

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, April 24, 2024	STAFF LIAISON:
TIME:	6:00 PM	Josh Eggleston, Chief Financial Officer
CHAIRPERSON:	Dr. Irvin Brown	503-588-6130
		jeggleston@cityofsalem.net
PLACE:	Hybrid Meeting	Kali Leinenbach, Budget Manager
	Council Chambers & Youtube	503-588-6231
		kleinenbach@cityofsalem.net

To sign up to provide virtual testimony to the Budget Committee, please visit the link below. Registration is open between 8:00 AM and 2:00 PM on the day of the meeting.

[Comment and Participate in a City Council Meeting | Salem, Oregon \(cityofsalem.net\)](https://www.cityofsalem.net/Comment-and-Participate-in-a-City-Council-Meeting-Salem-Oregon)

1. OPENING EXERCISES – Chairperson Dr. Irvin Brown
2. PUBLIC TESTIMONY
 - a. Correspondence from Hannah McLaughlin regarding the Library
 - b. Correspondence from Robert Downard regarding Transportation
 - c. Additional Correspondence from Annie Battee regarding Youth Development
 - d. Correspondence from Jennifer Levy-Peck regarding the Library
 - e. Correspondence from Rachael Winters regarding Salem Kids Relay
 - f. Correspondence from Rob Gould regarding the Library
3. MINUTES
 - a. Minutes from April 17, 2024 City of Salem and Urban Renewal Agency Budget Committee Meeting
4. ACTION ITEMS
 - a. Errata 1: Safe, Reliable and Efficient Infrastructure Transportation Fund page 143, Equipment Replacement Fund list, Leasehold Fund projects list, Fee Adjustments page 448, and Police Department Records account, page 16 and associate summaries.
5. INFORMATION ITEMS
 - a. Staff Report: Summary of Budget Committee Actions Through April 17, 2024
 - b. Staff Report: Responses to Committee Member Questions
6. PUBLIC HEARINGS
 - a. Capital Improvements Plan
Staff Report: Public Hearing on the Proposed Capital Improvement Plan for FY 2025 through FY 2029, Senior Fiscal Analyst, James Wharton-Hess

7. SPECIAL ORDERS OF BUSINESS

- a. Result Area Budget Review – Natural Environment Stewardship (continuation), pages 175 – 201
 - Overview by Budget Manager Kali Leinenbach
- b. Urban Renewal Agency Proposed FY 2025 Budget
 - Overview by Budget Manager Kali Leinenbach
- c. Result Area Budget Review – Strong and Diverse Economy, pages 159 – 173
 - Overview by Budget Manager Kali Leinenbach
 - Questions of staff and committee discussion (for both the Proposed FY 2025 Urban Renewal Agency Budget and the Strong and Diverse Economy result area)
- d. Result Area Budget Review – Safe, Reliable and Efficient Infrastructure, pages 135 – 157
 - Overview by Chief Financial Officer Josh Eggleston
 - Questions of staff and committee discussion
- e. Discussion and Deliberations of tabled amended motions from the April 17, 2024 Budget Meeting
 - Refunding of the JC Relays, movies in the park and concerts
 - All non-represented, non-union, managerial, supervisor positions salaries are frozen to the FY 2024 levels.*
- f. Committee Discussion
 - Opportunity for the Budget Committee to discuss any issues or concerns regarding agenda items or items not on the agenda

8. PUBLIC TESTIMONY FOR FUTURE BUDGET ISSUES

The Budget Committee has set aside time for public comment to address items not on the agenda. Each individual testifying will be limited to no more than three (3) minutes.

9. ADJOURNMENT

The next Budget Committee meeting will be Wednesday, May 1, 2024 at 6:00 pm. The following budgets are scheduled to be reviewed and actions to be taken:

- *Result Area: Good Governance, pages 55 – 88*
- *Result Area: Safe and Healthy Community, pages 107 - 133*
- *Public Hearing State Shared Revenue Funds*

Budget staff is available for your convenience to discuss the budget document and process. Please call the staff listed above or 503-588-6040 if you have any questions.

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 interpreters are available at the meeting. Languages other than those provided are also available upon request. To request such an accommodation or interpretation, contact Kali Leinenbach, (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: [Hannah McLaughlin](#)
To: [budgetoffice](#)
Subject: Library Closure
Date: Wednesday, April 17, 2024 3:02:54 PM

Hello,

My name is Hannah McLaughlin, and I am writing to oppose the closure of the Salem Public Library.

I grew up at the library and while I rarely make it to the physical location (due to my work schedule and the library's hours) my the rest of my family frequently visits, and I take full advantage of having a digital library card using Libby. I also go to the physical location when I am able. I spent countless hours at the library with my friends when I was in school both studying and taking advantage of the Teen Scene, and would greatly prefer to be able to continue to check out books instead of having to purchase them myself.

The library, as I'm sure you're aware, provides a number of resources that are essential to the community:

- Free access to paper and digital media
- A safe place for kids to hang out after school and on weekends, and a quiet place to study for students of all ages
 - Homeschool groups can also meet here so that the kids can socialize
- Free wifi access for those who are unable to afford wifi or don't have it available elsewhere
- Computer use for those who do not have one at home, which allows people to apply for jobs, take classes, do research projects, etc.
- English/second language classes
- Youth programs
- Reading and craft groups, meeting places, and other community events
- The library of things, for those who cannot access certain items
- A safe place for homeless people to spend time during extreme weather

I am sure there are many more things I am missing. Third places are vital to the community and it would be a huge loss to lose the library. We already have so few third places, at least in NE Salem where I live.

It is extremely disappointing to me that the City of Salem is considering closing the library due to a lack of funding. How can the capitol city of Oregon not be able to fund the library, especially after just completing seismic upgrades and ADA compliance upgrades? The library is already one of the more underfunded in the state.

It's my understanding that the City is attempting to blame this on voters, for not accepting the pay roll tax. However, the pay roll tax made no mention of supporting the library, and instead It was advertised as a police supportive measure. While I work outside of Salem and technically live in the county still (I am on the edge of the boundary and will be getting annexed within the next 2-3 years), I already lose a quarter of each paycheck to state and federal tax, and am not keen to lose more for a measure that would go to the already funded police. I personally would happily support a tax for funding the library, assuming that the funds went to the library and **only** to the library. If the city police need money, then perhaps the city should not have spent *79 million* dollars on a new police station. You could cut police funding by a few percent, cover at least part of the gap, and still have more cops than we did a few years ago.

It's my opinion that a few things could be implemented to help keep funding the library:

- Close the West Salem branch. I have never been there, and everyone that I know that uses the library goes to the main branch (which is not a bad drive from any part of Salem.)

- Reinstate late fees and parking fees at the library.
- A tax or bond specifically for the library. Many other cities have this. The issue with the payroll tax was that it was not advertised towards more funding for the library, as stated. Many residents I've spoken with would pay a small tax or support a bond for the library if funds were actually allocated towards the library. The city of Salem has a population of roughly 200,000 people. An annual tax of \$20 would generate \$4,000,000 dollars per year specifically for the library. I can afford an additional \$20/year to fund the library.
- Cutting unnecessary and unfilled positions within the city. The police alone I believe have over 20 unfilled positions right now that they can't find people for. Why not cut those positions and use those funds for the library?
- Passing something that allows the City to charge the State property tax. The State currently does not pay property tax on properties they own in the City. It's my understanding that Portland has implemented something like this, as have other cities.
- Cut funding to the airlines. I have been a long time tenant at the Salem airport, and airline service has never been sustainable long-term here. We are too close to Portland and Eugene. The city is spending huge amounts of money on security measures that do nothing except make it harder for airport tenants to access the airport. I can think of better things the city could fund from the airport budget (like hangar inspections, and long term support for the crosswind runway) than airline service that needs to pull fund from the general fund (money that could go to the library) The City should just pay to have someone on field 24/7 for security purposes, which would, in my opinion, be far less expensive than all of the "improvements" being done. I normally would not advocate for taking money away from the airport, as there are things we need, but the City has already proven that they generally are not willing to make improvements that airport tenants ask for.
 - An example of this is our Rotating Beacon. Airport tenants were told we could not get this fixed/replaced due to cost and issues accessing the National Guard property, despite the airport being almost impossible to see from the air at night without one. However, as soon as the airlines complained, we got a new Beacon. They also continue to threaten to close the crosswind runway due to "lack of funding" but can find funding for the airlines that will not last.
- The \$197,000 position for a Tech Analyst II for a water treatment plant could have a reduced salary. The average salary is \$60-\$87k from what I can gather online. How many other positions within the city are paying far more than the average? How many positions with inflated salaries can be cut? I do not want anyone to lose their job, but it seems to me like the city is inflating salaries at the expense of other positions and infrastructure support.
- Does the tourism fund really need 1.3 million dollars? Can any of that be cut and funds diverted to the library?
- On Page 208 of [this document](#), both bonds that were passed for additional library sites are mentioned. Why can this money not be diverted to support current library locations?

On Page 11 of [this document](#), it's mentioned that the City wants Salem to develop into a "Welcoming and Livable community." How is a community without a library, which can help with several of the items listed there, welcoming and livable?

I have not had time to review the full document, but I feel there are many ways that the City could continue to fund the Library if they so chose. I hope the City reconsiders closing the library and cuts excess funds in other areas first, as well as exploring other solutions. The library is a valuable community asset, and it would be a horrible thing to lose.

Thank you,
Hannah

From: rdownard23@mail.wou.edu
To: [budgetoffice](#)
Subject: One Solution to Save Money, Increase Pedestrian Safety, and Reduce Traffic Congestion
Date: Wednesday, April 17, 2024 3:15:35 PM

Hello Salem City Council,

One proven way our city can cut costs is by eliminating wasteful infrastructure. Every traffic light at an intersection cost on average \$8,000 to \$10,000 to operate annually. By reducing the number of intersections that require traffic lights, our city could save hundreds of thousands of dollars annually. Roundabouts are a passive method to eliminate the need for a traditional signaled intersection. By eliminating the need to stop at an intersection, it would also save money for those who must drive through the city. Reducing fuel consumption as well as wear and tear on breaks and tires. It also saves time, reduces congestion, and increases public safety. In 2021, 24% of all crash related deaths in the USA occurred at an intersection (IIHS).

I highly suggest looking into the case highlighted in this video from August, 2023 about Carmel, Indiana. [Roundabouts Are Safer. So Why Does The U.S. Have So Few Of Them? - YouTube](#). Timecode, 0:50 to 6:30 are most relevant to my suggestion.

- 62% to 67% reduction in total car crashes.
- 85% to 87% reduction in crashes leading to injury.
- 50% faster traffic flow despite removing lanes of traffic.
- Roundabouts without a protected bike lane can increase bicycle crashes.

Liberty Rd S is a prime example of a street that could benefit from this type of project. The speed limit is 35 MPH for much of it. But with four lanes of traffic, this limit is often ignored. I would argue that the eight traffic lights and two plus lanes of traffic in both directions is completely unnecessary for this road. A safer choice...

- Cut it down to one lane of automobile traffic in each direction.
- Change each light to a roundabout.
- Add a dedicated bike lane.
- Add street parking (optional)

I would love to discuss this further with any nay sayers in City Hall. I sincerely hope that our city utilizes simple and passive solutions to our budget crisis as opposed to just blindly cutting jobs and public services.

All the best,
Robert Downard
Duplex CT SE, Salem, OR

From: [Annie Battee](#)
To: [budgetoffice](#)
Subject: Re: Our Youth Deserve One City Employee
Date: Wednesday, April 17, 2024 3:48:30 PM

On 04/17/2024 2:42 PM PDT Annie Battee <ab9@comcast.net> wrote:

Dear Budget Committee,

The City employs one Youth Serves staff member who has provided leadership, community engagement, volunteer training and much more for youth throughout the City. Salem youth deserve to have one employee providing service to them and giving them the opportunity to participate in making Salem a great city and give back while learning skills that help them grow.

Please do not cut this one position from the budget. Our Youth is our future, let's show our commitment to them.

Sincerely,

Annie Battee

Ward 3

From: [Jennifer Levy-Peck](#)
To: [budgetoffice](#)
Subject: Fund our Libraries!
Date: Wednesday, April 17, 2024 4:19:12 PM

Libraries are a vital part of our community. They serve as a hub of knowledge, a gathering place, and a welcoming space for people of all ages. They provide essential services and programs.

I understand the realities of budget concerns, but it is unacceptable to cut funding from our libraries. We need to come up with creative and sustainable methods to fund the facilities and services that make this a good place to live for all.

I strongly oppose cuts to the library budget.

Sincerely,

Jennifer Y. Levy-Peck
Salem Resident

From: [Rachael Winters](#)
To: [budgetoffice](#)
Subject: Public comment for budget meeting 4-17-2024
Date: Wednesday, April 17, 2024 5:54:02 PM

Rachael Winters
Capital Christian School
Physical Education Teacher

April 17, 2024

Budget Office
City of Salem

To whom it may concern:

I am writing your office concerning the recent budget cuts, specifically the Salem Kids Relay. I was deeply disappointed to hear that such an amazing and wonderful event that has a relatively low cost to the city, is being cut. Last year was our schools first time participating in the event since Covid. I cannot express what a wonderful time I had coaching these amazing children and the experience they had. So many of our students are not able to play sports and athletics outside of school. Parents are busy and run full lives. This opportunity allowed students that wouldn't normally have this type of experience, know what it's like to compete against other schools and build confidence. I am so sad they will not have the opportunity. Many third graders this year were looking forward to the opportunity to participate. As second graders, they looked up to their older peers and could not wait to participate this year. I had to let them know that they would not be given the same opportunity because of the budget cuts our city decided to make.

Public programs like relay races for elementary students play a crucial role in promoting physical activity, teamwork, and sportsmanship among young learners. These programs not only encourage children to stay active and healthy but also foster a sense of camaraderie and collaboration. By participating in relay races, students learn the importance of cooperation, perseverance, and goal-setting. Additionally, these programs provide a platform for students to showcase their talents, build confidence, and enhance their social skills. Overall, relay races and other similar public programs contribute to the holistic development of elementary students and create a positive and inclusive school environment.

Please consider my comments, as well as many others, and perhaps reassess bringing back the Salem kids relay for next year.

Regards,
Rachael Winters

From: [Josh Eggleston](#)
To: [budgetoffice](#)
Subject: FW: Budget comment
Date: Thursday, April 18, 2024 3:25:10 PM

-Josh | 503-588-6130

From: Rob Gould <rob27@outlook.com>
Sent: Monday, April 15, 2024 5:31 PM
To: Revenue2024 <Revenue2024@cityofsalem.net>
Subject: Budget comment

I have lived in Salem for forty years. I was a library supporter until about 15 years ago when I realized I had not been in the library in 10 years. With the internet came along I did not need it. Today the library seems like a day care center. I have no problem cutting libraries, hopefully, short term.

I prefer keeping more essential services like police and fire.

Thanks
Rob Gould
Salem

MINUTES



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

DATE: Wednesday April 17, 2024 STAFF LIAISON:
TIME: 6:00 PM Josh Eggleston, Chief Finance Officer
503-588-6130
CHAIRPERSON: Dr. Irvin Brown jeggleston@cityofsalem.net
Kali Leinenbach, Budget Manager
PLACE: Council Chambers /Youtube 503-588-6231
kleinenbach@cityofsalem.net

1. OPENING EXERCISES – Chair Brown called the meeting to order at 6:01pm

Members present: Cohen, Phillips, Gwyn, Nordyke, Varney, Manvel, Allen, Curtis, Beleciks, Gier, Dixon, Vieyra-Braendle, C. Hoy, Vice-chair Nishioka, Chair Brown.

Pledge of Allegiance

Chair Brown informed the Committee about the additions agenda submitted which included one staff report, meeting procedures and written testimony.

Motion: Move to approve the additions agenda of April 17, 2024 for the City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Nordyke
Seconded by: Member Dixon

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

Member J. Hoy joined the meeting at 6:18PM

2. PUBLIC TESTIMONY

- a. Ryan Erickson – Kulas, Ward 1, Library
- b. Deb Patterson, Library
- c. Whitney Hines, Ward 1, Library
- d. Zoey Harper, Ward 4, Library
- e. Kelsey Lamme, Ward 3, Library
- f. Anthony Lamme, Ward 3, Library
- g. Kristy Kemper Hodge, Ward 6, Library
- h. Irene Longaker, Ward 2, Library
- i. Rob Kionmich, Ward 2, Library
- j. Victoria Timm, Ward 8, Library

- k. Jennifer Levy-Peck, Ward 4, Library
- l. Cecilia O'Meara, Ward 1, Library
- m. Rachael Atchison, Ward 3, Library
- n. Alyssa Cokinis, Ward 2, Library
- o. Wyatt Williams, Ward 7, Parks and Recreation
- p. Hannah Bostrom, Ward 8, Library
- q. Beth Freeland, Ward 3, Library
- r. Kayla Rigsby, Ward 3, Library
- s. Katie Parig, Library
- t. Priscilla Gasper, Library
- u. Rebecca Brisbane, Ward 6, Library
- v. David Gasper, Library
- w. Taylor Rakep, Ward 4, Library
- x. Jane Thitchall, Ward 7, Library
- y. David Punne, Library
- z. Vincent, Ward 8, Library
- aa. Sadie Verville, Ward 1, Library

3. MINUTES

- a. Minutes from March 21, 2024 City of Salem Budget Committee Meeting and Urban Renewal Agency Budget Committee Meeting.

Motion: Move to approve the meeting minutes from the March 21, 2024 City of Salem Budget Committee Meeting and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Manvel
 Seconded by: Member Varney

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

4. ACTION ITEMS

- a. None

5. INFORMATION ITEMS

- a. Staff Report: Responses to Committee Member Questions
- b. Staff Report: Additional Responses to Committee Member Questions
- c. Budget Committee Meeting Procedures

Josh Eggleston, Chief Financial Officer, briefly went through the information items.

Questions or comments by: None
 Answers & explanations by: None

6. PUBLIC HEARINGS

a. None

7. SPECIAL ORDERS OF BUSINESS

a. Opening Comments – City Manager Keith Stahley

Questions or comments by: Members Gier, Beleiciks, Curtis, Dixon, Phillips, Nordyke, Chair Brown

Answers & explanations by: Josh Eggleston, Chief Financial Officer, and Keith Stahley, City Manager

Committee took a recess from 7:28PM to 7:40PM

b. Result Area Budget Review – Welcoming and Livable Community, pages 175-201.

Josh Eggleston, Chief Financial Officer, went through the budget process before then doing a review of the proposed Welcoming and Livable result area budget.

Questions or comments by: Member Curtis

Answers & explanations by: Josh Eggleston, Chief Financial Officer

Motion: I move that the proposed Library reductions be restored to the FY 2025 budget and funded with a transfer from the Cultural and Tourism Fund working capital.

Motion: Member C. Hoy

Seconded by: Member Nordyke

Questions or comments by: Members Dixon, Manvel, Chair Brown, Members Gwyn, Cohen

Answers or explanations by: Josh Eggleston, Chief Financial Officer, Daniel Atchison, City Attorney

Amended Motion: Along with the Mayor's motion, I would also include within that the refunding of the JC Relays, movies in the park and the other one, concerts.

Motion: Member Cohen

Seconded by: Member Gwyn

Questions or comments by: Chair Brown, Members C. Hoy, J. Hoy, Phillips, Curtis, Gier, Nordyke, Allen, Vice-chair Nishioka

Answers or explanations by: Josh Eggleston, Chief Financial Officer, Daniel Atchison, City Attorney, Scott Archer, Deputy City Manager

Motion: I move to table the amended motion.

Motion: Vice-chair Nishioka
Seconded by: Member Dixon

Questions or comments by: Member Beleiciks, Chair Brown, Varney
Answers or explanations by: Daniel Atchison, City Attorney

Action: Motion passes

Vote:

Aye: Unanimous

Nay:

Abstentions:

Member C. Hoy reiterated his motion for the Committee.

Motion: I move that the proposed Library reductions be restored to the FY 2025 budget and funded with a transfer from the Cultural and Tourism Fund working capital.

Motion: Member C. Hoy
Seconded by: Member Nordyke

Questions or comments by: Member J. Hoy, Gier, Dixon, Vice-chair Nishioka, Phillips, Nordyke, Curtis, Varney, Vieyra-Braendle, Chair Brown
Answers or explanations by: Josh Eggleston, Chief Financial Officer, Keith Stahley, City Manager

Action: Motion passes

Vote:

Aye: Unanimous

Nay:

Abstentions:

Committee Discussion on Welcoming and Livable Result Area proposed FY 2025 budget.

Questions or comments by: Members Dixon, Chair Brown
Answers or explanations by: Josh Eggleston, Chief Financial Officer, Kristin Retherford, Community Planning and Development Department

Motion: I move all non-represented, non-union, manager, supervisor positions freeze salary to FY 2024 levels.

Motion: Member Cohen
Seconded by: Member Gwyn

Questions or comments by: Member Allen, Chair Brown, Members Cohen, C. Hoy, Gier, Phillips, Dixon, Nordyke, Beleiciks, Gwyn
Answers or explanations by: Keith Stahley, City Manager, Krishna Namburi, Deputy City Manager, Josh Eggleston, Chief Financial Officer, Daniel Atchison, City Attorney

Motion: I move to table this conversation.

Motion: Member Phillips
Seconded by: Member Manvel

Questions and comments: Members Cohen, Nordyke, Curtis, J. Hoy, Beleiciks, Vice-chair Nishioka, Phillips
Answers and explanations: Josh Eggleston, Chief Financial Officer, City Manager Keith Stahley

Amended Motion: I move that we (do) what the City Manager recommended we do (freeze pays at FY 2024 rates for Department Heads, Deputy City Managers and the City Manager) to limit pay freezes to those classifications in the General Fund if possible.

Motion: Member Phillips
Seconded by: Vice-chair Nishioka

Questions and comments: Member Phillips, Chair Brown
Answers and explanations: City Manager Keith Stahley

Questions and comments: Member Varney, Member Vieyra-Braendle, Member Cohen, Chair Brown, Gwyn
Answers and explanations: City Manager Keith Stahley

By unanimous consent, this motion will be reconsidered at the April 24, 2024 Budget Meeting. Staff will return to the Committee with the approximate savings associated with the salary freezes (COLA and merit) for Department Heads, Deputy City Managers, and the City Manager along with the number of employees impacted.

8. PUBLIC TESTIMONY FOR FUTURE BUDGET ISSUES

The Budget Committee has set aside time for public comment to address items not on the agenda. Each individual testifying will be limited to no more than three (3) minutes.

a. None

9. COMMITTEE DISCUSSION ON FUTURE INFORMATION ITEMS

a. None

10. ADJOURNMENT

The meeting was adjourned at 9:38 PM

Respectfully Submitted,

Kelli Blechschmidt
Minutes Recorder

The next Budget Committee meeting will be held Wednesday April 24, 2024 at 6:00 pm in Council Chambers for the presentation of the City Manager’s proposed FY 2025 budget.

Budget staff is available for your convenience to discuss the budget document and process. Please call the staff listed above or 503-588-6040 if you have any questions.

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

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TO: Budget Committee

THROUGH: Keith Stahley, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Errata Sheet 1 – Safe, Reliable & Efficient Infrastructure Transportation Fund page 143, Equipment Replacement Fund list, Leasehold Fund projects list, Fee Adjustments page 448, and Police Department Records account, page 16 and associate summaries.

ISSUE:

To inform the Budget Committee about errors and corrections, or updated information regarding the Proposed FY 2025 City of Salem Budget

RECOMMENDATION:

1. Accept changes to the Safe, Reliable & Efficient Infrastructure page 143, include omitted pages for the Equipment Replacement Fund list, Leasehold Fund projects list Fee Adjustments page 448, and Police Department Records account, page 16 and associate summaries. There is no budgetary impact to these changes.

SUMMARY AND BACKGROUND:

Errata sheets are used in the budget process to identify and correct errors to the proposed budget or provide updated information. Small errors in formatting, spelling, and grammar may not be included in an errata sheet, but instead will be corrected prior to publication of the adopted budget. When an error or updated information has a budgetary impact or could affect comprehension, an errata sheet is prepared.

FACTS AND FINDINGS:

During the review process of the budget book, there were a couple of pages that were noted to have been missed during creation of the book in the Fund Summaries section. The project pages for the Leasehold Fund (shown on pages 385 – 387) and the Equipment Replacement Reserve Fund (shown on pages 333 – 335) were inadvertently omitted.

There was a programmatic change that was done in the Transportation Fund budget where \$725,000 was moved from the Road Surface Maintenance program to the Rights-of-Way Maintenance program. This program change had happened in the budget, but the book was not updated prior to printing.

Next, on page 448, the increase for the next cycle of the Utility rate setting should be reflected as to be determined as a rate setting will happen this fall.





Finally, on page 16 and associated summaries, there were two entry errors for the Police Records section of the Police Department. \$11,100 was entered into the Clothing Allowance account, but should have been entered into the Leave Payoff account code. The \$16,650 that is currently in the Leave Payoff account code should instead be moved to the Differential account code. The total amount for Police Records will remain the same, but the line item totals will be adjusted.

Kelli Blechschmidt
Management Analyst II

Attachments:

1. Errata 1 replacement pages

2. Public Works Department Transportation Summary of Services and Programs

	FY 2024		FY 2025		Alignment					
	Program Budget	Staff	Program Budget	Staff						
Transportation Services Fund Programs and FTE										
Alley Maintenance	182,350	0.83	167,510	0.69	Less	✓	✓	✓	✓	✓
Capital Improvements Transfer	550,850	0.00	628,020	0.00	Capital improvement transfers not scored					
Contingencies	500,000	0.00	500,000	0.00	Contingencies not scored					
Infrastructure Planning	805,640	2.00	523,230	2.00	Most	✓	✓	✓	✓	✓
Operational and Technology Transfers	3,193,850	0.00	3,213,590	0.00	Operating / technology transfers not scored					
Right-of-Way Maintenance	1,010,900	2.44	1,163,090	2.42	More	✓	✓	✓	✓	✓
Road Surface Maintenance	3,315,630	10.21	3,257,800	9.80	More	✓	✓	✓	✓	✓
Sidewalk Maintenance	2,293,770	11.91	2,255,150	11.87	More	✓	✓	✓	✓	✓
Sign and Post Maintenance and Installations	820,510	5.03	965,960	5.01	More		✓	✓	✓	✓
Traffic Control Center	422,870	2.00	428,400	2.00	Most	✓	✓	✓	✓	✓
Traffic Engineering and Permitting	1,015,990	4.00	1,116,460	4.00	More	✓	✓	✓	✓	✓
Traffic Markings	657,230	2.69	780,140	2.90	More		✓	✓	✓	✓
Traffic Signal Maintenance	2,483,650	5.00	2,710,440	5.00	More	✓	✓	✓	✓	✓
Utility Trench Patching	1,528,270	11.12	1,416,380	10.74	Less			✓	✓	✓
Total Transportation Services Fund	\$ 18,781,510	57.23	\$ 19,126,170	56.43						

Leasehold Operations - FY 2025 Project Budget		Adopted	Actual/YEE	Proposed
		Budget	Projected	Budget
Project		FY 2024	FY 2024	FY 2025
Total Resources		<u>\$ 960,930</u>	<u>\$ 975,623</u>	<u>\$ 836,280</u>
Expenditures				
Capital Improvements				
Tenant improvements	642005	\$ 50,000	\$ -	\$ 122,210
		<u>\$ 50,000</u>	<u>\$ -</u>	<u>\$ 122,210</u>
Regular Maintenance				
Regular maintenance (Facilities Services Division)	642003	\$ 65,150	\$ 51,231	\$ 65,670
		<u>\$ 65,150</u>	<u>\$ 51,231</u>	<u>\$ 65,670</u>
Major Maintenance Projects				
Plumbing Repair	641039	\$ -	\$ 23,030	\$ -
Fire Riser Emergency Repair	641040	-	101,946	-
		<u>\$ -</u>	<u>\$ 124,976</u>	<u>\$ -</u>
Administration and Overhead				
Lease management and administration (Urban Development)	642000	\$ 80,480	\$ 54,810	\$ 83,880
Support Services Charge (Indirect Cost Allocation)	642001	\$ 42,270	\$ 42,276	\$ 68,070
		<u>\$ 122,750</u>	<u>\$ 97,086</u>	<u>\$ 151,950</u>
Common Area Expenses				
Electricity	642002	\$ 75,570	\$ 81,999	\$ 88,560
Insurance	642002	\$ 12,290	\$ 12,288	\$ 19,720
Janitorial services	642002	\$ 22,160	\$ 25,305	\$ 26,840
Property taxes	642002	\$ 35,430	\$ 34,942	\$ 35,990
Water	642002	\$ 21,820	\$ 22,867	\$ 23,040
Refuse disposal	642002	\$ 940	\$ 2,190	\$ 2,300
		<u>\$ 168,210</u>	<u>\$ 179,591</u>	<u>\$ 196,450</u>

Transfers and Reimbursements:

Reimburse Parking Fund for major maintenance projects	642004	\$ 300,000	\$ 300,000	\$ 125,000
Transfer to parking (Fund 170)		-	-	\$ 175,000
Intrafund transfer to Liberty Leasehold		18,640	15,413	\$ -
		<u>\$ 318,640</u>	<u>\$ 315,413</u>	<u>\$ 300,000</u>

Contingencies

Contingencies		\$ 236,180	\$ -	\$ -
		<u>\$ 236,180</u>	<u>\$ -</u>	<u>\$ -</u>

Total Expenditures

		<u>\$ 960,930</u>	<u>\$ 768,297</u>	<u>\$ 836,280</u>
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Unappropriated Ending Balance

		<u>\$ -</u>	<u>\$ 207,326</u>	<u>\$ -</u>
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FY 2025 Fleet Replacement List

The City's Fleet Replacement Reserve includes department / division specific accounts for the management of equipment replacement funds and other revenue sources for fleet replacement purposes.

Adjustments may be made to the replacement list due to unforeseen circumstances such as vehicle collisions or mechanical failures. Surplus vehicles will be sold and the proceeds used to fund future replacements.

Number	Equipment No.	Description	Estimated		
			Replacement Cost	Primary User	Primary User Fund
1	NEW	Moving Van	25,000	Facilities	General Fund
2	5106	Ford F350 XL Super Duty 1 ton, 4x2 (Rebudget)	65,000	Parks Operations	General Fund
3	5709	Tilt-Trailer 7kgw 2-axle 8x14 (Rebudget)	20,000	Parks Operations	General Fund
4	11357	Patrol Car (Rebudget)	73,000	Police	General Fund
5	11361	Patrol Car (Rebudget)	73,000	Police	General Fund
6	11298	Patrol Car (Rebudget)	73,000	Police	General Fund
7	11342	Patrol Car	73,000	Police	General Fund
8	11359	Patrol Car	73,000	Police	General Fund
9	11360	Patrol Car	73,000	Police	General Fund
10	11383	Patrol Car	73,000	Police	General Fund
11	11486	Patrol Car	73,000	Police	General Fund
12	11079	Patrol Motorcycle	46,000	Police	General Fund
13	900	New Holland tractor	110,000	Public Works	Airport Fund
14	10287	Woods Mower Deck	30,000	Public Works	Airport Fund
15	10630	Chevrolet 1500 1/2 ton Pickup 4x2 w/canopy/bins	90,000	Public Works	Transportation Services Fund
16	9711	Epoke Tk12Eb Towed Spreader	34,000	Public Works	Transportation Services Fund
17	9716	Epoke Tk12Eb Towed Spreader	34,000	Public Works	Transportation Services Fund
18	10424	Traffic Control Service Truck F550	115,000	Public Works	Transportation Services Fund
19	10300	Ford 350 1 ton Super Duty 12 passenger Van (Rebudget)	47,000	Public Works	Utility Fund
20	3995	Hyster 50 Forklift	70,000	Public Works	Utility Fund
21	5909	Case 580L Backhoe 4x2 w/extendable boom 3.9L	190,000	Public Works	Utility Fund
22	10937	F550 4x2 Diesel Service Truck w/Utility Service body	140,000	Public Works	Utility Fund
23	1717	Fleet Built Utility Dump trailer 4x8	12,000	Public Works	Utility Fund
24	11046	Jeep Patriot	50,000	Public Works	Utility Fund
25	10481	International Medium Duty Truck	220,000	Public Works	Utility Fund
26	11241	Ford E450 SD Grout Truck	460,000	Public Works	Utility Fund
27	10969	Vactor Truck	560,000	Public Works	Utility Fund
28	10940	Ford Focus - Pool Car	40,000	Public Works	Utility Fund
29	10996	Chevrolet 1500 1/2 ton Pick-up 4x2 Ext-Cab	62,000	Public Works	Utility Fund
30	VEH0707	Taylor Dunn B2-48-TT electric cart	29,000	Public Works	Utility Fund
			3,033,000		

City of Salem Budget
Personal Services
FY 2025

Citywide Personal Services

Account	Description	Budget FY 2022	Actual FY 2022	Budget FY 2023	Actual FY 2023	Budget FY 2024	Mgr Rec FY 2025	BC Rec FY 2025	Adopted FY 2025	Difference from FY 2024	% Chg Difference
51010	SALARIES AND WAGES	\$ 101,432,360	\$ 94,210,998	\$ 109,890,400	\$ 98,981,027	\$ 117,220,140	\$ 123,015,140			\$ 5,795,000.00	4.9%
51015	PREMIUM PAY	1,000	5,102		4,426	2,340	320			(2,020)	-86.3%
51020	SEASONAL AND RELIEF	1,988,760	1,299,393	1,613,220	1,461,446	1,787,090	1,438,760			(348,330)	-19.5%
51025	HOLIDAY - REGULAR	225,480	294,173	219,390	310,130	249,720	281,870			32,150	12.9%
51030	OVERTIME	5,412,640	7,729,181	6,834,920	9,534,540	6,323,740	6,211,180			(112,560)	-1.8%
51080	STANDBY	433,570	283,301	452,350	340,722	471,360	457,470			(13,890)	-2.9%
51090	DIFFERENTIAL	135,360	105,370	174,000	117,952	168,840	132,430			(36,410)	-21.6%
51100	INCENTIVES	3,248,920	3,863,885	3,605,960	4,338,929	3,980,710	4,308,280			327,570	8.2%
51120	LEAVE PAYOFF	1,296,810	1,664,621	1,451,900	2,070,109	1,673,400	1,918,660			245,260	14.7%
51130	CAR ALLOWANCE	34,920	31,257	34,770	39,965	40,340	51,450			11,110	27.5%
51135	CELL PHONE ALLOWANCE	4,220	4,289	4,800	3,040	2,810	2,350			(460)	-16.4%
51140	CLOTHING ALLOWANCE	25,280	25,584	25,920	27,492	23,710	34,460			10,750	45.3%
51145	MOVING ALLOWANCE		9,854		10,043					-	-
51150	DEPT HEAD ANNUITY	90,240	93,815	95,490	105,783	113,330	155,360			42,030	37.1%
51195	OTHER PAY / BENEFITS	261,980	30,378	469,160	7,723	447,320	1,114,810			667,490	149.2%
51210	FICA AND MEDICARE	8,631,630	8,121,483	9,224,420	8,682,035	9,927,660	10,461,330			533,670	5.4%
51221	WORKERS' COMP PREMIUM	1,345,290	1,345,290	1,473,920	1,473,996	2,199,180	2,594,730			395,550	18.0%
51222	WORKERS' COMP STATE ASSMT	38,320	25,701	38,260	26,264	65,920	59,890			(6,030)	-9.1%
51225	PAID FAMIL LEAVE - STATE ASSMT	565,410	568	592,430	566,879	1,280,150	1,323,430			43,280	3.4%
51230	UNEMPLOYMENT	200,550	92,867	195,400	51,293	191,420	205,030			13,610	7.1%
51240	EMPLOYER - RETIREMENT PERS	23,159,970	21,678,166	24,696,470	23,061,894	27,779,050	28,952,040			1,172,990	4.2%
51243	PERS UNFUNDED LIABILITY	5,719,600	5,719,820	5,949,650	5,949,708	6,188,180	6,433,630			245,450	4.0%
51245	EMPLOYER - PERS PICKUP	6,739,190	6,212,511	7,256,880	6,634,105	7,826,960	8,212,460			385,500	4.9%
51246	EMPLR - PERS IAP OPTION	396,480	405,754	395,030	439,047	418,680	419,050			370	0.1%
51250	INSURANCE - MEDICAL	24,328,390	21,196,829	26,113,190	22,036,347	28,229,960	31,338,320			3,108,360	11.0%
51255	INSURANCE - VISION	588,740	513,737	605,190	511,192	630,680	618,800			(11,880)	-1.9%
51260	INSURANCE - DENTAL	2,043,720	1,763,987	2,068,790	1,725,582	2,102,290	2,049,890			(52,400)	-2.5%
51265	INSURANCE - LIFE	276,010	171,115	281,690	176,344	301,420	351,420			50,000	16.6%
51270	INSURANCE - DISABILITY	256,920	202,393	269,450	203,217	286,830	306,260			19,430	6.8%
51275	OTHER HEALTH BENEFITS	885,910	816,678	1,076,580	947,579	1,112,510	727,790			(384,720)	-34.6%
51310	PHYSICAL EXAMINATIONS	33,600	90	100,820	207,753	101,200	110,420			9,220	9.1%
Total Personal Services		\$ 189,801,270	\$ 177,918,189	\$ 205,210,450	\$ 190,046,560	\$ 221,146,940	\$ 233,287,030			\$ 12,140,090	5.5%

City of Salem Budget FY 2025 Fee Adjustments

In FY 2019, the City produced its first fee schedule. The Fee Schedule provides some standardization, where possible, in the methodologies for fee increases. The Fee Schedule is the definitive data source for fee information. The below information is not representative of all City fees but is intended to enhance understanding of fee increases and resulting revenue.

The FY 2025 Fee Schedule is scheduled to be adopted by City Council on June 10, 2024. Current year fees can be found at the link below.

<https://www.cityofsalem.net/government/budget-finance/fee-schedule>

FY 2025 revenue estimates anticipate the following fee adjustments:

		Previous Fee or Rate	FY 2025 Fee or Rate	Change to Resources
B. Utility Fund (310)				
Public Works - development, planning, permit fees				
Utility rates: The FY 2025 budget reflects the anticipated revenues derived from the following rate increases (with effective dates) approved by the City Council. The next Utility rate setting process will inform rates starting January 2025.				
Stormwater	5.0 percent, January 1, 2024 / TBD, January 1, 2025	5.00%	TBD	See Utility Fund budget in Financial Summaries section for revenue estimates, year-to-year changes.
Wastewater	5.0 percent, January 1, 2024 / TBD, January 1, 2025	5.00%	TBD	
Water	5.0 percent, January 1, 2024 / TBD, January 1, 2025	5.00%	TBD	
C. Emergency Medical Services Fund (320)				
Fire - pre-hospital treatment and / or transport				
Fees charged by Salem Fire Department for City-provided treatment and ambulance services. Fee increases will be based on a market adjustment. Increase also reflects the ongoing City Medic Unit. Estimate increase from budget FY 2024 to proposed FY 2025				
		Various	Various	Estimate \$3,563,820

TO: Budget Committee Members

THROUGH: Keith Stahley, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Summary of Budget Committee Actions Through April 17, 2024

RECOMMENDATION:

Information only.

FACTS AND FINDINGS:

The purpose of this staff report is to provide a summary of the actions of the Budget Committee during the FY 2025 proposed budget review process, which includes weekly meetings from April 17, 2024 through May 8, 2024. The list of potential attachments, which appears below, will form the content of the report. A notation adjacent to an item on the list indicates its inclusion in the weekly report.

Included Attachment 1: Lists actions, deletions, or changes with a budgetary impact made by the Budget Committee.

Attachment 2: Lists ideas and discussion points to be considered as the Budget Committee deliberates its budget recommendation.

Included Attachment 3: Lists information and reports requested by the Budget Committee and the date the reports are scheduled to be presented.

Attachment 4: Lists additional appropriations for the FY 2025 budget proposed by the Budget Committee, which the committee may wish to consider for inclusion in the balanced budget.

Included Attachment 5: Lists the correspondence received by the Budget Committee and the meeting it addresses.

Additions, Deletions and Changes Approved by the Budget Committee Through April 17, 2024

1. Cultural and Tourism Fund (TOT)		
A. Resources - Proposed	\$	9,530,290
1.		-
		<u>\$ 9,530,290</u>
B. Expenditures - Proposed	\$	5,593,930
1. Budget Committee Motion on April 17, 2024 - Transfer to General Fund for Library Services		1,049,640
		<u>\$ 6,643,570</u>
C. Unappropriated Ending Balance - Proposed	\$	3,936,360
1. Budget Committee Motion on April 17, 2024 - Allocation of Unappropriated Ending Balance for Library Services		(1,049,640)
		<u>\$ 2,886,720</u>
2. General Fund		
A. Resources - Proposed	\$	206,882,420
Budget Committee Motion on April 17, 2024 - Transfer from Cultural and		
1. Tourism Fund for Library Services		1,049,640
		<u>\$ 207,932,060</u>
B. Expenditures - Proposed	\$	188,340,010
Budget Committee Motion on April 17, 2024 - Restore Library Services proposed		
1. for FY 2025 Budget		1,049,640
		<u>\$ 189,389,650</u>
C. Unappropriated Ending Balance - Proposed	\$	18,542,410
1.		-
		<u>\$ 18,542,410</u>

**Information and Reports
Requested by the Budget Committee
As of April 17, 2024**

		<u>Requested Agenda Date</u>	<u>Response Date</u>	<u>Estimated Agenda Date</u>	<u>Department Responsible</u>
1.	Can Cultural Tourism funds be used to fund JC Kids Relay, Movies in the Park and Concerts?	April 17, 2024	April 19, 2024	April 24, 2024	Legal
2.	What is the impact of wage increases (COLA and merit) for the Department Heads and City Manager?	April 17, 2024	April 24, 2024	April 24, 2024	Finance / HR

Summary of Correspondence Received by the Budget Committee
As of April 17, 2024

Subject	Count	Agenda
1. Salem Public Library	148	4/17/2024
2. Emergency Medical Services	1	4/17/2024
3. Youth Development Program	1	4/17/2024

For the Budget Committee Meeting of: April 17, 2024
Agenda Item No.: 5.b.

TO: Budget Committee Members

THROUGH: Keith Stahley, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: 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 April 18, 2024.

RECOMMENDATION:

Information only.

BACKGROUND:

1. On page 5 (of the CIP), why are projects that were implemented midyear and carryover not included in the CIP?

The CIP represents future/net dollars that will be transferred. Mid-year and carryover projects are already funded in the construction funds and if they don't have new funds allocated will not appear in the CIP. They will appear in the construction budget (pages 203-258).

2. Looking at page 12 (of the CIP), the city anticipates spending an average of almost \$100 million a year over the next five years. Overall, how is inflation affecting the city's ability to execute its capital improvement plan?

With inflation, the prices of materials, labor, and equipment have risen. This means that executing capital improvement projects has become more expensive than previously estimated. With projects costs increasing it means that fewer projects can be funded in the five-year plan. Staff are working to find additional funding and reassess project priorities to accommodate the increased expenses. We will continue to adjust our planning processes to account for potential cost fluctuations.

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3. How many miles of new streets are budgeted for 2025? How many are funded in the remaining years?

New Streets:

- Marine Drive NW (Harritt Dr NW to 5th Ave NW) – Funding is programmed through all five years of the CIP. The project consists of approximately 4,000 linear feet of a new collector roadway with connections to existing side streets and a multi-use path approximately 1,000 linear feet through a natural area extending from the roadway corridor to the Wallace Marine Park. There are side street connections at Beckett Street NW, Harritt Dr NW, River Valley Dr NW, and 5th Ave NW. An initial phase consisting of 600 linear feet of Marine Drive will be constructed in 2024 in conjunction with a Veterans' housing project. The remainder is planned for construction from 2027-2030.
- Fabry Road SE – Funding is programmed in FY 2025 and FY 2027. The project consists of approximately 1,700 linear feet of new roadway from Battle Creek Rd SE to the western phase 1 boundary and half-street improvements along the frontage of Battle Creek Rd SE within phase 1 including a turn-lane onto Fabry Rd SE. This project is planned for construction as part of private development with reimbursement of eligible costs to be provided by the City upon completion.

There are no other new streets planned in the remaining years.

4. How many acres of new parks are budgeted in 2025? How many are funded in the remaining years?

There are no new parks budgeted in 2025 or in the remaining years. We do have one project titled: Future Park Property Acquisitions. This project sets aside funding for when an acquisition becomes available subject to the recommendations of the Salem Comprehensive Park System Master Plan.

5. I believe that 33.35 positions were eliminated in 23/24. Can you provide a list of those positions? And could you please identify which existed in 22/23 as opposed to those that were new in 23/24.

Yes, 33.35 positions were eliminated midyear. Most of the positions that were eliminated in FY 2024 were new positions. The positions that were eliminated, but existing in FY 2023 were 6.35 FTE in the Library and 4.0 FTE in the Police Department. Attachment 1 includes an excerpt from the staff report for the action that eliminated these positions which details the FTE count and Department / Section.

6. Page 7. "GF Significant Changes." Why is there no mention of the three additional firefighter positions? Is it because the additional of these positions will have no impact on service delivery?

That is correct, these three positions are to fulfill a contractual obligation for Kelly day coverage and do not represent an increase in service level.

7. Page 16. Four areas saw increase of 28% to 149%. Car Allowance, Clothing Allowance, Dept Head Annuity and Other Pay/Benefits. Why the steep increases?

a. Car Allowance –

Car allowance is assigned by classification or for contract employees as stipulated in their contracts. For FY 2024 there were 32 employees receiving a car allowance. The Budget Office completed an audit by classification and noted employees that should be receiving the allowance, but weren't. for FY 2025 there are 39 employees. This change represents the increased cost.

b. Clothing Allowance -

Clothing allowance is typically stipulated by collective bargaining agreements. In the FY 2025 budget the total amount budgeted for Clothing Allowance is \$45,560. Of that, \$11,100 was incorrectly entered for the Police Records group – it should have been entered in the Leave Pay-Off account. Thank you for bringing this to our attention – we will bring this to the Budget Committee for errata change approval. In addition, a couple departments added or increased Clothing Allowance to their proposed budgets in FY 2025.

c. Dept Head Annuity –

This account code is being use for a new 1% deferred compensation match for the PCEA (9-1-1 Operators Union) which is budgeted at \$48,970 and represents the majority of the increase. Due to this potential confusion, we will be adding a new account code to the general ledger to reflect that this is not a Department Head Annuity.

d. Other Pay/Benefits –

The increase is mostly due to a contractual obligation in the International Association of Firefighters (IAFF) Collective Bargaining Agreement (7/1/2024-6/30/2026). The IAFF Bargaining Unit negotiated a transition from a VEBA (as defined below) to a MERP (as defined below) during negotiations in 2023. This change, depending on the individual's hire date, involves a certain amount being paid into an account per pay period on a pre-tax basis. The previous VEBA system, which was based on a 2% percentage of the top step of a firefighter classification per month, has now been replaced. As of January 2024 (halfway through FY 2024), the VEBA contribution has ceased, and the more comprehensive MERP has been introduced, offering a range of benefits for the IAFF Members.

VEBA: A VEBA, which stands for Voluntary Employees' Beneficiary Association, is a tax-exempt trust that provides employee benefits. These trusts offer employees and their dependents or beneficiaries life, sickness,

accident, and other similar benefits. One of the critical features of a VEBA is its tax-exempt status under U.S. federal tax laws, particularly IRS Code Section 501(c)(9).

MERP: Medical Expense Reimbursement Plan (MERP) is a health benefit for members of the International Association of Fire Fighters, offering financial assistance to cover out-of-pocket medical expenses not fully paid by insurance.

Start Date	Contribution / Pay Period
Before 7/1/2023	\$250
Between 7/1/2003 and 6/30/2011	\$200
After 7/1/2011	\$150

8. Page 117, Why the sharp increase in Radio Equipment Reserve?

The Radio Equipment Reserve maintains funds necessary for planned replacement of all City department issued radios and other communication equipment, as well as necessary future radio communication infrastructure projects.

The radio equipment reserve amounts are calculated annually to maintain adequate reserves and are collected incrementally through the useful life of the associated equipment. Funds required for upcoming radio communication infrastructure projects are also identified and collected annually from all user departments.

The FY 2025 Program Budget for the Radio Equipment Reserve shows the total amount of reserve funds available for these specific uses. The breakdown of the \$1.9M increase includes the amount to be collected in FY 2025 for infrastructure replacement projects (\$1.2M), additional reserves needed for department issued radio equipment replacement (\$.5M), and the remaining is estimated interest earned.

9. Page 277. Why the precipitous increase in Parking Rent in 23/24 following by the precipitous decrease in 24/25.

The revenue received for paid airport parking was less than originally budgeted in FY 2024. The daily parking rate was changed in October 2023 to \$10 per day, from an initial rate of \$15 per day. The primary reason for less-than-anticipated parking revenue is likely due to the convenient, centralized location of the airport within the Salem-Keizer metropolitan area, making passenger drop-off and pick-up the most frequent method of travel to and from the airport. The City believes increased marketing of Salem's commercial air service in outlying communities coupled with

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future growth in the number of flights and destinations should increase paid parking utilization and revenues; but did not include this assumption in the FY 2025 budget.

10. Page 349. Why 66% increase in Liability Insurance? And why did the Library see a 710% increase (p. 359).

The City has seen large increases in property insurance and claims activity for the Liability program. This necessitated the increase to the internal premiums charges to departments/funds. The Liability program is currently below the Council fund balance policy and this rate increase along with future years are calculated to return to compliance within five years.

Specific to the Library, the City modified the rate methodology for allocating property insurance costs more directly to services/locations based on square footage. The Library saw a significant increase due to the significant square footage of the Library building. This was in addition to the overall rate increase of 63% (across all funds)

11. Across all funds, what is the staff recommendation for funding social service grants in the 2025 budget? What was the funding amount for those grants in the 2024 budget? Assuming the 2025 amount is lower, why is that?

The largest reduction in social service spending is due to the elimination of the General Fund \$400,000 allocation. Also, in previous years (FY 2021 - 2023) the CDBG 15% spending cap was relaxed as long as the project was also to “prevent, prepare or respond to coronavirus.” That consideration has expired, and that level of spending for public service spending isn’t likely to be repeated absent another circumstance that causes Congress to amend the law. Public service projects also received a boost from the HOME-ARP grant. We were allowed to fund case management projects, which is not typically an eligible expense with HOME funds. That funding is no longer available.

	Fiscal Year				
	2021	2022	2023	2024 YEE	2025 (est)
CDBG Entitlement Grant	\$ 1,318,650	\$ 1,395,160	\$ 1,363,450	\$ 1,448,580	\$ 1,300,000
Social Service Spending					
CDBG Public Service spending*	\$ 182,800	\$ 564,650	\$ 313,550	\$ 217,500	\$ 224,280
HOME ARP public service spending			202,800	36,690	-
General Fund social service spending	124,000	400,000	400,000	400,000	-
	\$ 306,800	\$ 964,650	\$ 916,350	\$ 654,190	\$ 224,280

* CDBG Public Service spending capped at 15% of entitlement grants and program income. FY 2021-FY 2023 cap was relaxed for Covid responsive activities

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12. Also assuming the 2025 amount is lower, are there any legal or procedural reasons why CDBG funds could not be used to cover some or all of the shortfall? For example, does federal law prohibit the use of more CDBG funds for social service grants than are allocated in the 2025 budget?

Spending on CDBG Public Service projects is capped at 15% of the current year entitlement grant + the previous years program income receipted. For FY 2025 we're estimating the entitlement grant will be \$1.3M. We know the previous year's program income was \$195,220. The estimate available for FY 2025 CDBG public service spending is \$224,280.

13. How long would it take to get a proposal before Council to get an adjustment to the City Operations Fee to assess large businesses more?

The City is anticipating a Council discussion on the City Operations Fee after the Revenue Task Force completes their work and delivers their recommendation in July. After Council chooses a methodology the implementation timing will depend on the methodology and data availability.

14. Can TOT funds be used to fund JC kids relay, movies in the park and concerts?

Please see Attachment 2.

Agenda Item No.: 5b, Attachment 1

General Fund Expenditures Reductions:

Department	Category	Amount (Reduction)	Position Count (FTE)
Community Planning and Development (Admin)	Personal Services	\$ 117,840	1.00
Community Planning and Development (Compliance Services)	Personal Services	472,430	4.00
Community Planning and Development (Compliance Services)	Materials and Services	116,000	-
Community Services (Admin)	Personal Services	128,290	1.00
Community Services (Library)	Personal Services	789,320	7.35
Community Services (SOS)	Materials and Services	79,000	-
Community Services (SOS)	Personal Services	411,160	4.00
Enterprise Services (Business Strategy)	Personal Services	105,220	1.00
Enterprise Services (IT)	Personal Services	253,260	2.00
Enterprise Services (Facilities)	Personal Services	82,210	1.00
Enterprise Services (HR)	Personal Services	585,690	4.00
Finance Department	Personal Services	138,360	1.00
Fire Department	Personal Services	217,270	1.00
Legal Department	Personal Services	194,900	1.00
Police Department	Personal Services	967,950	5.00
Total		\$ 4,658,900	33.35

MEMORANDUM

Legal Department, City of Salem, Rm. 205 City Hall, Phone: (503) 588-6003

To: City Council

From: Dan Atchison, City Attorney

Date: April 19, 2024

Subject: Use of TOT funds

City Council:

The Budget Committee adopted a motion at its April 17, 2024, meeting to utilize working capital from the Cultural and Tourism Fund (comprised of TOT funds) to restore proposed cuts to Library operations in the City Manager's proposed budget.

A proposed amendment to the motion also sought to utilize TOT funding for the Salem Kids' Relay event, Movies in the Park, and First Friday Concert series. This motion was tabled to allow staff an opportunity to review the legality of the action and verify the cost of the activities to be funded.

This memo concludes that use of working capital from the TOT fund for Library operations complies with all applicable laws, including Oregon law.

This memo further concludes that it is unlikely that Salem Kids' Relay or Movies in the Park qualify for TOT funding, but that the First Friday Concert series likely does qualify.

Generally, to be eligible for TOT funding an expense must comply with the restrictions contained in the Salem Charter, section 56 and any restrictions imposed by other applicable law, such as ORS Chapter 320. Determining whether an event qualifies for TOT funding is not an exact science. Some of the factors set out in the Salem Charter are subjective in nature. These determinations are typically made by the Cultural and Tourism Promotion Advisory Board (CTPAB), which applies the plain language of the Salem Charter, Council Policy C-1 and the Board's own guidelines. Reasonable minds can differ on what activities or facilities constitute "tourist attractions" or "cultural facilities" as those terms are used in the Salem Charter.

1. Compliance with the Salem Charter

Section 56 of the Salem Charter limits use of TOT revenue for:

1. Enhancement and beautification of vehicular and pedestrian entrance-ways to the city;
2. Urban beautification generally;
3. Improvements to or operation of major tourist attraction or cultural facilities;
4. Activities performed directly by the city or through contracts which promote use of Salem for conventions, conferences, seminars or for general tourism.

a. Salem Public Library

The Library qualifies as a “cultural facility.” While that term is not defined in the Salem Charter or Salem Revised Code (SRC), it is defined in Council Policy C-1. The Council Policy definition closely aligns with dictionary definitions of the two words and represents a commonly understood meaning of the phrase. Council Policy C-1 definition provides that a “cultural facility” means “A building, structure, premises, or monument or other similar structure having as its primary purpose the advancement or preservation of intellectual aspects of human activity. As used in this definition, intellectual aspects of human activity include, but are not limited to, visual art, literature, music, theatre, and dance.”

As the Council and Budget Committee have heard and read over the past several weeks, the Salem Public Library is more than a collection of books. It provides a wide array of services and programming that serve a population broader than the city of Salem. These programs include ESL and Spanish language services, classes and other programs to encourage learning and the arts, and meeting and event rooms, including Loucks Auditorium, that draw participants from all over the region. In addition, the Library is home to the Willamette Genealogical Society, which provides in-person assistance for people to research family histories. The Society’s collection and staff provide services to people throughout the region and beyond Oregon.

b. Events

As set forth above, “Major Tourist Attractions” qualify for TOT funding under the Salem Charter. Council Policy C-1 defines a “Major Tourist Attraction” as “something commonly considered a primary destination for tourists visiting the City including, but not limited to, historical places, monuments, zoos, museums and art galleries, gardens, parks and special events. The Policy defines “Special Events” as;

“Performances, conferences, gatherings, and other similar events that are of limited duration and are generally sponsored by one or more entities. To be considered a special event, the event must enhance the quality of life for Salem residents and be the type of event that would reasonably be expected to draw tourists to visit Salem to attend the event. Both single and recurring events qualify as special events. Special events may, but need not be, tied to a facility.”

The City has historically awarded TOT funds for a variety of special events, such as the Salem Art Fair, Magic at the Mill, and World Beat. Events like the Salem Kids’ relay, Movies in the Park, and First Friday Concert series could conceivably qualify as “major tourist attractions” under the Salem Charter. However, based on the size of the events, the fact that each event occurs on a single day or series of non-consecutive days, and evidence that the vast majority of the attendees are from the local community, it is unlikely the Relays or the Movies in the Park events qualify, however, the Concert series likely does qualify.

The City’s process for awarding TOT funding for facilities and events utilizes the Cultural and Tourism Promotion Advisory Board (CTPAB) which annually reviews requests for funding and awards funding based on available resources and conformance with Council Policy C-1 and the CTPAB guidelines. The tabled motion would utilize the working capital from the CTPAB fund and would not affect available resources for any awards this year but could negatively impact resources in future years as working capital decreases.

Salem Kids Relays.

This event has been held in Salem for many years and draws 1,000's of children and their families to participate in the relays and to attend the event. The participants are overwhelmingly from schools within Salem, though some schools from the surrounding community do participate. The event previously received sponsorship from a variety of local concerns, including the City of Salem, which has provided general fund sponsorship. The event typically occurs on a single day in the Spring, with relays taking place throughout the day. As opposed to World Beat or the Salem Art Fair, this event is smaller in scale and duration.

The event was scheduled to occur on May 18, 2024, and even if funding is restored it is doubtful that there is sufficient time for staff to plan and organize the event.

Due to one day nature of the event, and the lack of evidence that it draws a significant portion of its attendees from beyond the Salem area, it does not appear to qualify for TOT funding under the Salem Charter.

Movies in the Park.

This is a series of events that occur on single days over the summer. Attendance is approximately 1,200 per movie. The event does draw some participants from outside Salem, but that number appears dependent on the existence of other events that occur during the day of the event. People who may travel to Salem for a conference or other event may also attend Movies in the Park while they are in Salem, but there is no evidence any significant portion of the attendees are traveling to Salem for this event.

It is unlikely this event qualifies for TOT funding.

Concerts in the Park.

This event began in 2023 so there is less event history to rely on. Concerts were tentatively planned for June 7, July 5, and August 2 of this year. In 2023, the concerts drew up to 1,000 attendees. Staff estimates that between 10%-15% of the attendees were from outside the Salem area. The event is conducted by the City which provides general fund support.

Of the three events included in the motion, this event is most likely eligible for TOT funding. The initial concert series drew a significant portion of attendees from beyond Salem and concerts, depending on the popularity of the performers, are more likely to draw people from beyond the local area.

2. Compliance with State Law

As noted above, ORS 320.300 – 320.303, and 320.345 – 320.365 apply to local transient lodging taxes (TLT, aka TOT), like Salem's. As applicable here, ORS 320.350(3) prohibits jurisdictions from decreasing the percentage of TOT revenue that is actually expended on "tourism promotion or tourism-related facilities." These terms are specifically defined at ORS 320.300 as discussed below. Unlike Salem, some Oregon jurisdictions utilize TLT/TOT to pay for basic city services or programs that are unrelated to tourism. The lodging industry's concerns over that use lead the state to amend state law by adding ORS 320.350 in 2003, with amendments to that section in 2013 and 2018. The purpose of ORS 320.350(3) is to ensure that jurisdictions do not decrease funding for tourism-related uses to increase funding for non-related uses.

The Library qualifies not only as a “cultural facility” as that term is used in the Salem Charter, but also as a “tourism-related facility” under ORS 320.350. As noted above, ORS 320.300 defines “tourism-related facility as:

ORS 320.300 (9) “‘Tourism-related facility’ means:

- (a) A conference center, convention center or visitor information center; and
- (b) Other improved real property that has a useful life of 10 or more years and *has a substantial purpose of supporting tourism or accommodating tourist activities.*” (emphasis added).

Similar to the conclusion that the Library is a cultural facility, the characteristics of the Library support the determination that it meets the definition of “tourism-related facility.” The Library programing, meeting rooms, and collections, draw guests from across the region to Salem. Because the Library qualifies as a tourism-related facility, allocating funding to support its operation does not violate ORS 320.350(3).

3. Other Considerations

Even if the Library is not considered a tourism-related facility, it is unclear if allocating working capital from the TOT fund would “decrease the percentage of total local transient lodging tax revenues that are actually expended to fund tourism promotion or tourism-related facilities.” Although the overall TOT allocations have not yet been considered by the Budget Committee or Council, the City Manager’s proposed budget allocates all anticipated FY25 TOT revenue for the upcoming fiscal year for tourism promotion and tourism-related facilities. The use of working capital for the Library would not affect the percentage used for other purposes.

Further, in FY21 and FY22, the City received over \$3,000,000 in ARPA funding that it elected to designate for revenue replacement to the TOT fund. That funding was placed in working capital for the fund. Because the source of the funds was ARPA, those funds are not revenue generated from the City’s transient occupancy tax, and ORS 320.350 does not apply to the use of those funds.

For the Budget Committee Meeting of: April 24, 2024
Agenda Item No.: 6.a.

TO: Budget Committee Members

THROUGH: Keith Stahley, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Public Hearing on the Proposed Capital Improvement Plan for FY 2025 through FY 2029

ISSUE:

A public hearing before the Budget Committee on the Proposed Capital Improvement Plan for FY 2025 through FY 2029.

RECOMMENDATION:

1. Conduct a public hearing.
2. Recommend the Proposed Capital Improvement Plan for FY 2025 through FY 2029 to the City Council.

SUMMARY AND BACKGROUND:

The Capital Improvement Program (CIP) is governed by Council Policy C-9 (Resolution 2008-142), which includes the following goals: create a transparent CIP process; establish a risk-based priority list; match the priority list to limited resources in a thoughtful and responsible manner; and establish an internal CIP review committee to oversee the process.

The City of Salem Budget Committee is holding a public hearing to consider recommendation of the proposed CIP. Staff provides notice to the community and at the public hearing, provides a presentation about capital planning and the anticipated projects. At the conclusion of the public hearing, the Budget Committee will either recommend the CIP as presented, or make changes deemed appropriate. On June 24, 2024, the CIP as recommended will be brought to the City Council to consider its adoption. Staff completes the annual cycle by publishing the adopted CIP.

FACTS AND FINDINGS:

The CIP consists of planned capital projects that are expected to cost \$490,715,370 over the next five-year period. The CIP includes four groups of projects that are funded at the following levels:

Community Facilities - \$33,619,320
Municipal Facilities - \$85,210,600
Transportation - \$180,152,880
Utilities - \$191,732,570

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