

Staff Report

File #: 21-241**Version:** 1**Date:** 6/14/2021**Item #:** 4.b.

TO: Mayor and City Council
THROUGH: Steve Powers, City Manager
FROM: Robert Barron, Chief Financial Officer

SUBJECT:

Public hearing on FY 2022 City of Salem budget

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance; Natural Environment Stewardship; Safe Community; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.

ISSUE:

Shall the City Council direct staff to return on June 28, 2021 with a resolution to adopt the Budget Committee recommended FY 2022 City of Salem budget?

RECOMMENDATION:

Direct staff to return on June 28, 2021 with a resolution to adopt the Budget Committee recommended FY 2022 City of Salem budget.

SUMMARY:

The City of Salem Budget Committee recommended a budget to the City Council on May 5, 2021. The City Council is required to hold a public hearing on the recommended budget and adopt a final budget prior to July 1, 2021. The City Council may amend the Budget Committee's recommended budget within the following restrictions:

- Property tax levies cannot be increased in total beyond the amount approved by the Budget Committee.
- The recommended expenditures for each fund cannot be increased by more than ten percent (10%).

FACTS AND FINDINGS:

Public Hearing

Pursuant to Oregon Local Budget Law the public hearing on the Budget Committee recommended budget was noticed in the Statesman Journal on June 1, 2021. At the meeting any person may provide testimony for or against any item in the recommended budget document (ORS 294.453).

A fund-level summary of the City of Salem Budget Committee's recommended budget appears as Attachment 1 to this report. Specific details are available in the budget document and supporting materials.

Budget Deliberation and Recommendation

The City Council can deliberate any changes recommended by staff as well as any changes the City Council may want to make. To assist the City Council in its deliberations, Attachment 2 to this report, *City of Salem Supplemental Budget Report*, provides information augmenting the Budget Committee's discussion prior to approval of the City Manager's Proposed FY 2021 Budget on May 5, 2021.

The City Council is asked to approve the recommended budget on June 14, 2021, in order to provide enough time to prepare the necessary budget resolution by the June 28, 2021 meeting. The resolution will include any changes approved on June 14, 2021, as well as additional amendments that will be presented at the June 28 meeting.

Additional amendments will include rebudgeted purchase orders and carryover projects. Accounting regulations require the City to rebudget outstanding purchase orders and carryover projects prior to June 30, 2021. A detailed list will be provided to the City Council at the June 28, 2021 meeting.

Other Budget Considerations

1. Increase American Rescue Plan Act (ARPA) reserve funding and appropriation authority by \$1,251,800. The final ARPA allocation for the City of Salem was greater than anticipated in earlier estimates. This action will recognize and appropriate that funding to the ARPA reserve.
2. The Budget Committee moved to include a body worn camera program in the budget. The amount for the first-year totals \$816,400 that would be included in the General Fund Police Department budget for implementation of a body worn camera programs and adding four full time equivalent employees. The program allows for 190 cameras as well as support from the vendor. The City Council will need to approve the dollar amount and positions for inclusion in the FY 2022 budget.
3. Add \$315,000 to the General Fund Police Department Budget to add one Administrative Analyst I and one Police Lieutenant. See attachment 3 for more information.

4. Add \$35,000 to the General Fund City Manager's Office budget to better support the CAREcorps program. See attachment 4 for additional information.

American Rescue Plan Act (ARPA) Allocations

Also, for the City Council consideration is several allocation adjustments from the ARPA reserve to the General Fund to support sheltering initiatives. More detail is included in attachment 2.

Allocate \$3.5 million of the APRA funding for one-time acquisitions:

1. \$500,000 of ARPA to allocate to the General Fund for a contribution toward the Mid-Willamette Valley Community Action Agency (MWVCA) purchase of a hotel to provide non-congregate sheltering for those experiencing homelessness. This action would reimburse the General Fund for the use of contingency in FY 2021 used to contribute to the hotel. The funds are needed by June 17 for the purchase to be completed.
2. \$3.0 million for the acquisition of a navigation center. In late May, the City received a two-year operating grant from the Oregon Legislature for a navigation center. A navigation center includes a low-barrier shelter, operating seven days a week. Navigation is intensive case management to connect people to benefit enrollment, health services, and assistance toward permanent housing. This estimate represents the purchase price of \$2,750,000, \$3,000 in closing costs and \$25,000 in property taxes. An additional \$222,000 for site improvements are included.

Included in attachment 2 are multiple sheltering projects for consideration for ARPA Allocation. The projects total \$4.4 million:

1. \$172,830 - Current Hotel Program Extension
2. \$1,921,460 - Old Union Gospel Mission Temporary Shelter
3. \$575,000 - Portland Road Outdoor Operation
4. \$200,000 - Portland Road Indoor Operation
5. \$540,000 - Windows to the West Outdoor Operations and Shelter
6. \$1,146,000 - New Site Indoor / Outdoor Operations

The intent, if approved, would be to continue use the funds for additional managed shelter capacity. The exact locations, amount for each location, scope, and type of shelter may vary as feasibility review continues at an urgent pace. The current estimate is the ARPA resources in the reserve account will allow shelter operations through December 31, 2024. Specific shelters will be closed earlier, consistent with redevelopment plans, owner agreement, and shelter need.

Josh Eggleston
Budget Officer

Attachments:

1. Recommended FY 2022 City of Salem Budget
2. ARPA Sheltering Considerations
3. Police Department Positions
4. CAREcorps Information Report