

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 14, 2021

TIME: 6:00 PM

CHAIRPERSON: Paul Tigan

PLACE: Virtual Online Meeting

STAFF LIAISON:

Josh Eggleston, Budget Officer

503-588-6130

jeggleston@cityofsalem.net

Kali Leinenbach, Senior Fiscal Analyst

503-588-6231

kleinenbach@cityofsalem.net

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1. OPENING EXERCISES – Chairperson Paul Tigan
 2. PUBLIC TESTIMONY
 3. MINUTES
 - a. Minutes from January 20, 2021 City of Salem and Urban Renewal Agency Budget Committee Meeting
 4. ACTION ITEMS
 - a. Election of Officers
 - Vice-chairperson
 - Secretary
 5. INFORMATION ITEMS
 - a. FY 2022 Proposed Budget – provided to members in advance of the meeting
 - Presentation of Proposed FY 2022 Budget Message, City Manager Steve Powers
 - b. FY 2022 Q2 Financial Report for the City of Salem
 - c. FY 2022 Q2 Financial Report for the Urban Renewal Agency
 6. PUBLIC HEARINGS
 - a. None
 7. SPECIAL ORDERS OF BUSINESS
 - a. Result Area Budget Review – Welcoming and Livable Community, pages 167 – 197
 - Overview by Budget Officer Josh Eggleston
 - Questions of staff and committee discussion
 - b. Result Area Budget Review – Natural Environment Stewardship, pages 75 – 95
 - Overview by Budget Officer Josh Eggleston
 - Questions of staff and committee discussion

c. 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 virtual Budget Committee meeting will be held on Wednesday, April 21, 2021 at 6:00 pm. The following budgets are scheduled to be reviewed:

Result Area: Safe, Reliable and Efficient Infrastructure, pages 127 – 147

Result Area: Strong and Diverse Economy, pages 149 – 166

Urban Renewal Agency, book 2

CIP Public Hearing

Budget staff are available for your convenience to discuss the budget document and process. Please call the staff listed above if you have questions.

The City of Salem budget information can be accessed on the internet at: www.cityofsalem.net/budget

NOTE: Disability-related accommodations, including auxiliary aids or services, in order to participate in this meeting, are available upon request. Sign language and interpreters for languages other than English are also available upon request. To request such an accommodation or interpretation, contact Kali Leinenbach, (503) 588-6231 or kleinenbach@cityofsalem.net at least 2 business days before this meeting. TTD/TTY telephone (503) 588-6439 is also available 24/7.

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.

MINUTES



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

DATE: Wednesday, January 20, 2021 STAFF LIAISON:
TIME: 6:00 PM Josh Eggleston, Budget Officer
CHAIRPERSON: Paul Tigan 503-588-6130
 jeggleston@cityofsalem.net
PLACE: Virtual Kelli Blechschmidt, Mgmt Analyst I
 503-588-6049
 kblechschmidt@cityofsalem.net

1. OPENING EXERCISES – Chairperson Tigan called the meeting to order at 6:01pm

Members present: Stapleton, Tigan, Tom Andersen, Shirack, Phillips, Davis, McCoid, Brown, Hoy, William Andersen, Nordyke, Sund, DoCarmo

Pledge of Allegiance by Chair Tigan

2. PUBLIC TESTIMONY

No one signed up for public comment. Written testimony can be submitted to budgetoffice@cityofsalem.net

- a. Correspondence from Michael Macbeane regarding Camp Hope
- b. Correspondence from Alan C. Scott regarding sidewalks

Questions or comments by: None

3. MINUTES

- a. Minutes from May 13, 2020 City of Salem and Urban Renewal Agency Budget Committee Meeting

Motion: Move to approve the meeting minutes from the May 13, 2020 City of Salem Budget Committee and Urban Renewal Agency Budget Committee Meeting.

Motion by: Member Hoy
Seconded by: Member T. Andersen

Action: Motion passes

Vote:

Aye: Unanimous

Nay:

Abstentions: Leung, Gonzalez, Milton, Lewis, Bennett

4. ACTION ITEMS

- a. Election of Officers- Chairperson

Motion: Move to nominate Paul Tigan for Chairperson of the City of Salem Budget Committee and Urban Renewal Agency Budget Committee.

Motion by: Member Hoy
Seconded by: Member T. Andersen

Action: Motion passes
Vote:
Aye: Unanimous
Nay:
Abstentions: Leung, Gonzalez, Milton, Lewis, Bennett

Motion: Motion to elect officer positions of Vicechair and Secretary at next Budget Committee Meeting on April 14, 2021

Motion by: Member Hoy
Seconded by: Member Nordyke

Action: Motion passes
Vote:
Aye: Unanimous
Nay:
Abstentions: Leung, Gonzalez, Milton, Lewis, Bennett

5. INFORMATION ITEMS

- a. FY 2020 Q4 Financial Report for the City of Salem
- b. FY 2020 Q4 Financial Report for the Urban Renewal Agency
- c. FY 2021 Q1 Financial Report for the City of Salem
- d. FY 2021 Q1 Financial Report for the Urban Renewal Agency
- e. FY 2022- FY 2026 Five- Year Forecast

Questions or comments by: None

6. PUBLIC HEARINGS

- a. None

7. SPECIAL ORDERS OF BUSINESS

- a. Presentation of Five-Year Forecasts – General Fund, Transportation Services Fund, Utility Fund, and Willamette Valley Communications Center Fund
 - Presentation by Budget Officer Josh Eggleston
 - Discussion and review

Questions or comments by: Members W. Andersen, T. Andersen, McCoid, Brown, DoCarmo, Stapleton, Tigan.

Answers & explanations by : Director Fernandez and Budget Officer Eggleston

Member Leung joined the meeting at 6:19PM

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.

None

9. COMMITTEE DISCUSSION

Questions or comments by: Members Nordyke, T. Andersen, and McCoid, DoCarmo, Tigan, W. Andersen, Leung, Shirack, and Stapleton

Answers & explanations by : Director Fernandez, Chief Financial Officer Barron and Budget Officer Eggleston

Motion: Motion to enter Budget Committee additions agenda into the record

Motion by: Member Hoy
Seconded by: Member Stapleton

Action: Motion passes
Vote:
Aye: Unanimous
Nay:
Abstentions: Gonzalez, Milton, Lewis, Bennett

10. ADJOURNMENT

The meeting was adjourned at 7:49 PM

Respectfully Submitted,

Kelli Blechschmidt
Minutes Recorder

The next Budget Committee meeting will be virtually held Wednesday, April 14, 2021 at 6:00 pm in for presentation of the City Manager's proposed FY 2022 budget.

Budget staff is available for your convenience to discuss the budget document and process. Please call the staff listed above or 503-588-6040 if you have any questions.

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CITY OF SALEM FINANCIAL SUMMARY Through Q2 / FY 2021

The summary of FY 2021 second quarter (Q2) July 2020 through December 2020 financial activity displays expenditure information at the department level for the General Fund and resources displayed by type. For all other City funds, data is displayed with resources and expenditures. For all funds, the display includes columns noting comparison to budget and prior year actual activity. A positive number in the prior year comparison denotes an increase in FY 2021.

General Fund

Resources	Budget	Actual through December 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual
Property Taxes	74,138,100	69,091,998	93.2%	4.4%
Franchise Fees	17,835,360	4,195,355	23.5%	5.7%
Internal Charges	18,911,010	8,410,231	44.5%	-5.9%
Other Taxes	1,154,800	366,824	31.8%	-34.9%
State Shared	7,093,610	2,851,895	40.2%	24.9%
Fees, Permits	13,882,240	5,722,701	41.2%	110.3%
All Other Revenues	8,430,930	5,329,191	63.2%	42.8%
Beginning Fund Balance	23,407,760	24,967,159	106.7%	12.5%
Total Resources	164,853,810	120,935,355	73.4%	9.4%

Expenditures by Department	Budget	Actual through December 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual
Mayor & Council	214,580	93,342	43.5%	-22.3%
Municipal Court	2,181,040	857,773	39.3%	-13.8%
City Manager	1,273,920	565,610	44.4%	-5.1%
Human Resources	1,689,540	726,514	43.0%	4.2%
Legal	2,544,090	1,212,680	47.7%	1.4%
Finance	4,142,480	1,764,218	42.6%	-2.8%
Parks and Recreation	9,862,070	4,620,153	46.8%	0.0%
Facilities Services	4,852,390	1,883,953	38.8%	-9.8%
Community Development	5,364,170	2,254,156	42.0%	3.4%
Library	5,268,420	2,198,513	41.7%	1.1%
Police	48,893,510	23,537,804	48.1%	3.3%
Fire	37,152,930	18,914,631	50.9%	6.7%
Information Technology	9,901,160	4,193,969	42.4%	4.6%
Non Departmental	10,223,220	2,238,069	21.9%	41.4%
Urban Development	5,531,210	2,170,448	39.2%	-7.6%
Total Expenditures	149,094,730	67,231,833	45.1%	3.6%

BY THE NUMBERS

Resources

The City received over 90 percent of total current-year Property Taxes during the second quarter. Property tax receipts in FY 2021 are 4.4 percent higher than the same time last year.

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

The category, Other Taxes, is local marijuana sales tax receipts. These are collected by the State and remitted to the City quarterly.

Beginning Fund Balance—the funding available at the start of the fiscal year—equals almost 20.6 percent of total resources through Q2, and is 12.5 percent more than FY 2020.

Year-to-year increases of 110.3 percent for Fees, Permits reflect the City Operations Fee and new planning fees.

Internal Charges include the support services charges, reimbursements for labor and overhead from other funds, and fund-to-fund transfers. The 5.9 percent decrease is mainly due to lower in Service Charges and Transfers, which are received in regular intervals.

BY THE NUMBERS

Expenditures

With 50 percent of the fiscal year complete, including 13.1 payroll periods (representing 51 percent of payroll periods for the year), expenditures are trending as anticipated. The 3.6 percent year-over-year increase is influenced by anticipated cost escalators, such as labor contract / market adjustments to salaries, the corresponding increase to PERS expense, and health benefits expense. Differences are also influenced by changes in the timing of materials and services expenses, such as lower transfers in Non-Departmental.

CITY OF SALEM FINANCIAL SUMMARY Through Q2 / FY 2021

Other Funds

	Resources			Expenditures		
	Actual through December 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual	Actual through December 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual
* Transportation Services	9,550,931	49.7%	0.6%	6,729,091	38.5%	-5.8%
Streetlight	1,903,630	64.9%	0.2%	782,196	36.9%	-11.9%
* Airport	1,916,261	80.5%	1.7%	566,583	23.8%	-12.0%
Community Renewal	895,978	11.8%	1.1%	685,409	9.0%	14.4%
Downtown Parking	623,780	54.9%	-32.1%	497,777	43.8%	-8.0%
Cultural and Tourism	1,644,519	45.7%	-39.6%	1,311,328	36.4%	-28.7%
Public Art	60,810	89.5%	11.3%	982	1.4%	-74.2%
Tourism Promotion Area	277,588	29.8%	0.0%	207,555	22.3%	0.0%
Parking Leasehold	697,657	70.4%	-17.3%	351,278	38.8%	-3.0%
* Building and Safety	15,664,410	83.7%	21.1%	2,565,913	40.1%	-11.7%
Traffic Safety	407,249	34.8%	43.9%	204,501	17.5%	57.6%
General Debt	19,045,596	83.3%	2.2%	3,212,651	14.7%	-29.7%
Capital Improvements	144,683,102	78.0%	13.8%	41,088,880	22.1%	69.8%
Extra Capacity Facilities	40,360,041	88.7%	7.3%	8,322,905	18.3%	33.9%
Development Districts	6,778,192	117.2%	25.4%	51,455	0.9%	213.9%
* Utility	104,712,546	66.7%	8.9%	47,303,459	37.6%	9.1%
* Emergency Services	3,772,628	89.9%	-3.8%	322,449	30.4%	-47.1%
* WVCC	7,843,581	56.4%	0.7%	6,180,334	46.1%	2.0%
Police Regional Records	1,136,369	103.7%	-28.2%	261,555	47.5%	-68.1%
* City Services	12,919,134	69.0%	6.8%	4,050,822	34.5%	-9.1%
* Self Insurance Benefits	24,940,887	64.9%	4.1%	13,327,710	34.7%	-3.0%
* Self Insurance Risk	11,178,891	97.2%	-5.7%	2,590,791	22.5%	8.5%
Equipment Replacement	12,204,644	78.9%	2.1%	1,707,915	11.0%	147.5%
Trust and Agency	8,848,539	85.5%	-10.6%	554,577	16.1%	-67.5%

Resources

Beginning fund balance accounts for \$297.8 million or 68.9 percent of the \$432.1 million total resources reported in the above table for all other City funds. To begin FY 2021, actual fund balance exceeded the budget by \$36.9 million or 14.1 percent. At the second quarter mark in the fiscal year, total resources equal 73.3 percent of the amount anticipated in the FY 2021 budget for this grouping of funds.

Expenditures

The nine funds marked with an * have a total of 538.1 full-time equivalent (FTE) authorized positions, approximately 41.9 percent of the total FTE count for the City in the FY 2021 budget. The General Fund supports the remaining 743.82 FTE positions. Of the \$142.9 million in total actual expense through December 31 documented in the above table, \$29.8 million or 20.9 percent is personal services expense.

Materials and services purchases for supplies, equipment, and services equal \$92.2 million or 64.5 percent of total expenses. Four funds—the Utility Fund, Self Insurance Benefits Fund, Self Insurance Risk Fund, and Capital Improvements Fund—account for \$104.3 million—or 73 percent—of the total expenses of these funds.

URBAN RENEWAL AGENCY FINANCIAL SUMMARY Through Q2 / FY 2021

This "By the Numbers" summary of FY 2021 activity for the period of July 2020 through December 2020 (Q2) provides a brief update of the Urban Renewal Agency's eight active areas and the Agency-owned Salem Convention Center. For the comparisons to budget and prior year activity a positive percentage denotes FY 2021 results are greater.

Debt Service Fund	Resources			Expenditures		
	Actual through Dec 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual	Actual through Dec 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual
Riverfront Downtown	8,436,730	83.6%	0.0%	26,100	0.3%	-18.4%
Fairview	-	-	0.0%	-	-	0.0%
North Gateway	5,211,347	90.8%	0.0%	-	-	0.0%
West Salem	2,593,657	100.8%	0.0%	-	-	0.0%
Mill Creek	2,413,975	71.3%	0.0%	893,127	64%	0.0%
McGilchrist	1,241,398	89.8%	0.0%	-	-	0.0%
South Waterfront	631,391	89.9%	0.0%	-	-	0.0%
Jory Apartments	-	0.0%	0.0%	-	-	0.0%
Total	20,528,498	85.8%	1.9%	919,227	5.4%	-18.4%

Capital Improvements Fund	Resources			Expenditures		
	Actual through Dec 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual	Actual through Dec 31	As a Percent of Budget	Difference FY 2021 to FY 2020 Actual
Riverfront Downtown	19,096,228	74.0%	17.7%	2,416,549	9.4%	-63.2%
Fairview	2,439,535	93.0%	-0.2%	43,333	1.7%	46.9%
North Gateway	11,993,922	85.2%	24.2%	2,021,646	14.4%	101.8%
West Salem	5,112,977	74.4%	28.2%	126,554	1.8%	-57.8%
Mill Creek	2,432,378	81.7%	-30.9%	618,445	20.8%	-66.5%
McGilchrist	4,741,253	47.5%	25.6%	156,761	1.6%	50.7%
South Waterfront	445,824	47.1%	-64.3%	12,458	1.3%	-98.9%
Jory Apartments	-	0.0%	0.0%	-	0.0%	0.0%
Total	46,262,117	73.1%	13.3%	5,395,747	8.5%	-50.7%

Salem Convention Center Fund and Convention Center Gain / Loss Reserve

Resources for the Salem Convention Center Fund include beginning fund balance of \$195,482 and revenue from food sales, miscellaneous revenue, and equipment and room rentals of \$80,470 for a total of \$275,952. Through the period, \$222,299 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 \$5.44 million. Interest postings through the quarter added \$43,423.

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

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