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Title: Progress report on 2021 City Council Policy Agenda and major Citywide initiatives.

Ward(s): All Wards
 Councilor(s): All Councilors
 Neighborhood(s): All Neighborhoods
 Result Area(s): Result Areas - Good Governance; Natural Environment Stewardship; Safe Community; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.

Sponsors:

Indexes:

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Attachments: 1. 2021 Annual Community Report.pdf, 2. Vision for Growth and Development Chart (enlarged print).pdf

Date	Ver.	Action By	Action	Result
11/15/2021	1	City Council	received and filed	

TO: Mayor and City Council

FROM: Steve Powers, City Manager

SUBJECT:

Progress report on 2021 City Council Policy Agenda and major Citywide initiatives.

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SUMMARY:

Through its annual City Council Policy Agenda, City Council makes its initial priorities for action clear to staff and the community and provides direction on aligning resources towards the Strategic Plan Policy areas through the City's budgeting process. Each fall, City Council develops a framework for its policy priorities. In a November work session, Council considers progress achieved on Policy Agenda priorities from the year before, community feedback from the Community Satisfaction Survey, updates on major initiatives, and begins identifying priorities for 2022. In January, staff

return with proposals for how to achieve City Council priorities. In April, the City's budgeting process begins, with final City Council action taken in June.

ISSUE:

Update on 2021 priorities and consideration of priorities for 2022 Policy Agenda.

RECOMMENDATION:

Information and discussion.

FACTS AND FINDINGS:

Progress on 2021 Policy Agenda Priorities

The 2021 Policy Agenda is part of an annual cycle of developing the budget, policy and program evaluation, financial forecasting, and reporting to the Council and community on progress. Priorities for 2021 included:

- 1. Addressing homelessness** through crisis response, homelessness prevention, and affordable housing expansion;
- 2. Creating community resilience** through business support, job creation, and emergency response;
- 3. Increasing equitable delivery of City services** through community-engaged policing; diversity, equity and inclusion; service accessibility; and financial stability;
- 4. Building great neighborhoods** through neighborhood development, parks and recreation facilities, and bike and pedestrian safety; and
- 5. Taking action on climate change** through greenhouse gas reduction; and resilience.

The City's Community Report (Attachment 1) provides a detailed summary of progress on these priorities. In all, 32 activities were identified for the first year within 15 Strategic Plan objectives.

Major Initiatives

Our City is leading several major initiatives with a lasting impact on our community. These initiatives have committed current available resources and resources (staff time and funding) into the future. Revenue forecasts indicate that continuing ongoing expenses at current levels is unsustainable. With constrained revenues, funding one-time initiatives is preferable over significant new recurring priorities.

Vision for Growth and Development. As we head into 2022, we are looking forward to the Planning Commission and City Council adoption process of the Comprehensive Plan Update, Our Salem. As this work is completed, we are planning to carry this vision into other plans. The largest component of this work is the Transportation Systems Plan. This piece alone is anticipated to require additional funding for the next three years. Other plans tied to the Comprehensive Plan are updates to the Comprehensive Parks System Master Plan, Goal 5 Inventory for Natural Resources (recommended by the Planning Commission), Housing Production Strategy, and Economic

Opportunities Analysis. Implementation strategies to support Climate Action Plan are also linked to the Comprehensive Plan. All this future work will be informed by the rules from the Oregon Department of Land Conservation and Development's Climate Friendly and Equitable Communities rule-making process. Larger version can be found at Attachment 2

Project	Department Lead	Funding			Estimated Timeline																		
		Estimated Consultant Cost	Estimated Staff Cost	Possible Outside Funding	2021		2022				2023				2024				2025				
					Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Climate Action Plan	PW	N/A	N/A	N/A		*																	
Our Salem - Comprehensive Plan Update	CD	N/A	N/A	N/A			**																
Transportation System Plan	PW	300,000		State grants			***																
Comprehensive Parks System Master Plan	PW	300,000																					
Goal 5 Riparian Inventory for Natural Resources	PW/CD	150,000																					
Economic Opportunities Analysis	CD/UD	70,000																					
Housing Production Strategy	CD/UD	70,000		State grants																			**
Climate Action Plan Strategies	AH	TBD	150,000				****																
* December 6: City Council Public Hearing																							
** Planning Commission/City Council Adoption Process																							
*** State-mandated deadline																							
**** Rules and restrictions anticipated from Climate Friendly and Equitable Communities work																							

Climate Action. The Climate Action Plan's focus for 2022 will shift to doing the work. Embarking on this work plan will require additional staffing resources and, possibly, additional funding.

Equity. In January 2021, Salem's City Council took two decisive actions to further the City's commitment to diversity, equity, and inclusion. The Council adopted two resolutions: one condemning racism and white supremacy, and the other recognizing racism as a public health crisis. Further investments in the FY 22 Budget included a new Diversity Equity and Inclusion Coordinator position, with the express intent to increase diversity of hiring as one outcome of the work. The City is putting equity in action through access improvements to our programs and services, in business supports and livable wage job creation, and in how we plan for the future of Our Salem and action need to mitigate effects of climate change.

Sheltering Crisis. The City has made progress toward changing and improving lives. As shelters faced the COVID-19 requirements for social distancing to keep shelter residents safe, fewer shelter beds were available to those in need. The City and its partners have made progress in moving more people to safer temporary shelters, purchased secure pallet or micro shelters, and have provided property for sheltering. The service network in Salem is designed with the goal of transitioning participants to permanent supportive housing or other appropriate housing.

- **Navigation Center.** In late May, the City received a two-year operating grant from the Oregon Legislature. The navigation center will include temperature-activated warming network this winter as construction schedules allow. Opening in Summer 2022 as a low-barrier shelter, the navigation center will operate 24-hours a day, seven days a week, with intensive case management to connect people to public benefits, health services, and permanent housing.
- **Shelter Bed Gap Closing.** The City has actively participated in regional efforts to address gaps in shelter beds, allocating \$8.1 million of American Rescue Plan Act funds to add new shelter bed and safe park spaces. With assistance from the City and the Urban Renewal Agency, the new, expanded Union Gospel Mission site opened July 2021. More sheltering spaces will be available from Mid-Willamette Valley Community Action Agency hotel properties in December 2021. A temporary managed camp opened in September 2021 with capacity to serve 72; an expansion of the Portland Road site to serve 25 additional individuals begins

October 2021. From July to December, another 389 shelter beds and eight safe park spaces will be available.

- **Housing-First Model/Transitional Housing.** With the housing market tight already and fewer evictions occurring this last year, finding housing for someone with a Section 8 voucher is challenging. Vouchers can be used at several Salem Housing Authority sites as well as privately owned properties. In the 2021 Legislative Session, the City received funds to help 170 households and keep 66 families in transitional housing for the next year, until systems relied on can recuperate from effects of the COVID Pandemic.
- **Expanding Affordable Housing**
 - At Redwood Crossings, Salem Housing Authority opened 37 units of permanent supportive housing. Salem Housing Authority owns and manages the property, contracting with ARCHES to support residents. Salem Health leases six of the housing units for transitional respite care.
 - In June 2021, Salem Housing Authority received grants for 60 units of permanent supportive housing, Sequoia Crossings. Salem Housing Authority will own and manage the property, contracting with ARCHES to support residents. The 52 one-bedroom unit housing project at Yaquina Hall is also moving forward.
 - The City or Salem Housing Authority currently offer a non-profit low-income housing tax exemption, a multi-unit housing tax incentive for transit-oriented development, and a community partner property tax exemption to include affordable units in market rate developments. To encourage private sector building of affordable housing, the Urban Renewal Agency offers grants to support the development of low-income subsidized housing, workforce housing, and market-rate housing. Staff are conducting market analysis regarding housing development, affordable housing and how incentives are designed to mitigate market risk. In January, staff anticipate returning with options for expanding affordable housing.

Bond Opportunity and Priorities for Future Funding. The City is planning a comprehensive bonding strategy for the November 2022 ballot. Up to \$300 million in General Obligation bonds would be issued over ten years with no increase in the tax rate for the City's bond debt. The bonds would fund new fire trucks; improve streets, bridges, and sidewalks; enhance parks and recreation facilities; add affordable housing and shelter; and improve public facilities and information technology infrastructure.

Strategic Planning in Key Functional Areas. Both the Salem Police Department and Library are working with our community to define the future of these services through strategic planning efforts. These strategic plans are likely to define a future state that may require additional resources - more staffing resources or funding resources to fulfill the desired outcome and direction. A staffing analysis of the Salem Police Department found that to engage in community policing and meet the emergency response needs of a growing city, 60 additional officers are needed. The recently approved Economic Development Strategy will obligate staff resources for continued COVID-19 recovery and response, employment land and redevelopment, entrepreneurship, workforce development, and business recruitment.

Accessibility. A new website in January will improve search and navigation and accessibility of information for different language preferences. Around the same timeframe, the City plans to launch

new web-based access to information on the City's budgeting and new web-based methods to gauge how well the City is doing on these priorities. At the Civic Center, we are putting customers front and center with plans to open a Customer Service Center in mid-2022.

Funding Day-to-Day Operations

For several years, the City's Budget Committee and City Council have been challenged by the City's resource constraints. Prior to the onset of the COVID-19 Pandemic, the City was moving forward with a program to maintain current City services and begin to keep pace with our community's growing needs. At that time, we were trying to raise \$16.2 million per year to pay for police officers and firefighters, and much-needed additional support for parks, our library and other community services.

In February 2020, the City began collecting the [operations fee <https://www.cityofsalem.net/Pages/revenue-to-fund-essential-city-services.aspx>](https://www.cityofsalem.net/Pages/revenue-to-fund-essential-city-services.aspx) to help continue current services and staffing levels in the near-term. This was the first of two steps to fill the revenue gap and to continue existing services. By March 2020, it became clear that the economic impact of the Pandemic on our residents and businesses would linger and the City Council pulled second piece of revenue measure from the May 2020 ballot.

American Rescue Plan Act

In May 2021, the City of Salem received the first of two installments from the American Rescue Plan Act (ARPA). ARPA funds are restricted to alleviating COVID-related impacts. In the FY22 Budget, the City Council budgeted these funds to help stabilize the budget where the City lost revenue due to COVID impacts. The remaining funds in the FY22 budget, \$8.1 million, were allocated to alleviate conditions experienced in our community due to the City's sheltering crisis. These types of investments are eligible for ARPA due to adverse impact of the COVID Pandemic on Salem's unsheltered residents.

The ARPA funding helped defray the immediate revenue needs created by the COVID Pandemic. It did not, however, alleviate the City's fiscal situation. In some cases, the use of ARPA funds for Salem's sheltering crisis has created an ongoing operating expense. Current projections are that ARPA will fund the operating expenses through December 2024.

Funds Committed: Near-Term

The revenue replacement funds have been allocated by fund:

- **General Fund:** \$9.8 million. Through the General Fund, the City provides public safety, parks and library, social service, planning and development services to our neighborhoods.
- **Cultural and Tourism Fund:** \$3.2 million. Through this fund, the City makes investments to promote Salem as a destination for travel and conventions, beautify the City, and improve major tourist attractions.
- **Transportation Services Fund:** \$1.6 million. In this fund, the City receives State highway revenues and pays for operation and maintenance of the City's streets, traffic signals, and sidewalks.
- **Traffic Safety Fund:** \$0.1 million. This fund pays for investments in photo traffic safety improvements.

- **Downtown Parking Fund:** \$0.5 million. Parking permit revenue helps pay for parking structure maintenance and security.
- **Utility Fund:** \$2.6 million. Through this fund, the City invests in treatment, storage and delivery of drinking water; and collects, conveys and treats wastewater and stormwater.
- **COVID Reimbursements.** \$5.6 million in direct COVID-related expenses, which occurred after CARES funds were exhausted.

The remaining ARPA allocation of \$10.7 million was placed in a COVID Recovery reserve. The FY 22 Budget allocated \$8.1 million of these funds to help with the City's sheltering crisis. In September 2021, the City Council authorized another \$2.3 million for Marine Drive right-of-way acquisition (with other funding sources including 2008 Streets and Bridges Bond/Marine Drive NW funds, and Stormwater Utility Rate funds).

FY 22 Budget	American Rescue Plan Act Allocation (in \$millions)
Sheltering Programs	\$ 4.60
Project Turnkey, Hotel Acquisition	\$.50
Navigation Center Purchase	\$ 3.00
COVID Response	\$ 5.65
Budget Stabilization (revenue replacement)	\$17.72
Marine Drive Acquisition	\$ 2.30
Reserve	\$.40

Additional Funding for City Priorities: 2021 Legislative Session. As part of the 2021 Legislative Session, the City received grant funds to support critical initiatives in Salem.

- City of Salem for Police Body Cameras - \$816,000
- City of Salem for Housing Assistance voucher program - \$1 million
- City of Salem for Shelters - \$10.5 million
- Navigation Center two years operations - \$5 million

The assistance from the State of Oregon provides additional spending discretion for City Council. Council may choose to use ARPA funds for budget stabilization or on other needs. If City Council chooses to amend the FY 22 Budget to use ARPA money for other City priorities, several criteria are recommended:

- Use of the ARPA funds should be limited to one-time; non-recurring expenditures.
- The City has a well-established, multi-year planning and prioritization process. ARPA funds should be used to advance items in City Council's Policy Agenda, either the 2022 Policy Agenda or the upcoming 2023 Policy Agenda.
- While local governments have considerable discretion in the use of ARPA funds, there are limitations set by the US Treasury. Use of ARPA funds are subject to audit.
- Additional expenditures should be consistent with and strengthen existing City commitments.

A consequence of using ARPA funds currently budgeted for service continuation is accelerating the depletion of fund balance. At some point, City Council will face the need to add revenue or reduce services because fund balance will be depleted.

Requests for ARPA funds:

- \$150,000 for the Mid-Willamette Valley Homeless Alliance to continue providing regional support and funding to area non-profits providing services to our unsheltered neighbors.
- \$500,000 to replace Cascades Gateway Park restroom, including a new sewer line to the facility. The restroom was damaged during Cascades Gateway Park's use as a COVID sheltering area for the City's unsheltered residents

Rather than amending the FY 2022 Budget, Council can direct that homeless and sheltering items be funded from the amount already allocated.

BACKGROUND:

Within the overarching framework of the City's goals and result areas, City Council has established five strategic priority areas that demand urgent attention and additional resources over the next five years.

- Addressing homelessness
- Creating community resilience
- Increasing equitable delivery of city services
- Building great neighborhoods
- Taking action on climate change

Each year, through its Policy Agenda, the Council provides policy direction and develop a set of specific actions designed to move the City towards achieving each objective.

2021-26 Strategic Plan: Ideas for Future Action

In the 2021-26 Strategic Plan, the City Council included some ideas for future action and consideration for each of the five priorities, after the first year's actions were complete. These actions included:

1. Addressing homelessness through crisis response, homelessness prevention, and affordable housing expansion:

- Open a navigation center with local partners within the next 1-2 years
- Open a sobering center with local partners within the next 2-5 years
- Implement a CAHOOTS-style first-responder model (pending Year 1 decision) within the next 1-2 years
- Implement regional activities outlined in the Mid-Willamette Valley Homeless Alliance action plan.
- Explore funding options to establish a dedicated staff position to support and coordinate the City's efforts to reduce homelessness

- Explore the option of establishing social work positions within current City services.
- Guided by Our Salem plan housing needs analysis, take steps to fill identified gaps in affordable housing

2. *Creating community resilience* through business support, job creation, and emergency response:

- Continue efforts to support post-COVID business recovery
- Continue to implement activities outlined within the Economic Development Strategy
- Reduce or restructure regulations that may prohibit small businesses from expanding and growing within the city
- Complete the Airport Master Plan to determine how the airport can best support economic development
- Issue a bond in 2022 to replace aging fire apparatus and equipment (pending Year One decision)
- Explore and implement selected options (potentially including the establishing a dedicated revenue source) to increase public safety funding to ensure appropriate staffing levels and resources for police, fire and emergency response Review and implement recommendations from the City's Resiliency Task Force to increase the community's ability to respond to natural disasters

3. *Increasing equitable delivery of City services* through community-engaged policing; diversity, equity and inclusion; service accessibility; and financial stability:

- Provide training on diversity, equity, and inclusion to all City staff
- Perform equity analysis of key City services
- Expand translation and interpretation services
- Update City applications, documents, and data management systems to provide non-binary and gender-neutral designation options for residents
- Explore funding options to establish a dedicated staff position to support and coordinate the City's efforts related to diversity, equity, and inclusion
- Gathering information via public outreach to better understand the location and needs of underserved communities
- Continue to implement activities outlined within the Economic Development Strategy
- Digitize City records to ensure easier access by City residents
- Continue efforts to expand City services that can be offered virtually
- Upgrade or replace underlaying technology systems (including the City's Enterprise Resource Planning system) that support the delivery of core City services
- Address outstanding deferred maintenance on City infrastructure (including the Civic Center) that may impact residents and/or service delivery
- Implement select options (which potentially include a payroll tax, fee study, and insourcing) to increase revenue needed to deliver core services (pending Year One decision)

4. *Building great neighborhoods* through neighborhood development, parks and recreation facilities, and bike and pedestrian safety:

- Continue implementing activities outlined within the Our Salem plan
- Determine strategy to ensure sustainable maintenance of current City parks

- Continue implementing activities outline within the Parks System Master Plan
- Continue implementing activities outlines within the Bike/Walk Salem Plan
- Develop a roadmap for Neighborhood Associations to establish City roles and responsibilities and increase resident participation

5. *Taking action on climate change* through greenhouse gas reduction; and resilience:

- Begin implementing activities outlined within the Climate Action Plan.
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Courtney Knox Busch
Strategic Initiatives Manager

Attachments:

1. 2021 Annual Community Report
2. Vision for Growth and Development Chart (enlarged print)