

# Fiscal Year 2025 Budget in Brief

While the **City of Salem budget** is a financial document showing estimated revenues and expenses for the coming year, it is also an important policy document, reflecting the City Council’s plans and priorities. The adopted budget is effective from July 1, 2024 through June 30, 2025.

The City budget is displayed by **result area** that have been defined by the community and City Council. This presentation demonstrates how City services affect these priorities and outcomes.



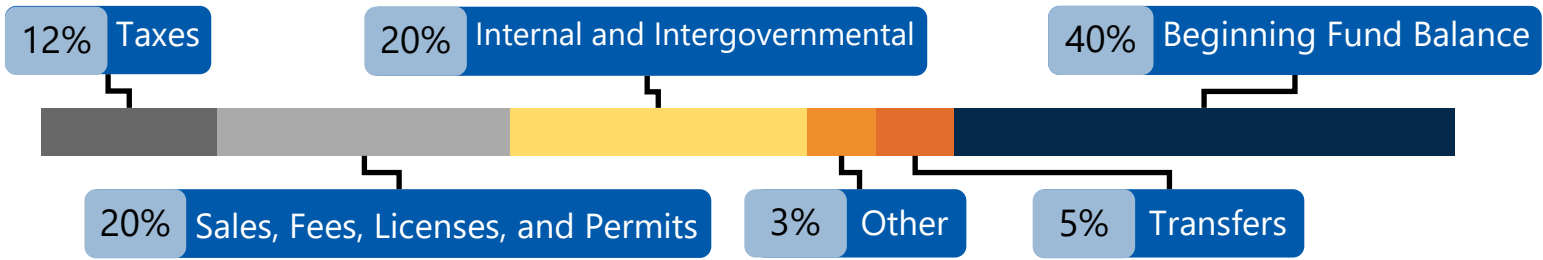
## Annual Budget Process



**How it All Works Together:** The budget is one component in an annual cycle of planning and collaboration. The City Council looks to the community for feedback through survey responses, board or commission service, and neighborhood association participation to inform its policy agenda. The City Council’s policy agenda reflects spending priorities that are included in the budget. Results achieved through funded programs and projects in the budget are featured in an annual community report.

# City Budget: Resources and Property Tax

Total Resources: \$930.9 Million



The **Taxes** category includes property taxes that support general City operations, voter-approved bonds for infrastructure projects, taxes paid by overnight visitors, and marijuana sales taxes.

**Sales, Fees, Licenses, and Permits** are composed of over 70 different charges, the largest being utility rates, planning fees, franchise fees, and building permits.

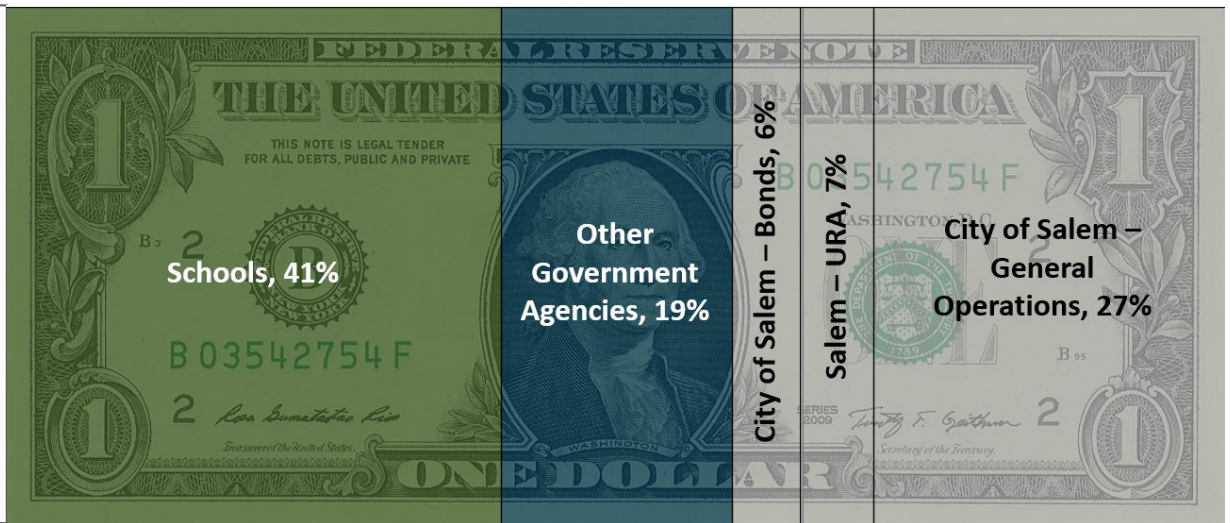
**Internal and Intergovernmental** revenues consist of employee insurance premiums, specific revenues shared by the State of Oregon, grants, and reimbursements from other jurisdictions.

**Transfers** move money between City funds for a specific expense, usually to pay for personnel costs or construction projects.

**Beginning Fund Balance** is the available cash in each City fund before revenues or expenses occur in the new fiscal year.

## More About Property Taxes

**EXAMPLE:** Residents in Marion County pay property taxes to fund services provided by many different taxing districts, not just the City, as shown to the right.



In Oregon, municipal services are funded by a combination of property taxes, fees, and charges. Income taxes paid in Oregon are used to fund State and Federal services. In Salem, nearly \$89M in property tax receipts are estimated for FY 2025 to support General Fund services which is 50% of total budgeted General Fund revenue. Bonds are voter-approved ballot measures used to pay for large City construction projects and cannot be used for general operations or staffing. Property taxes also fund Salem's Urban Renewal Agency (URA) to invest in key locations in specified geographic areas of the city to spur redevelopment. The URA is a separate municipal corporation from the City but is supported by City staff.

For more details about the City of Salem or Urban Renewal Agency budget, visit [www.cityofsalem.net/budget](http://www.cityofsalem.net/budget).

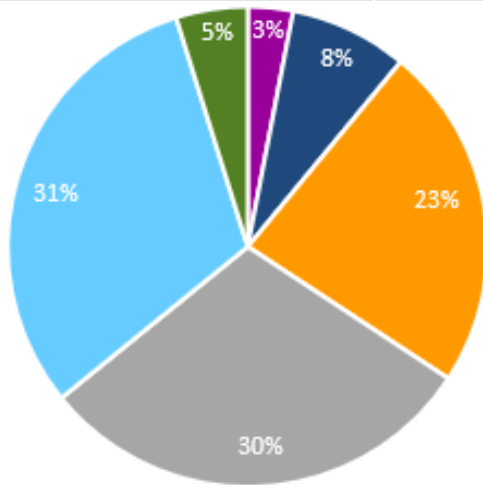
# City Budget

## Operating Expenditures: \$556.3 Million

### Supporting Community Outcomes

The City's FY 2025 total operating budget is summarized by service groupings provided in each result area. A majority of the budget is allocated to support infrastructure, governance, and safety.

| <b>Strong and Diverse Economy</b>      | <b>\$16.9M</b> |
|----------------------------------------|----------------|
| Parking infrastructure and enforcement | 4.5M           |
| Business and redevelopment support     | 4.2M           |
| Cultural events and tourism            | 5.6M           |
| Salem Municipal Airport                | 2.6M           |



| <b>Safe and Healthy Community</b>    | <b>\$172.5M</b> |
|--------------------------------------|-----------------|
| Emergency and public safety services | 159.9M          |
| Building permits and inspections     | 9.9M            |
| Salem Municipal Court                | 2.8M            |

| <b>Natural Environment Stewardship</b>  | <b>\$26.9M</b> |
|-----------------------------------------|----------------|
| Wastewater treatment                    | 14.4M          |
| Environmental monitoring and compliance | 12.5M          |

| <b>Welcoming and Livable Community</b>   | <b>\$44.3M</b> |
|------------------------------------------|----------------|
| Parks and recreation                     | 13.9M          |
| Low-income programs and housing support* | 17.7M          |
| Salem Public Library                     | 6.0M           |
| Planning and neighborhoods               | 5.7M           |
| Community events and art                 | 0.9M           |

| <b>Good Governance</b>              | <b>\$129.3M</b> |
|-------------------------------------|-----------------|
| Health benefits and risk management | 51.4M           |
| Administration and support services | 43.0M           |
| Vehicles and equipment              | 15.0M           |
| General shared costs                | 9.6M            |
| Bond debt payments                  | 7.1M            |
| City building maintenance           | 3.3M            |

| <b>Safe, Reliable, and Efficient Infrastructure</b> | <b>\$166.4M</b> |
|-----------------------------------------------------|-----------------|
| Stormwater, wastewater, and water                   | 110.7M          |
| Bond debt payments                                  | 34.3M           |
| Streets, sidewalks, and signals                     | 19.9M           |
| Streetlight                                         | 1.5M            |

# Capital Improvements Expenditures: \$176.2 Million

Affordable Housing, \$10.0

**1 Project:** 2022 Salem Safety and Livability Bond, Affordable Housing Opportunity Funds

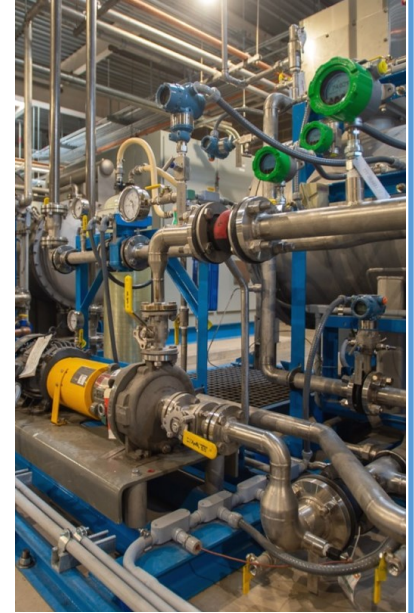
Parks, \$10.6

**43 Projects**, including large maintenance projects and new park acquisition and construction.

Stormwater, \$9.8

Wastewater, \$24.7

**38 Projects**, including Water, Wastewater, and Stormwater Utility infrastructure construction, maintenance, and repair. For example, the Fairmont Water Reservoir will be upgraded to continue functioning in case of a seismic event.



Water, \$26.4

City Facilities and Buildings, \$41.1

**57 Projects:**

Projects include construction and maintenance of City buildings and facilities like the Salem-Willamette Valley Airport and City Hall (pictured).



Transportation Infrastructure, \$53.6

**79 Projects:**

Projects include bicycle, motor vehicle, and pedestrian infrastructure like pavement rehabilitation; sidewalk installation, maintenance, and repair; and pedestrian crossings.

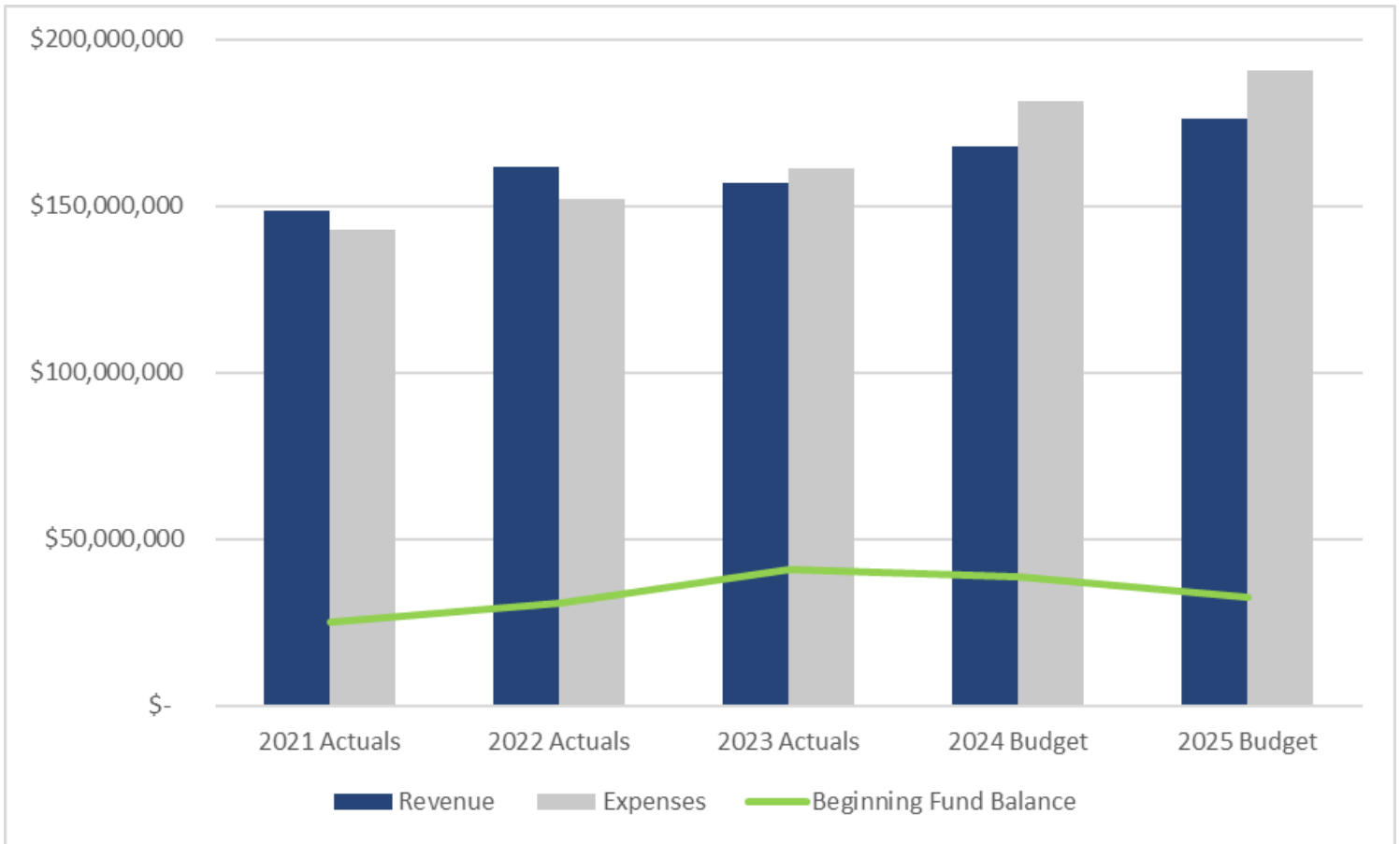


# General Fund

## Total Expenditures: \$190.6 Million

The General Fund pays for a wide variety of City services and programs including police, fire, library, parking, Center 50+, planning, parks, recreation, code enforcement, economic development, and administration and support services (including the City Manager’s Office, Finance, Information Technology, and Legal). Emergency and public safety services account for 59 percent of General Fund expenses.

Most revenue sources in the General Fund, including property taxes, are not restricted which means they are not designated for a certain purpose or legally limited to fund specific services.



The General Fund’s largest revenue source is property tax, comprising approximately 50% of overall revenue in the FY 2025 General Fund budget. Measures 5 and 50, passed in the 1990s, strictly limit yearly property tax growth. Inflation combined with increased cost and demand for City services has meant that General Fund expense increases often exceed revenue.

As the City finished spending one-time Federal ARPA funding in FY 2022, drawing down reserves became necessary to continue operations in FY 2023 and FY 2024. This trend of reducing fund balance to pay for expenditures is expected to continue in FY 2025. Without corrective action to align revenues and expenditures, the City would be unable to pass a budget or continue operations in future years.