

## Legislation Details (With Text)

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**File #:** 19-260      **Version:** 1

**Type:** Resolution      **Status:** Agenda Ready

**In control:** City Council

**On agenda:** 7/8/2019      **Final action:** 7/8/2019

**Title:** Building and Safety Fund Balance Policy

Ward(s): All Wards  
Councilor(s): All Councilors  
Neighborhood(s): All Neighborhoods

**Sponsors:****Indexes:****Code sections:**

**Attachments:** 1. Resolution 2019-19, 2. Council Policy C-10, 3. City Council Finance Committee Report dated 4.15.2019, Agenda Item No. 4a

Date	Ver.	Action By	Action	Result
7/8/2019	1	City Council	adopted	Pass

**TO:** Mayor and City Council

**FROM:** Salem City Council Finance Committee

**SUBJECT:**

Building and Safety Fund Balance Policy

Ward(s): All Wards  
Councilor(s): All Councilors  
Neighborhood(s): All Neighborhoods

**ISSUE:**

Shall the City Council adopt Resolution 2019-19, approving the City Council Finance Committee's recommendation to revise Council Policy C-10, increasing the service stabilization reserve in the Building and Safety Fund from six months to twelve months?

**RECOMMENDATION:**

Adopt Resolution 2019-19, approving the City Council Finance Committee's recommendation to revise Council Policy C-10, increasing the service stabilization reserve in the Building and Safety Fund from six months to twelve months.

## **SUMMARY:**

On April 15, 2019, the City Council Finance Committee recommended rescinding the current C-10 Policy and adopting a revised policy extending the service stabilization reserve to an amount equivalent to twelve months of budgeted operational costs.

## **FACTS AND FINDINGS:**

The Building and Safety Division of the Community Development Department maintains reserves in the Building and Safety Fund to ensure efficient customer service levels can be continued when there are slowdowns in the construction industry. Under current Council Policy C-10, a portion of the Building and Safety Fund - the service stabilization reserve or operating reserve - must equal six months of budgeted operating expenditures. This proposed revision to the policy would increase that reserve amount to equal twelve months of budgeted operating expenditures.

During the last recession, the decline of the construction economy lasted more than twelve months, causing the loss of inspectors and plans examiners statewide due to layoffs. Consequentially, as the construction economy recovered, there was a severe shortage of qualified individuals to perform this work. This placed hardships on many building departments, including the City of Salem.

The State of Oregon's Building Codes Division administers and enforces the State Building Code. The authority of this code is delegated to many local governments in Oregon, including the City of Salem. These local governments are expected to operate financially independent of the State and provide services that are efficient in times of economic downturn. Local governments with state delegated inspection programs must maintain reserve funds to sustain service levels throughout challenging economic periods.

By increasing the amount of reserves, the Building and Safety Division will be better equipped to continue providing efficient services to the community and maintain a highly skilled work force despite declines in the construction industry.

Kelli Blechschmidt  
Administrative Analyst I

## **Attachments:**

1. Resolution 2019-19
2. City Council Finance Committee Report dated 4/15/2019, Agenda Item No. 4a