

Welcome to my fifth annual State of the City report to the community on the past year in Salem and looking forward to the future.

It's been a year for the history books. We're closing it with the worst weather event since the Columbus Day Storm in the early 1960's. Thousands of us went without power for over a week and some for nearly two weeks. This event has resulted in most of us understanding even better the need for both community and personal disaster preparation. I'm very hopeful that we will see an expanded role for our 19 neighborhood associations and the enormous value of the volunteer Community Emergency Response Teams. And, I would be remiss if I didn't call out the enormous effort of the city's departments of Public Works, Fire and Police. Add to that the work of Salem Electric and PGE. I wish I had time to share with you the hundreds of incidents of help and kindness all of these emergency service providers gave us. Let me add to that the neighbors who cared enough to look in on

neighbors to make sure they were okay, and had whatever they needed during this episode.

Dominating every aspect of our lives it seems has been the pandemic outbreak of COVID-19. Salem has been at the center of this as Marion County has too often been one of the localities labeled an Extreme Risk by the state. There have been tremendous successes here and I particularly want to highlight the **work of Salem Health** as they dealt with its possible impact on available hospital beds from day one over a year ago. They did the work it took to meet the initial goal of not overwhelming our hospital. They essentially established our current vaccine center at the State Fairgrounds in cooperation **with Marion County and the State Fair Council.** Our business community has responded every time the state rules changed and continued to serve our community over the past year. The challenge now will be to move forward and provide the assistance and resources all sectors of our economy will need to have a full recovery from the

economic damage this illness and the response has caused.

The year was further complicated by the **Beachie Creek and Lionshead fires** in the North Santiam River watershed. The fire devastated the cities of Detroit and Gates as well as miles of riverfront, hillside and timber land along the Santiam and the Little North Fork of the Santiam Rivers. Salem joined every community for miles in assisting with the fire and its aftermath. There continues to be substantial concern about the impact of the fire on Salem's North Santiam River water supply. Also of concern is a proposed sewer line for canyon communities that would also threaten the city's drinking water.

And just so nothing got boring, Salem was the site of numerous protests and demonstrations relating to national events, issues and elections. The outcome has been a thorough review of police processes and procedures during large demonstrations that should be released in the next several weeks. A major personnel change at this

time was the long-anticipated retirement of Police Chief Jerry Moore and the hiring of his replacement Trevor Womack from Stockton, California.

In the midst of all of this, the city held its election for Mayor and four councilors. The outcome was the arrival of **four** new members of the city council. And the City really launched its first update of the city's comprehensive plan in over 40 years.

The City also completed its annual Community Report, which measures public satisfaction with City services and actions and reports the outstanding issues in our community.

Over the past several years, **homelessness** and its impacts has replaced by far any other issue on the public's mind. No wonder. It's disturbing on a basic humanitarian level to see our fellow residents living in what can be degrading, unsafe, unsanitary and deeply unfortunate conditions. The homeless condition invites a range of reactions from scorn or fear to deeply held religious beliefs of personal responsibility to alleviate the situation. There is a deep hope that there is some simple or universal

solution. What you learn as you get very close to this on a public policy level is that there isn't one thing government can do to solve this problem. It's truly an all hands on deck, all resources concentrated at the local level on it. And the price tag is well beyond what we have seen invested into mental health, addiction, chronic health care needs and truly affordable housing for every income level.

- Oregon is the seventh leading state contributing to the overall homeless population, sitting in order behind Massachusetts, Washington, Texas, Florida, New York, and California.
- In 2019, Marion County saw a 20 percent jump in the number of reported homeless individuals, moving from 1,218 people to 1,422.
- Our homeless advocate groups expect the number to rise to between 1,500 and 1,800 homeless people in Marion County today. That number is too high.

- Based on interviews with people who are homeless in our region, many have untreated mental illness, addictions, and chronic health conditions worsened by long periods of homelessness.
- Also, some individuals have preexisting barriers to housing, such as criminal history, evictions, and poor rental history. Providing shelter for someone who is experiencing chronic homelessness requires intensive case management and a network of community-based services.
- The City is currently working with our homeless service providers to increase shelter capacity, adding more permanent affordable housing units, and reducing barriers that lead to homelessness. We are dedicated to finding solutions through a community-wide coordinated approach.

- This means strengthening our crisis response systems as we advocate for State assistance for more supportive housing, as well as a navigation and sobering center. It means retooling our criminal justice involvement through a mobile crisis response structure, so trained professionals can assist homeless individuals on the spot with direct access to addiction treatment, mental health counseling and health services.
- We are asking again that the state support the sobering center and a navigation center to help homeless persons access needed programs of all types including housing, mental health and addiction services and a variety of other programs to assist them out of their situation.

In addition to our collaborative long-term planning agendas, Salem is involved in several current programs to help mitigate the homeless crisis including:

- additional security services for downtown.
- Last year, the Salem Housing Authority (SHA) opened **Redwood Crossings** - 37 units of permanent supportive housing. Salem Housing Authority owns and manages the property, contracting with ARCHES to support residents. Salem Health leases six of the housing units for transitional respite care for homeless individuals.
- SHA is securing funding for **Sequoia Crossings**, which will add approximately 75 units of permanent supportive housing to Salem. It will own and manage the property, contracting with ARCHES to support residents.
- **The Homeless Rental Assistance Program (HRAP)** was launched in July 2017. The City, through the Salem Housing Authority, has committed \$2.1 million dollars to support the Homeless Rental Assistance Program. HRAP links chronically homeless individuals to housing, food, furnishings, and social services. HRAP has housed more than 300 individuals.



Since its inception, this, the largest Housing First program in Oregon, has had an 83% success rate moving homeless residents into permanent housing.

- The Salem Housing Authority operates a Community Partners Property Tax Exemption program to encourage the inclusion of affordable units in market rate developments. This program provides a tax exemption and requires that the housing authority be designated as General Manager in a five-year renewable partnership agreement to achieve the tax exemption. SHA does not become a partial owner or an active manager of the property. Interest from apartment developers and owners is welcome.
- The City also created a temporary homeless shelter at the Oregon State Fairgrounds in partnership with The State Fair Council, Mid-Willamette Valley Community Action Agency, Church at the Park, and other local homeless advocates.

The temporary homeless shelter offers a place to sleep and shower for at least 100 residents in a socially distanced 30,504 square foot arena.

- The city also provides financial and staff support of the Salem Warming network, which houses homeless individuals during the coldest nights of our winter.
  
- We have worked to design overnight parking policies to allow for an innovative Safe Vehicle Parking Program, permitting homeless people to safely park and sleep in their vehicles in designated parking spaces in our area.
  - We've increased staff support for departments working on the homeless crisis in Salem, such as a hiring a navigator at the Salem Housing Authority to work directly with our unsheltered populations on the streets and in parks learning how we can best support their needs and get them back on their feet.
  - There now are added patrols with SPD and Code Enforcement checking on the health and

welfare of homeless individuals in public spaces.

- We are awarding more than \$400,000 each year in grants to local non-profits to provide emergency assistance and essential services to Salem residents and families in need.
- Beginning a new permanent supportive housing units in structured small communities.

The City also is:

- Providing short term financial assistance with City of Salem Utility bills for households experiencing financial hardships.
- Offering tax incentives to developers who build affordable housing in our area.
- Adapting building standards for single family property owners to add additional units on their property such as basement apartments or converting a single-family home into a duplex.
- Providing more than 3,000 Salem households with affordable rent through our Salem Housing Authority.

- Pouring time and resources into understanding our region's growing homeless population, identifying sub- groups including youth families and older adults who need our support. We are very active in the Mid-Willamette Valley Homeless Alliance which is Vice-Chaired by Council President Chris Hoy.
- Ultimately, we are setting goals and adapting policies to:
  - Reduce the need for sheltering in unsuitable locations.
  - Reduce the average time a person is homeless.
  - Reduce the number of homeless individuals in our community.
  - Increasing adult employment and the percentage of persons who become sheltered.
  - And, reducing barriers to becoming homeless to Include rental assistance, affordable housing, and access to services.

It has been a banner year for our Police Department. As I mentioned, Jerry Moore closed out his 40-year career in Salem with 15 years as Chief. The department moved into its new police center on Division Street and welcomed new Chief Tremor Womack. Along with these changes, police officers and leadership dealt with an unprecedented number of demonstrations, protests, marches and riots. Residents, parks, neighborhoods, businesses and traffic were impacted and everyday life in Salem was regularly disrupted.

The police had the unenviable job of balancing the competing interests of the public's safety and individual constitutional rights. Our city has gotten through this period that caused real wreckage in other towns in Oregon and nationally.

We did it because our police department did an outstanding job.

The police set the tone by communicating with organizers and the community about our

expectations for keeping the community safe. They clearly stated the goals and objectives to prevent and stop violence and damage to public and private buildings and then followed through on what they said. And the department worked closely with county, state and federal partners to prepare and safeguard our city.

Salem leaders need to move beyond doing more with less approaches, though. Whether it is homelessness, individual in mental health crises or crime, demands on our police are increasing but the number of officers to deal with has not. In 20 years, the city has grown by more than 30,000 residents, yet the number of officers has only increased by 13 during that same period. There is only about one officer for every 1,000 residents, a statistic well off the national average. There is an increasing demand due to serious crimes. Officers are stretched thin, and that impacts the levels of police service this community needs and deserves.

Our Public Works Department delivers many of the core services residents expect of their city – water, sewer, roads, sidewalks, parks, storm water management, street trees. Construction project management and Center 50+, Salem’s senior center.

The department was recognized nationally with the American Public Works Association accreditation award. Salem is one of only 161 departments to be recognized as compliant with nearly 500 nationally recognized best management practices in each of its areas of primary responsibility.

The drinking water section has launched significant programs to improve drinking water resiliency projects.

Topping the list is the Ozone Water Treatment System at Geren Island. Progress on the new Frank Mauldin Ozone Water Treatment System is proceeding at a fast pace at the Geren Island Water Treatment Facility. Ozone treatment was chosen as the preferred water treatment process because of

its ability to effectively treat algal toxins and other contaminants. Algal toxin levels have increased in the City's watershed as evidenced by the impacts to the City's water supply in 2018. The City has invested over \$45 million in the Ozone system and it is scheduled to be operational early this summer.

The City is also investing in a new groundwater well at the Geren Island Water Treatment Facility. It is expected to deliver up to 10 million gallons per day. This new well will be used to augment peak summer water demands and also supply water if the North Santiam River water is not available for use due to turbidity, drought, or emergency spills that could occur in the watershed. This \$14.5 million project is expected to be completed in the spring 2022.

We are investing \$25 million to reconstruct one of our aging sand filters at Geren Island. The State of Oregon will be investing \$20 million in this facility and we are excited to start design on the project this summer. The work be completed in 2023. We also are spending another \$12 million to improve



our Aquifer Storage and Recovery facilities in south Salem. We can store over 750 million gallons of water in the underground aquifer and we are making improvements to our water treatment systems at the aquifer and the adjacent pipe systems. This aquifer is used primarily during the summer months to meet peak water demands, but it also adds resiliency to our system. These improvements are scheduled to be completed later this year.

All of these major projects have been supported by a substantial investment from the State and from local ratepayer funds.

Salem's new Biogas Cogeneration Facility at Willow Lake went online this past year and is producing renewable energy from the by-products of wastewater treatment. This state-of-the-art facility would not have been possible without generous support from the Energy Trust of Oregon, Oregon Department of Energy, and customers participating in Portland General Electric's Green Future

Program. This facility is expected to save the City more than \$300,000 a year in average annual energy costs and keep tons of pollution-causing gases out of our atmosphere every year. And now, Salem residents can access daily updates from the facility on the electricity production and carbon offsets from the City of Salem website.

A \$25 million project to replace the existing, aging Public Works administration buildings at the Shops Complex got underway with the selection of a design-build team in December. The team of Howard S. Wright Construction and Hacker Architects, who are also completing the Library project, have begun preliminary programming and design work. Preliminary site work is expected to begin later this year and construction of the new Operations Building located off 23rd Street SE will begin early in 2022. The new building will provide a modern, seismically resistant headquarters for Public Works operations with improved public parking and lobby for better access to services. This project is the start of a multi-phase master plan for

redevelopment of the Shops Complex that will replace buildings beyond their useful life with modern, flexible work and storage spaces.

The City's Safer Pedestrian Crossing Program prioritizes safety for people walking to schools, work, parks, and other destinations. In 2020, the first full year the program was available, the City received over 100 requests for improved pedestrian crossings. The City made improvements to six pedestrian crossings in 2020. More than 10 additional pedestrian crossing improvements will be constructed in the next five years.

The Public Works Department also oversees a number of other programs including Parks, Center 50+, street trees, and our major construction projects.

The City of Salem is proud to be one of only 17 cities in the country to have been a charter participant in the Arbor Day Foundation's Tree City USA program. In 2021, we celebrate 45 consecutive years of participation. Salem is also a "Sterling City," having

received more than 10 Arbor Day Foundation “Growth Awards” in recognition of our innovative approach to our urban trees and the level of participation in our various programs.

Our contracts with nonprofits and contractors such as Friends of Trees and Treecology continue to expand our planting capacity while also providing outreach, education, and volunteer opportunities. In 2020, Friends of Trees staff and volunteers planted 182 large stock trees in 2020. This planting work was accomplished thanks to nearly 1,000 volunteer hours from 275 volunteers. In 2020, Friends of Trees planted an additional 2,120 small stock trees, shrubs, and smaller plants in Salem parks and natural areas.

In 2021, the City forester will lead the way in cataloguing and replacing the hundreds of trees lost in the ice storm. Work in this area will continue for several months. We will have a full report on this coming to Council over the next several months.

In early 2020, the City began working on a Climate Action Plan. A 41-person Task Force was appointed and includes representation from a broad range of community interests and groups. The Climate Action Plan is almost halfway through the planning process and it is on schedule to come before Council in December. In October, Council set two climate action goals: (1) to reduce green house gas emissions 50% by 2035; and (2) to become carbon neutral by 2050. You can participate in the process online at [saalemclimateactionplan.org](http://saalemclimateactionplan.org).

As a result of the Age Friendly Work the Center 50+ Advisory Commission, in cooperation with AARP, had been spearheading for the last two years, Center 50+ had already established strong partnerships, created a robust volunteer workforce, and had been addressing Senior Isolation and Loneliness issues. This advance work allowed the Center to pivot quickly from a facility driven face to face model to a virtual/front porch delivery of services—serving more seniors and helping alleviate some of the mental, physical, and emotional

impacts that occurred due to the pandemic and need to remain safely at home.

250 seniors received a food/care box delivered by 50 different volunteers, more than 400 seniors connected to the Center virtually each week for health and lifelong learning, and over 2,000 seniors received a friendly call or encouraging letter. The WOW (Wellness on Wheels) Van has offered pop up and socially distanced support services and front porch delivery for hundreds of seniors each month—a program that will continue to support Salem’s homebound seniors well beyond the pandemic.

This age-friendly project was initiated in my State of the City announcement two years ago and has developed a strategic plan to meet a range of needs for seniors including health care, transportation, and housing. It will guide city policies for several years to meet the challenges we are facing as our city residents grow older.

Salem Public Library went through a lot of change in 2020. The temporary relocation for the seismic

project was completed in February 2020. A month later COVID hit and it became apparent that for patron and staff safety Library services couldn't continue to look the same. The small size of the temporary library location added to the safety constraints for Salem Public Library to offer any onsite services. After a brief full closure with only virtual help available, the Library was able to offer Contactless Curbside service that has been scaled according to the State Risk Categories for Marion and Polk counties.

While Contactless Curbside helps get physical materials to patrons, it isn't the only way to use the library for books, movies, and more. E-content offerings and use went way up in 2020.

Record new patrons signing up for the online cloudLibrary apps (1,920 in 2020 up from 1,131 in 2019) Items checked out from cloudLibrary more than doubled in 2020. 63,812 checkouts in 2020, up from 27,876 in 2019.

For avid readers, Salem Public Library started "Book Match" in October 2020. With this service, Library staff curate a personalized list just for you based on your preferences. Staff will even place holds for you if you'd like. Just fill out the Book Match survey and staff will get back to you within three business days with exciting reading ideas! From October 2020 to the beginning of February 2021 staff have helped 92 book match users find their perfect reads!

The Library also pivoted to virtual programs including a Library Island on Animal Crossing, having open and tough conversations with the Exploring Together Series, and virtual story times made possible by publishers lifting restrictions and allowing for books to be read aloud and recorded. Staff are also answering questions via email, chat, and phone for patrons.

There are two main outreach initiatives that Salem Public Library was able to accomplish during the pandemic. The first is an early Literacy Outreach started in Fall 2020 using leftover prize bags and



books from the 2020 Summer Reading Club. Library staff compiled the kits on request for delivery to community organizations that already have systems in place for delivering essentials such as food, clothing, educational materials, and other items, to Salem-area families. The Library has connected with more than 15 partner organizations requesting kit delivery, including Head Starts, Mano a Mano, Family Building Blocks, Salem-Keizer teen parent education program, food pantries, and free clinics. Each kit contains a backpack, 2-to-3 paperback books, an activity booklet with literacy-based activities, literacy tips for parents, and information about online Library services and Library Curbside Services. Ready-to-Read funds were used to purchase picture books and print materials for the early literacy kits.

While the program has paused due to the Extreme Risk categorization for Marion and Polk counties, there may be opportunity to restart it in a lower risk category and do some one-off events. In the two

months the program was active in in 2020, 737 kits were delivered to partners.

Operation Bookshelf, our senior outreach program in partnership with the Assistance League of Salem-Keizer, had to pivot due to the high-risk of patrons served. Operation Front Porch was born, along with an effort to conduct wellness phone calls to homebound individuals enrolled in the program. Operation Front Porch aims to deliver bags to front doorsteps and desks, contact-free. The program also delivers crates filled with books to senior living communities. Special projects like cheerful gift bags decorated by TAB members and hand-written holiday cards, have accompanied the delivery efforts. 2,178 library items were delivered to individuals and facilities. 80 individuals are currently enrolled in the program. Volunteers gave 60 hours to make the contact-free deliveries.

The Blight to Bright (b2B) program was initially intended to provide a secure source of funds to deal with City abatements by the Code Compliance section. Prior to this, staff would have to appear at

Council to ask for money to abate the “Blight”, meaning dangerous buildings and drug labs.

The money for the b2B fund actually comes from Salem property owners who are in violation and have been served SRC 20J Civil Penalties. Some of these people pay the penalties, some do not. Those who do not pay will have City liens placed on their property. These liens accrue interest, and are paid off to the City when the property sells.

There are enough outstanding liens and current penalties to provide enough of an irregular income to keep the fund solvent for the future, and it’s all money from violations, not the regular budget.

While we started the program in earnest in 2019, opportunities for abatements have been limited till this time.

We also have committed to use the money to make things “Bright”. Helping Neighborhood Associations obtain required insurance for community events or other possible expenses has been approved. We

also want to support Youth Development activities and Planning outreach efforts when possible.

To date, Blight to Bright funds have been used for the following projects:

- In 2019, funds were used to pursue the successful demolition of a chronically damaged house at 1525 Lee Street SE. Since the demolition the lot has been redeveloped by private investors. Our cost approximated \$4,000.
- In 2019, funds were also dedicated to demolition of impounded RVs. Costs to lawfully dispose of an RV are prohibitive, and these RVs end up reappearing in the community for us to deal with again. At this time, \$10,000 has been dedicated to RV demolition in partnership with Salem Police.

During the fall of 2019, when the humanitarian needs of the homeless population camping around the Arches facility were at hazardous levels, some

Blight to Bright funds were used to supply emergency portable restrooms and handwashing stations. These expenses approximated \$5,000.

In March of 2020, Blight to Bright funds were used to create the first of the vehicle camping locations in partnership with the Salem Leadership Foundation. They were supported for the entire second quarter of 2020. Funds from other sources have continued and expanded the program. The b2B expense to initiate the program approximated \$25,000.

The City Planning Department launched the Our Salem project aimed at developing Salem's new vision for future growth and development. It is advancing after more than a year and half of community outreach.

This vision lays the foundation for updating our Comprehensive Plan by the end of this year. It will guide how Salem grows for decades to come and help us meet many of our challenges ahead. The city is expected to add 30,000 new residents over

the next 20 years and this plan will help us meet the tremendous housing and economic growth requirements that much growth demands. No project underway today will have more impact on the next generation of residents and the quality of life they will enjoy. Every part of Salem will be affected by this planning and zoning process as it updates our 40-year-old Comprehensive Plan and its goals for the future.

We already face serious challenges meeting our housing crisis including Multifamily Housing.

- As our population grows, we know we need more multifamily housing.
- To help meet that need, we've been making it easier to build multifamily housing in Salem. Last year, the City Council adopted a complete overhaul of our regulations and approval processes for multi-family housing.
- In 2020, we approved building permits for more than 770 multifamily housing units. That's more units than any year going back to at least 2012.

- The City continues to prioritize housing development through code improvements, expanded zoning opportunities and financial incentives. Later this year the City will tackle code amendments to permit “missing middle housing” (duplex, triplex, quadplex, townhomes) across the city, as required under new state laws.

Historic Preservation has been a major goal in Salem as we try to protect what makes Salem special and still meet future needs.

- In 2020, we completed our work on our Historic Code Amendments and Historic Preservation Plan update, aligning our codes and processes with our goals for historic preservation. The Plan identifies projects for the next 10 years that will strengthen our preservation program and ensure we protect our history.
- The City continues to provide financial support to homeowners of historic houses through our grant program and now looking forward to establishing a new ‘Preservation Green’ grant

fund to assist historic property owners with projects to improve the sustainability and energy efficiency of their historic properties.

- The City has continued to strengthen our relationships with the federally recognized Tribes that have a deep history in Salem. This past year I signed Memoranda of Understanding with the Confederated Tribes of the Grand Ronde and the Confederated Tribes of the Siletz. In 2021, we look forward to negotiating a third agreement with the Confederated Tribes of Warm Springs. These agreements recognize the important place the tribes have had in our history and how we will cooperatively deal with issues of growth and development in the future.
- In 2020, despite the pandemic the City completed work on our first private/public archaeology project at the Jason Lee House site. This effort helps us better understand the history of our city and its founders.



This past year has shown us again how vital our City fire and emergency services are to our community. Response times here remain a major issue as we look forward to population growth and aging. Our fire services are also our first responders in health emergencies.

The last successful bond for fire trucks was in November of 2006. The current fleet of fire trucks has served us well for 15 years, and it's time to begin the work it will take to reinvest in our Fire Department's trucks and equipment.

The Emergency Operations Center has been activated now for nearly a year due to Covid-19. It's our single longest activation on record. We will continue to remain activated until we are through this pandemic. City employees across all departments are part of this activation including Fire, Police, management, Legal, Human Resources, Public Works, Community Development, and Finance.

The EOC commander is Deputy Chief Reed Godfrey. This team has done an exceptional job of ensuring the safe and orderly operations of the city continue during the pandemic.

The City operates a regional 911 emergency dispatch center serving the City of Salem and many communities in Marion, Polk, and Lincoln Counties.

We operate the center under the name Willamette Valley Communications Center and at the beginning of the year we moved it under the Salem Fire Department.

Our 911 center staff is currently working on the replacement of the core computer system, which tracks all the 911 call information, recommends the appropriate police, fire, or ambulance services, and tracks all the field units and their status. The system also includes a mobile data application that will go in each police car and fire apparatus to be used as part of the communication system and information sharing between 911 center and field personnel.

This project is in the product evaluation phase and we expect to have a new system selected by mid-summer. It will then take roughly a year to implement. This project will cost about \$3.5 million and will serve the 911 Center for the next decade or more. Funding comes from participating agencies and the 911 tax.

During the COVID-19 pandemic, the Information Technology Department successfully led the City in a switch to virtual services with minimal interruption. City staff adapted quickly into a remote work environment and embraced the new service delivery model. This has resulted in efficiencies and improved collaboration within City Departments.

The IT Department continues to innovate and transition to e-government solutions to bring more community facing services online. These solutions use information and communication technologies to serve the public. Solutions recently deployed include enhancements to e-permits, a digital public

records request solution, and the open data website for the facilitation of data sharing among the public and government agencies. The City's vision is to continue to improve digital services and provide technology solutions that enhance resident experience.

The City has been selected as an early adopter of the State's new web-based eProcurement system called OregonBuys. This powerful tool will replace the current Oregon Procurement Information Network (ORPIN) system. The City is currently testing the new system and expects to fully utilize it as early as July of 2021. The City will be able to use OregonBuys for solicitations, digital bid submissions, and online evaluations. The new system will create a modern online marketplace shopping experience for the City along with creating efficiencies in its solicitation processes.

The City has maintained a favorable bond rating on its latest \$60.0 million utility revenue bond issue. These funds will finance projects focused on water treatment and supplemental water supply. The

Urban Renewal Agency has also recently completed a \$14.4 million annual du Jour borrowing process that allows it access to funds to make public investments in designated geographic areas to remove blight, to improve property values, and to leverage private investment. These public investments spur redevelopment in areas where it might not otherwise occur.

During the COVID pandemic, the Municipal Court has continued and expanded operations to the public for resolving parking and traffic violations and misdemeanor crimes. The court is allowing defendants with parking or traffic violations to “appear and enter a plea” by telephone, email, fax, or correspondence. Defendants that enter a plea of “Not Guilty” have the option of having a trial by affidavit or being placed on a waitlist for in-person appearances. The court is currently exploring the opportunity of holding violation trials by video conferencing.

The City of Salem has published its Comprehensive Annual Financial Report for its fiscal year ending

June 30, 2020, and received an unmodified opinion from its auditors. This opinion indicates that the basic financial statements present fairly, in all material aspects, the financial position of the City and the results of operations of the various funds and component units in conformity with accounting principles generally accepted in the United States (GAAP). The City will present this report to the Government Finance Officers Association for its review and consideration for a Certificate of Achievement for Excellence in Financial Reporting award. The City of Salem has received this award a total of 30 times in past years.

In 2020, the City received \$7.2 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act reimbursements for its response to the Covid pandemic. It also received \$29,600 of employer paid Social Security from the Families First Coronavirus Response Act (FFCRA). The receipt of these funds was made possible by the City's prompt response to the crisis.

And finally, I'd like to discuss the city's economic activities and highlight our continued commitment to our fundamental success in growing and diversifying our economy.

Permit activity in Salem has remained steady since last March. According to the December 2020 report on City building permit data, 160 permits were issued that month, valued at more than \$38 million. From July to December 2020, there were 1,114 permits issued, valued at more than \$330 million. This is in comparison to the same period in 2019 where there were 1,183 permits issued valued at \$215 million.

The City continues to permit new multi-family housing units at a steady pace. From July to December 2020, there were 489 new apartment units permitted. That is an increase from the 409 new units that were permitted during the same time period the previous year. There have been 77 Accessory Dwelling Units (ADU's) permitted since code changes allowed their construction in 2017.

Since March 2020, some businesses have closed, but several have opened as well. Urban renewal grants continue to encourage private investment in our downtown. Several new businesses have opened in downtown, since March 2020 including: La Familia Cider, Fork Forty Food Hall, Bentley's Coffee, Ernie and Grey, Salem on the Edge art gallery, the Sun Bear Den plant shop, Flowers in the Alley, and Caakes skateboard shop. The new planned hotel downtown on the former Marion Auto Garage is in the permitting phase. Construction is expected to start in early 2021.

The 146 micro-unit apartments on the former McMahon's site is expected to be completed in early 2021. Apartment pre-leasing is exceeding the owner's expectations. Completion of Union Gospel Mission's new facility is expected in spring of 2021, and relocation to the new facility in early summer 2021. The City plans to announce a Request for Proposals process, seeking development interest, in the UGM block, later this spring/early summer. Western Oregon is completing improvements to the Vick Building downtown, which they expect to



complete before end of 2021. Virtual classes are expected to continue into 2021. The new Riverfront Park Amphitheater will be complete this spring and open to the public this summer.

Last summer the City created the Summer Streets Program to expand outdoor seating options for downtown eating and drinking establishments. In October, the City launched a streamlined process for obtaining temporary outdoor coverings or tents to expand customer seating through the winter. Tents larger than 400 SF require a patio covering permit. Tents less than 400 SF typically do not require a permit, but instead a certification form that illustrates that needed safety and access requirements are met. This is intended to make it easier for businesses to install temporary outdoor dining tents this winter.

The City also created a grant program to help businesses purchase temporary outdoor dining tents and heaters, to maintain and expand customer seating through the winter. The City

dispersed more than \$250,000 to 55 businesses for this program.

The State Street two-way conversion was completed, between Church and Liberty Streets, increasing circulation for all modes, as recommended by the Central Salem Mobility Study.

With the City's Riverfront Downtown Urban Renewal Area we are uniquely positioned to support the redevelopment of the JCPenney building and other large vacant buildings downtown. We've funded studies to help evaluate the feasibility of incorporating housing into these vacant spaces, including adding floors to existing structures. This information can assist prospective property buyers with their due diligence and with the sale and redevelopment of these properties. The City also has urban renewal grant programs to assist with capital improvements.

The City has grant and loan programs in three urban renewal areas, including North Gateway, West Salem, and downtown. Since January 2020, the City

has approved \$3.2 million in grants for projects totaling \$24 million in the Riverfront Downtown, West Salem, and North Gateway urban renewal areas.

The Salem Housing Authority operates a Community Partners Property Tax Exemption program to incent the inclusion of affordable units in market rate developments. This program provides a tax exemption and requires that the housing authority be designated as General Manager in a partnership agreement (5- year term and renewable) for the purposes of achieving the tax exemption (i.e., SHA does not become a partial owner or an active manager of the property). Interest from apartment developers and owners is welcome. Please contact the Salem Housing Authority.

Last year, the Urban Renewal Agency approved creating a new, single property tax increment district on a portion of the former North Campus of the Oregon State Hospital, to incentivize development of 246 new apartments, including 36

units for individuals earning an average of 60% of the area median income. The Agency will rebate to the property owner of up to 97 percent of the property taxes paid by the property owner and collected within the TIF District, in exchange for developing and maintaining the affordable units. We would like to replicate this concept in other areas of the City, as another tool to encourage creation of new affordable units.

There are several new and existing industrial businesses making investments in Salem. Industrial activity remains very strong along the West Coast, including in Salem. At the Mill Creek Corporate Center, the City and State are working in partnership to support expansion of public infrastructure, to meet development needs. Nearby, at the Salem Business Campus (off Gaffin Road), the City is working with several small businesses interested in locating at the property. The City has 19 of the 30 available acres under contract or in negotiation for purchase. Pacific NW Properties broke ground last summer on a

speculative commercial development in the Fairview Industrial Park and construction is underway. They expect to have 12 tenants in the space when complete.

The City continues to identify funding to support area businesses and non-profits impacted by COVID. Thus far, the City has committed \$550,000 to more than 120 small businesses and 501.c3 nonprofits. This includes about \$100,000 in Business Oregon grant funding that the City applied for. Additionally, staff have helped businesses apply for additional grants offered through Marion County, Polk County, Willamette Workforce Partnership, and the State of Oregon.

The City coordinated with Business Oregon and the Salem Chamber in December, to obtain about \$40,000 in PPE that is available at no cost to small businesses in Salem. The PPE was funded through the CARES Act. The Chamber is coordinating the pickup of PPE, which began the week of January 11 and will continue until fully dispersed. Thus far,

more than 110 businesses have accessed free PPE. Economic Development staff have been communicating with about 450 small businesses and sharing regular updates on funding and offering technical assistance.

Urban Renewal Agency grants are supporting or assisting a range of businesses including: Ochoa Queseria's expansion on Portland Road and supported construction of new development at Wallace and Glenn Creek Road, West Salem Machine's new equipment, a new sports rehab facility, Xicha restaurant and brewing, Union Gospel Mission's new location, and many more. Ochoa Queseria completed their facility in late 2020, and hopes to re-open their retail operation, selling yogurt, quesadillas, ice cream, and cheese, when the State's COVID guidance allows.

The City, SEDCOR, and other area partners continue to expand programming and mentorship for area entrepreneurs, including several virtual events and informational sessions since March. A new fund for

start-ups, the Mid-Valley Angel Fund, was established to assist. A competition was launched this spring, to allow area start-ups to compete for up to \$50,000 in investment from the Fund. One local startup, Hoss Soss, was awarded funding through this program to help expand inventory and marketing. Another round of funding, from local and regional investors, will be raised this year to help additional start-ups.

In all areas, Salem has continued to be the progressive, business friendly community that has made it success. As conditions change around COVID all indications are that we will have a major bouncing in our employment and economic health.

As we move ahead, we will continue to be a city leaning forward into the future. We will change, but our bottom-line values remain intact. I pledge to each of you that your city government is going to be part of a future we can all be proud of and prosper in.

Thank you.