

# A G E N D A



## Joint Meeting of the City of Salem Budget Committee and the Salem Urban Renewal Agency Budget Committee

DATE: Wednesday, April 27, 2022  
TIME: 6:00 PM  
CHAIRPERSON: Virginia Stapleton

PLACE: Virtual

STAFF LIAISON:  
Josh Eggleston, Chief Financial Officer  
503-588-6130  
[jeggleston@cityofsalem.net](mailto:jeggleston@cityofsalem.net)  
Kali Leinenbach, Sr. Fiscal Analyst  
503-588-6231  
[kleinenbach@cityofsalem.net](mailto:kleinenbach@cityofsalem.net)

To sign up to provide virtual testimony to the Budget Committee, please visit the link below.  
Registration is open between 8:00 AM and 2:00 PM on the day of the meeting.

<https://www.cityofsalem.net/Pages/Public-Comment-at-Salem-City-Council-Meeting.aspx>

---

1. OPENING EXERCISES – Chairperson Virginia Stapleton
2. PUBLIC TESTIMONY
  - a. Correspondence from the Downtown Advisory Board regarding the Downtown Parking Fund Budget
3. MINUTES
  - a. Minutes from April 20, 2022 City of Salem and Urban Renewal Agency Budget Committee Meeting
4. ACTION ITEMS
  - a. Errata Sheet 1 – Scrivener Correction, Riverfront Downtown Urban Renewal Area Projects (Book 2, pgs. 47-48)
5. INFORMATION ITEMS
  - a. Staff Report: Summary of Budget Committee Actions Through April 20, 2022
  - b. Staff Report: Responses to Committee Member Questions
6. PUBLIC HEARINGS
  - a. Capital Improvements Plan  
Staff Report: Public Hearing on the Proposed Capital Improvement Plan for FY 2023 through FY 2027, Management Analyst II James Wharton-Hess
7. SPECIAL ORDERS OF BUSINESS
  - a. Urban Renewal Agency Budget, Book 2
    - Overview by Chief Financial Officer Josh Eggleston
  - b. Result Area Budget Review – Strong and Diverse Economy, pages 143 – 158
    - Overview by Chief Financial Officer Josh Eggleston

- Questions of staff and committee discussion (for both the Proposed FY 2023 Urban Renewal Agency Budget and the Strong and Diverse Economy result area)
- c. Result Area Budget Review – Safe, Reliable and Efficient Infrastructure, pages 121 – 142
    - Overview by Chief Financial Officer Josh Eggleston
    - Questions of staff and committee discussion
  - d. Committee Discussion
    - Opportunity for the Budget Committee to discuss any issues or concerns regarding agenda items or items not on the agenda
8. PUBLIC TESTIMONY FOR FUTURE BUDGET ISSUES  
The Budget Committee has set aside time for public comment to address items not on the agenda. Each individual testifying will be limited to no more than three (3) minutes.
  9. ADJOURNMENT

*The next virtual Budget Committee meeting will be Wednesday, May 4, 2022 at 6:00 pm. The following budgets are scheduled to be reviewed and actions to be taken:*

- *Result Area: Good Governance, pages 41 – 73*
- *Result Area: Safe Community, pages 93 - 119*
- *Public Hearing State Shared Revenue Funds*

*Budget staff is available for your convenience to discuss the budget document and process. Please call the staff listed above or 503-588-6231 if you have any questions.*

The City of Salem budget information can be accessed on the internet at: [www.cityofsalem.net/departments/budget](http://www.cityofsalem.net/departments/budget)

NOTE: Disability-related accommodations, including auxiliary aids or services, in order to participate in this meeting, are available upon request. Sign language and interpreters for languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kali Leinenbach, (503) 588-6231 or [kleinenbach@cityofsalem.net](mailto:kleinenbach@cityofsalem.net) at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.

The City of Salem values all persons without regard to race, color, religion, national origin, sex, age, marital status, domestic partnership, disability, familial status, sexual orientation, gender identity and source of income.

## Downtown Advisory Board

# Memo

**To:** Budget Committee Members

**From:** Downtown Advisory Board

**Date:** February 24, 2022

**Re:** Downtown Advisory Board FY 2022-23 Parking Fund Budget Discussion  
Highlights

---

After reviewing the details of the draft FY 2022-23 Parking Fund Budget, and because the Downtown Parking District model has historically not generated sufficient revenue to operate the District, the Downtown Advisory Board is asking Salem City Council to direct staff to review the process for converting the Downtown Parking District model to a paid parking system with a goal of implementing paid parking in downtown within 24 months. Financial analysis indicate that an on-street paid parking system would generate a sustainable revenue source to support downtown parking operations.

For many years the DAB received annual parking utilization reports from third party parking consultants that recommended the conversion of the current parking district model, where the businesses pay an annual parking tax to cover costs of the Parking District, to an on-street paid parking system where the user of the parking space would pay for the privilege of parking in a high-demand on-street parking space. The recommendation included maintaining long term free customer parking in the parking garages if on-street parking was changed to paid parking. Even though in 2009 and again in 2013 City Council approved implementing paid on-street parking based on the financial projections and overall benefits to the users of downtown parking resources, the free parking model that has businesses pay for the free customer parking has not changed.

This request to move forward on-street paid parking is based on the negative impacts that are occurring in downtown as a result of the free parking tax model. In addition, the Board recommends a parking model that is self-sufficient and does not rely on Riverfront-Downtown Urban Renewal Funds to cover the capital costs associated with maintaining the Chemeketa, Marion, and Liberty Parkades. The revenue shortfall is a result of many factors including the 2% parking tax cap, low utilization of the Marion and Chemeketa Parking garages, loss of parking tax fee income due to the closures of Nordstrom, JCPenny, TJ Max, increased vacancy, and changes in retail shopping practices and increased costs for district-wide cleaning.

A high priority project for DAB is the implementation of streetscape improvements. Unfortunately, ongoing maintenance of these improved areas, such as sidewalks, and landscaped areas will not be maintained due to cash flow deficiencies in the Parking Fund.

The Board has explored strategies for increasing revenue, including rebranding of the parking garages to increase their visibility. When the market supports increases to the monthly permit rates, those have been recommended by the Board also.

This year the Board discussed in great detail the consequences to downtown because of the current Parking District model revenue shortfalls and identified what projects are not getting done due to a lack of revenue that need to be done for downtown to be successful, which have been put on hold due to limited resources.

- District wide sidewalk power washing (has not been done for 9 years)
- District wide alley sweeping (has not been done for 9 years)
- Trash Can powder coating, repair of broken doors (has never been done since original installation of trash cans 7+ years ago)
- Hanging Flower Baskets (4 years)
- Holiday Decoration/Lighting (6 years)
- Repairing/repainting benches (9 years)
- Economic Promotion/Events
- Landscape Maintenance
- Increased costs to parking garages due to the structural impacts as a result of excessive cleaning resulting from homelessness
- Security Services
- Marion, Chemeketa and Liberty Parkade Capital Improvement Projects

The parking garages require on-going capital improvements in order to remain structurally sound and operational. When the Parking Fund has not had sufficient revenue to cover capital costs, those projects have been paid for out of Riverfront-Downtown Urban Renewal funds (RDURA). Between 2007 and 2016 more than \$6M of RDURA funds have been used to cover capital costs to maintain the parking garages because there was not enough revenue in the Parking Fund to cover these costs. In the proposed FY 2022-23 RDURA budget, a parkade capital cost is included in order to maintain the structures in good condition.

The Number 1 Most Cost-Effective Climate Action Strategy stated in the Executive Summary of the 2022 Salem Climate Action Plan, Page 12 is “Charge for on-street parking in downtown”. This statement along with the need for financial stability support the timing and benefits of DAB’s request to implement paid on-street parking in downtown.

# MINUTES



## Joint Meeting of the City of Salem Budget Committee and the Salem Urban Renewal Agency Budget Committee

DATE: Wednesday, April 20, 2022  
TIME: 6:00 PM  
CHAIRPERSON: Virginia Stapleton  
  
PLACE: Virtual

STAFF LIAISON:  
Josh Eggleston, Budget Officer  
503-588-6130  
[ieggleston@cityofsalem.net](mailto:ieggleston@cityofsalem.net)  
Kali Leinenbach, Sr. Fiscal Analyst  
503-588-6231  
[kleinenbach@cityofsalem.net](mailto:kleinenbach@cityofsalem.net)

- 
1. OPENING EXERCISES – Chairperson Stapleton called the meeting to order at 6:00pm

Members present: Stapleton, Tigan, T. Andersen, Shirack, Phillips, Leung, Cohen, Gonzalez, Brown, Hoy, Nordyke, Sorce, Varney, Milton, Vieyra-Braendle

Members absent: W. Andersen and Bennett

Pledge of Allegiance by: Member Hoy

Chair Stapleton informed the Committee about the additions agenda submitted which included one piece of written testimony.

**Motion:** Move to approve the additions agenda of April 20, 2022 for the City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Hoy  
Seconded by: Member Shirack

**Action:** Motion passes  
**Vote:**  
Aye: Unanimous  
Nay:  
Abstentions:

2. PUBLIC TESTIMONY

**Virtual Appearance:**

Katherine Daniels  
Questions or comments by: Members T. Andersen and Sorce

Laura Buhl, NEN  
Lynn Takata

**Topic:**

Salem Public Library

Urban Forestry Program  
Urban Forestry Program

Questions or comments by: Members Phillips and Tigan, Chair Stapleton  
Answers and explanations by: Interim City Manager Retherford, Public  
Works Director Fernandez

3. MINUTES

- a. Minutes from January 5, 2022 City of Salem and Urban Renewal Agency  
Budget Committee Meeting

**Motion:** Move to approve the meeting minutes from the January 5, 2022  
City of Salem Budget Committee and Urban Renewal Agency Budget  
Committee Meeting.

Motion by: Member Tigan  
Seconded by: Member T. Andersen

**Action:** Motion passes  
Vote:  
Aye: Unanimous  
Nay:  
Abstentions:

4. ACTION ITEMS

- a. None

5. INFORMATION ITEMS

- a. FY 2023 Proposed Budget – provided to members in advance of the  
meeting  
i. Presentation of Proposed FY 2023 Budget Message, Interim City  
Manager Kristin Retherford

Questions or comments by: Members: Phillips, Milton, Sorce, Tigan,  
Hoy, Nordyke, T. Andersen and Chair Stapleton

Answers and explanations by: Interim City Manager Retherford, Chief  
Financial Officer Eggleston

- b. FY 2022 Q2 Financial Report for the City of Salem  
c. FY 2022 Q2 Financial Report for the Urban Renewal Agency  
d. Staff Report: Cost of providing service to Salem's unsheltered

Questions or comments by: None

6. PUBLIC HEARINGS

- a. None

7. SPECIAL ORDERS OF BUSINESS

- a. Result Area Budget Review – Welcoming and Livable Community, pages  
159-187

- Presentation and overview Chief Financial Officer Eggleston
- Discussion and review

Questions or comments by: Members Cohen, Shirack, Sorce, Tigan, Vieyra-Braendle, Nordyke, Chair Stapleton.

Answers and explanations by: Chief Financial Officer Eggleston, Community Development Director Wright, Public Works Director Fernandez, Human Rights and Federal Compliance Manager Gretchen Bennett.

b. Result Area Budget Review – Natural Environment Stewardship, pages 75-91

- Presentation and overview Chief Financial Officer Eggleston
- Discussion and review

Questions or comments by: Members Hoy, Sorce, Shirack, Cohen, Varney, Phillips, Nordyke, T. Andersen, and Chair Stapleton

Answers and explanations by: Chief Financial Officer Eggleston, Director Wright, Director Fernandez, Human Rights and City Attorney Atchison.

8. PUBLIC TESTIMONY FOR FUTURE BUDGET ISSUES

The Budget Committee has set aside time for public comment to address items not on the agenda. Each individual testifying will be limited to no more than three (3) minutes.

None

9. COMMITTEE DISCUSSION ON FUTURE INFORMATION ITEMS

Questions or comments by: Members Hoy, Brown and Tigan, Chair Stapleton

Answers and explanations by: Chief Financial Officer Eggleston

10. ADJOURNMENT

The meeting was adjourned at 8:05 PM

Respectfully Submitted,

Kelli Blechschmidt  
Minutes Recorder

*The next Budget Committee meeting will be virtually held Wednesday, April 27, 2022 at 6:00 pm in for presentation of the City Manager's proposed FY 2023 budget.*

*Result Area: Safe, Reliable and Efficient Infrastructure, pages 121 – 142  
Result Area: Strong and Diverse Economy, pages 143 – 158  
Urban Renewal Agency, book 2  
CIP Public Hearing*

*Budget staff is available for your convenience to discuss the budget document and process.  
Please call the staff listed above or 503-588-6040 if you have any questions.*

The City of Salem budget information can be accessed on the internet at: [www.cityofsalem.net/budget](http://www.cityofsalem.net/budget)

NOTE: Disability-related accommodations, including auxiliary aids or services, in order to participate in this meeting, are available upon request. Sign language and interpreters for languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kali Leinenbach, (503) 588-6231 or [kleinenbach@cityofsalem.net](mailto:kleinenbach@cityofsalem.net) at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.

The City of Salem values all persons without regard to race, color, religion, national origin, sex, age, marital status, domestic partnership, disability, familial status, sexual orientation, gender identity and source of income.



**TO:** Budget Committee  
**FROM:** Kristin Retherford, Interim City Manager  
**SUBJECT:** Errata Sheet 1 – Riverfront Downtown Capital Projects  
**ISSUE:**

To inform the Budget Committee about errors and corrections, or updated information regarding the Proposed FY 2023 City of Salem Budget

**RECOMMENDATION:**

1. Accept changes to the Riverfront Downtown capital project page to reallocate \$50,000 from funding committed to future projects to the Court Street One-Way / Two-Way Conversion project and segregate phase four of the Streetscape project from phases one through three (Budget Book 2, pages 47-48). There is no budgetary impact to these changes.

**SUMMARY AND BACKGROUND:**

Errata sheets are used in the budget process to identify and correct errors to the proposed budget or provide updated information. Small errors in formatting, spelling, and grammar may not be included in an errata sheet, but instead will be corrected prior to publication of the adopted budget. When an error or updated information has a budgetary impact or could affect comprehension, an errata sheet is prepared.

**FACTS AND FINDINGS:**

During the review process of the budget book, this scrivener error was found by staff. The approval of the errata will allocate more funding to the Court Street conversion project to account for increased project costs and separate the streetscape project into phases for ease of tracking and transparency.

Josh Eggleston  
Budget Officer

**Attachments:**

1. Errata 1 replacement pages

## Riverfront Downtown Capital Improvements

Riverfront Downtown capital projects include grants, loans, funds held in reserve for current and future redevelopment investments; and street, alleyway, and streetscape improvements; support to the Salem Convention Center; feasibility studies; and administrative costs. Projects are funded with proceeds from loans and short-term borrowings, transfer of debt reserves, transient occupancy tax (TOT) reimbursements, and working capital from previous short-term borrowings and loans.



### FY 2023 New Projects

|   |                          |         | Sources of Funding   |                   |                    |                 |               |
|---|--------------------------|---------|----------------------|-------------------|--------------------|-----------------|---------------|
| Project   | Neighborhood Association | Ward    | Short-term Borrowing | TOT Reimbursement | All Other Revenues | Working Capital | Total Project |
| TBD Streetscape Landscaping Assessment<br>Project to evaluate best practices for upgrading and maintaining Downtown landscaped areas to improve ease of maintenance.  | CANDO, GRANT             | 1, 2, 7 | \$ -                 | \$ -              | \$ -               | \$ 50,000       | \$ 50,000     |
| TBD Parkade Comprehensive Building Assessment<br>Project to assess and evaluate long term repair and maintenance needs to stabilize Marion Parkade structure.   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 100,000         | 100,000       |
| <b>FY 2023 Carryover Projects</b>   |                          |         |                      |                   |                    |                 |               |
| 682103 Redevelopment Planning<br>Redevelopment planning associated with the Agency owned properties known as the Union Gospel Mission and Saffron sites. (\$580,830 rebudgeted)   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 700,830         | 700,830       |
| 682093 Environmental Remediation and Holding Costs<br>Environmental remediation activities and holding costs associated with the Agency owned properties known as the UGM and Saffron sites.  | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 500,000         | 500,000       |
| 682111 Streetscape Phase IV<br>Program for design and construction of streetscape improvements for Commercial St between Center St and Ferry St.  | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 3,000,000       | 3,000,000     |
| 682083 Streetscape Phases I through III<br>Program for design and construction of streetscape improvements within the downtown.   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 2,468,320       | 2,468,320     |
| 682110 Court Street One-Way / Two-Way Conversion<br>Central Salem Mobility Study recommendation to convert to a two-way to improve multimodal accessibility for people traveling to, through, and within Central Salem. (\$400,000 rebudgeted)                      | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 550,000         | 550,000       |
| TBD Parkade Improvement Design<br>Design for future improvements to downtown parking structures to increase security and prevent crime.   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 76,090          | 76,090        |
| TBD Adaptive Reuse Consulting Services<br>Funding to develop a strategy for repurposing existing properties north of Court Street that are vacant or have a high percentage of vacancy because of retail market changes, COVID-19, and the impacts of homelessness. | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 100,000         | 100,000       |
| 682108 COVID-19 Business Grant Program<br>New grant program that would fund eligible capital improvement for businesses as a result of meeting COVID-19 operating guidelines.   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 500,000         | 500,000       |
| 682097 Strategic Project Grant Program<br>Grant program to assist property owners in addressing issues arising out of homelessness, including projects that address building and property safety and security.  | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 315,890         | 315,890       |

|  |                          |         | Sources of Funding   |                   |                    |                 |               |
|--|--------------------------|---------|----------------------|-------------------|--------------------|-----------------|---------------|
| Project  | Neighborhood Association | Ward    | Short-term Borrowing | TOT Reimbursement | All Other Revenues | Working Capital | Total Project |
| 682086 Alley Improvements<br>Program for design and construction of alley improvements within the downtown.  | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 250,000         | 250,000       |
| Multiple Toolbox Loans<br>Funding for the commercial loan program.   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 173,110         | 173,110       |
| 682018 Capital Improvement Grant Programs<br>Funding for downtown capital improvement grant program. (\$3,143,060 rebudgeted)  | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 4,643,060       | 4,643,060     |
| 682094 Union Street Bike Friendly Street Improvements<br>Construct bicycle facilities on Union Street NE from Commercial Street NE to 12th Street NE for bicyclists of all skill levels (funds used within the URA and leveraged with federal grant funding.   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 1,500,000       | 1,500,000     |
| TBD Committed to Future Projects<br>Funds committed to future projects specified in the Urban Renewal Plan for the Riverfront Downtown Urban Renewal Area.   | CANDO, GRANT             | 1, 2, 7 | 7,499,000            | -                 | -                  | 4,909,610       | 12,408,610    |
| TBD Property Acquisition and Renovation - Opportunity Purchase<br>Purchase and renovation of property within the Riverfront-Downtown URA for future redevelopment.   | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | -                  | 2,000,000       | 2,000,000     |
| FY 2023 General Projects   |                          |         |                      |                   |                    |                 |               |
| 682000 Project Coordination and Support<br>Riverfront Downtown includes support to the Downtown Advisory Board, and implementation of public / private development projects. Emphasis is placed on Riverfront Park development, convention center, housing development, and retail / office expansion. | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | 201,360            | 532,670         | 734,030       |
| 682000 Support Services Charge (Indirect Cost Allocation)<br>Provides funds to reimburse the City General Fund for the cost of providing City services to the Riverfront Downtown Urban Renewal Area.  | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | 113,800            | -               | 113,800       |
| 682023 Marketing Contract with Salem Convention Center<br>Marketing services for the Salem Convention Center.  | CANDO, GRANT             | 1, 2, 7 | -                    | 350,000           | -                  | -               | 350,000       |
| 682023 Salem Convention Center Insurance<br>Property insurance for the Salem Convention Center.  | CANDO, GRANT             | 1, 2, 7 | -                    | -                 | 44,840             | 15,010          | 59,850        |
| Total Funding by Source  |                          |         | \$ 7,499,000         | \$ 350,000        | \$ 360,000         | \$ 22,384,590   |               |

Total Resources \$ 30,593,590  
 Total Project Expenditures \$ 30,593,590  
 Unappropriated Balance \$ -

**TO:** Budget Committee Members

**THROUGH:** Kristin Retherford, Interim City Manager

**FROM:** Josh Eggleston, Chief Financial Officer

**SUBJECT:** Summary of Budget Committee Actions Through April 20, 2022

**RECOMMENDATION:**

Information only.

**FACTS AND FINDINGS:**

The purpose of this staff report is to provide a summary of the actions of the Budget Committee during the FY 2023 proposed budget review process, which includes weekly meetings from April 20, 2022 through May 11, 2022. The list of potential attachments, which appears below, will form the content of the report. A notation adjacent to an item on the list indicates its inclusion in the weekly report.

Attachment 1: Lists actions, deletions, or changes with a budgetary impact made by the Budget Committee.

Attachment 2: Lists ideas and discussion points to be considered as the Budget Committee deliberates its budget recommendation.

*Included* Attachment 3: Lists information and reports requested by the Budget Committee and the date the reports are scheduled to be presented.

Attachment 4: Lists additional appropriations for the FY 2023 budget proposed by the Budget Committee, which the committee may wish to consider for inclusion in the balanced budget.

*Included* Attachment 5: Lists the correspondence received by the Budget Committee and the meeting it addresses.

Information and Reports  
Requested by the Budget Committee  
As of April 20, 2022

|  | Requested<br>Agenda Date | Response<br>Date | Estimated<br>Agenda Date | Department<br>Responsible             |
|--|--------------------------|------------------|--------------------------|---------------------------------------|
| 1. Comparable jurisdiction's Transient Occupancy Tax rates | April 20, 2022           |                  | April 27, 2022           | Finance /<br>Community<br>Development |
| 2. Information regarding the Infrastructure Bond           | April 20, 2022           |                  | April 27, 2022           | Finance                               |
| 3. Information regarding State owned property              | April 20, 2022           |                  | May 4, 2022              | Finance                               |

Correspondence Received by the Budget Committee  
As of April 20, 2022

| Subject                   | From            | Agenda    |
|---------------------------|-----------------|-----------|
| 1. Urban Forestry Program | Laura Buhl, NEN | 4/20/2022 |

For the Budget Committee Meeting of: April 27, 2022  
Agenda Item No.: 5.b.

**TO:** Budget Committee Members

**THROUGH:** Kristin Retherford, Interim City Manager

**FROM:** Josh Eggleston, Chief Financial Officer

**SUBJECT:** Responses to Committee Member Questions

**SUMMARY:**

Committee members have reached out to City departments with excellent questions. In the interest of sharing information and increasing understanding, the questions and responses are compiled in this document.

**ISSUE:**

Responses to member questions through April 20, 2022.

**RECOMMENDATION:**

Information only.

**BACKGROUND:**

**1. What are the Transient Occupancy Tax rates of other comparable jurisdictions?**

During the April 20, 2022 Budget Committee meeting, staff was asked about the local transient occupancy tax (also called transient lodging tax) currently in place in other cities. Many other municipalities in Oregon collect a lodging tax. Below is a table of lodging rates for some cities comparable to Salem:

| <u>Jurisdiction</u> | <u>Lodging Rate</u> |
|---------------------|---------------------|
| Ashland             | 10%                 |
| Bend                | 10.4%               |
| Corvallis           | 9%                  |
| Eugene              | 4.5%                |
| Gresham             | 8%                  |
| Keizer              | 6%                  |
| Lincoln City        | 9.5%                |
| Medford             | 11%                 |
| Newport             | 12%                 |
| <b>Salem</b>        | <b>9%</b>           |
| Springfield         | 4.5%                |

It is important to note that the Oregon Legislature has recently limited the ways in which local jurisdictions can spend increases in lodging tax revenue. ORS 320.250

Page 2

outlines that any new or increased local transient occupancy tax must be split with 70% of net revenues being used for either tourism promotion / tourism – related facilities or to finance or refinance tourism-related debt. Only 30% of net revenues can be used to fund city services. The Salem City Charter further limits how transient occupancy taxes can be expended to the areas of:

- Enhancement and beautification of vehicular and pedestrian entrance-ways to the City;
- Urban beautification generally;
- Improvements to or operation of major tourist attraction or cultural facilities;
- Activities performed directly by the City or through contracts which promote use of Salem for conventions, conferences, seminars or for general tourism.

Changes to the designated uses would mean a change to the City Charter which requires approval by a vote of Salem residents.

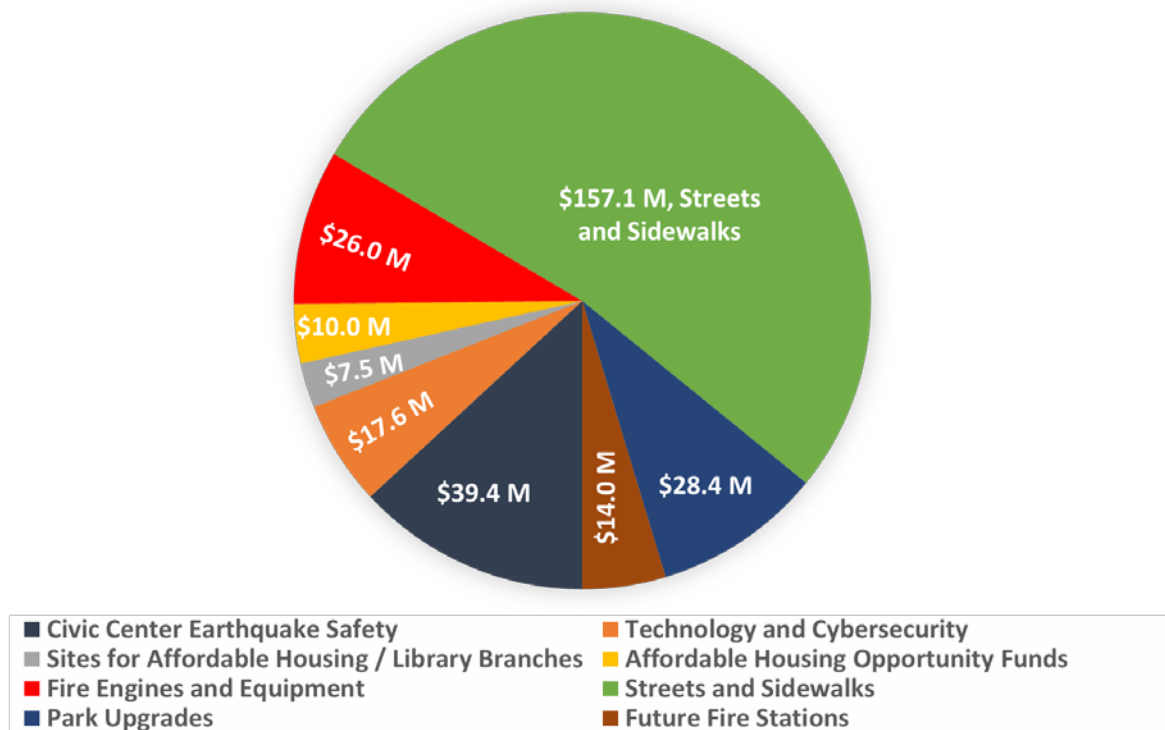
**2. What is the current composition and context of the proposed November 2022 Infrastructure Bond?**

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 five Councilors 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.

The committee met between December 2021 to April 2022 and reviewed community submitted project ideas, public polling and outreach efforts in the community and took public testimony. At their April 15<sup>th</sup> meeting, the committee approved a package that will be forwarded to the full City Council during a work session that is planned for May 16, 2022. During this work session, the City Council will review the package and discuss projects, offer changes or modifications and take public testimony. After the work session, the City Council will finalize the bond package for messaging and polling. The committee will meet to review the polling results, take further testimony, and consider any recommended changes to the bond package to the City Council.

Staff is currently working on updating the website to display the current Committee proposed bond package. Below is a graphic of the Committee's recommended proposal. Further information about the Committee's process (including project details and meeting materials) can be found [here](#).





**TO:** Budget Committee Members

**THROUGH:** Kristin Retherford, Interim City Manager

**FROM:** Josh Eggleston, Chief Financial Officer

**SUBJECT:** Public Hearing on the Proposed Capital Improvement Plan for FY 2023 through FY 2027

**ISSUE:**

A public hearing before the Budget Committee on the Proposed Capital Improvement Plan for FY 2023 through FY 2027.

**RECOMMENDATION:**

1. Conduct a public hearing.
2. Recommend the Proposed Capital Improvement Plan for FY 2023 through FY 2027 to the City Council.

**SUMMARY AND BACKGROUND:**

The Capital Improvement Program (CIP) is governed by Council Policy C-9 (Resolution 2008-142), which includes the following goals: create a transparent CIP process; establish a risk-based priority list; match the priority list to limited resources in a thoughtful and responsible manner; and establish an internal CIP review committee to oversee the process.

The City of Salem Budget Committee is holding a public hearing to consider recommendation of the proposed CIP. Staff provides notice to the community and at the public hearing, provides a presentation about capital planning and the anticipated projects. At the conclusion of the public hearing, the Budget Committee will either recommend the CIP as presented, or make changes deemed appropriate. On June 27, 2022, the CIP as recommended will be brought to the City Council to consider its adoption. Staff completes the annual cycle by publishing the adopted CIP.

**FACTS AND FINDINGS:**

The CIP consists of planned capital projects that are expected to cost \$278,300,070 over the next five-year period. The CIP includes four groups of projects that are funded at the following levels:

Community Facilities - \$18,652,000  
Municipal Facilities - \$31,301,980  
Transportation - \$109,554,240  
Utilities - \$118,791,850

James Wharton-Hess  
Management Analyst II