



City of Salem
CITY OF SALEM AND SALEM URA
FINANCE COMMITTEE
MEETING AGENDA
November 21, 2022 4:00 PM

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PARTICIPANTS

Board Members

Councilor Jose Gonzalez, Chair
Councilor Virginia Stapleton
Councilor Vanessa Nordyke
Councilor Micki Varney
Alternate-Councilor Linda Nishioka

Staff

Keith Stahley, City Manager
Dan Atchison, City Attorney
Courtney Knox Busch, Manager
Josh Eggleston, Chief Financial Officer
Jenny Mattecheck, Chief Accountant
Jeremy Morgan, Supervisor
Anja Hill, Treasury Supervisor
Kelli Blechschmidt, Management Analyst I
Shengnan Thomas, Administrative Analyst I

Guests

Colleen Rozillis, Moss Adams
Tommy Conkling, Moss Adams

AGENDA

1. Welcome and call to order
2. Approval of Minutes
 - a. October 24, 2022 (Package page 3)
3. Public Comment - Appearance of persons wishing to address the Board on any matter other than those which appear on this Agenda
4. Action Items

5. Management Update/Information Items
 - a. General Fund Deferred Staffing Needs (**Package page 5**)
 - b. Moss Adams Presentation of Internal Service Benchmarking
6. Continued Business
7. New Business
8. Adjourn

Next Meeting: December 12, 2022

This meeting is being conducted virtually, with remote attendance by the governing body. No in-person attendance is possible. Interested persons may view the meeting online on [YouTube](#). To sign up to testify via Zoom or to submit public comment, contact the Finance Department via email at finance@cityofsalem.net or telephone at 503-588-6040 the day of the meeting by 1PM.

Special accommodations are available, upon request, for persons with disabilities or those needing sign language interpretation, or languages other than English. To request accommodations or services, please call 503-540-2371 (TTD/TTY 503-588-6439) at least two business days in advance.

It is the City of Salem's policy to assure that no person shall be discriminated against on the grounds of race, religion, color, sex, marital status, familial status, national origin, age, mental or physical disability, sexual orientation, gender identity, and source of income, as provided by Salem Revised Code 97. The City of Salem also fully complies with Title VI of the Civil Rights Act of 1964, Americans with Disabilities Act of 1990, and related statutes and regulations, in all programs and activities.

CITY OF SALEM AND SALEM URA FINANCE COMMITTEE

Minutes

DATE: October 24, 2022

PLACE: ZOOM

CHAIRPERSON: Jose Gonzalez

STAFF LIAISON: Josh Eggleston 503-588-6130 JEggleston@cityofsalem.net

Members Present:

Councilor Jose Gonzalez, Chair
 Councilor Virginia Stapleton
 Councilor Vanessa Nordyke – joined at 4:05PM
 Councilor Micki Varney
 Alternate-Councilor Linda Nishioka

Members Absent:

Staff Present:

Keith Stahley, City Manager
 Dan Atchison, City Attorney
 Josh Eggleston, Chief Financial Officer
 Ryan Zink, AIC Budget Officer
 Jenny Mattecheck, Chief Accountant
 Kelli Blechschmidt, Management Analyst I
 Shengnan Thomas, Administrative Analyst I

1. CALL TO ORDER: 4:00 PM / Quorum

2. APPROVAL OF COMMITTEE MINUTES

a. September 26, 2022

Member Varney noted the misspelling of Member Nordyke’s first name on the draft minutes. Motion was moved by Member Stapleton, seconded by Member Varney to approve the minutes with the correction of the misspelling and carried by the following vote:

Aye: Unanimous
 Nay: None
 Abstentions: None

3. ACTION ITEM

a. Proposed Post – Issuance Compliance Procedures Policy

Questions or comments by: Chair Gonzalez, Members Varney, Stapleton and Nordyke.

Responses: Josh Eggleston, Chief Financial Officer and Keith Stahley, City Manager

Motion was moved by Member Stapleton, seconded by Member Varney and carried by the following vote:

Aye: Unanimous
Nay: None
Abstentions: None

4. MANAGEMENT UPDATE / INFORMATION ITEMS

a. ARPA Updates

Questions or comments by: Member Stapleton and Member Nordyke
Responses by: Keith Stahley, City Manager, Josh Eggleston, Chief Financial Officer, and Jenny Mattechek, Chief Accountant

b. Historic Revenue Analysis

Questions or comments by: Member Stapleton, Member Nordyke and Alternate-Member Nishioka
Responses by: Josh Eggleston, Chief Financial Officer

c. Property Taxes in Oregon Presentation

Questions or comments by: Chair Gonzalez, Member Stapleton, Member Nordyke, and Alternate-Member Nishioka
Responses by: Josh Eggleston, Chief Financial Officer

5. New Business

Josh Eggleston, Chief Financial Officer asked the committee if we would like to change the meeting time, and if we want to resume in-person meetings. The committee preferred to meet on Work Session Mondays at 4:00pm virtually.

6. ADJOURNMENT: 5:03 PM

The next meeting is scheduled for Monday, November 21, 2022 at 4:00 PM.

**FOR COMMITTEE MEETING OF: November 21, 2022
AGENDA ITEM NO.: 5a**

TO: Salem City Council and Salem Urban Renewal Agency Finance Committee

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: General Fund Deferred Staffing Needs

ISSUE:

The Budget Committee requested information at their January 5th meeting on a comprehensive list of deferred staffing needs for the City. This information was provided to the Budget Committee during their May 4, 2022 meeting. It is being provided to the Finance Committee as context for the Internal Service Benchmarking.

SUMMARY:

See attachment 1.

RECOMMENDATION:

Information only.

Attachments:

1. Budget Committee staff report – General Fund Deferred Staffing Needs

TO: Budget Committee Members
THROUGH: Kristin Retherford, Interim City Manager
FROM: Josh Eggleston, Chief Financial Officer
SUBJECT: General Fund Deferred Staffing Needs

ISSUE:

The Budget Committee requested information at their January 5th meeting on a comprehensive list of deferred staffing needs for the City.

RECOMMENDATION:

Information only.

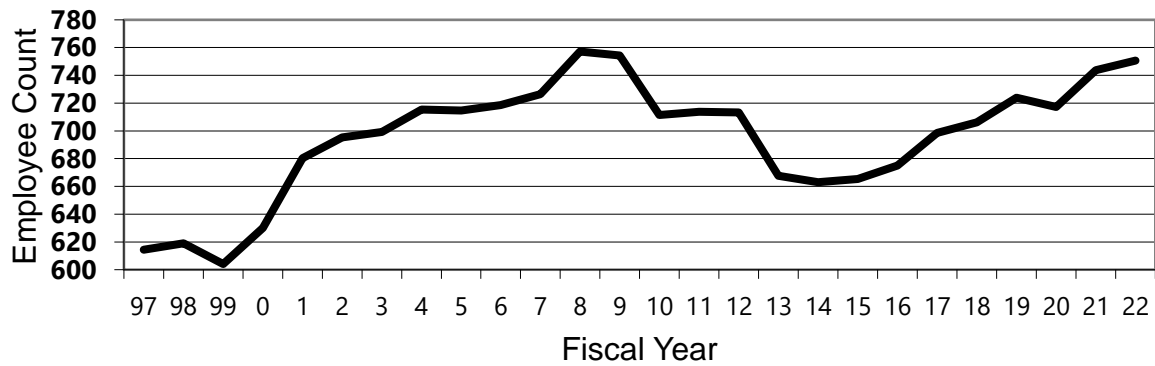
SUMMARY AND BACKGROUND:

The Budget Committee requested information at their January 5th meeting for a comprehensive list of deferred staffing needs for the City. The Police and Fire departments had already conducted staffing studies to identify needs within their departments to meet demand for services within the community. The Budget Office worked with the other City departments through a series of meetings to identify needs within their departments.

The General Fund revenue constraints are complex and rooted with the property tax measures that passed in the 1990s. The implementation of permanent tax rates and a growth limitation of three percent of a property's assessed value removed the City's ability to raise property tax revenue to meet increasing costs or changing needs in the community. These restrictions contributed to a persistent imbalance in the General Fund, where expenses associated with current staffing and service levels exceed ongoing revenues.

During and following the economic downturn of 2007 – 2009, the City made a series of reductions to staffing to balance the General Fund budget with decreased revenues. Through fiscal year (FY) 2022, City staffing levels in the General Fund have remained lower than staffing levels in FY 2008. During this same period, the population of Salem and the surrounding area has continued to increase. Cost increases associated with running a municipal corporation the size of Salem including personnel factors, inflation and deferred maintenance has put more pressure on the General Fund.

The following chart displays the General Fund employee count since FY 1997:



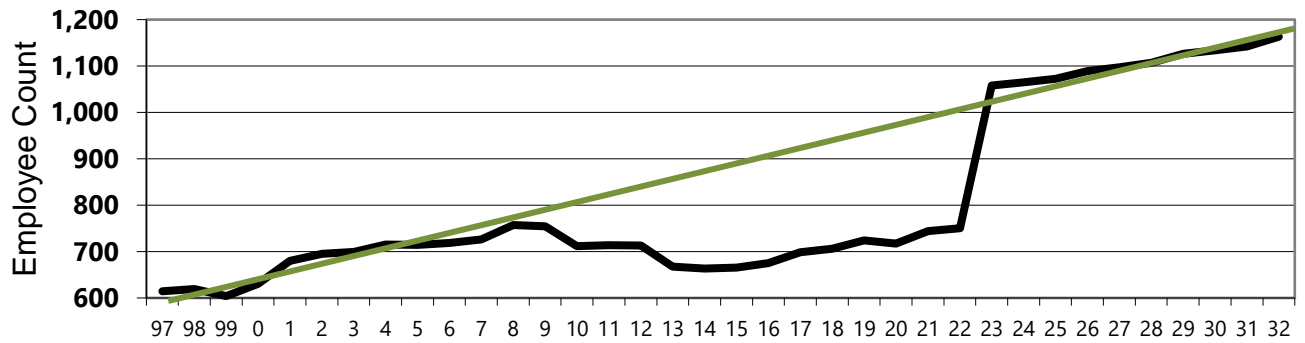
FACTS AND FINDINGS:

Staffing increases are needed within each City department to keep pace with the expectations of the growing community and organization. The City has taken on more services, including social programs without a large increase of revenues or staff. Shown below is the number of additional positions each department or section has identified:

Department or Section	Positions
City Manger’s Office	10.0
Community Development	32.0
Enterprise Services Department	41.5
Finance Department	12.0
Fire Department	117.0
Legal Department	6.0
Parks Operations	15.0
Police Department	71.0
Urban Development Department	3.0
Total	307.5

The analysis included increased internal services staffing based on total employee count. For example, the Human Resources Division staffing levels are based on the ratio to total City employees.

The following chart shows the historical General Fund employee count from FY 1997 to FY 2022, with a projection showing what staffing would look like if deferred staffing was added in FY 2023 and maintained through FY 2032. This is for illustrative purposes only and these positions are not included in the FY 2023 budget as the General Fund cannot support additional positions with its constrained revenue . The green trendline is superimposed over the chart to show that if the rate of increase in staffing during the 1990s and 2000s continued, staffing levels would be similar to the result of the deferred needs analysis.



In addition to the staffing needs there are other deferred needs including:

- The anticipated structural imbalance (spending more than the revenues collected) with current services and staffing in the General Fund.
- New unsheltered services and programs using one-time revenues.
- Deferred maintenance for City buildings and systems.
- City equipment, including the fire engines.
- Court appointed attorney and indigent defense services are currently being analyzed and may require increased investment.
- Other funds and services, such as transportation system maintenance.

Some of these needs, such as the fire engines can be addressed using bond funds if approved by voters in the November 2022 election.