

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, January 15, 2020	STAFF LIAISON:
TIME:	6:00 PM	Josh Eggleston, Budget Officer
CHAIRPERSON:	Vacant	503-588-6130
		jeggleston@cityofsalem.net
PLACE:	Salem City Hall	Kali Leinenbach, Mgmt Analyst
	Council Chambers	503-588-6231
	555 Liberty Street SE, Rm 240	kleinenbach@cityofsalem.net

1. OPENING EXERCISES – Vice-chairperson Vanessa Nordyke
2. PUBLIC TESTIMONY
 - a. Comment on agenda items other than public hearings and deliberations
3. MINUTES
 - a. Minutes from May 8, 2019 City of Salem and Urban Renewal Agency Budget Committee Meeting
4. ACTION ITEMS
 - a. Election of Officers
 - Chairperson
 - Vice-chairperson
 - Secretary
5. INFORMATION ITEMS
 - a. FY 2019 Q4 Financial Report for the City of Salem (on member desks January 15, 2020)
 - b. FY 2019 Q4 Financial Report for the Urban Renewal Agency (on member desks January 15, 2020)
 - c. FY 2020 Q1 Financial Report for the City of Salem (on member desks January 15, 2020)
 - d. FY 2020 Q1 Financial Report for the Urban Renewal Agency (on member desks January 15, 2020)
 - e. FY 2021 – FY 2025 Five-Year Forecast
6. PUBLIC HEARINGS
None
7. SPECIAL ORDERS OF BUSINESS
 - a. Presentation of Five-Year Forecasts – General Fund, Transportation Services Fund, Utility Fund, and Willamette Valley Communications Center Fund
 - Presentation by Budget Officer Josh Eggleston
 - Discussion and review

- b. City Revenue Initiatives Update
 - Presentation by Chief Financial Officer Robert Barron
- c. Priority Based Budgeting Update
 - Presentation by Budget Officer Josh Eggleston

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, April 15, 2020 at 6:00 pm in the City Council Chambers, 555 Liberty Street SE, Room 240 for presentation of the City Manager’s proposed FY 2021 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.

<p>The City of Salem budget information can be accessed on the internet at: www.cityofsalem.net/budget</p> <p>NOTE: Disability-related accommodations, including auxiliary aids or services, in order to participate in this meeting, are available upon request. Sign language and interpreters for languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kali Leinenbach, (503) 588-6231 or kleinenbach@cityofsalem.net at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.</p>	<p>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.</p>
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MINUTES

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



DATE: Wednesday, May 8, 2019
TIME: 6:00 PM
CHAIRPERSON: Sally Cook

STAFF LIAISON:
Kelley Jacobs, Budget Officer
503-588-6049
kjacobs@cityofsalem.net
Kali Leinenbach, Mgmt Analyst
503-588-6231
kleinenbach@cityofsalem.net

PLACE: Salem City Hall
Council Chambers
555 Liberty Street SE

- 1. OPENING EXERCISES – Chairperson Sally Cook called the meeting to order at 6:01 p.m.

Members present: Kaser, Tom Andersen, Nanke, Leung, Hoy, Cook, Lewis, Nordyke, Shirack, Moore-Green, Barker, William Andersen, and Sund

Members absent: Bennett, Ausec, Tigan, McCoid, and Milton

Pledge of Allegiance by Member Cook

- 2. PUBLIC TESTIMONY
a. Comment on agenda items other than public hearings and deliberations

Public Testimony by:
Ron Sterba, SEMCA Board member

Topic:
Sound wall and pedestrian improvements on Cordon Road and Highway 22

Linda Wallmark, Ward 3
350 Salem

Support for a climate action plan

Caroline O'Brien, Resident of Keizer

Support for a climate action plan

Questions or comments by: Member Lewis

Betsy Bellshaw, Ward 4
Minto Brown Park Patrol

Support for an additional park ranger in FY 2021 budget

E.M. Easterly, Ward 8

Proposed changes to Marine Drive project

Questions or comments by: Member Tom Andersen

Steve Anderson, 3240 Gehlar Rd NW

Proposed changes to Marine Drive project

Questions or comments by: Member Lewis

Phil Carver, 1007 Newport Road SE

Support for restoration of the long term planner position and climate action plan

Laurie Dougherty, Ward 2

Support for a climate action plan

Eddy Binford-Ross, 1000 Judson St. SE Support for a climate action plan

3. MINUTES

- a. Minutes from May 1, 2019 City of Salem and Urban Renewal Agency Budget Committee Meeting

Motion: Move to approve the meeting minutes as amended from the May 1, 2019 City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Lewis

Seconded by: Member Sund

Action: Motion passes

Vote:

Aye: Unanimous

Nay:

Abstentions:

4. ACTION ITEMS

- a. Errata Sheet 2 – Correction to Scrivener Error

Motion: Move to approve staff recommendation for Errata Sheet 2

Motion by: Member Nordyke

Seconded by: Member Tom Andersen

Action: Motion passes

Vote:

Aye: Unanimous

Nay:

Abstentions:

5. INFORMATION ITEMS

- a. Staff Report: Summary of Budget Committee Actions Through May 1, 2019
b. Staff Report: Short-Term Rentals and Collection of Transient Occupancy Tax
c. Staff Report: Fire Response Time Maps
d. Correspondence: Casey Kopcho regarding capacity to maintain greenhouse gas inventory and development of climate action plan
e. Correspondence: Susann Kaltwasser regarding youth development program
f. Staff Presentation: *Our Salem* Initiatives Related to Climate Action, and Impact of Long Range Planner Position Elimination on *Our Salem*

Questions or comments by: Members Hoy, Cook, Lewis, Tom Andersen, William Andersen, Kaser

- g. Staff Presentation: Current Service and Funding Gap for School Resource Officers, and Police Response Time Comparison with Other Agencies

Questions or comments by: Members Cook, Tom Andersen, Lewis, Barker

- h. Correspondence: Manuel Marcos Gutierrez regarding the youth development program
- i. Correspondence: Joseluis Jimenez Maldonado regarding the youth development program
- j. Correspondence: Nam Le regarding the youth development program
- k. Correspondence: Angie Gunter regarding the youth development program
- l. Correspondence: Shannon Healy regarding the youth development program
- m. Correspondence: Sonny Saltalamachia regarding the youth development program
- n. Correspondence: Diana Marquez Guerrero regarding the youth development program
- o. Correspondence: Ron Sterba regarding sound reduction measures and pedestrian and biking improvements in the SEMCA neighborhood
- p. Correspondence: Anna Abramova regarding the youth development program
- q. Correspondence: Paul Tigan regarding the budget proposal and support for additional General Fund revenue
- r. Correspondence: Sonia Castaneda regarding the youth development program
- s. Correspondence: Tricia Ratliff regarding the youth development program
- t. Correspondence: Betsy Bristol regarding the youth development program
- u. Staff Report: Responses to Committee Member Emailed Questions
- v. Correspondence: Julie Conn-Johnson regarding the youth development program
- w. FY 2019 Q3 Financial Report for the City of Salem
- x. FY 2019 Q3 Financial Report for the Urban Renewal Agency

6. PUBLIC HEARINGS
None

7. SPECIAL ORDERS OF BUSINESS
a. City Manager comments

- b. Service Area Budget Review – Good Governance, pages 41 – 70
 - Overview by Budget Officer Kelley Jacobs
 - Questions of staff and committee discussion

Comments or questions by: Member Tom Andersen

- c. Approve FY 2020 Salem Urban Renewal Agency Ad Valorem Property Taxes
Staff Report: Approval of Ad Valorem Property Taxes – Salem Urban Renewal Agency

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

	Division of Taxes	Special Levy	Estimated Total
1. McGilchrist	100%	\$0	\$ 856,950
2. Mill Creek	100%	\$0	1,130,210
3. North Gateway	100%	\$0	3,923,770

4. Riverfront Downtown	100%	Remainder	7,539,430
5. South Waterfront	100%	\$0	312,280
6. West Salem	100%	\$0	1,386,230
			\$15,148,870

- Discussion
- Motion to approve Salem Urban Renewal Agency FY 2020 ad valorem property taxes

Motion: Move to approve the FY 2020 Urban Renewal Agency ad valorem property taxes

Motion by: Member Nordyke
 Seconded by: Member Nanke

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

- d. Recommend FY 2020 Salem Urban Renewal Agency Budget
 Staff Report: Recommend FY 2020 Salem Urban Renewal Agency Budget
- Discussion
 - Motion to approve final recommendation of FY 2020 Salem Urban Renewal Agency Budget

Motion: Move to approve the final recommendation of the Urban Renewal Agency FY 2020 Budget

Motion by: Member Hoy
 Seconded by: Member Kaser

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

- e. Approve FY 2020 City of Salem Ad Valorem Property Taxes
 Staff Report: Approval of Ad Valorem Property Taxes – City of Salem
 Recommendation:
 Approve the ad valorem property taxes for the City of Salem General Fund and the City of Salem General Obligation Debt fund as follows:
1. Approve the City of Salem permanent tax rate of \$5.8315 for general fund operations.
 2. Approve a General Obligation bond debt levy of \$15,522,440
 - Discussion

- Motion to approve City of Salem FY 2020 ad valorem property taxes

Motion: Move to approve the City of Salem FY 2020 ad valorem property taxes

Motion by: Member Nordyke
 Seconded by: Member Nanke

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

- f. Recommend FY 2020 City of Salem Budget
 Staff Report: Recommend FY 2020 City of Salem Budget

Good Governance

- Expenditures: \$110,916,620
- Summary of position and other changes:
 - Elimination of the budget officer position, 2.0 full-time equivalent Information Technology Department positions – a business analyst and a network analyst, and a 1.0 full-time equivalent staff assistant position in the Legal Department; all changes in the General Fund.
- Discussion
- Motion to approve final recommendation of the City of Salem FY 2020 Good Governance Result Area Budget

Motion: Move to reduce general fund contingencies from \$3M to \$2.5M

Motion by: Member Tom Andersen
 Seconded by: Member William Andersen

Comments or questions by: Members Nanke, Hoy, Cook, Tom Andersen, Moore-Green, and Kaser

Action: Motion withdrawn

Comments or questions by: Members Nanke, Cook, and Lewis

Motion: Move to recommend City Council pursue the Sustainable Services Revenue Task Force recommendations

Motion by: Member William Andersen
 Seconded by: Member Barker

Comments or questions by: Members Nanke, Sund, and Kaser

Action: Motion withdrawn

Questions or comments by: Members Lewis, Moore-Green, Tom Andersen, Shirack, Sund, Barker, Nordyke, Kaser, William Andersen, Lewis, Hoy, Nanke, and Cook

Motion: Move to amend the City Manager's proposed FY 2020 budget to continue the youth development program and not eliminate the 1.0 FTE Outreach/Education Coordinator

Motion by: Member Nordyke
Seconded by: Member William Andersen

Comments or questions by: Member Moore-Green

Action: Motion fails

Vote:
Aye: 9
Nay: 4
Abstentions:

Motion: Move to amend the City Manager's proposed FY 2020 budget to include up to \$50,000 for a climate action plan

Motion by: Member Tom Andersen
Seconded by: Member Hoy

Comments or questions by: Member Tom Andersen

Substitute Motion: Move to amend the City Manager's proposed FY 2020 budget to add \$50,000 to the Community Development Department for implementation of a climate action plan

Motion by: Member Tom Andersen
Seconded by: Member Nordyke

Comments or questions by: Members Tom Andersen, Kaser, and Cook

Action: Motion fails

Vote:
Aye: 9
Nay: 4
Abstentions:

Motion: Move to amend the City Manager's proposed FY 2020 budget to include \$50,000 for measuring greenhouse gas emissions

Motion by: Member Lewis

Seconded by: Member Hoy

Action: Motion fails

Vote:

Aye: 8

Nay: 5

Abstentions:

Motion: Move to amend the City Manager's proposed FY 2020 budget to add back the 1.0 FTE long range planner position in Community Development

Motion by: Member Hoy

Seconded by: Member Kaser

Comments or questions by: Members Kaser, Tom Andersen, Hoy, Sund, and Cook

Amendment: Move to add \$108,560 to the original motion

Action: Amendment passes

Vote:

Aye: 10

Nay: 3

Abstentions:

Amended Motion: Move to amend the City Manager's proposed FY 2020 budget to add back \$108,560 for the 1.0 FTE long range planner position in Community Development

Motion by: Member Hoy

Seconded by: Member Kaser

Comments or questions by: Members William Andersen and Hoy

Action: Amended motion fails

Vote:

Aye: 9

Nay: 3

Abstentions: 1

Motion: Move to amend the City Manager's proposed FY 2020 budget to fund the Homeless Rental Assistance Program at \$1.4M

Motion by: Member Kaser

Seconded by: Member Leung

Questions or comments by: Members Kaser, Tom Andersen, Nordyke, Hoy, and William Andersen

Action: Motion fails
Vote:
Aye: 1
Nay: 12
Abstentions:

Questions or comments by: Member Sund

Motion: Move to amend the City Manager's proposed FY 2020 budget to include 1.0 FTE Outreach / Education Coordinator for the youth development program in the amount of \$125,000

Motion by: Member Sund
Seconded by: Member Kaser

Questions or comments by: Members Hoy, Sund, Leung, Tom Andersen, Cook, and Kaser

Action: Motion fails
Vote:
Aye: 9
Nay: 4
Abstentions:

Questions or comments by: Members Kaser and Nordyke

Motion: Move to approve the City Manager's proposed FY 2020 budget

Motion by: Member Tom Andersen
Seconded by: Member Nanke

Questions or comments by: Members Tom Andersen, Sund, William Andersen, Barker, Cook, and Nordyke

Action: Motion fails
Vote:
Aye: 9
Nay: 4
Abstentions:

Motion: Move to extend the meeting by 30 minutes

Motion by: Member Tom Andersen
Seconded by: Member Nordyke

Action: Motion passes
Vote:
Aye: 11
Nay: 2
Abstentions:

Natural Environment Stewardship

- Expenditures: \$17,998,730
- Summary of position and other changes:
 - Addition of 1.0 full-time equivalent wastewater treatment facility maintenance operator in the Utility Fund.
- Discussion
- Motion to approve final recommendation of the FY 2020 City of Salem Natural Environment Stewardship Result Area Budget

Safe Community

- Expenditures: \$113,394,670
- Summary of position and other changes:
 - Discontinuation of the DARE Program and reduction of 1.0 FTE police officer position in the General Fund; and
 - Addition of two full-time positions in the Building and Safety Fund – a plans examiner and permit technician.
- Discussion
- Motion to approve final recommendation of the FY 2020 City of Salem Safe Community Result Area Budget

Safe, Reliable, and Efficient Infrastructure and Capital Improvements

- Expenditures: \$129,242,650 for the result area and \$216,135,140 for capital improvement projects
- Summary of position and other changes:
 - A total of 4.20 full-time equivalent positions added to the Utility Fund since July 2018; and
 - Addition of 1.0 full-time equivalent maintenance operator in the Transportation Services Fund.
- Discussion
- Motion to approve final recommendation of the FY 2020 City of Salem Safe, Reliable, and Efficient Infrastructure Result Area and Capital Improvements Budgets

Strong and Diverse Economy

- Expenditures: \$12,973,260
- Summary of position and other changes:
 - Elimination of a .50 full-time equivalent real property specialist position in the General Fund.
- Discussion
- Motion to approve final recommendation of the FY 2020 City of Salem Strong and Diverse Economy Result Area Budget

Welcoming and Livable Community

- Expenditures: \$26,773,400
- Summary of position and other changes:
 - Discontinuation of the Youth Development Program and the elimination of a 1.0 full-time equivalent outreach / education coordinator position in the General Fund;
 - Elimination of a vacant 1.0 full-time equivalent planner 2 position and 1.25 full-time equivalent library assistant positions in the General Fund;
 - Reassignment of a vacant staff assistant position in the Community Development Department to Municipal Court in the General Fund; and
 - Reduction of the Homeless Rental Assistance Program from \$1.4 million annually to \$700,000.
- Discussion
- Motion to approve final recommendation of the FY 2020 City of Salem Welcoming and Livable Community Result Area Budget

Comments or questions by: Members Nordyke, Nanke, Cook, Kaser, Hoy, Leung, and Sund

Motion: Move to reconsider the approval of the City Manager’s proposed FY 2020 budget

Motion by: Member Hoy
Seconded by: Member Tom Andersen

Questions or comments by: Members William Andersen, Hoy, Sund, Nanke, Kaser, Cook, and Tom Andersen

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

Motion: Move to approve the City Manager’s proposed FY 2020 budget

Motion by: Member Tom Andersen
Seconded by: Member Hoy

Questions or comments by: Member Nordyke

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

8. PUBLIC TESTIMONY FOR FUTURE BUDGET ISSUES

Public Testimony by:
Ron Sterba, SEMCA

Topic:
Sound wall and earthen berm to reduce noise in neighborhood

9. ADJOURNMENT

The meeting was adjourned at 10:10 p.m.

Respectfully Submitted,

Kali Leinenbach
Minutes Recorder

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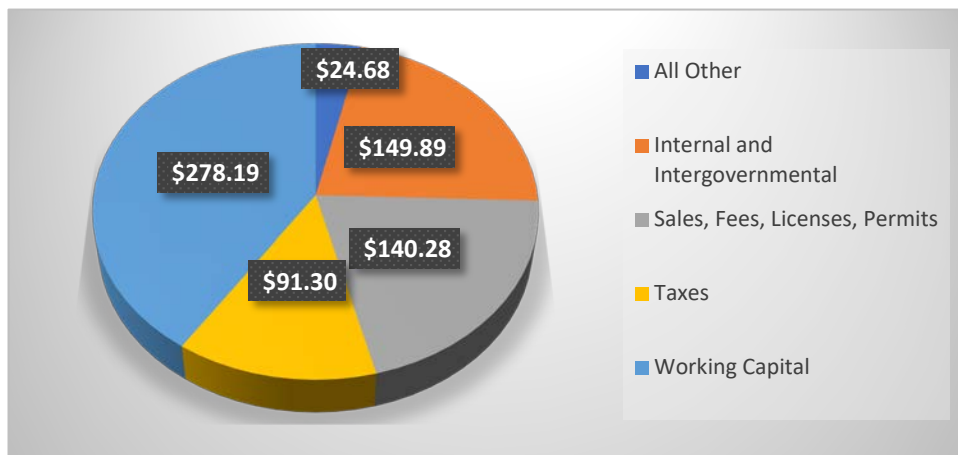
The City of Salem values all persons without regard to race, color, religion, national origin, sex, age, marital status, domestic partnership, disability, familial status, sexual orientation, gender identity and source of income.

CITY OF SALEM FINANCIAL SUMMARY YEAR END / FY 2019

This financial summary provides FY 2019 year-end results. Notable occurrences are identified, described, and graphically illustrated through budget-to-actual and actual-to-actual comparisons. In addition, many comparisons extend to multiple fiscal years to augment context for FY 2019 activity.

Citywide Results - All Funds

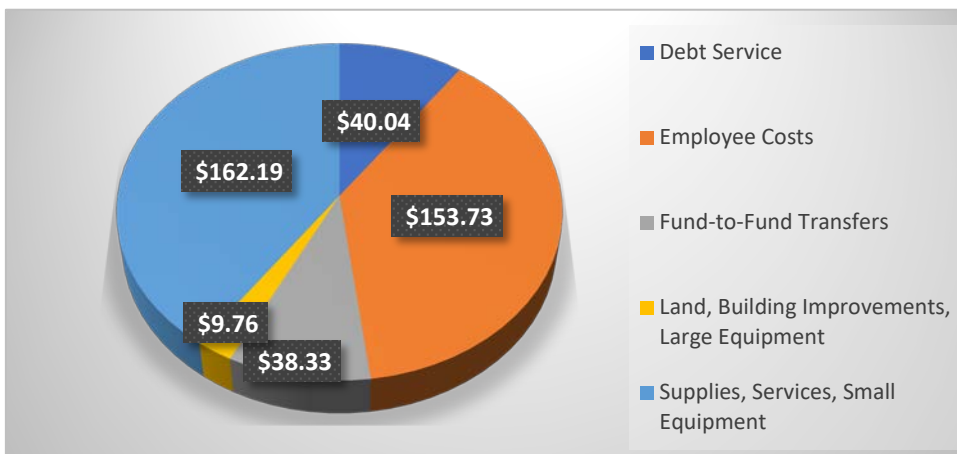
Total Resources of \$684.34 Million



This view of Citywide resources reveals the prominence of *Working Capital*—or cash-on-hand—at 41 percent of all resources. *Taxes* include property tax for General Fund operations and levied to pay debt service on voter-approved general obligation bonds, transient occupancy tax, and local marijuana sales tax. The category with *Sales, Fees* includes consumer-paid fees for water / sewer, franchise fees, building permits, and system development charges. *Internal and Intergovernmental* includes employer-paid insurance premiums.

Total Expenditures of \$404.05 Million

Everything associated with the cost of more than 1,200 full-time equivalent employees—wages, overtime, insurances, and retirement benefits—is included in *Employee Costs*. The category of *Supplies, Services, Small Equipment* includes \$98.69 million of the total in just three of the City's 23 funds—Capital Improvements, Self Insurance, and Utility.



BY THE NUMBERS Expenditures

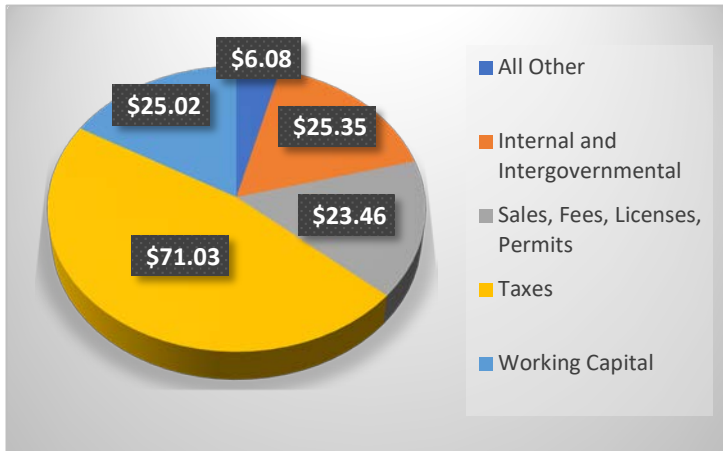
Actual employee costs came in at \$9.14 million less than the originally budgeted. The 5.0 percent year-over-year increase in total is influenced by anticipated cost escalators, such as labor contract / market adjustments to salaries, the corresponding increase to PERS expense, and health benefits expense. Differences are also influenced by changes in position vacancy rates and the timing of materials and services expenses.

CITY OF SALEM FINANCIAL SUMMARY YEAR END / FY 2019

This financial summary provides FY 2019 year-end results. Notable occurrences are identified, described, and graphically illustrated through budget-to-actual and actual-to-actual comparisons. In addition, many comparisons extend to multiple fiscal years to augment context for FY 2019 activity.

General Fund Results

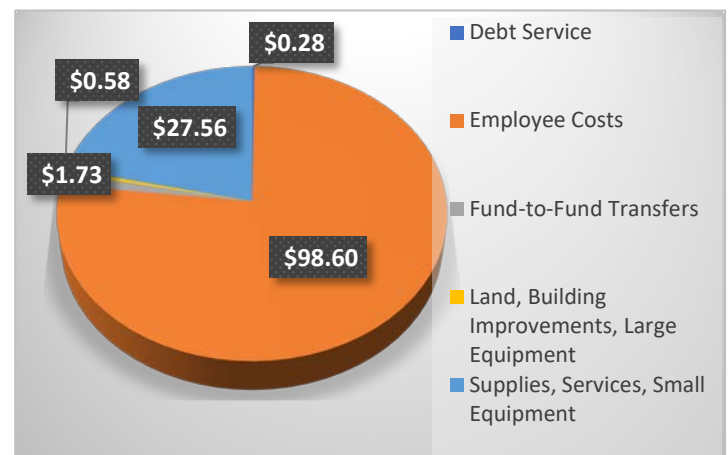
Total Resources of \$150.94 Million



Total resources for FY 2019 in the General Fund equal \$150.94 million, representing a \$25.02 million working capital and \$125.92 million in new revenues. Property taxes provide \$70.03 million in the category, *Taxes*, with the remaining \$1 million from the City's sales tax on marijuana. *Sales, Fees, Licenses, Permits* includes over \$18 million in franchise fees, \$1.11 in planning-related revenues, and \$219,960 from the City's ambulance contractor. Internal charges, including the cost for support services assessed to other City funds for services housed in the General Fund—Legal, Human Resources, Finance, and Information Technology—provide \$15.1 million of the \$25.35 million for the *Internal and Intergovernmental* category. Revenues shared by the State of Oregon add another \$6.24 million. *All Other* revenue includes \$2.98 million in fines and penalties and \$2.08 million in parking rents.

Total Expenditures of \$128.75 Million

The City's General Fund maintains the services of fire emergency response, municipal court, parks maintenance, police, multi-generational recreation programs, long range and current planning, code enforcement, social services program aid, Salem Public Library, and the support services that benefit all City departments and funds. At year end, expenditures for these services equaled \$128.75 million, representing a 5.83 percent increase over FY 2018. Because expenditures were higher than new revenues, approximately \$2.83 million of working capital was used to pay for expenses.



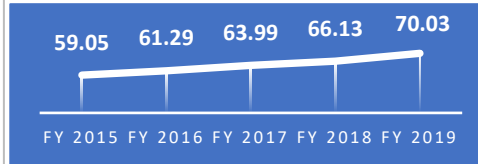
Future Outlook

FY 2019 was the third consecutive year to use working capital in the General Fund to balance ongoing expenditures. The City Council has moved forward with two revenue options that were recommended by the Sustainable Services Revenue Task Force to bolster General Fund revenue. The City Operations Fee was enacted by City Council and went into effect January of 2020. An Employee-Paid Payroll Tax will be on the ballot in May of 2020 for voter consideration.

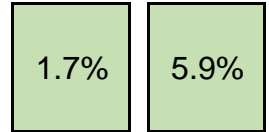
CITY OF SALEM FINANCIAL SUMMARY YEAR END / FY 2019

General Fund Revenues

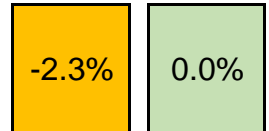
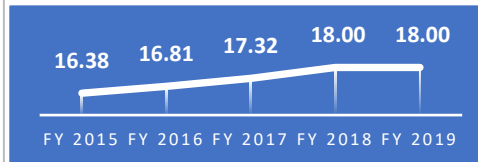
Property Tax—In FY 2019, this revenue source continued to achieve the 3% statutory increase. \$1.38M one-time settlement payment increased revenue above budget estimates. The total year-over-year increase was \$3.9 million or 5.9%.



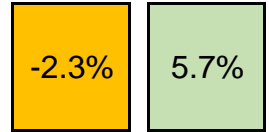
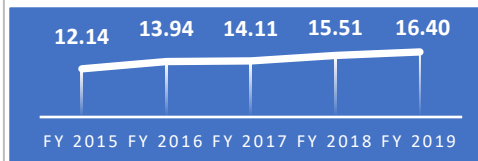
Actual to Budget
1.7%
Year-over-Year
5.9%



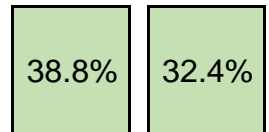
Franchise Fees—Increases for refuse hauler fees, gains in electric and water / wastewater / storm-water utility, offset by lower gas and cable revenue added no increase year-over-year for City franchise fees.



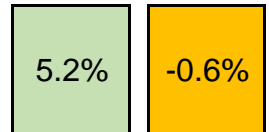
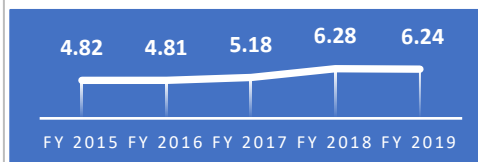
Internal Charges—Less-than-anticipated revenues are offset with savings from vacant positions. A lower vacancy rate would have generated additional internal reimbursement revenues. However, the year-over-year increase was almost 5.7%.



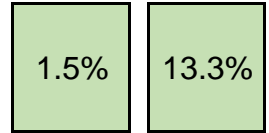
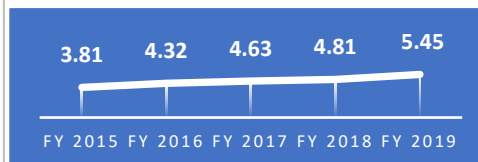
Marijuana Sales Tax—Continued growth experienced with year-over-year increases of over 32%, exceeding budget estimates by a similar margin.



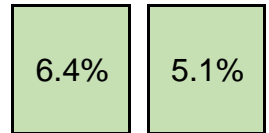
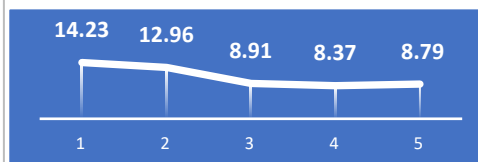
State Shared Revenues—With Marijuana shared revenues normalizing and tobacco and alcohol tax shared revenues following trends, this category remains relatively flat year-over-year, exceeding budget estimates by 5.2%.



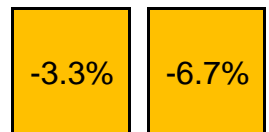
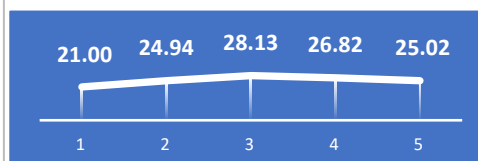
Fees, Permits—User charges for fire protection, planning fees, recreation, fire safety permits, and apartment licensing supported increased receipts of \$640,3562 or 13.3% more than FY 2018, despite decreases in lien search and library fees.



Other Agencies, Grants, All Other Revenue— Year-over-year gains resulting from increased parking meter rent and interest earnings resulted in a \$429,325 increase.



Beginning Working Capital—Use of working capital was needed for the second year in a row. Beginning fund balance decreased \$1.8 million or 6.7% year-over-year and is 3.3% below the budgeted projection.



CITY OF SALEM FINANCIAL SUMMARY YEAR END / FY 2019

General Fund Expenditures by Department

Expenditures by Department (in millions)	Personal Services	Materials Services	Capital Outlay	Interfund Transfers	Debt	Actual to Budget	Year - over - Year
Mayor & Council	\$ -	\$ 0.19	\$ -	\$ -	\$ -	79.6%	1.4%
Municipal Court	1.32	0.55	-	-	-	91.3%	3.1%
City Manager	1.15	0.16	-	-	-	84.7%	-2.1%
Human Resources	1.21	0.24	-	-	-	96.5%	4.7%
Legal	2.07	0.11	-	-	-	93.4%	0.2%
Finance	3.31	0.30	-	-	-	94.5%	-0.7%
Parks and Recreation	4.99	4.02	0.05	0.21	-	98.8%	-0.6%
Facilities Services	2.56	1.58	-	0.13	-	99.1%	3.7%
Community Development	3.54	0.84	0.02	0.01	-	91.9%	17.6%
Library	3.75	0.76	-	0.41	-	98.0%	7.0%
Police	35.79	8.17	0.32	-	-	98.8%	4.0%
Fire	29.05	4.51	-	-	-	97.7%	9.9%
Information Technology	6.56	1.54	0.19	-	-	96.3%	15.8%
Non Departmental	0.10	3.24	-	0.83	0.28	53.6%	-6.2%
Urban Development	3.19	1.34	-	0.14	-	90.8%	8.9%
Total Expenditures	\$ 98.60	\$ 27.56	\$ 0.58	\$ 1.73	\$ 0.28		

BY THE NUMBERS Expenditures

General Funded FY 2019 year-end expenditures totaled \$128.75 million, \$7.5 million and 5.5 percent lower than the adopted budget, which is made up between \$1.47 million of unused contingency and \$6.07 million of departmental savings. The 5.8 percent year-over-year increase in total is influenced by anticipated cost escalators, such as labor contract / market adjustments to salaries, the corresponding increase to PERS expense, and health benefits expense. Differences are also influenced by changes in position vacancy rates and the timing of materials and services expenses.

CITY OF SALEM FINANCIAL SUMMARY YEAR END / FY 2019

Other Funds (in millions)

Expenditures by Fund (in millions)	Actual to Budget	Year - over - Year	Fund Resources 5-Year Trend, FY 2015-FY 2019
Transportation Services \$ 16.12 Personal Services 5.74 Materials / Services 8.26 Capital Outlay 0.59 Interfund Transfers 1.53	 90.6%	 8.6%	 17.42 13.67 13.48 14.11 15.25 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Streetlight \$ 1.66 Materials / Services 1.07 Interfund Transfers 0.36 Debt 0.23	 87.5%	 21.3%	 0 2.01 1.85 1.86 2.02 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Airport \$ 1.22 Personal Services 0.48 Materials / Services 0.56 Interfund Transfers 0.14 Debt 0.04	 53.6%	 23.7%	 1.1 1.22 1.18 1.2 1.27 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Community Renewal \$ 3.04 Materials / Services 3.04	 60.6%	 75.5%	 4.45 4 2.71 1.94 3.08 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Downtown Parking \$ 1.18 Materials / Services 1.08 Interfund Transfers 0.10	 81.0%	 -18.0%	 1.99 1.42 1.43 1.08 1.06 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Cultural and Tourism \$ 4.25 Materials / Services 2.44 Interfund Transfers 1.81	 91.0%	 14.5%	 1.99 1.42 1.43 1.08 1.06 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Public Art \$ 0.03 Materials / Services 0.03	 31.8%	 -9.8%	 0 0.03 0.03 0.02 0.03 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A

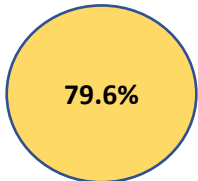

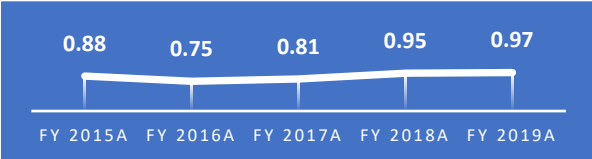
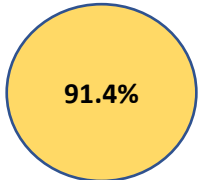
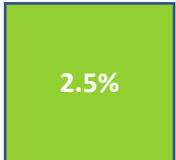

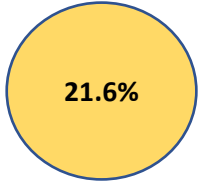
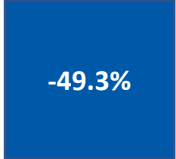
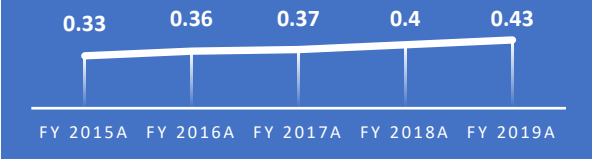
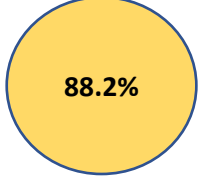

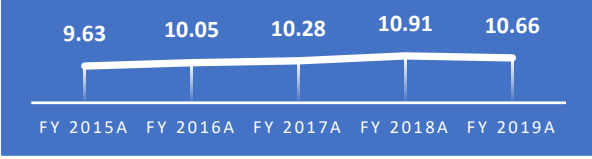
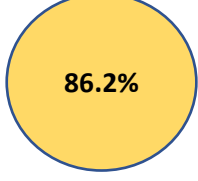

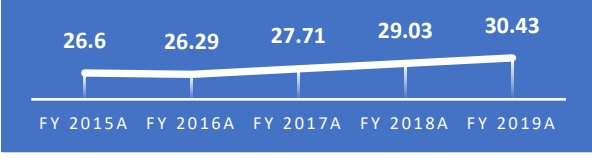
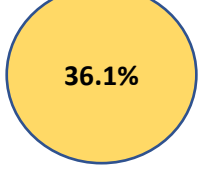

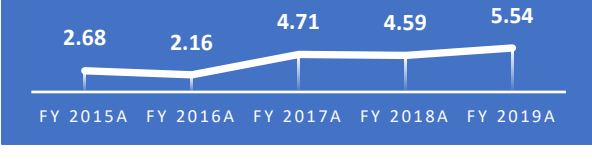
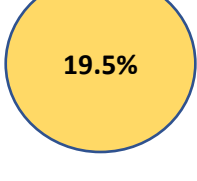
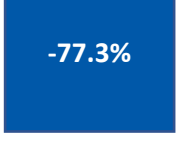

CITY OF SALEM FINANCIAL SUMMARY YEAR END / FY 2019

Other Funds (in millions)

Expenditures by Fund (in millions)	Actual to Budget	Year - over - Year	Fund Resources 5-Year Trend, FY 2015-FY 2019
Parking Leasehold \$ 0.65 Materials / Services 0.45 Interfund Transfers 0.20	 48.6%	 11.0%	 0.58 0.57 0.59 0.49 0.54 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Building and Safety \$ 4.82 Personal Services 2.97 Materials / Services 1.35 Interfund Transfers 0.50	 89.0%	 11.8%	 3.12 3.78 4.95 5.85 6.72 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
General Debt \$ 20.54 Debt 20.54	 100.0%	 11.3%	 14.87 15.78 16.46 18.79 21.46 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Capital Improvements \$ 42.10 Materials / Services 40.34 Capital Outlay 1.71 Interfund Transfers 0.05	 24.4%	 -6.0%	 30.53 18.74 28.09 127.61 33.48 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Extra Capacity Facilities \$ 8.45 Materials / Services 6.78 Capital Outlay 1.60 Interfund Transfers 0.08	 25.7%	 17.7%	 5.04 6.85 6.76 11.75 13.33 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Development Districts \$ 0.47 Materials / Services 0.47	 6.6%	 42.1%	 0.02 0.22 0.72 1.44 1.06 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Utility \$ 107.32 Personal Services 33.58 Materials / Services 31.78 Capital Outlay 1.44 Interfund Transfers 21.57 Debt 18.94	 92.4%	 -35.6%	 89.39 91.53 98 169.98 106.61 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A

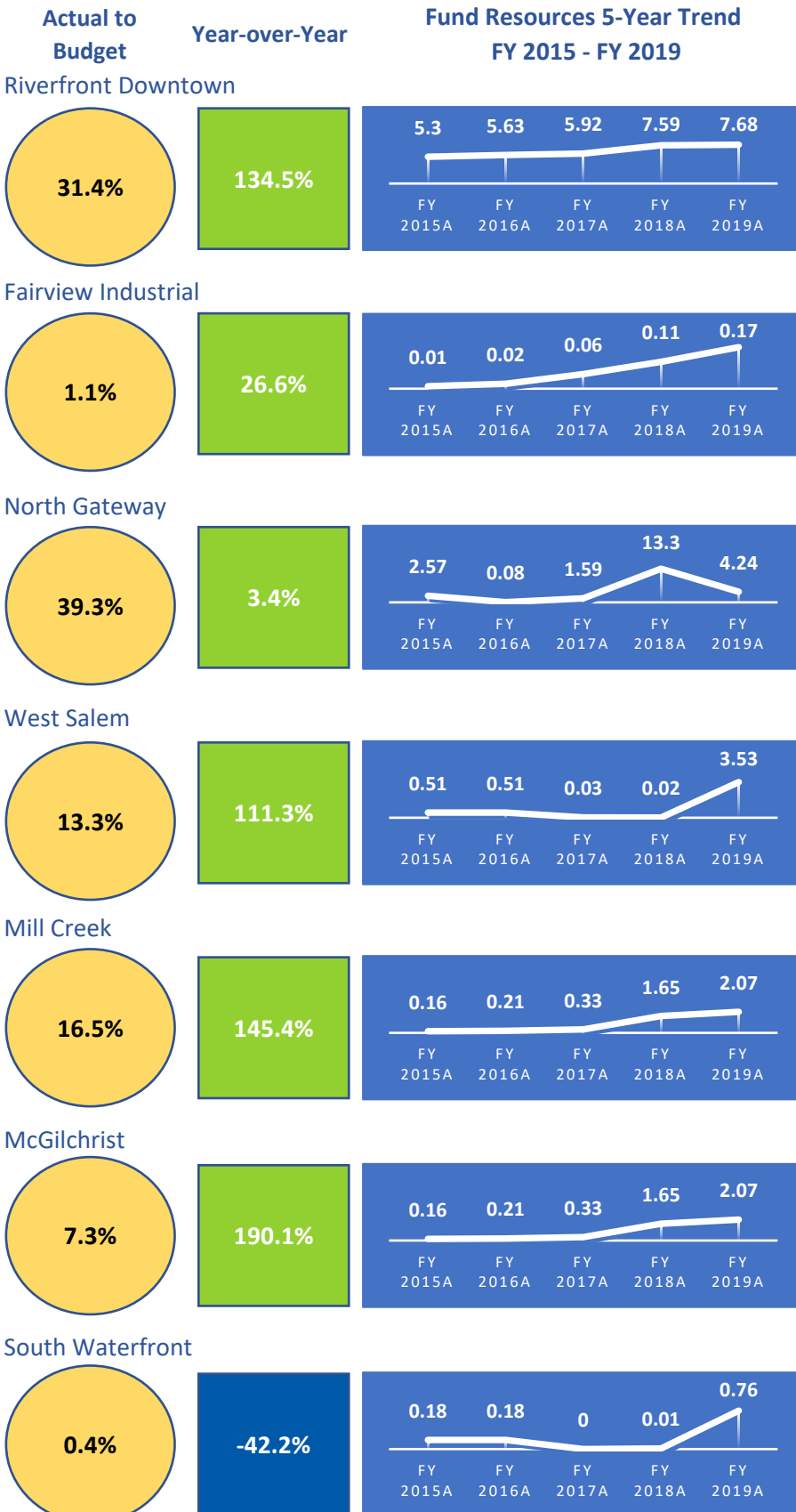
CITY OF SALEM FINANCIAL SUMMARY YEAR END / FY 2019

Other Funds (in millions)

Expenditures by Fund (in millions)	Actual to Budget	Year - over - Year	Fund Resources 5-Year Trend, FY 2015-FY 2019
Emergency Services \$ 0.70 Personal Services 0.38 Materials / Services 0.24 Interfund Transfers 0.08	 79.6%	 15.8%	 0.88 0.75 0.81 0.95 0.97 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
WVCC \$ 10.47 Personal Services 8.69 Materials / Services 1.75 Capital Outlay 0.03	 91.4%	 2.5%	 8.79 9.78 10.11 10.55 11.13 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Police Regional Records \$ 0.30 Materials / Services 0.30	 21.6%	 -49.3%	 0.33 0.36 0.37 0.4 0.43 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
City Services \$ 10.26 Personal Services 2.26 Materials / Services 7.59 Capital Outlay 0.06 Interfund Transfers 0.35	 88.2%	 -1.1%	 9.63 10.05 10.28 10.91 10.66 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Self Insurance Benefits \$ 37.36 Personal Services 1.02 Materials / Services 26.57 Interfund Transfers 9.77	 86.2%	 35.3%	 26.6 26.29 27.71 29.03 30.43 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Equipment Replacement \$ 3.82 Materials / Services 0.01 Capital Outlay 3.74 Interfund Transfers 0.07	 36.1%	 6.9%	 2.68 2.16 4.71 4.59 5.54 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A
Trust and Agency \$ 0.52 Materials / Services 0.51 Capital Outlay 0.01 Interfund Transfers 0.01	 19.5%	 -77.3%	 0.77 3.89 0.94 4.03 1.39 FY 2015A FY 2016A FY 2017A FY 2018A FY 2019A

URBAN RENEWAL AGENCY FINANCIAL SUMMARY YEAR END / FY 2019

Capital Improvements Fund (values in millions)



Financial data for Salem’s seven active urban renewal areas is included with this summary report. While the Fairview Urban Renewal Area (URA) has funding available to accomplish projects, tax increment is no longer collected. Of Salem’s URAs, only Riverfront Downtown imposes a special levy.

Year-to-year expenditure variances as illustrated on this page generally relate to the timing and completion of projects within the URA.

This report also includes summary financial information for the Salem Convention Center.

FY 2019 By the Numbers

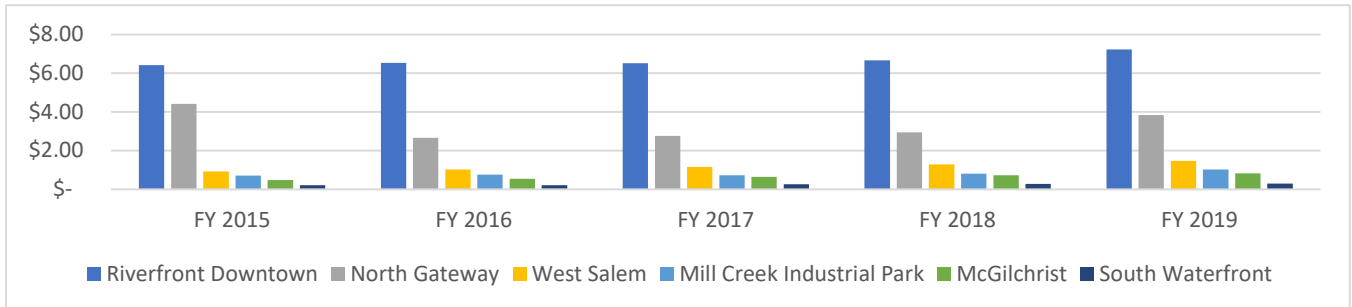
Fund 220—Debt
Total Resources—\$22.76M
Total Expenditures—\$17.27M
Fund 265—Capital Improvements
Total Resources—\$55.14M
Total Expenditures—\$15.64M
Fund 345—Convention Center
Total Resources—\$6.03M
Total Expenditures—\$5.80M
Fund 428—Convention Center Gain / Loss Reserve
Total Resources—\$6.48M
Total Expenditures—\$264,462

STATUS AT A GLANCE

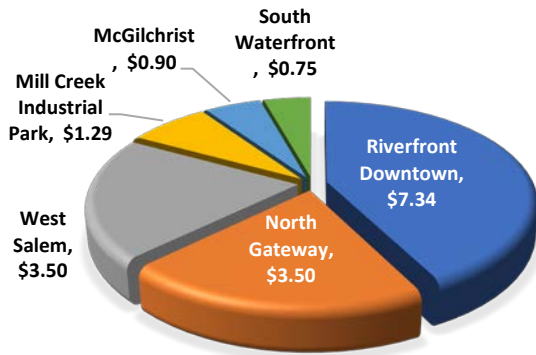
Urban Renewal Area Status	Riverfront Downtown	Fairview	North Gateway	West Salem	Mill Creek	McGilchrist	South Waterfront
Maximum Tax Collected	✓		✓	✓	✓	✓	✓
Special Levy Imposed	✓						
Ceased Tax Levy		✓					
Long Term Debt	✓				✓		
Short Term Debt FY 2019	✓		✓	✓	✓	✓	✓
Debt Retirement	2024	2014	2015	2018			

The Tax Allocation (Capital) Improvement Fund, with financial data appearing on page 1 of this summary, provides for the use of proceeds from bonds or short-term loans to fund a variety of improvement projects to spur redevelopment in an urban renewal area. A second Urban Renewal Agency Fund, the Tax Allocation Bond Debt Fund, provides for the receipt of tax increment revenue, which is derived from an increase in property values during the life of an urban renewal area. The tax increment revenue is used to repay the debt that supports the urban renewal area's redevelopment projects. And to collect the tax increment, the urban renewal area must have debt. The graphics below provide a five year history of tax increment collections in Salem's urban renewal areas and the debt repayment for FY 2019.

FY 2015 through FY 2019 URA Tax Revenue Comparison (in millions)



FY 2019 URA Debt Service Payments *In Millions*



FY 2019 debt payments for the Salem Urban Renewal Agency totaled \$17.27 million. Of this amount, approximately \$1,226,280 was used for repayment of long-term indebtedness.

The balance of debt service was paid on short-term borrowings in the four URAs represented in the above chart—Riverfront Downtown, McGilchrist, Mill Creek, and North Gateway. Short-term borrowings create the required indebtedness allowing tax increment revenue to be available for improvement projects.

Salem Convention Center (SCC) and Gain / Loss Reserve

Resources through FY 2019 for the SCC Fund were \$6.03 million with expenditures of \$5.80 million for convention services and food and beverage sales and the annual transfer to the Gain / Loss Reserve.

The annual transfer to the reserve from Convention Center program income has grown significantly over the past several years. In FY 2014, the transfer was \$274,831. By contrast, the supplement to the reserve in FY 2019 equaled \$1,500,000, an increase of 445.8 percent.

The Gain / Loss Reserve opened the fiscal year with beginning working capital in excess of the reserve target at \$4.87 million. With revenues of \$1.61 million and SCC project expenses of \$264,461 funded by the reserve, working capital increased by almost \$1.35 million by year end.

CITY OF SALEM FINANCIAL SUMMARY Through Q1 / FY 2020

The summary of FY 2020 first quarter (Q1) financial activity displays expenditure information at the department level for the General Fund and resources displayed by type. For all other City funds, data is displayed with resources and expenditures. For all funds, the display includes columns noting comparison to budget and prior year actual activity. A positive number in the prior year comparison denotes an increase in FY 2020.

General Fund

Resources	Budget	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual
Property Taxes	71,358,520	189,589	0.3%	-87.8%
Franchise Fees	18,601,060	1,010,602	5.4%	-22.1%
Internal Charges	18,027,610	4,619,836	25.6%	9.9%
Other Taxes	969,830	-	0.0%	-100.0%
State Shared	6,493,320	477,264	7.4%	60.3%
Fees, Permits	5,675,690	880,365	15.5%	-4.7%
All Other Revenues	7,731,290	1,612,261	20.9%	13.8%
Beginning Working Capital	21,192,270	22,198,336	104.7%	-11.3%
Total Resources	150,049,590	30,988,254	20.7%	-12.2%

BY THE NUMBERS

Resources

First quarter receipts are typically low. Current year Property Tax has not been collected. The year-over-year decrease primarily relates to the taxes paid in arrears by Comcast in FY 2019.

Franchise Fees and State Shared Revenue collections increase later in the year.

The category, Other Taxes, is local marijuana sales tax receipts.

Beginning Working Capital—the funding available at the start of the fiscal year—equals almost 71.6 percent of total resources through Q1, and is 11.3 percent less than FY 2019.

Year-to-year decreases of 4.7 percent for Fees, Permits reflect fluctuations in planning-related fees and fire safety permits, code enforcement fees, and sign permits.

Internal Charges include the support services charges, reimbursements for labor and overhead from other funds, and fund-to-fund transfers. The 9.9 percent gain is mainly due to the 7.4 percent year-over-year increase in the overall budget for this revenue category and the 9.0 percent increase for the Support Service Charge, which is received in regular intervals.

Expenditures by Department	Budget	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual
Mayor & Council	211,810	44,696	21.1%	28.3%
Municipal Court	2,155,500	475,441	22.1%	31.5%
City Manager	1,295,970	304,012	23.5%	-1.1%
Human Resources	1,580,220	304,965	19.3%	-6.2%
Legal	2,447,240	559,587	22.9%	13.0%
Finance	4,149,740	873,273	21.0%	11.6%
Parks and Recreation	9,453,170	2,250,746	23.8%	3.3%
Facilities Services	4,297,960	984,461	22.9%	-7.3%
Community Development	4,789,150	997,305	20.8%	4.8%
Library	5,063,480	1,014,591	20.0%	-10.5%
Police	46,944,140	10,497,147	22.4%	6.5%
Fire	36,044,050	8,349,255	23.2%	11.4%
Information Technology	8,885,180	1,878,282	21.1%	10.7%
Non Departmental	7,166,600	922,397	12.9%	-27.6%
Urban Development	5,317,740	1,095,552	20.6%	6.0%
Total Expenditures	139,801,950	30,551,709	21.9%	5.4%

BY THE NUMBERS

Expenditures

With 25 percent of the fiscal year complete, including 6 payroll periods (representing 23 percent of periods for the year), expenditures are trending as anticipated. The 5.4 percent year-over-year increase is influenced by anticipated cost escalators, such as labor contract / market adjustments to salaries, the corresponding increase to PERS expense, and health benefits expense. Differences are also influenced by changes in position vacancy rates and the timing of materials and services expenses.

CITY OF SALEM FINANCIAL SUMMARY Through Q1 / FY 2020

Other Funds

	Resources			Expenditures		
	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual
* Transportation Services	5,686,669	31.9%	-13.0%	3,676,672	-22.6%	-19.4%
Streetlight	1,407,712	48.7%	21.1%	342,865	-13.5%	80.9%
* Airport	1,633,598	74.2%	3.8%	274,766	-12.5%	13.0%
Community Renewal	584,192	11.3%	14.5%	253,132	-4.9%	178.9%
Downtown Parking	685,993	53.5%	-11.3%	240,238	-18.7%	-1.8%
Cultural and Tourism	1,722,149	37.2%	-1.9%	855,895	-20.6%	19.6%
Public Art	54,357	93.4%	5.7%	2,802	-4.8%	283.7%
Parking Leasehold	689,276	62.0%	-10.6%	148,500	-13.4%	16.7%
* Building and Safety	10,736,713	80.8%	21.9%	1,768,772		4.2%
Traffic Safety	143,354	6.8%	0.0%	106,001	-5.6%	0.0%
General Debt	3,253,121	15.0%	30.9%	-	0.0%	0.0%
Capital Improvements	120,861,453	68.4%	-3.7%	7,520,276	-4.3%	24.7%
Extra Capacity Facilities	32,248,484	90.1%	11.7%	2,018,094	-5.6%	72.9%
Development Districts	5,326,325	113.4%	41.5%	1,580	0.0%	491.4%
* Utility	70,139,359	47.4%	-0.3%	19,476,393	-16.7%	-3.8%
* Emergency Services	3,692,706	87.1%	2.8%	408,495	-35.6%	107.1%
* WVCC	4,899,268	36.4%	18.9%	2,682,353	-21.0%	13.0%
Police Regional Records	1,471,347	81.8%	9.8%	294,662	-23.5%	300.3%
* City Services	9,413,531	55.3%	3.8%	2,188,254	-18.4%	-12.0%
* Self Insurance Benefits	17,159,309	43.9%	-31.0%	6,325,258	-16.2%	-13.7%
* Self Insurance Risk	10,811,046	79.3%	0.0%	1,695,626	-12.4%	0.0%
Equipment Replacement	10,930,369	79.4%	15.2%	476,094	-3.5%	10.1%
Trust and Agency	8,682,031	87.8%	13.3%	560,353	-15.1%	462.8%

Resources

Beginning working capital accounts for \$258.1 million or 80.1 percent of the \$322.2 million total resources reported in the above table for all other City funds. To begin FY 2020, actual working capital exceeded the budget by \$11.3 million or 4.6 percent. At the first quarter mark in the fiscal year, total resources equal 58.6 percent of the amount anticipated in the FY 2020 budget for this grouping of funds.

Expenditures

The nine funds marked with an * have a total of 520.5 full-time equivalent (FTE) authorized positions, approximately 42.1 percent of the total FTE count for the City in the FY 2020 budget. The General Fund supports the remaining 717.25 FTE positions. Of the \$51.3 million in total actual expense through September 30 documented in the above table, \$13.5 million or 26.2 percent is personal services expense.

Materials and services purchases for supplies, equipment, and services equal \$30.1 million or 58.7 percent of total expenses. Four funds—the Utility Fund, Self Insurance Benefits Fund, Self Insurance Risk Fund, and Capital Improvements Fund—account for \$35 million—or 68.4 percent—of the total.

URBAN RENEWAL AGENCY FINANCIAL SUMMARY Through Q1 / FY 2020

This "By the Numbers" summary of FY 2020 activity for the period ending September 30, 2019 provides a brief update of the Urban Renewal Agency's seven active areas and the Agency-owned Salem Convention Center. For the comparisons to budget and prior year activity a positive percentage denotes FY 2020 results are greater.

	Resources			Expenditures		
	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual
Debt Service Fund						
Riverfront Downtown	1,499,404	16.5%	-9.4%	-	-	-
Fairview	-	-	-	-	-	-
North Gateway	1,617,603	33.8%	25.5%	-	-	-
West Salem	680,349	32.7%	-74.4%	-	-	-
Mill Creek	1,116,564	49.8%	-16.9%	-	-	-
McGilchrist	378,444	30.3%	-15.9%	-	-	-
South Waterfront	286,678	47.3%	-60.7%	-	-	-
Total	5,579,042	27.8%	-31.3%	-	-	-

	Resources			Expenditures		
	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual	Actual through Sept 30	As a Percent of Budget	Difference FY 2020 to FY 2019 Actual
Capital Improvements Fund						
Riverfront Downtown	15,823,867	62.8%	3.0%	4,894,838	19.4%	130.4%
Fairview	2,424,979	95.9%	6.6%	14,318	0.6%	284.2%
North Gateway	9,596,552	69.9%	-17.7%	249,734	1.8%	-92.8%
West Salem	3,968,301	69.9%	286.2%	81,580	1.4%	474.6%
Mill Creek	3,140,906	39.9%	30.1%	806,097	10.2%	609.1%
McGilchrist	3,725,390	40.3%	12.9%	51,971	0.6%	-51.1%
South Waterfront	1,243,538	71.5%	157.2%	1,101,221	63.3%	239155.5%
Total	39,923,533	60.5%	9.3%	7,199,759	10.9%	23.3%

Salem Convention Center Fund and Convention Center Gain / Loss Reserve

Resources for the Salem Convention Center Fund include working capital of \$232,487 and revenue from food sales and equipment and room rentals of \$272,113 for a total of \$504,600. Through the period, \$451,192 has been posted as the cost of providing convention services.

The Convention Center Gain / Loss Reserve* started the fiscal year with beginning working capital of \$6.22 million. Interest postings through the quarter added \$30,539.

*A reserve established to cover any operational losses—none have occurred since opening the convention center—and / or for capital improvements (e.g., expanded kitchen).

Most resources for both funds (above) are beginning working capital as no current year taxes have been collected, and short-term borrowings, which provide additional resources for capital projects, have not occurred.