



CITY OF MADRAS, OREGON

URBAN RENEWAL ACTION PLAN 2016



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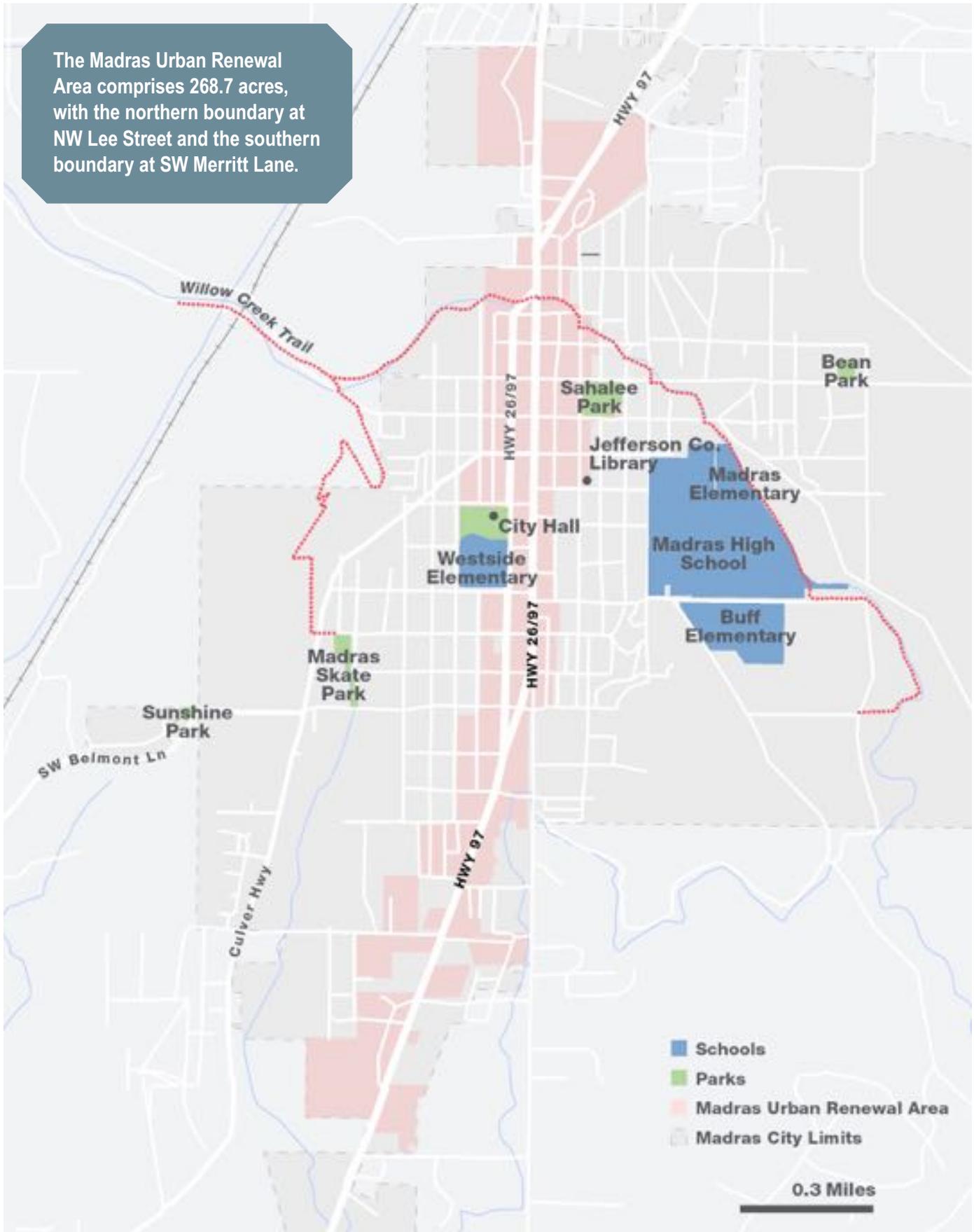


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Exhibit 1. Action Plan Study Area

The Madras Urban Renewal Area comprises 268.7 acres, with the northern boundary at NW Lee Street and the southern boundary at SW Merritt Lane.



I. PLAN PURPOSE & BACKGROUND

On the heels of the Great Recession and after ten years of active investment in its urban renewal district, the City of Madras is at a crossroads. Significant public investment has successfully improved public open space, the aesthetic appeal of the entry to the city, and transportation access into and through the city at its north and south ends. At the same time, Madras' commercial core has seen limited new development and is not functioning as the vibrant hub of commercial activity that residents desire. This Action Plan revisits community priorities from previous planning efforts and provides a roadmap for the urban renewal agency's work within the District in the coming years.

Madras' residents made themselves clear during the outreach portion of this Plan: they want a better future for the community. Using statements made by Madras residents as they described their preferred future, the team developed a vision statement. It is an aspirational, long-view description of Madras that could result from the successful implementation of this Plan:

Madras' position as the hub of River Canyon Country attracts visitors and new residents who appreciate the community's commitment to quality of life. The city's core is a recognizable, vibrant destination with public and private investment in small-scale shops, a mix of restaurants, and cultural amenities that reflect the area's diversity.

Grounded in financial and market analyses, and supported by robust public input, this Plan details a set of actions for the Madras Redevelopment Commission (MRC), the City's urban renewal agency, to encourage private investment in the District in partnership with other entities.

The Plan has six chapters:

- 1. Plan Purpose and Background.** This chapter provides an overview of the previous urban renewal planning work and this action planning process, highlighting the extensive public involvement that informed all aspects of the Plan.
- 2. The Madras Advantage.** This Plan seeks to create a competitive advantage for Madras. This chapter describes the foundation for that advantage, developed from the public involvement activities of this planning effort.
- 3. Situation Assessment.** This Plan seeks to overcome development barriers and target investments in a way that captures demand from untapped market segments. This chapter summarizes the challenges that were identified during the technical analysis. It also provides information on development conditions and retail opportunities.
- 4. Investment Framework.** This chapter provides an overview of how Plan projects were prioritized, and how MRC can work with its partners to invest in improvements in the city.
- 5. Action Plan Projects.** Describes a specific set of 15 projects identified through the Action Plan Process.
- 6. Implications**

The MRC's goal for the Action Plan update is to identify a targeted set of investments that will create a competitive advantage for Madras. The investments will:

- ▶ **Generate tax increment**
- ▶ **Support development on underutilized and vacant sites**
- ▶ **Catalyze additional development throughout the District**

BACKGROUND

Madras has a rich history as an agricultural and commerce hub for Jefferson County. The City's commercial core along Highway 97/26 (shown in **Exhibit 1**) has a mix of strip commercial uses, small pockets of residential neighborhoods, and several regionally important government and social service institutions. However, the area has seen limited private-sector investment, despite successful planning efforts over the past two decades.

In 2002, the MRC adopted the Madras Urban Renewal Plan. Broadly, the purpose of the 2002 plan was to improve the environment for development inside of the District boundary. Following Oregon State Statutes, it identified "blight" as conditions that create barriers for private investment and new development. The plan also broadly outlined a set of actions necessary for improving the area.

In 2006, the MRC commissioned its first action plan that addressed issues underlying Madras' struggling core and retail corridor. The 2006 plan focused MRC efforts on a targeted set of implementation steps. These challenges included large swaths of underutilized land, ongoing retail flight from the core (that started with the construction of the US 26/97 couplet), and a floodway impacting development opportunities throughout much of the core. Additionally, Madras suffered from a lack of middle-class housing and the perception that local schools were substandard. The actions and urban design framework included in the 2006 plan sought to begin overcoming these challenges.

This Action Plan updates the 2006 action plan. In the decade since the 2006 Plan was adopted, significant progress has been made toward revitalizing the District. Residents and travelers through the city can see many noticeable new investments in the District, including improvements to Sahalee Park, improved transportation connections, and more visible signage at entries to the city.

However, much has changed in that decade. The region and the country suffered a major recession that affected businesses and property owners in Madras. Development patterns in nearby cities changed in ways that affect how Madras competes for new development. However, residents in Madras continue to desire a vibrant and active retail center in their community.

The MRC, recognizing both progress made and the need for ongoing improvements in the URD, commissioned this Action Plan update for a revised look at the development market and urban renewal finances, a refreshed community conversation regarding priorities for investment, and a revised list of projects that can further the goals of the 2002 Urban Renewal Plan.

The 2002 Urban Renewal Plan has the following goals (summarized):

1. Promote private development, redevelopment, and rehabilitation within the urban renewal area.
2. Upgrade the stock of existing structures in the renewal area which contribute to its small-town character.
3. Improve connectivity within the renewal area, enhance open spaces, and enhance livability.
4. Improve and repair utilities to support development.
5. Develop convenient, attractive parking facilities.
6. Maintain, remodel, and construct public parks and open spaces, public facilities, and public safety facilities.
7. Provide for new, diverse housing units in livable mixed-income neighborhoods that support the Area's employment generation goals.
8. Assist in funding for a program of art in public spaces within the renewal area.



Sahalee Park Expansion. Sahalee Park is Madras' oldest park. It was established in 1920 and moved to its current site soon after, when it was planted with 16 of its current large elm trees. By 2006, the park, though popular, had a reputation for being unsafe and unmaintained. The 2006 Action Plan established a strategy for revitalizing Sahalee Park by expanding it onto an adjacent vacant lot owned by the Bean Foundation. This expansion would be developed as a great lawn suitable for hosting community events such as the Farmers Market. Since 2006, the expansion has been completed, and Sahalee Park is a vibrant node of activity. The city's next goal is to construct a splash pad in the park to encourage even more activity.



Summer event at the new Sahalee Park

The Madras Brand. The term "River Canyon Country" stems from regional tourism branding efforts through Travel Oregon's Rural Tourism studio in 2012-2013. River Canyon Country comprises Prineville, Madras, Warm Springs, and Terrebonne. More information on these efforts can be found at: <http://www.traveloregon.com>



IMPLEMENTATION PROGRESS, 2002-2016

As a foundation for this Urban Renewal Action Plan, ECONorthwest assessed the status of both short- and long-term 2006 Action Plan projects, as well as other projects completed since the adoption of the 2002 Urban Renewal Plan. (The complete progress report can be found in **Appendix B.) Exhibit 2** on the next page shows completed and partially completed projects in the District. Key completed projects include:

- ▶ **Placemaking improvements.** The Sahalee Park expansion and North Y landscaping projects are complete, as is the new Madras Aquatic Center.
- ▶ **Regulatory Changes.** Zoning changes have been made to include design standards, and the Sign Code has been updated. Efforts to rezone or downzone commercial property are also partially complete.
- ▶ **Marketing.** Successful efforts to improve marketing include creating the Saturday Market, opening the Air Museum, and increasing Chamber of Commerce funding. Several projects related to marketing Madras are also partially complete, including implementing wayfinding signage, improving recreation sites, creating a community cleanup, and promoting Opal Springs water.
- ▶ **Business Support.** Urban renewal has supported eight storefront improvements.
- ▶ **Redevelopment.** The District has welcomed several new developments including the Harriman Building, the Inn at Crosskeys, and Madras Cinema. The new Civic Center (including the new Police Station/City Hall development) is partially complete.
- ▶ **Promoting housing choice.** Though largely undeveloped, the Yarrow master planned community addresses the City's long-term goal to encourage housing development.
- ▶ **Streetscape improvements.** These include storefront and streetscape improvements in the downtown core on 6th Street and B Street, as well as street improvements along US 26/97.

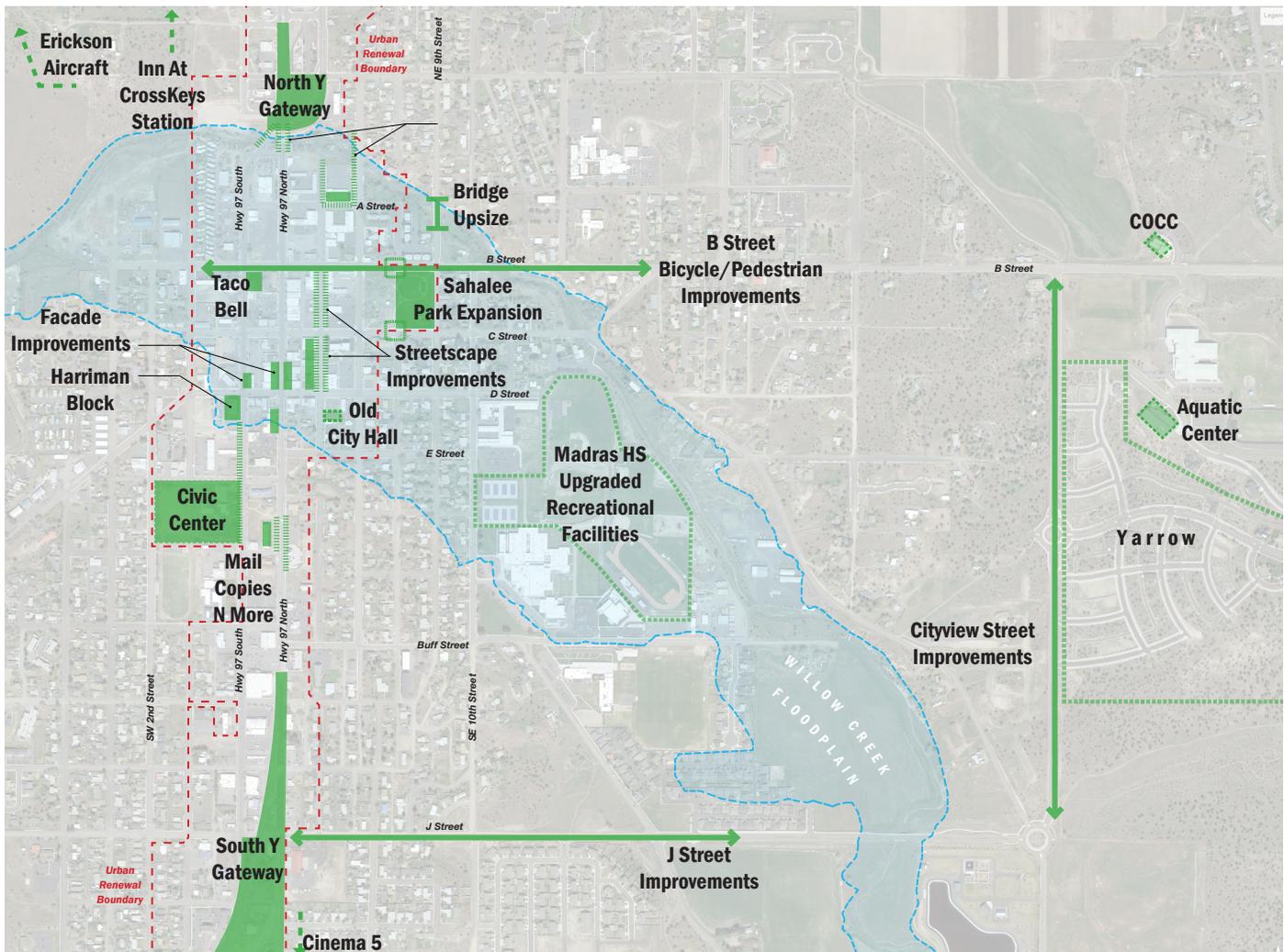
The City and MRC completed a number of projects that were not identified explicitly in the 2006 plan that nonetheless achieve the goal of the urban renewal plan to promote private development. These include financial support of the Inn at Crosskeys, a movie theater/performing arts center, and the Harriman Building.

2006-2016 Progress

The character of Madras today reflects both the City's accomplishments since 2006 and the significant work that remains to be done. **Exhibit 2** shows the location of projects completed to date. Landscaping and storefront improvements between the North and South Y are fostering a sense of place in the city's core. The expansion of Sahalee Park and construction of new recreational facilities have resulted in attractive community gathering spaces. The Harriman building anchors an inviting, attractive intersection at the heart of the commercial core.

Though measurable progress has been made, some projects identified in the 2006 Action Plan have not yet been completed. The concept of a stopping place and tourist information center for travelers was not explored, nor was the program aimed at installing temporary landscapes in vacant lots. Other unexplored projects include outlining key commercial properties for acquisition by the City or ODOT, and creating a greenway concept for the Willow Creek Floodway.

Exhibit 2. Projects Completed from 2006 to 2016



Projects Completed Since 2006



North Y Gateway



Madras High School New Recreational Facilities



Madras Cinema 5



South Y Gateway



B Street Bike/Pedestrian Improvements



Yarrow New Community



Harriman Block New Development



New Aquatic Center

Overview

The City of Madras and the MRC have made many investments that have improved the environment for development in the City. The new City Hall and police station provide an excellent example. In 2013, the City of Madras relocated its outdated city hall and police station from the Willow Creek floodplain to its current, more visible and accessible location. Urban renewal funding was part of the funding plan for the facility. The City's investment in the new facility has created social and economic benefits that have rippled through to the City's residents and its economy. A review of literature describes how similar public investments can boost local economic activity. Specifically, well-purposed public investment spending can fill gaps where the private sector would be unwilling or unable to invest, and create long-run gains for a community's prosperity and resiliency, even when those investments are in public facilities. So far, the MRC made an initial five-year commitment to fund this facility. Based on this research, investment in this facility helps to achieve the goals of this plan and the MRC should consider continuing to fund the Police Station/City Hall with urban renewal dollars.

MEASURING THE ECONOMIC BENEFITS OF PUBLIC INVESTMENT.

▶ 1. Short-run benefits of public investment

- » **Public investment supports local jobs.** Construction jobs increase as a result of infrastructure and public facility improvements. These employees make purchases locally, creating a short-term growth in local income.
- » **Infrastructure spending increases economic output.** Public investment increases economic output, or the value of goods and services produced in the economy. A report on the



New Police Station and City Hall

economic impact of infrastructure financing describes how in the short run, one dollar spent on infrastructure construction results in double the initial spending in economic output.

▶ 2. Long-run benefits of public investment

- » **Public investment increases long-term outputs in the private sector.** Infrastructure investments are vital inputs for private-sector production and boost economy-wide productivity growth. Over twenty years, public investment generates \$3.21 of economic activity per \$1.00 spent.
- » **Public facilities like city halls attract people and business.** New public facilities can draw in tourists and create community cohesion. For example, a study in Wisconsin found that county seats successfully attracted more private sector business activity than towns without visible, central public facilities.
- » **Consolidating services (like city hall and police facilities) increases efficiency and reduces operation and maintenance costs.** For example, a comprehensive plan from Lynchburg, VA found that, "co-locating new facilities or providing multi-use facilities (...) may result in more efficient service delivery."
- » **Investment in resilient facilities can minimize fatalities and economic loss.** Investing in emergency response facilities, including public buildings such as schools and city halls, results in fewer reductions in lifeline services and greater community connectivity after natural disasters. Removing public facilities from flood-prone areas is also important, as loss of public facility function results in tangible economic losses for a city.

As the MRC continues to implement the community vision for Madras, it build upon previous investments in public facilities and infrastructure to encourage private investment opportunities that generate positive return on investment for Madras citizens.

Sources:

(1) A. Plescia & Co. 2014. Economic and Fiscal Benefits Analysis: Proposed New City Hall and Dignity Health Medical Office Building, Citrus Heights, California. (2) Bivens, Josh. 2014. The Short- and Long-term Impact of Infrastructure Investments on Employment and Economic Activity in the U.S. Economy. (3) Cohen, Isabelle, T. Freiling, and E. Robinson. Year unknown. The Economic Impact of Financing of Infrastructure Spending. (4) Broadbent Institute. 2015. The Economic Benefits of Public Infrastructure Spending in Canada. (5) The Economist (2014). Concrete Benefits: Public investments in infrastructure do the most good at times like the present. (6) McInroy, Neil, M. Jackson, and M. Bramah. 2008. Creating Resilient Local Economies: exploring the Economic Footprint of Public Services. (7) City of Tuscaloosa, Alabama. Year unknown. Benefit-Cost Analysis. (8) Zigelbauer, Ryan, B. Ryan, and S. Grabow. 2005. The Importance of Government Facilities in Downtowns: An Analysis of Business Establishments in Wisconsin's County Seats. (9) City of Lynchburg, Virginia. 2002. Comprehensive Plan 2002-2020 Chapter 16: Public Facilities. (10) Yu, Q. S., J. Wilson, and Y. Wang. 2014. Overview of the Oregon Resilience Plan for next Cascadia Earthquake and Tsunami. (11) Goettel, Kenneth A. 2004. Benefit-Cost Analysis: Eugene City Hall Structural and Non-Structural Seismic Retrofit. (12)

2016 ACTION PLAN PROCESS

This Action Plan update draws from many sources to identify priorities, drawing from technical analysis on commercial and retail needs in the community, the financial capacity of the District, and significant public and stakeholder outreach. **Exhibit 3** shows the planning process.

Research and gather information. Work produced in this phase serves as the foundation for the projects prioritized in later tasks. This task involved:

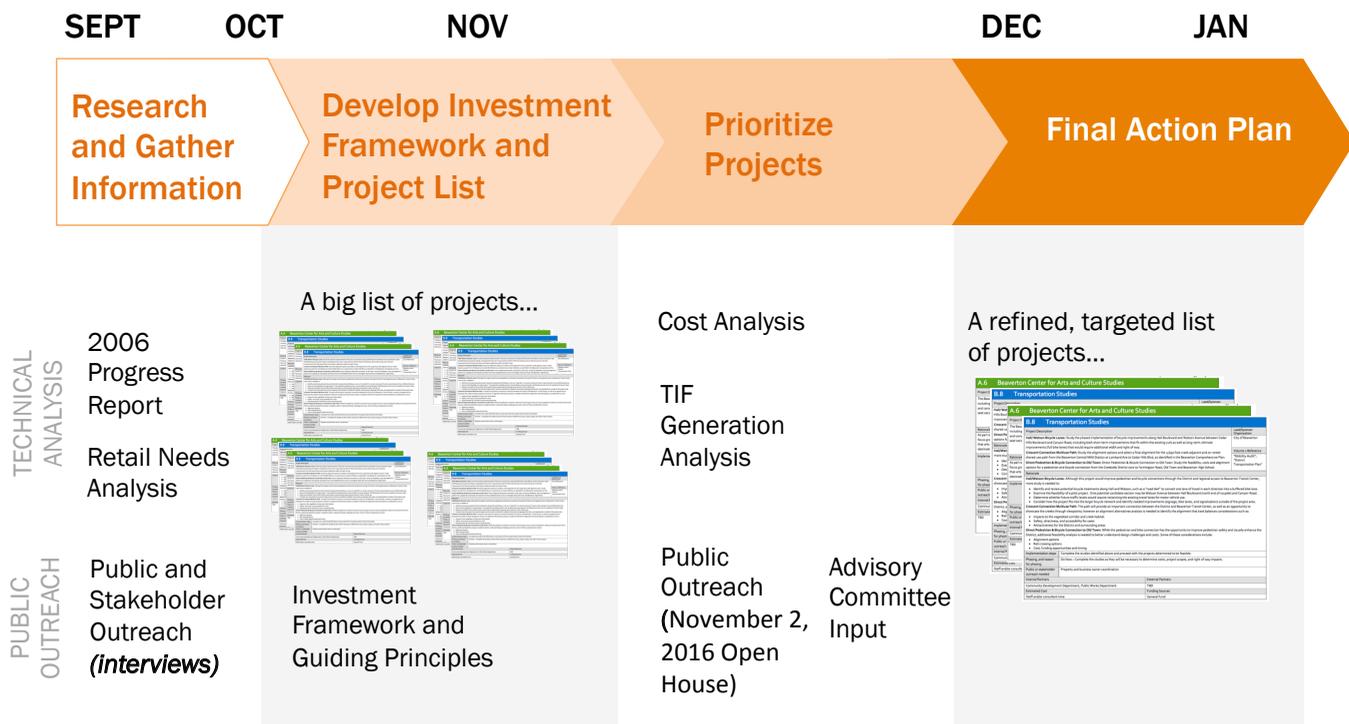
- ▶ **Evaluation of market and financial factors influencing investment opportunities.** The consultant team conducted technical analysis to evaluate the market factors that influence the demand for commercial development in Madras and to better understand underutilized and vacant property in the District.
- ▶ **Extensive public outreach.** The team conducted an extensive public outreach process with:
 - » 42 participants in one-on-one interviews with key stakeholders, including property owners, business owners, and economic development organizations
 - » 40 community members participated in an open house hosted at City Hall on November 2, 2015.
 - » 15 community members participated in a meeting with the Diversity Coalition on December 15, 2015.

- » 102 community members responded to a community survey
- » 115 employees of several of the City's major employers responded to a survey on community needs and how to attract new residents to Madras.

Develop investment framework and project list. The outcome of the technical analysis and public outreach described above was a list of possible projects for implementation. The team developed and vetted (with the MRC) a framework for prioritizing those projects and moving toward implementation together with the other public and private partners in the community.

- ▶ **Prioritize projects.** Drawing from the results of the survey and using the criteria identified in the investment framework, the project team prioritized the projects.
- ▶ **Final action plan.** This Action Plan documents the investment framework and distills the information gathered into a set of clear findings. It also details the prioritized list of specific projects for District investment, providing information about specific next steps and near-term opportunities.

Exhibit 3. Action Plan Process



II. THE MADRAS ADVANTAGE

This Plan seeks to create a competitive advantage for Madras, and improve its position to attract new development within the region. Madras is a unique community with geographic and cultural advantages that generate opportunities for future growth. Recognizing and fostering this “uniqueness” will create an authentic and differentiated competitive position for the City within the region. As such, it is the keystone of the Action Plan and, in particular, of the actions within it. Actions seek to build on and accentuate this advantage.

Madras’ proximity to outdoor amenities is a key advantage. People who live in Madras enjoy an excellent location among the ample recreational opportunities of Central Oregon. Within town, there is easy access to opportunities to gather and be active, including walking and biking trails, the new Aquatic Center, and Sahalee Park. In a survey of over 100 residents for the Downtown Action Plan, many cited the beautiful natural surroundings as a key reason why Madras is a great place to live. While this is a general advantage that other Central Oregon communities share, Madras’ proximity to Smith Rock and Cove Palisades State Parks, to river access, and to other amenities differentiates it. As the vision for this Plan states, Madras is the hub of River Canyon Country.

Madras’ location as a transportation hub provides benefits to residents and businesses. Madras is located at the crossroads of two major highways, between Bend, Portland, and The Dalles, and has a bustling airport and active railroad. Located just two hours from Portland, it is closer to the Portland region than any other Central Oregon community.



Much of the information in this chapter draws from the results of dozens of stakeholder interviews and responses to the Downtown Action Plan surveys that gathered 217 responses. Complete community survey results can be found in **Appendix A: Outreach Summary**.

“The community is very supportive and open to welcoming new members.”

-survey respondent

Residents of Madras value living in a small, rural town.

Sixty-five percent of survey respondents identified the small-town feel or the welcoming atmosphere as one of their favorite parts of living in Madras. They praise Madras' low-key, family-friendly atmosphere and its supportive community. Several respondents noted strong family connections in Madras, as well as good relationships with neighbors and coworkers. Residents also enjoy the relatively low cost of living. While Madras is small, it is not isolated. With Redmond and Bend less than an hour away, Madras residents have access to the amenities offered by larger cities, and also enjoy the rural lifestyle.

Madras is a uniquely diverse community. According to the U.S. Census 2013 American Community Survey, over a third of Madras' residents are Latino, and 10% of residents are of Native American. Several residents surveyed point to this diversity as an attractive part of their community. They value that their children are exposed to different cultures and that people from different walks of life interact with one another. Madras' entrepreneurial community reflects this diversity, creating a mix of businesses in the community that is distinct from other areas.

"I love that [Madras] is a small town that is still trying to improve itself."

- survey respondent



Why do people like Madras?

In their survey responses, 194 community members and employees identified 396 positive attributes about Madras. While answers varied, participants especially appreciated Madras's size, people, and location:

- ▶ The size: 81 participants (41%) liked that Madras was a small town.
- ▶ The people: 60 (30%) wrote about the community and friendly atmosphere of Madras. Seventeen appreciate Madras's diversity.
- ▶ The location: Survey participants appreciate Madras' location for many reasons, including the climate, landscape, outdoor recreation opportunities, and its proximity to larger cities.
- ▶ Things to do: Survey participants appreciate community events in Madras, the MAC, and the Performing Arts Center.



The City has already invested in many community amenities, and has broad community support for the urban renewal projects that have been completed.

People who live and work in Madras appreciate new business and storefront improvements downtown. They cite the Aquatic Center, Madras Cinema 5, and the performing arts center as exciting new attractions. In the words of one survey respondent, “Redevelopment projects have brought new life to Madras.”

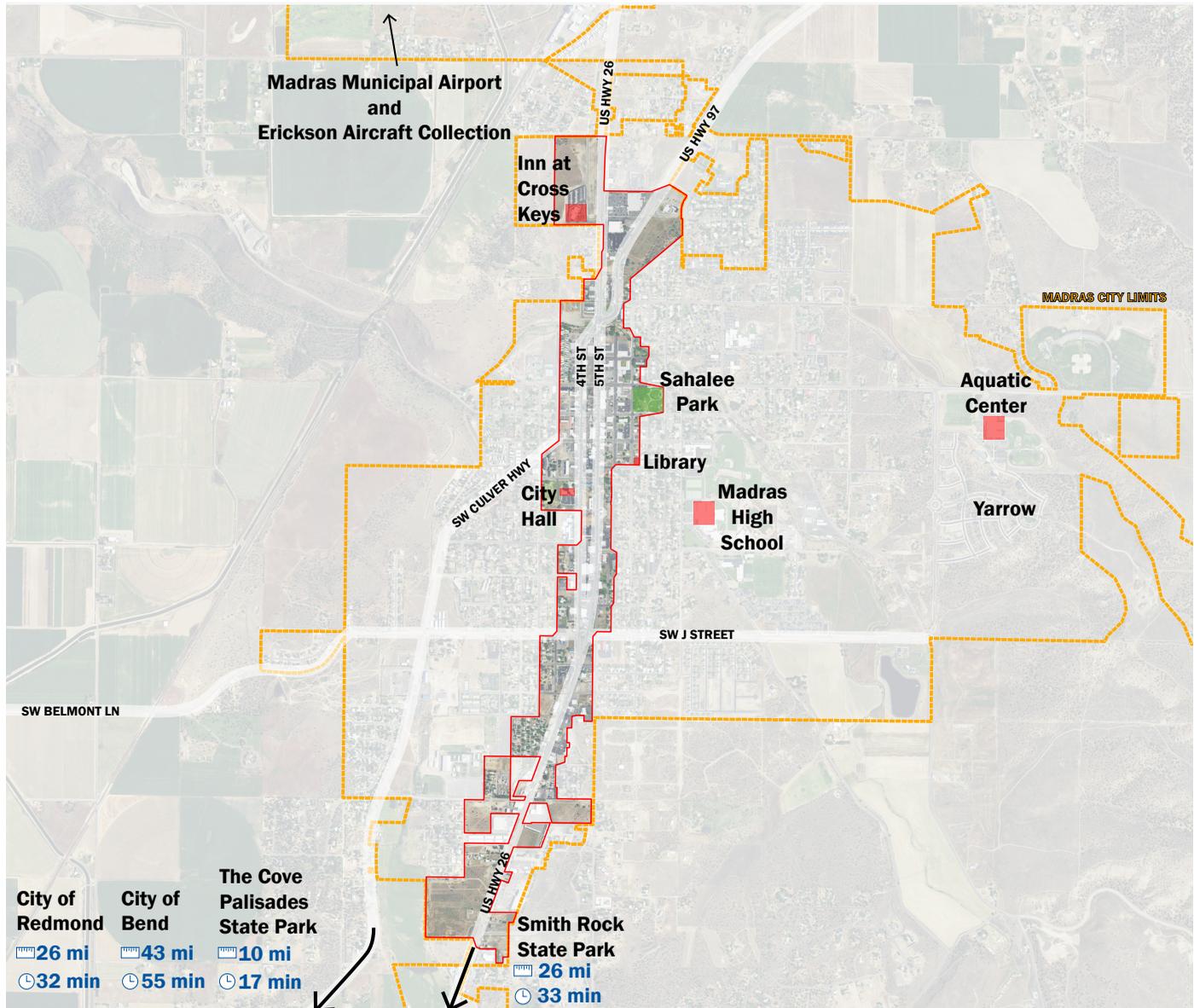
Madras’ residents and employees have pointed to opportunities to improve upon those advantages. In describing Madras today, residents frequently pointed out the city’s many vacant lots and lack of street appeal, which overshadow successful existing businesses. The effects of poverty are visible in the built environment. There is a feeling that potential visitors and future residents are deterred from coming to Madras by its unclean appearance and unsafe reputation.

There is a strong desire in the community to see downtown Madras embody more of the positive community characteristics that residents celebrate. Through urban renewal efforts, survey respondents envision Madras developing into a place that is lively, attractive, and clean. The city should appear attractive to passing motorists, and offer desired community resources to young professionals. Madras residents are invested in their community’s continued development. They have produced a range of suggestions for the use of future investments in encouraging development and improving the city’s physical infrastructure; these are incorporated into the actions in this Plan.



The Harriman Block development is an example of new development that creates a more attractive street frontage and brings new energy and visual appeal to downtown Madras.

Exhibit 4. Madras Context



CITY	MILES	MINUTES
Redmond	26	32
Bend	43	55
The Cove Palisades State Park	10	17
Smith Rock State Park	26	33

III. SITUATION ASSESSMENT

This Plan seeks to create competitive advantage by identifying and overcoming development barriers, and strategically targeting investments to attract new shoppers and businesses. As a foundation for action, this chapter describes the current development market and retail opportunities in the District, identifies demand segments for new development, and provides information about the financial capacity of the District.

DEVELOPMENT CONDITIONS

This chapter provides an overview of real estate market conditions in Madras, opportunities for downtown to attract key market segments (visitors, workers, and residents), and a set of development opportunity sites identified through this process. More detail on these points can be found in **Appendix C: Commercial Development Opportunities Report**.

Like nearly every other community in the state, Madras suffered real estate value declines with the Great Recession. As the economy has recovered, Madras has seen little new development. Real estate values, while increasing somewhat, have not yet caught up with pre-recession levels. This market stagnation creates feasibility challenges for new, higher-end development of all types.

For retail development, Madras' small size and relatively low incomes limit buying power, and create challenges for attracting new development. Real estate professionals in the area indicate that if big-box retailers are looking to locate in Madras, they would be most likely to build relatively small stores to serve the comparatively small population in and around Madras.



Existing buildings with broken windows and run-down facade

The City has fielded several inquiries for national big box retailers who see untapped demand for their products in Madras; however, these developments have yet to come to fruition. A local realtor estimated that the retail vacancy rate was, at most, 5% as of December 2015, but that some of the potential inventory is off the market as landowners are unwilling to lease. Average rent is around \$0.65 per square foot, full service, with a few nicer spaces that are over a dollar per square foot, full service. Unlike sale prices for commercial land, lease rates for retail were not significantly higher before the recession.

Industrial and office users will locate in Madras if the City has an advantage over other communities in Central Oregon. For example, some firms may be attracted to Madras' business costs, climate advantages, closer proximity to the Portland metro area, lower rents, or high quality water. The City has been successful in attracting new employers who care about these advantages, including the Erickson Aircraft Collection, which relocated at the Madras Airport in 2013.

The recession hit the Madras residential real estate market hard. At the worst time, 66% of housing value was lost. Average sales prices are still 20% below pre-recession levels. A local realtor indicated that from December 2014 to December 2015, 224 homes were sold for an average price of \$129,000. In 2006, 433 homes were sold at an average price of \$162,000. Madras rents and sales prices are lower than other areas of Central Oregon. From December 2014-December 2015, the average sales price in Bend and Redmond was \$394,049 and \$260,538 respectively. Pre-recession prices were also higher in Bend and Redmond, with average 2006 sales prices of \$430,784 and \$334,120, respectively.¹

Madras' lower prices are a double-edged sword. They make it difficult to make new development economically feasible, but also position Madras to attract new residents interested in lower-cost housing in increasingly expensive markets. Madras' market has improved, with an average inventory of 90 days. Attracting new residents will be critical to supporting a revitalized core and highway commercial areas as they provide increased spending power to support downtown businesses.

[1] Beacon Report, December 2015. <http://beaconappraisal.net/wp-content/uploads/2015/12/BEACON-REPORT-Dec-2015.pdf>

KEY FINDINGS

- ▶ The city benefits from having well-located, vacant, and redevelopable land in its core. The most feasible future developments will fill a gap in retail needs in the area. There is untapped demand for several development types in Madras, including general merchandise, restaurants, breweries, and other highway-scale commercial development types.
- ▶ The lack of spending power among residents and perception among the region's developers has led to limited new private investment in the past 10 years. Rents in Madras are generally too low to support new speculative construction. Relatively high construction labor costs in Central Oregon have compounded this problem.
- ▶ Madras' low housing prices are a double-edged sword. They make new development challenging, but position Madras to attract new residents interested in lower-cost housing. Those new residents will support new retail.
- ▶ Development uncertainty in the City's core hinders future downtown-scale development. The presence of the floodway and floodplain has hindered development on many highly visible core area sites. The City is remapping its floodplain, which will increase development certainty.
- ▶ Madras has a concentration of downtown-scale retail and restaurants between B and E Street on Highway 97, but the presence of underutilized storefronts in this area sends a signal that the area cannot sustain retail. A critical mass of active retail is crucial to retail success, and fragmentation of retail districts is problematic. Until new development occurs, the MRC's available revenues limit its ability to invest in large-scale projects.

Implication: Given the concentration of underdeveloped and vacant parcels in the District, untapped retail demand, and MRC's financial position, the MRC should focus on: (1) near-term development opportunities and tenant attraction strategies throughout the District, and (2) support for downtown-scale retail and services in the core area.



Brewery building with attractive streetscape



Example of small-scale commercial development with high-quality construction



Signage, seating, and landscape features are desirable qualities for new development.

Development Barriers

The Action Plan focuses on overcoming any barriers to development and to attracting new investment to downtown Madras. Several of the development barriers identified in Madras' 2006 Action Plan still remain. These include:

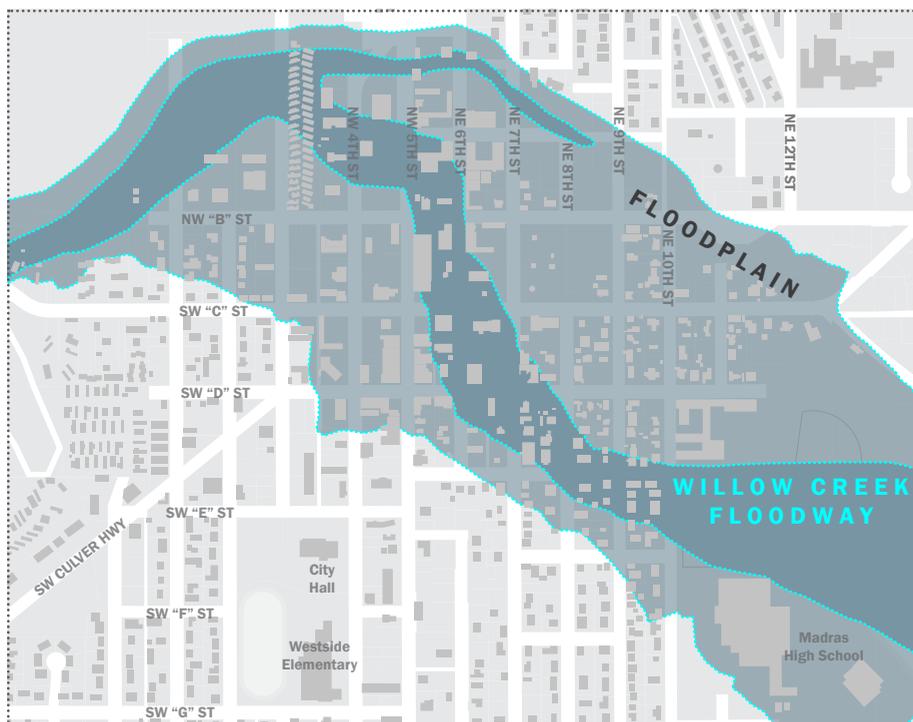
- ▶ **Lack of a concentrated commercial core.** Retail establishments are dispersed along a two and a half mile stretch of US 26/97, without a concentrated commercial core.
- ▶ **Traffic levels and speed on US 26/97 create both opportunities and barriers.** Auto-oriented US 26/97 corridor continues to create safety concerns for pedestrians and does not foster a pedestrian-scale environment for local shops.
- ▶ **Uncertainty related to the presence of a floodway through downtown.** Many parcels that would be key development parcels within downtown Madras are located within the floodway, which prohibits development. Property owners within the floodplain face increased development costs. The City is working with the Army Corps of Engineers to study the floodplain and floodway. See inset for more information.
- ▶ **Weak market.** There is still a low supply of middle-class housing in the city, translating into a lack of market support for downtown retail.

FLOODING IN DOWNTOWN MADRAS

The Willow Creek floodplain, shown in **Exhibit 5**, is a persistent barrier to development for downtown Madras. Willow Creek flows in a northwest direction through Willow Creek Canyon and into Lake Simtustus. During the winter, the Willow Creek watershed is subject to flooding. Major flooding occurred in Madras in 1964 and 1979. The floodplain itself denotes the area that would be inundated in a 100-year flood; structures located in the floodplain have a significant chance (26%) of suffering flood damage within the term of a 30-year mortgage.

Due to these factors, the Willow Creek floodplain is a remaining challenge to downtown economic development and urban renewal. Flooding also poses a threat to public infrastructure like roads, water service, and emergency response. The City is working with the Army Corps of Engineers to remap the floodplain to provide better certainty for property owners and potential investors. This is a result of possible floodplain changes from the upsizing of the Ninth and Willow Creek Culvert and community concerns about floodplain accuracy. This project should be complete in 2018, and will provide greater certainty and open up development opportunities in the City's core. This Plan includes actions that prepare the City to take advantage of potential opportunities.

Exhibit 5. Willow Creek Floodplain



- ▶ **FLOODPLAIN:** A floodplain is the area adjacent to a water body that is subject to flooding. If left undisturbed, this area acts to store excess floodwater. The floodplain includes the floodway.
- ▶ **FLOODWAY:** The floodway carries the bulk of the floodwater downstream and is usually the area where water velocities and forces are the greatest. The National Flood Insurance Program regulations require that the floodway be kept open and free from development that would obstruct or divert flood flows onto other properties.

CAPTURING DEMAND BY MARKET SEGMENT

Ultimately, increased demand for commercial and retail space will drive new development—but how can Madras bring about increased demand? The retail leakage analysis in [Appendix C](#) found that Madras could do more to capture sales from several market segments: (1) employees who do not live in the Madras; (2) residents of Madras or surrounding rural areas who choose to shop outside of the city; and (3) drive-through travelers en route to Bend, Portland, or other area destinations. Each of these demand segments has unique needs and desires, as outlined in [Exhibit 6](#). This chapter outlines results from the technical analysis on the needs for each of the market segments outlined below.

New and Existing Residents and Workers

Madras serves as a regional retail hub for Jefferson County, providing many services at greater levels than local residents demand. At the same time, Madras residents spend \$31 million outside of the City on retail and service goods. The City could capture more spending from several retail types, including:

- ▶ **General merchandise.** The retail gap analysis shows that residents spend about \$6.4 million outside of Madras to shop for many of the products supplied by general merchandise stores, including dry goods, apparel and accessories, furniture and home

furnishings, small wares, clothing stores, electronic shopping, and health and personal care.

- ▶ **Clothing.** Residents spend \$1.9 million outside of Madras on clothing. It is unlikely that Madras could capture the majority of this share without a wide range of new clothing store offerings. However, a general merchandiser that sold clothing as part of its offerings could capture at least a portion of this retail leakage.
- ▶ **Health and Personal Care.** Madras residents spend \$1.3 million outside of Madras on health goods (medicine, medical equipment, etc.) These goods could also be sold at a general merchandiser or other store.

In the Fall 2015 community survey and at the November 2nd Open House, the City asked residents about the types of businesses they would like to see more of in Madras. Open house participants and survey respondents confirmed the findings from the technical analysis: that a general merchandiser is the biggest need in Madras, and a key reason why residents leave the City to shop in Bend and Redmond or online. Other top needs these groups cited included apparel, sporting goods, outdoor apparel, books and gifts, office supplies, and home and garden supplies. They would like additional concerts, live music, and outdoor entertainment options. Overall, the findings in this chapter imply that there is limited spending power for new, higher-end retail businesses.

The appendix includes detailed results of the retail leakage analysis in the [Commercial Development Opportunities Report \(Appendix C\)](#) and the results of public engagement ([Appendix A](#)).

Exhibit 6. Market Segment Needs

MARKET SEGMENT	WHAT THEY NEED	OPPORTUNITIES/ APPROACH TO ATTRACTING
New and Existing Residents	Everyday services Food Merchandise Entertainment	Support existing businesses Improve Latino business support General merchandise store to reduce retail leakage Flexible space that can support start-up industry and retail
New and Existing Employees	Everyday services Food Merchandise	Improved mix of merchandise and service offerings General merchandise store to reduce retail leakage
Visitors (visiting nearby attractions and traveling through)	Services Food Sundries Gifts Entertainment	Diversify dining options (brewery) Rental stores/outfitters Unique products Local points of interest to keep visitors in Madras longer

Visitors

Understanding what brings visitors to Madras and Central Oregon can help the City of Madras boost tourism in the future and attract new development that serves tourists. Many studies have attempted to describe the Central Oregon visitor market and visitor profiles, including Travel Oregon and the Central Oregon Visitors Association. Madras is well positioned between major visitor attractions in Central Oregon, some of which provide annual visitor counts. Cove Palisades State Park, a 25-minute drive from Madras, had 515,000 visitors in 2014. Smith Rock State Park, a 30-minute drive from Madras, reported around 650,000 visitors in 2014. Kah-Nee-Tah Hot Springs and Family Resort, a 35-minute drive from Madras, reported 69,000 visitors.

Madras could do more to capitalize on visitor through traffic by providing experiences and services that support regional travel destinations, and capitalizing on the broader “River Canyon Country” marketing effort led by the Jefferson County Chamber of Commerce and the Central Oregon Visitors Association.

Travel Oregon differentiates two types of travelers and the different marketing strategies to draw more business from both.

- ▶ Marketable trips are taken by travelers that can be influenced by marketing efforts (e.g., international/national visitors, outdoor enthusiasts).
- ▶ Non-marketable trips are influenced by something other than the destination itself (e.g., visiting family/friends or business). Generally, non-marketable travelers are considered lower-value travelers, as they will eat fewer meals in restaurants and may or may not stay in a hotel.

Exhibit 7 shows the different characteristics of marketable and non-marketable travelers, as well as the implications for the Action Plan.

Exhibit 7. Key Characteristics of Visitor Market Segments

	MARKETABLE TRAVELERS	NON-MARKETABLE TRAVELERS
Share of Travelers	49% (Half are from Oregon)	51%
What influences them?	Travel influenced by marketing efforts: <ul style="list-style-type: none"> ▶ International/national tourism ▶ Outdoor enthusiasts 	<ul style="list-style-type: none"> ▶ Little a destination can do to influence besides offering additional activities ▶ Visiting friends/family ▶ Business
What they do	<ul style="list-style-type: none"> ▶ 29% for outdoor recreation ▶ 23% for touring ▶ 18% for special event 	<ul style="list-style-type: none"> ▶ 7% business ▶ 42% family/relatives ▶ Generally a lower value traveler. Will eat two meals there a day at \$14-18, may or may not stay in a hotel
Implications for Action Plan	<ul style="list-style-type: none"> ▶ Foster an environment that encourages visitors to stop for unique experiences ▶ Better wayfinding to existing attractions ▶ Provide a variety of restaurant options, especially limited service “grab and go” establishments ▶ Support and market businesses that provide outdoor experiences 	<ul style="list-style-type: none"> ▶ Provide entertainment for people of all ages ▶ Provide quality restaurant options of many types

MRC FINANCIAL ASSESSMENT

Implementing the specific projects identified in this Action Plan will require public investment. Urban renewal provides a funding source for these projects through the use of tax increment financing (TIF). This chapter describes how urban renewal works to generate TIF, and provides an overview of the current financial capacity of the District.

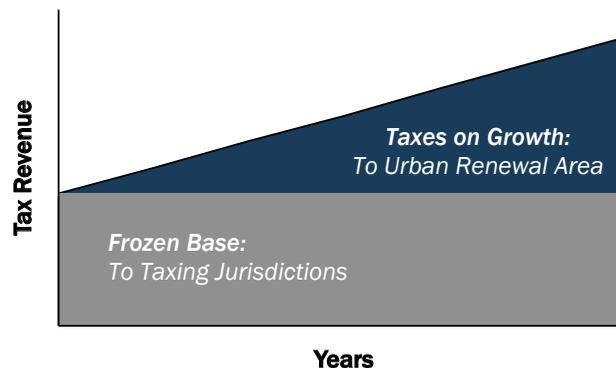
How Urban Renewal Works

Urban renewal is a community revitalization tool that cities and counties are authorized to use through Oregon state statutes (ORS 457). Broadly, the purpose of urban renewal is to eliminate development barriers (referred to as "blight" in the statutes) and to improve and revitalize the urban environment by investing the growth in tax revenues in urban renewal projects (such as storefront improvements, new public infrastructure and street furniture, or new development).

Tax increment financing is the primary mechanism used to generate funding in urban renewal areas. As shown in [Exhibit 8](#), TIF revenues are generated when a designated urban renewal area is established and the assessed value of all property in the area is "frozen" (called the *frozen base*). Over time, the total assessed value in the area increases above the frozen base, from appreciation of existing property and from new taxable investment. The assessed value in the area above the frozen base is called the *incremental assessed value*.

The taxing jurisdictions that overlap the urban renewal area continue to collect tax revenue from the frozen base, but tax revenue generated from the incremental assessed value goes to the urban renewal area. The urban renewal area can then incur debt (such as bonds or lines of credit) to pay for projects identified in the urban renewal plan. The TIF revenues are used to repay this indebtedness.

Exhibit 8. Hypothetical illustration of the use of urban renewal and TIF



Financial Capacity of the Madras Urban Renewal District

The Madras Urban Renewal Plan was established in 2002 and has been collecting TIF revenue and making public investments in the District for over a decade. Comparing the District's current revenue stream to its outstanding financial obligations reveals the District's current financial capacity.

Urban renewal areas typically incur debt—or borrow against future TIF revenues—to pay for projects. Of the \$355,000 in TIF revenue projected to be received by the District in FYE 2017, \$335,000 is committed to debt service and other long-term financial obligations. These financial obligations include \$75,000 per year for the new Madras Police Station/City Hall, \$70,000 per year for Materials and Services related to management and administration of the District, and \$180,000 per year in loan payments for past projects, including but not limited to Inn at the Cross Keys, Madras Cinema 5, Façade Improvement projects, and remediation of properties for redevelopment. [Appendix D: Financial Analysis](#) includes information on the financial capacity for the District.

Increased financial capacity is most likely to come from growth in TIF revenue. Thus, the District must increase its financial capacity in order to invest in the projects outlined in this Action Plan.

Growth in TIF revenue is dependent on an increase in assessed value in the District, which can come from two sources: (1) appreciation in existing property values, or (2) new development. Oregon law caps appreciation on existing properties at no more than 3% per year in most situations, and the assessed value of the District has historically appreciated at less than 3% per year. That means that significant increases in assessed value in the District will likely be dependent upon new development.

For this reason and others, this Action Plan prioritized projects that support and catalyze new development in the District. In Chapter IV of this Action Plan, we describe the proposed investment strategy for the District to prioritize increasing the District's financial capacity in early years, to ensure the District has the capacity to achieve all of its goals in the long-term.



IV. INVESTMENT FRAMEWORK

The situation assessment in Chapter III makes it clear that careful and strategic investment is necessary. This chapter establishes a framework for investments in public improvements that can be coordinated with private investments to catalyze development that aligns with the community's vision for the area.

This investment framework takes the form of the classic "5 W's" (Who, What, Where, When, and Why) used for organizing news stories. It serves as the organizing mechanism for the plan's actions.

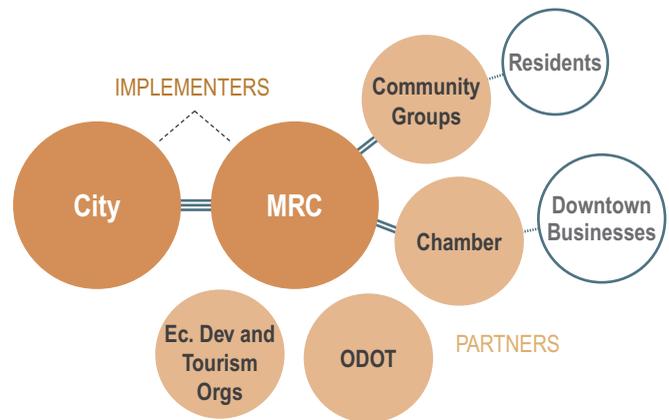
From a private real estate development perspective, people invest in real estate to realize financial gain from rents paid by tenants. Tenants' willingness to pay higher rents depends on their preference for a particular location over others. Generally, three key elements influence private real estate development decisions:

- ▶ Market conditions including rent levels, land values, vacancy rates, availability of financing, competing supply, etc.
- ▶ The regulatory framework and infrastructure that shape development plans and serve available land.
- ▶ The availability/suitability of land, including property ownership patterns, soil conditions, etc.

The public sector, cities in particular, can influence real estate markets and redevelopment potential using a variety of tools. These include urban renewal funds, development regulations, other incentives, infrastructure investments, and, in some cases, partnering with the private sector to improve development feasibility.

Who: The Partners

Successful implementation of the Action Plan will require time and energy from many partners within the City. Some of the projects necessary to spur development and improve conditions in the URD will not be led by the MRC, but by other partners. Bringing new private investment into the community is a key goal of this Action Plan, requiring the coordinated efforts of many partners. The City will work with these partners and track progress toward the goals identified in this plan.



The graphic above shows that the City and MRC are the lead implementers for the development-related actions included in the plan, but that many partner organizations will help to bring many of the projects to fruition that do not directly align with MRC near-term investment goals.

What: Vision for Madras

In the extensive outreach conducted as part of this plan, Madras' residents are clear that they want a better future for the community. The vision statement is an aspirational, long-term description of Madras that could result from the successful implementation of this Plan:

Madras' position as the hub of River Canyon Country attracts visitors and new residents who appreciate the community's commitment to quality of life. The City's core is a recognizable, vibrant destination with public and private investment in small scale shops, a mix of restaurants, and cultural amenities that reflect the area's diversity.

This vision can be implemented over time through specific, concrete actions, described in **Chapter V**.

When: Phasing Over Time

The City's previous investments have created the foundation for private investment, removing infrastructure barriers and encouraging greater development certainty. The MRC's role is to capitalize on those public investments by spurring a set of catalytic private investment projects. The City will not implement all of the improvements in the area at once; limited resources and private market barriers require prioritization and phasing over time.

The phasing shows the general sequence for the implementation of projects in three categories. MRC-led projects and policies are implemented first as opportunities arise, in the near-term. Placemaking and amenity projects occur in the medium- to long-term as funding becomes available and partners come on board.



Madras Bike & Skate Park

Where: Investment Zones

Different areas within the City of Madras require different types of actions. **Exhibit 10** (on the following page) shows that different strategies are appropriate in different geographies of the District.

- ▶ **North and South Corridors.** Investments in these areas will generate the most TIF in the near term. In these areas, URD participation will hinge on the ability for the City to partner with property owners or developers to generate TIF investment through public support.
- ▶ **Core Investment Area.** Within the core, the MRC's focus will be helping to create a compact, walkable downtown that serves residents and tourists at the same time. The City is capitalizing on the traffic counts flowing down the highway to generate more development that might want to take advantage of highway frontage. In this area, there are some infrastructure issues that hinder development on smaller sites. Given the community's desire for a true downtown in Madras, the City will make proactive investments to help spur development over time, as URD dollars are available.

Exhibit 9 shows the URD investment core, and where the City will focus more proactive investments. The two geographies depicted in this map have different MRC objectives:

- ▶ **Urban Core.** The urban core is where the City should focus on investment in infrastructure that will foster downtown-scale retail, in coordination with business owners and community groups. Given the constrained urban renewal funds, investment in these types of projects is likely to happen in future years and at lower amounts.
- ▶ **Civic Core.** This area is currently home to many key government and retail services. The goal for this area will be to continue to serve the community, but with a greater diversity of services such as professional services, repair shops, health services, childcare, etc.

Exhibit 9. Investment Focus Area

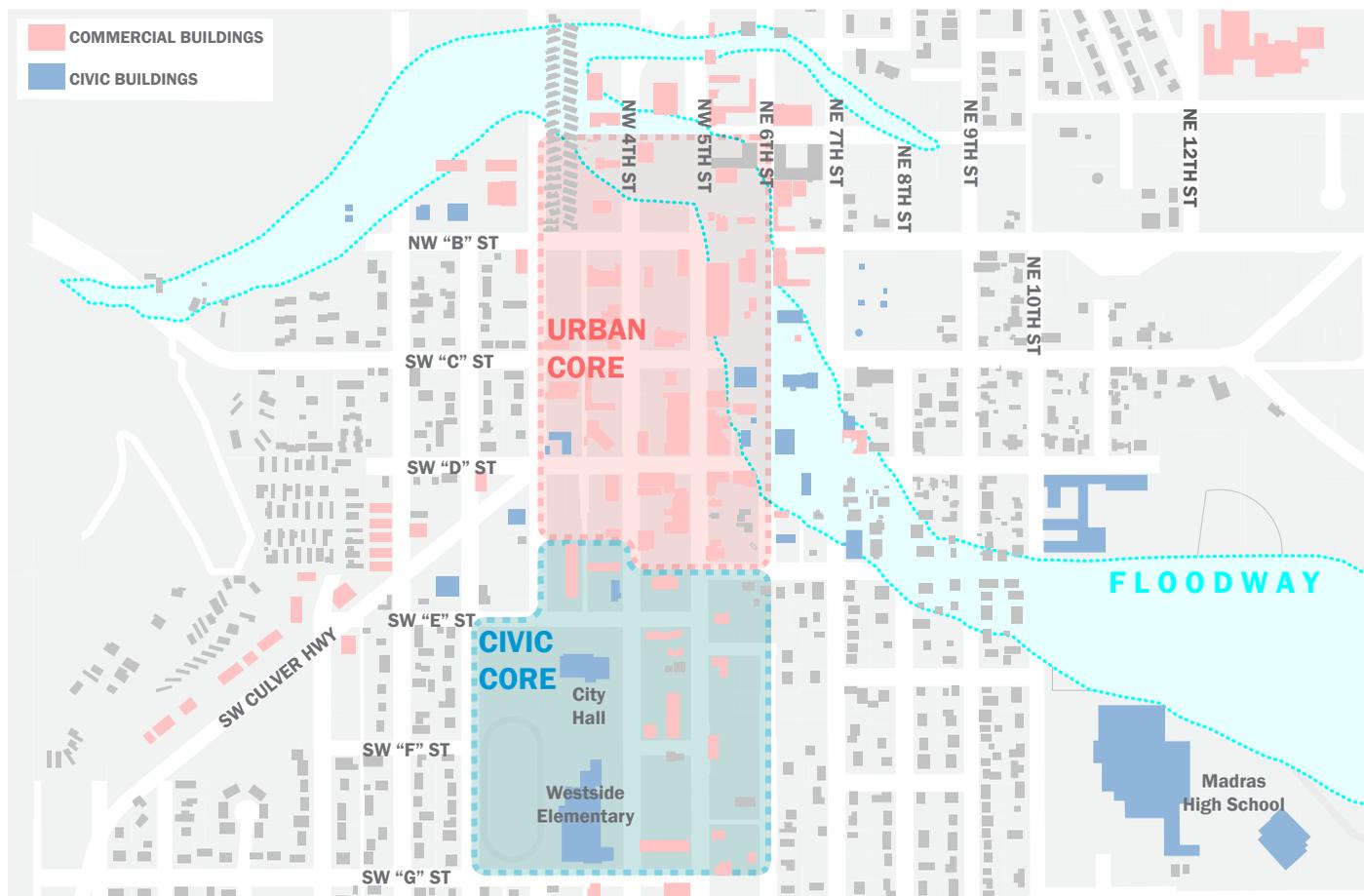
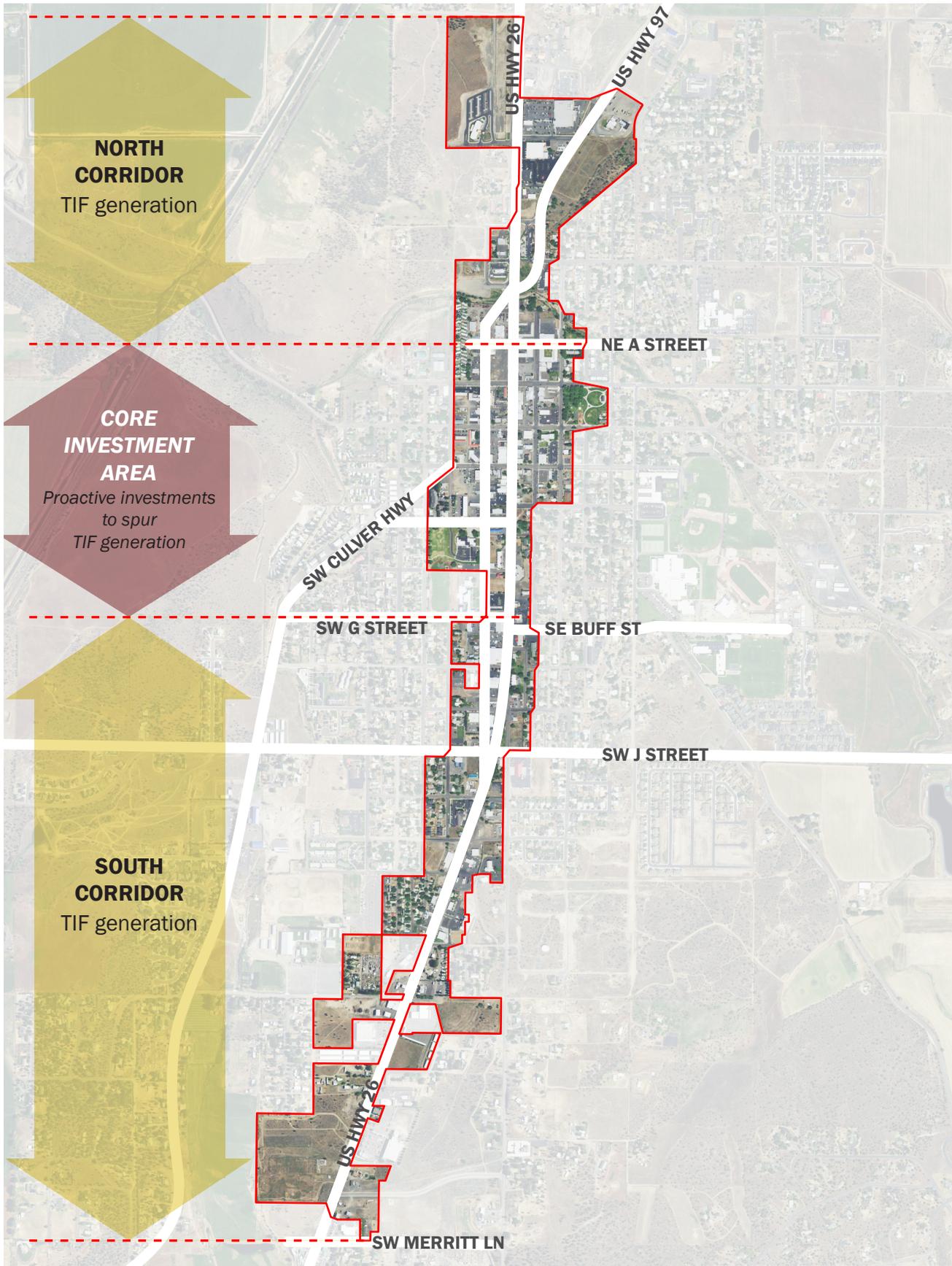


Exhibit 10. Investment Focus Areas



Why/How: Near-Term Investment Criteria

A set of specific criteria informs the Plan's phasing and determines how resources will be expended. MRC developed an initial set of criteria that incorporated the situation assessment findings, community input, and priorities. The criteria articulate a set of near-term outcomes that are needed in the URD. Over time, as the financial situation stabilizes and if the feasibility for new development changes, different criteria can guide the next set of investments for Madras. Any project that the MRC invests in during the near-term should:

- ▶ **Generate tax increment.** The investment will generate more tax increment revenue than the public investment required.
- ▶ **Support development on an underutilized or vacant site.** The investment represents a timely opportunity for investment on a previously underutilized site.
- ▶ **Catalyze additional redevelopment.** The investment is likely to spur additional development on other sites that will not require public investment.

Exhibits 11, 12, and 13 show potential opportunity sites within the three investment zones identified in this framework.



Existing Credit Union site



Example of small-scale commercial development that could occupy the existing vacant parcels surrounding the Credit Union



MRC-owned vacant site



The aesthetic of new office or retail spaces can reinforce and strengthen the character of downtown Madras

Exhibit 11. North Corridor Highway Commercial Opportunity Sites

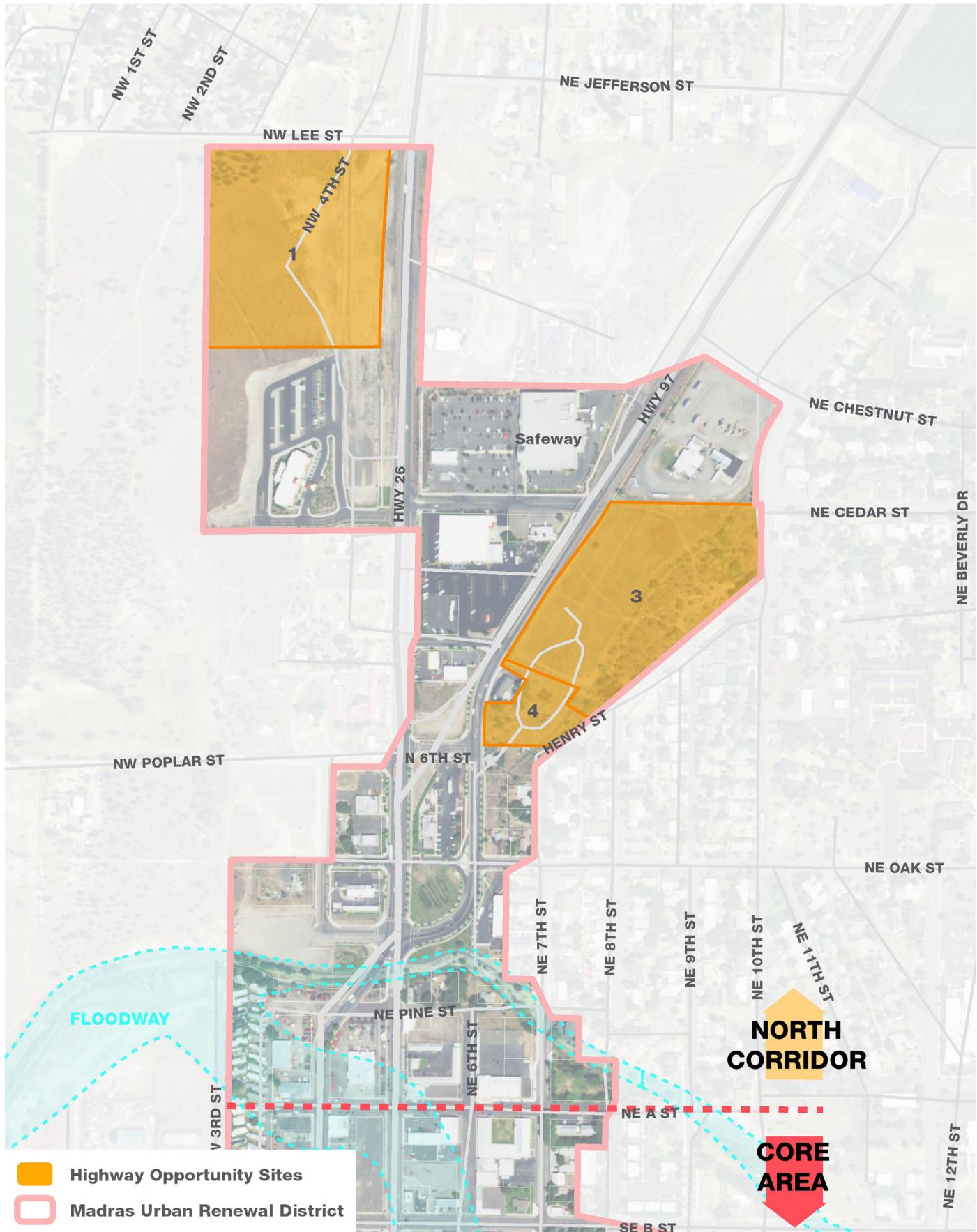
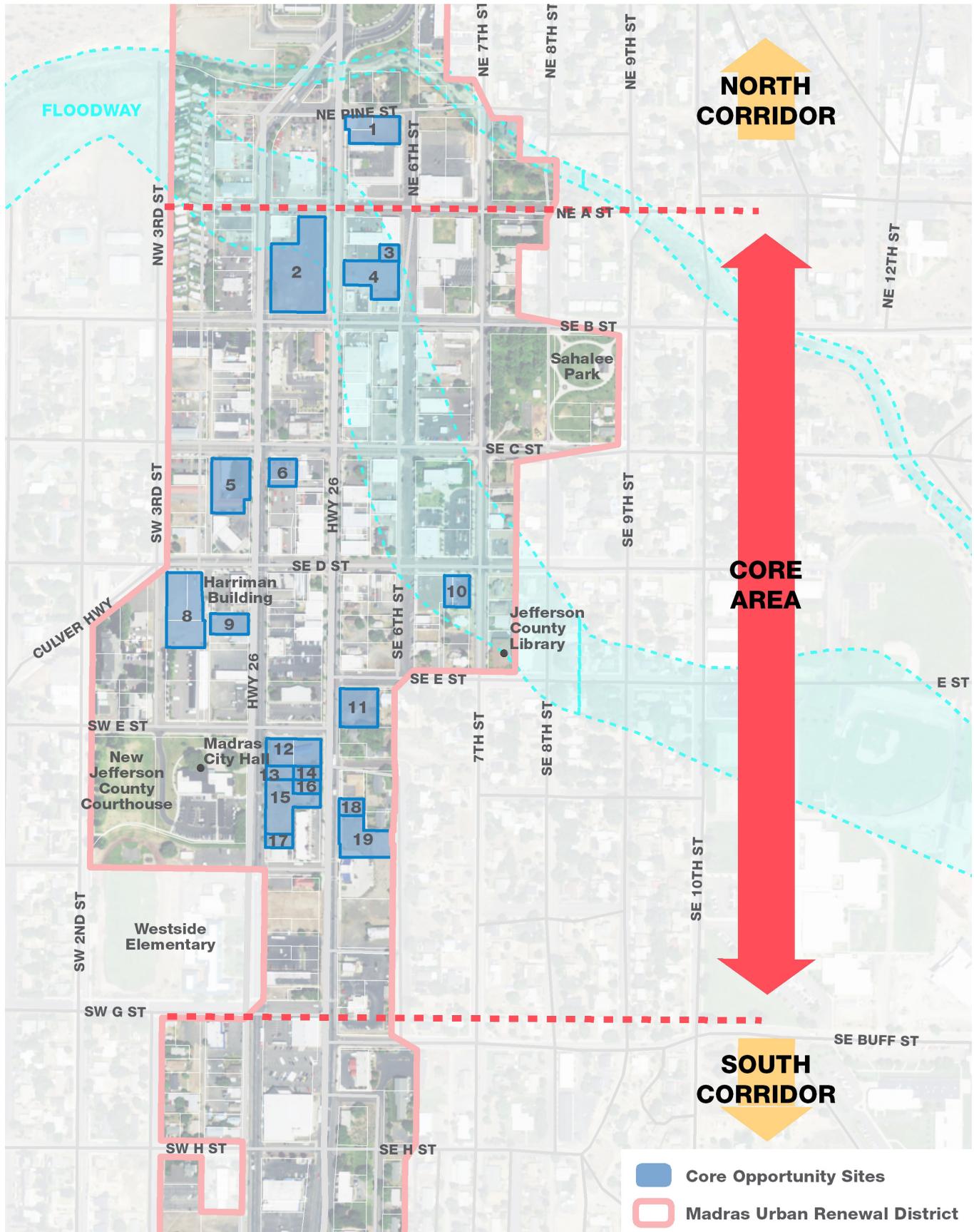


Exhibit 12. Core Area Opportunity Sites



POTENTIAL PROJECT: 4TH AND C STREET

The existing site of the Madras Hotel Motel is considered an opportunity site for future development given its location in the City's urban core and along the couplet and the age of the structures. This diagram shows the amount of development that could occur on the site, given existing development regulations. New development on the site should include visually pleasing buildings that are built directly adjacent to the sidewalk, with parking behind those buildings, as shown in the example images below.



Example of small-scale commercial development that provides an inviting pedestrian environment, including a corner plaza and seating

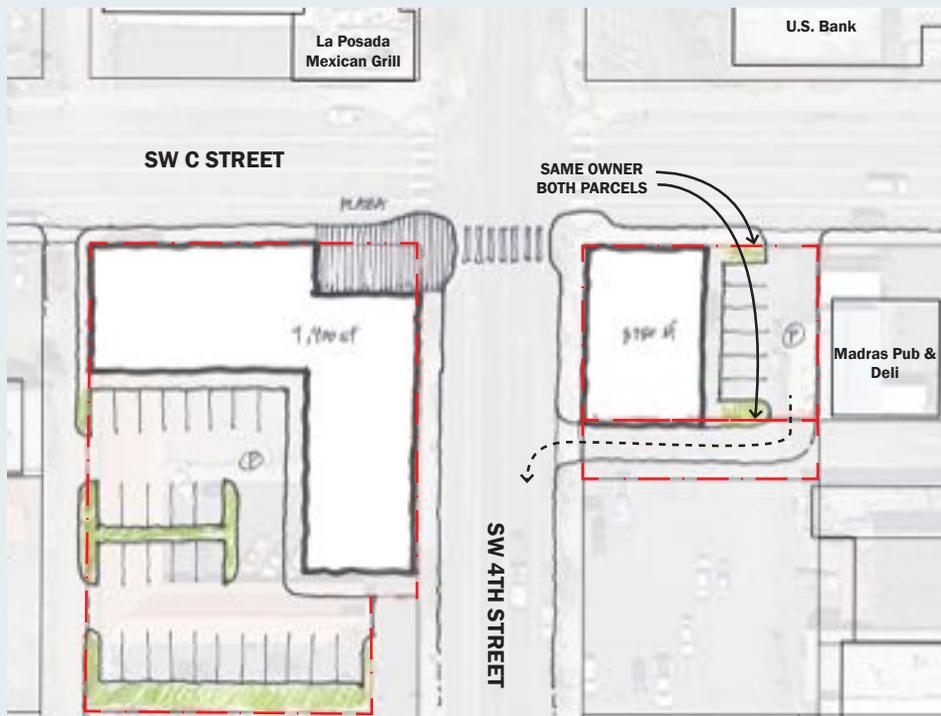


Existing Madras Hotel Motel at SW C Street and SW 4th Street



An example of an active, attractive street frontage

4th and C Demonstration Plan



The eastern parcel could allow smaller-scale retail, like the space above.

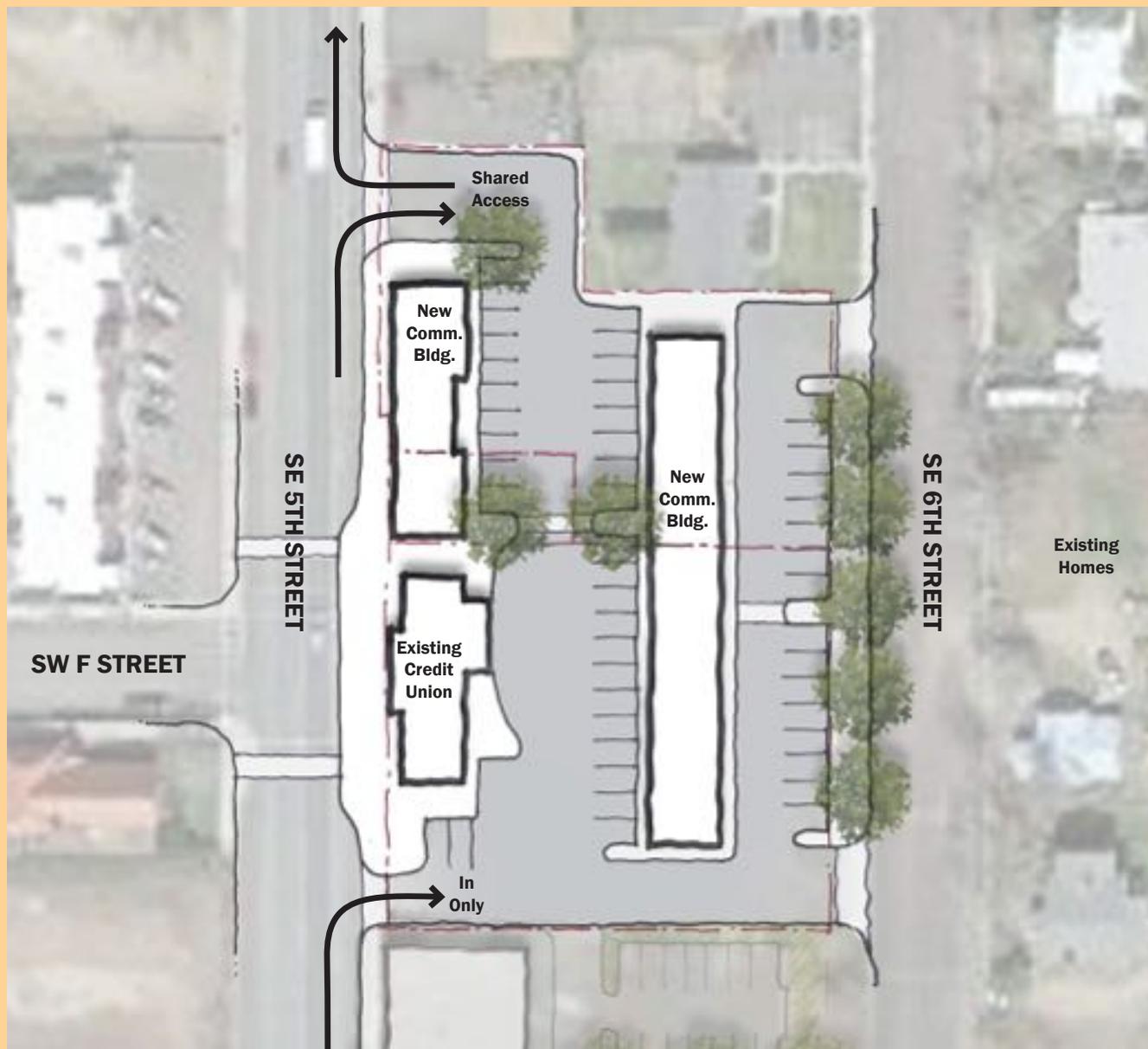
POTENTIAL PROJECT: CREDIT UNION SITE

The MRC-owned property bordering the Mid Oregon Credit Union site at SE 5th and SW F Street was studied for redevelopment in 2007. The demonstration plan below shows the proposed new building footprints as an example of potential development configuration on the site. New commercial development should be buffered from the existing homes to the east with trees or using the existing grade change between SE 5th and 6th streets.



Existing Mid Oregon Credit Union site

5th and F Demonstration Plan



V. ACTION PLAN PROJECTS

With targeted investments and partnerships, Madras could achieve its vision for a more active commercial core. The strategic use of urban renewal funds will clarify the City's desires and vision for the District, and increase private-sector confidence in investing in the District. It will also provide a bridge for pioneering development projects to overcome the significant financial gap in the District. Based on the objectives and criteria outlined in Chapter III, this chapter outlines eight near-term opportunities. Attracting new development to Madras will take a coordinated effort on behalf of the City, businesses, private investors. Because limited public funds are available for capital projects and programs, it is necessary to prioritize these investments. The Action Plan recommends two distinct categories of projects as a way to organize use of public money.

- ▶ **MRC Priority Projects.** These projects, shown in [Exhibit 14](#), have the highest community support and/or met all the criteria described in Chapter IV. For most of these projects, the MRC and City will lead implementation. In the case of two projects (F and H), the MRC will provide targeted assistance to a partner to implement the action.
- ▶ **Partnership Projects.** Shown in [Exhibit 15](#), these projects ranked low or medium based on the action plan criteria, but nevertheless had moderate community support. While the City and MRC can support these projects when possible, supporting, funding, and commitment from organizations beyond the City will ensure implementation.

The following tables show:

Community Support. These scores are based on how projects were ranked in the surveys of area residents and employees.

Meets Criteria. These scores are based on how the project meets the MRC short-term criteria.

- ▶ **Generate tax increment.** The investment will generate more tax increment revenue than the public investment required.
- ▶ **Support development on an underutilized or vacant site.** The investment represents a timely opportunity for investment on a previously underutilized site.
- ▶ **Catalyze additional redevelopment.** The investment is likely to spur additional development on other sites that will not require public investment.

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Exhibit 14. MRC Priority Projects

PROJECT	RATIONALE	CITY/MRC ROLE AND PARTNERS	COM SUPPORT	MEETS CRITERIA
A Recruit general merchandise store	Top community need, would help to catalyze other development in downtown.	Create recruitment package and target outreach to appropriate retailers. Partners: Chamber, Investors	High	High
B Recruit brewery and/or restaurants	Top community need, not currently provided by existing restaurants, would help to catalyze other development in downtown.	Create recruitment package and conduct outreach Partners: Chamber, businesses, Ag Community, Investors	High	High
C Develop a toolkit to enable the City to 1) be receptive to development opportunities and 2) create ongoing relationships with developers.	Encourages City to nurture relationships with developers and position properties for redevelopment through marketing and decreasing land costs.	Develop marketing approach, create incentive package, track opportunities. Partners: Chamber, Commercial Realtors, Property Owners, Developers	High	High
D Clarify development processes	Removes development barrier and improves perception among development community.	Develop communications materials and identify any necessary procedure changes Partners: Chamber, Local Developers	Low	High
E Explore changes to Façade Improvement Program	Top community desire, supports existing businesses and creates a feeling of “investment” in the area.	Explore methods to restructure program to focus specifically on core area, identify measurable investment parameters, work with community partners. Partners: Property Owners, Downtown Businesses, Chamber	High	Med
F Downtown clean up program	Promotes community ownership of downtown maintenance and allows for creative solutions toward addressing blight in downtown.	Provide targeted funding or other support. Partners: Property Owners, Downtown Businesses, Community Groups	High	High
G Core area sidewalk improvements	Removes a development barrier and supports connectivity.	Plan for and fund sidewalk capital improvements. Partners: Downtown Businesses, Community groups, ODOT	High	Med
H Improvements to pedestrian safety on Highway 26/97.	Improves pedestrian safety and mobility. Improvements include new crosswalks, traffic calming improvements, and lower speed limits. Priority intersections include 4th and E St.	Work with ODOT to identify processes to improve pedestrian safety. Partners: City, ODOT	High	Med

Exhibit 15. Partnership Projects

PROJECT	RATIONALE	CITY/MRC ROLE AND PARTNERS	COM SUPPORT	MEETS CRITERIA
1 Install signage to help people find major attractions and promote businesses.	Promotes downtown Madras as a cohesive destination.	Chamber Partners: City, businesses, community groups	Med	Med
2 Core area beautification: Expand downtown flower and street tree program, install street furniture, explore options for temporary landscaping.	Promotes downtown Madras as a cohesive destination.	City/MRC Partners: Community groups, businesses	Med	Med
3 Increase convenience for visitors by creating a “welcome center” with clean restrooms, dog facility, and information on local attractions.	Promotes Madras as a good stopping place for travelers with good amenities.	ODOT/ MRC Partners: City, Chamber, Central Oregon	Med	Low
4 Work with regional partners to attract more residents to Madras to support the URD's businesses.	Creates opportunities for more customers of URD businesses.	City Partners: Local housing nonprofits, Chamber, businesses	Low	High
5 Create and or support new downtown events in partnership with local community groups to attract residents and visitors to downtown Madras.	Supports local community and promotes celebration of local assets.	Chamber Partners: City, ODOT, community groups, Chamber	Med	Med
6 Support formation of a downtown business association that can market downtown.	Creates a cohesive downtown business community that can support downtown businesses in a way that the MRC, Chamber, and City cannot.	Chamber Partners: Businesses, community groups, MRC, Chamber, RARE Program	Med	Med
7 Increase convenience for visitors by creating a “welcome center” with clean restrooms, dog facility, and information on local attractions.	Fosters entrepreneurship and provide pathways to access capital and other resources.	City Partners: Community groups, EDCO, Chamber	N/A*	Med

*The community survey did not include a question regarding this Project 7.

VI. IMPLICATIONS

The City is well positioned to overcome its barriers and achieve growth. Successful implementation of the actions in this Plan will require the collective and coordinated investments of many individuals and organizations. As a summary, the actions described in the Plan seek to improve competitive position by building on the City's many advantages: its position at the hub of River Canyon Country and in the center of many transportation connections, its small-town feel, its diversity, and the investment in amenity that the City has already made. To do so, it must overcome the key development challenges identified in the analysis. At the highest level, here's how the Plan does that:

IDENTIFIED DEVELOPMENT BARRIER OR RETAIL NEED	ACTION PLAN RESPONSE
Lack of a "heart" for the URD	Concentrates proactive investment in an identified "core area"
Traffic through the City	<ul style="list-style-type: none"> ▶ Recognizes some of this traffic as an opportunity, and recommends attractions and new businesses to capture greater sales ▶ Recognizes that improvements at the North and South Ys have already improved flow ▶ Creates a core that includes east-west streets as well as the highway couplet, to get some traffic off of the highway in a more walkable and urban environment
Floodway limits development opportunities	<ul style="list-style-type: none"> ▶ Clearly identifies development opportunities that the floodway does NOT impede ▶ A coming floodway remapping process is likely to change the location of the floodplain; Plan recognizes the need to revisit development opportunities through this process
Weak market	Action Plan recognizes the need to support new development in a weak market, and prioritizes those projects that will catalyze additional new development
Need to target "missing" market segments to reduce retail leakage	Actions include a focus on creating opportunities to keep local dollars local (through attracting a general merchandise retailer) and to capture new sales and new development (through attracting a brewery or distillery and creating a more recognizable core for the City)

APPENDICES

A. OUTREACH SUMMARY

B. PROGRESS REPORT

C. COMMERCIAL DEVELOPMENT OPPORTUNITIES REPORT

D. FINANCIAL ANALYSIS