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1	ORDINANCE BILL NO. 12-19
2	AN ORDINANCE RELATING TO THE CREATION OF AN OPERATIONS FEE;
3	AMENDING SRC 70.250; AND CREATING NEW PROVISIONS: SRC 40.001,
5	40.005, 40.010, 40.015, 40.020, 40.025, 40.030, 40.035, 40.040, 40.045, 40.050, 40.055
4	The City of Salem ordains as follows:
5	Section 1. The Salem Revised Code is hereby amended as set forth in Exhibit A,
	attached hereto and by reference incorporated herein.
6	Section 2. Findings. The Salem City Council finds:
7	(a) The City of Salem is a full service City, supporting residents and the greater
0	community through a range of services, including police, fire, library, parks, recreation,
8	public facilities, planning and code enforcement services. Community members rely on
9	and expect the City of Salem to provide these services to maintain a city that is safe,
10	welcoming, and livable.
10	(b) Services without a dedicated revenue source are paid for by the City's General Fund.
11	The largest revenue in the General Fund is property taxes generated by the City's
12	permanent rate levy. Due to Measure 5 (1990) and Measure 50 (1997) limiting property
13	tax growth and establishing permanent tax rates, increases in property tax revenue have
	not kept pace with escalating costs and the demand for services paid for by these
14	revenues. Some significant costs are largely not controlled by the City; such as escalating
15	health costs and state mandated PERS rates. The City's population has grown by more
10	than nine percent in the last ten years with the anticipation of 60,000 more residents by
16	2035. This structural imbalance between revenues and expenses within the General Fund
17	has been recognized by the City, which has acted with responsible fiscal stewardship to
10	contain expenses within its control.
18	(c) The City has implemented a number of cost-saving measures, including; consolidating
19	staffing; utilizing technology to automate processes and reduce paper and other costs,
20	saving energy, enhanced utilization of volunteers; performing more work within the City
	with less reliance on consultant services; and many other measures. Through the recent
21	recession, the City was faced with decisions on how to balance the budget and in doing
22	so eliminated or reduced General Fund services. Some examples include closing two fire
	stations, and reducing library hours, recreation services and support to neighborhoods.
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1 Even with cost saving measures, the City continues to use working capital, or the City's savings account, to balance the budget and has for the past several years. 2 (d) Working capital is a finite resource. Continued use of working capital to balance 3 ongoing expenses at the current staffing level will cause a depletion of savings during fiscal year 2023. Without additional revenue, reductions to services would be required for 4 the City to adopt a balanced fiscal year 2022 budget as required by Oregon budget law. 5 Although the City is constantly looking for opportunities to further trim expenses and 6 make additional efficiencies, these changes are not enough. (e) The ratio of City employees to the city's growing population has decreased, affecting 7 the City's ability to maintain services. For example, there is an 8 percent lower police 8 officer to resident ratio than ten years ago and within that time period, crime rates have 9 increased 22 percent. Additionally, while park land has grown by 25 percent and miles of walkways and trails have increased by 68 percent, parks maintenance personnel has 10 increased by only 8 percent (or three positions). There are similar issues for nearly every 11 service funded by the General Fund. (f) Recognizing the need for new revenue in order to maintain a structurally balanced 12 budget, the City of Salem's Budget Committee in the spring of 2018 recommended that 13 City Council begin exploring new revenue options to support the General Fund. As a 14 result, the Sustainable Services Revenue Task Force (Task Force) was created. (g) The Task Force was comprised of Salem residents from the following groups: Salem 15 City Council, Salem Budget Committee, Home Builders Association of Marion and Polk 16 Counties, Latino Business Alliance Board, Oregon Marshallese Community, Salem 350, Salem Electric, Salem Fire Foundation, Salem Parks and Recreation Board, Salem Police 17 Foundation, Salem Economic Development Corporation Executive Board and Straub 18 Environmental Center. 19 (h) The Task Force reviewed twelve revenue options for the General Fund and one for the Transportation Services Fund. After a series of comprehensive public meetings which 20 covered both the City budgeted revenues and expenses throughout the fall of 2018, the 21 Task Force's recommendation was delivered to the City Council in April 2019. Of the twelve General Fund revenue options, the Task Force recommended an employee-paid 22 payroll tax and a city operating fee.

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1	(i) The City Council received the Task Force recommendation and made modifications
2	to address concerns surrounding low-wage earners. Through this ordinance, the City
	Council is maintaining essential City services residents depend on while also fulfilling
3	the obligation to ensure the fiscal health of the City both today and in the future.
4	Section 3. Codification. In preparing this ordinance for publication and distribution, the
5	City Recorder shall not alter the sense, meaning, effect or substance of this ordinance, but within such limitations, may:
6	(a) Renumber sections and parts of sections of the ordinance;
7	(b) Rearrange sections;
	(c) Change reference numbers to agree with renumbered chapters, sections or other
8	parts;
9	(d) Delete references to repealed sections;
10	(e) Substitute the proper subsection, section or chapter, or other division numbers;
	(f) Change capitalization and spelling for the purpose of uniformity;
11	(g) Add headings for purposes of grouping like sections together for ease of
12	reference; and
13	(h) Correct manifest clerical, grammatical or typographical errors.
	Section 4. Severability. Each section of this ordinance, and any part thereof, is
14	severable, and if any part of this ordinance is held invalid by a court of competent
15	jurisdiction, the remainder of this ordinance shall remain in full force and effect.
16	PASSED by the City Council this day of, 2019.
17	ATTEST:
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19	City Recorder
20	Approved by City Attorney:
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22	Checked by: Robert Barron
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