



Legislation Details (With Text)

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<b>On agenda:</b>	2/12/2024	<b>Final action:</b>	2/12/2024
<b>Title:</b>	Supplemental Budget 2 to amend the Fiscal Year (FY) 2024 budget and eliminate vacant General Fund positions		
	Ward(s): All Wards		
	Councilor(s): All Councilors		
	Neighborhood(s): All Neighborhoods		
	Result Area(s): Good Governance; Natural Environment Stewardship; Safe and Healthy Community; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.		
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<b>Attachments:</b>	1. Resolution No. 2024-6, 2. Resolution No. 2024-6, Exhibit A, 3. Resolution No. 2024-6, Exhibit B, 4. Public Comments received by 3:15 p.m., February 12, 2024.pdf		

Date	Ver.	Action By	Action	Result
2/12/2024	1	City Council	adopted	Pass

**TO:** Mayor and City Council

**THROUGH:** Keith Stahley, City Manager

**FROM:** Josh Eggleston, Chief Financial Officer

**SUBJECT:**

Supplemental Budget 2 to amend the Fiscal Year (FY) 2024 budget and eliminate vacant General Fund positions

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**SUMMARY:**

The City Council has held multiple work sessions on sustaining General Fund services. Without additional revenue, reductions in services are needed to maintain a fund balance within policy

compliance over the next several years. This action reduces \$4,658,900 and 33.35 Full Time Equivalent (FTE) positions in the General Fund.

This action also:

- Moves \$72,000 Police Department salary savings to the City Manager's Office to fund a limited duration program manager to further the City's DEI (Diversity, Equity and Inclusion) and Community Violence Reduction Initiative (CVRI).
- Amends the Police Regional Records Fund budget to include \$190,000 to pay for unanticipated software costs related to new agencies in the system. This action uses General Fund contingency to create the budget authority, but no General Fund dollars will be transferred.

## **ISSUE:**

Shall the City Council adopt Resolution No. 2024-6, Supplemental Budget (2), decreasing General Fund expenses and position authority, transferring Police Department Salary savings to fund a limited duration Program Manager position in the City Manager's Office to further DEI and the CVRI, and amending the Police Regional Records Fund budget to pay for unanticipated software costs?

## **RECOMMENDATION:**

Adopt Resolution No. 2024-6, Supplemental Budget (2), decreasing General Fund expenses and position authority, transferring Police Department Salary savings to fund a limited duration Program Manager position in the City Manager's Office to further DEI and the CVRI, and amending the Police Regional Records Fund budget to pay for unanticipated software costs.

## **FACTS AND FINDINGS:**

### ***General Fund Position Reduction Detail***

The majority of these positions were added in the FY 2024 budget that anticipated additional new revenue. Without that new revenue, they are being eliminated. All of the positions proposed for reduction are currently vacant.

1. Park Rangers (2 FTE, \$236,215) - Support in parks will continue the status quo with one park ranger serving all Salem parks.
2. Code Compliance Officers (2 FTE, \$236,215 position costs, \$116,000 materials and services) - Not having these two new positions will mean that Code Compliance will continue at current staffing levels. The goal of adding these positions was to have an officer assigned to each ward and to allow more participation in neighborhood association meetings and faster response to neighborhood issues.
3. Salem Outreach and Livability Services (SOS) Team Expansion (4 FTE, \$411,160 position costs, \$79,000 materials and services) - Adding these positions would have allowed the City to expand the SOS Team from four days a week to seven. The current team, funded at one full-time team, provides 40 hours per week of coverage, which stretches over four days of the week.

Ground is lost on the days staff are not on duty. The additional positions would have increased capacity and provided a daily presence at difficult locations. Current staffing does not keep up with demand, despite removing on average 22 tons of garbage per month throughout Salem. Doubling this work team would have increased the amount of garbage removed which increases health for our community members, public lands, and waterways.

4. HR Business Partners (2 FTE, \$312,540) - The workload for each HR Business Partner, who typically oversees over 350 employees, handles two unions, and supports non-represented employees, is impeding their ability to proactively address employee relations, engagement, and development. This substantial workload is having a negative impact on work-life balance resulting in job dissatisfaction and high turnover rates. Managing such a heavy workload poses challenges for HR Business Partners in providing each employee with the necessary time and attention. This lack of sustainability affects their ability to effectively support their colleagues, ultimately leading to demoralization for the business partner and less effective service to the employees. Furthermore, employees are frequently working extended hours, often exceeding 9 to 10 hours per day, and even weekends.
5. Civic Center Security Officer (1 FTE, \$82,210) - Ensuring a safe and secure workplace is a top priority for the City. Not filling or budgeting for this position would leave a gap in security presence at the Civic Center. Over the past year, security at the Civic Center has been effectively managed by a security contractor. They have played a crucial role in assisting visitors, de-escalating potential issues, and serving as a deterrent against disruptive behavior during Council meetings. Presently, the funding for this contractor is coming from the Risk and Building & Safety divisions, which is not a sustainable arrangement. The City Operations Fee proposed adding two security officers to replace the security contractor. One of the positions is proposed to be eliminated with the remaining FTE either hired or budget authority used to continue the current contract in the General Fund.
6. Legal Assistant City Attorney (1 FTE, \$194,900) - The Legal Department anticipated adding one Assistant City Attorney II through the increased operations fee for this fiscal year. The position would have enhanced the department's ability to provide more thorough general counsel advice and support for all City departments and well as additional support and redundancy for civil litigation. Without that position the department will maintain current levels of service to departments. Based on the recent internal client satisfaction survey, city departments are generally pleased with the quality of the legal advice and work product provided by the Legal Department. However, many respondents noted that responses are often delayed, and some types of services are either not provided or are limited in scope due to the attorneys' other commitments. As workloads increase across City departments, reliance on general counsel services has increased over the years. The attorneys' current workloads do not allow them time to respond as thoroughly and comprehensively as desired; the additional FTE would have made that easier to accomplish.
7. IT Supervisor II (1 FTE, \$147,830) - Without the addition of this supervisor position, the eight Department Technical Support Analysts will continue to report to the IT Operations Division Manager. Presently, the group lacks a dedicated resource to oversee the establishment of standards, patterns, and consistency in delivering services to the department, as well as to identify organizational efficiencies. Additionally, having a dedicated supervisor for this work group would bring about valuable advantages, including enhanced communication and knowledge sharing among team members.
8. HR Specialist (1 FTE, \$116,270) - Clerical and administrative tasks in HR have been

inconsistently managed, with no dedicated individual responsible for maintaining files and handling administrative functions such as recording minutes during labor meetings and preparing for upcoming union contract negotiations. Without proper clerical support, there is a significant risk of errors, oversights, and potential liability for the City.

9. HR Program Manager II (1 FTE, DEI coordinator, \$156,880) - Having a dedicated Diversity, Equity, and Inclusion (DEI) position has enabled the City to focus on the specialized tasks necessary to comply with employment regulations, protect staff from discrimination, and mitigate the City's exposure to litigation related to unfair labor practices. This role has played a pivotal role in sustaining the City's momentum in continually enhancing equity, DEI literacy, DEI practices, and employee empowerment. The incumbent has been responsible for developing, implementing, and curating DEI-related content, training programs, and experiences. The elimination of this dedicated resource will result in the discontinuation of these essential services, leading to a significant slowdown in the City's initiatives in these critical areas.
10. IT Administrative Analyst I (2 FTE, \$210,650)
  - a. This position plays a crucial role in ensuring the uninterrupted functioning of the Enterprise Services Department. Currently, these responsibilities are being handled by a full-time career employee, resulting in overtime costs exceeding \$20,000 last year, which accounts for 30% of the hourly staff's salary equivalent. This situation is unsustainable for the department and significantly affects the efficiency and morale of the staff. Without this position, overtime expenses will persist, making it challenging to meet customer demands related to cell phone management and technical equipment receiving and setup.
  - b. Over the past five years, IT procurement volume has consistently increased by 10 to 20% annually. In the fiscal year 2022/2023, the division successfully processed 927 purchase orders, totaling \$8.47 million. This work involves meticulous attention to detail and has a direct impact on every department and work group within the City. Additionally, the division is responsible for managing more than 70 contracts, with a combined budgeted value exceeding \$1.76 million. The IT contract process is known for its complexity and time-consuming nature. Without the support of this position, backlogs will persist, affecting the timely deployment of technical solutions across the City. Furthermore, the role of regular account administration, essential for effective cost management, cannot be adequately fulfilled without this position.
11. Finance Management Analyst II (1 FTE, Grants Administrator, \$138,360) - The Finance Department is understaffed and the City has had increased grant activity in recent years both as a grantor and grantee. This position would have provided Citywide oversight over grants to ensure compliance. Without this position the City is at greater risk of non-compliance, delayed grant reporting, and overburdening existing staff with even higher workload.
12. Community Services Management Analyst I (1 FTE, \$128,290) - The Comm Services Management Analyst 1 was created to support the administration of the newly formed Community Services Department. Eliminating this position will create inefficiency and workload challenges for the department.
13. Library positions (7.35 FTE, \$789,320) - Due to holding open vacancies and approved mid-year staffing reductions, the Library reached a point of no longer having the staffing capacity to operate at planned levels of service for the entire fiscal year. Effective January 2, 2024, reduced operational hours were implemented which affected services at the Main Library and West Salem Branch. These reductions resulted in a loss of 14 operating hours per week (52 to 38) plus closure on Sundays at the Main Library, and loss of 20 operating hours per week (30 to 10) at the

West Salem Branch, including closure of 3 open operating days (from 5 days open to 2 days open weekly). This resulted in a loss overall of 34 operating hours and 4 operating days weekly between both library buildings. Additionally, the funding and staffing reductions results in reduced programs and events, and significant loss of access to computers, Wi-Fi, study areas, meeting spaces, access to research databases, books, media, printers, and a safe space to shelter from the heat and cold for our community.

14. Police positions (5 FTE, \$967,950)
  - a. Police Crime Analyst - This position was developed to enhance collection and categorization of crime data, analyze quantitative crime data to develop apparent crime series, trends, patterns and potential suspects, while preparing tables and graphic displays. The loss of this position will significantly limit the ability of the department to complete the aforementioned tasks. Additionally, it will limit the ability to research and respond to inquiries from news media representatives and the general public.
  - b. Police Officers (2 FTE) - The Police Department will no longer have the ability to conduct high-level drug trafficking cases that distribute illicit narcotics (including fentanyl) throughout the community. Additionally, it will impact the department's ability to investigate federal overdose cases criminally, and hold the suppliers of deadly narcotics accountable for their distribution to adults and children alike. The loss will also impact asset forfeiture amounts.
  - c. Sergeant (1 FTE) - Losing a sergeant will directly limit the ability to provide managerial oversight of patrol officers in the field during high-risk situations, use of force incidents, and other incidents involving safety of the community and livability within the city. This position was also tied to phasing out the corporal rank.
  - d. Lieutenant (1 FTE) - Loss of a lieutenant will directly impact the department's ability to strategize, coordinate, and participate in community engagement events and strategic response to the complex problems within the community.
15. Fire Training Officer (1 FTE, \$217,270) - The lack of an additional Fire Training Officer has significant consequences. The training officers play a crucial role in facilitating the orientation and instruction of recruits, ensuring their understanding of company policies, procedures, job responsibilities, and other essential duties. To offer historical context, it is worth noting that the Salem Fire Department previously functioned with a staff comprising two Fire Training Officers and one EMS Trainer. In 2010, the Training Division experienced reduced staffing due to budget constraints within the City. As a consequence, one Training Officer position was eliminated. During that period, the department comprised 156 line personnel and handled approximately 17,000 calls effectively. Subsequently, the Fire Department has relied on operational staff to augment the activities of the Training division, resulting in a discernible impact on the department's overtime budget. This assistance includes supporting promotional exams, the hiring process, training academies, and various training requirements required by State and Federal Requirements, Oregon Health Department and the Department of Public Safety and Standards. In addition, the conditions within the fire service have experienced significant growth since 2010. This includes the implementation of prerequisites such as DPSST certifications, specialty team certifications, and mandatory training, which have now become widely recognized as industry standards. Not reinstating the Fire Department's training staff to their 2010 levels will persistently impede the capacity to meet existing industry training standards and requirements. Based on the provided information, in addition to the growth of the staffing levels to 165 line personnel and the increase in the department's annual call volume to over 35,000, it is apparent that the training

requirements have surpassed the current capabilities of the Training Division in terms of staffing capacity.

16. UD Administrative Analyst II (1 FTE, \$117,840) - This position was needed to offset 2 FTE that were moved to the new Community Services department. With another 20 individuals and more budgets and cost centers moving to the Community and Urban Development Department from Public Works, this position is needed even more. The impact of not having this position will require workload rebalancing in the department and look at what functions we can stop doing to absorb this added work.

There were 8 additional positions planned for reduction included in the proposal that was presented to Council on September 18.

- 6 fire fighter positions were removed from the budget amendment after additional overtime analysis. These positions need to be hired in order to reduce overtime. Generally, to reduce the cost of fire service, the minimum staffing would need to be reduced by closing one or more fire stations.
- 2 internal service positions were removed from the budget amendment to support the upcoming Enterprise Resource Planning (ERP) implementation project; one in Finance and one in Information Technology.

## ***Budget Actions***

### General Fund Expenditures Reductions:

Department	Category	Amount (Reduction)	Position Count (FTE)
Community Planning and Development (Admin)	Personal Services	\$ 117,840	1.00
Community Planning and Development (Compliance Services)	Personal Services	472,430	4.00
Community Planning and Development (Compliance Services)	Materials and Services	116,000	-
Community Services (Admin)	Personal Services	128,290	1.00
Community Services (Library)	Personal Services	789,320	7.35
Community Services (SOS)	Materials and Services	79,000	-
Community Services (SOS)	Personal Services	411,160	4.00
Enterprise Services (Business Strategy)	Personal Services	105,220	1.00
Enterprise Services (IT)	Personal Services	253,260	2.00
Enterprise Services (Facilities)	Personal Services	82,210	1.00
Enterprise Services (HR)	Personal Services	585,690	4.00
Finance Department	Personal Services	138,360	1.00
Fire Department	Personal Services	217,270	1.00
Legal Department	Personal Services	194,900	1.00
Police Department	Personal Services	967,950	5.00
<b>Total</b>		<b>\$ 4,658,900</b>	<b>33.35</b>

### Transfers:

FROM: General Fund, Police Department, Salaries and Wages, 101-35352010-51010, \$72,000

TO: General Fund, City Manager's Office, Salaries and Wages, 101-13101000-51010, \$54,000

Transfer includes four months of funding for a Program Manager limited duration position to focus on DEI and the Community Violence Reduction Initiative (CVRI).

TO: General Fund, City Manager's Office, Other Professional Services, 101-13101000-52670, \$18,000

Transfer includes funds for a community convening related to the Community Violence Reduction Initiative (CVRI). This includes a community stakeholder listening campaign, three facilitated community gatherings, and an evaluation report.

FROM: General Fund, Non Departmental, Contingency, 101-60961000-61110, \$190,000

TO: General Fund, Non Departmental, Interfund Transfers, 101-60961000-62110, \$190,000

ADD: Police Regional Records Fund, Interfund Transfers In, 335-35520000-39110, \$190,000

ADD: Police Regional Records Fund, Computer Software and Licenses, 335-35520000-52830, \$190,000

In FY 2023 the City made the decision to add Lincoln County and the City of Newport to the agencies included in the regional records software system, increasing software costs. This increase was reimbursed by the agencies directly and was not included in the FY 2024 budget. A transfer of contingency is necessary to remain in budget compliance. No General Fund funds will actually be transferred. General Fund budget authority is being transferred and used to access funds already in the Police Regional Records Fund.

## **BACKGROUND:**

The City of Salem's General Fund, like many cities in Oregon, has been experiencing deficit spending where revenues are outpacing expenditures. Reasons for this include property tax constraints from Measures 5 and 50 in the 1990's and increased demand for services. For example, budgeted property tax revenue in FY 2024 covers only 77% of budgeted expenses in the Police and Fire departments that are paid from the General Fund.

The City has found other ways to help pay for these services including the City Operations Fee and other revenues such as planning fees and a local marijuana tax. Additionally, over time the City has made cuts to balance the budget including in 2009 and 2013 through the closing of fire stations and the reduction of library hours, recreation services and neighborhood outreach.

With the COVID-19 pandemic, the City received one-time federal dollars in the form of the CARES (Coronavirus Aid, Relief and Economic Security Act) and ARPA (American Rescue Plan Act) legislation. In total, the City was able to recognize \$17M in lost General Fund revenue because of the pandemic. Revenue replacement was an eligible use of these funds as outlined in federal and auditor guidance. Without this one-time influx of revenues, coupled with the start of the City Operations Fee, the City would have been insolvent in the General Fund several years ago and unable to provide relied upon services.

The City added General Fund positions in anticipation of a new, sustainable source of revenue. Without this revenue, a budget amendment is necessary. The City continues to explore revenue and expenditure options to maintain a General Fund balance that is in compliance with the City Council fund balance policy of 15% of revenues. In January 2024 the City Council appointed 25 members to the 2024 Revenue Task Force to explore new General Fund revenues. The Budget Committee will also be discussing reduction options to maintain a fund balance policy that is within policy compliance.

**Attachments:**

1. Resolution No. 2024-6
2. Resolution No. 2024-6, Exhibit A
3. Resolution No. 2024-6, Exhibit B