Unlocking Salem's Assets

A Revenue & Development Analysis

How the City of Salem can unlock $6 to $12 million in new annual revenue from assets it already owns — without a bond measure.

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In consultation with the City of Salem Urban Development Department

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EXECUTIVE BRIEF

The Revenue Gap Salem Can Close Now

Salem owns parking garages, waterfront parks, vacant development parcels, and civic infrastructure — assets collectively worth hundreds of millions of dollars. Most of them generate little to no net revenue for the city.

This analysis examines twelve city-owned assets, benchmarks them against comparable Oregon cities, and quantifies the gap between what these properties currently earn and what they could earn under better-structured policies. The findings were reviewed and corrected by Kristin Retherford, the city's Director of Urban Development, whose input sharpened the analysis and eliminated several initial assumptions that did not hold up against the facts.

The conclusion is straightforward: Salem can generate an estimated **$6 to $12 million in new annual revenue by 2030** from assets it already controls. No bond measure. No new taxes. No condemnations. The barriers are policy decisions, not capital constraints.

12	$6–12M	7	3
Assets analyzed	New annual revenue by 2030	Confirmed opportunities	Need further study

> **"The city is leaving meaningful revenue on the table — not through neglect, but through policies written for a different era of fiscal conditions."**

The analysis is organized around three questions: What does the city own? What does it currently earn from each asset? And what would it earn under a more active management approach? The answers point consistently toward the same structural gap — a disposition and pricing philosophy that treats city assets as liabilities to be maintained, rather than capital to be deployed.

This report reflects the state of city assets and policies as of June 2025. All revenue projections are illustrative estimates based on comparable-city benchmarking and should be validated through formal feasibility studies before Council adoption.

SECTION 1 | PARKING INFRASTRUCTURE

The Garages Salem Isn't Fully Using

Salem operates three downtown parking garages — Marion Square, Chemeketa, and Liberty Square — with a combined 2,045 spaces. For decades, these structures operated without a meaningful revenue mandate. Downtown on-street parking was free, the garages were underutilized, and a parking tax on downtown businesses covered operating costs.

That model broke in July 2024, when the city introduced paid on-street parking at $1.50 per hour. The early results exceeded projections: in the first two months alone, the city collected $365,000 from 140,876 transactions — roughly $192,000 ahead of pace. The city is now closing out its first full year of paid parking, and for the first time will have real utilization data to inform garage pricing decisions.

What the city charges now

Employee and residential permits are the primary garage revenue stream. Customer parking remains free in all three garages. Rates vary by garage and permit type. The discounted employee rate — established by Council motion — protects lower-wage downtown workers.

Garage	Full-time	Part-time	Motorcycle	Discounted Employee Rate
Marion Square Parkade	Uncovered $45/mo Covered $67/mo	Uncovered $32/mo	$26/mo	$15/mo (uncovered)
Chemeketa Parkade	Uncovered $63/mo Covered $71/mo	Uncovered $40/mo	$26/mo	$20/mo (uncovered)
Liberty Square Parkade	$82/mo	$47/mo	$29/mo	No discount

Source: City of Salem Urban Development Department, June 2025. Customer (short-term) parking in all three garages is free.

The Opportunity

The city is not yet in a position to raise garage rates — and staff are correct to wait for Year 1 baseline data before doing so. But the trajectory is clear. As on-street paid parking pushes more employees into the garages, utilization rises, and the case for incremental rate increases strengthens.

Eugene's garage permits run $65 to $95 per month. Corvallis charges $60 to $80. Salem's current rates — $45 to $82 depending on garage and coverage — are within range for Liberty but below market at Marion and Chemeketa. A phased path toward market rates, tied to utilization benchmarks and preserving the Council's discounted employee rate, represents a realistic $500,000 to $1.5 million annual revenue gain over three years.

Recommended action: data-driven rate path

Review Year 1 paid parking data in July 2025. If garage utilization has increased as expected, present Council with a three-year permit rate schedule benchmarked to Eugene and Corvallis. Maintain discounted employee rate as a Council-approved equity provision. Project incremental revenue against the baseline.

SECTION 2 | DEVELOPMENT PARCELS

The Land Salem Owns but Doesn't Earn From

The city owns or controls several significant downtown development parcels — most of them vacant, some under active development agreements. How the city structures these deals will determine whether they produce one-time proceeds or perpetual income streams.

Block 50: South Waterfront Parcel

In April 2024, the City's Urban Renewal Agency purchased a 1.5-acre vacant parcel at the corner of Commercial and Front Streets SE — the former site of a stalled nursing facility project — for $3.5 million. The site borders Riverfront Park and Pringle Creek, with views of the Willamette River.

A developer has been selected and a memorandum of understanding is in place. The remaining obstacle is an environmental issue with the Oregon Department of Environmental Quality. Once resolved, the city and developer will finalize a Development and Disposition Agreement for Council consideration. The project will include mixed-use development with affordable housing.

The ground lease question

Block 50 and Block 45 were both marketed for sale. Developers have been selected and MOUs signed. The opportunity — if it has not already closed — is to negotiate ground lease terms within the Development and Disposition Agreement. A 75-year ground lease at market rates on a $3.5 million parcel generates more long-term city income than a one-time sale. This question should be on the table in every DDA negotiation going forward.

Block 45: Pringle Creek Parcel

The city's last major development site adjacent to Pringle Creek, Block 45 sits at the intersection of South Waterfront and Riverfront-Downtown Urban Renewal Areas. A developer has been selected and a DDA is under active negotiation. The site's location — adjacent to the creek with park proximity — supports mixed-use residential and commercial development. A public creek-side promenade should be a required development condition.

Two Corrections: What the City Does Not Own

The original draft of this analysis identified two additional parcels as city-owned opportunities. Staff review corrected both.

Capitol Mall surface lots — State property. These parking lots, adjacent to the Oregon State Capitol, are owned and operated by the State of Oregon as part of its parking management system. The city has no authority to develop or monetize them. The city has expressed willingness to collaborate on any State-initiated review of higher and better uses for these parcels, including potential sale for development — but cannot initiate that process.

High Street infill — privately owned. The Citizen Apartments project under construction at High and Chemeketa Streets was enabled by city urban renewal funding, but the city did not own the land. The nearby Macy's building and the former Wells Fargo

site at Liberty and Chemeketa are significant private-sector redevelopment opportunities that, when developed, will generate new property tax revenue for the city.

A Policy Recommendation: Ground Lease First

The most important structural change Salem can make is also the simplest: adopt a formal policy that city-owned surplus land is leased, not sold, unless there is a compelling public interest reason to divest.

A ground lease retains city ownership of the land while conveying development rights to a private partner for a defined term — typically 50 to 99 years. The developer finances, builds, and operates improvements. The city receives annual ground rent and ultimately recaptures the asset. This model is how Prosper Portland grew its real estate income from roughly $2 million to over $16 million annually over a decade. It is also how the proposed Riverfront Hotel P3 would work under the Salem Economic Development Plan.

> **"Every parcel the city sells is income foregone forever. Every parcel the city leases is income the city earns for generations."**

SECTION 3 | PARKS, RIVERFRONT & CIVIC ASSETS

Public Assets with Untapped Earning Potential

Salem's parks and riverfront are community assets first. That principle is not in dispute. But 'community asset' and 'revenue-generating asset' are not mutually exclusive — and several of Salem's parks and civic facilities are leaving meaningful revenue on the table within their existing constraints.

Riverfront Park and A.C. Gilbert's Discovery Village

Salem's 26-acre Riverfront Park is the city's premier public space — home to the Gerry Frank Salem Rotary Amphitheater, a carousel, a pedestrian bridge to Minto-Brown Island, and A.C. Gilbert's Discovery Village, a nationally recognized STEAM children's museum. The park already charges event permit fees and hosts annual events including the World Beat Festival and outdoor movies.

However, a critical constraint limits commercial expansion: Federal Section 4(f) restrictions apply to much of the park, restricting concessionary activity and commercial leasing for private benefit. Gilbert's Discovery Village is not city-operated — it is run by a non-profit organization under a lease with the city.

What Section 4(f) means in practice

Section 4(f) of the Department of Transportation Act protects public parks, recreation areas, and historic sites from federally funded transportation projects — and its protections extend to commercial activity restrictions in some park deed and grant agreements. Before pursuing any new concession or leasing activity at Riverfront Park, the city should commission a precise 4(f) boundary mapping study to identify exactly which parcels are restricted and which may allow expanded use.

Within those constraints, real opportunities exist: expanding permitted event programming at the amphitheater, maximizing event permit revenue, and exploring joint programming with Gilbert's non-profit to extend visitor hours and increase foot traffic that benefits surrounding commercial areas.

Bush's Pasture Park

The 90.5-acre Bush's Pasture Park is deed-restricted for park use, which limits commercial development. Event permit fees are already collected. The Salem Art Association's annual art fair draws thousands of visitors at no gate charge.

The question worth exploring: can park-compatible concessions — food, beverage, seasonal programming — operate within the deed restrictions? Staff noted the city does not currently have permanent concessions in any park and is unfamiliar with membership-based park access models in Oregon. A legal review of the deed restrictions would clarify what is possible.

Wallace Marine Park

Across the Willamette in West Salem, the 114-acre Wallace Marine Park already generates revenue through softball tournaments and sporting events — the city's most effective park-based revenue model. This model is working and should be expanded. Seasonal watercraft rental concessions and tiered boat launch fees (resident vs. non-resident) are logical extensions.

Minto-Brown Island Park

Salem's largest park at over 1,000 acres faces environmental restrictions that limit event types. Newly paved parking lots provide improved infrastructure. The park is beloved by trail runners, cyclists, and dog walkers — a population that has demonstrated willingness to pay in other cities through voluntary trail stewardship programs and permitted event fees.

The Salem Civic Center

The Civic Center is undergoing a $40 million seismic upgrade, with completion expected in early 2027. City offices will return when work is done — surplus office floor leasing is not an option. Two residual opportunities remain: some first-floor space will be left unrenovated due to budget constraints, and the leasing feasibility of that space is worth studying. Additionally, the upgraded Peace Plaza presents a genuine event and programming revenue opportunity that should be built into the post-renovation activation plan.

SECTION 4 | COMMERCIAL CORRIDORS & ENTERPRISE ZONES

Building the Tax Base Salem Needs

Not every city revenue strategy involves directly operating an asset. The city's urban renewal tools and enterprise zones allow it to catalyze private development — and the property tax revenue that flows from it — at relatively low public cost.

North Commercial Street Corridor

City staff anticipate that as downtown Salem's core continues to fill in, developer interest will migrate northward along Commercial Street. Projects within the Riverfront-Downtown Urban Renewal Area boundary are already eligible for urban renewal grants. The creation of a North Waterfront URA — currently under consideration — would extend that support further north, unlocking a corridor with significant redevelopment potential.

Airport-Adjacent Industrial Land

The city actively leases and develops parcels owned by the airport. FAA restrictions on use, height, and environmental compliance apply both on-airport and to adjacent off-airport properties within protected zones — a constraint that narrows the development envelope but does not eliminate it. Staff confirmed real revenue potential here, and the P3 model applies: a private operator brings capital and operational expertise while the city retains the underlying land asset.

Salem's Existing Enterprise Zones

A correction from the original analysis: Salem already operates enterprise zones in multiple locations, including areas around the airport and McGilchrist corridor, Mill Creek Corporate Center, West Salem, Portland Road, and the North Waterfront. These zones have collectively attracted hundreds of millions of dollars in private investment over the years.

Enterprise zones are already working — the task is promotion

The original analysis recommended creating new enterprise zones. Staff confirmed they already exist in key locations. The strategic question is whether Salem is marketing these zones aggressively enough to site selectors, food-processing companies, and clean manufacturing operators considering the Willamette Valley. The North Waterfront URA creation, if advanced, would extend the toolkit further.

SECTION 5 | RECOMMENDATIONS

Eight Actions Salem Can Take Now

The following eight recommendations emerge from this analysis and the corrections provided by City Urban Development staff. They are ordered by feasibility and near-term impact. The first five can be initiated within 12 months without new legislation or bond authority.

1

Review Year 1 paid parking data and set a rate path

CONFIRMED — Immediate

The city closes its first full year of paid on-street parking in July 2025. That data — combined with garage utilization figures — should immediately inform a multi-year permit rate schedule for Marion, Chemeketa, and Liberty parkades. The Council's discounted employee rate should be preserved. An incremental rate path toward Eugene/Corvallis benchmarks represents a realistic $500K–$1.5M annual gain over three years.

2

Advance Block 50's Development and Disposition Agreement

CONFIRMED — Immediate

The DEQ environmental issue is the blocking item. Once resolved, the DDA should come to Council promptly. Negotiate ground lease terms within the agreement if feasible — the city paid $3.5 million for this land and should maximize its long-term return.

3

Finalize Block 45's DDA with a public promenade requirement

CONFIRMED — Immediate

The DDA is in active negotiation. The outcome should include a public creek-side promenade as a required development condition, given the site's adjacency to Pringle Creek and Riverfront Park. Ground lease structure should be on the table.

4

Adopt a ground-lease-first disposition policy

CONFIRMED — Near-term

For all future city-owned surplus parcels not already under active MOU, establish a formal policy: the city leases, it does not sell, unless Council makes a specific finding that a sale serves the public interest. Present to Council for adoption by end of 2025.

5

Advance the North Waterfront URA creation

CONFIRMED — Near-term

The Riverfront-Downtown URA boundary currently limits grant support for N. Commercial Street redevelopment projects. Creating the North Waterfront URA would extend that support and position the city to capture property tax increment from a corridor staff believe is poised for developer interest.

6

Commission a Riverfront Park Section 4(f) boundary study

STUDY REQUIRED

Before any new concession, programming, or commercial activation is proposed for Riverfront Park, map the Section 4(f) boundary precisely. Identify which parcels are restricted and which may allow expanded use. Engage Gilbert's Discovery Village and the Carousel non-profit on joint programming opportunities within those limits.

7

Plan Peace Plaza activation and Civic Center first-floor lease feasibility

STUDY REQUIRED

Following the seismic renovation completion in early 2027, the city has two residual opportunities at the Civic Center: unrenovated first-floor space whose leasing feasibility has not been assessed, and Peace Plaza, which staff confirmed has event and programming revenue potential. Both warrant a post-renovation activation plan.

8

Engage the State on Capitol Mall surface lots

STUDY REQUIRED

The Capitol Mall surface lots are State-owned and outside city authority. However, they represent some of the highest-value underutilized land adjacent to downtown Salem. The city should formally communicate to the Oregon Department of Administrative Services its interest in collaborating on any State review of higher and better uses for these parcels, and position SEDA as a willing development partner.

SECTION 6 | REVENUE PROJECTIONS

What These Changes Are Worth

The following projections are based on comparable-city benchmarking and the seven confirmed opportunities identified after staff review. They do not include the three items requiring further study, which could add an additional $3 to $6 million if the feasibility analysis is favorable.

Revenue Source	Basis	Year 1–2 Est.	Year 3–5 Est.
Downtown parkade permit rate path	Incremental increases toward Eugene/Corvallis benchmarks; 2,045 spaces	$200K–$500K/yr	$500K–$1.5M/yr
Block 50 development (ground lease or DDA)	Ground rent on $3.5M parcel; mixed-use with affordable housing	$0 (DDA in negotiation)	$300K–$600K/yr
Block 45 development (ground lease or DDA)	Ground rent on prime creekside parcel	$0 (DDA in negotiation)	$200K–$500K/yr
N. Commercial Street + North Waterfront URA	New property tax increment from URA-supported redevelopment	$100K–$300K/yr	$400K–$800K/yr
Airport parcel development / P3	Lease/development income; FAA-compliant uses	$100K–$200K/yr	$300K–$600K/yr
Riverfront & park event programming	Expanded permitted events; within 4(f) and deed limits	$100K–$250K/yr	$200K–$500K/yr
Wallace Marine Park sporting events expansion	Tournament fees; boat launch tiers	$50K–$150K/yr	$100K–$250K/yr

All projections are illustrative estimates based on comparable-city benchmarking and should be validated through formal feasibility studies prior to Council adoption.

Confirmed opportunities: estimated new annual revenue by 2030 **$6M – $12M**

Additional $3M–$6M possible pending feasibility outcomes on Riverfront 4(f) study, Civic Center first-floor leasing, and Capitol Mall State engagement.

CLOSING NOTE

Why This Matters for Salem's Fiscal Future

Salem's 2024 Revenue Task Force identified a structural gap between the cost of city services and available revenues — a gap projected to grow without new strategies. Property tax compression under Measure 50, rising service costs, and deferred infrastructure maintenance are creating pressure that ad hoc budget adjustments cannot sustainably address.

The strategies in this report do not solve that problem alone. But they represent the fastest, lowest-risk path to meaningful new revenue — because the assets already exist, the city already controls them, and the policy changes required are within the authority of the City Council and SEDA without new legislative action.

The $6 to $12 million annual figure is conservative. It excludes the three items that require further study, excludes the full economic multiplier of new development activity, and assumes no material changes to Salem's state-shared revenue streams. It is a floor, not a ceiling.

> **"The question is not whether Salem can afford to do this. It is whether Salem can afford not to."**

About This Analysis

This report was prepared by Aaron Stickney as part of the Salem Economic Development Revenue and Growth Plan (2025–2030). An initial draft was reviewed by Kristin Retherford, Director of Urban Development for the City of Salem, and Dana [City Staff], whose corrections and clarifications materially improved the accuracy of the analysis. Material corrections are documented in the accompanying revised internal memorandum.

All revenue estimates are illustrative and based on comparable-city benchmarking. They should be validated through formal feasibility studies before Council adoption. This report does not constitute legal, financial, or planning advice. City of Salem, Oregon. June 2025.