

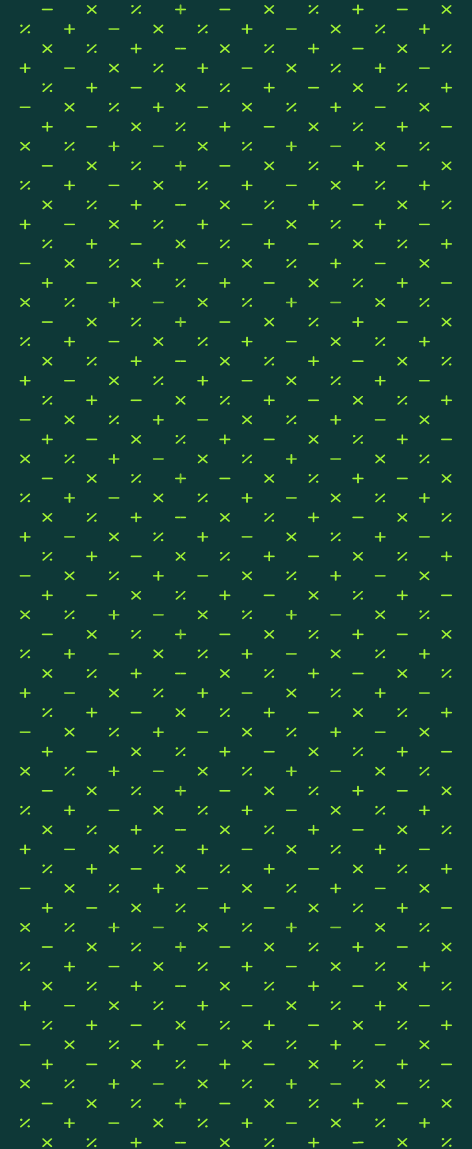


MOSSADAMS

CITY OF SALEM

Revenue Task Force Meeting 3

March 18, 2024





Agenda

01 Call to Order & Roll Call

02 Approval of Meeting Minutes

03 Public Comment

04 Welcome

05 Focus Group Results

06 Revenue Decision Framework

07 Revenue Options Discussion

08 Next Steps



Welcome



Your Moss Adams Project Team



Colleen Rozillis
Partner



Annie Rose Favreau
Senior Manager



Jessie Lenhardt
Senior Manager



Annie Fadely
Senior



Tommy Conkling
Senior

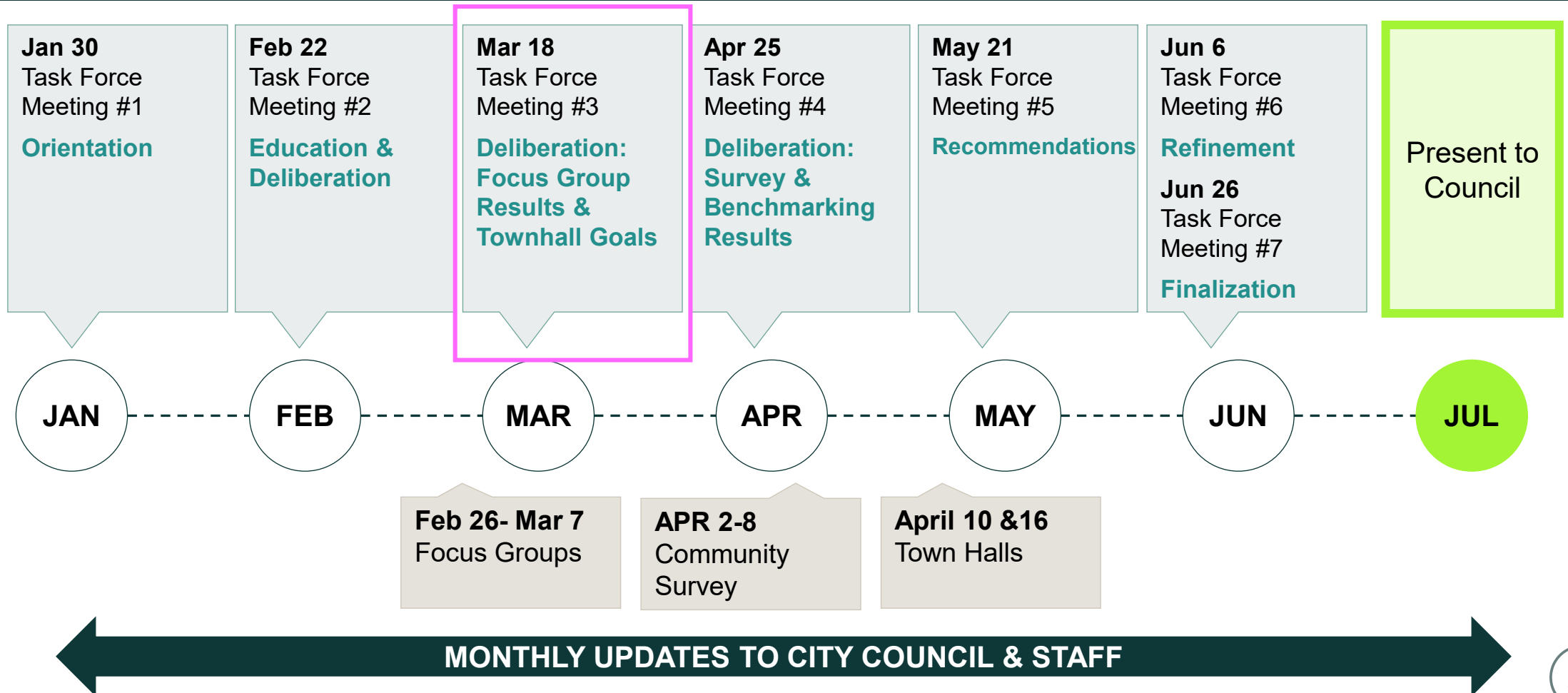


City Support

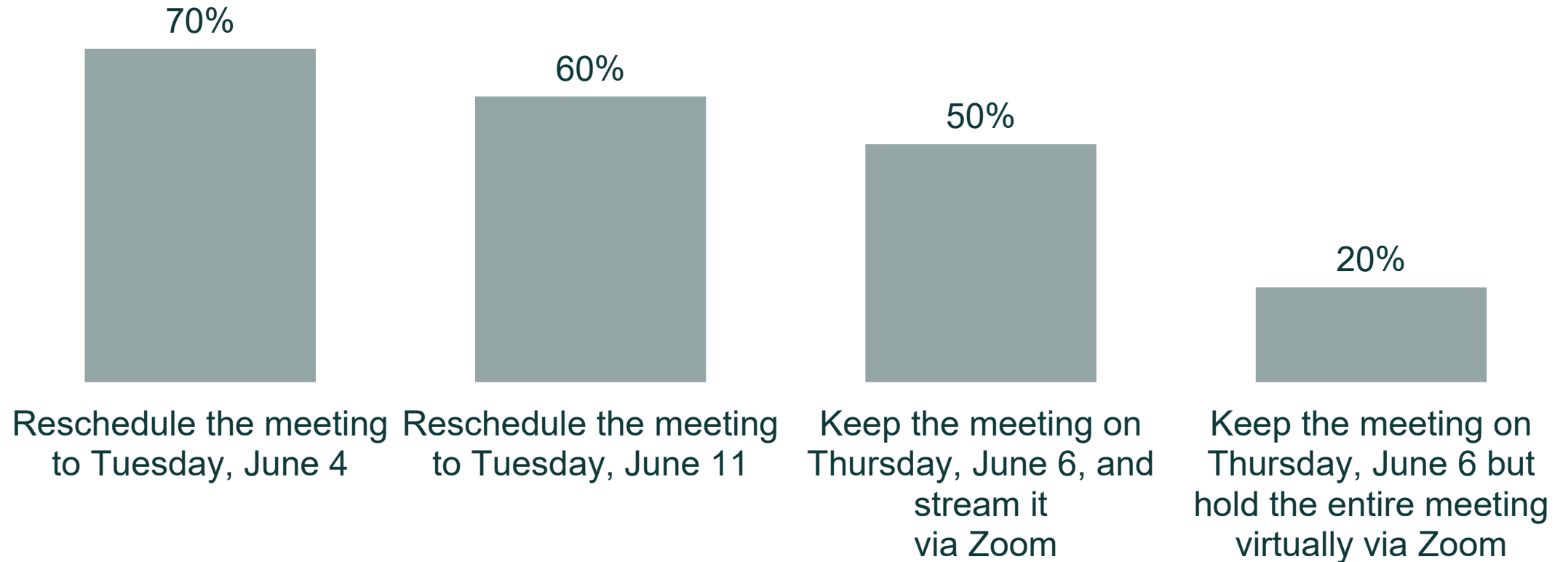
- Dan Atchison, City Attorney
- Courtney Knox Busch, Chief Strategy Officer
- Josh Eggleston, Chief Financial Officer
- Kali Leinenbach, Budget Manager
- Krishna Namburi, Deputy City Manager
- Keith Stahley, City Manager
- Scott Archer, Deputy City Manager



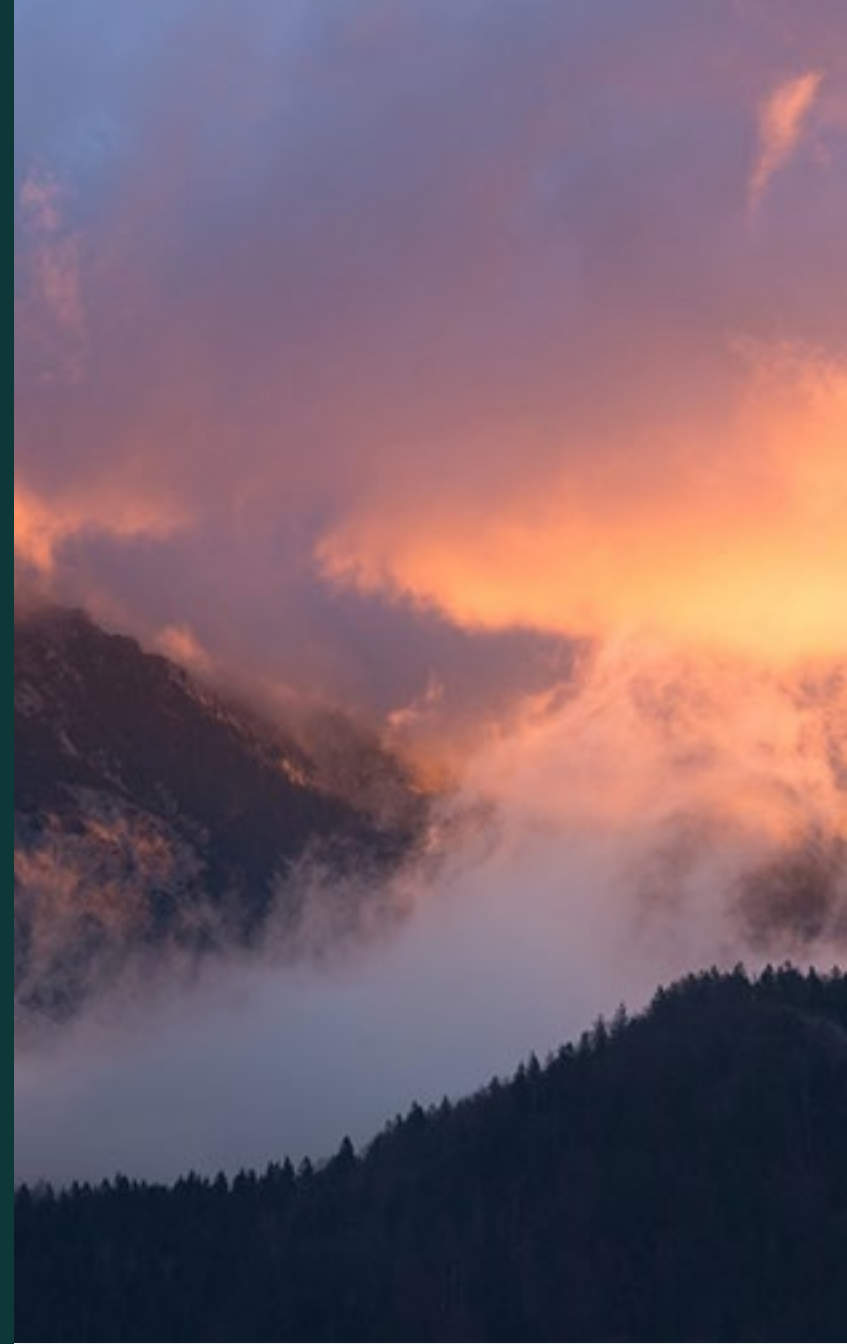
Revenue Task Force Timeline



June 6th Meeting Survey Results



➤ VOTE



Meeting 2 Recap

Revenue Targets and Pathways



Why discuss targets?

- To have a shared sense of the scale of the challenge.
- To inform future Council policies about how much revenue to generate.
- To have a clear understanding of whether the recommended revenue options will fully or partially meet the potential needs.



Potential Revenue Targets

EMPLOYEE RETENTION TARGET

**Keep current
staffing levels,
while service levels
decline over time**

SERVICE LEVEL TARGET

**Maintain current
standard of service
over time**

SHELTERING TARGET

**Continue shelter
services for those
experiencing
homelessness**



Potential Pathways

Pathway & Total Cost During FY2029-2030	EMPLOYEE RETENTION TARGET	SERVICE LEVEL TARGET	SHELTERING TARGET
Pathway 1 No Revenues			
Pathway 2 \$16.7 million	Included \$16.7 million		
Pathway 3 \$28.4 million	Included \$16.7 million		Included \$11.7 million
Pathway 4 \$39.8 million	Included \$16.7 million	Included \$23.1 million	
Pathway 5 \$51.5 million	Included \$16.7 million	Included \$23.1 million	Included \$11.7 million



DISCUSSION

A Q&A document addressing questions raised by Task Force Members was distributed along with related attachments.

Were there any other questions that surfaced during your review of the Q&A document or related attachments?



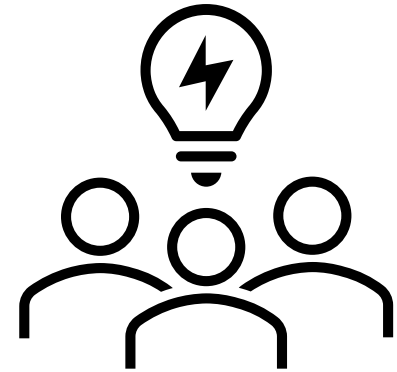
Focus Group Summary



Role of Focus Groups

A focus group is a research method used to gather qualitative data about a specific topic or issue to help inform future work.

Unlike a public meeting, it is not typically open to the general public because it is designed to gather nuanced and detailed feedback on specific topics.



Focus Group Recruitment

- Outreach to participate in a focus group took place between January 23rd and February 12th.
- 101 community members submitted their interest and were invited to attend their ward's focus group.
- Focus groups with each Ward were held between February 26th and March 7th.



Focus Group Objectives

- Learn about people's current understanding of Salem's revenue standing
- Understand the community's priorities and values around services provided by the city
- Assess the community's priorities for various funding scenarios
- Capture people's reactions to various revenue-generating options



Takeaways: Transparency is the Unifying Theme

- **Strong desire for more transparent and accessible information on where Salem gets its revenue and how money is spent**
- The community is interested in clearer:
 - Demonstrations of trade-offs in the current budget conversation
 - Information about the source, or reason, for the current budget shortfall
 - Information regarding what the state, county, and city pay
 - Communications from the city regarding Salem's unique struggle with institutional property burden (heavy presence of non-property tax paying institutions)
 - The essential question: if you raise money, how will you spend it?
- Some respondents noted that they voted against the payroll tax not because they didn't believe revenue was needed, but because they did not like the approach



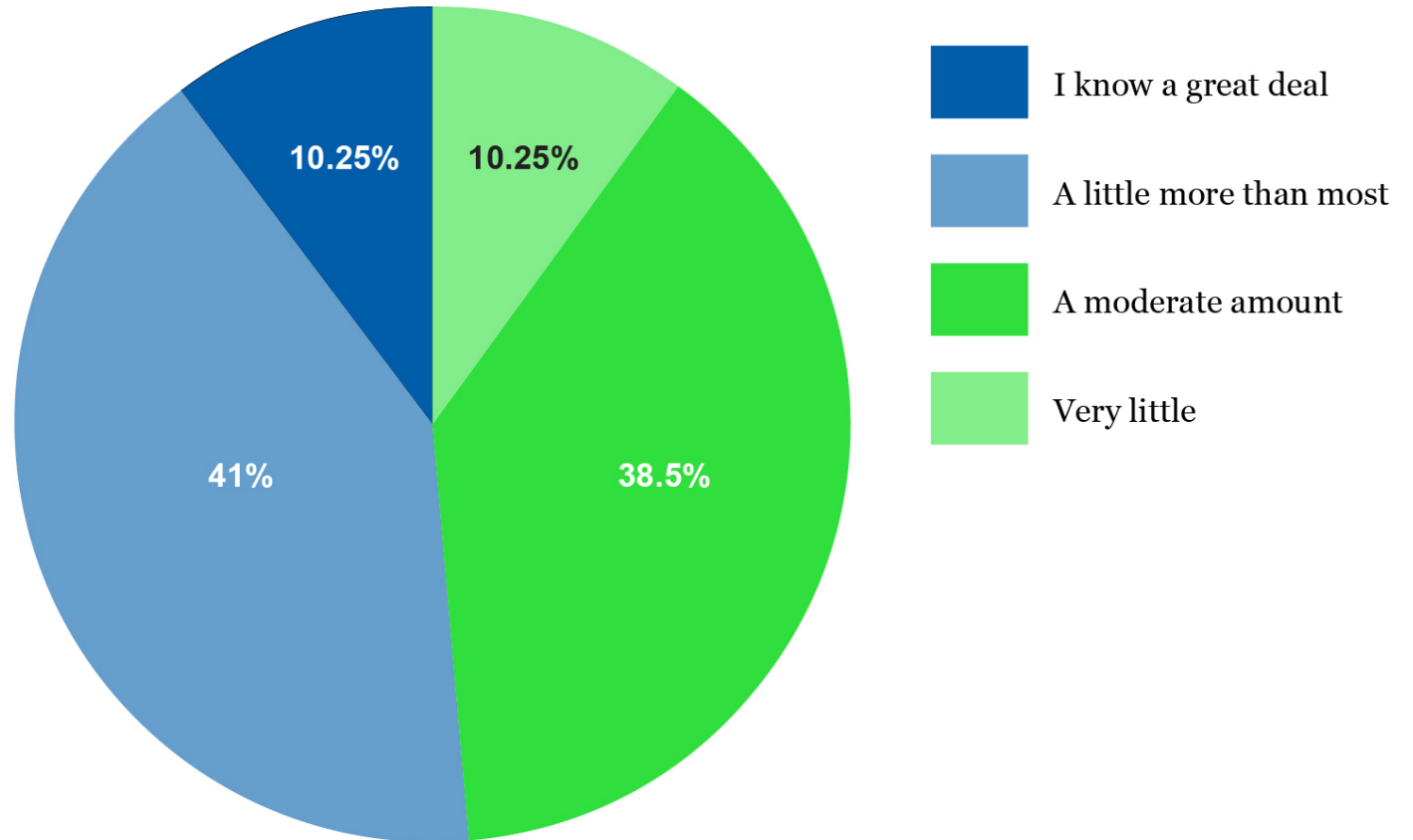
Takeaways *continued*

- Separating revenue from the budget reductions is challenging!
- Safety conversations were nuanced; police and fire are obvious core services to fund, but understanding what makes people feel safe was broad; vibrant parks, thriving businesses, and safe places to walk and ride bikes also contribute to safety perceptions
- Concerns that infrastructure is not keeping pace with growth
- Parks are valued and appreciated; people want them well maintained; some would like to see more diverse parks and recreation offerings, like pools and other indoor opportunities
- Library also valued. Recent reductions to operating hours was disappointing and limiting hours is making it more difficult for community members to access the Library



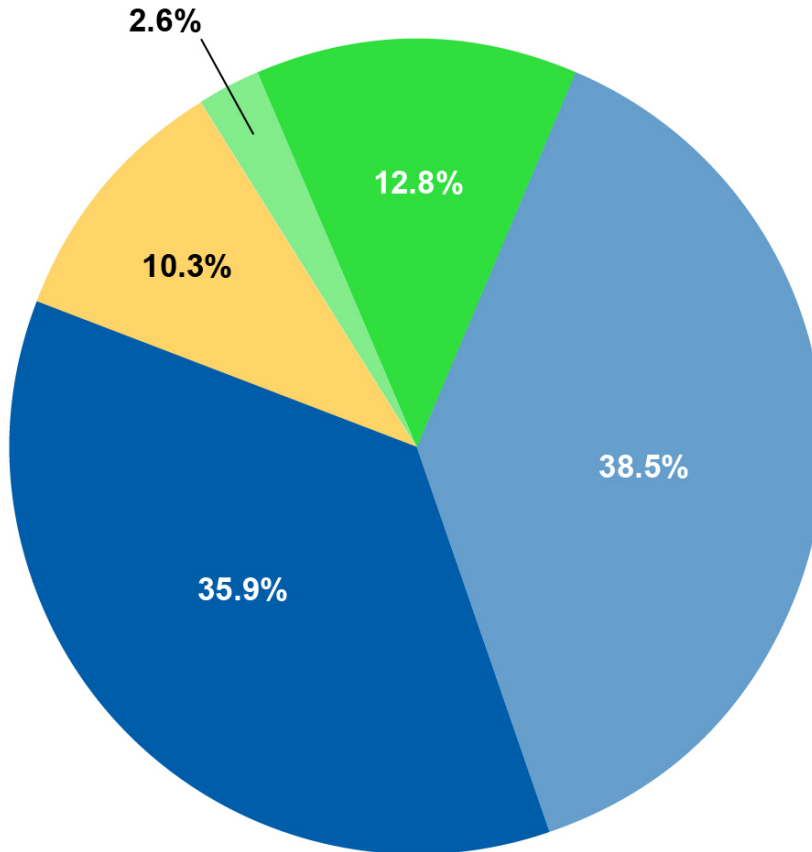
Polling Question 1






From the following, choose the option that most closely reflects your current level of understanding about the state of the City's revenue.



Polling Question 2

From the following, choose the option that you feel most aligns with your outlook on the state of the City's revenue



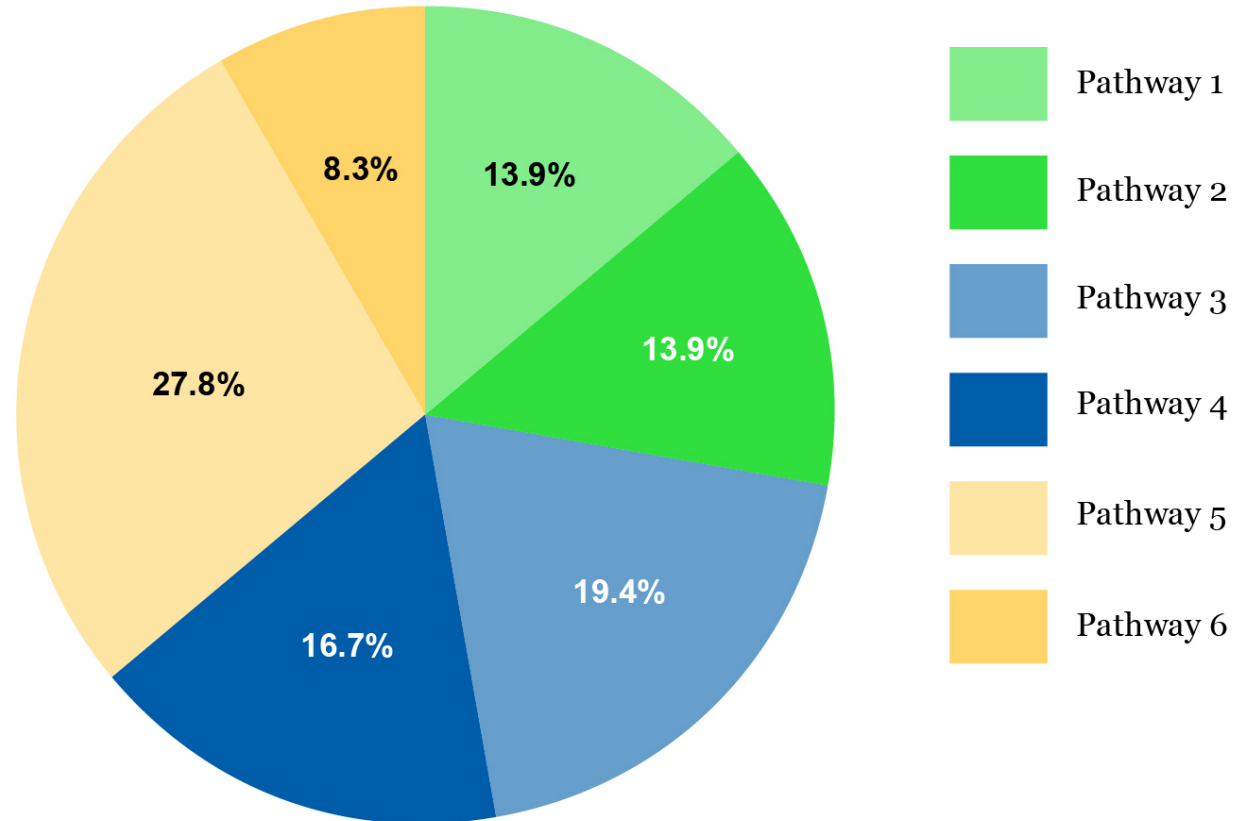
-  I don't believe the City has a shortfall
-  The City has a shortfall, but should only cut services and not ask the community to pay more
-  The City has a shortfall, and I think they should both cut services and look for ways to increase their revenue
-  The City has a shortfall, and should not cut services and only look for ways to generate more revenue
-  I don't feel like I know enough to make that decision



Polling Question 3

The following are the six pathways that include all possible combinations of hitting revenue targets.

Select the pathway that you would like the city to pursue



Pathway 6 is the option to explore what it might cost to enhance certain services



Polling Question 4

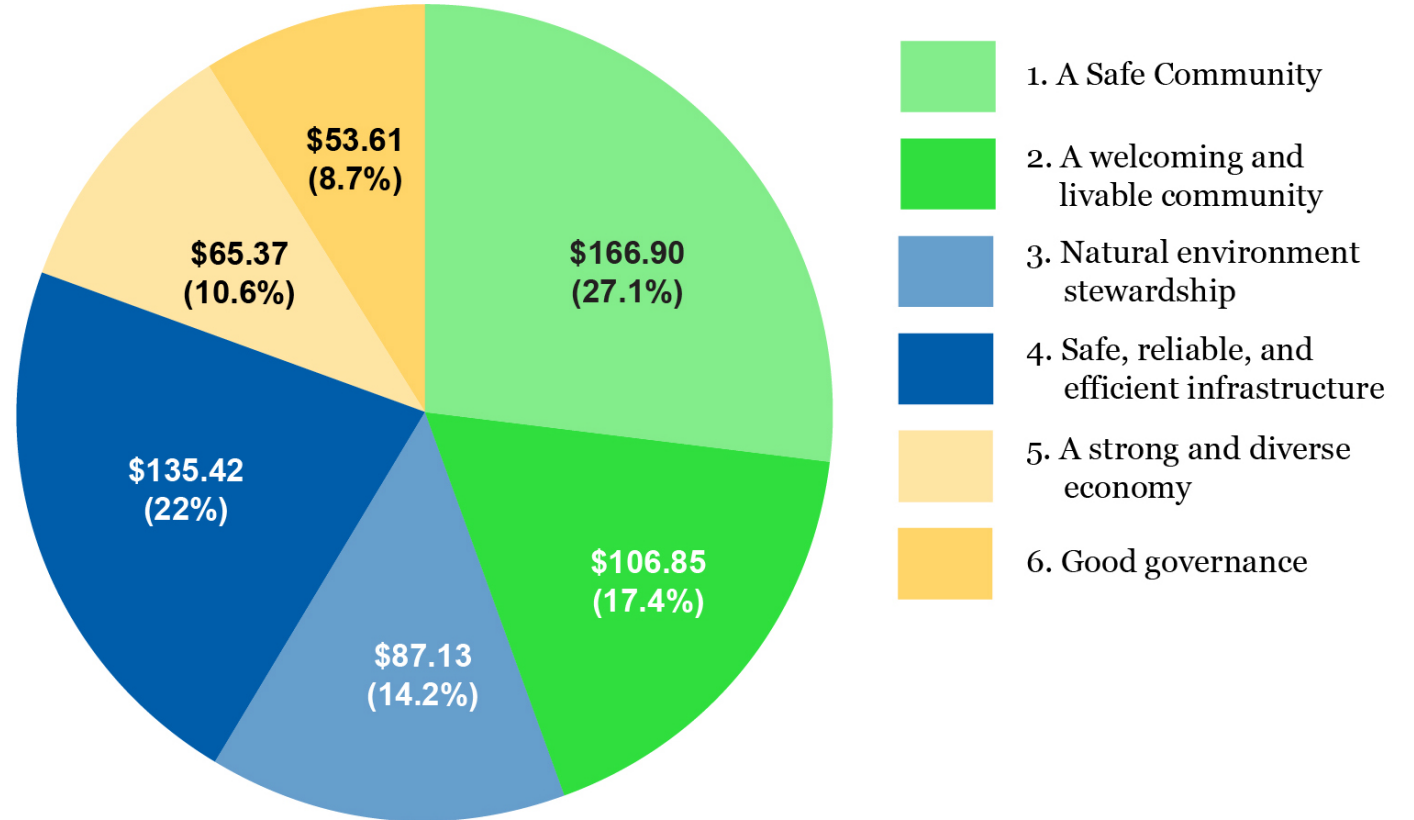
The following set of criteria has been developed to help evaluate different revenue options. Please rank each of the criteria according to your opinion of its importance (3=highly important, 1=not at all important):

Criteria	Rank
1. Sustainability	2.4
2. Equity	2.0
3. Estimated revenue potential	1.8
4. Impact on local economy	1.7
5. Impact on environment	1.7
6. Legal viability	1.6
7. Impact timeline	1.5
8. Level of administrative effort	1.4
9. Use in peer cities	1.4



Polling Question 5

How would you invest \$600 across the City's six strategic goals?



Revenue Decision Making **Framework**



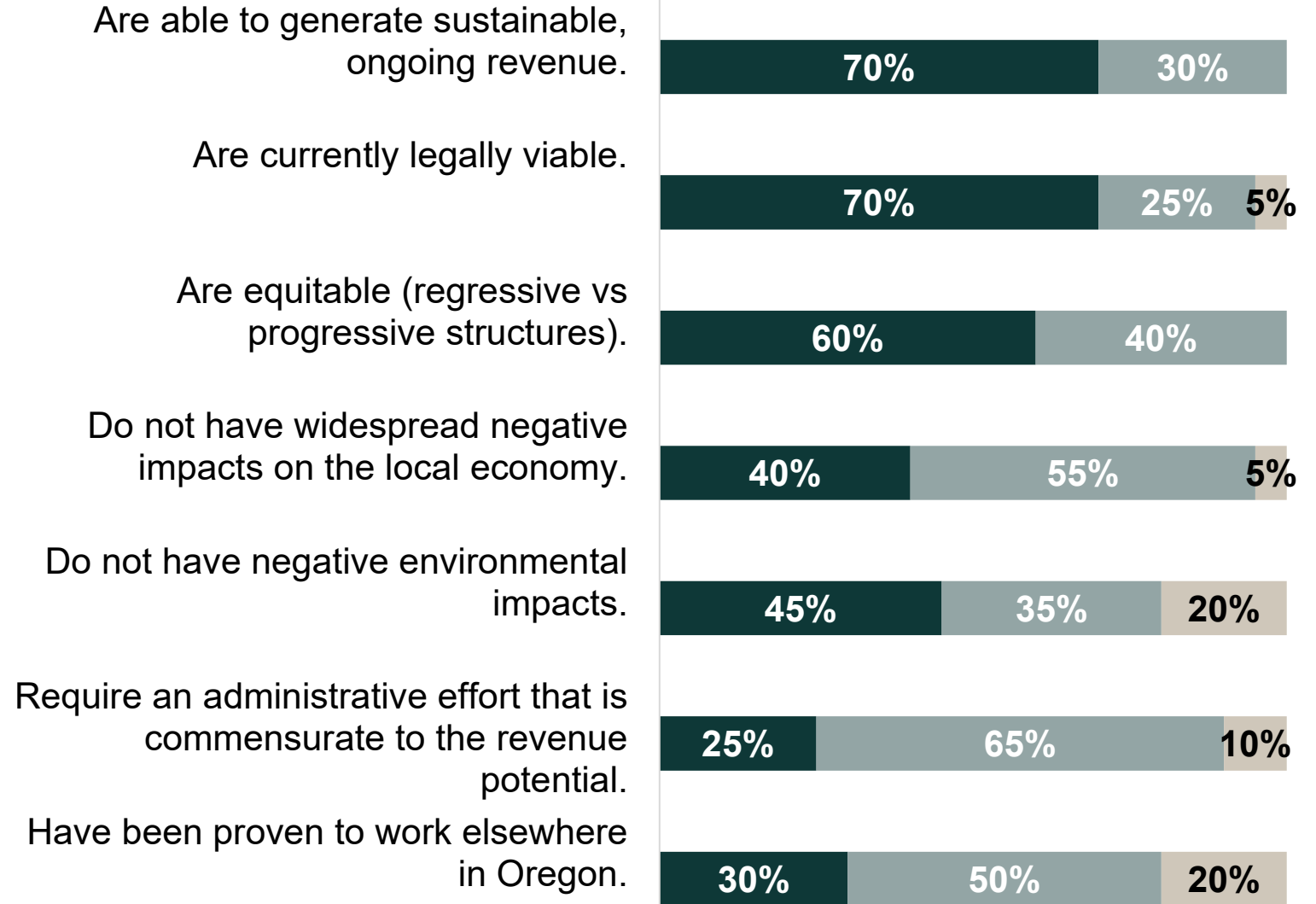
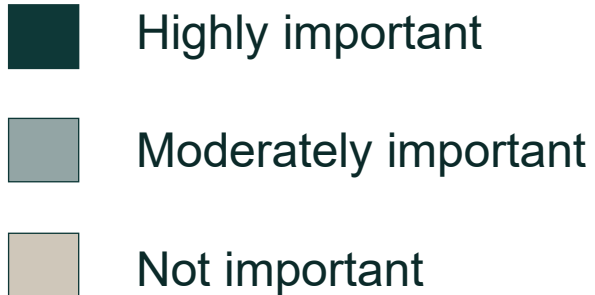
Purpose of a Framework

Developing decision-making criteria can help enable examination of the potential revenue options against, or in conjunction with one another.

The agreed-upon criteria would eventually be presented in a weighted matrix format and used to further evaluate revenue options when moving towards a recommendation.



Survey Results



Criteria Order

How important are the following criteria to your decision-making? Please rate each of the potential criteria:	Value-Weighted Response
Are able to generate sustainable, ongoing revenue.	2.7
Are legally viable.	2.7
Are equitable (regressive vs. progressive structures)	2.6
Do not have widespread negative impacts on the local economy.	2.4
Do not have negative environmental impacts.	2.3
Require an administrative effort that is commensurate to the revenue potential.	2.2
Have been proven to work elsewhere in Oregon.	2.1



Criteria Ranking Comparison

Focus Group Criteria	Rank
1. Sustainability	2.8
2. Equity	2.7
3. Estimated revenue potential	2.7
4. Impact on local economy	2.6
5. Impact on environment	2.5
6. Legal viability	2.5
7. Impact timeline	2.4
8. Level of administrative effort	2.1
9. Use in peer cities	1.8

Task Force Criteria	Rank
1. Sustainability	2.7
2. Legal viability	2.7
3. Equitable	2.6
4. Impact on local economy	2.4
5. Impact on environment	2.3
6. Level of administrative effort	2.2
7. Use in peer cities	2.1

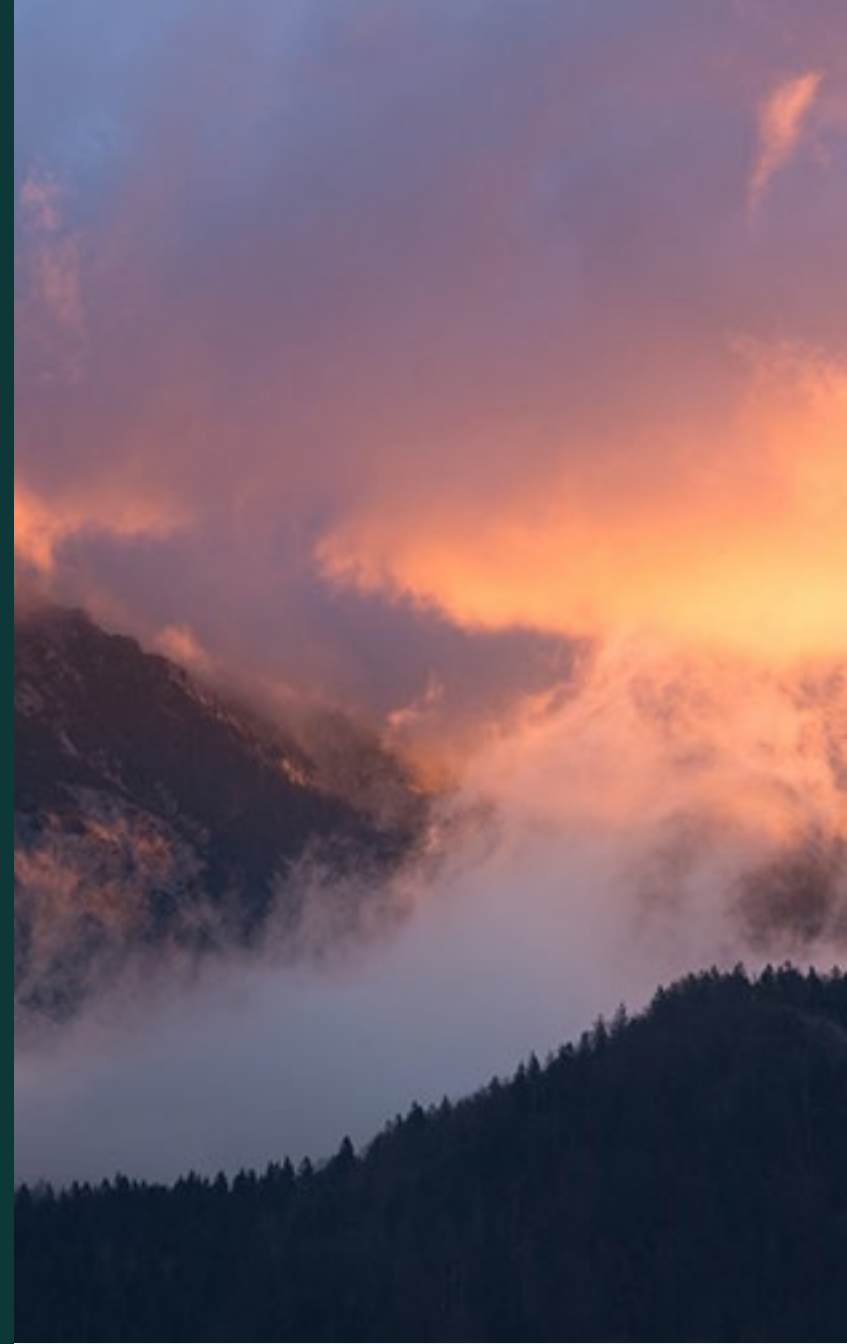


DISCUSSION

What, if any, changes would you make to the proposed criteria?



➤ VOTE



Revenue Options

Initial Overview



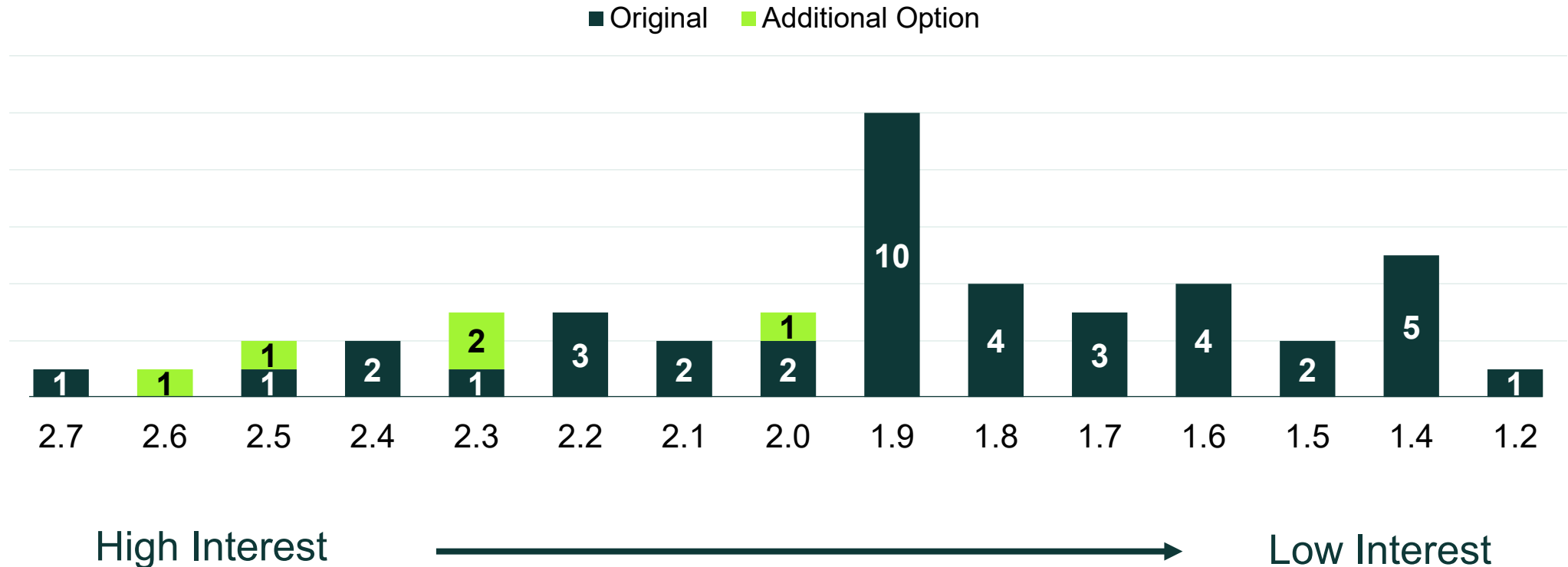
Potential Revenue Options

1. Admissions/Entertainment Tax
2. Bicycle Registration Fee
3. Business Gross Tax Receipts
4. Business License Fees
5. Carbon Tax
6. Construction Excise Tax
7. Corporate Income Tax
8. Electric Vehicle Charging Station Permit Fees
9. First Responder Fee Increase
10. Franchise Fee Increase
11. Heavy Vehicle Tax (only for Transportation Services Fund)
12. Higher/New Fees for Services
13. Land Value Tax
14. Local Gas Tax
15. Local Marijuana Tax Increase
16. Local Option Property Tax Levy
17. Luxury Tax
18. Motor Vehicle Rental Tax
19. Operations Fee Increase
20. Parking Tax Increase
21. Payment in Lieu of Taxes
22. Payroll Tax (Employee-Paid)
23. Payroll Tax (Employer-Paid)
24. Payroll Tax (Jointly Paid)
25. Personal Income Tax
26. Photo Red Light Cameras and/or Photo Speeding Cameras
27. Private Foundation Endowment
28. Property Tax on Vehicles
29. Rental Housing Fee
30. Restaurant Tax
31. Sale of Surplus Property
32. Sales Tax (General)
33. Sales Tax (Selective)
34. Solid Waste Collection Fee
35. Special District(s) Formation
36. Street Lighting District
37. Sweetened Beverages Distributor Tax
38. Tolls on Marion Street or Center Street Bridges
39. Transient Lodging Tax Increase
40. Urban Renewal Increase of Frozen Tax Base
41. Vacancy Tax (Empty Dwelling Fee)



Revenue Option Interest Results

Count of Weighted Results for Interest in Revenue Options



Low Interest Revenue Options

Revenue Option	Weighted Rating (1.2-1.5)
38. Tolls on Marion Street or Center Street Bridges	1.2
22. Payroll Tax (Employee-Paid)	1.4
34. Solid Waste Collection Fee	1.4
36. Street Lighting District	1.4
2. Bicycle Registration Fee	1.4
9. First Responder Fee	1.4
29. Rental Housing Fee	1.5
37. Sweetened Beverages Distributor Tax	1.5



High Interest Revenue Options

Revenue Option	Weighted Rating (2.3-2.7)
3. Business License Fees	2.3
A1. Annex developed areas within the Urban Growth Boundary	2.3
A2. Cigarette Tax (see also Sales Tax: Selective)	2.3
15. Local Marijuana Tax Increase	2.4
16. Local Option Property Tax Levy	2.4
7. Corporate Income Tax	2.5
A5. Payments in lieu of taxes from county and federal buildings	2.5
A4. Intergovernmental agreements and entities outlined in ORS 190	2.6
21. Payment in Lieu of Taxes (from the State Government)	2.7



Moderate Interest Revenue Options

Revenue Option	Weighted Rating (1.6-1.8)
13. Land Value Tax	1.6
24. Payroll Tax (Jointly Paid)	1.6
28. Property Tax on Vehicles	1.6
27. Private Foundation Endowment	1.6
32. Sales Tax: General	1.7
8. Electric Vehicle Charging Station Permit Fees	1.7
30. Restaurant Tax	1.7
1. Admissions/ Entertainment Tax	1.8
11. Heavy Vehicle Tax (only for Transportation Services Fund)	1.8
25. Personal Income Tax	1.8
39. Transient Occupancy Tax Increase	1.8



Moderate Interest Revenue Options *(cont.)*

Revenue Option	Weighted Rating (1.9)
6. Construction Excise Tax	1.9
18. Motor Vehicle Rental Tax	1.9
26. Photo Red Light Cameras and/or Photo Speeding Cameras	1.9
31. Sale of Surplus Property	1.9
17. Luxury Tax	1.9
23. Payroll Tax (Employer-Paid)	1.9
10. Franchise Fee Increase	1.9
12. Higher/New Fees for Services	1.9
20. Parking Tax Increase	1.9
35. Special District(s) Formation	1.9



Moderate Interest Revenue Options *(cont.)*

Revenue Option	Weighted Rating (2.0-2.2)
41. Vacancy Tax (Empty Dwelling Fee)	2.0
33. Sales Tax: Selective (includes any “Sin Taxes”)	2.0
A3. Concessions/rentals in parks	2.0
14. Local Gas Tax (only for Transportation Services Fund)	2.1
40. Urban Renewal - Increase Frozen Base	2.1
19. Operations Fee Increase	2.2
5. Carbon Tax (likely takes the form of a Local Gas Tax)	2.2
4. Business Gross Tax Receipts	2.2





Next Steps

01 Community Survey

02 Town Hall (in-person and virtual)

03 April 25th Task Force Meeting



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