



Staff Report

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Date: 1/23/2019

Item #: 2.a.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

SUBJECT:

2019 City Council Policy Agenda

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.

ISSUE:

Through an annual policy agenda, City Council sets overall priorities and direction, helping to align resources toward result areas desired by the community.

RECOMMENDATION:

Provide policy direction on issues for the 2019 Policy Agenda. Next steps for the issues include:

1. Hold a work session in 2019 for further development of City Council's specific policy interests.
2. For issues with a budget need, consider in the context of the City's budget needs through the City Manager's Fiscal Year (FY) 2020 Proposed Budget.
3. Place issue on list for consideration in 2020 or 2021.
4. Remove issue from consideration.

SUMMARY:

At the November 19, 2018 City Council Work Session, Council received an update on progress the City is making toward Strategic Plan (2017) priorities, the 2018 City Council Policy Agenda, and on-going service commitments. The 2018 Annual Community Report can be found [here](https://www.cityofsalem.net/CityDocuments/city-council-policy-agenda.pdf) [<https://www.cityofsalem.net/CityDocuments/city-council-policy-agenda.pdf>](https://www.cityofsalem.net/CityDocuments/city-council-policy-agenda.pdf). As City Council considered possible priorities for the 2019 City Council Policy Agenda, the Council also received public comment and a summary of input from the September 2018 Residential Satisfaction Survey, an October 24, 2018 Town Hall, and an on-line community survey (found [here](#)

<https://www.cityofsalem.net/Pages/salem-strategic-plan.aspx>). At the work session, City Council created a tentative list of issues for consideration on January 23, 2019. Other issues, such as a General Fund Revenue Strategy, have been added to issue list because of actions taken by City Council after November 19, 2018 (Attachment 1).

City Council's Policy Agenda helps define the Council's priorities and provide policy guidance for the coming year. The policy guidance may include issues that require additional City Council or community discussion and engagement before any specific actions can be determined and resources allocated. City Council forms its Policy Agenda prior to the annual budgeting process getting underway in February and presented to the Budget Committee in April and May 2019.

The report is organized around the community's and Council's expectations of service and desired results from the City, or result areas. The six result areas are based in the Strategic Plan's vision, mission and values: Safe Community; Welcoming and Livable Community; Strong and Diverse Economy; Safe, Reliable and Efficient Infrastructure; Natural Environment Stewardship; and Good Governance (Attachment 2).

Each issue is summarized in this report. For many issues, an attachment provides detail. The issues are organized by result area with recommended next step if City Council chooses to have the issue be included in the 2019 Policy Agenda. Budget and operational considerations are highlighted, when applicable.

FACTS AND FINDINGS:

2019 Policy Agenda Context. Advancing the Policy Agenda priorities and improving the results desired by the community are determined by the City's financial capacity and operational capability, as directed by City Council's policy resolve. The City is providing a robust response to community needs through long-standing service commitments, the 2018 Policy Agenda, and significant building and infrastructure projects. Resources to do the work to advance Policy Agenda issues include staff, the time of City Council and advisory boards and commissions, budget, and the community. These resources are limited. A tentative schedule for the City Council's 2019 Work Sessions is attached (Attachment 3).

For many services, recurring expenditures are exceeding current revenues. Policy Issues with actions requiring budget resources will require a choice of stopping something else or having new funding dedicated to that issue.

Good Governance

General Fund Revenue Strategy. City Council recognized the need for a robust consideration of revenues to support services in the General Fund and created a Sustainable Services Revenue Task Force. The City's General Fund supports public safety, planning, code enforcement, public library, municipal court, parks and recreation, urban development, and support services that provide a citywide benefit. For these services, the City is spending more than is received in recurring revenues. Aligning recurring revenues with recurring expenditures is necessary to sustain services in the future because the City is spending down its working capital or savings account. By July 1, 2022,

there will be no General Fund working capital available to support services.

The work of the Task Force is complete. City Council will receive the Task Force's recommendations at a future work session. City Council will have to determine whether and how to proceed with three recommended revenue options: 1) an operating fee on the utility bill for the General Fund; (2) employee paid payroll tax for all employees who work in Salem for the General Fund; (3) a local gas tax to support the Transportation Fund.

- *Recommended Next Step:*
 - *City Council Work Session February 27, 2019.*

Key Performance Indicators. As work continues on Priority Based Budgeting, there is a clear need for key performance indicators (KPI) - data points that effectively demonstrate influence on a result area or progress toward an outcome that is meaningful to the community. City Council guidance on KPI, as was provided by City Council on the attributes used in Priority Based Budgeting, is essential to having measures that help policymakers and the community gauge progress.

- *Recommended Next Step:*
 - *Reconvene City Council's Sustainable Services Work Group*

Welcoming and Livable Community

Salem Public Library. The City is continuing initiatives of recent years, (Attachment 4) including:

- Bond-funded seismic retrofit design and construction project;
- Service enhancements-such as the annual Salem Reads program, increased circulation in the teen and children areas, and the Summer Reading Club;
- Collection development and maintenance;
- Internal team building; and
- Lowering financial barriers to increase Library usage.

A community meeting is scheduled for January 31, 2019, at the Salem Public Library to share progress on the initiatives approved by City Council.

With regard to lowering financial barriers, the DVD collection policy change has shown that reducing financial barriers increases usage without a significant reduction in the collection. Following discussion and a review of additional research on the no-fine trend, the Library Advisory Board has recommended eliminating all fines for late materials. The proposal will be included in the Library's requested budget for consideration by the City Manager in the FY 2020 Proposed Budget.

- *Recommended Next Steps:*
 - *Periodic Information Reports in 2019.*
 - *Create City Council sub-committee to provide oversight for the library seismic retrofit project.*
 - *Any policy change with a budget impact be considered in the context of the City's budget needs through the City Manager's Fiscal Year 2020 Proposed Budget.*

Downtown Homelessness Task Force. Staff have prepared an implementation plan for the priority recommendations from the 2018 Downtown Homeless Solutions Task Force (Attachment 5). The implementation plan includes, with varying levels of City support:

- Public toilets 24/7;
 - Single point of contact;
 - Downtown Good Neighbor Partnership;
 - Downtown cleaning services;
 - Storage for personal possessions;
 - Personal hygiene center;
 - Alternative ways of giving campaign; and
 - Grants for property owners for crime prevention through environmental design.
- *Recommended Next Steps:*
- *Discussion of implementation at a future City Council Work Session or work group.*
 - *Any policy change or project with a budget impact be considered in the context of the City's budget needs through the City Manager's FY 2020 Proposed Budget.*
 - *If the FY 2019 Urban Renewal Budget has capacity, proceed with implementation of projects per City Council direction after discussion of tradeoffs.*

Neighborhood Enhancement. Salem's Neighborhood Enhancement Division provides our community with the following services (Attachment 6):

- Ensures compliance with the *Salem Revised Code*
 - Removes abandoned vehicles
 - Licenses and inspects multi-unit housing
 - Supports Neighborhood Associations and the intensive, two-year Neighborhood Partnership Program
 - Supports leadership development among Salem's youth; and
 - Provides a park ranger.
- *Recommended Next Steps:*
- *Any issue with a budget impact be considered in the context of the City's budget needs through the City Manager's FY 2020 Proposed Budget.*

Safe Community

Sobering Center. The City of Salem is working to construct an alcohol Sobering Center at an existing building owned by the Mid-Valley Community Action Agency's ARCHES Program (Attachment 7). The City has secured a grant from the Oregon Health Authority to construct the Sobering Center (\$330,000) and plans to support the additional cost through an urban renewal grant. However, the team has encountered unexpected delays in construction of the Sobering Center related to federal funding for the Day Center portion of the facility. There could be some further delays with HUD due to limited staffing associated with the federal government shut down. Current bids for construction project three months for construction, which could delay opening until May 2019.

Following a recent conference on best practice in sobering center operations, Bridgeway has submitted a revised budget that increases the annual operating cost from \$638,000 to approximately \$950,000 in the first year. To-date, \$450,000 in local funding has been secured from Salem Health (\$100,000), Marion County (\$100,000), and City of Salem (\$250,000). No additional funding is anticipated from the partners. Additional funding may be secured via grants or further investment by the City of Salem, with implications for the City's General Fund.

➤ *Recommended Next Steps:*

- *Continue work on closing operating gap with final budget impact to be considered in the context of the City's budget needs through the City Manager's FY 2020 Proposed Budget.*

Strong and Diverse Economy

Tourism Promotion Area. The Cultural and Tourism Promotion Advisory Board met on December 11, 2018, and reviewed additional information provided by the Salem Area Lodging Association (SALA) about the Tourism Promotion Area (TPA). The Board was supportive of the proposal, with a recommendation that the City Council hear the proposal, and consider a pilot project (Attachment 8).

The TPA would seek to establish a 2 percent benefit assessment on gross short term room rental revenue booked within City limits, in addition to the 9 percent Transient Occupancy Tax (TOT) that is currently assessed. The revenue generated by the benefit assessment would provide additional marketing and promotional dollars to benefit Salem lodging establishments. SALA proposes that the City of Salem authorize and collect the 2 percent assessment fee for the TPA. If the TPA is approved, revenues available for marketing and promotional activities through TOT and the TPA would nearly double, to a total of \$1,852,352.

➤ *Recommended Next Steps:*

- *If the City Council wishes to consider this item as part of their policy agenda, staff will return with additional analysis on costs for administering the collection process, considerations regarding existing contracts with short-term rental providers and intermediaries, and options that consider TOT funding allocations that work toward City results.*

Safe, Reliable and Efficient Infrastructure

Asset Management and General Obligation Bonding Strategy. A long-term bonding strategy is an important tool that can be used to coordinate future debt issuances based on Council and community priorities. Prioritization will allow the Council to weigh competing infrastructure needs and schedule potential projects accordingly based on funding availability and debt policy considerations. Identified needs include: fire equipment, transportation infrastructure, sidewalks, water/sewer infrastructure, Civic Center deferred maintenance, park improvements, City Shops Complex, and affordable housing (Attachment 9).

➤ *Recommended Next Steps:*

- *If the Council wishes to consider this item as part of their policy agenda, staff will*

continue this work with the City Council Finance Committee and return with additional information for a future work session.

Complete Streets. Staff prepared an analysis of existing policies supporting the goal of creating complete streets—streets designed and operated to enable safe use and support mobility for all users (Attachment 10). The *Salem Transportation System Plan* serves as the master plan for transportation in Salem and is a component of the *Salem Area Comprehensive Plan*. Goals and policies supporting complete streets include elements related to the street system, neighborhood traffic management, local street connectivity, bicycle system, pedestrian system and transit system. Funded projects are included in the *Capital Improvement Plan (CIP)*.

➤ **Recommended Next Steps:**

- *Continue existing policy and implementation framework. If change is desired by City Council, determine the specific outcomes so the corresponding policies can be reviewed. If additional implementation is desired, identify potential funding sources or tradeoffs for consideration in the context of the City's budget needs through the City Manager's FY 2020 Proposed Budget.*

Congestion Relief Task Force. Staff have prepared an implementation plan for the priority recommendations from the 2018 Congestion Relief Task Force (Attachment 11). The implementation plan describes Task Force recommendations for local circulation, alternative modes of travel, traveler information, and other areas. Ideas for next steps have varying levels of financial impact to the City, to provide for:

- Construction of Marine Drive
- Opening Musgrave Avenue NW east of Wallace Road NE
- Downtown circulator bus or trolley
- Limiting left turns during peak hours on Wallace Road NW
- Widening Taggart Drive NW approaches to Wallace Road NW
- Closing the north crosswalk at Front and Court Streets.
- Providing a park and walk/bike/shuttle service at Wallace Marine Park
- Developing and implementing commute trip reduction
- Working with employers to develop and implement employee incentives to bike, walk, use transit or carpool
- Implementing downtown parking management strategies
- Installing travel time signs
- Improving guide signs leading up to and on bridges
- Improving electronic variable speed limit signs on Highway 22
- Improving response to emergencies on the bridge
- Optimizing signal timing
- Revisiting comprehensive growth management plan, and
- Convening community dialogue on acceptable travel times.

➤ **Recommended Next Steps:**

- *To further this initiative, discussion at a future City Council Work Session.*

Salem River Crossing. The Salem City Council has scheduled a Work Session on the Salem River Crossing for January 30, 2019.

Traffic Impact Studies for Small Subdivisions. Staff discussed the concern raised at the December Council Policy Agenda meeting and recommended that the need be addressed through the Our Salem project. Traffic conditions on residential streets vary by location, type of street, and other factors that relate to the build environment. A comprehensive view of traffic behavior in the entire system is critical to determine what solutions are possible. Particularly as growth continues to occur throughout the city.

- *Recommended Next Steps:*
 - *Include this issue in the Our Salem project. Including in Our Salem allows a comprehensive view of the traffic system as it exists today and the solutions that are best-suited with the city vision that is developed. The result will inform a Transportation System Plan that addresses this and many more traffic-related concerns.*

Natural Environment Stewardship

Environmental Action Plan. Work is underway to deliver a greenhouse gas inventory by the second quarter of 2019. Once the inventory is complete, the community will have a better understanding of our current conditions and the factors that contribute to it. This will allow staff to develop a better set of steps to address needs in the Our Salem planning effort and also inform the scoping for any potential planning project. Until the inventory is complete, next steps cannot be easily developed.

Comprehensive Solid Waste Management Strategy. On December 17, 2018, the City Council held a joint work session with the Marion County Board of Commissioners to learn more about how solid waste is managed in our community. Cities have responsibility for recycling programs, per ORS (SB 263 2015 session).

- *Recommended Next Steps:*
 - *Recycling reports will be provided to City Council as information reports. The City will continue with recycling information sharing, assisting the haulers and county. The Marion County Solid Waste Advisory Committee can include a Salem representative. A councilor would add an elected official's perspective to the committee. There is not currently a City participant.*
 - *If City Council desires a stronger role in solid waste management, discussing specific desired policy outcomes is recommended at a work session.*
 - *If City Council chooses to proceed with solid waste management strategy, identify potential funding sources or tradeoffs for consideration in the context of the City's budget needs through the City Manager's FY 2020 Proposed Budget.*

Strong and Diverse Economy

Hillcrest Youth Correctional Facility Acquisition Considerations. The 44.6-acre site is appraised at \$5.6M. Acquisition of the site is complicated by several variables including 17 existing buildings different ages and no City water infrastructure. The State has been unwilling or unable to provide

surplus property at less than appraised value. Demolition and environmental remediation are two known areas of likely expense. The site and buildings are not currently suitable for housing or short-term sheltering. One building might be feasible. The area is served by existing parks. More detail on what is known about the site is included (Attachment 12).

➤ *Recommended Next Steps:*

- *If City Council wishes to pursue acquisition for City use, identify tradeoffs or revenue sources to fund purchase.*
- *If City Council wishes to influence redevelopment of the site, create a work group to identify specific way the City could assist the Oregon Department of Administrative Services and developers.*

High Speed Internet Downtown. The Request for Proposal (RFP) for the Broadband/Wi-Fi study was posted the first week of December and also forwarded directly to consultants specializing in this field. The closing date for submitting proposals was January 11, 2019. An evaluation committee has been formed and proposal review is scheduled to occur the last two weeks of January, with interviews occurring in February. If proposals are responsive, the City will begin the contracting process with the top proposer and anticipates issuing a Notice to Proceed in March. The final work product is expected in the fall of 2019 and would likely be the subject of a future City Council Work Session.

➤ *Recommended Next Steps:*

- *Complete feasibility study.*
- *Pending results of the feasibility study, if City Council wishes to pursue this topic further, discussion at a future City Council Work Session.*

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Strategic Initiatives Manager

Attachments:

1. Results of November 19, 2018 Work Session
2. Salem Result Areas
3. Tentative 2019 City Council Work Session Schedule
4. Status of Current Programs and Initiatives at the Library
5. Downtown Homeless Solutions Task Force Implementation Plan
6. Neighborhood Enhancement Division Assignments and Capabilities
7. Sobering Center
8. Tourism Promotion Area
9. Asset Management and General Obligation Bonding Strategy
10. Complete Streets Policy Analysis
11. Congestion Relief Task Force Implementation Plan
12. Hillcrest Correctional Facility Acquisition Considerations
13. Written Testimony