



Staff Report

File #: 24-353
Version: 1

Date: 8/26/2024
Item #: 5.a.

TO: Mayor and City Council

THROUGH:

FROM: Keith Stahley, City Manager

SUBJECT:

Proposed work plan and budget for initial steps to understand our community’s priorities for City services.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance.

SUMMARY:

On July 15, 2024, Salem City Council received the Revenue Task Force recommendations in a Work Session. Council continued the conversation at their August 19, 2024 Work Session, and considered questions of building community trust, understanding and support for City services and programs, whether to poll our community about their priorities for support, the scope of the problem, and whether to develop a work plan and budget to engage the community about the services they value, their priorities, and the current funding environment.

ISSUE:

Shall the City Council authorize the City Manager to initiate the work plan to understand our community’s priorities for City services?

RECOMMENDATION:

Authorize the City Manager to begin the work plan to understand our community’s priorities for City services.

FACTS AND FINDINGS:

At the August 19, 2024 Work Session, Council had further conversation about next steps for work

completed by the Revenue Task Force. At discussion prompts throughout the conversation, Council shared their perspectives about: what they learned from the last year, areas of agreement, priority for polling, and how to engage the community to advance the work ahead. Council also reviewed pros and cons for options to bring a proposal to voters in May or November of 2025.

The group reached consensus around the priority for polling, interest in furthering community engagement on priorities for potential future funding, and about preparing a work plan for advancing this work. In response to some of community feedback to-date, the Council also expressed interest in a third-party validation of the financial forecast, examining performance and spending in priority program areas, and providing more visibility to the performance auditing work the City has done to-date.

Staff are proposing a package of tools to begin this work. The following are an initial phase to the work plan, and additional work will be needed to engage our community in any future proposal, when more details are known about community preferences. The initial work plan includes:

- 1. Poll community on priorities and preferences for future possible funding.** Staff seek Council direction to authorize a poll of likely voters, replacing the current budget authority for an annual community satisfaction survey with a poll specific to this question of community priorities and preferences for possible future funding. If authorized on August 26, staff will return with findings from the poll at City Council's October 21, 2024 Work Session.
- 2. Update and share performance auditing portfolio.** Staff will work to increase the visibility of the performance auditing, internal auditing, efficiency and effectiveness work completed within the last six years. By re-prioritizing work for the current fiscal year, staff can advance performance audits with Moss Adams for as many as three additional City programs or functional areas before June 30, 2025. The City Council's Finance Committee can serve as a sounding board for this work.
- 3. Validate financial forecasting methodology.** Staff will engage an independent third-party consultant to validate the five-year financial forecast methodology and outcomes. This would likely include: (a) a review of factors and assumptions used to calculate the forecast and test for reasonability; (b) analysis of position costing and forecasting; (c) ensure best practices for government financial forecasting is followed; and (d) determine if the result displayed in the financial forecast is realistic and feasible. Staff will re-prioritize FY 2024 work within the Finance Group to fund this activity, anticipated at approximately \$10,000. The City Council's Finance Committee can serve as a sounding board for this work.
- 4. Advance community engagement.** This work was not included in the FY 2024 General Fund budget. Staff will be requesting - at a future City Council meeting - up to \$10,000 to begin development of communication materials and information to begin a dialogue with the community on the services provided by the City of Salem and to learn about the community's priorities for these services. This resource would fund the development of materials for in-person presentations and community discussions, tabling and outreach materials, increased

communications via the newsletter (Community Connect) and an informal, qualitative survey designed to solicit public interest in the City of Salem, build our list of community contacts and provide us with information on community priorities and perspectives.

BACKGROUND:

In 2023, the City Council held multiple work sessions on continuing General Fund services and forming a Revenue Task Force. On January 22, 2024, Salem City Council approved the slate of 25 members and two alternates for the Revenue Task Force. The Task Force met seven times; considered feedback from eight focus groups, three town halls, and a statistically valid poll; and deliberated on recommendations to the City Council concerning revenue options to support City services funded by the General Fund. The Task Force recommendations were presented at the City Council Work Session on, July 15, 2024. Recommendations included near-term options (a business license fee, franchise fee increases, and an increase to the urban renewal frozen base); medium-term options (a local option property tax and a personal income tax); and long-term options (payment in lieu of taxes, intergovernmental agreements, and property tax reform) to sustain vital City services.

Courtney Knox Busch
Chief Strategy Officer

Attachments:
None