



FOR COUNCIL MEETING OF:
AGENDA ITEM NO.:

October 25, 2010
4.3 (a)

TO: MAYOR AND CITY COUNCIL
THROUGH:  LINDA NORRIS, CITY MANAGER
FROM:  TONY MOUNTS, ADMINISTRATIVE SERVICES DIRECTOR
SUBJECT: SALEM DOWNTOWN ECONOMIC IMPROVEMENT DISTRICT

ISSUE

Shall the City Council initiate the extension of the Salem Downtown Economic Improvement District by directing the City Manager to prepare an ordinance for first reading on November 15, 2010 extending the District for approximately three and one half years, to June 30, 2014, and preparing a recommended process for selecting a service provider for Council consideration in January?

RECOMMENDATION

Staff recommends that the City Council initiate the extension of the Salem Downtown Economic Improvement District by directing the City Manager to prepare an ordinance for first reading on November 15, 2010 extending the District for approximately three and one half years, to June 30, 2014, and preparing a recommended process for selecting a service provider for Council consideration in January.

BACKGROUND

The City Council enacted Ordinance No. 01-08 on January 14, 2008, creating the Salem Downtown Economic Improvement District for a period of three years from the effective date of the ordinance. The District will end on January 14, 2011 unless action is taken to extend the District. The ordinance is codified as SRC Chapter 44.

The District was formed pursuant to ORS 223.112-223.132 and establishes an assessment on all commercial property within the District to raise funds to be used for improvement projects as permitted by ORS 223.112. The cost for the improvement projects has been \$200,000 per year, as adjusted for inflation, and collected through an assessment on real property with structure improvements of approximately \$0.07 per square foot per year and approximately \$0.02 per square foot per year on undeveloped property and parking lots.

ORS 223.124 permits the City Council to extend the duration of the Salem Downtown Economic Improvement District. ORS 223.124 requires the adoption of an ordinance authorizing the continuance of the district and assessments for a specified period of time and granting property owners within the district the right of remonstrance prior to continuing to levy the assessments.

Extending the District under this authorization would require maintaining the current District boundaries, amount of assessment, assessment methodology and definition of improvement projects. The City Council can amend other provisions of SRC 44 as long as these elements are not affected.

The City entered into an agreement with "Go Downtown Salem!" to perform the projects as authorized by SRC 44.035(a). The agreement with "Go Downtown Salem!" expires June 30, 2011.

FACTS AND FINDINGS

The City Council has two basic options for addressing the Downtown EID; continue the District or let the District expire. If the City Council supports continuing the District, a secondary question is whether the Council wishes to continue the District with the current provider or seek proposals from the current provider and other organizations that may desire to serve as the provider. To continue the District, an ordinance extending the district must be effective prior to January 14, 2011, the date the current district expires.

Option 1 - Continue District and Current EID Assessment

The following steps are necessary to continue the current Salem Downtown Economic Improvement District and assessments.

1. Adopt an ordinance continuing the District and assessments for a specified time period with an effective date that is before January 14, 2011.
2. Complete a public hearing and remonstrance process that provides:
 - a. Notice to affected property owners about the time and place of a public hearing at which they may appear to support or object to the proposed assessment;
 - b. Notice to affected property owners of the amount of the proposed assessment that would be imposed on their property;
 - c. Hold a public hearing, which may not be held sooner than 30 days after the mailing of the notice.

If written objections are received at the public hearing from property owners on which more than 33 percent of the assessment is levied, the assessment cannot be levied.

The public hearing and remonstrance process occurs after the ordinance authorizing extension of the district is effective and must be complete before the assessment can be collected.

Option 2 - Let District Expire

If the City Council wishes to let the Downtown EID assessments expire, no action is necessary at this time. The contract with "Go Downtown Salem!" expires on June 30, 2011 and they would continue to spend any remaining money from the current EID on improvement projects through that time.

Service Provider

Currently SRC 44.035(a) requires the City to enter into an agreement with "Go Downtown Salem!" to provide the projects. If the City Council extends the EID and wishes to consider alternative proposals, this section must be amended and a Request for Proposal process conducted. If this option is preferred, staff recommends that the solicitation and selection process take place after the ordinance extending the District is effective and before the public hearing/remonstrance process is initiated.

STAFF RECOMMENDATION

Staff recommends extending the current District and assessments and seeking proposals for a service provider. The proposed timeline to extend the District is:

1. November 1, 2010 – Future Report with draft ordinance extending the District for a specified time period. Staff recommends extending the District for approximately 3 ½ years, ending on June 30, 2014. This would allow for three assessment cycles corresponding to the City's fiscal year. The current assessment cycle has been April through March.
2. November 15, 2010 – First reading of ordinance.
3. December 6, 2010 – Second reading of ordinance.
4. January 5, 2011 – Ordinance effective.

The following timeline allows for the solicitation and selection of the service provider prior to initiating the public hearing/remonstrance process. Contract negotiation would occur concurrently with the public hearing process and execution of the contract would be contingent on the success of the assessment levy.

1. December/January – Assemble task force and determine selection process and solicitation materials
2. February 1, 2011 – Issue Request for Proposals
3. April 1, 2011 – Proposals Due
4. May 9, 2011 – Council initiates public hearing/remonstrance process
5. May 10, 2011 – Notice mailed to property owners
6. June 27, 2011 – Public hearing on proposed assessments. Hearing may not be held sooner than 30 days after mailing of notice.