

FORM LB-1

NOTICE OF BUDGET HEARING

A meeting of the Salem City Council will be held on June 8, 2026 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, 2026 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 8, 2026 meeting shall be provided upon request with 24 hours advance notice.

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FINANCIAL SUMMARY - RESOURCES			
TOTAL OF ALL FUNDS	Actual Amount Fiscal Year 2025	Adopted Budget This Fiscal Year 2026	Approved Budget Next Fiscal Year 2027
Beginning Fund Balance / Net Working Capital	386,967,234	407,375,870	426,406,530
Fees, Licenses, Permits, Fines, Assessments and Other Service Charges	211,059,873	260,851,220	271,710,600
Federal, State and All Other Grants, Gifts, Allocations and Donations	44,765,147	97,705,780	95,078,680
Revenue from Bonds and Other Debt	0	0	0
Interfund Transfers / Internal Service Reimbursements	144,779,214	139,942,710	170,841,900
All Other Resources Except Current Year Property Taxes	32,314,562	21,628,450	28,223,480
Current Year Property Taxes (Estimated to be Received, FY 2026 and FY 2027)	105,266,322	124,869,070	133,955,580
Total Resources	925,152,351	1,052,373,100	1,126,216,770

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION			
Personal Services	220,653,979	269,661,340	289,119,030
Materials and Services	201,740,138	397,888,300	398,908,780
Capital Outlay	17,823,378	24,765,650	27,077,550
Debt Service	41,977,387	41,949,750	34,362,330
Interfund Transfers	45,372,196	31,276,880	47,754,490
Contingencies	0	9,698,340	9,747,400
Special Payments	16,007,430	10,994,420	10,691,910
Unappropriated Ending Balance and Reserved for Future Expenditure	381,577,843	266,138,420	308,555,280
Total Requirements	925,152,351	1,052,373,100	1,126,216,770

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	1,281,213	2,644,240	3,012,500
FTE	6.00	10.00	12.00
Community Planning and Development	30,753,237	46,206,640	39,329,550
FTE	93.50	86.50	86.50
Community Services	24,829,352	31,044,180	29,685,440
FTE	106.10	104.10	105.85
Enterprise Services	88,177,023	93,444,170	107,655,910
FTE	159.00	156.00	155.00
Finance	6,636,185	7,908,490	8,338,290
FTE	40.00	40.00	40.00
Fire	77,509,140	151,883,140	168,004,180
FTE	331.00	331.00	335.00
Legal	2,948,843	3,357,550	3,510,010
FTE	14.50	14.50	14.50
Mayor and Council	435,594	459,250	484,020
FTE	0.00	0.00	0.00
Non Departmental	59,045,983	88,216,170	82,822,620
FTE	0.00	0.00	0.00
Police	63,014,755	70,029,160	75,746,790
FTE	252.90	252.90	258.90
Public Works	199,111,025	291,041,690	299,072,180
FTE	420.50	423.50	424.50
Total Requirements	553,742,349	786,234,680	817,661,490
Total FTE	1,423.50	1,418.50	1,432.25

STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING

CHANGES IN ACTIVITY

Net citywide full-time equivalent position increase of 13.75 FTE from the fiscal year 2026 adopted budget, which includes a net increase of 7.00 FTE in the General Fund and an increase of 6.75 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 cost inflation for operations.

City Manager's Office -- Increased budget is primarily from the net increase of 2 FTE from the Enterprise Services Department into the City Manager's Office to work on community relations, communication, and City Council support.

Community Services -- 1 FTE was added to the Library for volunteer coordination and 0.75 FTE is added to Center 50+ for community partnership building.

Enterprise Services -- Budget increase from higher expected health benefits and workers' compensation insurance claims, additional utilization of fleet services, expected contractual increases for software and licenses. Also includes the addition of 1 FTE in Self Insurance - Risk Fund for investigations.

Fire -- The Emergency Medical Services Fund budget increased with the addition of 4 FTE, equipment replacement reserve contribution, and write offs reflecting higher than anticipated usage of ambulance transport services.

Non Departmental -- Budget decrease reflected the planned completion of the Civic Center Seismic Retrofit project and reduced transfers from the Cultural and Tourism Fund to the General Fund.

Public Works -- Budget increase is primarily due to an increased transfer to fund future capital improvement projects offset with lower expected spending on bond-funded transportation projects. Total increase of 2 FTE in the Utility Fund to better align with programs and additional capital project management.

SOURCES OF FINANCING

Beginning Working Capital / Net Working Capital -- Overall increase with the largest changes in this category being the anticipated growth of fund balance in the General Fund, Local Option Levy Fund, Utility Fund, Emergency Services Fund, Self Insurance Benefits Fund, and Self Insurance Risk Fund offset by the anticipated spend down in the Cultural and Tourism Fund, Building and Safety Fund, and Capital Improvements 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 with high usage of this City service.

Federal and State Grants, All Other Gifts / Donations / Allocations -- Slight year-over-year decrease due mostly to reduced amount for capital project funding in this category and 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 2027 reflects plan to stop property tax collections for North Gateway Urban Renewal Area and Mill Creek Urban Renewal Area, and returning excess property tax increment to counties for distribution to all taxing jurisdictions.

PROPERTY TAX LEVIES

	Rate or Amount Approved Fiscal Year 2025	Rate or Amount Approved Fiscal Year 2026	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	\$0.98	\$0.98
Levy For General Obligation Bonds	\$20,335,440	\$20,114,200	\$21,186,910

STATEMENT OF INDEBTEDNESS

LONG-TERM DEBT	Estimated Debt Outstanding on July 1	Estimated Debt Authorized, But Not Incurred on July 1
General Obligation Bonds	\$243,505,000	\$100,000,000
Other Bonds	\$55,115,000	\$0
Other Borrowings	\$9,902,740	\$1,110,000
Total	\$308,522,740	\$101,110,000