

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 22, 2026	STAFF LIAISON:
TIME:	6:00 PM	Josh Eggleston, Chief Financial Officer
CHAIRPERSON:	Paul Tigan	503-588-6130
		jeggleston@cityofsalem.net
PLACE:	Hybrid Meeting	Kali Leinenbach, Budget Manager
	Loucks Auditorium & 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.

<https://www.cityofsalem.net/government/city-council-mayor/about-city-council/comment-and-participate-in-a-city-council-meeting>

1. OPENING EXERCISES
2. PUBLIC TESTIMONY
 - a. Public comment from Linda Bierly (Salem Parks Foundation) regarding the Eco Earth Globe
 - This is the same correspondence from Ms. Bierly provided on April 15, 2026. Ms. Bierly requested it be provided a second time to the Committee.
3. MINUTES
 - a. Minutes from April 15, 2026 City of Salem and Urban Renewal Agency Budget Committee Meeting
4. ACTION ITEMS
 - a. Errata 1 – Capital Improvements Fund (Fisher Road Park Grant)
 - b. Errata 2 – Traffic Signals Operations and Maintenance Program / Strong and Diverse Economy Position Count
5. INFORMATION ITEMS
 - a. Staff Report: Summary of Budget Committee Actions Through April 15, 2026
 - b. Staff Report: Answers to Budget Committee member questions
 - c. FY 2025 Q4 Final Financial Report for the City of Salem
 - d. FY 2025 Q4 Final Financial Report for the Salem URA
 - e. FY 2026 Q2 Financial Report for the City of Salem
 - f. FY 2026 Q2 Financial Report for the Salem URA

6. PUBLIC HEARINGS

a. Capital Improvements Plan

Staff Report: Public Hearing on the Proposed Capital Improvement Plan for FY 2027 through FY 2031, Senior Fiscal Analyst, James Wharton-Hess

7. SPECIAL ORDERS OF BUSINESS

a. Result Area Budget Review – Safe, Reliable and Efficient Infrastructure, pages 141 – 169

- Overview by Chief Financial Officer Josh Eggleston
- Questions of staff and committee discussion

b. Urban Renewal Agency Proposed FY 2027 Budget

- Overview by Budget Manager Kali Leinenbach

c. Result Area Budget Review – Strong and Diverse Economy, pages 171 – 188

- Overview by Budget Manager Kali Leinenbach
- Questions of staff and committee discussion (for both the Proposed FY 2027 Urban Renewal Agency Budget and the Strong and Diverse Economy result area)

d. 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, April 29, 2026 at 6:00 pm. The following budgets are scheduled to be reviewed and actions to be taken:

- *Result Area: Good Governance, pages 53 – 87*
- *Result Area: Safe and Healthy Community, pages 115 - 140*
- *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 kblechschi@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: [Linda Bierly](#)
To: [budgetoffice](#)
Subject: [EXTERNAL]testimony for budget committee April 15 and April 22
Date: Monday, April 13, 2026 2:18:25 PM
Attachments: [SPF letter to the 2026 Budget Committee.pdf](#)
[Page 235 from Proposed City Budget Book FY 2027.pdf](#)

Hello,

I would like to submit the attachments as written testimony for the budget committee meetings on April 15 under Welcoming and Liveability and on April 22 under Facilities.

I would also like to offer oral testimony at these meetings.

Thank you,

Linda Bierly

Ward 8

2308 Ptarmigan St. NW

(503)884-9069

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Eco-Earth Globe Restoration and Funding Update

April 11, 2026

Overview of the Eco-Earth Globe

The Eco-Earth globe stands out as one of the primary tourist attractions in Riverfront Park, alongside the Hazel Patton Carousel and the A.C. Gilbert House. It is recognized as the largest and most unique piece in Salem's public art collection, officially designated as a local landmark by Salem's Historic Landmarks Commission. Additionally, the globe marks the starting point of the Pringle Path, which connects the Civic Center to Riverfront Park.

Funding the Eco-Earth Globe Restoration

Existing Public Support

There is broad public support for restoring the Eco-Earth globe, with community engagement evident in ongoing fundraising efforts.

Current Fundraising Status

- Grants and donations: **\$150,219.01** raised to date.
- Cultural Resources Economic Fund (CREF) legislative appropriation: **\$150,000** (time sensitive, expires June 2027)
- City's pledge: **\$112,000**
- Transit Occupancy Tax (listed in proposed 2027 budget p.235, project #722401: **\$83,620**

Restoration Cost Estimates (2025)

- Art Solutions Lab: **\$842,716.55**
- Architectural Resources Group: **\$1,371,476.16**

Fundraising History

In 2021, the City of Salem sought a repair estimate from Architectural Resources Group Consulting, funded through the Salem Public Arts Commission's maintenance fund. The

estimate at that time was **\$400,000**. The City committed **\$112,000** and tasked the Salem Parks Foundation (SPF) with raising the remaining **\$300,000**.

SPF has since secured **\$150,000** from private donors and grantors as well as **\$150,000** from the state 2023 CREF appropriation.

However, updated estimates in 2025 have expanded the scope of work and significantly increased the total cost, necessitating additional funding.

Possible Additional Funding Sources

Riverfront Downtown Urban Renewal Area

Transit Occupancy Tax

Continuing collaborating with partners for fundraising

Request for Budget Committee Support

The Salem Parks Foundation respectfully requests the Budget Committee's support in addressing the gap between the current Eco-Earth Globe budget line item—\$383,620 in total funding with \$10,000 authorized for expenditures—and the higher restoration costs identified in the 2025 professional estimates. Specifically, we request an adjustment to the existing line item to better align authorized funding and expenditures with the updated scope and cost of the project. Aligning the budget with the revised estimates is essential to advancing the restoration and preventing further deterioration of this landmark asset.



SALEM PARKS FOUNDATION
Rooted in the Past. Providing for the Future.

Linda Bierly, Treasurer
Salem Parks Foundation
(503) 884-9069

				Project No.	Budget / CIP Year	Neighborhood and Ward	Project Phase	General Fund	SDC Fees	Transient Occupancy Tax	Other Revenues	Total Funding	Budgeted Expenditures
FY 2027 Carryover Projects													
Park Improvements													
3.	Playground Equipment Replacement	716409	2017	Citywide / All Wards	Ongoing	\$ -	\$ -	\$ -	\$ 33,150	\$ 33,150	\$ -		
4.	Fairview Park Development, Phase I	719405	2020	Morningside Ward 3	Design	-	3,362,940	-	824,780	4,187,720	900,000		
5.	Riverfront Park Play Area Expansion	720401	2021	CAN-DO Ward 1	Construction	-	821,020	-	520,000	1,341,020	900,000		
6.	Riverfront Park Electrical Improvements	721400	2022	CAN-DO Ward 1	Construction	-	519,070	-		519,070	300,000		
7.	Battle Creek Park Improvements	721403	2022	South Gateway Ward 4	Planning	-	99,400	-	-	99,400	-		
8.	Eco-Earth Globe Rehabilitation at Riverfront Park	722401	2023	CAN-DO Ward 1	Planning	-	-	83,620	300,000	383,620	10,000		
9.	Sport Court Overlay Rehabilitation	722403	2023	Citywide / All Wards	Ongoing	-	-	-	24,000	24,000	-		
10.	Brown Road Park Development	722405	2023	NOLA Ward 6	Design	-	1,093,430	-	-	1,093,430	750,000		
11.	Bailey Ridge Park Development, Phase 1	722408	2023	SWAN Ward 7	Construction	-	605,330	-	-	605,330	305,330		
12.	Candalaria Reservoir Nature Play Area	723410	2024	SWAN Ward 7	Planning	-	-	-	15,000	15,000	-		
13.	Stella Street Park Interim Use Plan	724401	2025	ELNA Ward 6	Planning	-	139,560	-	-	139,560	120,610		
14.	Riverfront Park Amphitheater and Vendor Plaza Area Fencing	724402	2025	CAN-DO Ward 1	Design	-	-	100,000	-	100,000	-		
15.	Fisher Road Park Development, Phase 1	725402	2026	Northgate Ward 5	Design	-	1,144,160	-	1,000,000	2,144,160	320,000		
								\$ -	\$ 7,784,910	\$ 183,620	\$ 2,716,930	\$ 10,685,460	\$ 3,605,940
Master Plans													
16.	Comprehensive Park System Master Plan Updates	721405	2022	Citywide / All Wards	Ongoing	\$ -	\$ 440,200	\$ -	\$ -	\$ 440,200	\$ 50,000		
17.	Stephens-Yoshikai Park Master Plan	722407	2023	Northgate Ward 5	Planning	-	300,000	-	-	300,000	-		
								\$ -	\$ 740,200	\$ -	\$ -	\$ 740,200	\$ 50,000

MINUTES



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

DATE: Wednesday April 15, 2026
TIME: 6:00 PM

CHAIRPERSON: Paul Tigan

PLACE: Hybrid Meeting
Loucks Auditorium /Youtube

STAFF LIAISON:
Josh Eggleston, Chief Finance Officer
503-588-6130
jeggleston@cityofsalem.net
Kali Leinenbach, Budget Manager
503-588-6231
kleinenbach@cityofsalem.net

1. OPENING EXERCISES – The meeting was called to order at 6:03pm

Members present: Beleiciks, Nishioka, Brown (virtual), Manvel, Cohen, Matthews, Gwyn, Nordyke, Varney, Dixon, Fuller, Varney, Gier, Vice-chair Vieyra-Braendle, Chair Tigan (virtual).

Members absent: Murray, J. Hoy, Allen.

Pledge of Allegiance led by all

Chair Tigan provided some opening comments to welcome those to the Budget Committee, inform everyone on the Budget Committee process and expectation setting.

Chair Tigan informed the Committee about the additions agenda submitted which included one staff report, revised January 14, 2026 meeting minutes and written testimony.

Motion: Move to approve the additions agenda of April 15, 2026 for the City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Nishioka
Seconded by: Member Varney

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

2. PUBLIC TESTIMONY

a. Kathleen Trepa, Ward 7, Proposed FY 2027 Library Budget

- b. Jim Scheppke, Ward 2, Proposed FY 2027 Library Budget
- c. Linda Bierly, Ward 8, Salem Park Foundation, Eco Earth Globe
- d. Kevin Adams, Ward 1, infrastructure maintenance and the Salem Public Library

Question or comments: Member Nishioka

Answer or comments: Ms. Linda Bierly

3. MINUTES

- a. Minutes from January 14, 2026 City of Salem Budget Committee Meeting and Urban Renewal Agency Budget Committee Meeting. A revised version of these meeting minutes was provided to the Committee as part of their additions agenda.

Motion: Move to approve the meeting minutes from the January 14, 2026 City of Salem Budget Committee Meeting and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Nordyke

Seconded by: Member Nishioka

Questions or comments: None

Answers or comments: None

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

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

Questions or comments by: Member Manvel

Answers or explanations by: Josh Eggleston, Chief Financial Officer

6. PUBLIC HEARINGS

- a. None

7. SPECIAL ORDERS OF BUSINESS

- a. Opening Comments –City Manager Krishna Namburi

City Manager Krishna Namburi provided opening comments to the Budget Committee about the intentions behind the Proposed FY 2027 budget which includes delivering a balanced budget, looking for efficiencies, being dynamic in operations and how the City delivers services. This includes looking forward into the future beyond FY 2027. City Manager Namburi outlined the various pilot programs including their purpose and funding sources.

Questions or comments by: Member Dixon, Nishioka, Manvel, Matthews, Fuller

Answers or explanations by: Josh Eggleston, Chief Financial Officer, Kristin Retherford, Community Planning and Development Director, Krishna Namburi, City Manager

b. FY 2027 Proposed Budget

Josh Eggleston, Chief Financial Officer provided an overview of the FY 2027 Proposed Budget including information of how City funds operate, priority based budgeting and resources and expenditures.

Questions or comments by: Member Manvel, Fuller

Answers or explanations by: Krishna Namburi, City Manager, Josh Eggleston, Chief Financial Officer

c. Result Area Budget Review – Natural Environment Stewardship, pages 89 - 114

Kali Leinenbach, Budget Manager, presented a review of the proposed Natural Environment Stewardship result area budget.

Questions or comments by: Member Dixon, Manvel, Cohen

Answers or explanations by: Brian Martin, P.E., Public Works Director, Josh Eggleston, Chief Financial Officer, Mark Bectel, Assistant Public Works Director of Operations

d. Result Area Budget Review – Welcoming and Livable Community, pages 189-222

Josh Eggleston, Chief Financial Officer, presented a review of the proposed Welcoming and Livable result area budget.

Questions or comments by: Member Gier, Dixon, Cohen, Nishioka, Manvel, Fuller, Nordyke, Matthews

Answers & explanations by: Rob Romanek, Parks Planning Manager, Josh Eggleston, Chief Financial Officer, Gretchen Bennett, Community Services Director, Courtney Knox Busch, Assistant City Manager

e. Committee Discussion

The Committee had a period of open discussion.

Questions or comments by: Member Manvel, Dixon, Cohen

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

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. ADJOURNMENT

The meeting was adjourned at 7:54 PM

Respectfully Submitted,

Kelli Blechschmidt
Minutes Recorder

The next Budget Committee meeting will be online and in-person on Wednesday, April 22, 2026 at 6:00 pm in Loucks Auditorium for continued presentation of the City Manager's proposed FY 2027 budget.

Result Area: Safe, Reliable and Efficient Infrastructure, pages 141 – 169

Result Area: Strong and Diverse Economy, pages 171 – 188

Urban Renewal Agency, book 2

CIP Public Hearing

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.

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TO: Budget Committee
THROUGH: Krishna Namburi, City Manager
FROM: Josh Eggleston, Chief Financial Officer
SUBJECT: Errata Sheet 1 – Capital Improvement Project page 235, and corresponding summaries

ISSUE:

To inform the Budget Committee about errors and corrections, or updated information regarding the Proposed FY 2027 City of Salem Budget

RECOMMENDATION:

1. Accept changes to the Capital Improvement Project page 235, and various corresponding summaries. There is a budgetary impact to these changes.

SUMMARY AND BACKGROUND:

Errata sheets are used in the budget process to identify and correct errors in 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:

After publication of the budget book, the City learned it was awarded a grant from the Oregon Department of Parks and Recreation for \$2,165,210 for work at Fisher Road Park. The City initially anticipated \$1,000,000 in revenue from this grant award which was included in the budget, but in order to reflect the higher grant amount, revenue and corresponding expenditure in the FY 2027 budget, an errata has been created. This action will add \$1,165,210 in budgeted revenue. It will also add \$2,180,000 to the \$320,000 in budgeted expense to the Capital Improvement Fund budget.

Kelli Blechschmidt
Management Analyst II

Attachments:

1. Errata Sheet 1 replacement pages

	Project No.	Budget / CIP Year	Neighborhood and Ward	Project Phase	General Fund	SDC Fees	Transient Occupancy Tax	Other Revenues	Total Funding	Budgeted Expenditures	
FY 2027 Carryover Projects											
Park Improvements											
3.	Playground Equipment Replacement	716409	2017	Citywide / All Wards	Ongoing	\$ -	\$ -	\$ -	\$ 33,150	\$ 33,150	\$ -
4.	Fairview Park Development, Phase I	719405	2020	Morningside Ward 3	Design	-	3,362,940	-	824,780	4,187,720	900,000
5.	Riverfront Park Play Area Expansion	720401	2021	CAN-DO Ward 1	Construction	-	821,020	-	520,000	1,341,020	900,000
6.	Riverfront Park Electrical Improvements	721400	2022	CAN-DO Ward 1	Construction	-	519,070	-		519,070	300,000
7.	Battle Creek Park Improvements	721403	2022	South Gateway Ward 4	Planning	-	99,400	-		99,400	-
8.	Eco-Earth Globe Rehabilitation at Riverfront Park	722401	2023	CAN-DO Ward 1	Planning	-	-	83,620	300,000	383,620	10,000
9.	Sport Court Overlay Rehabilitation	722403	2023	Citywide / All Wards	Ongoing	-	-	-	24,000	24,000	-
10.	Brown Road Park Development	722405	2023	NOLA Ward 6	Design	-	1,093,430	-	-	1,093,430	750,000
11.	Bailey Ridge Park Development, Phase 1	722408	2023	SWAN Ward 7	Construction	-	605,330	-	-	605,330	305,330
12.	Candalaria Reservoir Nature Play Area	723410	2024	SWAN Ward 7	Planning	-			15,000	15,000	-
13.	Stella Street Park Interim Use Plan	724401	2025	ELNA Ward 6	Planning	-	139,560	-	-	139,560	120,610
14.	Riverfront Park Amphitheater and Vendor Plaza Area Fencing	724402	2025	CAN-DO Ward 1	Design	-		100,000	-	100,000	-
15.	Fisher Road Park Development, Phase 1	725402	2026	Northgate Ward 5	Design	-	1,144,160		2,165,210	3,309,370	2,500,000
						\$ -	\$ 7,784,910	\$ 183,620	\$ 3,882,140	\$ 11,850,670	\$ 5,785,940
Master Plans											
16.	Comprehensive Park System Master Plan Updates	721405	2022	Citywide / All Wards	Ongoing	\$ -	\$ 440,200	\$ -	\$ -	\$ 440,200	\$ 50,000
17.	Stephens-Yoshikai Park Master Plan	722407	2023	Northgate Ward 5	Planning	-	300,000	-	-	300,000	-
						\$ -	\$ 740,200	\$ -	\$ -	\$ 740,200	\$ 50,000

	Project No.	Budget / CIP Year	Neighborhood and Ward	Project Phase	General Fund	SDC Fees	Transient Occupancy Tax	Other Revenues	Total Funding	Budgeted Expenditures	
Land Acquisitions											
18.	Rees Hill Road Park Property Acquisition	717415	2019	South Gateway Ward 4	Closeout	\$ -	\$ 149,720	\$ -	\$ -	\$ 149,720	\$ 149,720
19.	Future Park Land Acquisition	719406	2020	Citywide / All Wards	Ongoing	-	265,760	-	-	265,760	-
20.	Fabry Natural Area Property Acquisition	723407	2024	South Gateway Ward 4	Developer Dependent	-	227,940	-	-	227,940	227,940
21.	Willamette Valley View Neighborhood Park Property	723408	2024	South Gateway Ward 4	Developer Dependent	-	385,000	-	-	385,000	-
22.	Fairgrounds Area Park Property Acquisition	723409	2024	Other Ward 5	Planning	-	431,570	-	-	431,570	-
					\$ -	\$ 1,459,990	\$ -	\$ -	\$ 1,459,990	\$ 377,660	
Other											
23.	City Entranceways	716403	2017	Citywide / All Wards	Ongoing	\$ -	\$ -	\$ -	\$ 25,890	\$ 25,890	\$ -
24.	Minto Island Conservation Area Restoration, Phase 3	724404	2024	Citywide / All Wards	Ongoing	-	-	-	330,410	330,410	150,000
					\$ -	\$ -	\$ -	\$ 356,300	\$ 356,300	\$ 150,000	
Developer Reimbursements											
25.	Fabry Natural Area - Developer Reimbursement - Excess of Credits	723406	2024	South Gateway Ward 4	Construction	\$ -	\$ 239,920	\$ -	\$ -	\$ 239,920	\$ 239,920
					\$ -	\$ 239,920	\$ -	\$ -	\$ 239,920	\$ 239,920	
General											
26.	Parks - Unspecified	998694		Citywide / All Wards		\$ -	\$ 3,322,590	\$ -	\$ 125,450	\$ 3,448,040	\$ 1,050,000
27.	Minto-Brown Island Park - Unspecified	998697		Citywide / All Wards		-	-	-	100,000	100,000	-
28.	Parks - SDC Administration	998714		Citywide / All Wards		-	114,220	-	-	114,220	64,740
29.	Opportunity Grant	998715		Citywide / All Wards		-	1,000,000	-	1,000,000	2,000,000	750,000
					\$ -	\$ 4,436,810	\$ -	\$ 1,225,450	\$ 5,662,260	\$ 1,864,740	
Total					\$ 60,000	\$ 14,881,830	\$ 183,620	\$ 5,691,100	\$ 20,816,550	\$ 8,723,260	

Total Resources	\$ 20,816,550
Total Project Expenditures	\$ 8,723,260
Unappropriated Balance	\$ 12,093,290

TO: Budget Committee
THROUGH: Krishna Namburi, City Manager
FROM: Josh Eggleston, Chief Financial Officer
SUBJECT: Errata Sheet 2 – Corrections to the Safe, Reliable and Efficient Infrastructure Result Area programs, pages 153-154 and the Strong and Diverse Economy summary, page 177

ISSUE:

To inform the Budget Committee about errors and corrections, or updated information regarding the Proposed FY 2027 City of Salem Budget

RECOMMENDATION:

Accept changes to the Safe, Reliable and Efficient Infrastructure Result Area, pages 153-154 and Strong and Diverse Economy, page 177. There is no budgetary impact from 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, it was found that page 153 was missing the Traffic Signals Operations and Maintenance program. As a result, the Public Works Department Total on page 154 also needed to be updated. This program was included in the total budget and reflected in all other displays. This action corrects the program display in the proposed budget book.

On page 177, the total number of positions listed for the Strong and Diverse Economy Result Area in the summary table is incorrect. The number should have been shown as 21.35 and was displayed correctly in other sections of the document.

There are no budgetary impacts from either of these changes.

Kelli Blechschmidt
Management Analyst II

Attachments:

1. Errata Sheet 2 replacement pages

2. Public Works Department Transportation Summary of Services and Programs

FY 2027

Program								
Budget	Staff	Alignment						

Transportation Services Fund Programs and FTE

Business, Data, and Technology Services	214,000	0.00	More	3	3	4	1	2
Capital Improvements Transfer	388,720	0.00	Capital improvement transfers not scored					
Contingencies	500,000	0.00	Contingencies not scored					
Operational and Technology Transfers	3,309,810	0.00	Operating / technology transfers not scored					
Road Surface Maintenance	4,439,970	9.80	More	1	2	4	2	2
Sidewalk Maintenance	2,999,180	11.87	More	1	2	4	2	2
Traffic Engineering	980,360	4.00	More	1	3	4	2	2
Traffic Markings Traffic Markings, Street Sign, and Right of Way Maintenance	3,304,550	11.02	More	2	2	4	2	2
Traffic Signals Operations and Maintenance	3,198,200	7.00	More	1	3	4	2	2
Transportation Infrastructure Planning	445,160	2.00	Most	2	3	4	4	2
Utility Trench Patching	1,881,780	10.74	More	0	0	4	2	2
Total Transportation Services Fund	\$ 21,661,730	56.43						

2. Public Works Department Transportation Summary of Services and Programs

FY 2027

Program

Budget

Staff

Alignment



Streetlight Fund Program

Program	Budget	Staff	Alignment						
Contingencies	200,000	0.00	Contingencies not scored						
Debt Service - Streetlights	220,560	0.00	Debt Service not scored						
Operational and Technology Transfers	527,530	0.00	Operating / technology transfers not scored						
Streetlight Operations and Maintenance	1,738,300	0.00	More	2	3	4	2	2	
Total Streetlight Fund			\$	2,686,390	0.00				

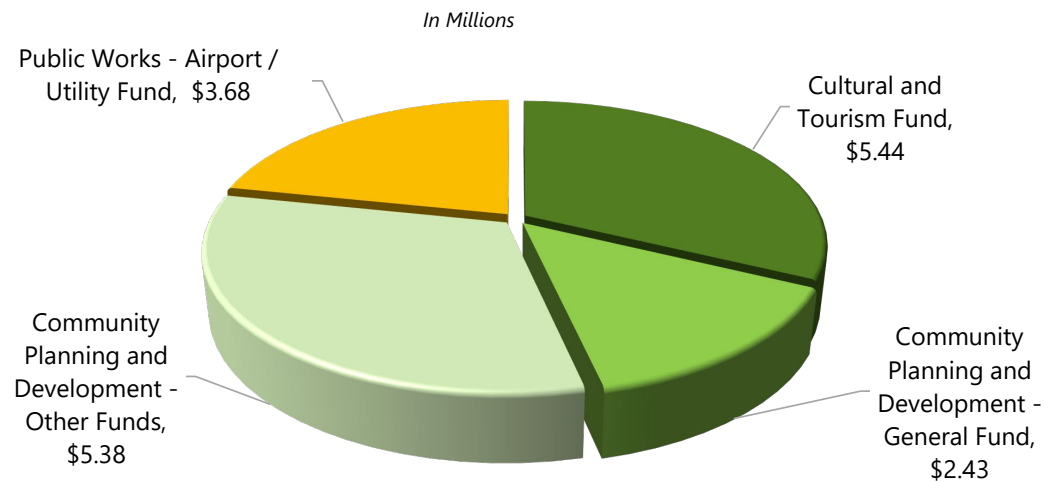
Total Public Works Department **\$ 24,348,120** 56.43

Strong and Diverse Economy FY 2027 Budget Overview

The City is required to display all phases of the budget - the initial proposal from the City Manager, the recommendation of the Budget Committee, and the result adopted by the City Council. The columns in the numeric table (below) will be populated with numbers when each phase of the budget process is completed. Capital projects appear in the Capital Improvements section of the budget document.

Expenditures	Mgr Rec FY 2027	BC Rec FY 2027	Adopted FY 2027	% of Total
Result Area - All Funds				
Personal Services	\$ 3,023,840			17.9%
Materials and Services	8,680,780			51.3%
Capital Outlay	1,414,250			8.4%
Debt Service	224,490			1.3%
Contingencies	577,400			3.4%
Interfund Transfers	3,010,320			17.8%
Total Expenditures - All Funds	\$ 16,931,080			
<i>Total Number of Positions</i>	21.35			

Strong and Diverse Economy Result Area Expenditures by Department / Program Grouping



TO: Budget Committee Members

THROUGH: Krishna Namburi, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Summary of Budget Committee Actions Through April 15, 2026

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 2027 proposed budget review process, which includes weekly meetings from April 15, 2026 through May 6, 2026. 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.

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.

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 2027 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.

Summary of Correspondence Received by the Budget Committee
As of April 15, 2026

Subject	From	Agenda
1. Salem Public Library (two pieces of correspondence)	Jim Scheppke	4/15/2026
2. Eco Earth Globe	Linda Bierly - Salem Parks Foundation	4/15/2026
3. Salem Public Library	Alice LaViolette	4/15/2026
4. Salem Public Library	Christine Chute	4/15/2026
5. Salem Public Library	Zoey Harper	4/15/2026

For the Budget Committee Meeting of: April 22, 2026
Agenda Item No.: 5.b.

TO: Budget Committee Members

THROUGH: Krishna Namburi, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Responses to Committee Member Questions

SUMMARY:

Committee members asked for some additional information on items during and since their April 15, 2026, meeting. In the interest of sharing information and increasing understanding, the questions and responses are compiled in this document for the benefit of the entire committee. If questions have been submitted by members, but do not appear on this document, they will be addressed on a later report.

ISSUE:

Responses to member questions through April 16, 2026.

RECOMMENDATION:

Information only.

BACKGROUND:

- 1) How many employees are non-represented, and impacted by the increase in health insurance premiums? Of those, how many are managers versus other non-represented?

As of April 2026, there are 277 filled non-represented positions and of those, 233 are eligible to supervise or manage employees based on their classification. While this budget includes an adjustment to the non-represented employee share of health insurance premiums, we will continue to look for fair and sustainable ways to share the rising cost of health care across the organization over time.

- 2) I noticed the administrative analyst moving to parking services (page 200). In looking for efficiencies in providing parking services, is the City using automated license plate readers (LPR) at all - perhaps just hand-held is what we're using? I've seen parking enforcement walk the block, instead of driving through like in Eugene or using pole-mounted LPR systems like in Bend, which seem to be more time-efficient (and staff-efficient) approaches in the long term, albeit with upfront capital costs.

The City is in the early stages of considering the use of various technology improvements for parking enforcement. Community Planning and Development plans to further research the possibilities for deploying technology to improve efficiencies in parking enforcement in Fiscal Year 2027 and depending on the result

of that work, may request associated resources in the FY 2028 budget. Community Planning and Development will work with Information Technology to find the most effective solution.

The intent of the administrative analyst position moving from Code Compliance to Parking Services is to better align forecasted administrative workload within the General Fund portion of the department without impacting the Fund overall. This position will not perform any parking enforcement duties that could be more efficiently performed with the deployment of new technology.

3) What is opioid settlement money currently used for?

Below is a five-year forecast for Opioid Settlement funds that includes the proposed two additional Homeless Services Team police officer positions, beginning mid-FY 2027. The forecast only includes known settlement revenue amounts. The City is not able to predict the revenue that might materialize as a result of opioid producer settlements that are still pending.

Based on the current forecast, Opioid Settlement fund balance is expected to last through FY 2031.

OPIOID SETTLEMENT FY 2027 - FY 2031 SUMMARY (in Thousands)						
	FY 2026 YEE	FY 2027 F	FY 2028 F	FY 2029 F	FY 2030 F	FY 2031 F
Beginning Fund Balance	\$ 2,573	\$ 2,317	\$ 2,095	\$ 1,602	\$ 1,168	\$ 712
Revenues	\$ 740	\$ 728	\$ 679	\$ 772	\$ 784	\$ 694
TOTAL RESOURCES	\$ 3,313	\$ 3,045	\$ 2,774	\$ 2,374	\$ 1,952	\$ 1,406
Youth Substance Use Prevention Program	\$ 211	\$ 226	\$ 232	\$ 239	\$ 247	\$ 254
SHA Grant for Redwood Crossings	250	-	-	-	-	-
First Responder Wellness	70	50	50	50	50	50
SPD Homeless Services Team (2 Officers)	460	479	493	508	523	539
SPD Homeless Services Team (2 Additional Officers)	-	191	393	405	417	429
Other Costs*	5	4	4	4	3	3
NET EXPENDITURES	\$ 996	\$ 950	\$ 1,173	\$ 1,206	\$ 1,240	\$ 1,275
Fiscal Year Impact	\$ (257)	\$ (221)	\$ (494)	\$ (434)	\$ (456)	\$ (581)
Ending Fund Balance	\$ 2,317	\$ 2,095	\$ 1,602	\$ 1,168	\$ 712	\$ 131

Change to Fund Balance



*Includes Naloxone for Police and Fire departments and banking and investment fees

4) What is the mix of housing units in the Housing Production Strategy compared to actuals based on building permits?

The Housing Production Strategy (HPS) refers to Salem’s need for 23,355 new housing units for the period of 2015 to 2035 based on the most recent Housing Needs Analysis report, but it does not provide a breakdown of total housing need by housing type. Instead, the HPS focuses on different populations in Salem who have unmet housing needs. Attachment 1 is Exhibit 6 from the HPS, which describes

Page 3

these populations and the scale and type of housing they need (over a 6-year period).

Based on building permit data, the City has permitted roughly 10,510 housing units from 2015 through the end of 2025, which represents 45% of Salem's housing need through 2035. Here is the breakdown of permitted housing units from 2015 through 2025:

- 40% single family
- 6% middle housing and accessory dwelling units
- 54% multifamily

City staff plan to give an update on the Housing Production Strategy and associated actions at the City Council meeting on May 11. This will include a focus on the City's work to improve the permitting process.

These findings underscore the need for targeted efforts to address the unique housing challenges faced by various groups in Salem. Exhibit 6 highlights those different housing needs.

Exhibit 6. Populations with Unmet Housing Needs

Target Population	Scale and Characteristics of Need	Meeting Future Need
Extremely Low Income (<30% MFI)	21% of total households <ul style="list-style-type: none"> • 14,209 existing households • 1,402 new units for 6-year period⁴ Afford up to \$780 per month 23% of Renters of Color had income below 30% of MFI in Salem, compared to the overall renter average of 21%	New subsidized housing; preserving existing income-restricted housing
Very Low Income (30% to 60% MFI)	19% of total households <ul style="list-style-type: none"> • 12,762 existing households • 911 new units for 6-year period Afford up to \$1,370 per month 24% of Renters of Color had income between 30% and 50% of MFI in Salem, compared to the overall renter average of 20%	New subsidized housing; preserving existing “naturally occurring affordable housing”
Low Income (60% to 80% MFI)	12% of total households <ul style="list-style-type: none"> • 8,543 existing households • 1,332 new households Afford up to \$1,830 per month 21% of Renters of Color had income between 50% and 80% of MFI in Salem, compared to the overall renter average of 24%	New subsidized housing; preserving existing “naturally occurring affordable housing”
Middle Income (80% to 120%)	19% of total households <ul style="list-style-type: none"> • 13,084 existing households • 1,472 new households Afford up to \$2,280 per month	New market-rate rental housing and smaller market rate homes for ownership; preserve existing smaller, older homes
People of Color (POC), including Latine	The largest community of color is Latine, accounting for 51,360 or 29% of people in Salem.	Increased access to affordable housing options; housing for multigenerational households;

⁴ The projections in this table are from the *Salem Housing Needs Analysis 2015 to 2035* report, which was adopted by the City in 2020. The 2015-2035 HNA used slightly different income levels than the rest of this HPS (30%-50% MFI instead of 30%-60%, and 50%-80% MFI instead of 60%-80%). The amount of new households is based on a 6-year need.



Target Population	Scale and Characteristics of Need	Meeting Future Need
	<p>Latino households had lower median incomes (about \$49,600) compared to the overall median for Salem households (\$70,200). Latino and most other Households of Color were more likely to occupy a multifamily unit and more likely to rent than white households.</p> <p>Households of Color were more likely to be cost burdened, especially as homeowners, more frequently than white households.</p> <p>People of Color are more likely to have income below 80% of MFI and be renters than the overall average for Salem.</p> <p>Salem has a racial or ethnic concentration of poverty in Northeast Salem.</p>	<p>access to housing in areas with access to services and public transportation; access to housing without discrimination</p>
<p>Immigrant community, including refugees</p>	<p>15% of Salem residents are considered foreign born in 2022, an estimated 25,852 people. Latin America has the largest representation within this group (67%).</p>	<p>Culturally-considerate housing; increased access to affordable housing options; housing for multigenerational households; access to housing without discrimination</p>
<p>People with a Disability</p>	<p>16% of Salem’s population have a disability</p> <p>Housing need for 6 year period: 1,122 new units (16% of total need)</p>	<p>Housing with accessibility features that meet their needs; access without discrimination; access to services; access to public transportation</p>
<p>Seniors</p>	<p>22% of Salem residents are 60+, 38,641 people.</p> <p>Marion and Polk Counties are forecast to have growth of 37,380 people 60 years and older through 2040.</p> <p>People over 60 years old are more likely to be homeowners than people younger than 60 in Salem.</p>	<p>Single-level housing; access without discrimination; access to services; access to public transportation; ability to age in place</p>
<p>People Experiencing Homelessness</p>	<p>Estimated 1,683 individuals experiencing homelessness in the Salem/Marion, Polk County Continuum of Care as of 2023.</p>	<p>Emergency assistance and shelter; permanent supportive housing; transitional housing; deeply affordable units</p>



Target Population	Scale and Characteristics of Need	Meeting Future Need
	<p>Salem had an estimate of 750 unsheltered homeless people in 2021 and 687 in 2022.</p> <p>Estimated 1,241 students experiencing homelessness in the Salem-Keizer School District in 2022-2023.</p>	

CITY OF SALEM FINANCIAL PERFORMANCE YEAR END FY 2025

The City's funds can be broken down into four categories: Governmental, Proprietary, Capital, and Debt funds. Governmental funds are those supported by taxes and fees that provide a communitywide benefit. Proprietary funds operate like a business and are capable of adjusting their fees for services to cover their costs but are not directly supported by taxes. Finally, Capital and Debt funds facilitate the financing of large projects throughout the City like road construction and building renovations.

	Favorable Impact	Adverse Impact <10%	Adverse Impact >10%
	<u>Year over Year Resources</u>	<u>Year over Year Expenses</u>	<u>Change from Beginning to Ending Fund Balance</u>
Governmental Funds:	-0.10%	5.50%	-13.98%
Proprietary Funds:	6.55%	10.79%	-1.73%
Capital Funds:	-1.48%	-17.97%	4.30%
Debt Fund:	8.47%	6.09%	24.66%

Fund Watchlist

The City's Budget staff have identified several funds that are not fiscally healthy and where continued financial challenges are anticipated.

General Fund:	2.63%	5.16%	-9.70%
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Expenses continued to outpace revenues in the General Fund for FY 2025 and fund balance declined by 9.7%. With passage of the local option levy and dedicated revenue to fund Community Services in FY 2026, this trajectory is expected to improve but there is still a structural imbalance in the fund.

Transportation Services Fund:	6.56%	6.68%	6.34%
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The Transportation Services Fund is primarily funded by state gas tax which is projected to increase at a rate that wont keep up with expenses.

Airport Fund:	11.22%	32.12%	-37.77%
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With Commercial Air Service stopping in FY 2025 and continued staffing expenses while trying to attract another airline, fund balance has dropped significantly even with a subsidy from the General Fund. Decisions will need to be made about this service soon to keep the fund solvent.

Risk Self Insurance Fund:	6.78%	9.62%	-11.47%
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In recent years, insurance premiums and claims have increased significantly, causing higher expenses that have lowered the Fund's reserve balance. This trend likely means high rate increases into the future.

Downtown Parking Fund:	10.38%	22.78%	-96.67%
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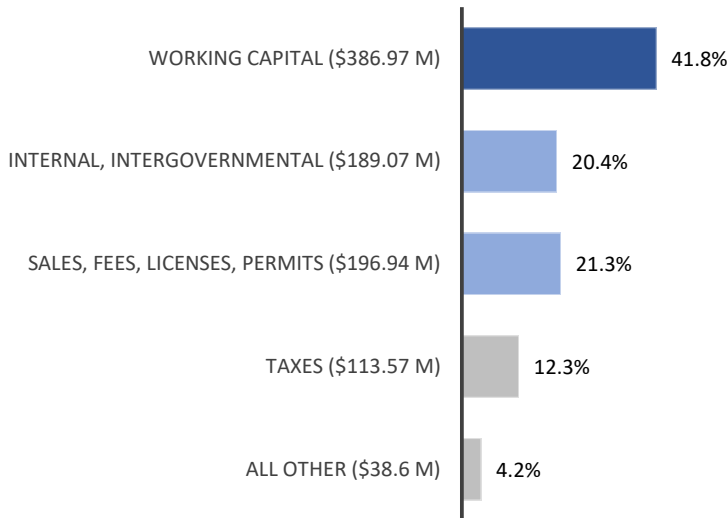
The Downtown Parking Fund has been in a structural decline for several years. With the introduction of paid on street parking in FY 2026 and revenues coming in as expected, this fund will likely come off the watchlist next year.

CITY OF SALEM FINANCIAL PERFORMANCE Year End FY 2025

This financial summary provides FY 2025 year-end results that include July 2024 through June 2025. 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 2025 activity.

Citywide Results - All Funds

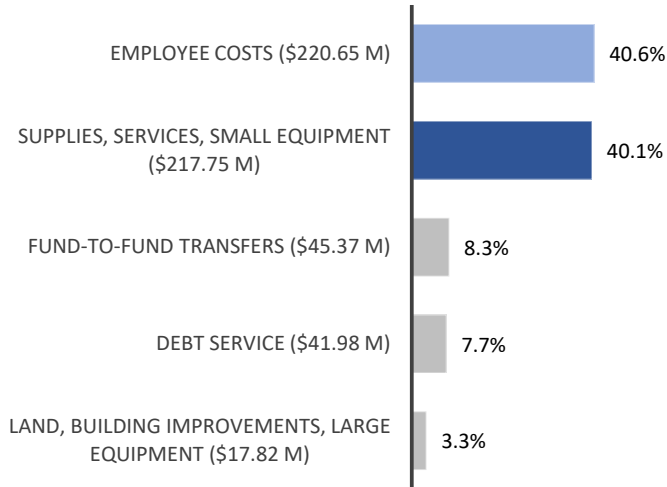
Total Resources of \$925.15 Million



This view of Citywide resources reveals the prominence of *Working Capital*—or cash-on-hand—at 41.8 percent of all fund resources. This is an decrease from 43.4 percent from the prior year. *Taxes* include property tax for General Fund operations and levies to pay debt service on voter-approved general obligation bonds, transient occupancy tax, and local marijuana sales tax. The category with *Sales, Fees* includes customer-paid fees for utilities, franchise fees, building permits, ambulance services, and system development charges. *Internal and Intergovernmental* includes insurance premiums, state shared revenues, transactions between funds, and grants. *All Other* includes fines, penalties, and insurance reimbursements as well as non-operating activity like sale of assets, interest, and rents.

Total Expenditures of \$543.57 Million

Everything associated with the cost of more than 1,423.5 full-time equivalent employees by fiscal year end—wages, overtime, insurances, and retirement benefits—is included in *Employee Costs*. 71.0 percent of *Supplies, Services, Small Equipment* were expended in just five of the City’s 25 funds—Capital Improvements, Extra Capacity Facilities, Self Insurance Benefits, Utility, and the General Fund.



BY THE NUMBERS Expenditures

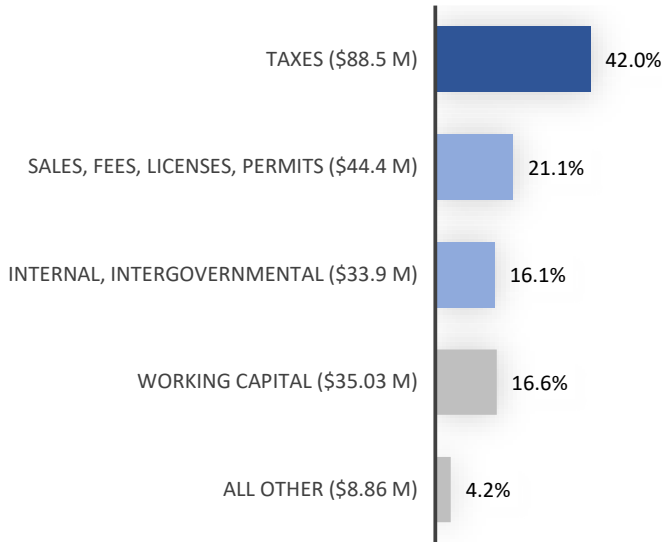
Total personnel expenditures increased by 7.5 percent year over year. The increase in total expenditures is influenced by both anticipated cost escalators and mid-year adjustments, mid-year position changes, and labor contract impacts like market adjustments to salaries and the corresponding increase to PERS expense and health benefits expense. Materials and services experienced a decrease in expenditures of 3.2 percent year over year due to the completion of large construction projects in Fiscal Year 2024 like the Public Works Operations Building and the Geren Island filter replacement.

CITY OF SALEM FINANCIAL PERFORMANCE Year End FY 2025

This financial summary provides FY 2025 year-end results that include July 2024 through June 2025. 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 2025 activity.

General Fund Results

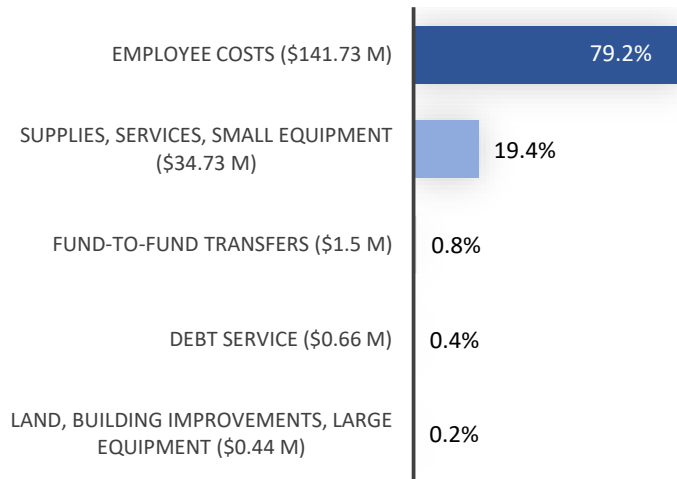
Total Resources of \$210.7 Million



Total resources for FY 2025 in the General Fund equal \$210.7 million, representing \$35.0 million in working capital and \$175.7 million in new revenues. This represents a decrease from the prior year of \$1.5 million in working capital. Property taxes account for \$87.1 million in the category, *Taxes*, with the remaining \$1.4 million from the City's sales tax on marijuana. *Sales, Fees, Licenses, Permits* includes over \$22.7 million in franchise fees, \$14.6 million from the City's operation fee, \$2.4 million in planning-related revenues, and fire-related fees and permits of \$2.1 million. Internal charges, including the cost for support services assessed to other City funds for services housed in the General Fund— such as Legal, Human Resources, Finance, and Information Technology— provide over \$12.3 million of the \$33.9 million in the *Internal and Intergovernmental* category. Revenues shared by the State of Oregon add another \$6.8 million. *All Other* revenue includes \$1.5 million in earned interest and almost \$2.7 million in court fines and photo radar enforcement fines.

Total Expenditures of \$179.1 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, Salem Public Library, and the support services that benefit all City departments and funds. At year end, expenditures for these services equaled \$179.1 million, representing a 5.16 percent increase over FY 2024. The largest expenses in the General Fund are for the employees that provide valued City services. Unlike some other funds, such as the Utility that maintains large infrastructure system and are capital heavy, the General Fund's main expenditures are for personnel-related items like wages, taxes, benefits, and retirement.



Future Outlook

FY 2025 expenditures exceeded revenues by \$3.4 million, reducing available working capital. The trend of expenditures growing faster than revenue is expected to continue in future years. With passage of the local option levy, providing a dedicated funding source for Community Services including Center 50+, Parks, Recreation, and the Salem Public Library, the negative trajectory of the General Fund has slowed. In FY 2026, working capital is expected to increase slightly, disrupting the trend of spending fund balance down each year to pay for General Fund services. This new revenue source gives the City time to develop a long-term strategy to address the structural imbalance in the General Fund.

CITY OF SALEM FINANCIAL PERFORMANCE Year End FY 2025

General Fund Revenues

		Actual to Budget	Year-over-Year
<p>Property Tax—In FY 2025, the largest revenue source for the General Fund, received 3.2% more revenue than last year's actuals. The total year-over-year increase was \$2.7 million.</p>	<p>74.54 77.82 81.56 84.43 87.13</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	99.2%	3.2%
<p>Franchise Fees—From last fiscal year, telephone declined by 3.1%, cable TV was reduced 8.8%, and natural gas decreased by 3.3%. Electric, solid, and water / sewer fees all increased for a total increase year over year of 4.7%.</p>	<p>18.82 19.96 20.89 21.70 22.73</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	99.1%	4.7%
<p>Internal Charges—The reimbursement for support services from other departments and funds as well as transfer revenue between funds increased in total by \$1.6 million. This drove the year-over-year increase of 5.0%.</p>	<p>17.75 19.51 20.88 23.61 24.79</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	90.7%	5.0%
<p>Marijuana Sales Tax—After several years of growth, in FY 2023 there was a reduction in marijuana revenue. After this rebasing, the revenue source has been relatively flat for several years.</p>	<p>1.58 1.78 1.30 1.40 1.37</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	91.5%	-2.0%
<p>State Shared Revenues—After several years of stable revenues this revenue source has been in decline. This year, there was a decrease of 12.8% as all lines saw a decrease except for marijuana.</p>	<p>7.58 7.44 7.89 7.80 6.80</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	82.3%	-12.8%
<p>Fees, Permits—This category experienced an \$1.8 million increase compared with last fiscal year or 9.8% over FY 2025. The largest increases were in planning-related fees and the City operations fee.</p>	<p>13.20 15.93 15.73 20.81 22.84</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	105.6%	9.8%
<p>Other Agencies, Grants, All Other Revenue—A \$1.8 million FEMA grant for Parks received in FY 2024 offset \$2 million received for lease of State Street by the Capitol building. Higher conflagration and Salem Housing Authority reimbursements totaling \$558 thousand and decreases in Civil Penalties and Marion County reimbursement for Behavioral Health totaling \$464 thousand, bring the total increase to 11.6% over FY 2024.</p>	<p>15.07 19.21 8.65 8.97 10.01</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	134.0%	11.6%
<p>Beginning Fund Balance—Fund Balance decreased by \$1.5 million in FY 2025 due expenditures exceeding resources as previous years' one time funds have been eliminated. This is a 4.2% reduction in Beginning Fund Balance and represents 0.9% of expenditures.</p>	<p>24.97 30.91 40.68 36.58 35.03</p> <p>FY 2021 FY 2022 FY 2023 FY 2024 FY 2025</p>	107.1%	-4.2%

CITY OF SALEM FINANCIAL PERFORMANCE Year End FY 2025

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	\$ -	\$ 0.44	\$ -	\$ -	\$ -	97.9%	16.8%
Municipal Court	1.84	0.69	-	-	-	91.3%	13.6%
City Manager	1.20	0.08	-	-	-	76.1%	3.9%
Human Resources	2.44	0.40	-	-	-	90.8%	18.8%
Customer Service Center	0.70	0.04	-	-	-	77.9%	-9.0%
Legal	2.65	0.30	-	-	-	93.2%	1.2%
Finance	3.79	0.31	-	-	-	92.5%	11.6%
Parks and Recreation	9.75	3.46	0.00	0.01	-	93.6%	1.3%
Facilities Services	3.86	1.54	-	0.12	-	97.1%	6.3%
Community Development	4.71	1.18	-	0.01	-	86.2%	5.8%
Library	4.18	0.89	-	-	-	87.4%	6.1%
Police	49.78	12.23	-	-	-	99.0%	7.8%
Fire	44.07	6.50	0.23	-	-	98.7%	2.6%
Information Technology	10.11	2.68	0.21	-	-	82.1%	9.8%
Non Departmental	0.02	3.59	-	1.36	0.66	69.1%	3.0%
Urban Development	2.62	0.41	-	-	-	74.8%	-17.6%
Total Expenditures	\$ 141.73	\$ 34.73	\$ 0.44	\$ 1.50	\$ 0.66		

BY THE NUMBERS Expenditures

General Fund FY 2025 year-end expenditures total \$179.1 million which is \$12.1 million or 6.4 percent lower than the adopted budget. The \$8.8 million or 5.2 percent year-over-year increase in total spending is influenced by cost escalators, such as labor contract / mid-year 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 2025

Other Funds (in millions)

Expenditures by Fund (in millions)	Actual to Budget - FY 2025	Year - over - Year	Fund Revenues 5-Year Trend, FY 2021-FY 2025
Transportation Services \$ 18.88	88.1%	6.7%	
Personal Services 8.14			
Materials & Services 9.95			
Capital Outlay 0.26			
Interfund Transfers 0.53			
Streetlight \$ 2.19	87.9%	6.7%	
Materials & Services 1.47			
Interfund Transfers 0.50			
Debt 0.22			
Airport \$ 3.19	88.5%	32.1%	
Personal Services 1.19			
Materials & Services 1.78			
Debt 0.22			
Community Renewal \$ 3.37	38.9%	-26.7%	
Materials & Services 2.64			
Capital Outlay 0.73			
Downtown Parking \$ 1.31	90.6%	22.8%	
Materials & Services 1.31			
Cultural and Tourism \$ 6.78	94.7%	33.8%	
Materials & Services 3.28			
Interfund Transfers 3.50			
Public Art \$ 0.02	20.8%	5217.9%	
*Materials & Services 0.02			
*Total FY 2024 Public Art expense was \$394 and increased to \$20,975 in FY 2025			
Tourism Promotion Area \$ 1.13	75.2%	9.1%	
Materials & Services \$ 1.13			

CITY OF SALEM FINANCIAL SUMMARY Year End FY 2025

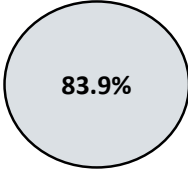
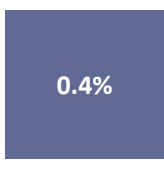
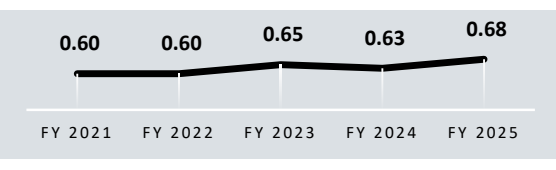

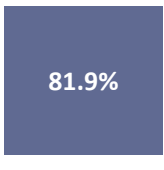
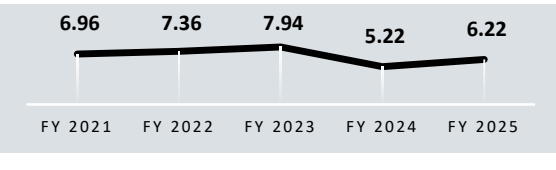
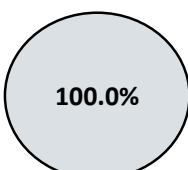
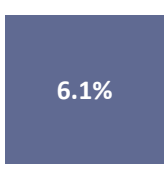
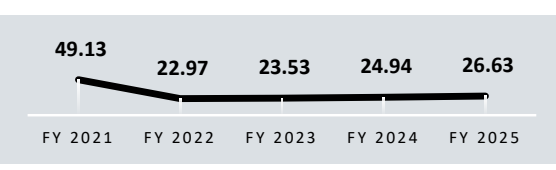
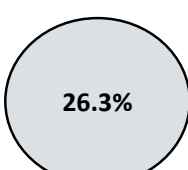
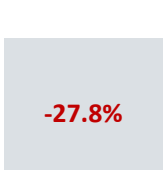
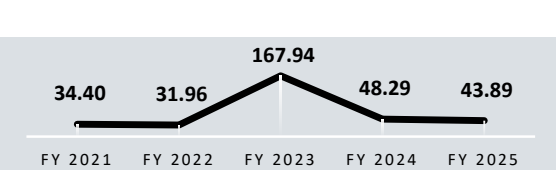
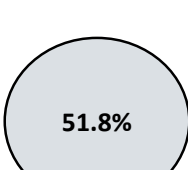
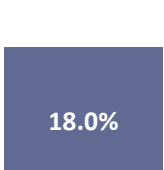
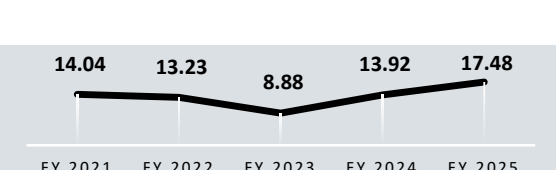

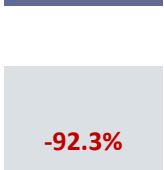
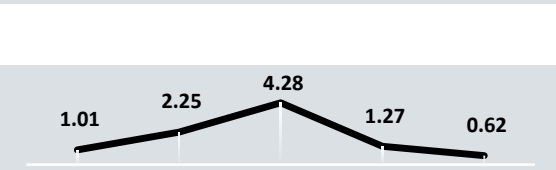
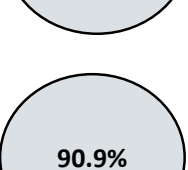
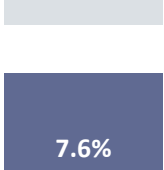

Other Funds (in millions)

Expenditures by Fund
(in millions)

Actual to
Budget - FY
2025

Year
- over -
Year

Fund Revenues 5-Year Trend, FY 2021-FY 2025

Expenditures by Fund (in millions)	Actual to Budget - FY 2025	Year - over - Year	Fund Revenues 5-Year Trend, FY 2021-FY 2025
Parking Leasehold \$ 0.70 Materials & Services 0.41 Interfund Transfers 0.29	 <p>83.9%</p>	 <p>0.4%</p>	
Building and Safety \$ 12.12 Personal Services 4.44 Materials & Services 1.79 Interfund Transfers 5.89	 <p>84.8%</p>	 <p>81.9%</p>	
General Debt \$ 25.75 Debt Service 25.75	 <p>100.0%</p>	 <p>6.1%</p>	
Capital Improvements \$ 35.97 Materials & Services 31.22 Capital Outlay 4.75	 <p>26.3%</p>	 <p>-27.8%</p>	
Extra Capacity Facilities \$ 17.89 Materials & Services 16.86 Capital Outlay 0.66 Interfund Transfers 0.38	 <p>51.8%</p>	 <p>18.0%</p>	
Development Districts \$ 0.06 Materials & Services 0.06	 <p>1.2%</p>	 <p>-92.3%</p>	
Utility \$ 136.78 Personal Services 46.62 Materials & Services 44.30 Capital Outlay 2.15 Interfund Transfers 28.93 Debt Service 14.77	 <p>90.9%</p>	 <p>7.6%</p>	

CITY OF SALEM FINANCIAL SUMMARY Year End FY 2025

Other Funds (in millions)

Expenditures by Fund (in millions)	Actual to Budget - FY 2025	Year - over - Year	Fund Resources 5-Year Trend, FY 2021-FY 2025
Emergency Services \$ 7.49 Personal Services 1.24 Materials & Services 5.05 Interfund Transfers 0.85 Debt Service 0.34	64.0%	-2.8%	0.89 3.09 4.97 7.94 8.16 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025
WVCC \$ 15.20 Personal Services 12.07 Materials & Services 2.43 Capital Outlay 0.08 Interfund Transfers 0.63	91.7%	11.2%	12.42 13.31 13.95 14.54 15.40 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025
Police Regional Records \$ 0.47 Materials & Services 0.47	71.7%	6.7%	0.45 0.47 0.49 0.96 0.76 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025
City Services \$ 14.10 Personal Services 3.07 Materials & Services 10.61 Capital Outlay 0.12 Interfund Transfers 0.30	91.5%	12.5%	10.07 9.88 11.98 12.90 14.51 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025
Self Insurance Benefits \$ 36.71 Personal Services 1.07 Materials & Services 35.64	92.6%	14.8%	27.21 27.46 28.26 31.46 34.18 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025
Self Insurance Risk \$ 10.44 Personal Services 1.09 Materials & Services 9.35	86.2%	9.6%	2.35 3.67 4.22 5.93 10.27 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025
Equipment Replacement \$ 9.01 Materials & Services 0.41 Capital Outlay 8.60	33.2%	88.2%	3.45 9.12 3.85 9.15 11.51 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025
Trust and Agency \$ 4.94 Materials & Services 2.85 Capital Outlay 0.02 Interfund Transfers 2.07	40.5%	-50.3%	1.38 22.28 11.22 5.96 2.65 FY 2021 FY 2022 FY 2023 FY 2024 FY 2025

CITY OF SALEM FINANCIAL SUMMARY Year End FY 2025

The largest operating expense for the City are its employees who provide services to the community. The City budgets for all authorized positions each fiscal year. If a position is vacant during budget development, the City takes a conservative approach and budgets that position at step one of the pay scale, with full-family benefits and OPSRP (Tier 3) PERS.

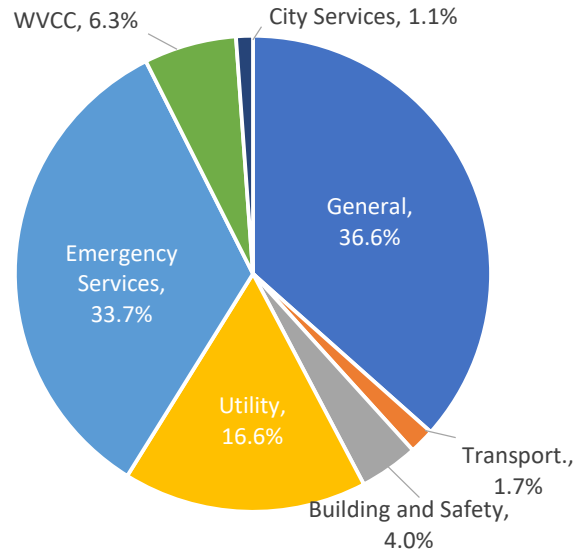
Below is vacancy data for the fourth quarter for the City of Salem. The Urban Renewal Agency does not have employees. This report compares the first pay period in April and the last pay period in June. Numbers are expressed in Full Time Equivalent (FTE) positions unless otherwise noted.

Beginning of Quarter 4

Total authorized positions	1,423.50
Total vacancies	175.00
Percent %	12.29%

Vacancies by Fund

<i>General</i>	64.00
<i>Transportation Services</i>	3.00
<i>Building and Safety</i>	7.00
<i>Utility</i>	29.00
<i>Emergency Medical Services</i>	59.00
<i>Willamette Valley Comm. Center (WVCC)</i>	11.00
<i>City Services - Document Services</i>	1.00
<i>City Services - Radio Communications</i>	1.00

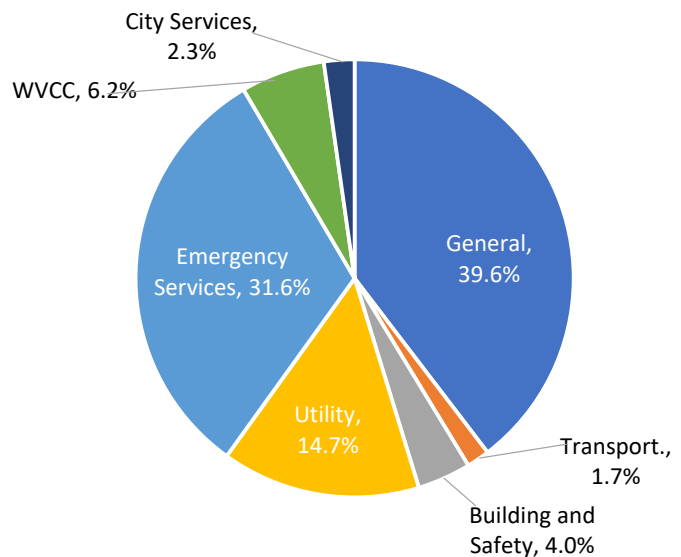


End of Quarter 4

Total authorized positions	1,423.50
Total vacancies	177.20
Percent %	12.45%

Vacancies by Fund

<i>General</i>	70.20
<i>Transportation Services</i>	3.00
<i>Building and Safety</i>	7.00
<i>Utility</i>	26.00
<i>Emergency Medical Services</i>	56.00
<i>Willamette Valley Comm. Center (WVCC)</i>	11.00
<i>City Services - Document Services</i>	2.00
<i>City Services - Radio Communications</i>	1.00
<i>City Services - Fleet Services</i>	1.00



ANALYSIS: The average citywide vacancy rate for Q4 was 12.37%. The majority of vacancies were in the General Fund in the Fire, Police, and Enterprise Services departments. Between the beginning of the quarter and the end of the quarter, no new positions were authorized by City Council.

Of the 175 vacant positions (175.0 FTE) at the beginning of the quarter, 131 (131.0 FTE) of them remained vacant at the end of the quarter. 56.0 FTE were in the Emergency Services (EMS) Fund, 45.0 FTE were in the General Fund, and 13.0 FTE were in the Utility Fund, with others being spread across the other funds. While technically vacant, most paramedics and basic EMTs in the Emergency Services Fund have been hired and worked as seasonal employees in training until being deployed as full-time career employees on July 1, 2025.

URBAN RENEWAL AGENCY FINANCIAL SUMMARY for Q4 / FY 2025

This "By the Numbers" summary of FY 2025 activity for the period of July 2024 through June 2025 provides a brief update of the Urban Renewal Agency's eight areas and the Agency-owned Salem Convention Center. For the comparisons to budget and prior year activity, a positive percentage denotes FY 2025 results are greater.

Debt Service Fund	Resources			Expenditures		
	Actual through Jun 30	As a Percent of Budget	Difference FY 2024 to FY 2025 Actual	Actual through Jun 30	As a Percent of Budget	Difference FY 2024 to FY 2025 Actual
Riverfront Downtown	8,862,043	113.6%	4.2%	7,402,156	100.0%	-4.5%
Fairview	-	0.0%	-	-	0.0%	0.0%
North Gateway	6,091,614	101.0%	-0.3%	4,269,052	91.2%	-14.6%
West Salem	2,839,249	109.1%	-3.8%	2,250,344	90.0%	-10.0%
Mill Creek	5,367,466	134.6%	36.7%	4,711,665	100.0%	31.1%
McGilchrist	729,754	0.0%	-60.1%	-	0.0%	-100.0%
South Waterfront	500,403	87.3%	-6.9%	400,061	72.7%	-20.0%
Jory Apartments	390,259	79.1%	-24.2%	360,055	74.9%	-25.8%
Total	24,780,788	115.3%	1.7%	19,393,333	95.4%	-7.4%

Capital Improvements Fund	Resources			Expenditures		
	Actual through Jun 30	As a Percent of Budget	Difference FY 2024 to FY 2025 Actual	Actual through Jun 30	As a Percent of Budget	Difference FY 2024 to FY 2025 Actual
Riverfront Downtown	31,118,342	106.0%	3.4%	6,646,224	25.7%	-0.2%
Fairview	893,599	103.0%	-10.1%	226,292	62.7%	77.4%
North Gateway	30,589,783	99.0%	16.7%	991,697	6.0%	17.0%
West Salem	7,108,945	141.8%	-38.2%	576,134	11.6%	-91.6%
Mill Creek	6,947,747	73.2%	1.0%	205,595	4.1%	22.7%
McGilchrist	9,529,418	143.8%	-23.2%	4,801,748	72.5%	-22.2%
South Waterfront	882,975	84.9%	76.0%	85,345	15.5%	121.1%
Jory Apartments	400,866	77.4%	-16.1%	355,290	76.3%	-19.1%
Total	87,471,675	104.4%	-1.8%	13,888,324	23.0%	-34.7%

Salem Convention Center Fund and Convention Center Gain / Loss Reserve

Resources for the Salem Convention Center Fund include beginning fund balance of \$1,061,513, and revenue from food sales and equipment and room rentals of \$6,070,545 for a total of \$7,132,058. Through the period, \$5,847,555 has been posted as the cost of providing convention services.

The Convention Center Gain / Loss Reserve* started the fiscal year with beginning fund balance of \$3,712,036. Interest postings through the quarter added \$141,191 and interfund transfers added \$858,255. Expenses through the period totaled \$373,933 as not all anticipated projects were completed year to date.

*A reserve established to cover any operational losses.

Resources for the Debt Service Fund include beginning fund balance, property tax collections, and interest earnings, while expenses are for debt repayments.

Resources for the Capital Improvement Fund include beginning fund balance, short-term borrowings and interest earnings, while a majority of expenses are from Riverfront's capital grant program, climate action plan support and streetscape improvements, and McGilchrist's 22nd Street SE realignment project.

CITY OF SALEM FINANCIAL SUMMARY Through Q2 / FY 2026

The summary of the second quarter (Q2) of FY 2026 represents July 2025 through December 2025 financial activity with displays for expenditures at the department level for the General Fund and resources by type. For all other funds, data is displayed with total resources and expenditures. For all funds, the display includes columns comparing budget to prior year actual activity. A positive number in the prior year comparison denotes an increase in FY 2026.

General Fund

Resources	Budget	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Property Taxes	92,233,890	83,374,790	90.4%	3.7%
Franchise Fees	23,669,020	4,883,003	20.6%	0.6%
Internal Charges	22,041,520	10,416,627	47.3%	-2.5%
Marijuana Sales Tax	1,451,360	658,738	45.4%	87.1%
State Shared	7,707,640	2,354,623	30.5%	5.9%
Fees, Permits	21,155,090	9,153,105	43.3%	-4.7%
All Other Revenues	7,348,150	3,840,136	52.3%	5.1%
Beginning Working Capital	31,516,370	31,632,618	100.4%	-9.7%
Total Resources	207,123,040	146,313,641	70.6%	-0.8%

BY THE NUMBERS - Resources
 The City received over 90 percent of total current-year budgeted Property Taxes during the second quarter. Property tax receipts in FY 2026 are 3.7 percent higher than the same time last year.

Marijuana Sales Tax receipts are collected by the State and remitted to the City quarterly. Currently sales tax revenue as well as State Shared Revenue are trending higher than last year due to year-over-year payment posting timing.

Expenditures by Department	Budget	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Mayor & Council	455,550	198,301	43.5%	1.7%
Municipal Court	2,933,650	1,288,744	43.9%	11.5%
City Manager	2,644,240	1,097,006	41.5%	69.2%
Human Resources	3,294,240	1,402,873	42.6%	11.2%
Customer Service Center	1,011,270	409,182	40.5%	7.8%
Legal	3,357,550	1,554,506	46.3%	13.1%
Finance	4,974,840	2,172,504	43.7%	18.5%
SOS Team and Tree Interns	1,149,510	504,686	43.9%	-94.2%
Facilities Services	6,386,590	2,589,392	40.5%	-0.9%
Community Development	7,256,290	2,788,848	38.4%	3.0%
Police	68,883,040	32,347,891	47.0%	8.9%
Fire	55,354,120	25,195,429	45.5%	6.9%
Information Technology	15,694,200	5,798,087	36.9%	5.3%
Non Departmental	8,508,480	1,534,635	18.0%	-30.1%
Urban Development	3,560,160	1,393,985	39.2%	8.2%
Total Expenditures	185,463,730	80,276,070	43.3%	-3.4%

Beginning Working Capital—the funding available at the start of each fiscal year—equals over 21 percent of total resources through Q2, and is 9.7 percent less than FY 2025 showing the use of working capital for expenses. Year-to-date Franchise Fees receipts are coming in as expected.

Internal Charges include the support services charges, reimbursements for labor and overhead from other funds, and fund-to-fund transfers. This category is flat compared with last year as Community Services internal charge revenue now is posted to the Local Option Levy Fund.

Other Revenues increased by 5 percent, primarily due to State reimbursement and subrecipient repayment of US Housing and Urban Development funds for noncompliance.

BY THE NUMBERS Expenditures

With 50 percent of the fiscal year complete, including 12 payroll periods, or 46 percent of payroll periods for the year, expenditures are largely trending as anticipated. The 3.4 percent decrease is due to much of Community Services moving from the General Fund to the Local Option Levy Fund. The decrease in year-over-year spending in Non Departmental is a result of transfers for construction projects that will be processed in January this year instead of December. The large year-over-year increase in the City Manager's Office is from staff who moved to the Department this year while the increase in Finance relates to fewer vacancies compared to the prior year.

CITY OF SALEM FINANCIAL SUMMARY Through Q2 / FY 2026

	Resources			Expenditures		
	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Other Funds						
* Local Option Levy	15,432,657	77.2%	0.0%	8,279,306	41.5%	0.0%
* Transportation Services	18,386,484	63.7%	5.3%	9,804,376	42.7%	6.8%
Streetlight	2,042,564	63.5%	-8.1%	1,118,186	43.8%	16.5%
* Airport	1,441,426	45.6%	-30.4%	1,344,107	42.5%	-9.3%
Community Renewal	1,421,026	22.2%	2.9%	1,020,954	15.9%	-17.0%
Downtown Parking	1,586,428	68.2%	104.7%	829,020	42.0%	28.8%
Cultural and Tourism	5,403,123	65.4%	-21.2%	2,769,226	36.4%	-17.8%
Public Art	106,009	75.4%	7.5%	1,028	0.7%	-90.8%
Tourism Promotion Area	518,810	34.6%	-2.0%	409,808	27.3%	-9.0%
Parking Leasehold	487,522	46.1%	-23.6%	310,312	41.5%	12.0%
* Building and Safety	13,077,801	91.2%	-31.6%	3,427,407	37.8%	-10.4%
General Debt	25,858,588	79.5%	2.7%	3,661,916	13.7%	-10.3%
Capital Improvements	157,428,137	63.8%	-1.0%	22,911,100	17.4%	32.1%
Extra Capacity Facilities	52,461,394	84.5%	-1.1%	7,122,273	25.4%	-35.1%
Development Districts	11,507,436	80.2%	5.2%	513,670	13.3%	11470.4%
* Utility	121,604,114	65.6%	-2.1%	57,638,743	39.6%	-4.2%
* Emergency Services	26,807,756	42.2%	354.1%	14,748,614	25.0%	567.9%
* WVCC	11,527,094	60.7%	6.2%	7,617,233	42.3%	9.4%
Police Regional Records	2,669,554	99.2%	18.3%	97,530	15.2%	-73.7%
* City Services	13,554,291	66.4%	9.5%	6,802,262	39.3%	0.8%
* Self Insurance Benefits	23,581,623	54.6%	-4.6%	16,881,444	39.1%	-7.1%
* Self Insurance Risk	7,215,163	57.8%	28.3%	6,435,385	51.5%	-7.0%
Equipment Replacement	27,462,168	88.5%	5.4%	1,252,808	4.0%	-54.5%
Trust and Agency	21,098,380	100.6%	-9.8%	723,083	9.6%	-54.2%

Resources

Through FY 2026 Q2, total resources equal 66.7 percent of budgeted resources for this grouping of funds. Many significant year-over-year changes occurred in the resources category. The large increase from last year in the Emergency Services fund is a result of starting City-provided ambulance transport services. Building and Safety issued an internal loan to Emergency Services for the start up, reducing the Building and Safety fund balance. Another increase in revenue is the Downtown Parking Fund as paid parking downtown started on July 1. In the Leasehold Fund, vacant tenant spaces resulted in lower building rent collections. The Airport Fund started the year with a lower fund balance from higher expenses last year associated with commercial air service, accounting for most of the revenue decrease. Also lower than last year are Cultural and Tourism Fund resources as fund balance associated with ARPA revenue replacement was transferred to the General Fund for continuity of services.

Expenditures

The ten funds marked with an * have a total of 732.6 full-time equivalent (FTE) authorized positions, approximately 52 percent of the total FTE count for the City in the FY 2026 budget. Of the \$175.7 million in actual expenditures through December 31, \$43.9 million or 26 percent are personal services expenses related to providing services.

Materials and services, equal \$102 million or 60.9 percent of total expenses. Four funds— Utility, Self Insurance Benefits, Emergency Services, and Capital Improvements —account for \$112.2 million or 67 percent of the total quarterly expenses of all the other funds.

CITY OF SALEM FINANCIAL SUMMARY Through Q2 / FY 2026

The largest expense for the City are its employees who provide services to the community. All authorized positions are included in the budget each fiscal year. If a position is vacant during budget development, the City includes a lower cost for the position and budgets at the lowest step of the pay scale, with full-family benefits, and OPSRP (Tier 3) PERS.

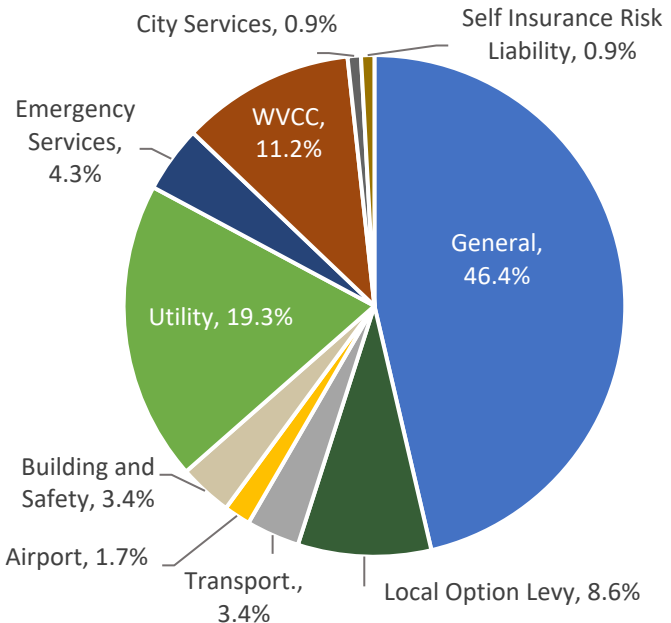
Below is vacancy data for the second quarter for the City of Salem. The Urban Renewal Agency does not have employees. This report compares the last pay period in September and the last pay period in December. Numbers are expressed in Full Time Equivalent (FTE) positions unless otherwise noted.

Beginning of Quarter 2

Total authorized positions	1,418.50
Total FTE vacancies	116.50
Percent %	8.21%

Funds

<i>General</i>	54.00
<i>Local Option Levy</i>	10.00
<i>Transportation Services</i>	4.00
<i>Airport</i>	2.00
<i>Building and Safety</i>	4.00
<i>Utility</i>	22.50
<i>Emergency Medical Services</i>	5.00
<i>Willamette Valley Comm. Center (WVCC)</i>	13.00
<i>City Services - Radio Communications</i>	1.00
<i>Self Insurance Risk Liability</i>	1.00

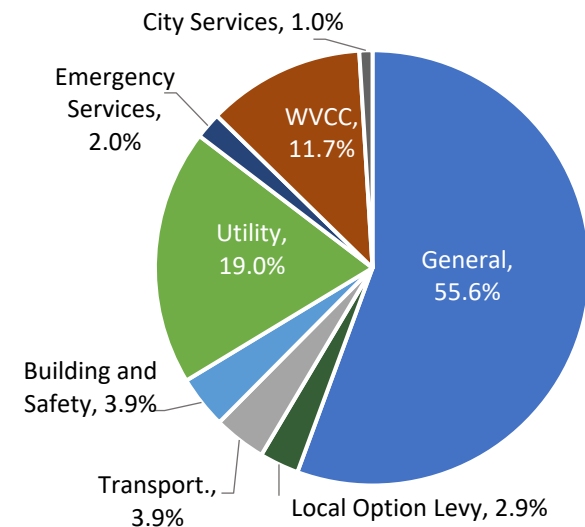


End of Quarter 2

Total authorized positions	1,420.50
Total FTE vacancies	102.50
Percent %	7.22%

Funds

<i>General</i>	57.00
<i>Local Option Levy</i>	3.00
<i>Transportation Services</i>	4.00
<i>Building and Safety</i>	4.00
<i>Utility</i>	19.50
<i>Emergency Medical Services</i>	2.00
<i>Willamette Valley Comm. Center (WVCC)</i>	12.00
<i>City Services - Radio Communications</i>	1.00



ANALYSIS: The citywide vacancy rate at the end of Q2 was 7.2%, down from 8.2% at the end of Q1. The majority of vacancies were in the General Fund in the Fire, Police, and Enterprise Services departments. During this quarter, two new Police Officer positions were authorized by City Council for the Safe, Clean, and Healthy Salem initiative pilot.

Of the 117 vacant positions (116.20 FTE) at the beginning of the quarter, 103 (102.50 FTE) remained vacant at the end of the quarter. Position vacancies include 57 FTE in the General Fund, 19.50 FTE in the Utility Fund, and 12 FTE in the WVCC Fund with the balance spread across other funds.

URBAN RENEWAL AGENCY FINANCIAL SUMMARY for Q2 / FY 2026

This "By the Numbers" summary of FY 2026 activity for the period of July 2025 through December 2025 provides a brief update of the Urban Renewal Agency's eight areas and the Agency-owned Salem Convention Center. For comparisons between the budget and prior year activity, a positive percentage denotes FY 2026 results are greater.

Debt Service Fund	Resources			Expenditures		
	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Riverfront Downtown	8,812,317	91.5%	7.8%	50,107	0.7%	-87.3%
North Gateway	6,943,637	100.3%	22.7%	-	0.0%	0.0%
West Salem	2,916,855	96.0%	10.6%	-	0.0%	0.0%
Mill Creek	7,107,453	125.4%	43.1%	2,396,345	100.1%	168.3%
McGilchrist	729,754	100.0%	-66.9%	729,754	100.0%	0.0%
South Waterfront	550,747	88.6%	19.5%	-	0.0%	0.0%
Jory Apartments	369,586	98.6%	2.5%	-	0.0%	0.0%
Total	27,430,348	101.7%	12.1%	3,176,207	17.9%	146.91%

Capital Improvements Fund	Resources			Expenditures		
	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual	Actual through Dec 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Riverfront Downtown	25,103,142	80.4%	3.0%	3,013,025	15.6%	-1.8%
Fairview	678,742	95.4%	-23.0%	8,234	2.3%	-91.6%
North Gateway	30,138,967	89.4%	16.7%	1,046,132	9.4%	111.2%
West Salem	6,642,743	112.0%	39.6%	295,855	17.7%	-41.2%
Mill Creek	6,857,571	102.3%	0.4%	100,199	64.4%	45.3%
McGilchrist	4,765,776	90.1%	-24.7%	343,658	8.1%	-89.0%
South Waterfront	810,375	75.7%	72.1%	107,829	45.3%	224.3%
Jory Apartments	46,233	11.9%	18.3%	11,413	2.9%	446.2%
Total	75,043,548	88.2%	8.0%	4,926,345	13.2%	-33.2%

Salem Convention Center Fund and Gain / Loss Reserve
 Resources for the Salem Convention Center Fund include beginning fund balance of \$1.1 million and revenue from food sales and equipment and room rentals of \$2.1 million for a total of \$3.2 million. For the first two quarters, \$2 million of costs have been incurred to provide convention center services.

The Convention Center Gain / Loss Reserve* started the fiscal year with beginning fund balance of \$4.3 million. Interest earnings through the second quarter added \$74 thousand. Expenses through the period totaled \$122 thousand, higher than last fiscal year, primarily for an upgrade of security cameras and systems.

*A reserve established to cover any operational losses.

Resources for the Debt Fund reflect receipt of the majority of property tax increment revenue for the fiscal year. The other major resource category in the highlighted funds above is beginning fund balance as short-term borrowings have not occurred.

Expense in McGilchrist Debt is a repayment of remaining tax increment to the counties as tax collections have stopped for this area. Expense in Mill Creek Debt represents an early repayment of an Oregon Business Development Department Loan, saving just over \$318 thousand in interest. Year over year fluctuations in Capital Improvement Fund expenses reflect differences in project and payment timing.

TO: Budget Committee Members
THROUGH: Krishna Namburi, City Manager
FROM: Josh Eggleston, Chief Financial Officer
SUBJECT: Public Hearing on the Proposed Capital Improvement Plan for FY 2027 through FY 2031

ISSUE:

A public hearing before the Budget Committee on the Proposed Capital Improvement Plan for FY 2027 through FY 2031.

RECOMMENDATION:

1. Conduct a public hearing.
2. Recommend the Proposed Capital Improvement Plan for FY 2027 through FY 2031 to the City Council.

SUMMARY AND BACKGROUND:

The Capital Improvement Program (CIP) is governed by Council Policy C-9 (Resolution 2026-1), 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. Public 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 as approved by the Committee. On June 22, 2026, the CIP as recommended will be brought to the City Council for adoption. The annual cycle is completed by publishing the adopted CIP.

FACTS AND FINDINGS:

The CIP shows project details and funding sources for planned capital projects that are projected to cost \$409,303,020 over the next five-year period. The CIP includes four categories of projects that are funded at the following levels:

Community Facilities - \$26,689,210
Municipal Facilities - \$59,593,660
Transportation - \$151,415,480
Utilities - \$171,604,670

James Wharton-Hess
Senior Fiscal Analyst