

Agenda Item Number: 5.a.

TO: Budget Committee Members
THROUGH: Kristin Retherford, Interim City Manager
FROM: Josh Eggleston, Chief Financial Officer
SUBJECT: General Fund Deferred Staffing Needs

ISSUE:

The Budget Committee requested information at their January 5th meeting on a comprehensive list of deferred staffing needs for the City.

RECOMMENDATION:

Information only.

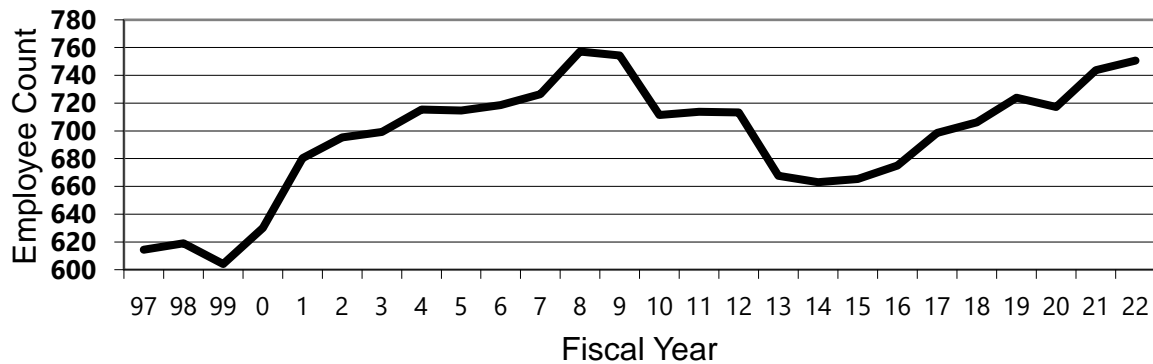
SUMMARY AND BACKGROUND:

The Budget Committee requested information at their January 5th meeting for a comprehensive list of deferred staffing needs for the City. The Police and Fire departments had already conducted staffing studies to identify needs within their departments to meet demand for services within the community. The Budget Office worked with the other City departments through a series of meetings to identify needs within their departments.

The General Fund revenue constraints are complex and rooted with the property tax measures that passed in the 1990s. The implementation of permanent tax rates and a growth limitation of three percent of a property's assessed value removed the City's ability to raise property tax revenue to meet increasing costs or changing needs in the community. These restrictions contributed to a persistent imbalance in the General Fund, where expenses associated with current staffing and service levels exceed ongoing revenues.

During and following the economic downturn of 2007 – 2009, the City made a series of reductions to staffing to balance the General Fund budget with decreased revenues. Through fiscal year (FY) 2022, City staffing levels in the General Fund have remained lower than staffing levels in FY 2008. During this same period, the population of Salem and the surrounding area has continued to increase. Cost increases associated with running a municipal corporation the size of Salem including personnel factors, inflation and deferred maintenance has put more pressure on the General Fund.

The following chart displays the General Fund employee count since FY 1997:



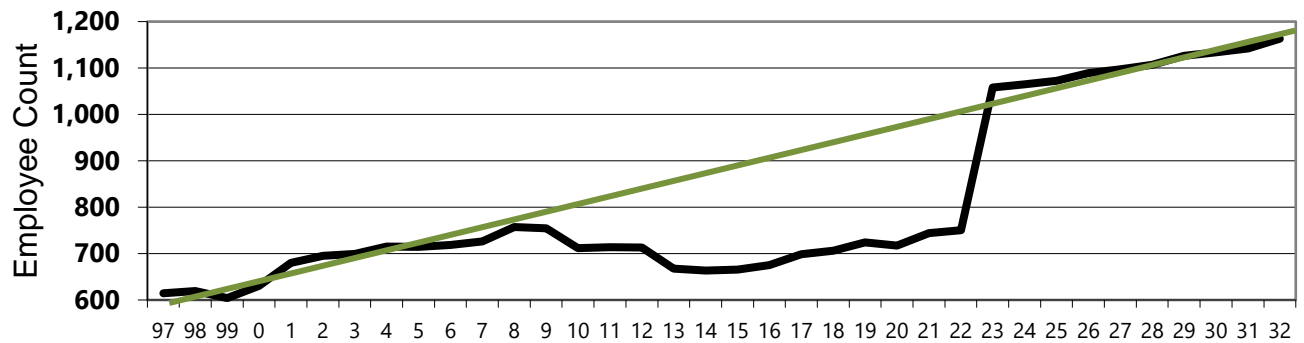
FACTS AND FINDINGS:

Staffing increases are needed within each City department to keep pace with the expectations of the growing community and organization. The City has taken on more services, including social programs without a large increase of revenues or staff. Shown below is the number of additional positions each department or section has identified:

Department or Section	Positions
City Manger's Office	10.0
Community Development	32.0
Enterprise Services Department	41.5
Finance Department	12.0
Fire Department	117.0
Legal Department	6.0
Parks Operations	15.0
Police Department	71.0
Urban Development Department	3.0
Total	307.5

The analysis included increased internal services staffing based on total employee count. For example, the Human Resources Division staffing levels are based on the ratio to total City employees.

The following chart shows the historical General Fund employee count from FY 1997 to FY 2022, with a projection showing what staffing would look like if deferred staffing was added in FY 2023 and maintained through FY 2032. This is for illustrative purposes only and these positions are not included in the FY 2023 budget as the General Fund cannot support additional positions with its constrained revenue . The green trendline is superimposed over the chart to show that if the rate of increase in staffing during the 1990s and 2000s continued, staffing levels would be similar to the result of the deferred needs analysis.



In addition to the staffing needs there are other deferred needs including:

- The anticipated structural imbalance (spending more than the revenues collected) with current services and staffing in the General Fund.
- New unsheltered services and programs using one-time revenues.
- Deferred maintenance for City buildings and systems.
- City equipment, including the fire engines.
- Court appointed attorney and indigent defense services are currently being analyzed and may require increased investment.
- Other funds and services, such as transportation system maintenance.

Some of these needs, such as the fire engines can be addressed using bond funds if approved by voters in the November 2022 election.