

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, May 6, 2026	STAFF LIAISON:
TIME:	6:00 PM	Josh Eggleston, Chief Financial Officer
CHAIRPERSON:	Paul Tigan	503-588-6130
		jeggleston@cityofsalem.net
PLACE:	Hybrid	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>

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1. OPENING EXERCISES – Chairperson Paul Tigan
 2. PUBLIC TESTIMONY
 - a. Correspondence from Mike Herron of VIP’s Industries regarding Community Policing and drug enforcement officers
 3. MINUTES
 - a. Minutes from April 29, 2026 City of Salem and Urban Renewal Agency Budget Committee Meeting
 4. ACTION ITEMS
 - a. None
 5. INFORMATION ITEMS
 - a. Staff Report: Summary of Budget Committee Actions Through April 29, 2026
 - b. Staff Report: Response to Budget Committee Questions
 - c. FY 2026 Q3: Financial Report of the City of Salem
 - d. FY 2026 Q3: Financial Report for the Urban Renewal Agency
 6. PUBLIC HEARINGS
 - a. None.
 7. SPECIAL ORDERS OF BUSINESS
 - a. Approve FY 2027 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. Jory Apartments	100%	\$0	\$387,580
2. Riverfront Downtown	100%	Remainder	8,535,400
3. South Waterfront	100%	0	524,150
4. West Salem	100%	0	2,723,580
			\$12,170,710

- Discussion
- Motion to approve Salem Urban Renewal Agency FY 2027 ad valorem property taxes

- b. Recommend FY 2027 Salem Urban Renewal Agency Budget
Staff Report: Recommend FY 2027 Salem Urban Renewal Agency Budget

- Discussion
- Motion to approve final recommendation of FY 2027 Salem Urban Renewal Agency Budget

- c. Approve FY 2027 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, the City of Salem Local Option Levy 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 the City of Salem local option levy tax rate of \$0.98 for local option levy fund operations
3. Approve a General Obligation bond debt levy of \$21,383,950
 - Discussion
 - Motion to approve City of Salem FY 2027 ad valorem property taxes

- d. Recommend FY 2027 City of Salem Budget
Staff Report: Recommend FY 2027 City of Salem Budget

Good Governance

- Expenditures: \$167,468,480
- Discussion
- Motion to approve final recommendation of the City of Salem FY 2027 Good Governance Result Area Budget

Natural Environment Stewardship

- Expenditures: \$50,993,280
- Discussion

- Motion to approve final recommendation of the FY 2027 City of Salem Natural Environment Stewardship Result Area Budget

Safe and Healthy Community

- Expenditures: \$225,783,660
- Discussion
- Motion to approve final recommendation of the FY 2027 City of Salem Safe and Healthy Community Result Area Budget

Safe, Reliable, and Efficient Infrastructure

- Expenditures: \$147,610,020
- Discussion
- Motion to approve final recommendation of the FY 2027 City of Salem Safe, Reliable, and Efficient Infrastructure Result Area Budget

Capital Improvements

- Expenditures: \$146,711,550
- Discussion
- Motion to approve final recommendation of the FY 2027 City of Salem Capital Improvements Budget

Strong and Diverse Economy

- Expenditures: \$16,931,080
- Discussion
- Motion to approve final recommendation of the FY 2027 City of Salem Strong and Diverse Economy Result Area Budget

Welcoming and Livable Community

- Expenditures: \$62,079,360
- Discussion
- Motion to approve final recommendation of the FY 2027 City of Salem Welcoming and Livable Community Result Area Budget

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 meetings related to the FY 2027 budget will occur as follows:

- *Wednesday, May 13, 2026, FY 2027 City and URA Budget Recommendation (if needed) – Budget Cmte*
- *Monday, June 8, 2026, FY 2027 Budget and State Revenue Sharing Public Hearings – City Council*
- *Monday, June 22, 2026, FY 2027 Budget and CIP Adoption – City Council*

Budget staff is available for your convenience to discuss the budget document and process. Please call the staff listed above or 503-588-6049 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. For languages other than English or other accommodation, contact Kelli Blechschmidt, (503) 588-6049 or kblechschmidt@cityofsalem.net at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.

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Kelli Blechschmidt

From: Michael Herron <mike.h@vipsinc.net>
Sent: Wednesday, April 29, 2026 4:27 PM
To: CityRecorder; budgetoffice; Courtney Knox Busch
Subject: [EXTERNAL]City Manager's Proposed FY 2027 Budget, Special Orders of Business-item 7.b

Dear Chair/Councilor Tigan, Vice-Chair Vieyra-Braendle, and Members of the City of Salem Budget Committee:

Vip's Industries supports the addition of 2 Salem Police officers dedicated to community policing in the downtown area, as well as 2 additional drug enforcement officers, as provided in the Proposed FY 2027 Budget.

Vip's is the parent company to The Grand Hotel and Bentley's Grill downtown, caretaker and manager of the City's own Salem Convention Center, and owner operator of The Hotel Salem on South Commercial. As a 24/7/365 facility in the heart of downtown, we are acutely aware of the challenges facing downtown. We welcome additional and much needed law enforcement resources dedicated to the safety of our employees, our guests, our properties, and our neighbors. The impact that visible law enforcements' presence has on the perceptions of the thousands of visitors we host each year reinforce what we all know, Salem is a great place to live, to visit, and the return to.

We encourage you to adopt these funding proposals for the FY 2027 Budget.

Thank you.

Mike Herron
Corporate Counsel
VIP's Industries, Inc.
503-779-1605 direct
503-480-9769 mobile

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MINUTES



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

DATE: Wednesday, April 29, 2026
TIME: 6:00 PM
CHAIRPERSON: Paul Tigan
PLACE: Hybrid
Loucks Auditorium & YouTube

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

1. OPENING EXERCISES – Chairperson Tigan called the meeting to order at 6:00pm

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

Members absent: Allen

Pledge of Allegiance by: All

Chair Tigan informed the Committee about the additions agenda submitted which included pieces of written testimony, one memo from the Police Chief regarding Community Policing and one staff report.

Motion: Move to approve the additions agenda of April 29, 2026 for the City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member J. Hoy
Seconded by: Vice-chair Vierya-Braendle

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

2. PUBLIC TESTIMONY
 - a. Kathleen Treppa, Ward 7, regarding the Marion Polk Food Share
3. MINUTES
 - a. Minutes from April 22, 2026 City of Salem and Urban Renewal Agency Budget Committee

Motion: Move to approve the meeting minutes from the April 22, 2026 City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Nishioka
Seconded by: Vice-chair Vieyra-Braendle

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

4. ACTION ITEMS

a. Capital Improvement Plan – Continuation of Deliberations

The Budget Committee continued conversation and deliberations regarding the Proposed FY 2027 – 2031 Capital Improvement Plan from the previous meeting.

Questions or comments by: Members Dixon, Nishioka, Manvel
Answers or comments by: James Wharton-Hess, Senior Fiscal Analyst, Gretchen Bennett, Community Services Director

Motion: Move to recommend the Proposed FY 2027 through FY 2031 Capital Improvements Plan to the City Council for Adoption.

Motion by: Member Manvel
Seconded by: Member Nordyke

Action: Motion passes
Vote:
Aye: Unanimous
Nay:

5. INFORMATION ITEMS

- a. Staff Report: Summary of Budget Committee Actions Through April 22, 2026
- b. Community Policing Memo, Chief Womack
- c. Staff Report: Responses to Committee Member Questions

Josh Eggleston, Chief Financial Officer, walked the Committee through the information items which included pieces of testimony, two staff reports and a memo from the Police Chief regarding Community Policing.

Questions or comments by: Member Manvel, Dixon
Answers or comments by: Josh Eggleston, Chief Financial Officer

6. PUBLIC HEARINGS

a. State Revenue Sharing Funds

- Staff Report: Public Hearing on the Proposed Uses of State Revenue Sharing Funds, Senior Fiscal Analyst James Wharton-Hess.

Chair Tigan opened the Public Hearing. No member of the public signed up to speak regarding the State Revenue Sharing Funds. The Committee asked members of staff various questions about funds and uses.

Questions or comments by: Members Nishioka, Fuller

Answers and explanations by: James Wharton-Hess, Senior Fiscal Analyst

Chair Tigan closed the Public Hearing.

Motion: Move to recommend the proposed uses of State Revenue Sharing funds to City Council.

Motion by: Vice-chair Stacey Vieyra-Braendle

Seconded by: Member Matthews

Action: Motion passes

Vote:

Aye: Beleiciks, Nishioka, Brown, Manvel, Vice-chair Vierya-Braendle, Chair Tigan, Matthews, Gwyn, Julie Hoy, Varney, Dixon, Murray, Gier, Cohen, Nordyke

Nay: Fuller

Abstentions:

7. SPECIAL ORDERS OF BUSINESS

a. Result Area Budget Review – Good Governance, pages 53 – 87

Kali Leinenbach, Budget Manager presented to the Committee the Good Governance result area of the City of Salem Proposed FY 2027 budget including program updates, changes, enhancements and accomplishments.

Questions or comments by: Member Manvel, Beleiciks, Matthews, Fuller, Nishioka, Brown

Answers and explanations by: Jim Schmidt, Technology Service Director, Krishna Namburi, City Manager, Josh Eggleston, Chief Financial Officer

b. Result Area Budget Review – Safe and Healthy Community, pages 115 – 140

Josh Eggleston, Chief Financial Officer presented to the Committee the Safe and Healthy Community result area of the City of Salem Proposed FY 2027 budget including program updates, changes, enhancements and accomplishments.

Questions or comments by: Member Nordyke, Chair Tigan, Members Nishioka, J. Hoy, Cohen, Brown, Manvel, Varney, Matthews, Gwyn, Dixon

Answers and explanations by: Josh Eggleston, Chief Financial Officer, Dave Gerboth, Fire Chief, Brian Carrara, Asst. Fire Chief, Krishna Namburi, City Manager, Trevor Womack, Police Chief

Member Vang out at 6:53PM, back at 6:54PM

Member Gier out at 7:35PM, back at 7:42PM

c. Committee Discussion

Chair Tigan opened up the floor to Committee discussion.

Questions or comments by: Member Manvel

Answers and explanations by: 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.

9. ADJOURNMENT

The meeting was adjourned at 8:24PM

Respectfully Submitted,

Kelli Blechschmidt
Minutes Recorder

The next Budget Committee meeting will be held Wednesday, April 30, 2025 at 6:00 pm in for presentation of the City Manager's proposed FY 2026 budget.

- *Result Area: Good Governance, pages 59-93*
- *Result Area: Safe and Healthy Community, pages 117 - 150*
- *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.

<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 Spanish interpreters are available. Languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kelli Blechschmidt, (503) 588-6231 or kblechschmidt@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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TO: Budget Committee Members

THROUGH: Krishna Namburi, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Summary of Budget Committee Actions Through April 29, 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.

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

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

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.

**Additions, Deletions and Changes
Approved by the Budget Committee
Through April 29, 2026**

1. Capital Improvement Fund

A. Resources - Proposed	\$ 275,673,380
1. Errata Sheet 1 - Capital Improvements Fund - Fisher Road Park Grant	1,165,210
2. Errata Sheet 3 - Capital Improvements Fund - Remove State Street Project	<u>(3,697,010)</u>
	<u>\$ 273,141,580</u>
B. Expenditures - Proposed	\$ 116,408,580
1. Errata Sheet 1 - Capital Improvements Fund - Fisher Road Park	2,180,000
2. Errata Sheet 3 - Capital Improvements Fund - Remove State Street Project	<u>(700,000)</u>
	<u>\$ 117,888,580</u>
C. Unappropriated Ending Balance - Proposed	\$ 159,264,800
1. Errata Sheet 1 - Capital Improvements Fund - Fisher Road Park	(1,014,790)
2. Errata Sheet 3 - Capital Improvements Fund - Remove State Street Project	<u>(2,997,010)</u>
	<u>\$ 155,253,000</u>

Summary of Correspondence Received by the Budget Committee As of April 29, 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
6. Eco Earth Globe (two pieces of correspondence)	Linda Bierly - Salem Parks Foundation	4/22/2026
7. Salem Public Library	Larry Sipe	4/22/2026
8. Salem Public Library	Elise Strauss	4/22/2026
9. Eco Earth Globe	Eli Brody	4/29/2026
10. Eco Earth Globe	Jeanne St. Pierre	4/29/2026
11. Eco Earth Globe	Roger Gertenrich	4/29/2026
12. Eco Earth Globe	Linda Bierly - Salem Parks Foundation	4/29/2026
13. Eco Earth Globe	Carol Snyder	4/29/2026
14. Eco Earth Globe	Frank Lemmon	4/29/2026

Subject	From	Agenda
15. Eco Earth Globe	Marilyn Harbur	4/29/2026
16. Multi-Use Path	Alan Holland	4/29/2026
17. Safe, Clean and Healthy Initiative	Tom Hoffert - Salem Chamber of Commerce	4/29/2026

For the Budget Committee Meeting of: May 6, 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 29, 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 May 1, 2026.

RECOMMENDATION:

Information only.

BACKGROUND:

- 1) Can you provide the definition of economic promotion in Salem Revised Code (SRC) pertaining to the allowable use of parking meter revenue?

Per SRC Sec. 7.090:

The following words, terms and phrases, when used in this chapter, shall have the meanings ascribed to them in this section, except where the context clearly indicates a different meaning:

Economic promotion means any activity, event, or undertaking that furthers economic activity within the boundaries of the Downtown Parking District, including, but not limited to, the following:

- (a) Advertising the area within the Downtown Parking District as a place to shop, dine, seek entertainment, and do business;
- (b) Enhancing the appearance of the area within the Downtown Parking District through decorations, banners, signs, planters, flower baskets, benches, trash cans, and other similar amenities;

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- (c) Planning, organizing, and managing events that showcase businesses and cultural activities within the Downtown Parking District;
- (d) Cleaning and maintaining public spaces within the Downtown Parking District;
- (e) Providing safety and security measures within the Downtown Parking District.

2) What was the budgeted year-over-year change in State Revenue Sharing last year?

The budgeted year-over-year change in State Revenue Sharing was a decrease of 8% between FY 2025 and FY 2026. State Revenue Sharing received by the City continues to come in at a lower rate than budget which is why a reduction of 16% was included in the FY 2027 budget.

3) What percent of the budget for Police and Fire are covered by property taxes?

Total budgeted property tax revenue in the General Fund of \$100.9m covers 75.8% of the \$133.1m combined Police and Fire Department budget.

4) What percentage of the proposed General Fund budget is made up of Police and Fire Department expenses?

The proposed Police and Fire Department General Fund budgets make up a combined \$133.1m, or 67.5% of the \$197.4m General Fund budget.

5) How much money is budgeted for public safety overtime and how much are we currently spending?

The City budgets for full staffing with all authorized Full Time Equivalent (FTE) positions budgeted. The City also budgets an amount for public safety overtime. In public safety, when vacancies occur, staff may work overtime to meet minimum staffing requirements. This additional overtime expense is offset with savings from the vacant positions.

As a result, actual overtime expenses often exceed budgeted overtime. This additional expense is offset by under spending in other personnel accounts due to vacancies.

Citywide, through the third quarter of FY 2026 (March 31, 2026), \$8.4m was spent on public safety overtime while only \$6.9m was budgeted. The additional \$1.5m in overtime expense was covered by vacancy savings. The total Citywide FY 2027 proposed budget for public safety overtime is increasing to \$8.5m to right size the budget. The table below shows a breakdown by Department and Fund:

Fund / Department	FY 2026 (Q3) Actuals	FY 2026 Budget	FY 2027 Proposed
General Fund (Police)	\$ 2,362,003	\$ 1,371,700	\$ 2,149,990
General Fund (Fire)	4,135,719	3,670,110	3,919,990
EMS Fund	900,192	1,236,140	1,796,030
WVCC Fund	977,040	600,000	600,000
Total:	8,374,954	6,877,950	8,466,010

6) Why is photo red light revenue decreasing in the General Fund?

The City anticipated adding additional photo red light cameras in FY 2025 and FY 2026 and increased the budget for photo red light fine revenue accordingly. However, the City has not yet added the additional cameras resulting in no significant increase in revenue.

While budgeted revenue has been adjusted downward in FY 2027 compared to prior year budgets, actual photo red light fine revenue has remained steady in recent years. Approximately \$1.3m per year in revenue has been received since FY 2023, a trend that is anticipated to continue through FY 2027.

The purpose of photo enforcement is not to generate revenue but to reduce unsafe behavior and increase traffic safety.

CITY OF SALEM FINANCIAL SUMMARY Through Q3 / FY 2026

The summary of the second quarter (Q3) of FY 2026 represents July 2025 through March 2026 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 Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Property Taxes	92,233,890	88,465,995	95.9%	5.4%
Franchise Fees	23,669,020	17,255,473	72.9%	-1.8%
Internal Charges	23,664,640	16,566,778	70.0%	-4.1%
Marijuana Sales Tax	1,451,360	1,005,359	69.3%	40.7%
State Shared	7,707,640	4,248,134	55.1%	-2.5%
Fees, Permits	21,155,090	14,119,666	66.7%	-4.2%
All Other Revenues	7,348,150	7,130,674	97.0%	-14.0%
Beginning Working Capital	31,516,370	31,632,618	100.4%	-9.7%
Total Resources	208,746,160	180,424,697	86.4%	-0.8%

BY THE NUMBERS - Resources
 The City received over 95 percent of total current-year budgeted Property Taxes during the third quarter. Property tax receipts in FY 2026 are 5.4 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 is trending higher than last year due to year-over-year payment posting timing.

Expenditures by Department	Budget	Actual through Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Mayor & Council	455,550	276,976	60.8%	-18.0%
Municipal Court	2,933,650	2,022,629	68.9%	10.9%
City Manager	2,644,240	1,600,625	60.5%	62.7%
Human Resources	3,294,240	2,239,536	68.0%	16.5%
Customer Service Center	1,011,270	614,794	60.8%	10.2%
Legal	3,357,550	2,384,967	71.0%	10.3%
Finance	4,974,840	3,143,245	63.2%	5.6%
SOS Team and Tree Interns*	1,224,510	843,042	68.8%	-93.7%
Facilities Services	6,386,590	4,265,387	66.8%	6.3%
Community Development	7,256,290	4,507,166	62.1%	5.1%
Police	68,883,040	49,944,878	72.5%	8.4%
Fire	55,354,120	39,742,702	71.8%	7.6%
Information Technology	15,694,200	9,001,547	57.4%	0.4%
Non Departmental	8,433,480	2,695,097	32.0%	-10.6%
Urban Development	3,560,160	2,168,369	60.9%	1.3%
Total Expenditures	185,463,730	125,450,961	67.6%	-3.2%

Beginning Working Capital—the funding available at the start of each fiscal year—equals over 18 percent of total resources through Q3, 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 4.1 percent less than FY 2025.
Other Revenues decreased by 14 percent, primarily due to a combination of one time State Street rent revenue and Community Services fees moving from the General Fund in FY 2025 to the Local Option Levy Fund in FY 2026.

BY THE NUMBERS Expenditures

With 75 percent of the fiscal year complete, including 19 payroll periods, or 73 percent of payroll periods for the year, expenditures are largely trending as anticipated. The 3.2 percent decrease is due to most of Community Services moving from the General Fund to the Local Option Levy Fund. 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 Human Resources relates to fewer vacancies compared to the prior year.

*The year-over-year changes occurred in the expenditures category is a result of community services reallocated from the General Fund to the Local Operations Levy Fund in FY26.

CITY OF SALEM FINANCIAL SUMMARY Through Q3 / FY 2026

	Resources			Expenditures		
	Actual through Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual	Actual through Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Other Funds						
* Local Option Levy	18,106,165	90.6%	0.0%	12,944,933	64.9%	0.0%
* Transportation Services	23,121,109	80.1%	3.4%	14,359,766	62.5%	5.0%
Streetlight	2,568,889	79.8%	-5.8%	1,660,900	65.1%	5.1%
* Airport	1,860,556	58.9%	-29.7%	1,840,864	58.2%	-19.0%
Community Renewal	2,123,071	33.1%	-6.5%	1,535,011	23.9%	-30.9%
Downtown Parking	2,129,517	91.6%	121.1%	1,281,872	64.9%	20.5%
Cultural and Tourism	6,358,294	77.0%	-19.2%	3,880,044	51.0%	-19.1%
Public Art	113,215	80.6%	7.1%	1,907	1.4%	-84.7%
Tourism Promotion Area	721,685	48.1%	-2.1%	626,911	41.8%	-1.4%
Parking Leasehold	610,027	57.7%	-23.6%	459,763	61.4%	12.0%
* Building and Safety	14,835,196	103.5%	-27.9%	5,699,036	62.8%	-26.9%
General Debt	28,840,869	88.7%	3.8%	3,661,916	13.7%	-10.3%
Capital Improvements	165,081,380	66.9%	-2.5%	37,886,065	28.8%	50.9%
Extra Capacity Facilities	61,025,799	98.3%	6.4%	10,483,236	37.3%	-14.9%
Development Districts	11,733,544	81.8%	5.5%	516,322	13.4%	2117.9%
* Utility	154,121,709	83.1%	-0.4%	87,624,169	60.3%	-4.4%
* Emergency Services	40,272,687	63.4%	557.4%	27,903,643	47.4%	659.9%
* WVCC	15,566,514	82.0%	5.9%	11,842,929	65.8%	7.9%
Police Regional Records	2,870,406	106.7%	17.4%	434,600	67.9%	4.4%
* City Services	16,212,703	79.5%	2.7%	10,640,714	61.5%	5.6%
* Self Insurance Benefits	33,576,965	77.8%	0.9%	26,147,206	60.6%	-0.7%
* Self Insurance Risk	10,176,133	81.5%	5.1%	8,339,872	66.8%	0.5%
Equipment Replacement	29,315,578	94.5%	-1.3%	2,490,641	8.0%	-42.6%
Trust and Agency	21,578,136	102.9%	-9.5%	888,545	11.8%	-52.5%

Resources

Through FY 2026 Q3, total resources equal 78.6 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 in 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 738.6 full-time equivalent (FTE) authorized positions, approximately 52 percent of the total FTE count for the City in the FY 2026 budget. Of the \$273.2 million in actual expenditures through March 31, \$79.6 million or 29 percent are personal services expenses related to providing services.

Materials and services, equal \$164 million or 60 percent of total expenses. Four funds— Utility, Self Insurance Benefits, Emergency Services, and Capital Improvements —account for \$179.6 million or 65.7 percent of the total quarterly expenses of all the other funds.

CITY OF SALEM FINANCIAL SUMMARY Through Q3 / 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.

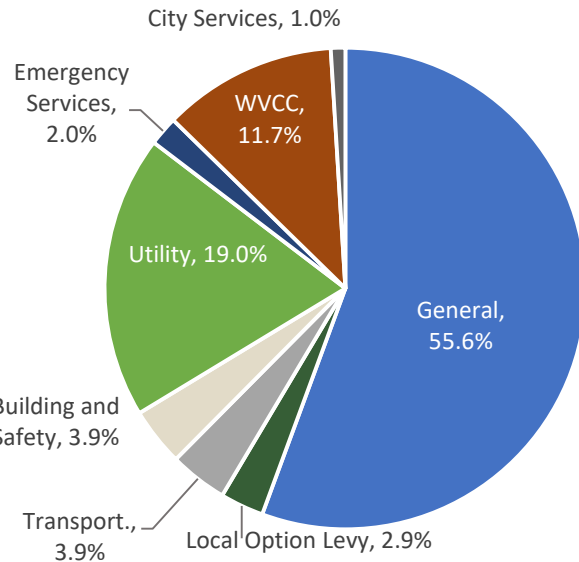
Below is vacancy data for the second quarter for the City of Salem. The Urban Renewal Agency does not have employees. This report compares the last pay period in December and the last pay period in March. Numbers are expressed in Full Time Equivalent (FTE) positions unless otherwise noted.

Beginning of Quarter 3

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

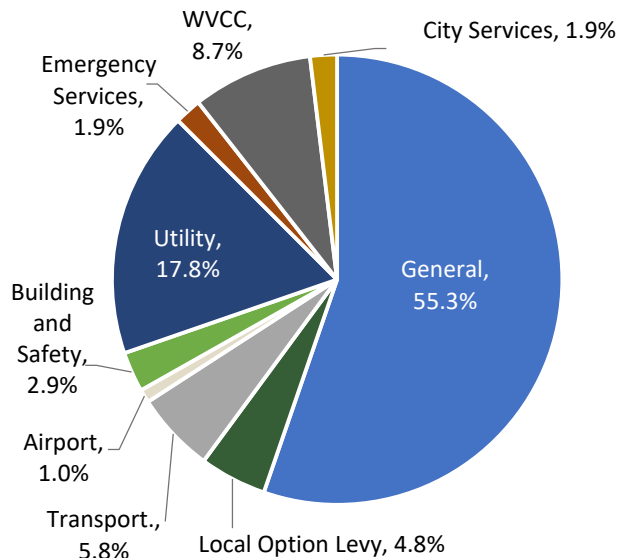


End of Quarter 3

Total authorized positions	1,424.50
Total FTE vacancies	104.00
Percent %	7.30%

Funds

<i>General</i>	57.50
<i>Local Option Levy</i>	5.00
<i>Transportation Services</i>	6.00
<i>Airport</i>	1.00
<i>Building and Safety</i>	3.00
<i>Utility</i>	18.50
<i>Emergency Medical Services</i>	2.00
<i>Willamette Valley Comm. Center (WVCC)</i>	9.00
<i>City Services - Radio Communications</i>	2.00



ANALYSIS: The citywide vacancy rate at the end of Q3 was 7.4%, up from 7.2% at the end of Q2. The majority of vacancies were in the General Fund in the Fire, Police, and Enterprise Services departments. During this quarter, four new EMS positions were authorized by City Council.

Of the 103 vacant positions (102.50 FTE) at the beginning of the quarter, 70 (69.5 FTE) remained vacant at the end of the quarter. Position vacancies include 57.50 FTE in the General Fund, 18.50 FTE in the Utility Fund, and 9.0 FTE in the WVCC Fund with the balance spread across other funds.

URBAN RENEWAL AGENCY FINANCIAL SUMMARY for Q3 / FY 2026

This "By the Numbers" summary of FY 2026 activity for the period of July 2025 through March 2026 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 Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual	Actual through Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Riverfront Downtown	9,311,466	96.7%	8.8%	6,050,899	83.0%	-5.4%
North Gateway	7,296,450	105.4%	23.7%	4,200,553	100.0%	-1.6%
West Salem	3,071,031	101.1%	11.7%	2,240,296	99.5%	-0.4%
Mill Creek	7,542,753	133.1%	45.3%	2,396,345	100.1%	-49.1%
McGilchrist	729,754	100.0%	-68.1%	729,754	100.0%	0.0%
South Waterfront	580,708	93.4%	20.3%	500,066	99.9%	25.0%
Jory Apartments	391,803	104.5%	3.8%	360,048	100.0%	0.0%
Total	28,923,964	107.2%	13.2%	16,477,961	93.0%	-10.4%

Capital Improvements Fund	Resources			Expenditures		
	Actual through Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual	Actual through Mar 31	As a Percent of Budget	Difference FY 2025 to FY 2026 Actual
Riverfront Downtown	31,411,321	100.6%	2.3%	5,227,456	27.1%	20.7%
Fairview	684,630	96.2%	-22.9%	7,621	2.2%	-95.4%
North Gateway	34,616,889	102.7%	14.2%	1,960,815	17.6%	174.5%
West Salem	8,950,724	150.9%	27.0%	347,213	20.8%	-35.5%
Mill Creek	6,916,857	103.2%	0.4%	120,123	77.2%	-29.9%
McGilchrist	4,783,705	90.5%	-24.7%	483,512	11.4%	-88.5%
South Waterfront	1,319,097	123.3%	50.6%	108,531	45.6%	98.1%
Jory Apartments	408,599	105.0%	2.0%	8,141	2.1%	87.2%
Total	89,091,821	104.8%	6.7%	8,263,412	22.1%	-19.0%

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 \$3.9 million for a total of \$5 million. For the first three quarters, \$4 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 third quarter added \$116 thousand. Expenses through the period totaled \$223 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 and short-term borrowings that occurred in February.

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. Year over year fluctuations in Capital Improvement Fund expenses reflect differences in project and payment timing.

For the Budget Committee Meeting of: May 6, 2026
Agenda Item No.: 7.a.

TO: Budget Committee Members

THROUGH: Krishna Namburi, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Approval of Ad Valorem Property Taxes – Salem Urban Renewal Agency

ISSUE:

Should the Budget Committee approve the ad valorem property tax levies for all Salem Urban Renewal Agency areas for FY 2027?

RECOMMENDATION:

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. Jory Apartments	100%	\$0	\$387,580
2. Riverfront Downtown	100%	Remainder	8,535,400
3. South Waterfront	100%	0	524,150
4. West Salem	100%	0	2,723,580
			\$12,170,710

SUMMARY AND BACKGROUND:

Oregon Local Budget Law requires the Budget Committee to separately specify the ad valorem property taxes for the Urban Renewal Agency of the City of Salem. The Agency Board of Directors can reduce but cannot increase the amount of property taxes approved by the Budget Committee.

FACTS AND FINDINGS:

The Budget Committee is being asked to establish and approve the property tax levies to be imposed for FY 2027 for the Salem Urban Renewal Agency funds. These recommended levies are consistent with the urban renewal budgets presented at the April 22, 2026 Budget Committee meeting.

Staff recommends that the Budget Committee approve the Salem Urban Renewal Agency estimated ad valorem property taxes. The estimated levy amounts are shown below. For

the Riverfront Downtown Urban Renewal Area, the property tax levy includes 100 percent of the Division of Taxes Levy and the Special Levy. The Jory Apartments, South Waterfront, and West Salem areas are eligible for only the Division of Taxes Levy.

	Division of Taxes	Special Levy	Estimated Total
1. Jory Apartments	100%	\$0	\$387,580
2. Riverfront Downtown	100%	Remainder	8,535,400
3. South Waterfront	100%	0	524,150
4. West Salem	100%	0	2,723,580
			\$12,170,710

For the Budget Committee Meeting of: May 6, 2026
 Agenda Item No.: 7.b.

TO: Budget Committee Members

THROUGH: Krishna Namburi, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Recommend FY 2027 Salem Urban Renewal Agency Budget

ISSUE:

Should the Budget Committee recommend the FY 2027 Salem Urban Renewal Agency Budget as it is represented in Table 1 of this report?

RECOMMENDATION:

Approve and recommend to the Urban Renewal Agency Board the FY 2027 Salem Urban Renewal Agency Budget as it is represented in Table 1 of this report.

SUMMARY AND BACKGROUND:

Oregon Local Budget Law provides for the Budget Committee to review, discuss, and possibly make changes to the Urban Renewal Agency Executive Director’s proposed budget. Upon completion of the Budget Committee’s deliberations, the committee approves the budget and provides a recommendation to the Urban Renewal Agency Board.

FACTS AND FINDINGS:

Table 1 of this report is the proposed FY 2027 budget presented to the Budget Committee for its consideration on April 22, 2026. The FY 2027 budget represented in Table 1 is a balanced budget for the Salem Urban Renewal Agency. For each Salem Urban Renewal Agency fund, the table provides total resources detailed as beginning working capital (beginning balance) and revenues, and total requirements detailed as expenditures and unappropriated ending fund balance. Table 1 does not include any potential changes to the budget that may be approved by the Budget Committee during its final FY 2027 review meeting on May 6, 2026.

Table 1 - Urban Renewal Agency Budget
FY 2027

Fund No.	Fund Name	Beginning Balance	Revenues	Expenditures	Ending Balance
220	Debt Service (Tax Allocation Bond Debt)	\$12,271,730	\$12,058,020	\$ 22,482,580	\$ 1,847,170
265	Capital Improvements (Tax Allocation Improvement)	73,342,690	19,933,720	40,314,360	52,962,050
345	Salem Convention Center	969,280	7,554,710	7,991,270	532,720
428	Convention Center Gain / Loss Reserve	4,139,730	2,040,000	1,352,300	4,827,430
TOTAL		\$90,723,430	\$41,586,450	\$ 72,140,510	\$ 60,169,370

For the Budget Committee Meeting of: May 6, 2026
Agenda Item No.: 7.c.

TO: Budget Committee Members

THROUGH: Krishna Namburi, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Approval of Ad Valorem Property Taxes – City of Salem

ISSUE:

Should the Budget Committee approve the ad valorem property taxes for all City of Salem funds for FY 2027?

RECOMMENDATION:

Approve the ad valorem property taxes for the General Fund, the Local Option Levy Fund, and the Debt Service Fund as follows:

1. Approve the City of Salem permanent tax rate of \$5.8315 for general fund operations
2. Approve the City of Salem local option levy tax rate of \$0.98 for local option levy fund operations
3. Approve a General Obligation bond debt levy of \$21,383,950

SUMMARY AND BACKGROUND:

Oregon Local Budget Law requires the Budget Committee to separately specify the ad valorem property taxes for all City of Salem General, Local Option Levy and Debt Service funds. The City Council can reduce but cannot increase the amount of property taxes approved by the Budget Committee.

FACTS AND FINDINGS:

The Budget Committee is being asked to separately specify the forthcoming fiscal year's ad valorem property taxes for all funds. In this case, the Budget Committee will be considering the establishment and approval of the amount and / or rate of property taxes to be imposed for FY 2027 for the General Fund, Local Option Levy and the General Obligation Debt Fund.

The recommended levies are consistent with the General Fund, Local Option Levy Fund, and Debt Service Fund budgets reviewed by the Budget Committee at previous meetings. Staff recommends that the Budget Committee approve the City of Salem permanent tax rate of \$5.8315 for the General Fund, local option levy tax \$0.98 for the Local Option Levy Fund and the General Obligation bond debt levy of \$21,383,950.

For the Budget Committee Meeting of: May 6, 2026
Agenda Item No.: 7.d.

TO: Budget Committee Members

THROUGH: Krishna Namburi, City Manager

FROM: Josh Eggleston, Chief Financial Officer

SUBJECT: Recommend FY 2027 City of Salem Budget

ISSUE:

Should the Budget Committee recommend the FY 2027 City of Salem Budget as it is represented in Table 1 and Table 2 of this report?

RECOMMENDATION:

Approve and recommend to the City Council the FY 2027 City of Salem Budget as it is represented in Table 1 and Table 2 of this report.

SUMMARY AND BACKGROUND:

Oregon Local Budget Law provides for the Budget Committee to review, discuss, and possibly make changes to the City Manager's proposed budget. Upon completion of the Budget Committee's deliberations, the committee approves the budget and provides a recommendation to the City Council.

FACTS AND FINDINGS:

Table 1 of this report represents the proposed FY 2027 budget presented to the Budget Committee for its consideration on April 15, 2026. Table 1 displays the budget by fund, which is the manner in which it will be displayed for the resolution and exhibits for budget adoption by the City Council. Table 2 displays the FY 2027 budget by result area, which is the manner in which it was reviewed and discussed by the committee.

The FY 2027 budget represented in Table 1 includes the display of resources and is a balanced budget for the City of Salem. For each City of Salem fund, the table provides total resources detailed as beginning fund balance and revenues, and total requirements detailed as expenditures and unappropriated ending fund balance. For the purposes of recommendation to the City Council, the budget is presented at the fund-level. The six result areas defined in the Proposed FY 2027 City of Salem Budget and represented in Table 2 are included within the fund appropriations.

The budget does include the changes made through erratas or motions approved at prior meetings. The tables do not include any potential changes to the budget that may be approved by the Budget Committee during its final FY 2027 review meeting on May 6, 2026.

Table 1 - City of Salem Budget
 All Funds
 FY 2027

Fund No.	Fund Name	Beginning Balance	Revenues	Expenditures	Unappropriated Ending Balance
101	General	\$ 33,017,150	\$ 185,428,530	\$ 197,361,900	\$ 21,083,780
151	Local Option Levy	1,350,020	20,757,700	21,794,940	312,780
155	Transportation Services	8,875,000	19,854,760	23,915,760	4,814,000
156	Streetlight	936,470	2,181,140	2,686,390	431,220
160	Airport	366,760	3,171,120	3,537,880	-
165	Community Renewal	231,950	5,306,160	5,538,110	-
170	Downtown Parking	635,000	2,606,850	3,241,850	-
175	Cultural and Tourism	862,120	5,574,600	6,197,540	239,180
176	Public Art	111,000	28,250	139,250	-
177	Tourism Promotion Area	-	1,320,000	1,320,000	-
180	Leasehold	84,380	638,860	723,240	-
185	Building and Safety	7,409,100	5,926,060	8,898,040	4,437,120
210	General Debt Service	5,055,850	29,113,250	28,146,310	6,022,790
255	Capital Improvements	183,692,890	89,448,690	117,888,580	155,253,000
260	Extra Capacity Facilities	36,225,980	15,865,800	26,951,970	25,139,810
275	Development District	14,114,380	640,000	1,871,000	12,883,380
310	Utility	56,795,630	143,632,590	161,208,100	39,220,120
320	Emergency Services	9,256,890	66,801,280	61,801,250	14,256,920
330	Willamette Valley Comm. Center	2,832,980	17,041,420	18,340,440	1,533,960
335	Police Regional Records System	2,825,000	754,610	854,900	2,724,710
355	City Services	5,154,990	17,719,010	18,193,500	4,680,500
365	Self Insurance Benefits	8,472,320	43,359,360	51,831,680	-
366	Self Insurance Risk	2,631,780	13,371,020	16,002,800	-
388	Equipment Replacement Reserve	26,049,650	6,577,710	32,627,360	-
400	Trust	19,419,240	2,691,470	6,504,640	15,606,070
Total		\$ 426,406,530	\$ 699,810,240	\$ 817,577,430	\$ 308,639,340

Table 2 - City of Salem Budget
All Funds
FY 2027

Result Area	Expenditures
Good Governance	\$ 167,468,480
Natural Environment Stewardship	50,993,280
Safe and Healthy Community	225,783,660
Safe, Reliable, and Efficient Infrastructure and Capital Improvement Projects	147,610,020 146,711,550
Strong and Diverse Economy	16,931,080
Welcoming and Livable Community	62,079,360
	<u>\$ 817,577,430</u>