

State of the City 2019

Each year the Mayor faces the challenge of summarizing the past year and looking forward to the next one in a State of the City address. I'm honored to have been re-elected by Salem's voters and been given the opportunity to give this report. Also elected to four year terms this past November were Councilors Tom Andersen, Chris Hoy, Jim Lewis and new councilor Jackie Leung, joining current councilors Cara Kaser, Brad Nanke, Matt Ausec, and Sally Cook.

I want to first thank the staff and members of the Chamber of Commerce, Downtown Rotary and the City Club for making this event possible. And of course, thank you to all of you for attending or all I'd hear is an echo.

2018 has been an outstanding year in the City of Salem. As I'm speaking to you work is well under way to fulfill our community's support for construction of a new police station. At the same time planning is beginning to do the seismic upgrade of our city library.

The economy in Salem is booming. A record number of construction projects have been completed or are in process. They represent a wide range of commercial, manufacturing and housing projects.

Our school system is reporting some record increases in graduation rates. The launch this year of a series of job creating construction projects to provide our young people with lifetime-serving education opportunities funded by the largest voter approved bond measure in the district's history.

Salem's neighborhoods remain strong and promote a high level of community volunteerism and involvement. They reflect Salem's commitment to outstanding livability keeping us a destination for new residents and ideas. That guarantees long term progress and improvement throughout the city.

Changes in state law and funding strategies have opened the door to a substantially improved transit service from the Cherriot bus system over the next year or two.

We are blessed with one of the West Coast's outstanding hospitals in Salem Health.

Higher education in Salem is nationally recognized for its quality and reasonable cost. Chemeketa Community College consistently meets the needs of older and younger students and provides invaluable service to every sector of our community.

I would like to take a few minutes to cite a series of public and private accomplishments and challenges that I hope will give you a sense of the span of work underway in this community to improve it.

ECONOMY

I'd like to begin with the local economy and a range of representative projects that I hope will illustrate the progress underway here:

Overall, the city is seeing record low unemployment and substantial new private and public investment.

Permit activity remains high for all construction types for new development and redevelopment projects. In November 190 building permits were issued valued at \$34 million. The total for 2018 was 1,069 permits for a value of nearly \$154 million.

Salem's downtown is thriving and frankly I have too many projects underway or completed this year to go through them all. Construction activity total \$17 million is underway on new housing, commercial and office building. New residential projects include 245 Court Street with 41 residential units and ground floor retail space, the Gray Building at the corner of State and Liberty is completing renovation including a new elevator – of the nine rentable spaces only three are left.

Pacific Automation completed its renovation near Liberty and Chemeketa and is developing plans for the former Wells Fargo site next door.

Plans are underway for a new seven story, 140-bed hotel at the old Marion Garage kitty corner across Commercial from the Convention Center. It will take advantage of downtown Salem's identification as a federal Opportunity Zone. A new 148-unit residential project is planned for the former McMahon furniture site. Cumberland holdings has work underway updating the Reed Opera House and redeveloping the former Spaghetti Warehouse on Commercial Street. They are investing several million dollars and maintaining the sites' historic characters.

Two new projects were completed this year at the Mill Creek Industrial site including 110 thousand square feet of commercial office space by Pac-Trust and Amazon's 1 million square foot distribution center that will employ 1,000 workers in the second or third quarter next year.

Last month Oregon Fruit opened its new facility near 22nd and Madrona. This is a legacy Salem business and were pleased with the help they received from the city.

Substantial activity is underway on Portland Road including the recent announcement of the location of Ochoa Queseria, which is building a manufacturing plant on property in front of the recently opened Cornerstone Apartments. That 180-unit affordable housing project was built in conjunction with Mountain West Development, the State of Oregon's Lyft program, City of

Salem urban renewal and housing funds and a whole range of other non-profit, financial and federal assistance.

The city has launched a small business retention program and begun meeting with a wide range of small, traded sector businesses and is working with a large group of local cities, counties, and economic development entities to develop a new, regional collaboration to enhance start-up businesses.

Over the next year the city will be working on a new Salem Airport business plan and is supporting the private effort to bring commercial air service back to McNary Field. The city's business plan is aimed at attracting aviation related business to the Airport and identity partnerships to bring workforce training and education in aviation mechanics, pilot training and other elements of the industry to the airport. The plan will be complete this year.

Tourism continues to be a major economic driver for the city. Visitors contributed an estimated \$593M and generated almost \$4M in tax revenue. Travel Salem estimated that over 6,700 people are directly employed in the industry. Travel Salem, local hoteliers, sporting facility operators and stakeholders in the sports industry have formed the Salem Area Sports Commission to help position Salem as a year round destination for sporting events of all types. Major travel events like the Wally Byam Airstream Club at the State Fairgrounds in June drew 1,500 visitors from across the country and had an estimated half million dollar impact on the local economy.

ENVIRONMENT

Salem continues a strong commitment to environmental improvement and projects.

The city will continue to be an environmentally, sustainability and fiscally thoughtful community.

A prime example has been the partnership with our local utilities especially Portland General Electric. Since 2008, we have partnered with PGE and been a Gold level participant in PGE's Clean Wind program. The city's participation has helped avoid more than 2.5 million pounds of carbon emission annually. It's the equivalent of planting 3,160 trees in the city, or taking 2,500 cars off the road or not driving almost 30 million miles.

A couple of weeks ago Salem completed design and broke ground on its new cogeneration facility at Willow Lake Wastewater Treatment Plant near Keizer. Once completed it will produce up to 1,200 kW of electricity, 50% of the plant's annual operating cost. It will keep 5,000 metric tons of pollution causing gases from being released and save the city more the \$300k per year

in energy costs. The project cost \$9M with more than half of the cost coming from PGE, Energy Trust of Oregon and the state Department of Energy.

The city is in talks with PGE for the potential siting of an Electric Avenue in the city. This would serve as a hub of electric charging stations that would allow more than four electric vehicles to charge at a time. PGE will pay all construction, installation and operating costs for the next 10 years.

In the next six months the city is expected to complete its Greenhouse Gas Inventory which is the baseline measure of our community's impact on the environment. With this data in hand, the city will move ahead on developing a long term environmental action plan. The plan is likely to focus on decisions that reduce greenhouse gasses like the one done at Willow Lake. Our goal is to preserve, protect and improve our natural environment. Use the data as part of our Comprehensive Plan project, Our Salem.

RESILIENCE

In the next few weeks I will be asking the City Council to approve a plan to establish a city Resiliency Task Force to begin work on a City Resiliency Plan.

We have watched as communities around the world deal with devastating natural disasters. Salem is not immune. Whether it is flooding, wind, earthquake or fire, Salem needs to address and have a comprehensive, workable plan that brings services back on line as quickly as possible and addresses the toll in human suffering these kinds of events exact from a community.

Parts of this planning have been done. Parts have not and some issues are not going to be addressed without a focused effort like the one I describe

One of the major resiliency projects planned over the past 13 years is teetering on the brink of failure – that is the so-called 3rd bridge or Salem River Crossing Project. Council action on the project's Environmental Impact Statement will occur in the next couple of weeks and it will either be Build or No-build. If build does not move forward and no-build becomes the preferred alternative, we will have to make a whole new set of plans for resiliency related to our connectivity between West and East Salem if there is a major disaster.

We learned a great deal during this past summer's cyanotoxin pollution of the city's water source about community expectations and the capacity of the city to meet those expectations.

Put simply, residents of Salem have high expectations of our city services. We need to make sure we can meet those expectations and can provide any citizen a clear description of what the plan looks like.

The water issue was solved for the short term within 20 days. Planning for long-term solutions were completed shortly after that. Financing for the improvements are in place for part of it.

Of even more concern is that in the wake of a major earthquake, the city's water supply from the North Santiam River, our major source, could be interrupted as huge old transmission lines from the water treatment plant potentially fail. New ground water sources will need a major public investment.

Resiliency issues include Salem City Hall and the Salem City Shops. Each plays a major role in the city's ability to respond to natural disasters. Each is very unlikely to survive an earthquake without substantial improvements like the ones we are making at the library and the new police and fire stations as well as the new emergency operations center at the new police facility.

We have a strong Community Emergency Response Team (CERT) system involving city staff and 800 active community volunteers. We found during the water crisis that even basic advice like adequate home water storage was not being followed.

The list of issues goes on and we need a comprehensive review in a format that informs our residents of the situation we are in and the shortfalls that should be corrected.

FIRE

Okay, quite simply I can't say enough about our city fire department. Let me give you a sense of the work they do. There were nearly 26,000 calls in 2018, up 9.3% from 2017.

Okay, they fight fires, about 570 per year and they do a great and courageous job. But the real work of our fire department is in its medical role. Every firefighter is an EMT. They answered over 19,000 are medical. And quite simply, there just aren't enough of these men and women to do the job necessary to keep all of the residents of Salem alive if they have a heart attack. There are about 1,500 cardiac related calls per year.

So, what do the firefighters, their fantastic volunteer supporters at the Salem Fire Foundation and Salem Health do – they began a project to provide the community with trained volunteers and an application on smart phones that puts thousands of your trained neighbors at your assistance. Here are the numbers: 15,000 8th graders and their parents have been trained in CPR and the use of AED units. By 2030, our Fire Chief Mike Niblock plans to have 75% of Salem's population trained in CPR and AED use. 139 AED units have been installed in all police & public works vehicles in Salem and 145 are in public spaces. Just about a week ago, I had the honor to join in reopening West Salem's Station 11 with an additional fire company staffing it. Its first call was a fire on the east side of the River.

The big news at the Salem Police Department is the arrival of the half million dollar Mobile Command Center substantially supported by grants and the outstanding Salem Police Foundation. By the way, the big fundraiser for the foundation is Breakfast with the Chief on Feb. 20 at the Convention Center. The new police facility is moving forward in a timely manner and will be opening in 2020. And we still have the best police chief in the country, Jerry Moore, on the job. What more can we ask?

Public Works

It's been a challenging year for the city's water system. I know you will recall this past summer that for the first time cyanotoxins from a Detroit Lake algal bloom got into the city's water supply. The result was very challenging as the public reacted strongly to it and frankly there were a series of missteps. The good news was that the city reacted very quickly and developed a powdered activated carbon treatment system that resolved the problem for the short term. It is very likely we will see algal blooms in the lake again and the city is ready to deal with it and is working rapidly to develop an Ozone contact chamber to provide an even more robust water treatment system in conjunction with our slow sand filtration system.

At the same time the city will continue developing secondary water sources from existing and planned new wells that will meet city water needs in another crisis. The city also is refurbishing its water tankers and ordered water delivery trailers. It also has developed its own in-house water quality monitoring system in order to produce same day testing throughout the year. Last summer's crisis also resulted in a much closer working relationship with the Army Corps of Engineers that manages the reservoir system. The city has also beefed up its public information and notification system to keep the public better informed on water related issues.

The city street system has benefited over the past 10 years from a \$100M bond measure that will soon be retired. In order to meet street, sidewalk and bridge needs it is likely to require another bond measure to replace it.

This and other bonding needs such as fire equipment replacements, will be the subject of a Council and staff analysis over the next year to determine timing and size of bonds to be sent to voters over the next several years.

The city parks system, which now is managed by Public Works, is in the process of completing a new master plan for Riverfront Park that at this point includes a major new addition, the Gerry Frank/Rotary Amphitheater. Other park actions have included the purchase of 6 acres of the old State Hospital property on the D Street side. 45 acres off of Hazelgreen, 20 plus acres in South Salem and master planning on a number of parks.

The department also has been involved in a major city tree enhancement project that has resulted in the planting of 275 trees this year in cooperation with Friends of Trees, Treecology, our neighborhood groups and countless volunteers. The department has \$100k per year for tree planting. They plant much larger trees than in the past then water them for three years for a better survival rate.

Public Works recently finished the 12th St. project after years of planning. This project has been talked about since the early 2000's. Many times it takes years to do capital projects. In cooperation with the Urban Renewal agency, Portland Road has been vastly improved with new pavement, wider new sidewalks, beautiful streetscaping, all serving one of the most vibrant areas in Salem.

PLANNING

Over the past year, the city's planning department has completed two major projects. The West Salem Code Clean-Up project streamlined regulations and established more consistent design standards along Wallace, Edgewater and Second streets Northwest. And the State Street Corridor Project created two new mixed-use zones on State St. between 12th and 25th to encourage pedestrian friendly development.

The City is kicking off a multi-year project to update Salem's Comprehensive Plan – the basic planning document for the city for years to come. The first phase of what is called the Our Salem project will focus on existing conditions in the city and how it could grow. More than 80 residents participated in December's first public workshop. A second one is set this spring. In the end, this plan will outline the direction of Salem's future growth in every aspect including transportation, land use, boundaries, all services and the list goes on.

The city also has received a state grant to update design standards for multi-family housing. The aim is to improve the community's regulations and result in more needed housing. The first big project under the Housing Needs Analysis completed over a year ago was to allow Accessory Dwelling Units. Ordinances and rules were changed to allow them and 17 of the units are completed and another five are under review.

HOMELESSNESS

One of the most difficult issues faced by cities throughout Oregon and really across the US and around the world has been to meet the challenge of homelessness. Cities in Oregon have traditionally provided a limited list of services – police, fire, streets, sidewalks, libraries, water and sewer. Tax policy has tied most of the funding for these to property taxes. In Salem, property taxes don't raise enough revenue to pay for police and fire let alone other services.

The challenge of homelessness is often over simplified. It is not solely an economic problem. A substantial contributor to homelessness has been a collapse of an individual's support system, whether it is family, friends, or other institutions. The most frequent contributing factor is health, mental health and addiction issues. The problem is that these issues have not been part of the menu of services offered by city government.

Faced with a real crisis on our streets, I asked the city to launch the Housing Rental Assistance Program aimed at permanently housing the city's hardest to house residents. This group of homeless were not seeking service from any of the traditional nonprofit groups. These are people who have been unhoused for over a decade, have untreated health, and or mental health issues also are addicted to alcohol or drugs, have bad credit if any and often a criminal record. If left alone, the life expectancy is about 52 years. I found the whole situation untenable. The city added this group to its targeted low income housing clients served through the city's Housing Authority, which by the way currently houses 3,474 low income and homeless households made up of a total of almost 8,200 residents, including 2,778 children. The Housing Rental Assistance program, one of the council's priorities, is housing over 100 of these hardest to house in privately owned housing and with solid wrap around services needed to make their transition from homelessness a success. We have housed the first one hundred and are working on the second. This Housing First Program is the largest in the State. Housing first like HRAP have an excellent national success record moving people away from chronic homelessness. The city also has work underway on 89 new units purposely set aside for this program and for very low income residents threatened with losing their home.

This isn't a band-aid program like tent cities or massive publicly financed shelters, it is a cure. It also is fiscally responsible. Studies show leaving a person chronically homeless costs the community \$30K to \$40K per year. The HRAP program costs \$12,500 per person.

I also convened a Homeless Task Force of stakeholders and interested residents and chaired by downtown councilor Cara Kaser. It has made a series of recommendations for dealing with some of the impacts of homelessness in our downtown including a long sought place for homeless persons to safely store the few possessions, 24/7 toilets, laundry and shower services, support alternative ways of contributing to homeless programs and individuals, encourage property owners to make building and site modifications that help prevent crime and assist in developing policies that result in better relations between homeless and business and property owners.

Cooperative work between Marion, Polk counties and the cities of Salem and Keizer have resulted in retaining the local council of governments to complete a project mapping all of the programs aimed at meeting homeless needs or impacts. It is an exhaustive list and one that

now needs to be fully reviewed and proceed to a well- coordinated program of services to homeless residents in the region.

I want to particularly call out the partnership we have had over the years with a whole range of religious, private and non-profit organizations. I can assure you that without the help of organizations like the Arches program at Mid-Willamette Valley Community Action Agency Union Gospel Mission, Salvation Army, Northwest Human Services, and many other non-profits and churches, the significant progress we are making would have been impossible.

CONGESTION

Last year I also appointed a Congestion Task Force to deal with the often critical traffic situations we face at the Center and Marion Street bridges. With the likelihood of another river crossing increasingly unlikely, the work of this task force, while it is not as effective as an additional bridge will help short term with some aspects of the congestion faced by drivers in West Salem and on the downtown streets being overloaded by to traffic volumes.

Recommendations included optimized signal timing, travel time signage traffic reduction at peak hours in cooperation with employers, work with employers to develop incentives for employees to bike, walk, transit or carpool, improve guide signs onto and off the bridges, construct Marine Drive, install medians on Wallace to reduce turning, improve Taggart Drive intersection with Wallace Road, install variable speed limits on Highway 22, new parking management strategies for downtown, provide a circulator bus or trolley in downtown, improve response to emergencies on the bridges, close the north crosswalk at Front and Court and remove the barrier on Musgrave Avenue to allow traffic access to Wallace Marine Park. All of these recommendations will be in front of the council and budget committee for action this year.

COUNCIL POLICY AGENDA

Beginning tonight the City Council will be setting its policy agenda for the next year. Review of last year's list of items showed substantial success implementing and some cases completing them.

We reopened fire station 11 and began construction on the Police station.

Work is underway on the Comprehensive Plan, The Housing Rental Assistance Program for the homeless met its goal, and work continues on a sobering center, streamlining removal of persistent and dangerous derelict buildings is well underway. We continue to work on downtown high speed internet and should have recommendations on this year. Pedestrian safety remains a strongly supported policy area and recommendations for projects are

expected this spring, We are working with Cherriots to improve bus service and have completed work on the Transit Task force I appointed last year, adopted a priority based budget system to improve coordination with council goals and are completing our greenhouse gas ordinance.

New policy recommendations coming in front of the council will include:

Complete the EIS on the third bridge either to build or develop a no-build recommendation and staff work to meet federal highways deadline of Sept. 30.

Develop a planned bonding cycle and schedule for the next several years to meet city capital needs.

Recommend new revenue sources to align with service demands on the General Fund and council goals to maintain a strong current fund balance. The possibilities includes an employee paid payroll tax, an operating fee added to utility bills for the General fund, and a local gas tax exclusively to support the city's Transportation Fund.

Recommendations from the Homeless and Congestion Relief Task Forces already reviewed.

Begin work on an Environmental Action Plan.

Review and possibly change the city's relationship with the county solid waste management program.

Consider purchasing the Hillcrest Youth Correctional Facility.

As you can see, the year completed was a busy one and the year ahead builds on much of the work we started with some notable new actions. I hope you will all join us in our efforts to continue to make Salem as successful, livable and well run as it has been for many years. Thank you and I'd be glad to answer a few questions.