

FORM LB-1

NOTICE OF BUDGET HEARING

A meeting of the Salem City Council will be held on June 9, 2025 at 6:00 pm at the Loucks Auditorium in Salem Public Library, 585 Liberty St SE, Salem, OR. At this meeting, deliberations of the budget for the fiscal year beginning July 1, 2025 as recommended by the City of Salem Budget Committee will take place. Any person may provide public comment or written testimony regarding the Budget Committee approved budget. A summary of the budget is presented below. A copy of the complete budget can be found on the City's website at <https://www.cityofsalem.net/budget>. This budget was prepared on a basis of accounting that is consistent with the basis of accounting used during the preceding year. Major changes, if any, and their effect on the budget are explained below. This budget is for an annual period. Americans with Disabilities Act accommodations for the June 9, 2025 meeting shall be provided upon request with 24 hours advance notice.

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FINANCIAL SUMMARY - RESOURCES			
TOTAL OF ALL FUNDS	Actual Amount	Adopted Budget	Approved Budget
	Fiscal Year 2024	This Fiscal Year 2025	Next Fiscal Year 2026
Beginning Fund Balance / Net Working Capital	393,812,380	374,392,740	403,080,980
Fees, Licenses, Permits, Fines, Assessments and Other Service Charges	196,034,719	200,865,840	260,851,230
Federal, State and All Other Grants, Gifts, Allocations and Donations	59,895,717	90,728,780	97,069,250
Revenue from Bonds and Other Debt	0	0	0
Interfund Transfers / Internal Service Reimbursements	126,165,695	146,016,930	139,725,340
All Other Resources Except Current Year Property Taxes	29,038,815	19,480,190	21,628,450
Current Year Property Taxes (Estimated to be Received, FY 2025 and FY 2026)	101,336,646	106,719,570	124,869,070
Total Resources	906,283,971	938,204,050	1,047,224,320

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION			
Personal Services	205,225,718	235,377,570	268,727,340
Materials and Services	200,339,867	360,773,740	394,982,240
Capital Outlay	10,884,797	26,782,260	23,789,450
Debt Service	42,408,621	41,998,750	41,949,750
Interfund Transfers	35,788,356	55,099,210	31,159,510
Contingencies	0	5,732,700	9,862,850
Special Payments	24,669,378	14,114,270	10,564,750
Unappropriated Ending Balance and Reserved for Future Expenditure	386,967,234	198,325,550	266,188,430
Total Requirements	906,283,971	938,204,050	1,047,224,320

FINANCIAL SUMMARY - REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM			
Name of Organizational Unit or Program			
FTE for that unit or program			
City Manager's Office	1,233,156	1,683,660	2,644,240
FTE	6.00	6.00	10.00
Community Planning and Development	23,313,797	59,333,620	45,653,130
FTE	93.50	93.50	86.50
Community Services	19,468,312	27,067,800	28,869,750
FTE	106.10	106.10	104.10
Enterprise Services	71,190,025	87,913,670	93,444,170
FTE	152.75	152.75	156.00
Finance	5,905,320	7,213,620	7,881,490
FTE	39.00	39.00	40.00
Fire	78,100,178	101,227,050	151,423,470
FTE	268.00	271.00	331.00
Legal	2,914,815	3,162,520	3,332,550
FTE	14.50	14.50	14.50
Mayor and Council	372,798	448,560	459,250
FTE	0.00	0.00	0.00
Non Departmental	60,785,881	86,357,430	92,314,240
FTE	0.00	0.00	0.00
Police	58,370,666	63,803,400	69,458,530
FTE	252.30	252.90	252.90
Public Works	197,661,789	301,667,170	285,555,070
FTE	412.00	420.50	423.50
Total Requirements	519,316,737	739,878,500	781,035,890
Total FTE	1,344.15	1,356.25	1,418.50

STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING

CHANGES IN ACTIVITY

Net citywide full-time equivalent position increase of 62.25 FTE from the fiscal year 2025 adopted budget, which includes a net decrease of 97.85 FTE in the General Fund and an increase of 160.10 FTE for all other City funds. The majority of departmental budgeted expenditure decreases are the result of an effort to better align capital project budgets with anticipated actual expenditures. Where no year-to-year changes in activity are noted, cost increases or decreases are related to general operations.

City Manager's Office – Increased budget is primarily to accommodate the move of 4 FTE formally in the Community Services department into the City Manager's Office to work on policy analysis, neighborhood outreach, opioid prevention and other matters.

Community Planning and Development -- Budget reduction is primarily due to the elimination of 4 FTE and the movement of 3 FTE from the Real Estate Services group to the Public Works Department.

Community Services – The voter-approved local option levy will appear for the first time in the FY 2026 budget. The slight increase is due to the additional of 3 FTE in the Library to expand Library services as outlined in the local option levy ballot language.

Enterprise Services – Budget increase resulting from increased health benefits and property insurance expenses, additional utilization of fleet services, expected contractual increases for software and licenses, and additional 5.25 FTE for the enterprise resource planning project, 1 FTE for human resources work related to ambulance services. Also includes the elimination of 1 FTE in payroll.

Fire – The Emergency Medical Services Fund budget increased significantly with the addition of 60 FTE, and equipment and facilities as the City resumes ambulance transport services.

Non Departmental -- Budget increase is primarily due to the initial transfer authority into the Local Option Levy fund and the increase in debt service for approved projects.

Police – None

Public Works – Budget reduction is primarily due to capital improvements budget realignment. Total increase of 3 FTE into the Utility Fund from Community Planning and Development for real estate services to better align with programs.

SOURCES OF FINANCING

Beginning Working Capital / Net Working Capital – Overall increase with the largest changes in this category being the anticipated spend down of fund balance in the General Fund, Cultural and Tourism Fund, Building and Safety Fund, Utility Fund, Self Insurance Risk Fund, and Trust Fund for State and Federal Grants offset by increases in the Transportation Services Fund, the Self Insurance Benefits Fund, Capital Improvements Fund, and Equipment Replacement Reserve Fund.

Fees, Licenses, Permits, Fines, Assessments, Other Charges – Overall increase in this category is due to annual fee adjustments, including the City Operations Fee and utility rates, as well as a large increase in ambulance service transport revenue due to the start of City provided services, offset by an expected decrease in permit and planning revenue.

Federal and State Grants, All Other Gifts / Donations / Allocations – Increased revenue due to an increase in capital project funding in this category, including a significant increase in federal funding for transportation projects. Also decreased funding for Housing and Urban Development grants for the HOME program.

Interfund Transfers / Internal Service Reimbursements – Overall increase for this category is due to increases to insurance premiums, allocated overhead, and internal usage revenue.

Current Year Property Tax – Increase in FY 2026 due to the implementation of the local option levy with typical statutorily-limited increase to assessed valuation and anticipation of some new growth in the General Fund.

PROPERTY TAX LEVIES

	Rate or Amount Approved Fiscal Year 2024	Rate or Amount Approved Fiscal Year 2025	Rate or Amount Approved Fiscal Year 2026
Permanent Rate Levy (rate limit \$5.8315 per \$1,000)	\$5.8315	\$5.8315	\$5.8315
Local Option Levy	\$0	\$0	\$0.98
Levy For General Obligation Bonds	\$18,765,580	\$20,335,440	\$20,114,200

STATEMENT OF INDEBTEDNESS

LONG-TERM DEBT	Estimated Debt Outstanding on July 1	Estimated Debt Authorized, But Not Incurred on July 1
General Obligation Bonds	\$157,085,000	\$200,000,000
Other Bonds	\$71,955,000	\$0
Other Borrowings	\$11,565,590	\$1,110,000
Total	\$240,605,590	\$201,110,000