

TO: Revenue Task Force Members

THROUGH: Moss Adams

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Responses to Revenue Task Force Questions

SUMMARY: Committee members have asked excellent questions over the past several meetings. Moss Adams and City staff have taken note of these questions and are returning with the below compiled list.

1. During another meeting, a display of property taxes per household was shown. Can we see this again?

This information was presented at the October 25th, 2023, City Council work session. The materials can be found here:

<https://saalem.legistar.com/LegislationDetail.aspx?ID=6390808&GUID=3B0D2C83-E753-40EF-AE1F-49236ADE69B5>

The recording is here:

<https://youtube.com/live/Zi7Hw1Lumc4?feature=share&Mode2=Video>

2. How were Federal grant funds from ARPA and CARES spent?

The U.S. Department of Treasury was responsible for establishing the Coronavirus State and Local Fiscal Recovery Funds (CSLFRS), established by the American Rescue Plan Act (ARPA) of 2021, to provide emergency funding for eligible state, local, territorial, and Tribal governments. The allocation methodology was determined by the U.S. Department of Treasury and eligible state, territorial, metropolitan city, county and tribal governments were able to submit requests for funds starting in early May 2021. Funds were directly distributed by the U.S Department of Treasury to the individual agencies. Eligible use criteria was also developed by the U.S. department of Treasury, which included the ability for recipients to use the funds as a source for awarding grants to other agencies, so long as the funds were still spent on the eligible uses of the program. In addition to the direct allocation the City received from the U.S. Department of Treasury, the City applied for and was awarded a grant from Marion County which was funded by the CSLFRS/ARPA program. This type of grant is often referred to as a pass-through grant or sub-award grant. Below is a summary of the funding received and what projects the funds supported:

Direct allocation to the City from the federal government	
Tranche 1 - Received May 2021	17,063,958
Tranche 1 - Received June 2022	<u>17,063,958</u>
Total	<u>34,127,916</u>
Indirect allocation to the City from Marion County*	
Grant awarded May 2022, funding received August 2022	<u>3,000,000</u>
<i>* Originally allocated to County from the federal government</i>	
Total ARPA funding received by the City	<u>37,127,916</u>

ARPA Funded Costs			
Project Type	Direct Allocation	Marion County Subaward	Total Funds
Sheltering Projects	4,714,517	-	4,714,517
Hotel Acquisition Loan	500,000	-	500,000
Navigation Center	2,700,958	3,000,000	5,700,958
Affordable Housing	2,163,000	-	2,163,000
Revenue Replacement	24,049,442	-	24,049,442
Total Funded Costs	34,127,916	3,000,000	37,127,916

3. What is the difference between an essential service and optional service?

Some of the services provided by the City are mandated by either a Federal, State or other entity. Additionally, if the City chooses to provide a service then there becomes mandates around that service. Attachment 1 to this report includes the mandated programs in the City's 2024 budget as identified by the Priority Based Budgeting process.

4. What is the structure of the City Operations Fee?

The City Operations Fee was one of the recommendations of the 2018 Sustainable Services Revenue Task Force for General Fund revenue. The City Operations Fee is assessed on Utility bills for Salem Utility account holders based on the account classification. The rate each classification is billed is based on a ratio previously determined by the Streetlight Fee in 2015. This ratio is the proportionate rate between residential and non-residential customers of 1:4.82. This means that for every dollar paid by a residential account, a Commercial, Industrial, Institutional or Public account was assessed \$4.82. Additionally, multi-family utility accounts are charged at a ratio of 1: 0.80 per unit, or for every dollar assessed to a residential account, a multifamily account is charged 80 cents on each unit covered by that account.

5. What are the General Fund revenues as a percent of total General Fund revenue?

This information can be found in Attachment 3.

6. Can you provide some information about property tax abatements/exemptions?

There are three major property tax abatement programs currently in place run by the City / URA: Multi-Unit Housing Tax Incentive Program (MUHTIP), Enterprise Zones and Low-Income Housing Property Tax Exemption Program for Non-Profits. Generally, tax abatements are used to spur some sort of activity such as economic or housing. There are currently 26 active properties between each of the three types of abatements. MUHTIP properties are 10-year property tax abatements, Enterprise Zones are three-to-five-year programs with City of Salem programs being three year and Low-Income Housing Property Tax Exemption Program for Non-Profits at 10 years. Of the properties receiving tax abatement, only 5 are related to economic development with the remainder being housing related. The farthest expiration date of all these property types is in 2034 with two housing developments.

Of the 26 properties, 12 of these properties are located inside of a URA. This means that even if these tax abatement programs were not in place for these properties, the taxes that would otherwise be received above the frozen base would be returned back into the URA rather than the other taxing jurisdictions like the City.

Salem Housing Authority, which is a separate legal entity that adopts and manages its own budget, also has properties that have tax abatement programs exclusively related to housing initiatives. SHA currently has 15 properties with tax abatements.

Please see Attachment 2 to view a list of properties.

7. What past decisions or cuts have been done in the past to defer this problem?

The City has made many decisions over the years to both reduce expenses and increase revenue to extend the timing of the structural imbalance in the General Fund. A high-level overview of these decisions were presented last meeting and can also be found on the [City's website](#) (timeline section of the safe and secure community page).

8. Are budget projections based on a flat budget or do they include increases to costs and services?

Projections in the financial forecast include all known costs and escalation factors at the time of development. There are assumptions made for all years of the five-year forecast period. Assumptions for cost increases get less nuanced and have more variability the further away they are from the current fiscal year. An augmented year one of the forecast becomes the maximum authorized General Fund budget for each department. Leadership Team reviews all requested service additions or expenses that do not fit within the maximum authorized budget amounts.

9. How can the City not afford to pay for services when new properties are constantly coming on the tax rolls?

When new properties come onto the tax roll, they do not come on at 100% of their real market (or sale) values. New properties come onto the roll based on a changed property ratio (CPR) set by the counties based on the property classification (residential, industrial, etc.). This ratio divides the average maximum assessed values (MAV) of all unchanged properties in the county of that classification by the average real market value (RMV) of all unchanged properties of that same class. In the most recent tax year for example, a residential property in Marion County had a CPR of .5087 (50.87%). So, if a new home is built and sold for \$500,000 then the assessed value on that property is \$254,350 after the CPR is applied. Assuming no compression or URA reduction, which is currently at play in Marion County (compression) and both for the URAs, the amount of taxes paid to the City of Salem on the property is \$1,483.24. However, if the property came on the tax roll using the real market value of the property, the amount of taxes generated for the City of Salem would be \$2,915.75.

Additionally, taxes have early payment incentives where if a property owner pays their taxes in full in November, a three (3) percent discount is applied. If taxes are paid in two installments (November and May) then a two (2) percent discount is applied. These discounts, while beneficial to taxpayers, further reduce the amount of property tax revenue that comes into the City and other jurisdictions for operations.

Finally, all taxing jurisdictions that have areas within an urban renewal area also have taxes directed back into that URA rather than back into their General Funds. For example, if you own a business in the Riverfront Downtown URA, the property taxes you pay above the amount that was assessed when the URA is created is remitted to that URA for projects. The property taxes assessed up to this amount go to the taxing jurisdictions as normal.

10. How are new ADUs or robotic warehouses taxed?

Accessory Dwelling Units (ADUs) are assessed similar to single family residences. Robotic Warehouses would be assessed similar to other industrial or commercial properties unless they were granted an Enterprise Zone exemption.

11. What happens when new jurisdictions come on the tax rolls? How are property taxes impacted?

If a new taxing jurisdiction comes on the tax roll, they are given a new permanent rate in order to fund their operations. However, in Marion County, we are already above the \$10/\$1,000 assessed value limit for Government services so a new jurisdiction would create more compression than what is currently being experienced, resulting in even less revenue for all jurisdictions including the City. See question 15 below for division of Property Tax in Salem.

12. What jurisdictions do taxpayers fund?

The City of Salem is located in two counties: Marion and Polk. Depending on if a property is in Marion or if it is in Polk, they will pay different taxes due to the jurisdictions in those counties. Below is an example of both counties and jurisdictions listed on a tax bill.

SALEM - MARION COUNTY

JURISDICTION	Percent of Total
CHEMEKETA COMMUNITY COLLEGE	2.97%
CHEMEKETA COMMUNITY COLLEGE - BOND	1.24%
CHEMEKETA COOPERATIVE REGIONAL LIBRARY SERVICE	0.39%
CITY OF SALEM	27.62%
CITY OF SALEM - BOND	5.94%
MARION COUNTY	14.26%
MARION COUNTY EXTENSION AND 4-H SERVICE DISTRICT	0.24%
MARION SOIL AND WATER CONSERVATION DISTRICT	0.24%
SALEM MASS TRANSIT	3.61%
SALEM URBAN RENEWAL AGENCY	5.70%
SALEM URBAN RENEWAL AGENCY - SPECIAL LEVY	1.01%
SALEM-KEIZER SCHOOL DISTRICT	21.41%
SALEM-KEIZER SCHOOL DISTRICT - BOND	13.99%
WILLAMETTE EDUCATION SERVICE DISTRICT	1.41%

SALEM - POLK COUNTY

JURISDICTION	Percent of Total
CHEMEKETA COMMUNITY COLLEGE	3.09%
CHEMEKETA COMMUNITY COLLEGE - BOND	1.29%
CHEMEKETA COOPERATIVE REGIONAL LIBRARY SERVICE	0.41%
CITY OF SALEM	28.76%
CITY OF SALEM - BOND	6.19%
POLK COUNTY	8.67%
POLK COUNTY EXTENSION AND 4-H SERVICE DISTRICT	0.38%
POLK COUNTY PUBLIC SAFETY	2.63%
POLK SOIL AND WATER CONSERVATION DISTRICT	0.25%
SALEM MASS TRANSIT	3.75%
SALEM URBAN RENEWAL AGENCY	5.17%
SALEM URBAN RENEWAL AGENCY - SPECIAL LEVY	1.10%
SALEM-KEIZER SCHOOL DISTRICT	22.30%
SALEM-KEIZER SCHOOL DISTRICT - BOND	14.56%
WILLAMETTE EDUCATION SERVICE DISTRICT	1.46%

13. How are local option levies impacted by the 3% maximum growth in assessed value?

Local options levies are impacted similarly to permanent rate levies. The revenue generally increases at a base rate of 3%, with some additional growth from new development. The same challenge exists that the growth of revenue may not keep pace with the growth of expenses.

14. When was General Fund revenue audited?

The City and URA both go through an annual independent financial audit in the Fall for the prior fiscal year (July 1 – June 30). These audits are a comprehensive look at various financial practices, expenditures and revenue bookings for appropriateness and are held to Generally Accepted Accounting Principles (GAAP) which are a standardized set of accounting practices. The City and URA have not had an audit finding, or an error, from the auditors for the financials of either entity.

Both the City and URA’s audits (Annual Comprehensive Financial Reports) can be found online on the City’s webpage: [Financial Reports | Salem, Oregon \(cityofsalem.net\)](https://www.cityofsalem.net/financial-reports)

15. How will property taxes will hold up in the coming years? What percent of General Fund services will property taxes pay for in future?

As previously discussed, property taxes for operations are limited to growth dependent on the assessed value of the property along with a frozen rate. A property can only grow by 3% of assessed value each year and the City of Salem's M50 rate is \$5.8315 / \$1,000 AV. On top of these limits, taxpayers can receive a discount. Due to impacts of Measure 50, properties in Marion County are already experiencing compression resulting in a loss to the City of about \$375,000 in property tax revenue this past year.

Despite these impacts, the five-year forecast for property tax revenue is projected to increase each year due to new development, land improvements and some annexations, from about 4.1% to 3.0% annually. The amount of property tax increase however does not reflect increased value of properties, nor does it match the higher increase of expenses within the General Fund. Currently budgeted property tax revenue for fiscal year 2024 does not cover the expenses for the Fire and Police Departments, let alone internal services (Legal, CMO, HR, Finance, IT, etc.), Parks or the Library.

16. How many urban renewal districts are open and how much would the General Fund get back if they were closed?

Currently, there are eight (8) urban renewal areas of which seven (7) are collecting tax increment. As of the most recent audit for the URA for fiscal year 2023, the City of Salem would have received over \$5.5M annually in revenue for the General Fund if the URAs were closed.

Urban renewal areas are not allowed to close while there is still debt outstanding. Currently, both Riverfront Downtown and the Mill Creek URAs have long term debt. If all of the other URAs were to have closed less these two, the City would have collected just under \$3.2M

A table of the impact of the URAs is included in the Annual Comprehensive Financial Report (ACFR) online on page 74.

Urban Renewal Plan Area								
Taxing District	Riverfront	N. Gateway	W. Salem	Mill Creek	McGilchrist	S. Waterfront	Jory	Total
Chemeketa Community College	\$ 179,689	\$ 188,937	\$ 102,188	\$ 71,010	\$ 52,753	\$ 21,954	\$ 7,755	\$ 624,286
Chemeketa Regional Library	23,484	24,693	9,408	9,280	6,894	2,869	1,014	77,642
City of Salem	1,674,159	1,760,319	670,690	661,603	491,498	204,541	72,265	5,535,075
City of Salem bonds	-	-	133,920	-	-	-	-	133,920
Marion County	868,501	913,198	-	343,219	254,974	106,110	37,489	2,523,491
MC & 4-H Extension Service District	14,354	15,093	-	5,673	4,214	1,754	620	41,708
Marion Soil & Water	14,354	15,093	-	5,673	4,214	1,754	620	41,708
Polk County	-	-	197,146	-	-	-	-	197,146
Polk 4-H/M Garden/Ag/Forest Ext Dist	-	-	8,373	-	-	-	-	8,373
Polk Soil/Water Conservation Dist	-	-	5,582	-	-	-	-	5,582
Salem Area Mass Transit	218,446	229,688	87,512	86,327	64,131	26,689	9,429	722,222
Salem-Keizer School Dist	1,297,929	1,364,726	519,968	512,877	381,045	158,575	56,025	4,291,145
Salem-Keizer SD bond after 2021	-	-	315,960	-	-	-	-	315,960
Willamette Regional ESD	85,179	89,563	34,124	33,662	25,007	10,406	3,677	281,618
Total	\$4,376,095	\$4,601,310	\$2,084,871	\$1,729,324	\$1,284,730	\$ 534,652	\$188,894	\$14,799,876

17. Could you please provide information about the Utility rate relief program?

The City of Salem has two utility rate relief programs in place for households and also works with account holders regarding payment arrangements.

<https://www.cityofsalem.net/community/household/water-utilities/utility-payments-and-your-utility-account/utility-payment-assistance>

- Payment Arrangements: Customers needing a little extra time to pay their current utility bill may be eligible to set up a payment arrangement that extends the due date for their current bill. Payment arrangements can be set up over the phone, by email, or online.
- Emergency Utility Assistance Program: Customers experiencing a short-term need for help with their single-family residential utility bill may be eligible for up to \$500 of assistance towards their utility bill each calendar year. Once qualified, assistance is applied to their utility account in the amount of the past-due amount or current balance to a maximum of \$500 for the calendar year.
- Utility Rate Relief Program for Elderly and Disabled Customers: Customers with household income below 60 percent of the State Median Income and age 60 and older or who have a disabled member living in the household, may be eligible for a monthly discount on their **City of Salem utility bill and garbage bill.**

18. How do low-income residents find relief if they cannot afford to pay the operations fee?

Customers that qualify for the City of Salem Utility Rate Relief Program are exempt from paying the streetlight and city operations fees.

19. How are other funds generating revenue? We could eliminate these from the options.

Mechanisms for generating revenue outside the general fund are primarily restricted to those funds for specific uses and are not applicable to the General Fund. For example, revenues gathered by the Utility for Water and Wastewater services can only be used to pay for those services.

20. How does Salem’s metrics compare to Eugene with magnitude, population and economic data, households, economic activity?

	FY 24	Biennial FY23-25
	Salem	Eugene
Population (Portland State Population Research)	182,726	177,339
Households (US Census)	66,283	75,532
General Fund Budget (most recent)	\$186,184,160	\$452,795,221
Assessed Value (subtract Urban Renewal)	\$14,960,716,377	FY24 - \$18,555,000,000 FY25 - \$19,295,000,000
AV Tax Rate (Permanent)	\$ 5.8315 /\$1,000	\$ 7.0058 /\$1,000
# of Full Time Equivalent (FTE) Employees (all funds)	1,344.15	1,683.43
# of Full Time Equivalent (FTE) Employees (General Fund)	769.90	819.24
# of FTE / Thousand Residents (all funds)	7.36	9.49
# of FTE / Thousand Residents (General Fund)	4.21	4.62
Area Median Household Income (US Census)	\$67,540	\$61,481

21. What is being identified by the budget committee? What does that mean? What will it impact? What services will be provided? What are the City Council priorities?

The Budget Committee is meeting on March 14th and 21st to review the reduction scenarios provided to the City Council on September 18, 2023 and October 25th, 2023. On April 17th the Budget Committee will receive the City Manager’s FY 2025 Proposed Budget which will include reductions to ensure the projected FY 2025 ending fund balance is within compliance with Council policy. The Budget Committee will review and deliberate on the proposal and recommend a budget to the City Council for their consideration.

The current priorities of the City Council can be found in the [annual policy agenda](#).

22. Item 4 is Business License Fees:

- **What criteria can we use to set the level of the fee? For instance, could we do a filing fee of \$100 plus \$50 per employee?**
 - See 2018 Revenue Committee whitepaper on Business License Fee (Summary of Rev Source- Business License 2018.docx)
- **Could we charge a business doing business in Salem based on total employees worldwide? For instance, \$1 per world employee?**
 - No, the City’s jurisdictional enforcement is limited outside of the city, let alone the state or country. Enforcement could also interfere with interstate commerce regulation.
- **Can we charge any business doing business in Salem not just those businesses with an address in Salem. For example, Portland charges any business doing business in Portland.**
 - Yes. However, administration and enforcement of the program on businesses without a physical address inside the city may be more difficult. (Similar to enforcement of payroll tax applied to same companies)

23. Is 4-5 employees per capita typical for cities of this size?

We can’t currently say what is “typical” for cities of Salem’s population size. Such an analysis is possible but would take a significant amount of time. Most cities do post their employee counts in a publicly available document—however, these counts do not typically disaggregate employee counts by fund. The 4-5 employees per thousand residents figure is solely in reference to Salem’s General Fund—the funding source responsible for most City services. To get a comparison to other cities of similar size, it would require additional investigation into the funding source of employees, which would likely require participation from peers, which they may be reluctant to provide.

Even if the time was invested to make such an analysis, it is also important to note that there isn’t really a “typical” City—each public organization has a slew of idiosyncratic features that make staffing comparisons complicated. For instance, even though Eugene is the traditional comparator for Salem, about 20% of Eugene’s population maintains incomes below the federal poverty line, a 33% relative increase over Salem’s 15%. Additionally, on the whole, Eugene’s population has greater levels of education—43% of Eugene’s adult population has a bachelor’s degree or higher, while only 29% of Salem’s population does. While Eugene is indeed very similar, these community differences are two of many potential reasons why the employee count between the cities would understandably differ.

24. What is Marion County staffing?

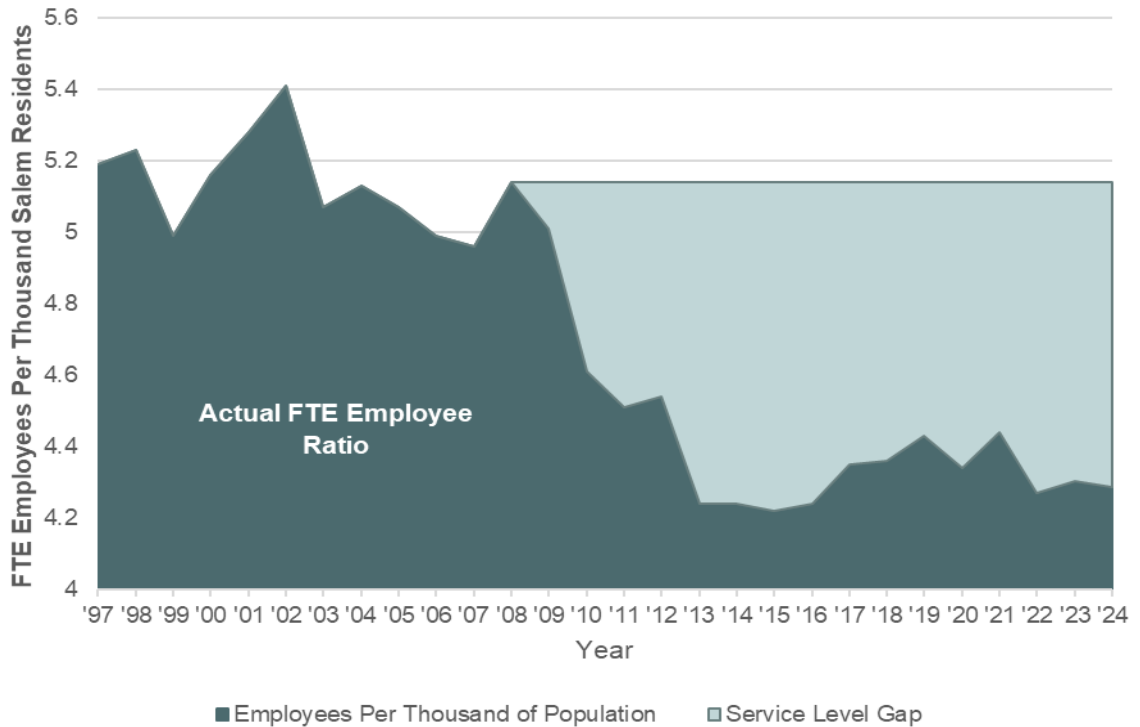
Marion County's FY 2024 Budget included 1,673 total full time equivalent positions. The US Census Bureau's July 1, 2023, population estimate for Marion County was 346,703. This means that there are 4.83 County employees per 1,000 residents.

Marion County and the City of Salem have a vastly different customer base in terms of density, geography, and need. The City of Salem includes a portion of both Marion and Polk counties while Marion County includes a much greater geographic area to the northeast with far less density. The County Sheriff's office provides law enforcement services to residents throughout the County. However, most of Marion County's population is served first by municipal law enforcement, chief among them being the Salem Police Department. They also provide vastly different services that sometimes do, but often do not, overlap. For instance, Marion County exclusively controls solid waste flow throughout the County and operates multiple waste handling facilities while the City does not. The City of Salem operates a Fire Department and water and wastewater utility that make up a large portion of its employee count while the County does not. As a result, comparing the City of Salem and Marion County's employee count has limited utility.

25. What are productivity gains and output gains in bureau of labor statistics?

This question is important and understandable. It is likely rooted in this graph, demonstrating that the City's service levels are below those levels that existed from 1997-2008:

City of Salem Service Level Gap General Fund Employees Per Thousand Residents



There is an important limitation of this measure: due to technology gains over time, your average American worker in 2024 is much more productive than in 1997 or 2008, so it would ostensibly make sense for employee needs to be lower. In theory, you could take productivity data from the Bureau of Labor Statistics and perform an adjustment to this employee figure to get an adjusted measure of employment levels that takes productivity into account.

There are two important reasons why this analysis cannot be performed.

- 1) The Bureau of Labor Statistics does not measure the productivity of government services

The U.S. Bureau of Labor Statistics uses data on labor and capital inputs (costs) and outputs (revenues) to assess productivity. These productivity figures exclude three types of production: government, nonprofits and private household production. For government, the services (outputs) performed are not sold in the marketplace, and many government services would be difficult or impossible to price within the marketplace. Because these outputs cannot be valued, the Bureau of Labor Statistics does not assess productivity for government.

2) The services performed by the City of Salem have changed over time

Even if such productivity figures for local governments were calculated and published, such an analysis would be difficult to accurately perform because there is no quantifiable index of the increase in services that Salem provides, relative to 1997 or 2008. Salem residents have demanded greater types and higher levels of service over the decades, and the City has met this demand to the best of its abilities.

Much like the difficulty in measuring productivity for government, there is no mathematical way that we can quantify this increase in services that Salem provides apart from the increase in inputs (\$) required to meet this demand for services. A quantifiable index of increased services provided by Salem would be necessary to adjust this staffing analysis for productivity if local government productivity were even capable of being determined.

26. Are there homeless services the city provides or does the city fund other agencies that these provide services?

For the most part, the City does not directly provide homelessness or sheltering services. The City grants funding to community partners to perform this work. Funding sources include Federal and State grant pass-throughs, as well as some General Fund support. In recent years, micro-shelter sites were established, and the City provides pass-through funding to three of these sites. The safe park program which provides a place to park and stay the night also started in recent years. Several housing projects have been supported through federal HOME funds. Federal Community Development Block Grants (CDBG) are also passed through to support programs that provide housing and utility assistance, address food insecurity, and support organizations that work in this space. The Homeless Rental Assistance Program (HRAP) was a grant to Salem Housing Authority to provide gap funding to house unsheltered individuals and provide case management support.

The direct service the City does provide is the Salem Outreach and Livability Services (SOS) Team which is comprised of 5 parks staff, 2 police officers, and code enforcement staff. This team coordinates cleanup of unsheltered camping sites on public property throughout the City and responds to complaints. Salem Housing Authority has the Special Programs Outreach Team (SPOT) that works in conjunction with SOS to connect unsheltered individuals and provide opportunities to connect with services.

27. What number brings the level of City services back to what it was in 2007?

Using the employees per thousand metric of 5.14, the City’s General Fund would need an additional 121 additional employees or a 15% increase in staffing. The cost of this staffing is estimated at \$23.2 million in addition to the employee retention target of \$9.7 M, for a total of \$33 million in FY 2025. Here is a projection of the costs of this scenario through FY 2029. (table in millions)

FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
\$ 32.9	\$ 37.1	\$ 43.2	\$ 48.8	\$ 51.5

28. How much would it cost to fully fund the city at the level that the elected officials would like?

Using the City’s deferred needs analysis as a basis for this estimate, here is a projection by year to add the additional 307.5 employees, close the General Fund deficit (employee retention target), and restore the positions that were eliminated in the February 2024 Supplemental budget. (table in millions)

FY 2025	FY 2026	FY 2027	FY 2028	FY 2029
\$ 76.2	\$ 86.6	\$ 96.6	\$ 108.0	\$ 115.8

29. Sheltering and homeless services are typically provided by counties. How did the City get into that business?

The City has long supported organizations that offer programs to support low-income and homeless community members. During the pandemic with low housing supply and social distancing requirements, available services were not sufficient to meet the need and community demand for homeless services. City leadership prioritized opening low barrier shelters with available grant funds to encourage people to leave City parks and sidewalks. At the time of these decisions, there was not a plan by counties to expand shelter beds. Marion County later contributed grant funds to the Navigation Center renovation, one of the projects to increase low barrier sheltering options funded by multiple grant sources.

30. How much does each revenue pathway costs per capita or per household?

The costs per capita and per household are presented below. It is important to note that demography and demographic projections are a very complicated practice. This analysis uses practical assumptions about the City’s ongoing increase in population and households using reasonable assumptions— however, it does not have the nuance of population projections that a seasoned demographer would produce (for a very large fee).

SALEM POPULATION		SALEM HOUSEHOLDS	
2022 Population Census Estimate	177,487	2022 Households Estimate	66,283
2024 Population Projection:	181,054	2024 Households Projection	67,615
2025 Population Projection:	182,864	2025 Households Projection	68,291
Annual Growth Estimator, Year Over Year:			+0.99986%

SALEM DEMOGRAPHICS	2025	2026	2027	2028	2029
Population Estimates	182,864	184,692	186,539	188,404	190,288
Households Estimates	68,291	68,974	69,664	70,361	71,065

REVENUE TARGET	FY 2025-2026	FY 2026-2027	FY 2027-2028	FY 2028-2029	FY 2029-2030
Employee Retention Target	\$9,700,000	\$10,400,000	\$14,300,000	\$16,800,000	\$16,700,000
Revenue Per Capita	\$53.04	\$56.31	\$76.66	\$89.17	\$87.76
Revenue Per Household	\$142.04	\$150.78	\$205.27	\$238.77	\$235.00
Additional Service Level Target	\$6,100,000	\$10,800,000	\$13,100,000	\$17,100,000	\$23,100,000
Revenue Per Capita	\$33.36	\$58.48	\$70.23	\$90.76	\$121.39
Revenue Per Household	\$89.32	\$156.58	\$188.05	\$243.03	\$325.05
Additional Sheltering Services Target	\$9,600,000	\$10,100,000	\$10,600,000	\$11,100,000	\$11,700,000
Revenue Per Capita	\$52.50	\$54.69	\$56.82	\$58.92	\$61.49
Revenue Per Household	\$140.57	\$146.43	\$152.16	\$157.76	\$164.64

31. What makes up the sheltering number? Is the cost of current sheltering services escalated over time?

The cost of sheltering includes programs currently funded through grants such as operating the 3 micro-shelter sites, the navigation center, and the SOS team. Ongoing costs are escalated throughout each year of the forecast.

32. How much room do we have for a levy?

In Oregon, a jurisdiction is limited to a permanent levy for its general operations unless it receives an additional voter approved local option levy. A local option levy is required to be reapproved by the voters every 3 – 5 years and is a dollar value assessed on the property. If a levy were to be approved, and then in a future election fail, those services would likely need to be cut due to the loss of this revenue.

A local option levy is subject to compression. Compression means that a property has a rate above the \$10 / \$1,000 limit for government services set by Measure 5. In Marion County, the rate for Salem properties is \$10.4130. In Polk County, the rate for Salem properties is \$9.6331 and thus is not in compression. For the \$0.4130 above this \$10 limit in Marion County, the amount is proportionally reduced from all of the rates able to be assessed by a taxing jurisdiction. If Salem was to have a levy, the amount would need to be enough to be above the amount lost to compression and then some more in order to realize actual revenue.

33. I saw a 10 cent CAT (City Activity Tax) on a restaurant bill. The server said it goes to schools. Could we get more information on what this is and if it is something we can access?

This charge is referencing the State of Oregon's Corporate Activity Tax. More information about this tax can be found on the [Department of Revenue website](#). The City is [preempted](#) from implementing a tax like this, so it is not a revenue option the Task Force could consider.