



Staff Report

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Item #: 5.b.

TO: Mayor and City Council

FROM: Kristin Retherford, Interim City Manager

SUBJECT:

Consideration of projects for inclusion in the Community Improvement Bond and direction to staff to prepare a resolution to refer the measure to Salem voters at the November 2022 general election.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

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

SUMMARY:

At their May 16 Work Session and May 23, 2022 meeting, Salem City Council considered an April 2022 Infrastructure Bond Engagement Steering Committee recommendation for the Community Improvement Bond proposal and took public comment. The \$300 million Community Improvement Bond is designed to address pressing needs for fire engines and equipment, for improvements to streets and sidewalks, for parks, for affordable housing with branch libraries at two sites, earthquake safety improvements for the Civic Center, and cybersecurity to protect residents and our services relying on technology. Without raising tax rates, bond-funded projects would take care of what we have, prepare us for the future, saving money currently spent on repairs and maintenance of outdated facilities and equipment.

ISSUE:

Should City Council:

1. Adopt the list of projects for the Community Improvement Bond recommended by Steering Committee, and
2. Direct staff to return to Council with a resolution to refer the measure to Salem voters at the

November 2022 general election?

RECOMMENDATION:

Adopt the list of projects for the Community Improvement Bond recommended by Steering Committee and direct staff to return to Council with a resolution to refer the measure to Salem voters at the November 2022 general election.

FACTS AND FINDINGS:

Since December 2021, the Infrastructure Bond Engagement Steering Committee ("Steering Committee" or "Committee") held seven meetings, receiving testimony in writing and virtually, before developing a recommendation for the Salem Community Improvement Bond in April 2022 and adjusting the recommendation at their June 10, 2022 meeting. The Committee is comprised of Mayor Bennett and Councilors Gonzalez, Hoy, Stapleton and former Councilor Lewis. Councilor Varney was appointed in March 2022 to fill the position vacated by Councilor Lewis.

All material considered by the Committee, in its original form, is featured on the [Infrastructure Bond Engagement Steering Committee <https://www.cityofsalem.net/Pages/infrastructure-bond-engagement-steering-committee.aspx>](https://www.cityofsalem.net/Pages/infrastructure-bond-engagement-steering-committee.aspx) web page on the City of Salem's website. Recordings of the meetings are available on the 'City of Salems public meeting channel on YouTube <https://www.youtube.com/channel/UCQLj9RKZNHu4wfYcs_TC0TA>.

Steering Committee Recommended Project List, Updated June 10, 2022. Project ideas came from community outreach with neighborhood associations, advisory boards and commissions, civic interest groups, individual testimony before the Committee and project submissions through the website. This broad community input and project suggestions from community members helped to shape the Steering Committee recommendation.

In building the recommended package, Steering Committee members considered capital improvement program scoring, geographic spread of benefit from bond projects, and equity and impact on the climate. The Committee also considered the potential impact on operations of new infrastructure investment, looking for ways to decrease and not add to maintenance costs. January 2022 public opinion research to assess public opinion of infrastructure needs and gauge response to the multi-purpose bond concept, showed an overall positive response to the Community Improvement Bond proposal.

Committee members also considered experience of other communities, in-depth interviews from a cross-section of 20 community leaders including business and community leaders, neighborhood associations, employee union representatives and others who are involved or have a possible interest in a funding measure.

May 2022 Public Opinion Research. At the June 10, 2022 Steering Committee meeting, members received an initial report on the May 25 - May 28, 2022 public opinion research. To-date, DHM has compiled a high level summary from the poll (Attachment 1). In the poll, support for the measure is tested four times, as respondents are given more information about the measure. Upon initially being asked whether they would support a bond measure, with no other information, support for a bond measure is tepid, support increases to about 60% once voters learn that the bond measure will not increase property tax rates and they learn about the projects that would be funded. The categories of projects for which voters are most positive is maintaining streets and sidewalks, and replacing aging fire equipment. The poll also found that most voters find the message about the measure funding critical improvements without increasing property tax rates to be the best reason to support.

Summary of Testimony. At the May 23, 2022 City Council meeting, staff were asked to review prior pieces of testimony resulting from outreach to-date or received at Steering Committee or City Council meetings. Staff presented a summary to the Steering Committee of testimony received through June 7, 2022 and updated the summary to include testimony received through the June 10, 2022 Steering Committee meeting, as shown in Attachment 2.

Recommended Funding Categories. Recommended funding for each Community Improvement Bond category is summarized in a chart found in Attachment 3. To-date, City Council conversation has centered around projects within the Streets and Sidewalks. Further consideration of projects within the categories is not expected to significantly change funding amounts for each category within the proposed bond but may require a reallocation of resources.

Steering Committee Recommendation. Projects recommended by the Steering Committee for funding are listed in detail in Attachment 4. As shown in the attachment, at their June 10, 2022 meeting, the Steering Committee made changes to the proposed bond package to fund the Union Street family-friendly bikeway project.

- **Add Union Street family-friendly bikeway project.** The Steering Committee recommended adding up to \$4.3 million to further the project starting at the west line of Summer Street and wrapping around onto 12th Street, ending at the intersection of Marion and 12th Street (connection to 12th Street Promenade).
- **Remove bridge railing replacement projects.** To free up funding for the additional project, the Steering Committee recommended removing the bridge railing replacement projects for the Liberty Street bridge and the Church Street bridge over Pringle Creek. This funds \$3.65 million of the need for Union Street bikeway.
- **Reduce Peace Plaza improvements.** The Steering Committee expressed interest in retaining the Peace Plaza improvement project. If funds are needed to close the gap between the cost of the Union Street bikeway project, after removing the bridge railing replacements from the bond, the remainder could be made up from the Peace Plaza project. As much as \$700,000 may be needed from the \$2 million Peace Plaza improvement project to cover the

gap.

Next Steps

The measure needs to be formally referred by the City Council's July 25, 2022 meeting for the November ballot. Staff is recommending that upon approval of the project list, that City Council direct staff to return with a resolution to formally refer the measure to Salem voters.

BACKGROUND:

Through the City Council Policy Agenda in 2018, the City Council addressed the need for a general obligation bonding strategy. After a recommendation from the City's Finance Committee, the Mayor appointed four Councilors and himself for the Infrastructure Bond Engagement Steering Committee. The bond will total \$300 million, which will be issued strategically over a 10-year period. Due to expiring bonds, refinancing of current debt to lower rates, and an increase in assessed value of properties in Salem, the bond would not increase tax rates. Bond funded projects would save money currently spent on repairs and maintenance of outdated facilities and equipment and improve energy efficiency.

Courtney Knox Busch
Strategic Initiatives Manager

Attachments:

1. Community Improvement Bond Public Opinion Research, June 2022
2. Summary of Testimony through June 10, 2022
3. Funding for each Community Improvement Bond category
4. June 10, 2022 Steering Committee Recommendation: Community Improvement Bond project list