

City of Salem

City Operations Fee Restructure

February 17, 2025



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Topics for discussion

Background and history

Identified concerns

Restructure challenges

Potential options

Next steps - direction

Background and history

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- Established January 1, 2020
 - Multifamily unit set at .8 times the residential account.
 - All other accounts set at 4.82 times the residential account
 - Consistent with Streetlight Fee

	1/1/2020
Residential	\$ 8.00
Multi-Family (per unit)	\$ 6.40
Other Accounts - Commercial, Public, Industrial, Institutional	\$ 38.56

Background and History

Adjustment Dates	Residential (per month)	Multi-Family (per unit, per month)	Other Accounts - Commercial, Public, Industrial, Institutional	Percentage Change (CPI)
1/1/2020	\$8.00	\$6.40	\$38.56	
1/1/2021	\$8.00	\$6.40	\$38.56	0.00%
1/1/2022	\$8.34	\$6.67	\$40.19	4.25%
1/1/2023	\$8.93	\$7.14	\$43.04	7.07%
7/1/2023*	\$14.43	\$11.54	\$69.55	61.59%
1/1/2024	\$15.33	\$12.26	\$73.90	6.24%
1/1/2025	\$15.88	\$12.70	\$76.56	3.59%
1/1/2026	\$16.28	\$13.02	\$78.47	2.52%

*A one-time \$5.50 increase to the residential (and corresponding other account adjustments) was implemented on July 1, 2023

Background and history

Classification	Accounts	Annual Budgeted Revenue
Residential	42,028	\$7,965,008
Multi-Family*	2,238	\$4,231,030
Other Accounts - Commercial, Public, Industrial, Institutional	3,120	\$2,848,192
Total	47,386	\$15,044,230

*The 2,238 Multi-Family accounts are made up of approximately 27,250 housing units

Community feedback



Operations fee fairness

Rate fairness between
residential and
nonresidential
accounts

Rate fairness within
nonresidential
accounts

Budget
deficit

Funding
services for a
growing
Salem

Restructure challenges



Property tax
limitations

Limited
data set

What do other cities do



Fee Methodology

Account Classification

Meter Size

Flat Fee

Trip Generation

Dwelling Units

Services Funded

Police

Fire

Roads

Parks

Sidewalks

Place type



Maintained by City staff



Categorizes buildings or property based on use



Aligns with the Regional Address Database



Current 90% match with utility accounts

Use activity



Trip generation data



Based on the ITE (Institute of Transportation Engineers)



Staff have aligned place types with ITE use

Potential options



Use property
“place type”

Combine with
use activity

Future policy questions



Revenue neutral – only address “fairness”



Maintain minimum rate—
maintain current rate as a
minimum for accounts

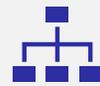


Revenue Generation – Set
target and adjust rates to
solve

Next steps



Build process for management of data set



Research - Administration, appeals process, programming needs



Community engagement



Report to City Council and finalize methodology



In-depth discussion of funding priorities



Questions?

Thank you.

