



CITY OF SALEM

585 Liberty St SE
Salem, OR 97301

Staff Report

File #: 21-470

Version: 1

Date: 10/25/2021

Item #: 3.3c.

TO: Mayor and City Council

FROM: City of Salem and Urban Renewal Agency Finance Committee

SUBJECT:

Finance Committee Recommendation for Infrastructure Bond Measure

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance; Natural Environment Stewardship; Safe Community; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.

SUMMARY:

Consideration of City Council's Finance Committee's recommendation for an infrastructure bond measure.

ISSUE:

Shall City Council support the Finance Committee's recommendation to develop a ballot measure for the November 2022 general election for a bond of up to \$300 million to maintain the City's infrastructure and approve:

1. Initiation of community outreach and engagement, including developing specific projects to best meet community-defined need;
2. The mayor appointing a City Council sub-committee to guide the outreach and engagement strategy and make recommendations to City Council regarding the bond measure scope and criteria for prioritization of projects?

RECOMMENDATION:

Adopt the Finance Committee's recommendation to develop a ballot measure for the November 2022 general election for a bond of up to \$300 million to maintain the City's infrastructure and approve:

1. Initiation of community outreach and engagement, including developing specific projects to best meet community-defined need;
2. The mayor appointing a City Council sub-committee to guide the outreach and engagement strategy and make recommendations to City Council regarding the bond measure scope and

criteria for prioritization of projects.

FACTS AND FINDINGS:

The Salem City Council and Salem Urban Renewal Agency Finance Committee met in May 2021 to review and recommend a bonding strategy to City Council. The strategy includes seeking voter approval to issue up to \$300 million in General Obligation (GO) bonds strategically over ten years. The City is in a unique position to seek this large bond measure without increasing the estimated bonded tax levy rate.

There have been multiple successful bond measure including the police station construction, library renovation streets and bridges, and fire apparatuses. The City has managed the bonds to reduce debt service expenses and some of the debt is expiring. The reduction in debt service expense and the timing provide capacity to issue more GO bond debt without increasing the targeted levy rate for the taxpayer. The estimated bond tax levy rate will be calculated once the projects, the timing of those projects, and the projects costs have been established.

The most urgent need is to replace the City's fire trucks and apparatus. The age, use, and condition of the equipment requires new investment before repair expenses maintenance time impact the Fire Department's ability to provide services. Following investment in fire protection, project categories include streets, bridges, and sidewalks; parks and recreation facilities; affordable housing and shelter; and public facilities and information technology infrastructure. Several of these categories are scalable and can be responsive to the community engagement process as specific projects are identified.

Next Steps

February 22, 2022: City Council Work Session on community feedback for bond priorities and direct staff to prepare a ballot measure for City Council's consideration.

July 2022: Final ballot title

August 2022: Present ballot measure to City Council for action

September 2022: File with the County for November 2022 election, if approved by City Council

November 2022 election

Debt service managed through Capital Improvement Program with accountability and reporting out to community on progress.

BACKGROUND:

The City of Salem has approximately \$2 billion of infrastructure assets that need routine maintenance, improvements and expansion. Large investments have previously been accomplished

through single bond issues whose passage depended more on the economic environment than the need for fiscally responsible maintenance of the City's infrastructure.

Attachments:

1. None