



Staff Report

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TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: City Council Strategic Plan Work Groups

SUBJECT:

Goal recommendations for inclusion in Salem Strategic Plan.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

Shall the City Council approve a set of preliminary goals prepared by City Council Work Groups for inclusion in the Salem Strategic Plan?

RECOMMENDATION:

Approve a set of preliminary goals prepared by City Council Work Groups for inclusion in the City of Salem Strategic Plan.

SUMMARY AND BACKGROUND:

As part of the FY 2016-17 budget development, the Budget Committee and City Council discussed the need for an overarching plan to guide future decision making. In mid-October 2016, this citywide strategic planning effort began. The strategic planning effort includes:

- A **citywide strategic plan** stating the City Council's mission, vision, values, goals for the community, and the actions that the government can take to achieve those goals;
- An **annual work plan** detailing the actions the City will take in the first year of the strategic plan; and
- A set of measures by which the City Council and the community can **gauge progress**.

The first phase of the project, the Situation Assessment, is complete. The Situation Assessment includes existing data and performance measures for City services; economic and demographic trends; results of an early December 2016 statistically valid survey to assess resident satisfaction

with City services; and interviews with community members, civic partners, and City Council. Initial findings were presented to the Budget Committee at its November 16, 2016 meeting and further discussed by the City Council at its January 30, 2017 meeting.

At the March 6, 2017 work session, the City Council reached consensus on mission, vision and values statements for the organization.

Vision

A safe and livable capital city with a sustainable economy and environment that is open to all.

Mission

The City of Salem provides fiscally sustainable and quality services to enrich the lives of present and future residents, the quality of our environment and neighborhoods, and the vitality of our economy.

Values

- *Opportunity* - Salem is proactive and forward-thinking,
- *Compassion* - Salem is fair, equitable, and safe,
- *Responsiveness* - Salem is at your service, with capacity and partnerships to prepare for the future, and
- *Accessibility* - Salem is open and inclusive.

At the work session, the City Council identified six priority topics for City Council Work Groups to discuss with the community. All Work Groups met during April 2017, and reported on their progress at a May 6 City Council Work Session, seeking consensus on the recommended goals for each issue area. All Work Group meetings were publicly noticed and comments were solicited. Community input has been sought through well-attended open houses in January and again, in June. Findings from these engagements have been shared with the Work Groups and with the City Council, as a whole. On June 26, 2017, the City Council added a seventh priority issue of environmental action.

City Council Work Groups have been tasked with defining the goal or desired outcome in each area and identifying key actions, which will help the City make progress toward each goal. Work Groups have formed on the following topics:

- *Vision for Growth and Development* includes Councilors McCoid, Cook, Lewis, and Nanke. Lisa Anderson-Ogilvie, Interim Community Development Director, serves as the lead staff person.
- *Affordable Housing, Social Services, Homelessness* includes Councilors McCoid, Andersen and Cook. Andy Wilch, Housing Authority Administrator, serves as the lead staff person.
- *Economic Development and Downtown* includes Mayor Bennett and Councilors Nanke, Hoy and Kaser. Kristin Retherford, Urban Development Department Director, serves as the lead staff person.
- *Critical Infrastructure* includes Councilors Ausec, Lewis, Nanke and Kaser. Peter Fernandez, Public Works Director serves as the lead staff person.
- *Sustainable Service Delivery* includes Councilors McCoid, Andersen, Ausec and Cook. Kacey Duncan, Deputy City Manager, serves as the lead staff person.
- *Public Transportation* includes Mayor Bennett and Councilors Kaser, Lewis, and Hoy. Julie Warncke, Transportation Planning Manager, serves as the lead staff person.
- *Environmental Action* includes Councilors Andersen, Kaser, Nanke, and McCoid. Kristin

Retherford, Urban Development Department Director, serves as the lead staff person.

FACTS AND FINDINGS:

The Work Groups have completed work in researching and defining the issues, and identifying the most appropriate role for the City and its partners to achieve the desired outcomes. Moving forward, City Council will revisit its Annual Work Plan and the Strategic Plan each year in January, to consider feedback from a residential satisfaction survey and whether changes in policy direction are required to meet desired outcomes.

The following summary represents recommended goals and priorities for actions, activities currently underway, and which group is likely to track and report progress. The Environmental Action Work Group is scheduled to meet to discuss this issue and develop a goal on the evening of August 30, subsequent to this report being published. This Work Group's product will be available no later than the September 9 work session. City Council will consider feedback on the goals at the September 19 Community Open House, make revisions as necessary, and seek to adopt the Strategic Plan in October.

Recommended Goals and Actions

Vision for Growth and Development

Issue, as defined by Work Group

Salem's existing vision for growth and development, as encompassed by the Salem Area Comprehensive Plan, is out of date and has been developed over the years in a piecemeal fashion that has resulted in disconnected ideas for how the city should grow. The existing vision also lacks awareness and ownership by the community.

Vision for Growth and Development Goal

Develop a comprehensive, long-term vision for future growth and development in Salem that has community buy in and ownership.

Work Group Recommendations

- Conduct citywide visioning process to determine the community's goals and priorities for future growth and development.
- Update the Salem Area Comprehensive Plan with the results of the visioning.

The FY 2017-18 budget includes funding for a citywide visioning effort and a multi-year Comprehensive Plan update to help guide future growth and development. As these initiatives get underway, in spring 2018, an advisory group is likely to be formed to help guide the work. Success of these activities will be measured by the volume and diversity of participation from residents and partner organizations in outreach to support these initiatives.

Affordable Housing, Social Services, Homelessness

Issue, as defined by the Work Group

More than half of Salem's households are rent-burdened, paying more than 30 percent of their income toward housing costs. A minimum wage worker can afford a rent of \$563 per month. However, the average Salem apartment rents for \$700 for a one-bedroom unit and \$871 for a two bedroom unit; and rents are increasing at a rate of more than 10 percent annually. Salem's housing stock is currently missing at least 6,400 affordable units for its residents. As demand for all types of rental housing continues to outpace development, the vacancy rate in Salem declines. It is currently below 1.3 percent.

There is greater community need for social services, specifically for homeless shelters and food assistance, than there are currently services and funding to address. There is also a lack of service coordination, strategic funding and accurate, comprehensive data to fully understand the true nature of the needs and gaps in social services. The Work Group reviewed many strategies for increasing affordable housing, and for addressing homelessness and social service needs in our community (Attachment 1).

Work Group Recommendations: Affordable Housing Actions

- Increase the affordable housing stock in Salem,
- Create a sustainable, substantive funding stream for affordable housing,
- Enhance neighborhood livability and resident engagement through thoughtful site selection, and
- Prioritize access to transit, proximity to services and the creation of a sense of community.

Work Group Recommendations: Social Services and Homelessness

- Implement a "Housing First" strategy to create permanent supportive housing,
- Maximize resources for and coordination of local social services,
- Support programs that house and serve the most vulnerable, at-risk homeless individuals,
- Fund and implement a Homeless Rental Assistance Program,
- Fund a sobering and recovery center, and
- Align existing social service funding with strategic initiatives.

The FY 2017-18 budget includes \$1.4 million supporting enhancements for a joint community program to assist the hardest-to-house with permanent housing and additional support services through non-profit organizations. Staff provided an information report to the City Council on July 10, 2017 regarding an on-going effort to organize a sobering facility in Salem with support from the City, Marion County and Salem Health.

Staff will continue to engage the Housing Authority Commission and the City's Urban Development Community Services and Housing Commission, an advisory board making annual recommendations to the City Council regarding local awards of federal allocations and the City's social service funding, in discussion of the first year actions with regular reports and recommendations to City Council.

Economic Development and Downtown

Issue, as defined by the Work Group

Growth in business investment, jobs, and wages, are necessary to improve economic vibrancy and livability in the City. The rate of employment growth in Salem will depend, in part, on the rate of

employment growth in Oregon and the nation. Salem's comparative advantages, the city's location, access to transportation, and supply of development-ready employment land, make Salem attractive to companies who want to grow, expand, or locate in the Willamette Valley.

The City provides direct resources to support a broad and diverse spectrum of economic activity. The Historic Downtown is one of Salem's competitive advantages and adds to the livability of our community. The City has made substantial progress on the revitalization of the downtown core, but residents believe there is more progress to be made in establishing the downtown as a vibrant destination.

Economic Development Goal

A greater survival rate for small businesses, growth of existing businesses, and attraction of new businesses.

Vibrant Downtown Goal

A vibrant downtown with low commercial vacancy and high quality housing.

Work Group Recommendations

(First tier actions, 1-2 years)

- Explore start-up and entrepreneurial support programs, including, shared work space, incubators, maker-space, collaboration hubs, food hubs, and commercial kitchens.
- Explore options and a program to bring fast, free wi-fi downtown and faster broadband in the city.
- Develop an airport business plan.
- Explore the need for and feasibility of new urban renewal areas on State Street, Silverton Road, and the North Waterfront areas,
- Develop a design and funding plan for downtown streetscape improvements,
- Develop a plan for alley naming, and improvements,
- Develop concepts for a year round market north of the transit mall,
- Develop a marketing program for grants to seismically retrofit downtown buildings,
- Research and initiate process to establish a downtown Entertainment District,
- Develop options for programming and improvements to revitalize Marion Square Park,
- Inventory and map public restrooms, bike lockers, water fountains, and other public amenities downtown,
- Research fees and penalties for long-term retail vacancies downtown, and
- Explore alternative building codes for adaptive re-use of older buildings.

Success of these activities will be measured by the volume of urban renewal grants awarded, job creation, industrial and commercial vacancy rates.

The FY 2017-18 budget includes continued investment in job creation and downtown vibrancy through:

- Business outreach, recruitment, and retention efforts,
- Tradeshows and marketing efforts,

- Infrastructure planning and development,
- Streamlining internal coordination and processes, and
- Grant programs for economic development and downtown revitalization.

The Downtown Advisory Board provides annual recommendations to the Urban Renewal Agency Board on annual budget priorities for investment in downtown vibrancy.

Critical Infrastructure

Issue, as defined by the Work Group

The City of Salem owns and operates a vast and valuable network of infrastructure. Infrastructure in Salem generally includes buildings, streets and appurtenances, pipes, dams, properties, parking garages, recreation facilities, runways and taxiways, equipment, and trees. Well-maintained and operated infrastructure is required for the efficient provision of services, the economic vitality of the community, and quality of life experienced by residents and visitors.

Salem funds the operation and maintenance of its infrastructure through a variety of sources. These include: the General Fund (property tax), Streetlight Fund (user fee), Transportation Services Fund (property tax, grants, fees), Transient Occupancy Tax, and Utility Fund (user fees). Capital construction is funded by Utility Rates, Urban Renewal Funds, System Development Charges, General Obligation Bonds, and Grants.

While the current version of the *Capital Improvement Program* identifies \$164 million in infrastructure construction projects, 95 percent of the project funding is dedicated to the City's utility and transportation system. A large number of critical infrastructure projects are known-most are listed in the City's infrastructure master plans-but are not yet funded. These are listed below (not in priority order):

- Airport runway extension,
- Civic Center rehabilitation,
- IT enterprise application upgrades and expansions,
- Parking garage maintenance and security,
- Parks rehabilitation and expansion,
- Salem Fire Department rolling stock,
- Shops complex upgrade and rehabilitation,
- Sidewalk repair and construction,
- Streets and bridges deferred maintenance and expansion,
- Utility deferred maintenance and expansion, and
- Wallace Marine softball complex.

Critical Infrastructure Goal

Simplify and streamline the City's infrastructure master planning to better align City Council and community goals for the development and maintenance of a robust infrastructure system.

Work Group Recommendations

Actions (first year)

- Develop criteria-that includes condition assessments-for infrastructure maintenance

prioritization that is reviewed and endorsed by Council and use those to prioritize infrastructure maintenance needs by funding source,

- Develop a budget process that identifies maintenance activities, and consider implementing an operations budget set-aside for maintaining assets, and
- Develop a general obligation bonding strategy that includes public involvement in its development.

Recently, staff completed work on a ballot measure for November 2017 to seismically upgrade and extend the life of the Salem Public Library. Work has begun on the new, voter-approved police facility. The FY 2017-18 budget includes funding for an additional \$350,000 of deferred maintenance on City facilities. Through the Capital Improvement Program, the FY 2017-18 budget also identified \$74.5 million for improving the City's transportation system, utility systems and infrastructure. Staff will continue to engage the City Council's Finance Committee and Budget Committee in discussion of the first year actions with regular reports and recommendations to the City Council.

Sustainable Service Delivery

Issue, as defined by the Work Group

Imbalance between current revenues and the cost of providing services, particularly in the General Fund.

Sustainable Services Goal

- Ensure fiscal sustainability and provide for improved services by aligning resources with the cost of services and maintaining an adequate fund balance.

Work Group Recommendations

- Identify the level of service the City desires to provide and the associated costs,
- Explore new, additional revenue sources and review whether present fees for General Fund services should be adjusted to close the gap between the cost of services to be provided and available current revenues to support those services,
- Explore the financial, legal and operational feasibility of alternative methods of service delivery, such as contracting for and consolidation of services and the creation of a service district within compression limitations,
- Identify service areas where independent, programmatic audits may identify cost saving opportunities through process reengineering or other measures, and
- Redesign the City's budget process to incorporate the strategic plan and annual work plan as the driver of budget priorities and resource allocation.

The FY 2017-18 budget includes dedicated funding to continue the strategic planning initiative and survey residents to inform future policy decisions. Staff will continue to engage the City Council's Finance Committee and Budget Committee in discussion of the actions with regular reports and recommendations to City Council.

Public Transportation

Issue, as defined by the Work Group

Transit service in Salem does not meet the needs of the community; particularly a lack of weekend

service.

Public Transportation Goal

- A public transportation system that meets community needs.

Work Group Recommendations

- Update IGA between City and Cherriots to address how transit operates in the City right-of-way, particularly as it relates to location of stops, shelters, and associated parking regulations.
- Establish a Transit Committee to advise City Council on the diverse needs of the community, including the following:
 - City Transit policy,
 - Input to Cherriots on service enhancements (fall 2017 - winter 2018),
 - Input on state administrative rules arising from HB 2017 as it pertains to provision of Transit in Salem, and
 - Funding support, such as;
 - Possible employee bus pass program,
 - Opportunities to enhance transit service to support City goals, such as possible downtown circulator, park and ride facilities, or similar system, and
 - Input on long-term funding strategies to build on and sustain enhancements to transit service.
 - Broader coordination with more jurisdictions, including Marion and Polk counties, Keizer, the State of Oregon, and Cherriots, and
 - Transit supportive considerations as part of community visioning and comprehensive plan update.
- Review development regulations and, as appropriate, propose amendments that impact the ability of transit to provide effective service. Including provision of transit stops and associated amenities, pedestrian access to and from public destinations (shopping, services, employment), and sidewalk construction.

Staff will continue to engage the City Council Transit Committee and provide regular reports and recommendations to City Council, including the following:

- Report to City Council on status of the City-Cherriots IGA in January 2018,
- Transit Committee to provide quarterly reports to Council for the first year, and
- Transit Committee to report to City Council on possible employee bus pass program within six months.

Report to Council in six months on strategy and schedule for reviewing and proposing amendments to development regulations that impact the ability of transit to provide effective service.

Courtney Knox Busch
Strategic Initiatives Manager

Attachments:

1. Strategies for Affordable Housing, Homelessness and Social Services.

