Dear Mayor and City Council:

As you consider changes to the City Operations Fee at your work session I ask that you end the **nearly-free ride** that "industrial, commercial, institutional, public" entities have been getting since the fee was first created.

Customer Class	Monthly Operations Fee as of 1/1/23	Fee Ratio
Residential	$ 8.93	1.00
Multi Family (per unit)	$ 7.14	0.80
Industrial, Commercial, Institutional, Public	$ 43.04	4.82

I call it a **nearly-free ride**, because that is what it is. By doing some public records requests I discovered that Amazon, Costco, Walmart on Lancaster, Willamette University, and the State Capitol are only paying one fee a month based on having only one city utility account. That means they are currently only paying $43.04 per month for city services. That is a **nearly-free ride**, is it not? Salem Health has two accounts and pays two fees — still, a **nearly-free ride**. And these are just examples. Many other large institutions and enterprises in Salem are getting a **nearly-free ride** on this fee.

Meanwhile, low income homeowners and renters are paying $8.93 and $7.14 per month (yes, I am sure most landlords have passed on the fee). For low-income homeowners that's over $100 per year — not an insignificant amount. Do they receive only 4.82 times the amount of City services that Walmart or Costco or Amazon does (I am thinking especially of emergency services here)? Of course not.

The determination that the **nearly-free ride** would be only 4.82 times what I pay was totally arbitrary. I was at the Council meeting where it was decided. The ratio was made identical to the ratio for the Streetlight Fee. There was no analysis or rationale behind it. None. My theory is that it was made that low so that the Chamber of Commerce and other business interests would not refer the fee to a ballot where it would probably have been defeated. That strategy worked for everyone at the time. The fee was passed (though with three 'no' votes) and the Chamber did not refer it. But that doesn't make it right.

I urge the Council to get out your **Equity Lens** and admit to the fact that giving a **nearly-free ride** to big businesses and institutions in Salem is just wrong. To raise the fee for homeowners and renters and not address the inequity of the fee would be just wrong. Please do the right thing and raise the fee for big businesses and institutions to reflect the fact that they receive a much higher amount of service from the City that I and my neighbors do.

Thank you for your service,

Jim

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Salem Needs Compromise – Spending Discipline and Results Must Occur <u>Before </u>Increased Revenue Options are Considered

Good Evening Mayor and City Councilors. I'm Matt Hale from Ward #4. I recently reviewed media reports on our current budget, and learned that our City added 27 new full-time FTE to it's staff, and is using one-time state and federal funding to implement several programs. In addition, the City used rhetoric that our City is facing a "budget cliff" to describe revenue challenges.

When I look at our current budget, compared to past budgets, I see that since FY2015, General Fund revenues have increased by approx. 55%. During that same time period, GF expenditures have been greater than GF revenue 50% of the time. In just the past 3 years, GF revenue from property taxes has increased approx. 15%. In fact, property taxes in my neighborhood have increased over the past 6 years an average of 29.5%! I don't see a revenue problem from my perspective. However, I do see a spending problem.

The most recent Community Satisfaction Survey revealed that "almost 70% of residents noting that things in Salem appear to be heading in the wrong direction." In fact, the survey report states that "The more negative mood can likely be traced (in part) to the two most pressing perceived issues in Salem: homelessness and crime." The survey concluded that "Persistent concerns about homelessness and crime are likely attributing to a decrease in satisfaction with some City services.", but "Salem residents remain highly satisfied with certain essential services like emergency service and water and sewer service."

So let's reverse course as a City and tackle those areas of most concern to citizens in a responsible and deliberate manner. Show us that you are dedicated to tackling those challenges that we face. Fix the potholes that continue to plague our streets that you have plenty of resources to tackle from the City Operations Fee and the City Improvement Bond. Show us progress with a dignified approach to assisting those the most in need that are homeless and unsheltered. Crack the recent surge in mail theft that affects all of us that rely on our mail being delivered to USPS cluster box units. Show us results, and before you start the conversation with us on increased revenue, show us clear results from adding 27 more full-time staff to the city's payroll. In addition, please set the record straight on how much money was drained from the city's GF budget to pay for the extra costs for the Police Station. An in-depth article from August of 2019 from the Salem Reporter stated that at least $11 million dollars was diverted from our city police department, public works department, and urban renewal to name a few to "help cover the $11 million overruns" for the new Police

Station. This, and other spending challenges, resulted in the hidden tax that we all now pay, specifically the Operations Fee attached to our water bills. According to the Statesman Journal, in September of 2019, the fee was needed to "help fix the city budget", because "Salem's budget woes are partially due to city leaders spending millions to reopen two fire stations and start a homeless rental assistance program without having enough money to pay for them long-term."

First, start with finding ways to reduce our budget though efficiencies and eliminating programs no longer needed, and a careful and thorough review of all existing programs and services. Some ideas to consider are:

- ask employees to share in their IAP contributions (some state employees do);
- reduce 51275 OTHER HEALTH BENEFITS (35% increase from FY2021);
- reduce 52815 CONTROLLED EQUIPMENT (81% increase from FY2021); &
- reduce 52670 OTHER PROFESSIONAL SERVICES

Second, consider revenue options that also promote safety throughout the community. Some ideas to consider are:

- 36116 PHOTO RED LIGHT FINES & 36117 SPEED ON GREEN FINES at key intersections (e.g. Commercial and Fabry; Commercial and Hilfiker);
- only considering future revenue options that are presented to the voters for a decision, with the understanding that any revenue increases will be for specific programs and/or services, e.g. staffing and running the Navigation Center. For each dollar in revenue increases that exceeds $8 million over a fiscal year, the City Operations Fee will be reduced by the same amount until it is eliminated; &
- Only consider a payroll tax that is modeled after the City of Eugene, and conduct a campaign of outreach and education across the city by leadership to sell it to voters as part of an overall effort to reduce spending, create efficiencies, eliminate the operations fee, and dedicate the remaining revenue from the payroll tax to specific programs and/or services.

Last, get out there in the community and meet with residents in your wards to find out what concerns them, and discuss your ideas with them and seek feedback. I would be happy to participate in future discussions, and would even consider helping the Ward #4 City Councilor organize and conduct these discussions in our Ward.

Thank you.

Sincerely,
Matt Hale, Ward 4