project in accordance with design standards identified in the rezoning plan.

Boise Cascade should do the following:

- agree to donate all land on Minto Island to the city once the company receives environmental clearance for recreational use of the land; and
- submit a detailed plan for relocating the company's processing and warehouse activities within Salem.

Communicate Early and Often

The project working group should be responsible for implementing strategies to achieve goals and objectives articulated in the memorandum of understanding between Boise and the city, meeting

at least every other week to review progress on all committed project work.

Salem should establish two advisory task forces—appointed by the mayor and staffed by the city—consisting of representatives from the business community and independent citizens groups. One group would review the work of the park planning effort on Minto Island and the other would review the planning work underway on the Boise downtown properties.

Make Sure All Parties Follow Up

The memorandum of understanding should include provisions to unwind all agreements in case the good-faith efforts of the parties fail. If either party fails to perform, Boise should have no obligation to relocate within Salem, and the city should have no obligation to retain the mixed-use zoning for Boise industrial properties or the responsibility to accept the Boise Minto-Brown Park land.

Manage Public Infrastructure

Many development issues will be beyond the control of either party. In this project, two issues will



The success of Riverfront Park demonstrates the community's hunger for increased access to the Willamette River and other natural environments.

have an important effect on parcel configuration, waterfront configuration, and safety.

Portland & Western Railroad operates an active freight service on the western edge of the property that will continue after Boise's industrial use ends. The panel understands that the state agency responsible for extending commuter rail service is currently considering using this rail right-of-way to provide service between Portland and Eugene. Should this service be established, it will have a substantial impact on the site uses.

The project working group needs to establish communication with the commuter rail agency and maintain communications regarding the status of feasibility studies, environmental impacts of the different route alternatives, and the possibility of a state-funded transit stop.

Major high-tension electrical lines that run above ground along the rail right-of-way are visually incompatible with Riverfront Park and will detract from the redevelopment of the industrial buildings. Also, railway accidents pose a safety hazard for the area adjacent to the rail.

In response, the city should include in its rezoning plan consideration for placing the utility lines underground and the use of the franchise fee, tax increment collected from the urban renewal district, and/or a privilege tax for businesses within the district to fund some of these costs. Total receipts could be in excess of \$4 million in 2006.

Today, Salem and Boise Cascade have an opportunity to create a public/private partnership to achieve major goals benefiting both parties. The city has the opportunity to dramatically expand its park and open-space facilities, revitalize its downtown core, and expand its riverfront, while at the same time, one of the area's major employers can relocate within the city and improve its efficiency and opportunities for growth.

However, this win-win situation can only be realized if both organizations create a shared vision, work together in good faith, involve the community, and establish a specific time line to complete the complex project tasks.

Conclusion

During its short stay in Salem, the panel was impressed by the city's many assets. Salem is blessed with a beautiful location along the Willamette River, has wonderful scenery, and boasts an impressive amount of open space. Downtown Salem is a vibrant place rich with opportunities for improvement. The preservation and renovation of many of the downtown's architecturally interesting buildings has created a tremendous community asset. Finally, the city's leadership—both civic and business—is impressive and admirable. The city has assets that are the envy of many other cities. These assets should not be taken for granted.

The panel also commends Salem for its cooperative spirit, which has resulted in great accomplishments, among them the previous relocation of some of Boise's other operations and the creation of Riverfront Park. Improvements, including commuter rail to Portland, are ongoing, and the city possesses tremendous potential to capture such opportunities.

Both Boise Cascade and the city are justified in taking pride in their work on the riverfront properties to date. Future generations will undoubtedly benefit from the forward-thinking and thoughtful leadership the company and the city are providing. The partnership should continue to forge ahead with its spirit of cooperation. Most important, it must not fall victim to pessimism or provincialism.

The redevelopment of the Boise Cascade downtown properties is a tremendous and compelling opportunity to create a legacy project for the city. Leaders should demand that development is of a high quality befitting such a beautiful and historic city. The pride of city leaders is fully justified. Working together, they can accomplish great things—as can be seen in the city's accomplishments so far.

This history and the passion of the community leaders led the panel to feel confident that the Boise Cascade downtown properties will be redeveloped to meet the city's established high standards.

The public/private collaboration should aim high in its efforts, demand high quality, and plan big in the spirit of legendary Chicago architect Daniel Burnham. As he said, "Make no little plans, they have no magic to stir men's blood and probably will themselves not be realized. Make big plans, aim high in hope, and work, remembering that a noble logical diagram, once recorded, will not die."

About the Panel

Charlie A. Long

*Panel Chair
Berkeley, California*

Long, president of Charles A. Long Properties, has 31 years of diverse experience in local government and development with an emphasis on economic development, finance, and public/private partnerships. He is currently working on development projects in California as part of Center Square Partners, specializing in mixed-use infill projects. Since 1996, he has worked as a consultant to public and private clients on development and management, and now focuses on development projects in California and Nevada. For eight years, he was city manager of Fairfield, California, a city with a national reputation for being innovative and well managed.

Long has held interim positions for several cities, including, most recently, interim town manager of Mammoth Lakes, California. His work has involved diverse assignments, including writing redevelopment plans, working on development projects, conducting pro-forma analysis, conducting strategic planning, representing public agencies in negotiations, marketing development opportunities, assisting with organizational development, conducting capital and financial planning, implementing budget reform, analyzing base reuse, and promoting alternative energy development. He has overseen over \$600 million of public financing in his career.

Long is a full member of the Urban Land Institute, a member of the Public/Private Partnership Council, and a faculty member for ULI's Real Estate Development Process II course. He has worked on five advisory panels focusing on development strategies and implementation. He has taught at the School of Public Administration at Golden Gate University and has conducted

courses on economic development and organizational change internationally.

Long has a bachelor of arts degree in economics from Brown University and a master's degree in public policy from the University of California at Berkeley. He served in the U.S. Army as an infantry platoon sergeant.

Charles J. Berling

Denver, Colorado

Berling is the director of real estate for All Terrain Property Funds and owns and manages Berling Equities LLC, a real estate development, consulting, and real estate services company. Previously, he was responsible for developing more than 17 million square feet of commercial real estate worth \$2 billion in major markets throughout the United States while working as a senior executive with Homart Development Co., Glacier Park Co., and BetaWest Properties.

Included in his project list are more than 20 major ventures from New England to Hawaii, including Alii Place, Honolulu; Hills Plaza, San Francisco; LaSalle Plaza, Minneapolis; Phoenix Plaza, Phoenix; the original Scanticon Hotel and Conference Center, Denver; Securities Center, Atlanta; Xerox Centre at Las Colinas, Dallas; Williamsburg Office Park, Louisville, Kentucky; and Corporate Centre North, Indianapolis. Real estate products he has developed and acquired include central business district office and mixed use, suburban office and industrial, neighborhood retail, single- and multi-family residential, hotels, and a major conference center, and he has had several land entitlement assignments. Before his development career, Berling managed a family-owned general construction company in Indianapolis.

He is a graduate of Princeton University, and a member of the Urban Land Institute and the University of Colorado Real Estate Council.

Jack Illes

Del Mar, California

Illes is the managing partner of Urban Labs, an urban design and architecture firm specializing in mixed-use, retail, hospitality, and residential projects.

Urban Labs' current projects include new hospitality developments in the Midwest for Harrah's Entertainment, and mixed-use redevelopments in Tempe, Arizona, for DMB Associates, in San Diego for JMI Realty/Lennar, in Los Angeles for Bond Capital, and at Kewalo Basin in Honolulu for Alexander & Baldwin. In coastal San Diego, Urban Labs is working on smaller-scale urban infill residential projects.

Before forming Urban Labs, Illes was vice president, strategic design, for TrizecHahn Development, coordinating the strategic planning and conceptual design for all its retail developments in North America, as well as projects in eastern Europe and Asia. Illes played key design and development roles in the creation of large-scale mixed-use projects in Boston, Denver, Mexico City, Toronto, New York City, San Diego, and Los Angeles.

A native of La Jolla, California, Illes attended the University of Southern California and has a bachelor of science degree in public administration/urban land management. He is active in the Urban Land Institute and the International Council of Shopping Centers, as well as a variety of land use and historic preservation organizations. He recently received the Jose Cota Award for Leadership from the San Diego Police Historical Association.

Jeffery D. Jeep

Hillside, Illinois

Jeep has been with Jeep and Blazer LLC since 2000. From 1982 to 1985, he was an assistant state's attorney in Lake County, Illinois, where he was instrumental in establishing the Lake County Solid Waste Agency.

Jeep joined the law department of Waste Management Inc. (WMI) in 1985, where he worked for ten years. Previously, he was the region environmental counsel in WMI's Boston office for six years

with responsibility for solid waste facility development, environmental litigation, and government affairs in New York, New England, and eastern Canada.

Jeep received a bachelor of arts degree from Northern Illinois University and a juris doctor degree from Loyola University of Chicago in 1982.

Anish Kumar

Philadelphia, Pennsylvania

Kumar heads the urban design studio of Hillier Architecture, one of the nation's largest design and planning firms with a staff of 300 in four regional offices. Based in Philadelphia, Kumar's studio operates in the public arena, serving a wide range of clients and interdisciplinary constituencies who represent communities, municipalities, government agencies, property owners, universities, and entrepreneurs. From downtown revitalization plans to redeveloping former industrial sites, and from planning new transit patterns in established communities to large-scale land planning, his team fosters public/private partnerships that make towns and cities more livable, economically viable, and ecologically sustainable.

As a registered architect and member of the American Institute of Certified Planners, Anish has 18 years of experience. He is on the faculty of Drexel University's Department of Architecture, where he has been teaching courses in urban design since 1996. He has been published in professional journals and frequently speaks at professional conferences.

A graduate of the University of Pennsylvania and of the School of Architecture at Ahmedabad, India, Anish lives in Philadelphia's Center City District, where he has served on the board of the residents association, and is currently a member of the Central Philadelphia Development Corporation.

Anita B. Morrison

Silver Springs, Maryland

Morrison manages the Bay Area Economics (BAE) Silver Spring office, directing assignments for the eastern United States. She has almost 30 years of

economic and development consulting experience, specializing in market and financial feasibility analysis, strategic economic development, and urban revitalization.

Morrison directed an analysis of the supply and demand for industrial and office land in Baltimore as the basis for new zoning strategies for the city's waterfront and other neighborhoods, and managed BAE's evaluation of redevelopment and revitalization opportunities in ten major arterial corridors and inner-city neighborhoods in south Atlanta for the Atlanta Development Authority.

She has an extensive background in feasibility analysis and development planning for bioscience and research and development parks, including assignments for the Oregon Health Sciences University, Colorado Bioscience Park Aurora, the University of Wisconsin at Madison, and the Virginia Biotechnology Research Park. She is also expert in structuring and negotiating public/private partnerships for major urban projects. She served for 15 years as real estate adviser to the Pennsylvania Avenue Development Corporation in Washington, D.C., facilitating \$1.4 billion of private investment in commercial and residential development projects.

Her work in mixed-use and transit-oriented development includes multiple projects at Metro stations in the Washington, D.C., area. She is working now with the Maryland Department of Transportation in negotiating the redevelopment of the Baltimore State Center for a mix of office, retail, and residential space.

Morrison has a master of public policy degree from the University of Michigan.

George Ochs

New York, New York

Ochs, vice president of JPMorgan Asset Management, is responsible for portfolio management, client services, and business development. He has worked at JPMorgan Real Estate since 1995.

Ochs has an extensive background in development and management of high-quality institutional real estate. He also has public sector experience, serv-

ing as the Pitkin County, Colorado, manager early in his career. Before joining JPMorgan, he was employed by Prudential and was responsible for redevelopment of the Prudential Center-Boston. Ochs is a commissioner for the Bridgeport, Connecticut, Housing Authority.

He holds a bachelor of science degree in engineering from the University of Wisconsin and a master of business administration degree from the University of Colorado. He is a member of the Urban Land Institute and the Pension Real Estate Association.

G. Craig Schelter

Philadelphia, Pennsylvania

Schelter founded the consulting firm Schelter and Associates in April 2002, combining 34 years of experience in the fields of city planning and urban development. His practice provides counsel and support to organizations that promote job creation and seek to balance growth with environmental, design, and community sensitivity. His current client list includes quasi-public development corporations, including the Philadelphia Industrial Development Corporation (PIDC), Penn's Landing Corporation, Schuylkill River Development Council, and the Mann Music Center. Schelter has focused on the development management process, including strategic and master planning, project permitting, legislative authorization, capital budgeting, consultant selection, developer negotiation, and dispute resolution.

From 1983 to 2002, Schelter held several positions at PIDC, a private nonprofit corporation and Philadelphia's economic development agency, including chief executive officer, focusing on the planning of the Pennsylvania Convention Center, development of the Byberry West industrial park and the central Delaware Waterfront, and the creation of a venture capital fund. As executive vice president, he oversaw management of major developments in Philadelphia.

Schelter served for 15 years at the Philadelphia City Planning Commission, ultimately as the executive director from 1981 to 1983. He guided the commission's efforts in the Center City District, handling capital budget, urban design, zoning, con-

vention center, and waterfront planning. As executive director, he was also a member of the mayor's development cabinet. He is a member of the board of the Foundation for Architecture and the Preservation Alliance for Greater Philadelphia.

Schelter holds a bachelor of arts degree in art history from Williams College and a master's degree in architecture from Harvard University.

Ranne P. Warner

Pawtucket, Rhode Island

Warner, president of Ranne P. Warner and Company Inc. and Centros Properties USA, has been active in real estate for nearly 30 years at the local, national, and international levels in all aspects of real estate development, including consulting, strategic planning, construction, finance, and property management.

In 2001, she formed Blackstone Exchange LLC to develop Riverfront Lofts, an 110,000-square-foot historic mill on the Blackstone River in Pawtucket, Rhode Island, into 59 artist live/work condominium lofts—a project that has served as a catalyst for the revitalization of this historic mill community. In 1980, Warner founded Centros Properties USA in partnership with two English developers, and built the firm's portfolio from nothing to \$100 million in value invested in over 500,000 square feet of top-quality commercial real estate.

She is a founder and was the first president of New England Women in Real Estate, was the first woman president of the Boston Chapter of the National Association of Industrial and Office Parks, and the first woman president of the Boston Chapter of the Building Owners and Managers Association.

Warner served 15 years as a trustee for the Society for the Preservation of New England Antiquities (SPNEA), now known as Historic New England and was a director of Historic Boston, a preservation revolving fund, and a trustee for the Boston Foundation for Architecture. She and her architect husband wrote , published by McGraw-Hill.

Warner received her master's degree with distinction from the Harvard University Graduate School of Business Administration, where she was awarded the James Thomas Chirurg Fellowship, and holds an undergraduate degree in advertising from the University of Missouri School of Journalism.