

ADDITIONS A G E N D A



Joint Meeting of the City of Salem Budget Committee and
the Salem Urban Renewal Agency Budget Committee

DATE: Wednesday, May 3, 2023
TIME: 6:00 PM
CHAIRPERSON: Virginia Stapleton

STAFF LIAISON:
Josh Eggleston, Chief Financial Officer
503-588-6130
jeggleston@cityofsalem.net
Kali Leinenbach, Budget Manager
503-588-6231
kleinenbach@cityofsalem.net

ADDITIONS AGENDA

2. PUBLIC TESTIMONY

- a. Correspondence from James Aiken regarding the Proposed FY 2024 budget
- b. Correspondence from Steve Bergmann regarding an internal auditor
- c. Correspondence from Matt Hale regarding the Proposed FY 2024 budget
- d. Correspondence from Sheronne Blasi regarding an internal auditor

5. INFORMATION ITEMS

- c. Memo: from City Manager Stahley regarding the General Fund Budget
- d. Staff Report: Additional Responses to Committee Member Questions
- e. Staff Report: Balancing Act Update

The City of Salem budget information can be accessed on the internet at: www.cityofsalem.net/departments/budget

NOTE: Disability-related accommodations, including auxiliary aids or services, in order to participate in this meeting, are available upon request. Sign language and Spanish interpretation is available at the meeting. For languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kelli Blechschmidt, (503) 588-6049 or kblechschmidt@cityofsalem.net at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.

The City of Salem values all persons without regard to race, color, religion, national origin, sex, age, marital status, domestic partnership, disability, familial status, sexual orientation, gender identity and source of income.

From: [James Aiken](#)
To: [budgetoffice](#)
Subject: testimony
Date: Monday, May 1, 2023 2:01:28 PM

Salem City Council

Budget Committee

Good day,

I am requesting the Council consider not making any addition plans of spending money (airport – total waste), Truitt Bros Property (to many long-term costs attached to it) and anything that does not focus on the Homeless crisis! We really don't have, out of concern that many seniors will be losing a lot of programs help, addition long term tax revenue options to cover the in other cost and continue to subsidize growth that gives the City short term cash with long term additional costs that come without long term revenue solutions!

Republicans in the House are using the debt ceiling as blackmail to pay for tax cuts they gave the wealthy under Donald Trump. If successful programs for Homeless, poor and seniors will start going away immediately even if approved in previous session of Congress. If unsuccessful our economy will not go into an artificial recession; it will be an artificial depression! An a negotiated settlement creates other damage we cannot yet understand. This is not the democrats playing with the economy; this is Right wing effort to crash this country!

In fact, I think you had better start plans about the changes that need to be made consider as the economy not only turns, but homeless crisis to grow, properties go into default and city services must be cut. Are you prepared for that?

I have lived here all my life and it's time to end developer dominance that has created the Low income housing shortage out of greed, that have developed areas that should have been homes priced for the working class, and have lived off of taxpayer subsidies!

As a lifelong Salem Resident and former Neighborhood Association chair, any bond presented prior to the results of the 2024 Presidential election will not only not get my support, but it will also not get my vote! That will be a first in my lifetime as a voter!

James Aiken

From: [Steven Bergmann](#)
To: [budgetoffice](#)
Subject: Written Testimony Submission for 5/3/2023 Budget Committee Meeting
Date: Tuesday, May 2, 2023 10:27:52 PM
Attachments: [City of Salem Auditor Support.pdf](#)

Good evening,

Please see attached for written testimony for tomorrow's City of Salem Budget Committee meeting. The testimony is in support of the establishment of an internal auditor position at the City of Salem.

Thank you,
Steve Bergmann

To: City of Salem Budget Committee

From: Steve Bergmann, Ward 7 Resident of Salem

May 2, 2023

Re: Support for City Auditor Position

I am writing in support of the establishment of one internal auditor position with the City of Salem.

The mission of an internal auditor is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. As a professional with more than a decade of experience performing audits and receiving audits as a senior executive, I can attest to the value that an effective auditor can deliver. Auditors are trained practitioners at evaluating governance models, assessing risks, and performing objective non-partisan audits.

The audit process is a valuable tool to build trust and can be applied to virtually any part of City Government. The audit process involves clarifying intended outcomes and requirements, which is often referred to as “criteria”. Next, auditors analyze the current state or reality of what is occurring, and compare this current state to the criteria. Lastly, auditors report their findings in an audit report. This process can, and should, be applied to high-risk processes and functions across City Government, where objective assurance would be valued by the City Council, as representatives of the citizenry.

State law requires that objective assurance be provided annually on the accuracy of the City of Salem’s financial reporting. An internal auditor could provide objective assurance beyond this financial report accuracy, by assessing key strategic and high-risk areas that the council values, such as:

- Are deferred maintenance needs on the City’s infrastructure being addressed adequately?
- Are police department practices aligned with expected requirements?
- Is the City overly vulnerable to IT security risks? Is it doing everything it can to prevent breaches of sensitive information and/or ransomware attacks?
- Does the municipal court treat individuals in a way that values diversity, promotes inclusion, and prioritizes equity?
- Is the usage of overtime appropriate and reasonable amongst staff in the Fire Department?

An internal auditor builds trust. An internal auditor’s reports provide objective assurance to those charged with governance (the council and mayor) to enhance their ability to govern.

An internal auditor does not need to be an expert in any operational aspect to perform an audit. Additionally, the presence of one internal auditor is all that is needed to demonstrate the value of this position. While multiple auditors could generate synergy, one internal auditor is all that is needed to provide outside, objective assurance on any given topic.

An internal auditor functionally reports to the City Council, or a subset of the City Council (i.e., an audit committee). This connection to the council eliminates the conflict-of-interest present when auditors report to management. This absence of a conflict of interest preserves independence and objectivity. The auditor is a trained professional, who follows a professional code of ethics based on integrity, objectivity, competence and confidentiality.

Internal Auditors are utilized extensively by municipalities, state agencies, and federal agencies throughout Oregon. For example, the City of Portland, City of Eugene, and Deschutes County all have established auditors.

At the state level, agencies that exceed various risk thresholds such as having biennial expenditures that exceed \$200 million, having more than 400 employees, or having revenue exceeding \$20 million are required to have an auditor. Agencies with diverse program offerings, such as the Oregon Department of Transportation and Department of Human Services have robust internal audit functions. The City of Salem greatly surpasses all of the state’s applicable risk thresholds that would trigger having at least one internal auditor at the state level.

Additionally, with the State of Oregon’s presence in Salem, the City has a robust and thriving internal audit community. The Salem Chapter of the Institute of Internal Auditors holds regular events and trainings in Salem to ensure the audit community stays connected, learns from each other, is able to benchmark practices.

In order to preserve and strengthen trust with the Salem community, and enhance the City’s governance efforts, I strongly believe the establishment of one internal auditor position is a prudent and responsible use of city resources.

I regret that I’m unable to provide this testimony in person on May 3rd, but would be happy to provide in-person testimony or be available as a resource to the council while it deliberates this critical policy decision at future meetings.

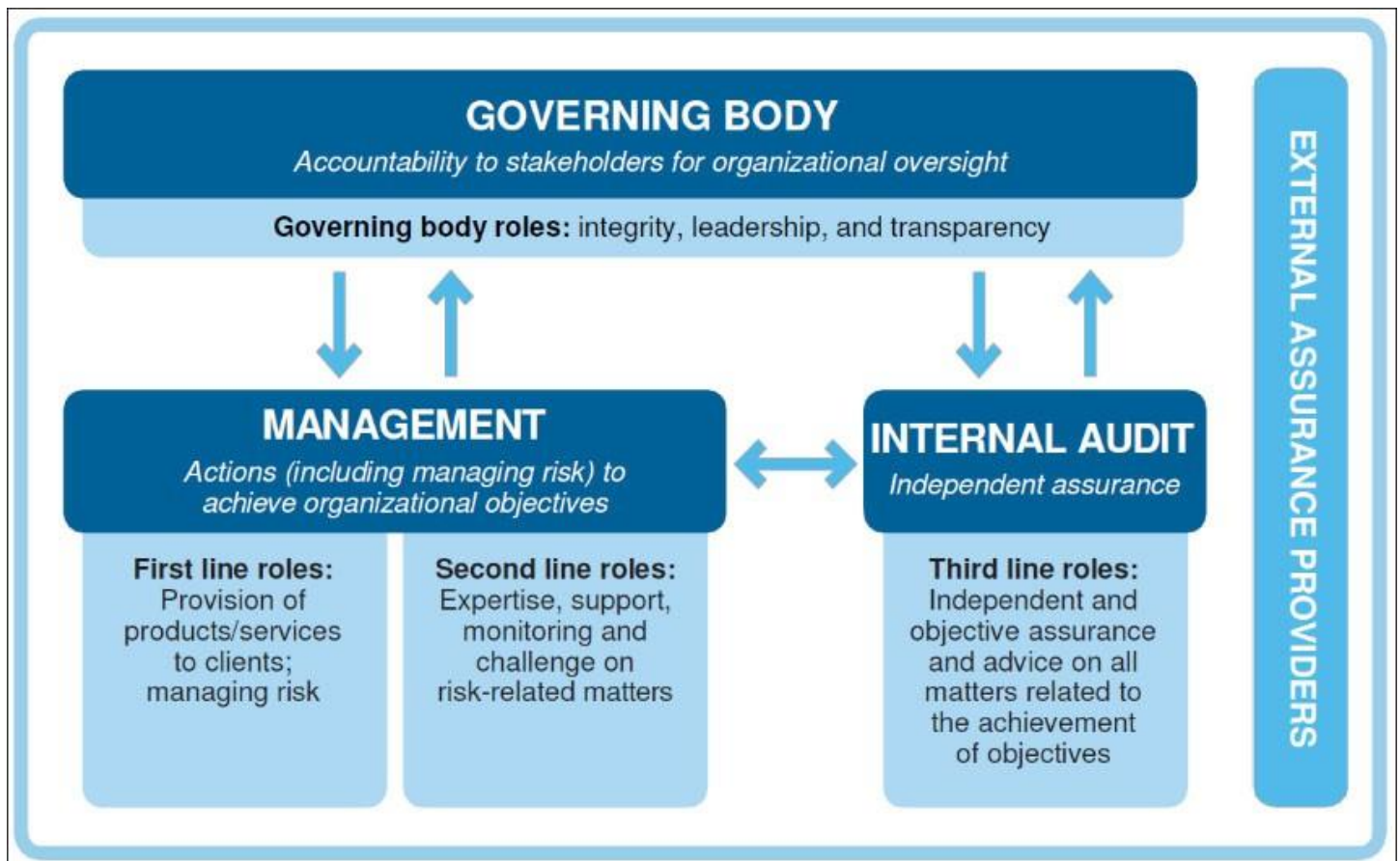
Thank you,

Steve Bergmann, Certified Public Accountant, Certified Internal Auditor

Ward 7 Resident

stevenbergmann@gmail.com

Here’s a visual depiction of how internal audit fits in, from the Institute of Internal Auditors:



From: [Hale, Matthew](#)
To: [budgetoffice](#)
Subject: Public Comments - 5/3/23 Budget Committee Meeting
Date: Wednesday, May 3, 2023 8:43:09 AM

Salem residents are expecting the City Council and Staff to look at all options, not just more and more fees and taxes. Salem residents expect you to make tough decisions, and look for cost savings and efficiencies rather than just continuing to raise fees and taxes.

Everyone continues to be challenged by persistent inflation and real wage growth decline, and can hardly afford to support a 9.4% growth in expenditures in the proposed FY24 City budget. The New York Times reported on April 7th that “Inflation has outstripped wage growth for 22 consecutive months, as calculated by economists at J.P. Morgan.”

This proposed General Fund (GF) budget of over \$185m in expenditures where salaries, wages, PERS, IAP, and Medical expenses account for over \$115m, or over 62.5% is too much. The budget has a projected increase in expenditures of 9.4%. Trim this budget and eliminate the need to burden Salem residents with a whopping 71.1% fee increase over the current Budget.

In last year’s Community Satisfaction Survey, 64% said they were **NOT** satisfied with city services for their taxes they paid and **only 14%** said the City was headed in the right direction. It’s time to be overly transparent with Salem residents and make an attempt to create efficiencies and cut costs.

Please include fairness in your analysis of this proposed FY24 budget, and don’t saddle the City Operations Fee 71.1% increase over the FY 2023 Budget that will result by increasing in July 2023 the monthly rate to \$14.43 per residential account, \$11.54 per multifamily unit, and \$69.55 per commercial account. The proposed budget also states that the rate will increase another 6.25% on January 1st, 2024 – see page #422. Approximately 67,000 of the 70,000 accounts are residential & multifamily and they will shoulder the disproportionate burden of this unequitable increase, that will partly pay for 23 City employee's IAP contributions. Why do those 23 City employees, making over \$140,000 a year, need taxpayer funding of their personal IAP? These 23 City employees are making much more than the median Salem annual income, and can easily self-contribute to their own IAP. If this cost saving can be realized, why can’t other efficiencies and cost savings be culled from this massive 9.4% increase in the proposed FY24 budget over last year’s GF budget? A quick analysis of the FY24 budget shows that these 23 City

employees, by self-contributing 6% of their salary to their own IAP could provide significant savings in the budget. For example, of the 23 City employees, 9 of them make more than \$200,000 a year in this FY24 budget (City Manager, City Attorney, Deputy City Manager, Police Chief, Fire Chief, Assistant Fire Chief for Operations, Enterprise Services Director, Urban Development Director, & Public Works Director). The potential saving of \$272,334 could potentially fund 2 full-time police officers at their fully loaded rate (including all benefits & personnel costs). The savings are equivalent to over half of the projected increase in PERS IAP alone for FY24, for only 23 employees!

In closing, have you communicated at all with Salem residents your intentions? Have you told them that you are projecting increases in the following parts of their monthly bills?

- A 71.1% increase in their monthly operations fee;

- A 6.5% increase in refuse rates; and

- A 5.0% increase in water, wastewater, and storm water rates

And why a 2,286.3% increase in contingency expenditures over the current budget? What will those funds be used for – a \$2,874,280 increase with no explanation of what those funds might be used for. That is more than 50% of the planned increase in funds from the proposed City Operations Fee 71.1% increase (\$5,130,000).

I ask that our City strive to live within their current means, balance the proposed FY24 budget to projected revenue, and communicate openly with residents. Don't expect Salem residents to read between the lines on page # 6 of this proposed budget to realize that soon the City will be once again asking for more money to help the Transportation Services Fund, which is "in significant financial distress". If City leadership continues to keep asking residents every year for additional funding to fund more spending, trust in City government will continue to decline. Recent discussions by City leadership indicate the City is strongly considering a payroll tax soon, and some other fee or tax revenue option to rescue the Transportation Services Fund.

Again, please balance this proposed FY24 budget with cuts and efficiencies, treat the City budget like you would your own personal finances, improve trust and transparency with residents, and stop this single focus on raising fees and taxes. Please live within your means!

Sincerely,

Matt Hale
Ward #4

From: [Sheronne Blasi](#)
To: [budgetoffice](#)
Cc: [Sheronne Blasi](#)
Subject: Budget Testimony in Support of Internal Audit Position
Date: Wednesday, May 3, 2023 8:46:17 AM
Attachments: [Internal Audits.docx](#)

Good morning,
Please provide the attached written public testimony in support of an Internal Auditor position,
to the Budget Committee for consideration.

Thank you,
Sheronne Blasi
2375 Summer Street SE
Salem, OR 97302

City of Salem Budget Committee,

Thank you for the opportunity to provide written testimony in support of the proposal to create an internal audit function, including a full-time Internal Auditor position. As a former performance audit manager for the Secretary of State Audits Division, I would like to share some comments in support of creating this important position.

A city the size and complexity of Salem would greatly benefit from an Internal Audit position that can provide unbiased, data driven assessments of how well existing programs are operating, and make recommendations on improvements to programs, and detailed insight into future programs for consideration.

Internal audits can provide the following to the Mayor, City Council, stakeholders, managers and other decision makers:

- Key information needed for budget and programmatic purposes
- Identification of risks that may prevent intended program outcomes, or put the City at risk in other ways
- Data analysis and other evidence-based information for accountability
- Information leading to improvements to processes, program performance and operations
- Identification of efficiencies and reduced costs
- Identification of current and projected issues and challenges that may affect City programs, and the people the programs serve

Solid risk assessments and audit work can be accomplished by one Internal Auditor, that is experienced in conducting evidence-based audit work. Many state agencies and local governments with in Internal Audit function, operate with one Internal Auditor. Governmental Internal Auditors are expected to adhere to strict Government Auditing Standards, promulgated by the Government Accountability Office (GAO). Internal Auditors are also held accountable by an Internal Audit Committee, as well as periodic peer reviewed assessments of their audit work.

Audits utilizing data analysis, reviews of programs based on best-practices can lead to both cost savings and improved outcomes. The costs associated with the hiring of an Internal Auditor can be offset by savings from efficiencies and improvements to programs identified. Audits can identify areas for improvement, and recommendations on greater efficiencies and outcomes. Ultimately, recommendations made from audit work can lead to better services and programs for citizens of Salem.

Thank you for your consideration of this important position, and I encourage you to please support the request for an Internal Auditor for the City of Salem.

Regards,

Sheronne Blasi

Summer Street SE, Salem Oregon 97302



MEMO

TO: City of Salem Budget Committee

FROM: Keith Stahley, City Manager

DATE: May 3, 2023

SUBJECT: City of Salem Fiscal Year 2024 Budget – Plan B

Thank you for your thoughts and perspectives on the proposed Fiscal Year 2024 Budget. I'm glad that we can have these discussions. They are important, necessary, and not easy conversations. This is not a normal budget cycle. I appreciate your efforts as we work our way through this difficult process together.

I know that we've spent last couple of meetings talking about our revenues. Both the revenue shortages and possible ways to increase revenues, but we haven't talked about the other side of the equation. That's staffing and the community impact of reducing staffing.

I want to spend a few minutes this evening talking about those impacts. I hope that I can better illustrate the impacts that this lack of revenue has had – and will continue to have – on our organization and community if we don't find a solution.

Plan B

While the City of Salem budgets on an annual basis, we must think in longer timeframes. Thanks to Josh and his team, and their five-year budget forecast, the process is a bit easier and helps us think long-term. Without additional revenue in the system, we will not be able to maintain sufficient fund balance to adopt our budget in 2025. If we do not have a clearly established new revenue path for the General Fund by May of 2024, we are going to have to make some significant changes and reductions in our operations. As we discussed, these reductions are not around the margins. These are changes that will necessitate reductions in staffing, closing facilities, and reducing services across the board in the General Fund.

Why are we talking about revenue?

- Salem is growing, but City services aren't keeping up with community need.
- Current revenue options are not tied to growth in the economy; and City needs a more balanced and equitable way to pay for General Fund Services.
- Cost of current services will be \$17 million more than the revenues collected in the General Fund by FY 2025. Service reductions of this scale would mean big changes to what we provide our community.
- By FY 2025 (beginning July 1, 2024), at current service levels, the City would be unable to adopt the General Fund budget.

3

This budget proposal anticipates a new and significant revenue source in addition to an increased City Operations fee in July 2023. If the current proposal for new revenue through employee-paid payroll tax moves forward, then we will be able to execute the plan outlined in the Safe and Secure Community Funding proposal. However, if a new revenue does not begin implementation, we'll need to alter our spending plan.

Our FY 2025 budget process starts in the fall 2023 with a preparation of five-year budget forecast. Without a plan for new revenue by then, we will start planning for reduced services in line with reduced revenue.


One alternative is to come back with a property tax levy focused on public safety (possibly in May of 2024). This is, however, a temporary and short-term fix that would require re-authorization at the ballot every three to five years.

Another alternative is a modified version of the payroll tax that would likely be a scaled back and result in less community benefit than what the City Council is currently considering.

Unfortunately, both of these options would be challenging given the timing of our budget. We would still need a thoughtful plan to reduce services in keeping with the anticipated reduced revenues.

Safe and Secure Community Funding Proposal

My proposal consists of two related parts. The first being a City Operations Fee increase and the second being an employee paid payroll tax to be implemented next year. The increased staffing based on the City Operations Fee should not be hired without the second part (payroll tax) in place.



Safe and Secure Community Funding Proposal


- City Operations Fee Monthly Increase (beginning July 1, 2023)
 - Revenue Generated: \$5.13 million
 - Added fee:
 - \$5.50 – Residential
 - \$4.40 – Multi-Family Unit
 - \$26.51 – Industrial/Institutional/Commercial

AND

- Employee-Paid Payroll Tax and Self-Employment Tax (beginning January 1, 2025)
 - Option A: revenue generated: \$20.39 million
 - 0.49% on wages for services performed in Salem.
 - Option B: revenue generated: \$23.45 million
 - 0.56% on wages for services performed in Salem.
 - Option C: revenue generated: \$27.85 million
 - 0.661% on wages for services performed in Salem.

6

Part One




What can we add with City Operations Fee? (New Services Added FY 2024)

Program Funded	Existing Services*	Existing FTE	New Services	New FTE	Total	
Security Services	\$300,000	2	\$700,000	2	\$1,000,000	Provides more security services to parking structures, more capacity to Code Enforcement response and Park Rangers, and funds SOS Team 7 days/week
Code Enforcement	\$300,000	2	\$310,610	2	\$610,610	
Park Ranger Program	\$200,000	1	\$310,610	2	\$510,610	
Fund and Expand SOS Team	\$0		\$1,348,095	4	\$1,348,095	
Support Services**	\$764,270	3	\$896,415	4	\$1,660,685	
Total	\$1,564,270	8	\$3,565,730	14	\$5,130,000	

* This new funding source protects these existing services through future budget challenges.
 ** Maintains current ratio of support (HR, IT, Legal, Finance) to front-line, community-focused services

7

Part Two



What can we add with Option C: 0.661% Payroll Tax? (New Services Added FY 2026)

Program Funded	Existing Services*	Existing FTE	New Services	New FTE	Total		
Community Policing	\$0		\$2,000,000	13	\$2,000,000	Provides full navigation Center funding, funds the three existing micro-shelter community village, and contribution to Marion and Polk Mobile Crisis Response Units.	
Baseline Policing	\$7,000,000	38	\$0		\$7,000,000		
Fund and Expand Police Homeless Outreach Team	\$1,000,000	4	\$545,097	3	\$1,545,097		
Fire Response – New Station	\$4,223,030	18.5	\$2,285,458	12	\$6,508,488		
Add { Navigation Center - Fund	\$0		\$2,400,000		\$2,400,000		
Shelter Site – Grant Program	\$0		\$5,500,000		\$5,500,000		
Continue Towing Program	\$0		\$200,000		\$200,000		
Mobile Crisis Response	\$0		\$300,000		\$300,000		
Airport Safety and Security	\$500,000	4	\$0		\$500,000		
Support Services	\$1,000,000	6	\$896,415	5	\$1,896,415		
Total	\$13,723,030	70.5	\$14,126,970	33	\$27,850,000		12

If the Budget Committee recommends and the City Council adopts the proposed operations fee increase in the budget and fee schedule, our plan is to delay hiring all new general fund positions included in the 2024 General Fund budget until we have a clear answer on Part Two revenue. If no Part Two revenue is forthcoming, we will use the additional revenue from the Operations Fee (Part One) to cover the increasing cost of current services in the General Fund and reduce services to meet available revenues for the FY 2025 Budget. All new positions listed in the proposed General Fund budget will be re-evaluated. The proposed new General Fund positions for FY 2024 include:

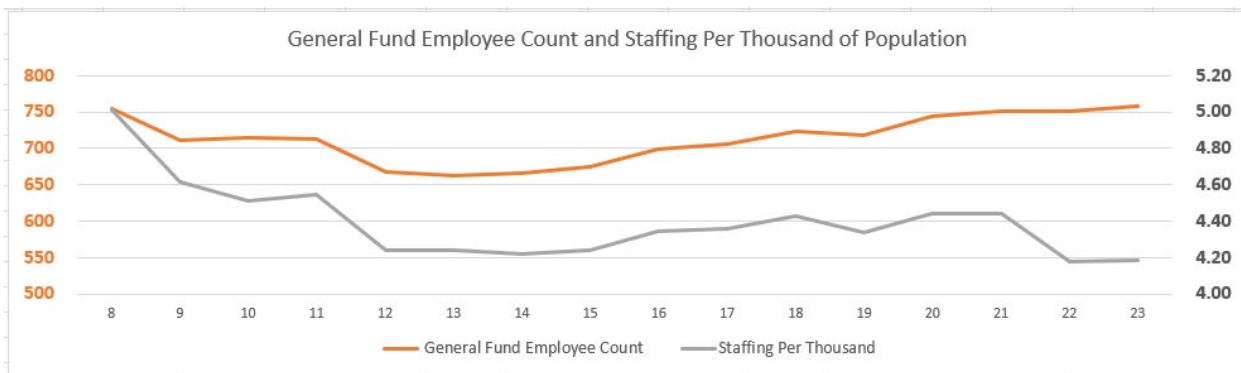
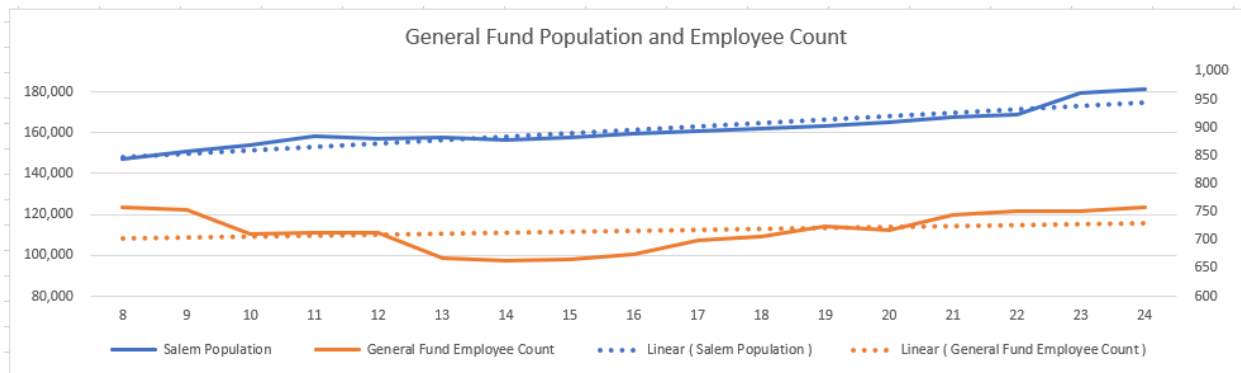
- 12 new General Fund positions funded by the City Operations Fee
- 17 other new General Fund positions funded by working capital and offsetting revenue
- 9.03 transferred, reclassified, or mid-year (FY 2023) additions

The two Deputy City Manager positions are the result of structural changes within the organization and re-classifications of existing positions. One Deputy City Manager position was created when the Community Development and Urban Development departments were merged, leaving a department director position available for re-classification. The other was created by re-classifying the Enterprise Services Director position into a Deputy City Manager position for internal support service functions.

Why Additional Positions

Since 2008, the City of Salem has added more than 26,000 residents. The City’s general fund staffing levels (police, fire, library, parks and recreation, code enforcement, parks ranger, and enterprise support) have remained largely unchanged for the past 15 years. Personnel reductions from 2009 through 2014, and continued increase in service

demands, have created significant staffing and organizational challenges. In 2008, the City's General Fund had a ratio of 5.14 positions per thousand of population. In this current fiscal year, there are 4.34 positions per thousand of populations. These staffing challenges are impacting our ability to provide sufficient and requested services to our community. For example, in the Fire Department call volume has increased during that same time by 85%. Similarly, the Police Department has seen an increase in call volume and has had to stop responding to certain types of calls. Further cuts to staffing would mean further eroding our internal and external customer service levels, our emergency and non-emergency response time, the services that we are able to offer our community, and would further impact the quality of the employee experience as those left behind continue to do more with less.



Moss Adams completed an Internal Services Benchmarking study in the fall of 2022. They presented this information to staff and City Council at Council's February 21, 2023 Work Session. Moss Adams identified eight peer cities in the western United States. They found that for nearly every service they tested for the City, Salem was understaffed with deficiencies ranging from 11% to 156% of the peer cities. Police and Fire had separate independent studies completed. Both studies found Police and Fire to be understaffed. The additional positions included in the budget proposal and the Part 2 funding begin to close these gaps.

Cutting staff and reducing services has been how the City of Salem has balanced its budget for the past 15 years. This approach has resulted marginal reductions in services year over year. What we are faced with today goes well beyond a marginal reduction. The shortfall that we are anticipating is approaching 10% of our General Fund. As many have pointed out, a 10% reduction is defined as a decimation. I think that it is time to consider other options.

As noted in last week's response to committee questions, if we proposed no new staffing or new revenues, we would be forced to reduce staffing (see Item 5. a. in your packet) as we would not have balanced budget by FY 2026. If we were to add the operations fee and not add any new positions, we would still need to reduce staffing starting in 2026 and would continue to see reductions in staffing going forward.

When factoring in the total budget for each department and how peer cities have outsourced some functions, even some of the areas like Information Technology that appear to be adequately staffed on initial examination are in fact significantly understaffed. Moss Adams concludes, "Finally, we must examine the results of these three benchmarks alongside one another. On the right of this grid, you will see a summary of each of the benchmark analyses, on the left you'll see our answer to the question—Overall: is this function under-resourced in Salem? In nearly every case, Salem has less staffing, less capacity, and fewer dollars devoted to operations."

Benchmarking Results: Staffing

Internal Service Functions	Peer City Average
	Percent Greater (+) or Less (-) Than Salem
City Manager	+105%
Facilities	+14%
Finance	
Budget	+11%
Purchasing	+156%
Finance	+107%
Fleet	+118%
Human Resources	
Personnel Administration	+42%
Benefits	-29%
Payroll	-28%
Information Technology	-16%
Legal	+84%
Risk	
Workers Comp.	+36%
Liability & Casualty	-68%

Benchmarking Results: Summary

Internal Service Functions	Overall: Is function under-resourced?	Unadjusted Staffing	Capacity (Staffing + Outsourcing)	Operational Expenses
City Manager	Yes	Understaffed	Under-resourced	Under-resourced
Facilities	Yes	Understaffed	Under-resourced	Under-resourced
Finance	Yes	Understaffed	Under-resourced	Under-resourced*
Budget	Yes	Understaffed		
Purchasing	Yes	Understaffed		
Finance	Yes	Understaffed		
Fleet	Yes	Understaffed		
Human Resources	Yes	Similar staffing	Under-resourced	Under-resourced
Personnel Admin.	Yes	Understaffed		
Benefits	No	More staffing		
Payroll	No	More staffing		
Information Technology	Yes	Slightly more staffing*	Under-resourced	Under-resourced
Legal	Yes	Understaffed	Under-resourced	Under-resourced
Risk	Unclear	Similar staffing		
Workers Comp.	Yes	Understaffed		
Liability & Casualty	No	More staffing		

20 City of Salem Financial Scenario Analysis 11-21-22

Impacts

The operations of our sheltering services are funded with one-time revenues. The Micro-Shelter Villages, and the Navigation Center are funded by grants from the State of Oregon and federal one-time revenues. Without additional revenue we will also be forced to close our Micro-Shelter Villages in June of 2024 and the Navigation Center in June of 2025. The State of Oregon has been unwilling or unable to commit to a long-term sustainable funding stream for these services. Securing sustainable funding for these facilities remains our top legislative priority.

If new funds are not forthcoming, we will develop a detailed plan to meet our budgetary limitations. This plan will include reductions in service across the board for all General Fund supported programs.

I think it's important that we can generally articulate what this means. It would likely include a reduction of 15 to 20 police officers, closing of two fire stations, closing the West Salem library, and reducing hours of operation at the main facility. It would mean reducing our long-range planning capacity, communications capacity, code enforcement, general government support, scaling back our municipal court operations, eliminating any general fund support for housing and homeless response programs, reducing support for parks maintenance and recreation program support, and eliminating other programs and services equaling approximately \$19M in reductions. With reductions of this magnitude, it is impossible to avoid impacting all service areas.

What Happens if We Do Nothing?

- By FY 25, service reductions would be needed to solve the \$19.4 million deficit.
- This is about 10% of the budget.
- See services in General Fund budget.

Department / Division	FTE TOTAL	FY 2024 Proposed Budget
Mayor & Council		410,290
Municipal Court	15.00	2,627,400
City Manager	6.00	1,403,450
Enterprise Services	123.75	23,562,250
Legal	15.50	3,263,960
Finance	25.00	4,236,380
Community Services	72.60	14,482,770
Community Development	45.00	7,134,330
Library	44.85	6,207,950
Police	257.30	59,974,760
Fire	184.00	48,697,150
Citywide Costs, contingency	0.00	8,788,570
Urban Development Dept	20.50	4,425,780
TOTAL	809.50	185,215,040

19

This level of reductions would be extraordinarily painful. This is the only way to continue our operations and present a balanced budget without additional revenues. I anticipate that this is a necessary exercise and hope that it is not something that will be implemented. I am confident that our community trusts the City of Salem to do the right thing. Today, the right thing is to increase our revenues, continue to provide existing services, and begin to better meet the growing demands of our community.

I will now ask our Deputy City Manager for Enterprise Services Krishna Namburi, Fire Chief Mike Niblock and Police Chief Trevor Womack to provide additional perspective on the impacts of short staffing has and will have on our organization and our ability to meet community needs and expectations.

For the Budget Committee Meeting of: May 3, 2023
Agenda Item No.: 5.d.

TO: Budget Committee Members

THROUGH: Keith Stahley, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Additional Responses to Committee Member Questions

SUMMARY:

Committee members have reached out to City departments with excellent questions. In the interest of sharing information and increasing understanding, the questions and responses are compiled in this document.

ISSUE:

Responses to member questions through May 2, 2023.

RECOMMENDATION:

Information only.

BACKGROUND:

1. What is the impact of the Urban Renewal Agency to the loss of operating funding to taxing jurisdictions?

Below is a table that is included in the annual Urban Renewal Agency audit report (for fiscal year end June 30, 2022) and it displays the impact by district for all areas. Impact to the City’s General Fund is highlighted in the red box.

Taxing District	
Chemeketa Community College	\$ 590,278
Chemeketa Regional Library	73,301
City of Salem	5,225,751
City of Salem bonds after 2001	132,640
Marion County	2,379,034
MC & 4-H Extension Service District	39,321
Marion Soil & Water	39,321
Polk County	188,215
Polk 4-H/M Garden/Ag/Forest Ext Dist	8,119
Polk Soil/Water Conservation Dist	5,413
Salem Area Mass Transit	681,862
Salem-Keizer School Dist	4,051,359
Salem-Keizer SD bond after 2021	297,033
Willamette Regional ESD	265,880
Total	\$ 13,977,527

- The request for information regarding an internal City auditor did not include the minutes from that meeting. Can we get those?

Yes, please see attachment 1 to this report.

- Regarding the timing of the projection for the payroll tax implementation. Referring specifically to scenario (d)(p. 35), could you project what the impact would be if the payroll tax was in place for all of FY25 (beginning July 1, 2024) rather than starting on January 1, 2025.

FY 2024 - FY 2028 Summary (in millions)					
	FY 2024 P	FY 2025 F	FY 2026 F	FY 2027 F	FY 2028 F
Beginning Fund Balance	\$ 37.50	\$ 26.47	\$ 31.58	\$ 30.83	\$ 32.28
Current Revenues	162.31	165.78	172.17	178.07	184.34
<i>Increased Operations Fee</i>	5.13	5.26	5.39	5.53	5.66
<i>Payroll Tax Net Revenue</i>		25.07	27.86	31.48	35.57
Total Revenues	\$ 167.44	\$ 196.11	\$ 205.42	\$ 215.08	\$ 225.58
Current Expenditures - No New FTE	181.46	188.19	195.15	202.16	209.36
<i>New General Fund FTE - Non Ops Fee</i>	2.15	2.28	2.44	2.59	2.76
<i>Unsheltered Programs</i>	-	5.70	8.10	8.34	8.59
<i>New General Fund FTE - Ops Fee</i>	1.61	1.72	1.84	1.96	2.10
<i>Additional Staffing / Programs - Payroll Tax</i>	-	-	5.73	5.84	5.99
Unspent Contingency	(2.50)	(2.50)	(2.50)	(2.50)	(2.50)
2.5% Savings	(4.25)	(4.40)	(4.58)	(4.76)	(4.95)
Net Expenditures	\$ 178.47	\$ 191.00	\$ 206.17	\$ 213.63	\$ 221.36
Fiscal Year Impact	\$ (11.03)	\$ 5.11	\$ (0.75)	\$ 1.44	\$ 4.22
Ending Fund Balance	\$ 26.47	\$ 31.58	\$ 30.83	\$ 32.28	\$ 36.50
Fund Balance Policy	\$ 25.12	\$ 29.42	\$ 30.81	\$ 32.26	\$ 33.84
<i>Council Policy Compliance</i>	\$1.35	\$2.17	\$0.02	\$0.02	\$2.66

- What is a PERS IAP and why don't employees contribute?

The Individual Account Program (IAP) is a Public Employees Retirement System (PERS) account-based benefit for all Tier One/Tier Two and Oregon Public Service Retirement Plan (OPSRP) members who have worked in a qualifying position since January 1, 2004. The IAP is a separate account, similar to a 401(k) or 457(b), that is invested and earnings are credited to the account. Different unions have slightly different timing, but City of Salem had a mandatory enrollment of the IAP in 1989 and the 6% was split between employees (3%) and employers (3%). In the mid-1990s the contribution shifted to only the employee,

Page 3

largely due to the implementation of Measure 8 that was later repealed. In the early 2000s the City negotiated with each union to “pick-up” of IAP on their behalf in lieu of cost of living adjustments (COLAs) to wages. For non represented employees there was also a 2.75% wage reduction in addition to no COLA. There is a tax and PERS advantage to the City contributing the wages on behalf of the employees which does not subject it to Social Security, Medicare, or PERS rate contributions.

4. The City of Salem has four parks that I would recognize as being of cultural and tourism significance, they are Wallace Marine Park, Riverfront Park, Bush’s Pasture Park, and Minto-Brown Island Park. Each of these parks host major events for the community and bring in lots of tourism, ranging from art sales, Iron-Man, 5K, 10K runs, softball tournaments, music festivals, etc. I think it can then be justified to adjust funding CIP projects 1452 (WMP garbage compactor), 1453 (RFP garbage compactor), and the portion of project 160 (BPP old rose gard collection rehabilitation) from the City’s GF to the Cultural and Tourism fund, as that fund has a large ending balance.

While the Cultural Tourism (TOT) Fund currently has a healthy fund balance, The long-term forecast for the Fund was unable to sustain these additional costs and maintain the recommended fund balance reserve. See [FY 2024 – FY 2028 Forecast](#), pg. 37 for additional context.

5. On page 295 of the big budget book (BBB), I saw that there was \$42,570 of unallocated funds, what is the plan for those funds?

Unallocated funds indicate that no specific purpose has yet been designated. In this case, any FY 2023 unused Community Development Block Grant (CDBG) funding will be carried forward to FY 2024. The proposed FY 2024 CDBG budget does not include any unallocated funding. CDBG and HOME funds are restricted in use and will be programed during the annual action plan process that is adopted by the City Council.

6. On page 321-22 of the BBB I saw the fleet replacement list. Will the city consider replacing their vehicles with hybrids, plug-in hybrids, or full Evs? NYPD just released info on their EV police cars (<https://www.govtech.com/public-safety/nypd-patrol-cars-will-be-getting-a-high-tech-makeover>) That also goes for green tools John Deere (<https://www.deere.com/en/electric-equipment/>) Ego (<https://egopowerplus.com/>) this would align with the city’s climate plan while also reducing operation costs (no gas, oil, lubricants).

Yes, the City has a framework to evaluate and balance the needs of departments, current technology, lifecycle cost, and the infrastructure to support EV, plug-in hybrid, and hybrid vehicles. The City considers vehicles in the following priority based on those factors: 1) Zero Emission Vehicles (ZEV), 2) Plug-in hybrid vehicles, 3) Hybrid-electric alternative fuel vehicles, 4) other

Page 4

alternative fuel vehicles, and 5) traditional fuel vehicles. As the City adds charging station infrastructure to municipal facilities, it is also increasing its EV and plug-in hybrid fleet. In the current replacement list, 11 hybrid police patrol vehicles are on order (line #16-27) and eight more will be ordered in the coming fiscal year (line# 29-36). In addition, at least six vehicles are expected to be electric or plug-in hybrid vehicles (line# 5-6 and 55-58) which will align with the purchase and installation of additional charging station infrastructure. Unfortunately, the added capital cost for ZEV vehicles is a barrier to rapid fleet expansion. Additionally, many specialty vehicles and heavy equipment currently do not have cost effective or practical ZEV solutions on the market.

7. Page 332 of the BBB, account 32352 dwelling plan review is not recommended for the FY24 budget, why is it stopping?

Due to a realignment of how we reflect some planning fees in the Fee Schedule, the revenue for this account has been transitioned to combine with account 32835. Fees for dwelling plan review are still in place and overall planning revenue is not expected to change because of this realignment.

8. Page 335 BBB, account 52110, can this be reduced, or does the city need all of the subscriptions?

The vast majority of this cost in the General Fund is for subscriptions to digital libraries through the Salem Library (\$440,000). This includes books, audio, music, and other collections that are available to Salem Library card holders free of charge. The remainder of the charges are for legal subscriptions, training material subscriptions, and community outreach subscriptions. These various, relatively small-dollar subscriptions are often required for employee licensing and accreditation or assist in community interactions with the City.

9. Page 335 BBB, account 52130, what makes up supplies? Can any of this be digitized to reduce costs?

A majority of these costs are Police, Parks, and Fire supplies. These are not necessarily office supplies but rather can be small consumable supplies like doggie bags, gloves, and police tape. This account can also include office supplies like mice, keyboards, paper, and pens. The City's ongoing digitization effort is likely responsible for some of the roughly 10% decrease in this account's budget compared to last year.

10. Page 336 BBB, account 52710, membership dues, can this be reduced or does the city need all of this?

The vast majority of this cost in the General Fund is for membership in the League of Oregon Cities and Council of Governments (\$181,000 between them). The remainder are comparatively small-dollar memberships like job boards,

Page 5

purchasing cooperatives, and professional associations. These memberships either place the City in competitive positions to receive grant funding, improve intergovernmental cooperation, enhance the City's ability to leverage economies of scale in procurement, or improve the City's access to qualified and diverse talent pools for recruitment. Many of the professional association dues are also required for employee licensing and accreditation.

11. Page 362 BBB, Mayor and Council expenditures are increasing by 57.9% in FY24, with the largest increases in accounts 52520 travel, and 52670 other prof. services, why the large increase? What is it for?

In February 2023 City Council voted in favor of a motion to engage a federal government relations firm to represent the City and increase the potential for federal grants and other revenue. That contract is budgeted at \$100,000 per year. Additionally, the City budgeted for interpretation services at City Council and other City-sponsored public meetings which added \$35,000. Due to an administrative error this was not included in the FY 2023 budget. Finally, the City resumed the practice of budgeting for a mayoral trip for the Sister Cities program that had been paused during the COVID-19 pandemic as well as some funding for Council trips, totaling \$11,500 for the fiscal year.

12. I've attached an excel looking at some of the issues within Salem PD and FD, and while not perfect, I think it will make my point.

-Police: if we use the most favorable prediction of 24 new hires and 12 separations in FY24, that will still leave 9 budgeted positions vacant. Per the recommendation from Hillard Heintze consulting firm, can we reclass some of those positions to Captain, VCU detectives, or use that unfilled FTE to form a CAHOOTS unit in Salem (<https://www.eugene-or.gov/4508/CAHOOTS>)

From Chief Womack: I do not recommend reclassifying any sworn police officer vacancies. Even with every budgeted position filled, we are woefully understaffed. We need to add additional budgeted sworn positions, not cut or reclassify any currently-budgeted sworn positions. For an organization of over 250 employees, there will almost always be a certain number of vacancies for both sworn and non-sworn positions. A 5% vacancy rate (10 of our 199 budgeted positions) is not abnormal in our industry. We always strive to fill every vacancy, and vacancies are expected to significantly drop within three years as the number of retirement eligible staff diminishes. As discussed in the agenda materials, another contributing factor to our vacancy rate is the struggle with recruitment and interest in police careers generally. This is not an issue unique to Salem and is experienced at agencies across the nation.

Page 6

-Fire: The Fire Chief stated that main drivers of OT are minimum staffing and the City Medic Unit. Instead of budgeting \$3M of OT, use that to fund 20 new positions (see excel for breakdown). I left \$1.2M for EM/Contingencies the rest could be used to fund positions that will drive down the main cost of OT. PS, I used the salary breakdown on pg. 433 of the BBB for my calculations.

Regardless of staffing levels, the Fire Department will always have some level of overtime due to timing of emergencies and shift changes. Additionally, large emergency incidents and events require a surge in staffing that require overtime. However, the main driver of overtime is low staffing and increased staffing would reduce overtime. The Fire Department currently has vacancies that contribute to the need for overtime. Much of the issue with overtime is not necessarily lack of position authority, but rather recruitment and a tight labor market that leave existing positions unfilled.

The Position Summary on page 433 only includes salaries and wages. The fully burdened rate (medical benefits, retirement, etc) is often much higher, especially for emergency service positions. Please see a revised breakdown below that shows the number of FTE that \$2M would fund based on average fully burdened costs for each position.

Position	Qty.	Average Unit Cost	Total
Fire Apparatus Operator	3	\$226,103	\$678,309
Firefighter – Medic	3	\$200,527	\$601,581
Fire Captain	3	\$255,954	\$767,862
Total	9		\$2,047,752

13. Lastly, regarding the 38 GF budgeted positions recommended for FY24. I understand that the positions will not be filled until there is confirmation of the passage of the City Operation Fee and an Employee Payroll Tax (EPT), and the soonest the EPT would occur would be after the 2024 Nov election. That being said, why even budget these positions now? I think everyone can agree that they are necessary, but if they are going to be held vacant, why not wait until FY25 to add them? Please supply justification.

The City Manager will be providing additional information on the staffing challenges and the justification for these positions. See agenda item 5.c. and also question 14 below.

Page 7

14. What are the new positions in the General Fund? Which are funded with the City Operations Fee increase? Since the positions are not going to be hired right away, what will trigger the hiring of these positions?

Positions listed under a and b below would be hired either 30 days after passage of a payroll tax ordinance *or* a successful vote of a ballot measure. These positions are not tied directly to a payroll tax, but should a future revenue source not be implemented, they need to be reevaluated. See item 5.c. of this additions agenda for additional information and attachment 2 of this report for a detailed breakdown summary by position. The General Fund positions requested in the FY 24 Proposed Budget include:

a) New Positions that could be funded with the Operations Fee

Number of FTE: 14

Estimated General Fund Impact: \$1.6M

Funding Source: Operations Fee

As part of the Safe and Secure Community Funding Proposal, the following positions are requested. These positions are requested to add additional capacity and address community demand for safe and secure community services.

- Four positions (items 7, 8) to expand the Salem Outreach and Sustainability Services (SOS) team to address expand the service to seven days a week.
- Two park ranger positions (item 5) to expand the park ranger program and expand coverage to more parks
- Two code enforcement officers (item 6) to address additional demand in the community.
- Two security officers (item 9) to address employee, volunteer, and customer safety at City Hall.
- Four positions (items 1, 2, 3, 4) to address the gap identified in support ratios for internal services provided for the support of service delivery to the community. All of these positions are essential to support current city services and address unsustainable supervisor to employee ratios.

b) New Positions to meet the existing service demands

Number of FTE: 15

Estimated General Fund Impact: \$2.2M

Funding Resource: Fund Balance, Offsetting Revenue

The City's leadership team has identified several critical service areas that are either lacking or significantly behind resources to meet the current

service demands. Without additional capacity, the City will be forced to either eliminate or reduce these services.

- There are several limited duration positions that must be converted to permanent positions to avoid elimination or reduction of services. These programs include Internal Diversity, Equity and Inclusion program management (item 16), venue management of the Amphitheater (item 10), and business partnership and recruitment management for Public Safety and Public Works (item 15).
- The Human Resources Division is significantly understaffed and needs additional staffing to meet internal demand. One Senior Human Resources Analyst is requested to address this demand (item 14).
- The Information Technology Division has a 3-month backlog for procuring and receiving technology solutions. This delay is preventing departments from adequately providing services to the community. Staff have been working overtime for more than 2 years to meet demand but are still unable to meet the growing need without the two positions requested (items 17, 18).
- To meet public safety department training mandates and expectations of the community for statistical data, the Fire Department requires a training officer (item 20) and the Police Department requires a crime analyst (item 21).
- The new Public Works building adds significant square footage to the City's facility portfolio. Additional facilities staff (items 12, 13) are required to maintain the building effectively.
- Positions have been requested in the Community Services department to meet the demands of West Salem Library (item 23) and the management support (item 11).
- For the City to take advantage of grants available to local government for a variety of initiatives, the Finance Department is requesting the establishment of a grant administrator (item 19). This position will provide a long-term return on investment and add to the City's financial health.
- The transfer of three positions from Community Development and Urban Development Department to the new Community Services Department has created administrative oversight in excess of current capacity. The department is requesting one position to assist with efforts to maintain current program levels (item 22).

c) Existing Positions transfers, reclasses, and mid-year additions

Number of FTE: 9.03

Estimated General Fund Impact: \$1.3M

Funding Resource: Fund Balance, Offsetting Revenue

These position transfers, reclasses, and mid-year additions are needed for the formation of the new Community Services department and for newly added services.

- For the newly added commercial air services, four positions (items 27, 28) have been added to ensure that police and fire services meet Federal Aviation Administration (FAA) and Travel Security Administration (TSA) requirements.
- Two positions (items 25, 26) in the Police department have been reclassified from part-time to fulltime positions to meet the needs of domestic violence and forensic analysis units, reflecting sustainable trend increases for these services among the community.
- The other positions are transfers from Public Works to the new Community Services department that were previously reimbursed from the Parks Division for parks planning program oversight and administration support (items 24, 29, 30, 31).

15. I see we have 21 vacant police positions. Can we get a reminder of how many new positions were created in 2021 and 2022? Also, this may have been answered before, but what then happens to the money allocated for those positions if they remain vacant?

The City added 1 lieutenant position in FY 2021, 2 officer positions in FY 2022, and 7 (1 mid-year addition for commercial air service) officer positions in FY 2023.

Vacancy savings can be accessed with City Manager approval for one-time expenses, otherwise the savings return to fund balance and assist in funding future year expenses. The Budget Office assumes 2.5% vacancy savings for the entire General Fund when forecasting ending fund balance.

Page 10

16. Follow-up to my follow-up: how much money do the vacant positions represent in our budget? How much money was allocated for the newly created positions in 2021 and 2022?

Departments and the Budget Office monitor budgets on a monthly basis to continually update assumptions for ending fund balance. The actual vacancies fluctuate with employee turnover. It is difficult to calculate at any given time what the overall vacancies might generate in savings during the fiscal year.

For the Police Officer positions added during each of the previous three fiscal years the estimated budget impact at the time was:

- FY 2021: 1 FTE, \$199,590
- FY 2022: 2 FTE, \$258,930
- FY 2023*: 7 FTE, \$435,160

* FY 2023 included the addition of 6 police officers beginning in January 2023 with the police officer for commercial air service beginning in March 2023. Thus, the budgeted amount of the current fiscal year for those positions are lower than what a full year of budget would have been.

MINUTES

Joint Meeting of the City of Salem Budget Committee and the Salem Urban Renewal Agency Budget Committee



DATE: Wednesday, May 15, 2017

TIME: 6:00 PM

CHAIRPERSON: Jim Lewis

PLACE: Salem City Hall
Council Chambers
555 Liberty Street SE

STAFF LIAISON:

Kelley Jacobs, Budget Officer

503-588-6049

kjacobs@cityofsalem.net

Ryan Zink, Budget Analyst

503-588-6258

rzink@cityofsalem.net

1. **CALL TO ORDER** – Chairperson Jim Lewis called the meeting to order at 6:02 p.m.

2. **ROLL CALL**

Members present – Bennett, Kaser, Andersen, Nanke, McCoid, Ausec, Hoy, Cook, Lewis, Nordyke (arrived at 6:48 p.m.), Kailuweit, Bailey, Moore-Green, Bassett, Hazlett, Bergmann, and Milton

a. Pledge of Allegiance by Member Lewis

3. **MINUTES**

a. Minutes from May 3, 2017 City of Salem and Urban Renewal Agency Budget Committee Meeting

Motion: Move to approve the meeting minutes from the May 3, 2017 City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member McCoid

Seconded by: Member Ausec

Action: Motion passes

Vote:

Aye: Unanimous

Nay:

Abstentions:

4. **HANDOUT MATERIAL**

a. Summary of Budget Committee Actions Through May 3, 2017

b. Third Quarter Financial Summaries for the City of Salem and Urban Renewal Agency (at member desks and available online)

c. Correspondence from Joshlene Pollock regarding increasing hours at the West Salem Library

- d. Correspondence from residents in the North Lancaster Neighborhood regarding McKay School Park
- e. PERS Rate Update
- f. Correspondence from the Association of Local Government Auditors regarding the City auditor Wish List item.
- g. Correspondence from the North Lancaster Neighborhood Association regarding McKay School Park (*additions item*)
- h. Correspondence from residents in the North Lancaster Neighborhood regarding McKay School Park (*additions item*)
- i. Correspondence from Steve Bergmann regarding a City Auditor position (*additions item*)
- j. Correspondence from Derik Milton regarding a City Auditor position (*additions item*)
- k. Correspondence from Michael Livingston and Sarah Owens regarding not adding a homeless initiative coordinator position in the budget (*additions item*)
- l. Correspondence from Woody Dukes regarding not adding a homeless initiative coordinator position in the budget (*additions item*)
- m. Correspondence from Sheronne Blasi regarding a City Auditor position (*additions item*)

5. PUBLIC TESTIMONY ON THE CITY OF SALEM 2017-18 BUDGET

Appearances by:

Jillian Taylor and Anna Emerson, Ward 8

Topics:

Reopening the pool at Walker Middle School

Questions or comments by: Member Bailey

Carol Snyder
Secretary, Salem Parks Foundation

McKay School Park

Questions or comments by: Member Milton

6. FY 2017-18 WISH LIST

a. FY 2017-18 Budget Committee Wish List

Recommendation: Staff recommends considering the options presented in the Facts and Findings section of the report in deciding whether to add the expenditure appropriations represented in the Budget Committee’s Wish List.

Questions or comments by: Members Andersen, Lewis, and Bailey

Motion: Move to add Wish List items for the Homeless Rental Assistance Program, the update of the Comprehensive Plan, deferred maintenance financing, and the Fire Marshall position to the FY 2017-18 budget.

Motion by: Member McCoid
Seconded by: Member Nanke

Questions or comments by: Members McCoid, Andersen, Bennett, Bailey, Nanke, Bassett, Milton, Cook, Moore-Green, Kaser, and Lewis

Action: Motion passes
Vote:
Aye: Unanimous
Nay:
Abstentions:

Motion: Move to add the Wish List item for \$1.2 million to re-open a fire station to the FY 2017-18 budget

Motion by: Member Bennett
Seconded by: Member Hoy

Questions or comments by: Members Bennett, Hazlett, Hoy, McCoid, Andersen, Bassett, Bailey, and Milton

Action: Motion fails
Vote:
Aye: 6
Nay: 11
Abstentions:

Amended Motion: Move to add \$800,000 to the Fire Department’s FY 2017-18 budget for use at the Fire Chief’s discretion.

Motion by: Member Andersen
Seconded by: Member Ausec

Questions or comments by: Members Andersen, Ausec, Cook, Bergmann, Lewis, Nanke, Kaser, and Hoy

Action: Amended Motion fails
Vote:
Aye: 1
Nay: 15
Abstentions: 1

Motion: Move that Wish List item for the Library feasibility study not be included in the FY 2017-18 budget

Motion by: Member Cook
Seconded by: Member McCoid

Questions or comments by: Member Bailey

Action: Motion passes
Vote:
Aye: unanimous
Nay:
Abstentions:

Motion: Move that the Wish List item for the Sobering Center not be included in the FY 2017-18 budget

Motion by: Member McCoid
Seconded by: Member Ausec

Questions or comments by: Member McCoid

Action: Motion passes
Vote:
Aye: unanimous
Nay:
Abstentions:

Motion: Move that the Wish List item for a City Auditor position be included in the FY 2017-18 budget

Motion by: Member Bergmann
Seconded by: Member Kaulweit

Questions or comments by: Members Bergmann, Andersen, Bailey, Nanke, Bennett, Bassett, Milton, McCoid, Kaser, Nordyke, and Hoy

Action: Motion fails
Vote:
Aye: 9
Nay: 8
Abstentions:

Motion: Move that the Wish List item for a Code Compliance Officer position not be included in the FY 2017-18 budget

Motion by: Member Bennett
Seconded by: Member Hoy

Questions or comments by: Members Cook, Bennett, Ausec, Lewis, Kaser, and Nanke

Action: Motion passes
Vote:
Aye: 13
Nay: 4
Abstentions:

Substitute Motion: Move that the Wish List item for a Code Compliance Officer position be included in the FY 2017-18 budget

Motion by: Member Cook
Seconded by: Member McCoid

Questions or comments by: Members Bennett and Ausec

Action: Substitute motion fails
Vote:
Aye: 6
Nay: 11
Abstentions:

Motion: Move that the Wish List item for a Homeless Initiatives Coordinator position not be included in the FY 2017-18 budget

Motion by: Member Andersen
Seconded by: Member McCoid

Questions or comments by: Member Andersen

Action: Motion passes
Vote:
Aye: unanimous
Nay:
Abstentions:

Motion: Move that the Wish List item to increase the Neighborhood Services Councilor positions by .40 FTE not be included in the FY 2017-18 budget

Motion by: Member McCoid
Seconded by: Member Ausec

Questions or comments by: Members McCoid and Lewis

Action: Motion passes
Vote:
Aye: 14
Nay: 3
Abstentions:

Motion: Move to increase sidewalk repair in the Transportation Services Fund by \$500,000 in the FY 2017-18 budget

Motion by: Member Andersen
Seconded by: Member Hoy

Questions or comments by: Members Andersen, Cook, Bennett, McCoid, Nanke, Hoy, Bassett, Kaser, Milton, and Ausec

Action: Motion fails
Vote:
Aye: 8
Nay: 9
Abstentions:

Motion: Move the Wish List item for the Capitol City High School Golf Tournament not be included in the FY 2017-18 budget

Motion by: Member McCoid
Seconded by: Member Andersen

Questions or comments by: Members McCoid, Bennett, and Andersen

Action: Motion passes
Vote:
Aye: unanimous
Nay:
Abstentions:

7. POLICY DISCUSSION

Questions or comments by: Members Andersen, Bennett, Hazlett, Lewis, Cook, Kaser, Nordyke, and Bergmann

8. APPROVE FY 2017-18 CITY OF SALEM AD VALOREM PROPERTY TAXES

Staff Report: Approval of Ad Valorem Property Taxes – City of Salem

Recommendation:

Approve the ad valorem property taxes for the City of Salem General Fund and the City of Salem General Obligation Debt fund as follows:

- 1. Approve the City of Salem permanent tax rate of \$5.8315 for general fund operations.
- 2. Approve a General Obligation bond debt levy of \$14,126,390.
 - a. Discussion and review
 - b. Motion to approve City of Salem FY 2017-18 ad valorem property taxes

Motion: Move to approve the permanent tax rate of \$5.8315 and General Obligation bond debt levy of \$14,126,390 for FY 2017-18

Motion by: Member McCoid
Seconded by: Member Ausec

Questions or comments by: Member Nanke

Action: Motion passes
Vote:
Aye: unanimous
Nay:
Abstentions:

9. RECOMMEND FY 2017-18 CITY OF SALEM BUDGET

- a. Discussion and review
- b. Motion to approve final recommendation of FY 2017-18 City of Salem Budget

Motion: Move to approve the final recommendation of the FY 2017-18 City of Salem Budget as amended this evening

Motion by: Member McCoid
Seconded by: Member Cook

Action: Motion passes
Vote:
Aye: unanimous
Nay:
Abstentions:

10. MOTION TO APPROVE FY 2017-18 SALEM URBAN RENEWAL AGENCY AD VALOREM PROPERTY TAXES

Staff Report: Approval of Ad Valorem Property Taxes – Salem Urban Renewal Agency

Recommendation:

Approve the estimated ad valorem property tax levies derived from the sum of the Division of Taxes and the Special Levy for the Salem Urban Renewal Agency Fund Areas as follows:

	<u>Division of Taxes</u>	<u>Special Levy</u>	<u>Estimated Total</u>
Riverfront/Downtown	100%	Remainder	\$6,968,520
North Gateway	100%	\$0	2,948,160
West Salem	100%	\$0	1,337,420
Mill Creek Industrial	100%	\$0	798,750
McGilchrist	100%	\$0	749,150
South Waterfront	100%	\$0	<u>295,750</u>
ESTIMATED TOTAL			<u>\$13,097,750</u>

- a. Discussion and review
- b. Motion to approve Urban Renewal Agency FY 2017-18 ad valorem property taxes

Motion: Move to approve the ad valorem property taxes for the Urban Renewal Agency for FY 2017-18

Motion by: Member McCoid
 Seconded by: Member Lewis

Action: Motion passes
 Vote:
 Aye: unanimous
 Nay:
 Abstentions:

11. RECOMMEND FY 2017-18 URBAN RENEWAL AGENCY BUDGET

- a. Discussion and review
- b. Motion to approve final recommendation of FY 2017-18 Urban Renewal Agency Budget

Motion: Move to approve the final recommendation of the FY 2017-18 Urban Renewal Agency Budget

Motion by: Member McCoid
 Seconded by: Member Andersen

Action: Motion passes
 Vote:
 Aye: unanimous
 Nay:
 Abstentions:

12. OTHER BUSINESS

Questions or comments by: Members Kailuweit, Bailey, and Lewis

13. ADJOURN

The meeting was adjourned at 8:32 p.m.

NOTE:

Budget staff is available for your convenience to discuss the budget document and process. Please call the staff listed above or 503-588-6231 if you have any questions.

Respectfully Submitted,

Kali Leinenbach

The City of Salem budget information can be accessed on the internet at: www.cityofsalem.net/departments/budget

NOTE: Disability-related accommodations, including auxiliary aids or services, in order to participate in this meeting, are available upon request. Sign language and interpreters for languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kali Leinenbach, (503) 588-6231 or kleinenbach@cityofsalem.net at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.

The City of Salem values all persons without regard to race, color, religion, national origin, sex, age, marital status, domestic partnership, disability, familial status, sexual orientation, gender identity and source of income.

Position (s)	Purpose	Department	Division	Result Area	Funding offset (if applicable)	New Position (Y/N)	Hold Hiring Until Revenue Plan in Place	Full Time Equivalent	
General Fund Increased City Operations Fee funded positions									
1	Senior Human Resources Analyst	Safe and Secure Community Proposal, additional HR capacity	Enterprise Services	Human Resources	Good Governance	City Operations Fee	Yes	Yes	1
2	Supervisor II	Safe and Secure Community Proposal, additional supervisor capacity	Enterprise Services	Information Technology	Good Governance	City Operations Fee	Yes	Yes	1
3	Senior Fiscal Analyst	Safe and Secure Community Proposal, additional financial analysis	Finance		Good Governance	City Operations Fee	Yes	Yes	1
4	Assistant City Attorney II	Safe and Secure Community Proposal, additional General Counsel	Legal	General Counsel	Good Governance	City Operations Fee	Yes	Yes	1
5	Park Ranger (2)	Safe and Secure Community Proposal, expansion of Park Ranger program	Community and Urban Development	Compliance Services	Welcoming and Livable Community	City Operations Fee	Yes	Yes	2
6	Code Enforcement Officer (2)	Safe and Secure Community Proposal, expansion of Compliance Services	Community and Urban Development	Compliance Services	Welcoming and Livable Community	City Operations Fee	Yes	Yes	2
7	Parks Maintenance Operator (3)	Salem Outreach and Sustainability Services (SOS) Team Expansion	Community Services	Parks Operations	Welcoming and Livable Community	City Operations Fee	Yes	Yes	3
8	Parks Project Coordinator	Salem Outreach and Sustainability Services (SOS) Team Expansion	Community Services	Parks Operations	Welcoming and Livable Community	City Operations Fee	Yes	Yes	1
9	Security Officer (2)	Safe and Secure Community Proposal, Civic Center Campus security	Enterprise Services	Facilities	Good Governance	City Operations Fee	Yes	Yes	2
								Total	14
Other General Fund new positions									
10	Program Manager I	Amphitheater Manager - Converted from limited duration position	Community Services	Recreation Services	Welcoming and Livable Community	Full Transient Occupancy Tax reimbursement	Yes	Yes	1
11	Management Analyst I	Additional capacity for new department	Community Services	Administration	Welcoming and Livable Community	None	Yes	Yes	1
12	Custodial Worker I	Required for new public works operations building	Enterprise Services	Facilities	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	1
13	Custodial Worker II	Required for new public works operations building	Enterprise Services	Facilities	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	1
14	Senior Human Resources Analyst	General Human Resources support	Enterprise Services	Human Resources	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	1
15	Human Resources Specialist	Public Works and Public Safety recruitments - Converted from limited duration position	Enterprise Services	Human Resources	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	1
16	Program Manager II	Diversity, Equity and Inclusion Program Manager - Converted from limited duration position	Enterprise Services	Human Resources	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	1
17	Administrative Analyst I (2)	Two positions will work on Citywide IT procurement and receiving needs.	Enterprise Services	Information Technology	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	2
18	Department Tech Support Analyst II	Additional capacity for IT department and succession planning, would focus on Building and Safety needs.	Enterprise Services	Information Technology	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	1
19	Management Analyst II	Citywide Grant administration, application and reporting.	Finance	Financial Reporting	Good Governance	Partial Indirect Cost Allocation Plan Offset	Yes	Yes	1
20	Training Officer	Will provide in-house training to Fire personnel who have training mandates.	Fire	Training	Safe and Healthy Community	None	Yes	Yes	1
21	Crime Analyst	Add capacity to this section to process crime data analysis	Police		Safe and Healthy Community	None	Yes	Yes	1
22	Administrative Analyst II	Addition due to restructure and transfer of positions	Community and Urban Development	Administration	Strong and Diverse Economy	None	Yes	Yes	1
23	Supervisor II	West Salem Library Branch supervisor	Community Services	Library	Welcoming and Livable Community	None	Yes	Yes	1
								Total	15
Existing Positions - transfers, mid-year additions, and reclasses									
24	Management Analyst I (.13 FTE)	Reclass and addition of .13 FTE to create a full .5 FTE - special projects like software implementation	Legal		Good Governance	Partial Indirect Cost Allocation Plan Offset	No	No	0.13
25	Administrative Analyst I (.4 FTE)	Reclass and addition of .4 FTE to create 1 FTE position - Domestic Violence program	Police		Safe and Healthy Community	None	No	No	0.4
26	Police Lab Tech (.5 FTE)	Addition of .5 FTE to create 1 FTE position - expansion of needed forensic analysis	Police		Safe and Healthy Community	None	No	No	0.5
27	Police Officer	Mid-Year addition to support commercial air service	Police	Patrol	Safe and Healthy Community	None	No	No	1
28	Firefighter (3)	Mid-Year addition to support commercial air service	Fire	Emergency Operations	Safe and Healthy Community	None	No	No	3
29	Staff Assistant (2)	Transfer from the Utility - Was reimbursed previously from Parks	Community Services	Parks Operations	Welcoming and Livable Community	Reduced Expense	No	No	2
30	Parks Planning Manager	Transfer from the Utility - Was reimbursed previously from Parks and will continue to be reimbursed for construction project work.	Community Services	Parks Planning	Welcoming and Livable Community	Reduced Expense, project funding	No	No	1
31	Parks Planner	Transfer from the Utility - Was reimbursed previously from Parks and will continue to be reimbursed for construction project work.	Community Services	Parks Planning	Welcoming and Livable Community	Reduced Expense, project funding	No	No	1
								Total	9.03
								Grand Total	38.03

TO: Budget Committee Members
THROUGH: Keith Stahley, City Manager
FROM: Josh Eggleston, Chief Financial Officer
SUBJECT: Balancing Act - City of Salem Budget Simulation
ISSUE:

The City implemented a budget simulation in January of 2023 based on the General Fund's forecast for FY 2024.

RECOMMENDATION:

Information only.

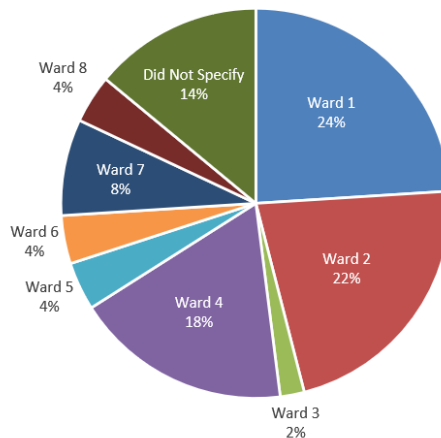
SUMMARY AND BACKGROUND:

Balancing Act is a software tool that is used to educate and provide a means to collect feedback from the public on the City budget. High level statics are include in the facts and findings section and a more detailed breakdown is included in attachment 1. In addition to offering the software in English, the tool is now also available in Spanish and is available on the Finance homepage [Budget & Finance | Salem, Oregon \(cityofsalem.net\)](http://cityofsalem.net/Budget%20&%20Finance). The latest tool reflects the City General Fund Proposed Budget.

FACTS AND FINDINGS:

Date activated: January 6, 2023
Date deactivated: April 25, 2023
Total Views: 834
Average time on site: 8.5 minutes
Total time on site: 117 hours
Total simulation submission: 50
Demographics: Based on google analytics, 43% of the views were from the Salem area
Source: Most people used a direct link, followed by the City's website, with some people finding the simulation via social media (Facebook, reddit) or another source.

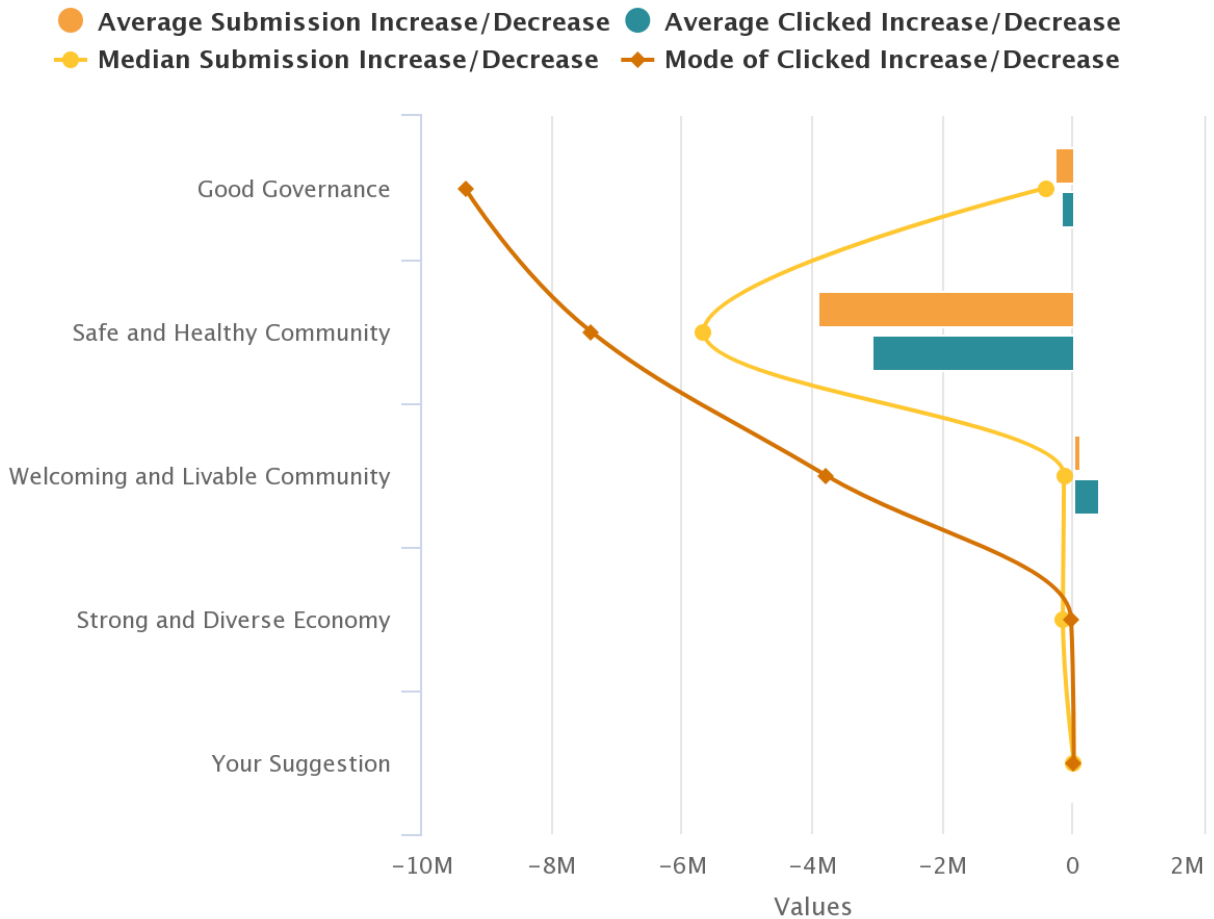
Submissions by Ward



Expenses:

Expenses Budget Comparison

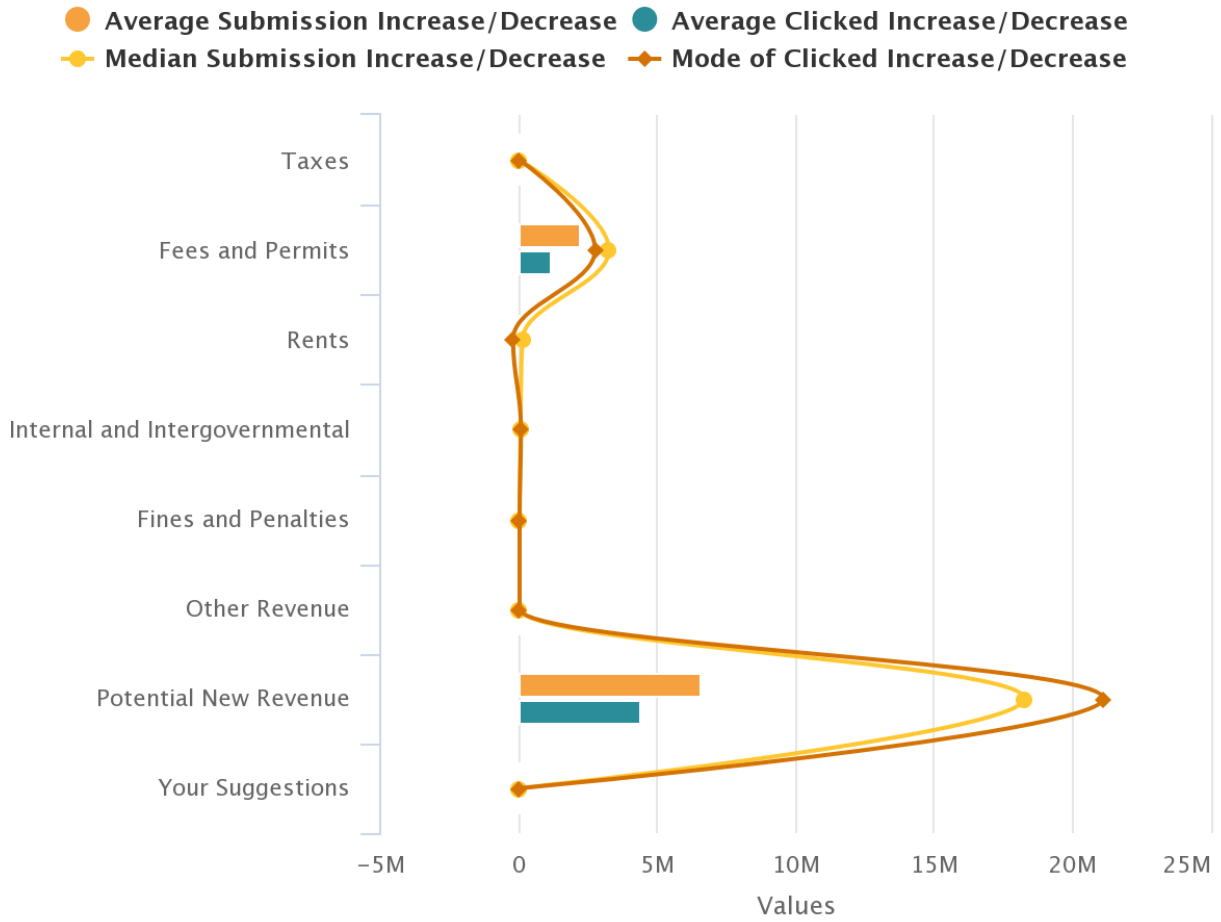
Decreases vs. Increases (Click to hide)



Revenues:

Revenue Budget Comparison

Decreases vs. Increases (Click to hide)



Other Ideas and Comments:

Balancing Act Comments Summary - FY 2024-2028 Forecast*					
Revenue			Expenses		
Action	Topic	Count	Action	Topic	Count
Increase/Add	Local Option Levy	5	Increase/Add	Parks and Recreation	8
Increase/Add	Payroll Tax (High Wage Earners Only)	4	Increase/Add	Library	7
Increase/Add	Operations Fee (Commercial Only)	3	Increase/Add	Low-Income and Homeless Programs	3
Increase/Add	Grants	3	Increase/Add	Police	2
Increase/Add	Payroll Tax	2	Increase/Add	Fire	2
Increase/Add	Operations Fee	1	Increase/Add	Pedestrian/Bike Infrastructure	2
Increase/Add	Park and Recreation Fees	1	Increase/Add	Planning	1
Increase/Add	Franchise Fees	1	Increase/Add	City Manager's Office	1
Increase/Add	License/Permit Fees	1	Increase/Add	Finance	1
Increase/Add	Rents/Leases	1	Increase/Add	Facilities	1
Increase/Add	Close URAs	1	Increase/Add	Internal Services (General)	1
Increase/Add	Add Park Concessions	1	Increase/Add	Grant Writing	1
Increase/Add	Increase Gas Tax (Airport Only)	1	Increase/Add	Light Rail/Streetcar	1
Increase/Add	Oversized Gas Vehicle Sales Tax	1	Increase/Add	High Speed Rail	1
Increase/Add	Yacht Docking Fees	1	Increase/Add	Green Infrastructure (General)	1
Increase/Add	Tariffs on Non-local Produce	1	Increase/Add	Affordable Housing	1
Increase/Add	Annex Adjacent Areas	1	Increase/Add	Mental Health and Addiction Services	1
Increase/Add	End Tax Breaks to Developers	1	Increase/Add	Create Human Services Department	1
		Total: 30	Increase/Add	Community Events and Classes	1
			Increase/Add	No More Cuts (General)	1
				Total: 38	
Reduce/Eliminate	Payroll Tax	2	Reduce/Eliminate	Airport Funding	5
Reduce/Eliminate	Taxes (General)	1	Reduce/Eliminate	Police	3
Reduce/Eliminate	Fines/Penalties	1	Reduce/Eliminate	Cut (General)	2
Reduce/Eliminate	Local Option levy	1	Reduce/Eliminate	Capital Projects	1
		Total: 5	Reduce/Eliminate	Homeless Services	1
			Reduce/Eliminate	Information Technology	1
			Reduce/Eliminate	Fire	1
			Reduce/Eliminate	End City EMS Unit	1
			Reduce/Eliminate	City Management	1
			Reduce/Eliminate	Internal Services (General)	1
				Total: 17	
			Other Ideas	Create Fire District	1
			Other Ideas	Create Library District	1
			Other Ideas	Outsource Information Technology	1
			Other Ideas	Increase Density/Zoning	1
			Other Ideas	Rent Control	1
				Total: 5	
*Balancing Act Submissions for the City's FY 2024-2028 Forecast were received between 1/6/23-4/15/23					