

Help Shape the Future of Your City Government



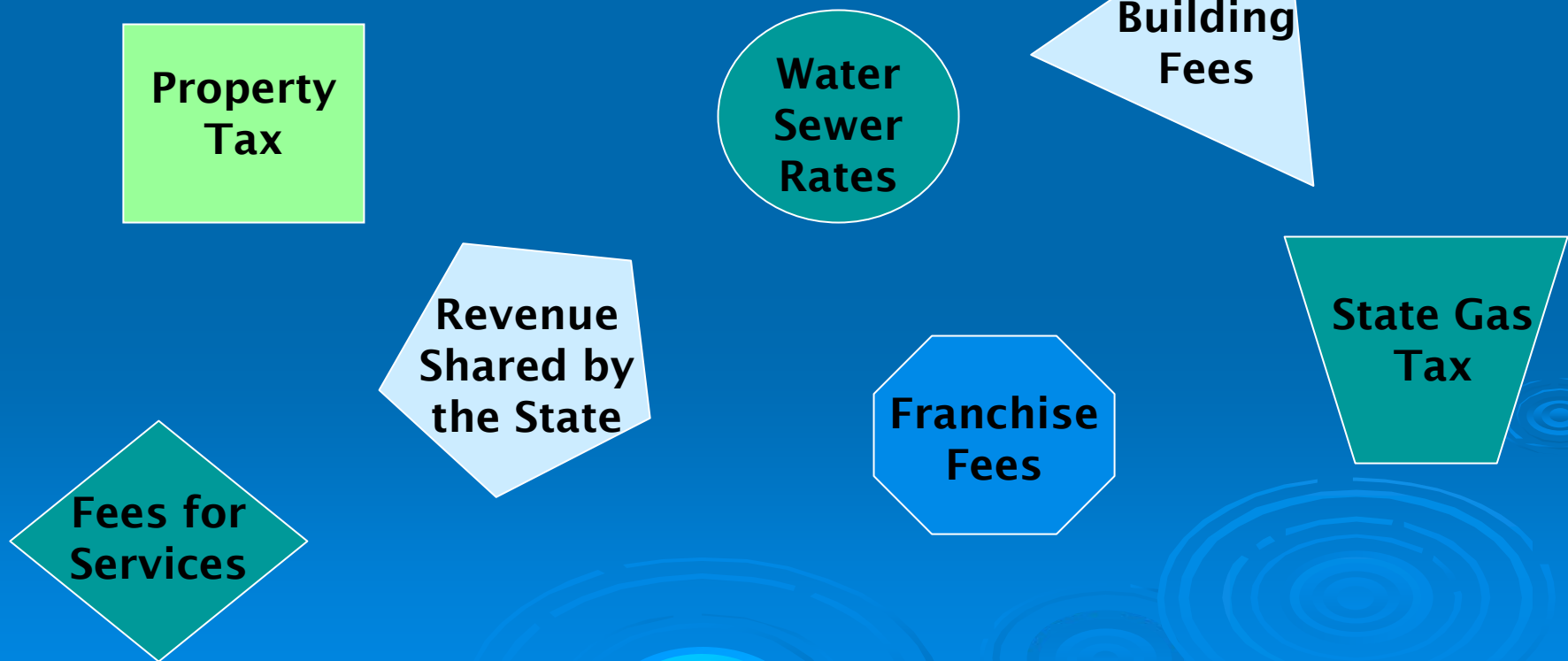
Be Part of the Solution!

Photo by Ron Cooper

Join the Conversation!

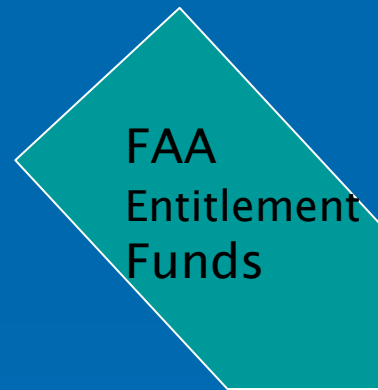
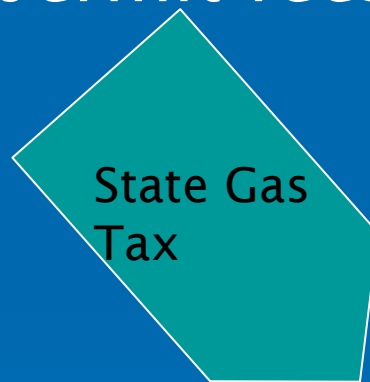
City Government Funding

City of Salem services are funded through a variety of sources.



City Government Funding

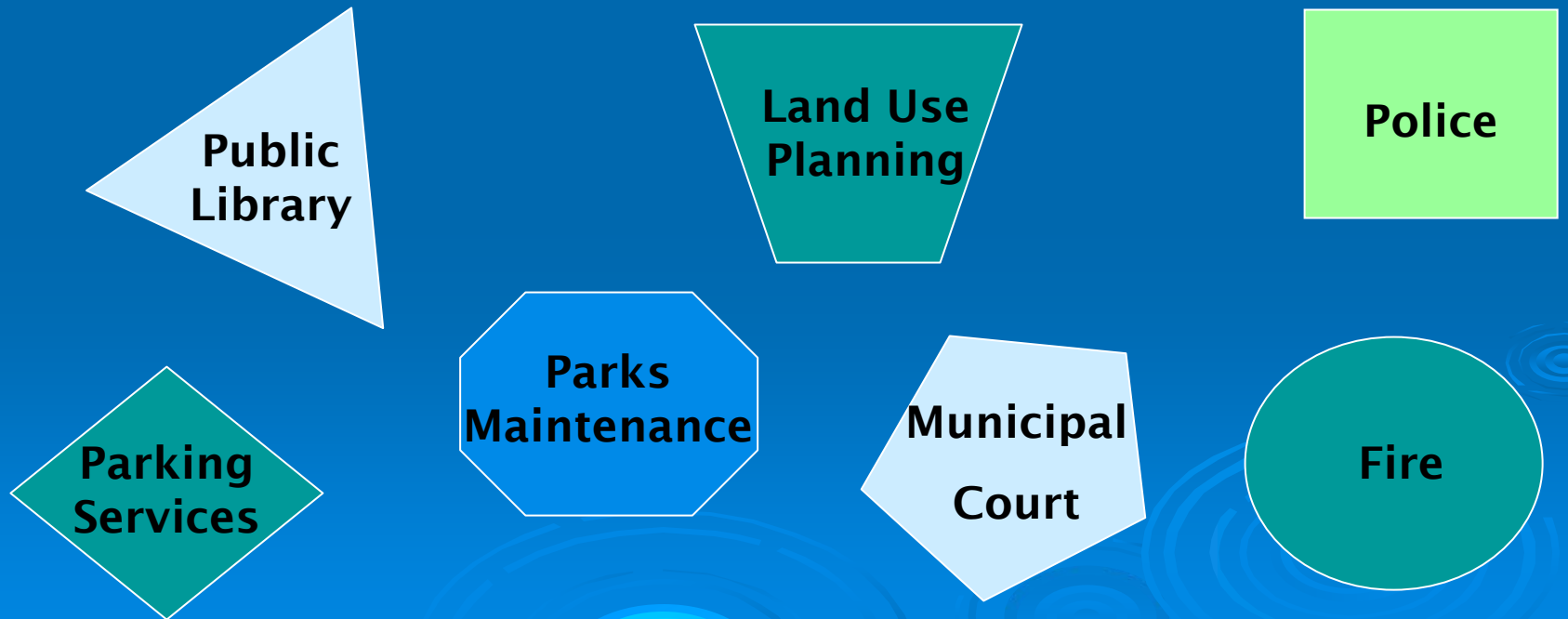
Some funding sources are considered restricted; the money must be used for a specific purpose. An example of this would be building permit fees.



Building Inspections	Street Maintenance	Airport Improvements
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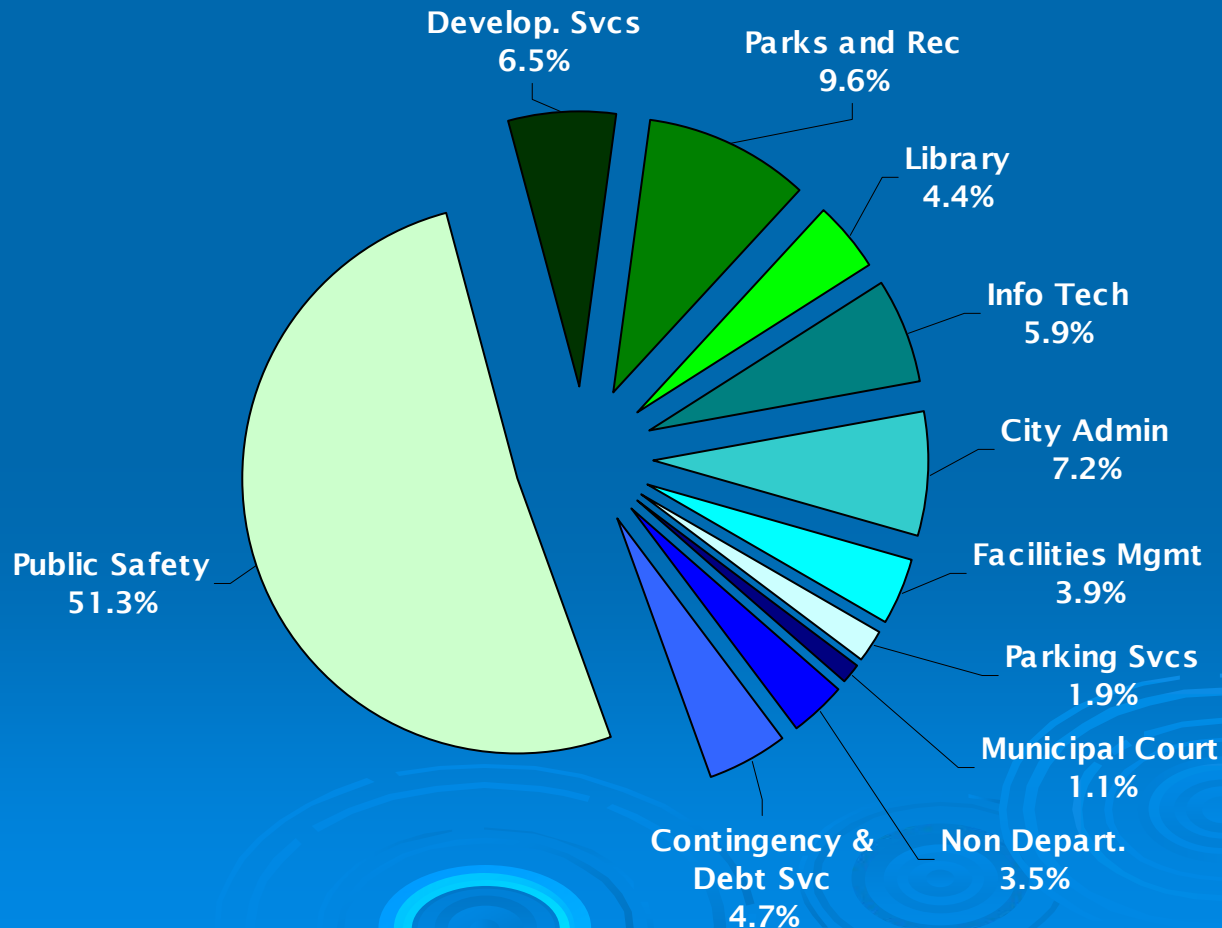
City Government Funding

In the City's General Fund, revenues like property tax, franchise fees, taxes shared by the state, and a variety of fees pay for services provided to the community.



City Government Funding

General Fund Costs by Service Area



Salem's Funding Challenge

Our General Fund financial goals are common sense and how you manage your own household . . .



“Set aside some money for emergencies.”

Goal: \$8 million for a \$100 million fund – less than 10 percent.

Salem's Funding Challenge



And . . .

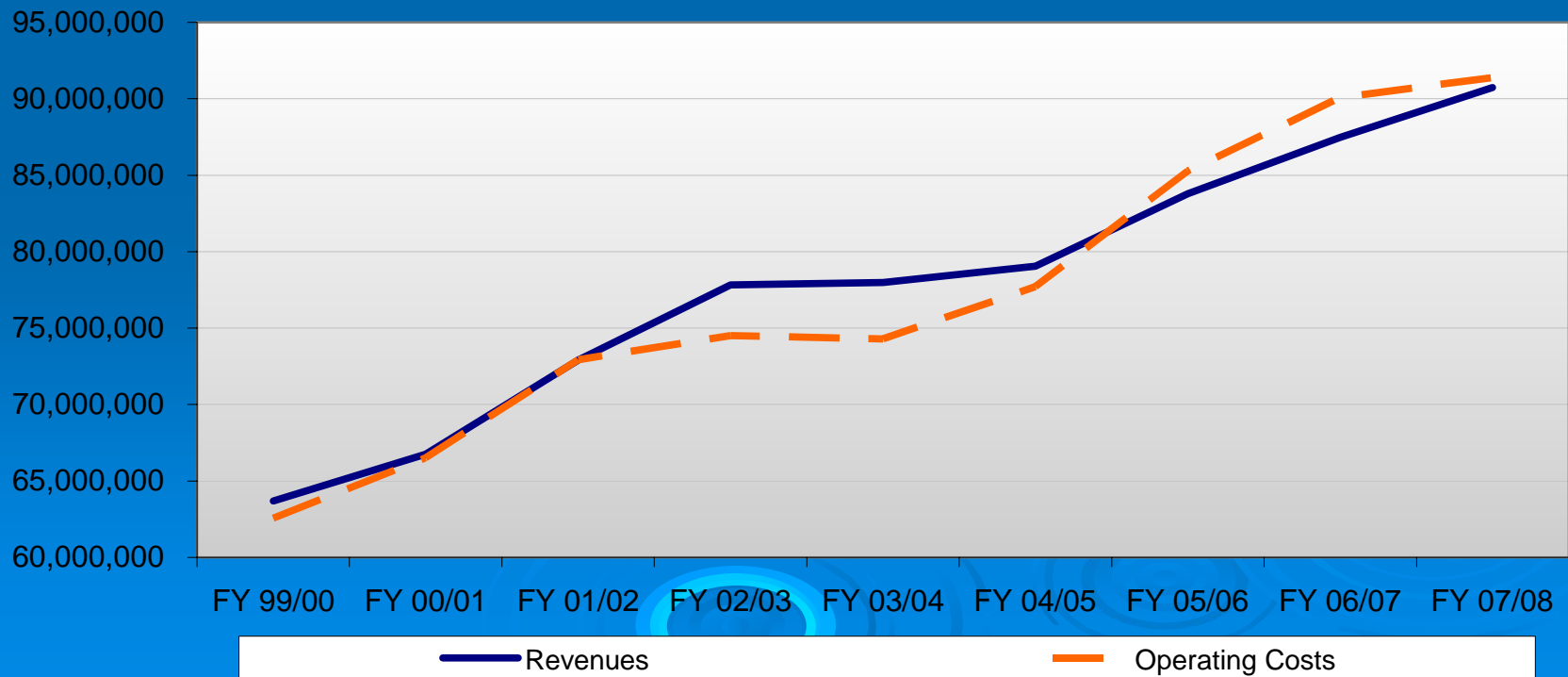
“Live within our means.”

Align our operating costs with revenues and not continually dip into the reserve.

Salem's Funding Challenge

The challenge the City faces in meeting the two goals is illustrated in this chart. General Fund annual operating costs outpace annual revenues requiring the use of reserves.

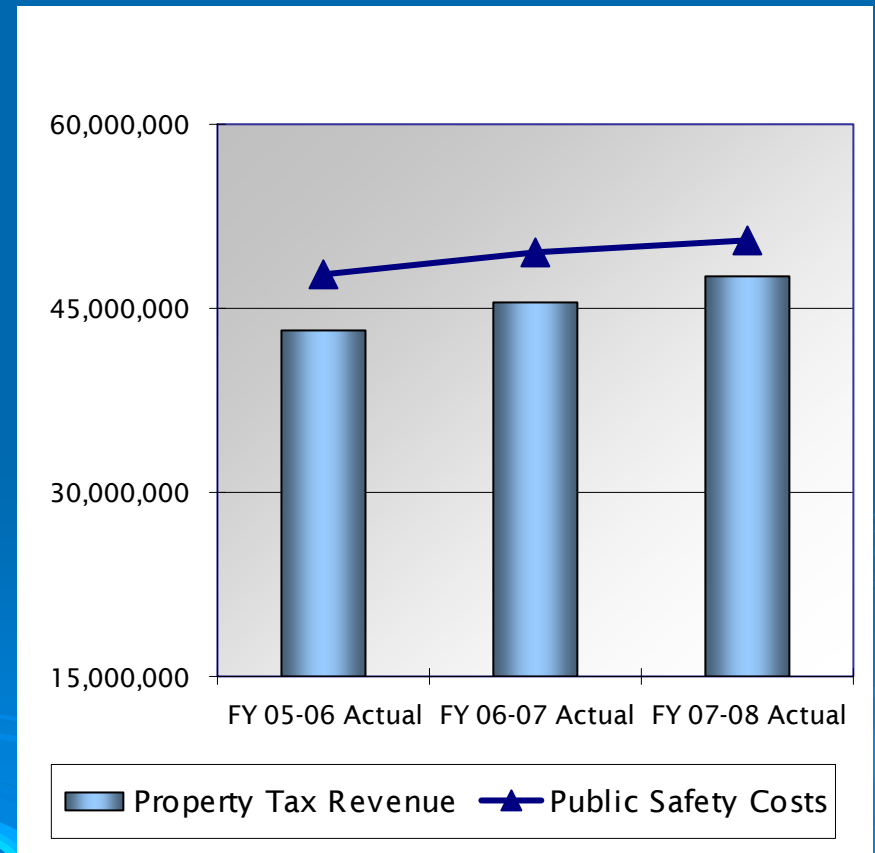
*General Fund Revenues and Operating Costs
FY 1999-00 to FY 2007-08*



Salem's Funding Challenge




Property tax – the General Fund's largest revenue source – is not sufficient to cover even the cost of Police and Fire services.

Comparison of Public Safety Costs and Property Tax Revenue



Salem's Funding Challenge

Financial challenges are not exclusive to the General Fund. They exist in other City funds as well.

Fund Name	Fund Balance FY 08-09 Experience to Date
Public Works	
Building and Safety	
Water and Sewer	

Salem's Funding Challenge

Steps We've Taken to Address the Problem

- ✓ In FY 2007-08: reduced budgets mid-year to generate more savings
- ✓ Cut programs and further reduced costs in the FY 2008-09 budget
- ✓ Additional program reductions during FY 2008-09

It's not enough.

Salem's Funding Challenge

It's not enough, because we're faced with a structural problem.

Property tax limitation measures do not allow revenues to grow at the same rate as our costs to provide services.

Other sources of General Fund revenue – franchise fees and tax funds shared by the state – are relatively flat.

Salem's Funding Challenge

General Fund costs are primarily for the employees who deliver services like police patrol, fire emergency response, a central and branch library, and land use planning.



Photo by Cyndi Easterly

Salem's Funding Challenge

To manage this problem for the upcoming year, the City must reduce General Fund costs by \$5 - \$6 million to ensure we "live within our means."

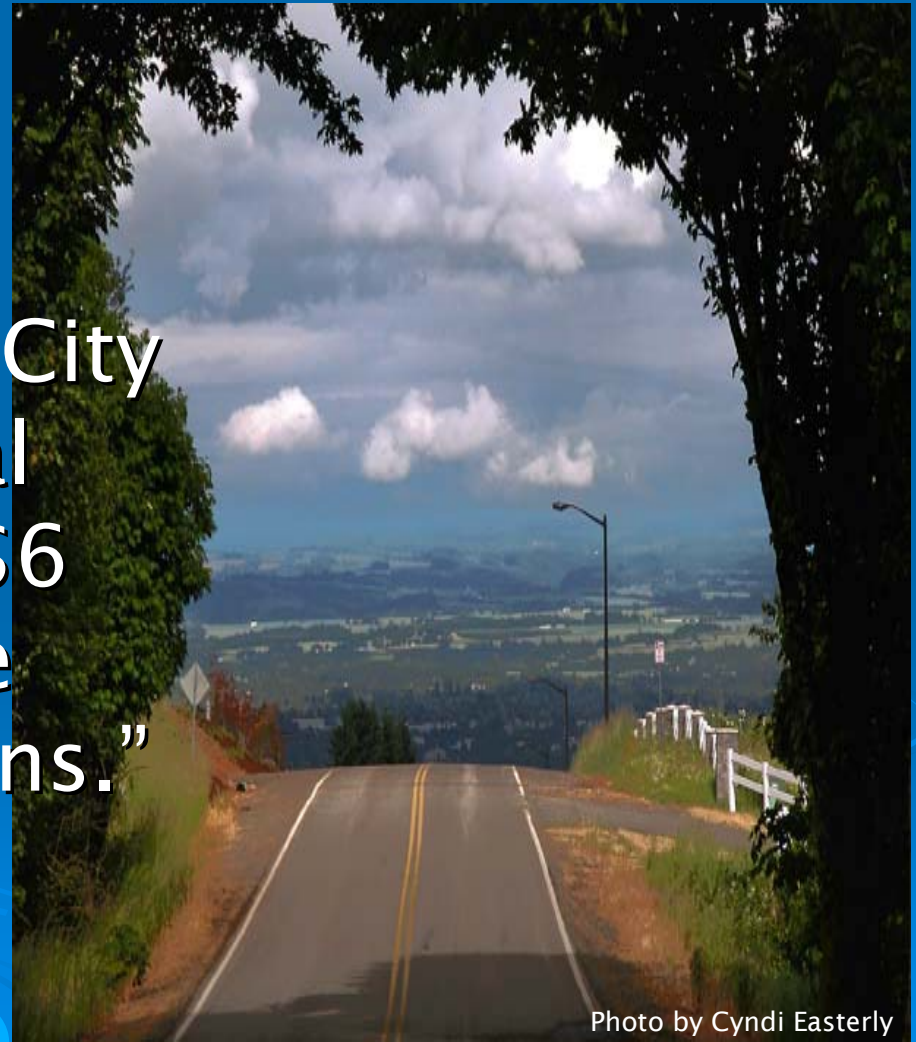


Photo by Cyndi Easterly

Salem's Funding Challenge

Because this is a structural problem, significant cost reductions in FY 2009-10 will help, but may not be a complete remedy.



Salem's Funding Challenge

These tables from the FY 2009-10 Three Year Financial Forecast demonstrate the impact of a \$5 million reduction to next year's General Fund budget.

3-YEAR FORECAST	FY 09-10	FY 10-11	FY 11-12
Revenues & Reserves	104,919,730	102,025,010	101,490,970
Costs	101,829,350	106,292,590	112,762,620
<i>Balance</i>	3,090,380	(4,267,580)	(11,271,650)

3-YEAR FORECAST	REDUCED FY 09-10	FY 10-11	FY 11-12
Revenues & Reserves	104,919,730	107,025,010	107,984,680
Costs	96,829,350	100,531,300	104,353,390
<i>Balance</i>	8,090,380	6,493,710	3,631,290

Revenue and reserves increase in FY 10-11 and FY 11-12 in the bottom table due to the impact lowered costs have on fund balance.

Salem's Funding Challenge

How do we solve the problem?

Reductions in all General Fund departments have been made for the past several years.


We need to ensure our current services are aligned with City Council goals and values.

To do this, we've employed a tool called, "Budgeting for Results."

Meeting the Challenge

What is budgeting for results?

It shifts the focus from budget cuts to . . .

- What are the **results** that our citizens expect from us?
 - What are Salem's **priorities in terms of the results?**
- 

Meeting the Challenge

What is budgeting for results?

Shifts the focus from budget cuts to . . .

- How do our individual programs contribute to **achieving the desired results?**
- What programs should continue to be funded in order maximize the delivery of priority services?

Meeting the Challenge

Budgeting for Results

We grouped City Council goals into four broadly defined **result** areas.



Meeting the Challenge

Salem's Result Areas

Safe Community

I want a sense of safety and security throughout the community with a focus on the public's safety, prevention, and an effective and timely response when an emergency or threat arises.



Meeting the Challenge

Salem's Result Areas

Vibrant Economy

I want a City that facilitates economic opportunities for all citizens and businesses, measured in terms of job and income growth, through the fostering of strategic partnerships, and by retention and recruitment of employers providing family-wage jobs.



Photo by Cyndi Easterly

Meeting the Challenge

Salem's Result Areas

Livable Community

I want to live in a well planned community that promotes strong and vibrant neighborhoods; provides opportunities for artistic, cultural, and recreational pursuits; offers an adequate supply of affordable housing; and preserves its historical assets.




Photo by Cyndi Easterly

Meeting the Challenge

Salem's Result Areas

Healthy Environment

I want to live in a City that promotes and maintains a high quality and sustainable environment through provision of an abundant and clean water supply, effective wastewater treatment with sufficient capacity to meet community needs, preservation of our community's natural environment, and use of renewable energy sources and resource conservation practices.

The background of the slide features several concentric, glowing blue circles that resemble ripples on water, scattered across the bottom half of the page.

Be Part of the Solution

Join the Conversation!

Participate in one – or more – of the Community Conversations . . .

Mon., February 16, 7PM – West Salem Roth's

Wed., February 18, 6PM – North Salem High Auditorium

Sat., February 21, 10AM – South Salem High Library

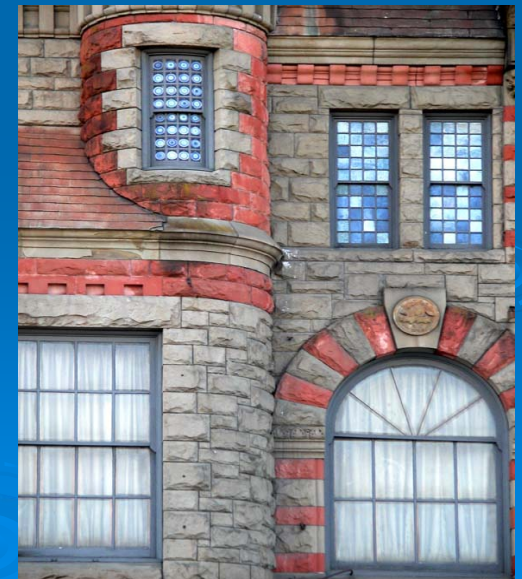
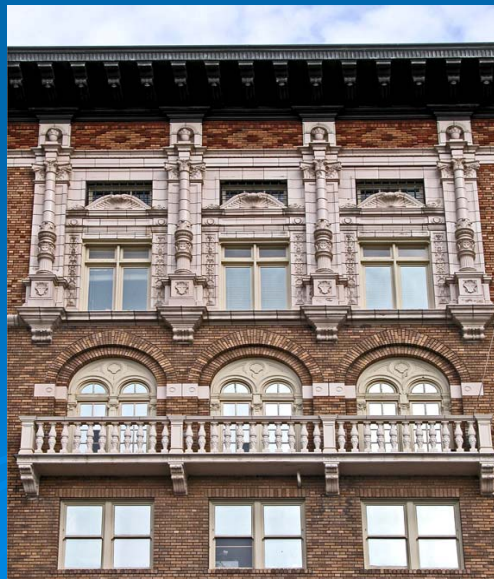
Tues., February 24, 6PM – McKay High School Commons
(Spanish-speaking meeting)

where you can tell us about your priorities for Salem.

Be Part of the Solution

Join the Conversation!

Take the funding priorities survey at
<http://www.cityofsalem.net/>



Be Part of the Solution

Join the Conversation!

On March 9, 2009 at 5:30 pm, City Council Chambers, input from the community conversations will be shared with the City Council and Budget Committee.

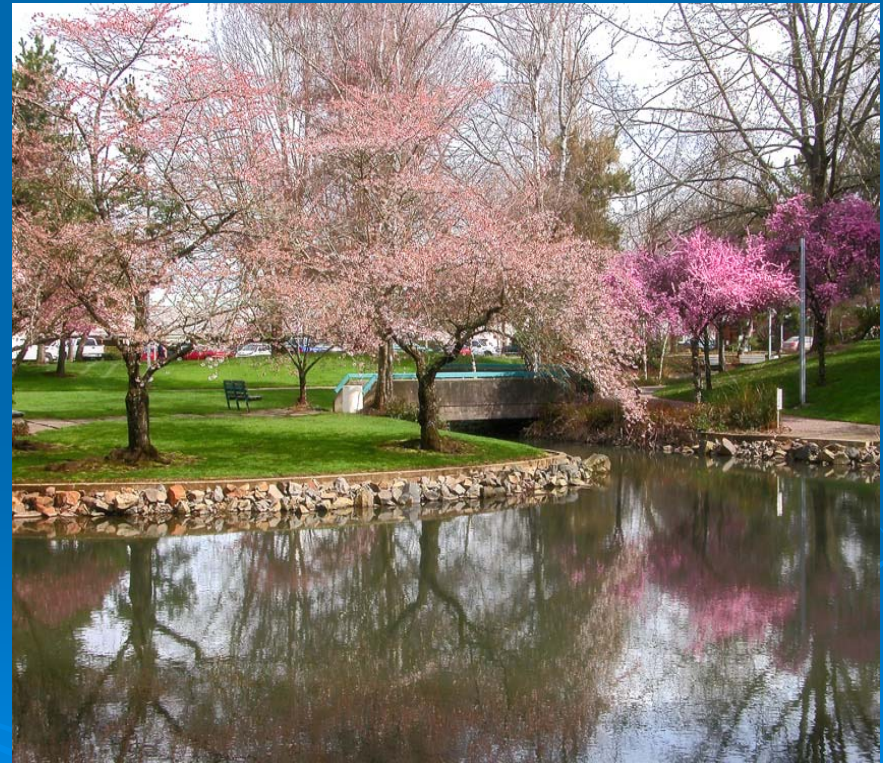


Photo by Cyndi Easterly