

New Funds Needed for Valued City Services

Our community is growing, but our funding isn't growing enough to keep up. To keep pace, we need a more balanced way to pay for services.

To maintain current City services and keep pace with our growing community's needs, the City must raise \$16.2 million more per year. This money will pay for public safety needs, and much-needed additional support for parks, our library, and other community services.

Without more funding, the City will struggle to provide services our community has come to expect. In the 1990s, Oregon tax limitation measures capped property tax revenue. As a result, the City's budget has not kept pace with inflation and property taxes are no longer enough to support existing services. After considering options and community input, the Salem City Council proposed to raise this much-needed money in two ways.

Together, these funding sources will help support valued City services. An operations fee will help as soon as February 2020. An employee-paid payroll tax offers a longer-term solution and will be on the ballot in May 2020 for voter input. By sharing the cost, we will be able to do things like add firefighters, police officers, library hours, and parks maintenance.

Operations fee

The operations fee will be used to continue current services and staffing levels in the near term.

A City operations fee is a separate fee to continue existing emergency, library, park maintenance, social, and other essential services. In Oregon, 50 cities use an operations fee to help pay for city services. This flat fee will be collected through City utility bills based on the type of account (a single family home pays a different rate than an apartment building, for example), not based on property value. Those who qualify for the Utility Rate Relief Program will not pay this fee.

When: As soon as February 2020.

New funds: \$7.1 million in 2020 at \$8/month for single family home accounts, \$6.40/month for multi-family home accounts, and \$38.56/month for public, commercial and institutional accounts.

Employee-paid payroll tax

The employee-paid payroll tax will be used to increase public safety staffing to help prevent crime, prepare for emergencies, respond faster and be there when you need us.

The City Council referred the proposed employee-paid payroll tax to the voters in the May 2020 election. If passed, the employee-paid payroll tax will be dedicated to keeping pace with our community's growing public safety needs.



Based on a percent of total wages, this tax will be paid by all employees in Salem's private and public sectors, with the exception of minimum wage earners. By including the more than 60,000 workers who commute to Salem, the cost of public safety services will be shared by people who live and work in Salem alike. As our economy and jobs grow, funds from this source will grow. Retirement and disability income will not be taxed.

When: The employee-paid payroll tax will be referred to voters in the May 2020 election. If approved by voters, funds will be dedicated to public safety and could be available as early as July 2022.

New funds for public safety: \$9.1 million, using a tiered rate structure with most workers paying a rate of 0.39% on income earned within the City limits. At 0.39%, a person working in Salem earning \$50,000 annually would pay \$195 per year. Employees earning minimum wage would be exempt and those earning a wage up to \$15 per hour would pay a lower rate of 0.266%.

Why ask for more money now?

The City has restored services cut during the recession. Changes in the economy forced us to make big changes in 2009 and 2013 to the services we were able to provide. We closed two fire stations, and reduced library hours, recreation services, and support to neighborhoods. Since then, we've re-opened the two fire stations and made improvements to services the community expects and values.

We have stepped in where our community has asked the City to fill gaps. For example, launched in 2017 with \$1.4 million from the City, the Homeless Rental Assistance Program has led to permanent housing for more than 240 chronically unsheltered people in our community. Traditionally, this valuable work has been outside the City's core service areas. Continuing this commitment, in addition to costs of ongoing services, outpaces available funding.

We must align our services with available funding within the next two years. Without reducing services

we provide our community or investing in new funding sources, the City will not have enough money to fund services in the year beginning July 1, 2022.

- These are hard choices. If we are unable to raise money within the next two years, we will not be able to continue doing all we do. The City Council, in conversation with our community, would provide direction for reducing City services. An \$8 million reduction would be the equivalent of decreasing services by 65 police officers, or five fire stations, or all park maintenance and all the library services.

Being more efficient helps but is not enough. We are always looking for ways to be more efficient while providing high-quality services. To be good stewards of the resources entrusted to us, we are using technology in new ways and changing how we provide services, using more energy-efficient products, charging for services that make sense, and engaging support of volunteers and foundations.

Revenue isn't keeping pace with community need. As we continue to grow, the need for essential services grows. In the past ten years, Salem population has grown by more than 9%. City services rely on people. Our staffing today is lower than it was in 2008.

- One measure of public safety is officers per 1,000 people in a community. In Salem, officers per 1,000 people is 8% less than 10 years ago. During this same time, crime rates have increased almost 22%.
- Salem has grown park lands by 25% and has 68% more miles of walkways and trails within our parks. As of 2018, Salem has 14.13 acres of park land per 1,000 residents. Staffing for needed parks maintenance has not kept pace, increasing by three positions (or 8%) and some of the park land is not yet ready for community use.
- Code enforcement officers respond to neighbor complaints of dangerous properties, trash, and debris, and concerns about public health, safety, and welfare. Calls for help are increasing, but there are 7% fewer staff than 12 years ago.

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