

MEMORANDUM

To: City Council

From: Dan Atchison, City Attorney

Date: July 8, 2022

Subject: Revised Explanatory Statement, Item 5.d, Referring the Community Improvement Bond to Salem voters

Various changes were made to the Explanatory Statement for clarity, and identification for parks and an affordable housing opportunity fund.

Explanatory Statement: (Max 500 words).

The City of Salem is asking Salem voters to approve a \$300 million bond measure to fund projects to improve existing and build new streets, sidewalks, bike facilities, and parks; acquire fire engines and equipment; establish an affordable housing opportunity fund; acquire sites for and construct two new fire stations; acquire sites for affordable housing, with funds to establish two branch libraries; construct earthquake safety improvements to the Civic Center; and upgrade information technology to provide cybersecurity for City infrastructure. If approved by voters, the bonds would be paid off over 30 years, and are not expected to increase current City of Salem bonded tax rates.

City of Salem voters approved bonds from 2008 through 2017 for street improvements, a police station, and Salem Public Library seismic improvements. These funds allowed the City to build projects to serve residents. Since 2010, Salem's population has increased from 154,637 to 177,694 in 2021.

Due to expiring bonds, refinancing current debt to lower rates, and an increase in assessed value of properties in Salem, the issuance of new bonds for the proposed projects would maintain the City's current tax rates, and would not increase tax rates. The City Council led a community engagement effort to identify projects for the proposed bond measure. Project ideas came from outreach with neighborhood associations, advisory boards and commissions, civic interest groups, and public testimony.

Projects include street upgrades, sidewalk construction and repair, construction of bicycle facilities, replacement of old fire engines and equipment, updating information technology and cybersecurity tools, acquiring property for two future fire stations, affordable housing and two branch libraries; constructing two fire stations; and providing earthquake safety to Civic Center building. Bond proceeds would also pay for capitalized interest and costs of issuance.

Some specific projects include construction of Marine Drive NW and Pringle Creek Trail Connection, upgrades to McGilchrist Street SE, Pringle Road SE and Fisher Road NE, and upgrades to Davis Road SE, State Street. Four bridges are proposed for repair/replacement that have weight restrictions due to their age and condition. Playground equipment would be replaced in several parks. Coverings would be constructed at Bush's Pasture Park, Geer Park, Orchard Heights Park, and McKay School Park. Approximately \$14.7 million would be dedicated to complete missing sections of sidewalks and sidewalk repair or replacement throughout the city. Funding is included for as many as seven pedestrian crossings.

Bond principal would not exceed \$300,000,000. Bonds would mature in 30 years or less from the date of issuance and may be issued in one or more series. If approved, the total average annual tax rate is estimated to be up to \$1.20 per \$1,000 of assessed value. For a home assessed at \$200,000, the estimated property tax for the bonds for fiscal year 2022-2023 would be \$240 per year, or \$20.00 per month. Actual rates may

vary based upon interest rates incurred and changes in assessed value. The City's total assessed rate would not change.