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KEIZER LONG RANGE PLANNING TASK FORCE **AGENDA**

Monday, February 26, 2024, 6:00 PM
Keizer Civic Center

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF MINUTES**
 - a. February 12, 2024**
- 4. PRESENTATION BY STAFF FOR FISCAL YEAR 2023-24**
 - a. Long Range Planning Task Force Presentation**
- 5. OTHER BUSINESS**
 - a. Upcoming Meeting Dates**
 - Budget Committee Meeting - Monday, May 13, 2024 at 6:00 p.m.**
 - Budget Committee Meeting - Tuesday, May 14, 2024 at 6:00 pm.**
- 6. ADJOURNMENT**

"Agenda Management Services are being supported, in whole or in part, by federal award number 21.019 awarded to City of Keizer by the U.S. Department of the Treasury."



MINUTES
KEIZER LONG RANGE PLANNING TASK FORCE
Monday, February 12, 2024
Keizer Civic Center

- 1. CALL TO ORDER** Mayor Clark called the meeting to order at 6:00 p.m.

Roll call was taken as follows:

Present:

Cathy Clark, Mayor
Shaney Starr, Council President
Soraida Cross, Councilor
Robert Husseman, Councilor
Kyle Juran, Councilor
Daniel Kohler, Councilor
Laura Reid, Councilor
Matthew Stalheim
Melissa Martin
Elaine Wilson
Jane Herb
Lore Christopher
Susan London
Jonathan Thompson

Staff:

Adam Brown, City Manager
Tim Wood, Assistant City Manager
Shane Witham, Planning Director
Joseph Lindsay, City Attorney
Shannon Johnson, City Attorney
Emeritus
Bill Lawyer, Public Works Director
Andrew Copeland, Police Chief
Melissa Bisset, City Recorder

Absent:

2. APPROVAL OF MINUTES

- a. March 2023** Council President Starr moved for approval of the March 2023 Minutes. Councilor Reid seconded. Motion passed unanimously as follows:
Clark, Reid, Starr, Cross, Juran, Husseman, Kohler, Stalheim, Martin, Wilson, Herb, Christopher, London, and Thompson in favor.

3. APPEARANCE OF INTERESTED CITIZENS

- a. Written Comments Submitted to the** None.
Written comments were submitted to the January 2, 2024, Council meeting from Marlene Parsons, Amy Ryan Courser, and Richard "Dick" Withnell, which are part of the record.

4. **NEW/OLD
BUSINESS**

Assistant City Manager and Finance Director Tim Wood provided a City-wide Overview and the General Operating Fund, along with the Water System, and Stormwater System Revenues. He explained the ending net position of the City for Fiscal Year 2022-2023. Mr. Wood displayed and explained charts of the City-wide finances.

Mr. Wood stated that over the last 10 years, the City has grown 0.65 percent per year, noting that the limited population growth had a direct impact on property taxes, franchise fees, and the City's per capita allocation of intergovernmental revenues. City Manager Brown felt that the population numbers, received from the Census Bureau, this year were not correct due to the increased density. If these numbers are wrong, it hurts the City.

Mr. Wood noted that staffing was the largest cost. He displayed a chart of Budgeted to Actual Full Time Equivalents. He noted that the average years of service for employees were getting longer.

Mr. Wood displayed a chart of the Cost of Living for the last decade.

Mr. Brown explained that the City participates in the Public Employer Retirement System (PERS) in lieu of contributing to Social Security and that PERS has a significant impact on the General Fund. The advisory contribution rates were discussed.

It was noted that there was another Bill in front of the Legislature related to PERS.

Mr. Brown reviewed the costs of Health Insurance. There was discussion about the annual review of Health Insurance rates and vendors. Mr. Wood explained that some of the costs fluctuate depending upon which type of coverage an employee signs up for, namely family or individual coverage, or changes they may make from year to year.

A chart of the General Operating Fund Revenue versus Expenditures were displayed and discussed. It was noted that there were contingency funds available.

The primary sources of revenue included taxes, assessments, licenses, fees, intergovernmental, and Police and Parks Services Fees. A chart of the General Operating Fund Resources was displayed. It was noted that PGE had recently increased their rates by 18 percent and that the City would be seeing 7 percent in Franchise Fees.

Mr. Wood stated that Keizer was primarily residential, which is more service intensive than industrial properties. A chart of the assessed value by

property type was displayed. Keizer had a very low permanent tax rate of \$2.0838 applied to its assessed value per \$1,000.

Mr. Brown explained Measure 5 (1990) and Measure 50 (1997) and their impact on the City's property taxes. Mr. Wood displayed the formula to reach the earned revenue, which is calculated by taking the assessed value, times the tax rate, and subtract some of the uncollectible and early payment discounts. Mr. Brown stated that it was important to know that new properties are not taxed on the market value. Discussion ensued regarding how the assessor's office calculates property taxes.

Mr. Wood shared that overall franchise fees were growing approximately three and a half percent annually. A chart of the licenses and fees related to electric, natural gas, telephone, cable, sanitation, water, sewer and stormwater was displayed.

The General Operating Fund Expenditures were displayed on a chart reflecting Personnel Service, Materials and Services, and Capital Outlay.

Discussion ensued regarding revenue sharing and the effect of Measure 110 on the revenue sharing on local funds.

A chart of the actual positions directly and indirectly supported by the General Operating Fund was displayed and discussed. Mr. Wood explained that there is a methodology adopted by the City Council. For example the Assistant City Manager's salary is based off of revenues and expenses in each given fund to the extent that if sewer is really high, then more of his salary is allocated to sewer than stormwater.

Mr. Wood reviewed the materials and services for the General Government, Parks, Planning, Police, and Municipal Court. Capital Outlay for the General Operating Fund was discussed.

It was noted that there was ongoing cost analyses on the cost of leasing versus purchasing new vehicles.

Discussion ensued regarding concerns with a declining ending fund balance and what could be done.

The Park General Operating Fund was reviewed. Mr. Wood noted that the fee was currently \$4 per month and that there were no planned increases for the Parks Services Fee.

The Police General Operating Fund was discussed. It was noted that for Fiscal Year 2023-2024, the proposal to raise the monthly Police Services Fee would be \$7.94. Discussion ensued regarding filling the Police Department positions and the timing of filling the positions.

a. Presentation by Staff for Fiscal Year 2023-24

5. STAFF REPORT Mr. Brown previewed the Agenda for the next Long Range Planning Task Force meeting.

6. OTHER BUSINESS Next Long Range Planning Task Force Meeting: Monday, February 26th at 6:00 p.m.

7. ADJOURNMENT Mayor Clark adjourned the meeting at 7:32 p.m.

Minutes approved: _____

“Agenda Management Services are being supported, in whole or in part, by federal award number 21.019 awarded to City of Keizer by the U.S. Department of the Treasury.”



Long Range Planning Task Force

Fiscal Year 2023-24



Agenda

- ▶ City-wide Overview
- ▶ General Operating Fund
 - Park Service Fee
 - Police Services Fee
- ▶ Water System
- ▶ Stormwater System
- ▶ Questions

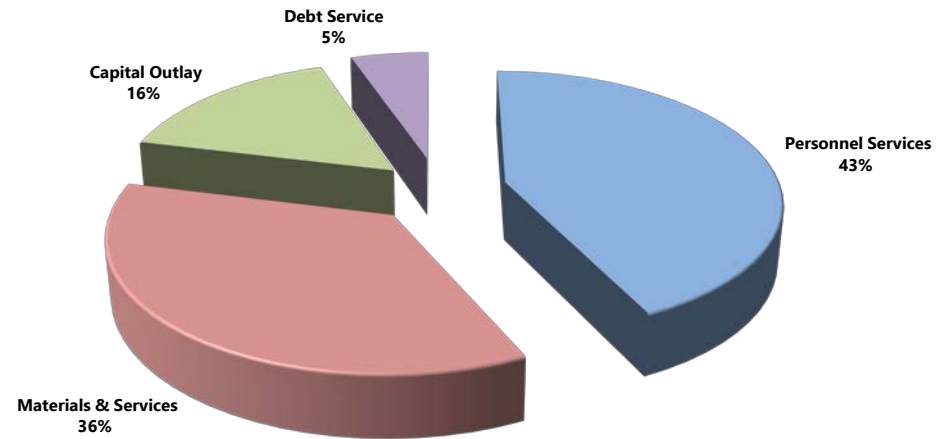
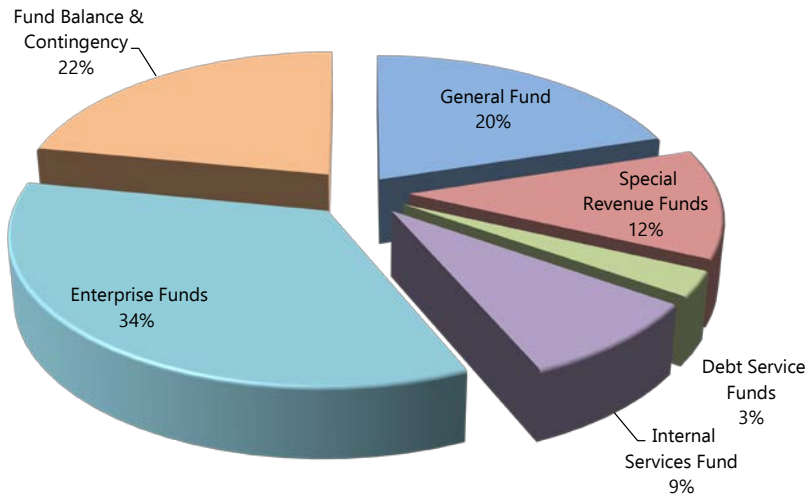


City-wide Overview

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Fees, fines, and charges for services	\$ 2,307,423	\$ 2,211,573	\$ 12,876,902	\$ 12,104,825	\$ 15,184,325	\$ 14,316,398
Operating grants and contributions	8,102,096	8,884,920	-	-	8,102,096	8,884,920
Capital grants and contributions	654,707	595,188	81,436	74,502	736,143	669,690
Total program revenues	11,064,226	11,691,681	12,958,338	12,179,327	24,022,564	23,871,008
General Revenues						
Taxes and assessments	6,462,799	6,252,444	-	-	6,462,799	6,252,444
Franchise taxes	3,224,123	3,044,911	-	-	3,224,123	3,044,911
Intergovernmental	1,318,658	1,234,553	-	-	1,318,658	1,234,553
Gain on the sale of capital assets	5,100	12,526	74,370	-	79,470	12,526
Miscellaneous	1,110,230	717,344	541,400	321,210	1,651,630	1,038,554
Total general revenues	12,120,910	11,261,778	615,770	321,210	12,736,680	11,582,988
Total Revenues	23,185,136	22,953,459	13,574,108	12,500,537	36,759,244	35,453,996
Expenses						
Programs	18,169,183	17,408,574	13,393,559	12,421,597	31,562,742	29,830,171
Change in net position before transfers	5,015,953	5,544,885	180,549	78,940	5,196,502	5,623,825
Transfers	(521,000)	(528,300)	521,000	528,300	-	-
Change in net position	4,494,953	5,016,585	701,549	607,240	5,196,502	5,623,825
Beginning net position	65,646,232	60,629,647	14,135,160	13,527,920	79,781,392	74,157,567
Ending net position	\$ 70,141,185	\$ 65,646,232	\$ 14,836,709	\$ 14,135,160	\$ 84,977,894	\$ 79,781,392



City-wide Overview





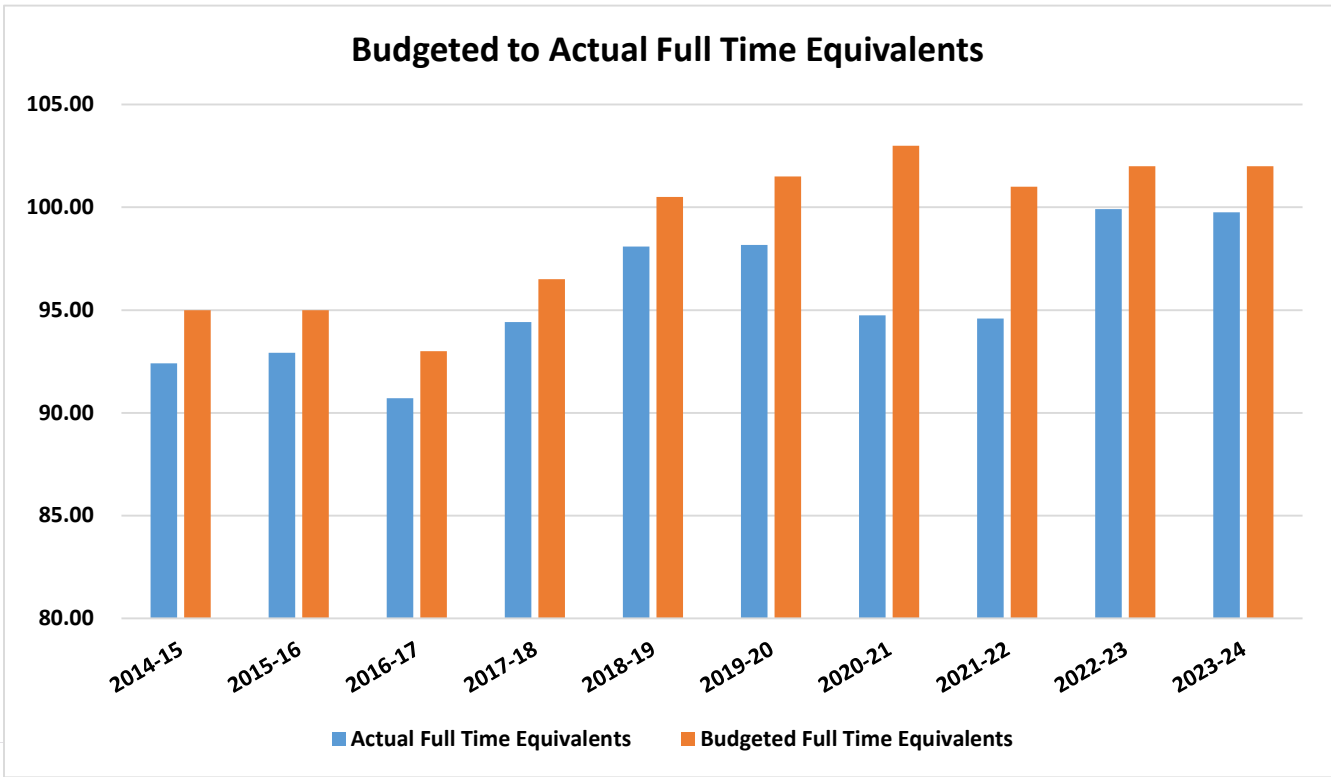
City-wide Overview – Population Growth

- ▶ Over the last 10 years the City has grown on average 0.65% per year. The limited population growth has a direct impact on property taxes, franchise fees and the City's per capita allocation of intergovernmental revenues.
- ▶ Keizer is the 15th largest City in Oregon.

Population			
July 1,	Total	Increase	% Increase
2014	36,795	60	0.2%
2015	36,985	190	0.5%
2016	37,505	520	1.4%
2017	38,345	840	2.2%
2018	38,505	160	0.4%
2019	38,580	75	0.2%
2020	38,585	5	0.0%
2021	39,458	873	2.3%
2022	39,561	103	0.3%
2023	39,169	(392)	-1.0%



City-wide Overview - Staffing



Years of Service	# Employees	% of Total Employees
0-5	31	31%
5-10	23	23%
10-15	8	8%
15-20	16	16%
20-25	10	10%
25-30	8	8%
30+	3	3%
Total	99	100%

2023-24 Average Years of Service 11.62

Years of Service	# Employees	% of Total Employees
0-5	36	36%
5-10	18	18%
10-15	10	10%
15-20	16	16%
20-25	12	12%
25-30	6	6%
30+	3	3%
Total	101	100%

2022-23 Average Years of Service 10.92



City-wide Overview – Cost of Living

- ▶ The City periodically reviews salary and wages to ensure they are consistent with comparable agencies.
- ▶ Cost of living adjustments, are initially based on the CPI-Urban Wage Earners and Clerical Workers: West – Size Class B/C adjusted for trends from comparable agencies and subject to adequate funds available.
- ▶ The 2023 CPI is approximately 4.3%.
- ▶ Represented employees are provided cost of living adjustments based on negotiated collective bargaining agreements.

Calendar		Cost of Living			
Year	CPI-W*	Fiscal Year	Unrep	KPA	Local 737
2014	2.4%	2015-16	1.5%	2.5%	2.0%
2015	1.2%	2016-17	1.5%	2.5%	2.0%
2016	2.1%	2017-18	1.5%	2.5%	2.0%
2017	4.2%	2018-19	3.0%	3.0%	3.0%
2018	3.0%	2019-20	2.5%	2.5%	3.0%
2019	2.4%	2020-21	2.5%	2.5%	2.4%
2020	1.7%	2021-22	2.0%	2.5%	2.0%
2021	5.5%	2022-23	4.5%	4.0%	5.5%
2022	8.7%	2023-24	3.0%	5.0%	3.5%
2023	4.3%	2024-25	-	4.0%	-

* changed from CPI-W Portland-Salem to CPI-W West Class B/C as index ended December 2017.



City-wide Overview - PERS

- ▶ The City participates in the Public Employer Retirement System (PERS) in lieu of contributing to Social Security.
- ▶ PERS contributions are actuarially calculated and assessed to the City as a percentage of gross compensation. The contribution rates are for a two-year period.
- ▶ The advisory contribution rates effective July 1, 2025 are 35.70%, 30.46% and 25.87% for Tier One/Two, OPSRP Police and Fire, and OPSRP General respectively.

	Tier 1/2			OPSRP Police & Fire			OPSRP General			Employer Match	Total Expense
	Employees Covered	Contribution Rate	Annual Expense	Employees Covered	Contribution Rate	Annual Expense	Employees Covered	Contribution Rate	Annual Expense		
2013-14	37	10.69%	\$ 320,062	8	4.92%	\$ 30,031	40	2.19%	\$47,758	\$ 347,040	\$ 744,891
2014-15	37	10.69%	336,046	10	4.92%	33,133	42	2.19%	52,612	373,164	794,955
2015-16	35	14.09%	464,154	10	10.30%	83,421	44	6.19%	165,492	406,660	1,119,727
2016-17	34	14.09%	429,374	12	10.30%	88,832	44	6.19%	166,739	396,210	1,081,155
2017-18	32	17.72%	544,473	12	12.07%	123,277	45	7.30%	202,751	412,285	1,282,786
2018-19	27	17.72%	537,382	17	12.07%	156,973	48	7.30%	227,458	446,963	1,368,776
2019-20	24	20.65%	544,591	20	14.12%	225,372	50	9.49%	315,488	451,052	1,536,503
2020-21	24	20.65%	518,507	23	14.12%	255,038	50	9.49%	319,875	459,343	1,552,763
2021-22	21	24.18%	552,723	24	19.40%	418,807	49	15.04%	523,366	431,477	1,926,373
2022-23	20	24.18%	515,053	27	19.40%	485,163	53	15.04%	571,032	452,429	2,023,677
2023-24 - Est	21	30.05%	731,000	26	25.14%	611,000	53	20.35%	892,000	466,800	2,700,800



City-wide Overview – Health Insurance

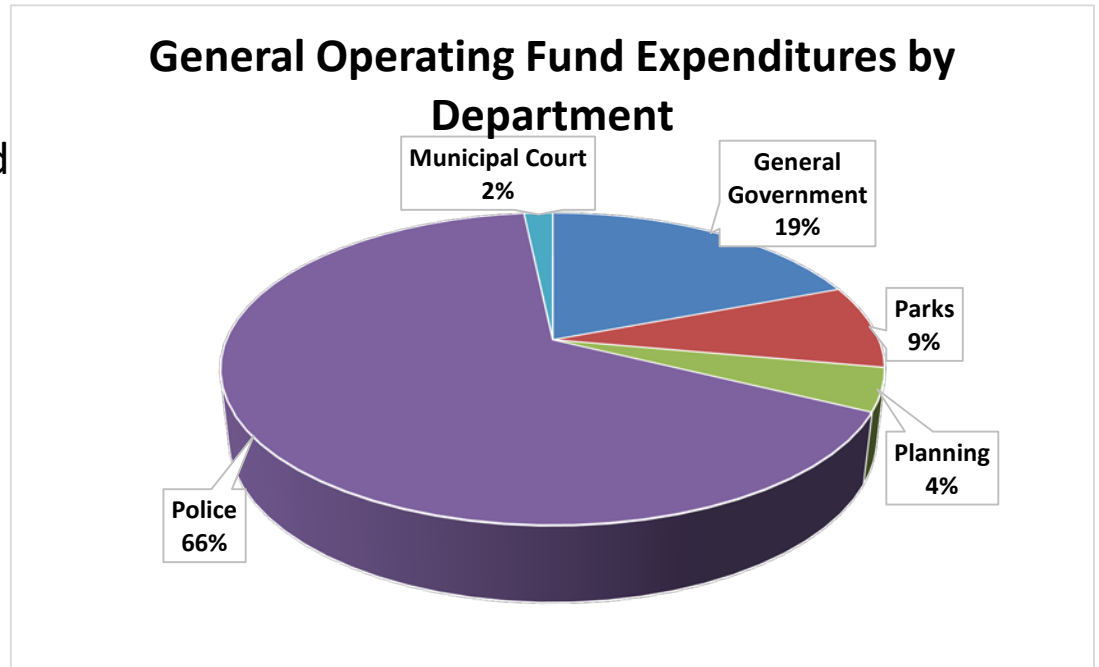
- ▶ The City provides health insurance to all permanent status employees.
- ▶ Employees from the City’s two labor groups, Keizer Police Association and the Local 737 contribute 5% to their health insurance while non-represented contribute 10%.
- ▶ The City, in conjunction with a third party broker, aggressively negotiates any rate increases.

<u>Fiscal Year</u>	<u>Health Insurance</u>	<u>FTE</u>	<u>Avg Cost Per Employee</u>	<u>% Percent Increase</u>
2014-15	\$ 1,655,572	92.42	\$ 17,914	5.2%
2015-16	1,722,945	92.92	18,542	3.5%
2016-17	1,785,752	90.71	19,686	6.2%
2017-18	1,990,213	94.42	21,078	7.1%
2018-19	2,207,114	98.08	22,503	6.8%
2019-20	2,274,729	98.17	23,171	3.0%
2020-21	2,332,369	94.75	24,616	6.2%
2021-22	2,350,332	94.58	24,850	1.0%
2022-23	2,490,136	99.92	24,921	0.3%
2023-24 - Est	2,612,000	99.75	26,185	5.1%

General Operating Fund Overview

▶ The General Operating Fund is the chief operating fund of the City and accounts for all financial resources and expenditures except those required to be accounted for in another fund. The General Operating Fund provides for:

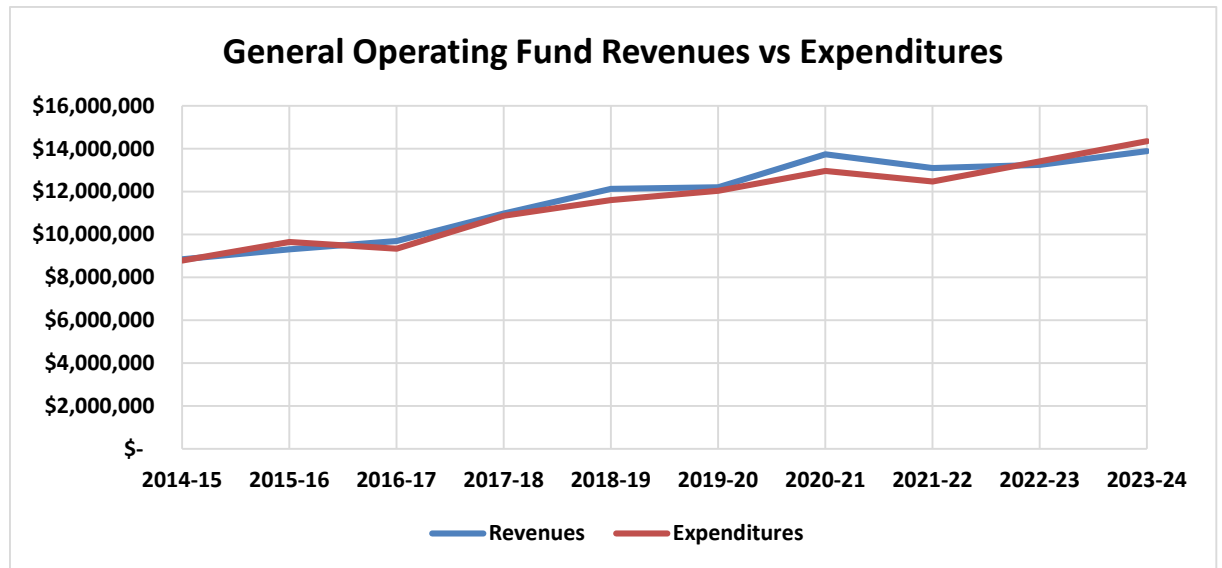
- ▶ Police Department,
- ▶ Municipal Court,
- ▶ Planning,
- ▶ Parks Operation, and
- ▶ General Government





General Operating Fund Overview

- ▶ The General Operating Fund is the City’s most constrained fund in relation to the level of services provided and highly dependent on ongoing City growth.
- ▶ The City experienced a spike in revenues during 2020-21 as the result of receiving \$1.1 million in CARES Act revenue in response to the COVID-19 pandemic.

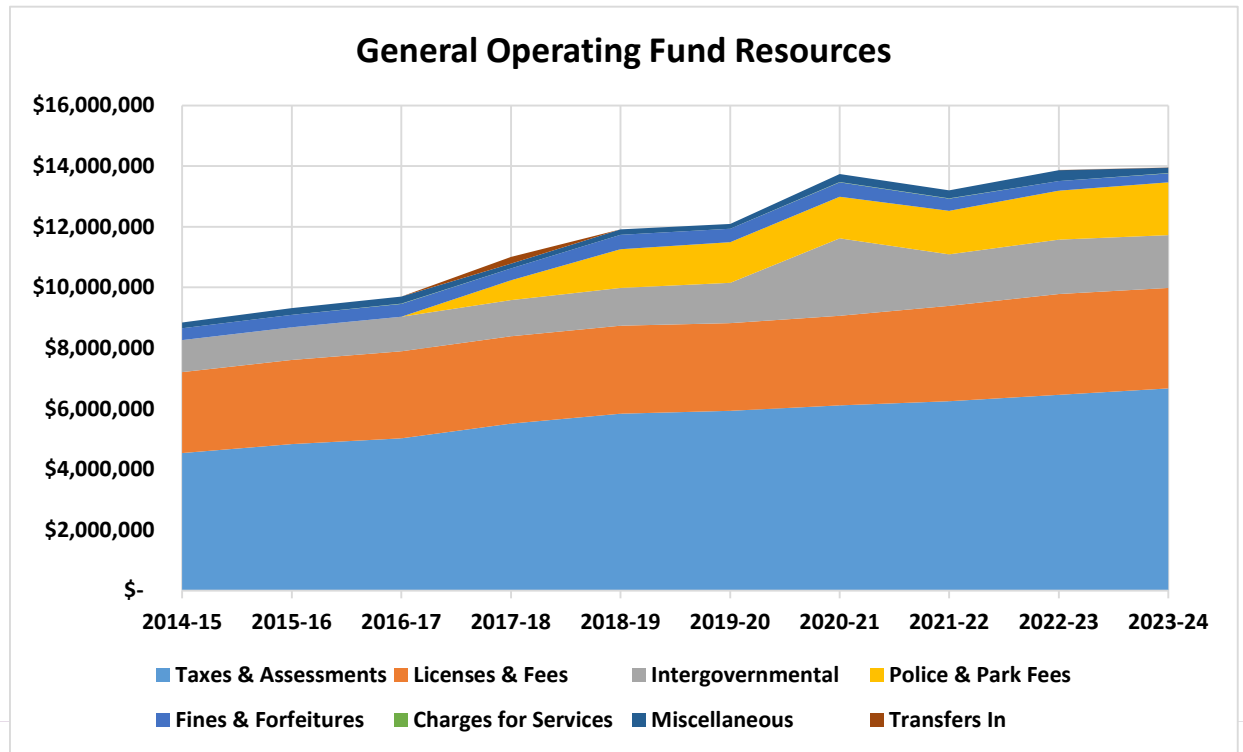




General Operating Fund - Resources

- ▶ The primary sources of revenue are:
 - Taxes and assessments
 - Licenses and fees,
 - Intergovernmental, and
 - Police and Park fees

- ▶ The City has been intentionally trying to diversify revenues so that it is not dependent on any one source.





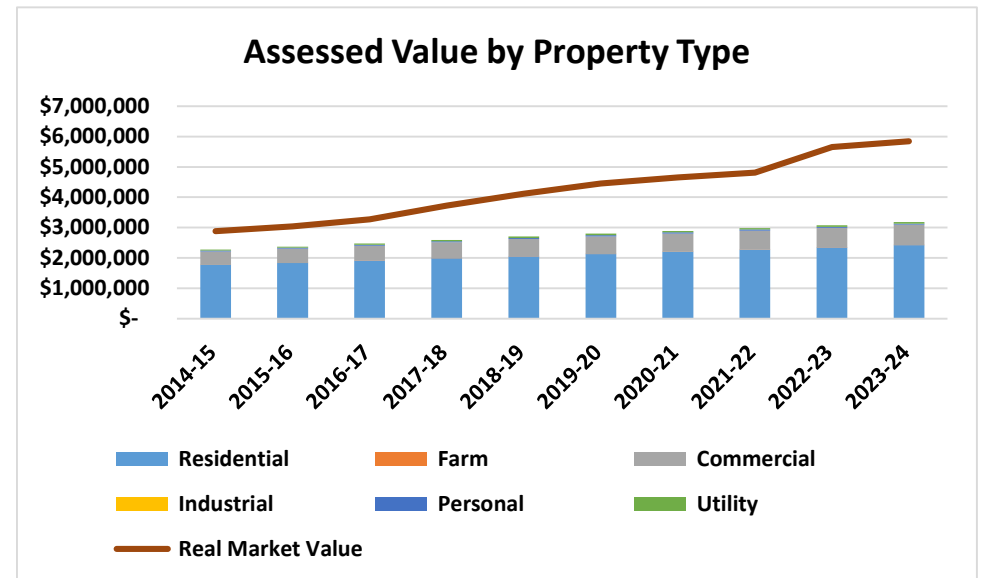
General Operating Fund – Property Taxes

▶ Property taxes are assessed using a levy rate on each \$1,000 of assessed valuation.

- ▶ They are classified into three types:
- permanent rate levy for general purpose operations,
 - local option serial levies for specific purposes approved by voters, and
 - bonded debt principal and interest.

▶ The City’s permanent rate levy is a function of its permanent tax rate (\$2.0838) applied to its assessed value (per \$1,000).

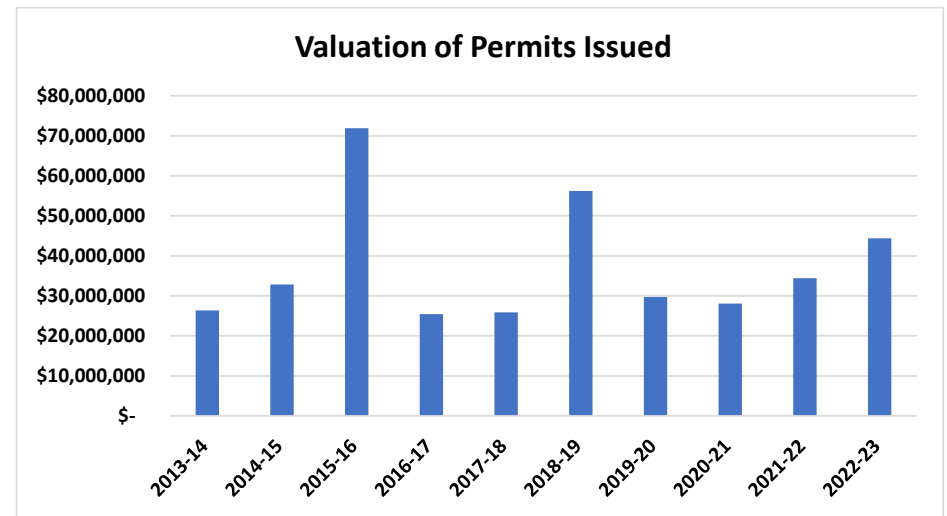
▶ The City has no local option serial levies or bonded debt levies





General Operating Fund – Property Taxes

- ▶ The long-range plan projects the tax base levy by estimating the new assessed value and applying it to the City’s applicable tax rate.
- ▶ The estimation of the assessed value starts with the previous year’s assessed value and adds three factors:
 - a growth factor (maximum allowed by law is 3%),
 - an allowance for new construction, and
 - an allowance for annexed property.
- ▶ Given the limited availability of buildable land it is expected that the increase in assessed value will be approximately 3%, the maximum allowed by law.





General Operating Fund – Property Taxes

- ▶ Measure 5 (1990) Introduced limits on the taxes paid by individual properties:
 - Schools - \$5 per \$1,000 of real market value
 - Government - \$10 per \$1,000 of real market value

The limits do not include bonded debt levies.

Districts exceeding the limits had its tax rate reduced until the limit was reached – “Compression”

The City of Keizer doesn’t experience compression because of the large difference between the real market value and the assessed value.

City of Keizer	\$ 2.08
Overlapping Governments:	
Marion County	3.03
Keizer Fire District (Marion County Fire \$2.49)	1.94
Marion County Soil & Water	0.05
Marion County Extension and 4-H	0.05
Regional Library	0.08
Transit District	<u>0.76</u>
Total Governments	7.99
Overlapping School Districts	
School District	4.52
Willamette Regional ESD	0.30
Community College	<u>0.89</u>
Total School Districts	5.71
Total Tax Rate	<u>\$ 13.70</u>



General Operating Fund – Property Taxes

▶ Measure 50 (1997) introduced:

- Permanent tax rates
- Reduced assessed values
- Limited annual growth in assess value.

▶ The City’s permanent tax rate of \$2.0838 was established in 1998 when the population was 29,235.

▶ The assessed value was reset to 90% of the 1995-96 value and for existing properties limited to a 3% annual increase for existing properties.

	2023-24 Actual Tax Revenue	3% Increase in Assessed Value	2024-25 Estimated Tax Revenues
1 City of Keizer Assessed Value	\$3,183,346,840	\$95,500,405	\$3,278,847,245
2 Permanent Tax Rate per \$1,000	<u>\$2.0838</u>		<u>\$2.0838</u>
3			
4 Gross Property Tax Revenues	6,633,458		6,832,462
5			
6 Penalties/Compression/Adjustments	<u>-</u>		<u>-</u>
7			
8 Property Tax Revenues	6,633,458		6,832,462
9			
10 Uncollectables and Discounts @ 5%	<u>(331,673)</u>		<u>(341,623)</u>
11			
12 Net Anticipated Tax Collected	<u>\$ 6,301,785</u>		<u>\$ 6,490,839</u>



General Operating Fund – Property Taxes

► New construction is not added to the property tax rolls at the construction cost or real market value it is reduced by the “Change Property Ratio” calculated by the County every year.

► The assessed value does not change if there is a change in ownership.

		Residential Home, 3 Bedroom 2 Bath, Built in 1998	Residential Home, 3 Bedroom 2 Bath, Built in 2023	New Apartment Complex
1	Real Market Value	\$ 490,550	\$ 490,000	\$ 18,990,000
2				
3	Change Property Ratio	-	0.5087	0.4096
4				
5	Assessed Value	254,770	249,263	7,778,304
6				
7	Tax Rate	2.0838	2.0838	2.0838
8				
9	Property Tax	\$ 531	\$ 519	\$ 16,208
10				
11	Zillow Value	\$ 458,400	\$ 490,000	



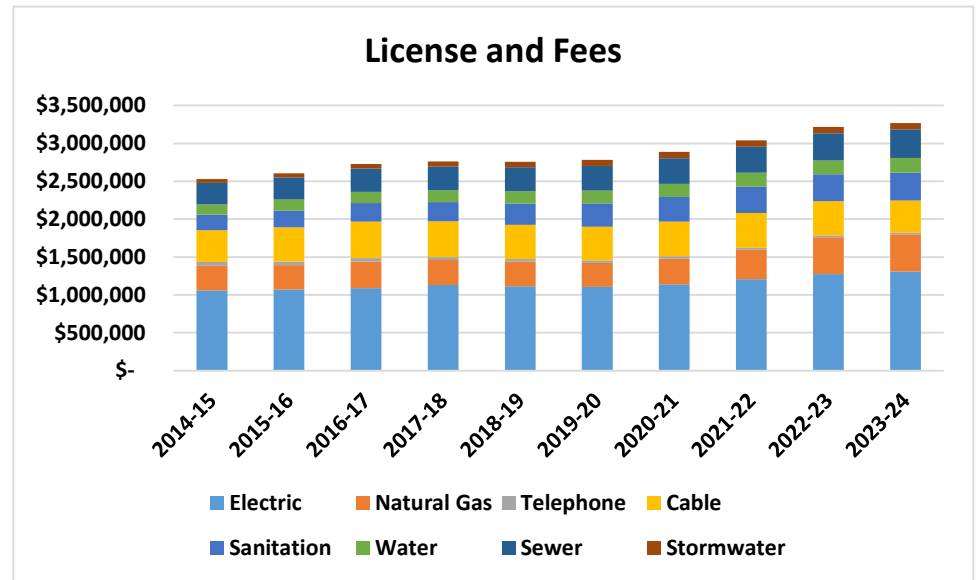
General Operating Fund – License and Fees

► These fees are collected based upon rates applied to the gross operating revenues generated within the City. Franchise fee rates have been set at:

- 5% for natural gas, electricity, garbage, cable and broadband, water, sewer and stormwater, and
- 7% for telephone.

► Overall franchise fees are growing approximately 3.5% per year primarily as the result of rate increases associated with electricity, water, sewer and sanitation services.

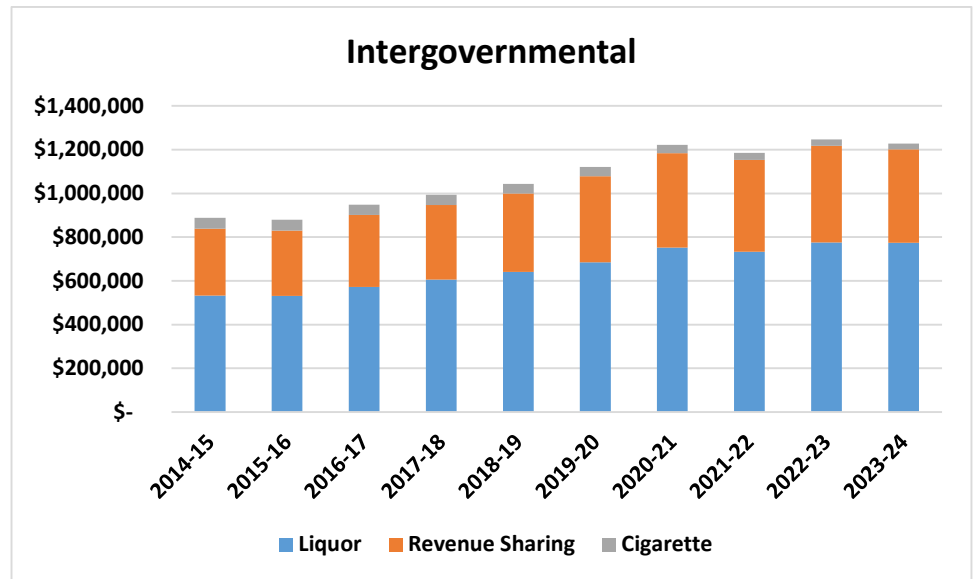
► Natural gas fluctuate based on the weather. Telephone and cable continue to decrease as customers continue to “cut the cord.”





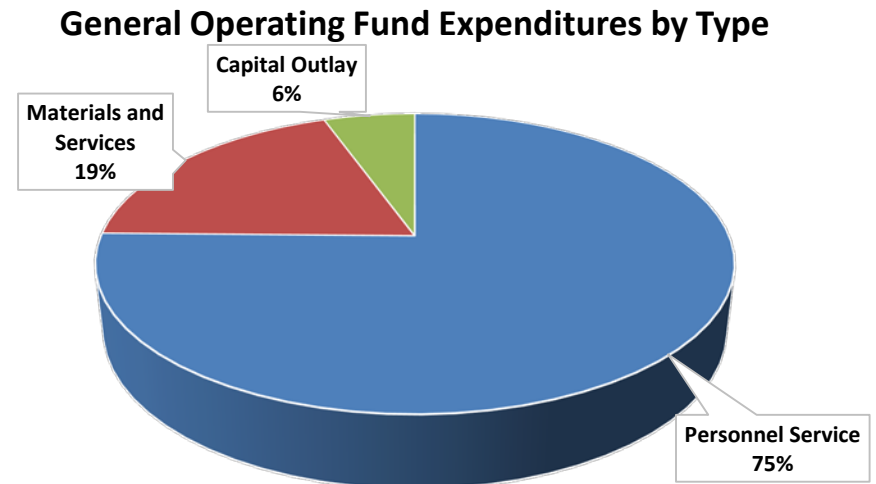
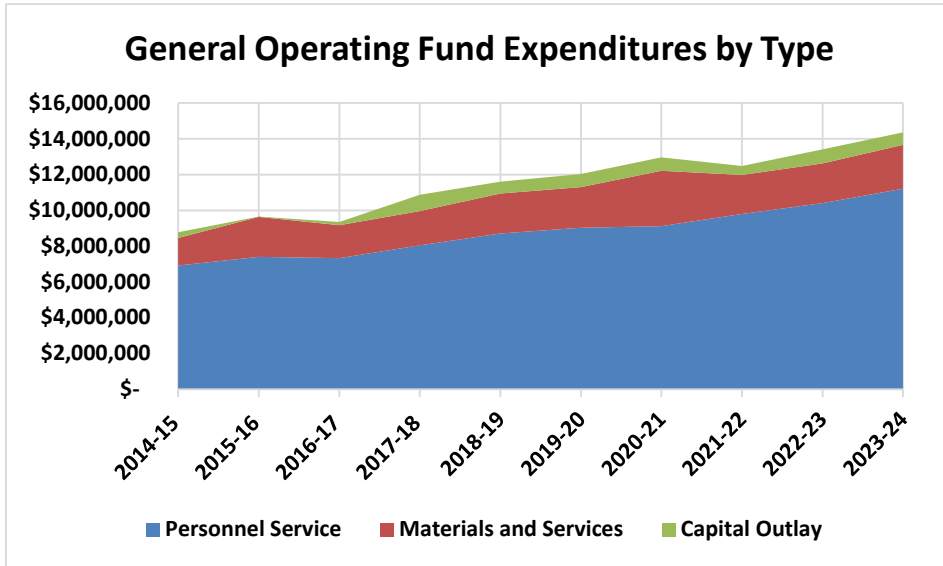
General Operating Fund - Intergovernmental

- ▶ Intergovernmental revenues include federal, state, and local grant revenues and state-shared revenues received from the State of Oregon.
- ▶ The State of Oregon collects gas, cigarette, and liquor taxes and shares these taxes with its political subdivision based upon a per capita distribution.
- ▶ To the extent that the City’s population growth is lower than the rest of the state the City’s proportion share of intergovernmental revenues will be less.





General Operating Fund - Expenditures





General Operating Fund - Staffing

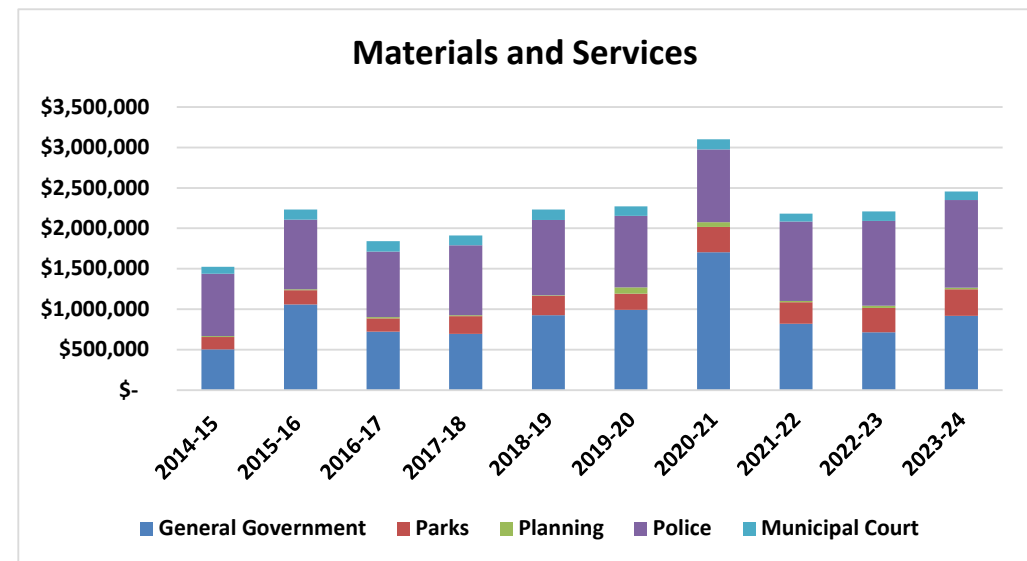
Actual Positions Directly and Indirectly Supported by the General Operating Fund

Department	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24
Direct										
Police	45.17	44.42	43.46	45.33	47.67	47.33	46.83	47.00	48.92	47.42
Planning	3.84	3.84	3.42	3.84	3.84	3.76	2.84	2.84	2.84	2.84
Code Enforcement	0.25	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85	0.85
Parks	1.90	1.90	1.90	2.73	3.73	3.90	3.90	3.90	3.90	4.40
Municipal Court	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Indirect										
Finance	1.94	1.69	1.36	1.60	1.56	1.56	1.30	1.14	1.46	1.56
Information Technology	1.05	1.36	1.31	1.31	1.36	1.35	1.35	1.35	1.35	1.35
City Recorder	1.44	1.44	1.38	1.38	1.39	1.39	1.39	1.39	1.45	1.51
City Attorney	1.74	1.71	1.64	1.64	1.60	1.60	1.60	1.60	1.60	1.73
Human Resources	1.33	1.36	1.31	1.31	1.36	1.35	1.35	1.35	1.35	1.35
City Manager	0.77	0.77	0.74	0.74	0.74	0.74	0.61	0.80	0.74	0.74
Facilities	0.66	0.68	0.66	0.65	0.68	0.68	0.68	0.68	0.68	0.68
Public Works Administration	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07	0.07
Total	61.16	61.08	59.11	62.46	65.84	65.57	63.77	63.96	66.20	65.49



General Operating Fund – Materials and Services

- ▶ Materials and services represent approximately 19% of the General Operating Funds budget.
- ▶ Included in materials and services is 911 Call Center costs of approximately \$575,000 per year. This amount is the net amount after the City’s share of 911 tax, approximately \$215,000, is applied against the balance.
- ▶ Other individually significant costs include property and liability insurance, information technology costs and municipal court assessments.





General Operating Fund – Capital Outlay

- ▶ Capital Outlay represents approximately 6% of the General Operating Funds budget.
- ▶ Capital outlay consists of park improvements outlined in the Parks Master Plan and ongoing Police Department vehicle purchases.
- ▶ It is anticipated that capital outlay will remain consistent for the foreseeable future.

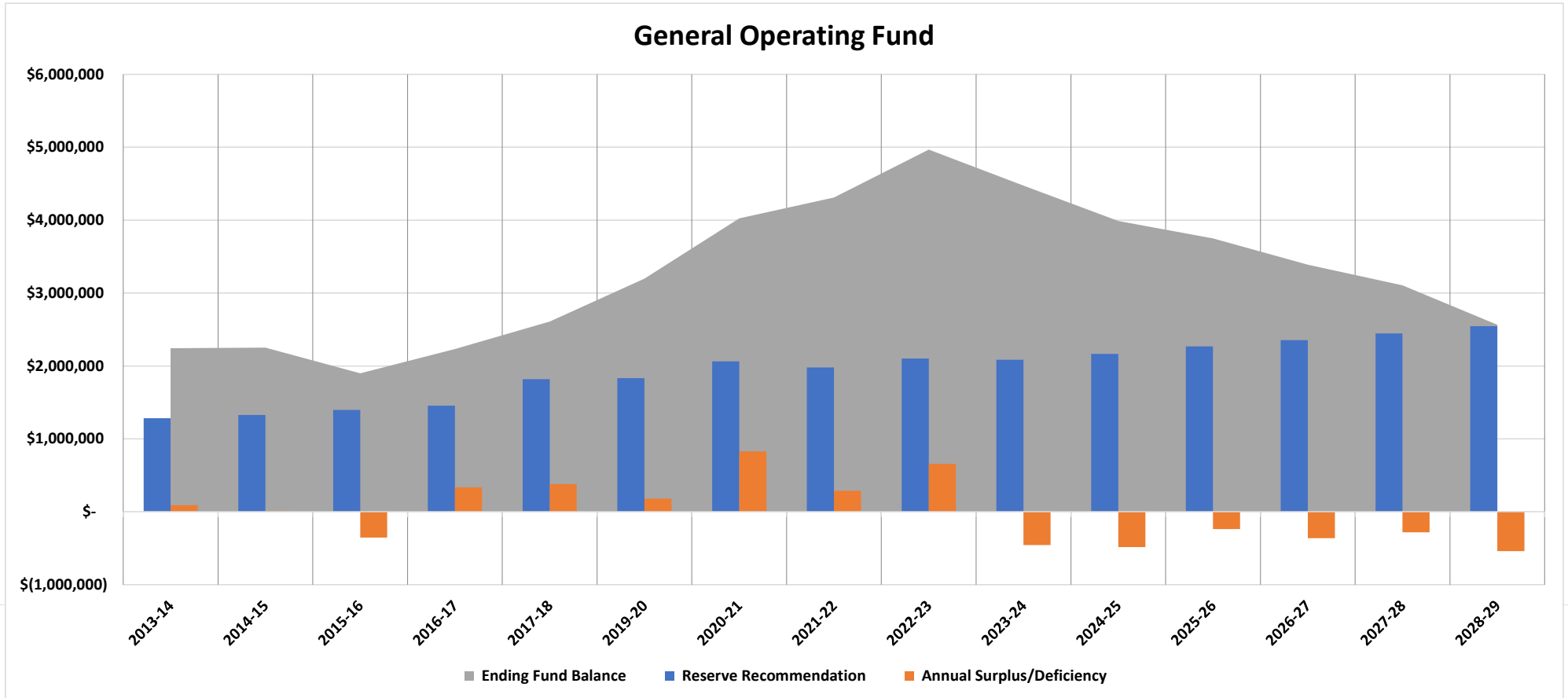


General Operating Fund – Financial Projection

	PROJECTED			FORECASTED										
	2023-24	% of Rev		2024-25	% of Rev	2025-26	% of Rev	2026-27	% of Rev	2027-28	% of Rev	2028-29	% of Rev	
1 REVENUES:														
2 Taxes & Assessments	6,674,000	47%		6,867,000	47%	7,135,000	47%	7,339,000	47%	7,549,000	46%	7,766,000	46%	
3 Licenses & Fees	3,304,000	23%		3,483,000	23%	3,591,000	23%	3,689,000	22%	3,791,000	23%	3,895,000	23%	
4 Intergovernmental	1,745,000	12%		1,730,000	12%	1,750,000	12%	1,799,000	12%	1,850,000	11%	1,903,000	11%	
5 Fines & Forfeitures	300,000	2%		301,000	2%	352,000	2%	355,000	2%	357,000	2%	359,000	2%	
6 Other	181,000	1%		157,000	1%	155,000	1%	155,000	1%	155,000	1%	155,000	1%	
7 TOTAL NET REVENUES	12,204,000	87%		12,538,000	87%	12,983,000	86%	13,337,000	85%	13,702,000	84%	14,078,000	83%	
8 Police Services Fee	1,008,000	8%		1,209,000	9%	1,452,000	9%	1,669,000	10%	1,920,000	12%	2,208,000	13%	
9 Park Services Fee	684,000	5%		684,000	5%	684,000	5%	684,000	4%	684,000	4%	684,000	4%	
10 TOTAL REVENUES	\$ 13,896,000	100%		\$ 14,431,000	100%	\$ 15,119,000	100%	\$ 15,690,000	100%	\$ 16,306,000	100%	\$ 16,970,000	100%	
12 EXPENDITURES:		% of Exp			% of Exp		% of Exp		% of Exp		% of Exp		% of Exp	
13 General Government	\$ 2,620,000	18%	\$	2,715,000	18%	\$	2,804,000	18%	\$	2,914,000	18%	\$	3,004,000	18%
14 Planning	565,000	4%		601,000	4%	626,000	4%	658,000	4%	683,000	4%	719,000	4%	
15 Municipal Court	211,000	2%		237,000	2%	240,000	2%	250,000	2%	259,000	2%	269,000	2%	
16 Parks	1,145,000	9%		1,129,000	7%	1,150,000	7%	1,182,000	7%	1,207,000	7%	1,396,000	8%	
17 Police	9,811,100	68%		10,234,000	70%	10,537,000	70%	11,048,000	69%	11,436,000	69%	12,001,000	69%	
18 Interfund Loan Repayment	30,000	0%		30,000	0%	30,000	0%	-	0%	-	0%	-	0%	
19 TOTAL EXPENDITURES	\$ 14,352,100	100%		\$ 14,916,000	100%	\$ 15,357,000	100%	\$ 16,052,000	100%	\$ 16,589,000	100%	\$ 17,510,000	100%	
21 REVENUES IN EXCESS OF EXPENDITURES	(456,100)			(485,000)		(238,000)		(362,000)		(283,000)		(540,000)		
23 BEGINNING FUND BALANCE	4,124,200			3,668,100		3,183,100		2,945,100		2,583,100		2,300,100		
25 ENDING FUND BALANCE	\$ 3,668,100			\$ 3,183,100		\$ 2,945,100		\$ 2,583,100		\$ 2,300,100		\$ 1,760,100		
	26%			22%		19%		16%		14%		10%		



General Operating Fund – Financial Projection





General Operating Fund – Park

	PROJECTED	FORECASTED				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
1 REVENUES:						
2 Park Service Fees *	682,000	682,000	682,000	682,000	682,000	682,000
3 General Fund Support	360,800	360,800	360,800	360,800	360,800	360,800
4 Other Revenues	97,100	95,700	98,600	101,600	104,600	107,700
5 TOTAL REVENUES	\$ 1,139,900	\$ 1,138,500	\$ 1,141,400	\$ 1,144,400	\$ 1,147,400	\$ 1,150,500
6						
7 EXPENDITURES:						
8 Personnel Services	519,000	604,000	625,000	657,000	682,000	718,000
9 Materials & Services	326,000	300,000	300,000	300,000	300,000	300,000
10 Capital Outlay	300,000	225,000	225,000	225,000	225,000	225,000
11 TOTAL EXPENDITURES	1,145,000	1,129,000	1,150,000	1,182,000	1,207,000	1,243,000
12						
13 REVENUES IN EXCESS OF EXPENDITURES	\$ (5,100)	\$ 9,500	\$ (8,600)	\$ (37,600)	\$ (59,600)	\$ (92,500)

The fee is currently \$4.00 per month for single family residences and non-residential locations and \$3.45 per unit per month for multi-family dwellings. In addition age related and low income discounts are available.

Based on the current analysis the fee amount is sufficient to provide for the increased level of service for the park system until Fiscal 2025-26.



General Operating Fund – Police

	PROJECTED		FORECASTED			
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
1 REVENUES:						
2 Police Service Fees	\$ 1,058,000	\$ 1,216,700	\$ 1,399,200	\$ 1,609,100	\$ 1,850,500	\$ 2,128,100
3 General Fund Support	8,279,000	8,529,300	8,634,800	8,920,900	9,051,500	9,322,900
4 Other Existing Revenues	474,000	488,000	503,000	518,000	534,000	550,000
5						
6 TOTAL REVENUES	\$ 9,811,000	\$ 10,234,000	\$ 10,537,000	\$ 11,048,000	\$ 11,436,000	\$ 12,001,000
7						
8 EXPENDITURES:						
9 Personnel Services	\$ 8,333,000	\$ 8,762,000	\$ 9,065,000	\$ 9,541,000	\$ 9,892,000	\$ 10,420,000
10 Materials & Services	1,082,000	1,172,000	1,172,000	1,207,000	1,244,000	1,281,000
11 Capital Outlay	396,000	300,000	300,000	300,000	300,000	300,000
12						
13 TOTAL EXPENDITURES	\$ 9,811,000	\$ 10,234,000	\$ 10,537,000	\$ 11,048,000	\$ 11,436,000	\$ 12,001,000
14						
15 REVENUES IN EXCESS OF EXPENDITURES	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Based on the current analysis the fee amount will need to be adjusted to maintain the overall Police Department level of service as follows:

Fiscal Year	Police Fee Revenue	Increase from PY	Monthly Fee	Monthly Increase	Annual Fee
2023-24	\$1,058,000	\$137,900	\$6.90	\$0.90	\$82.80
2024-25	1,216,700	158,700	7.94	1.04	95.22
2025-26	1,399,200	182,500	9.13	1.19	109.50
2026-27	1,609,100	209,900	10.49	1.37	125.93
2027-28	1,850,500	241,400	12.07	1.57	144.82
2028-29	2,128,100	241,400	13.88	1.81	166.54



Water System - Overview

- ▶ The City of Keizer's Water Division operates under the Oregon Administrative Rules for Public Water Systems enforced by the Oregon Health Authority Drinking Water Services (DWS) who administer and enforce drinking water quality standards for public water systems in the state of Oregon.
- ▶ The City of Keizer's water system consists of:
 - 3 reservoirs,
 - 15 pump stations, and
 - 127.4 miles of water line.
- ▶ The water system produces approximately 172 million cubic feet of water annually with a storage capacity of 2.75 million gallons. In addition, the water system includes 954 public fire hydrants.
- ▶ The water system serves approximately 11,000 metered accounts.



Water System – Comparable Rates

► The City strives to provide low cost water while ensuring that the water system is maintained for long-term sustainability as outlined in the 2012 Water System Master Plan.

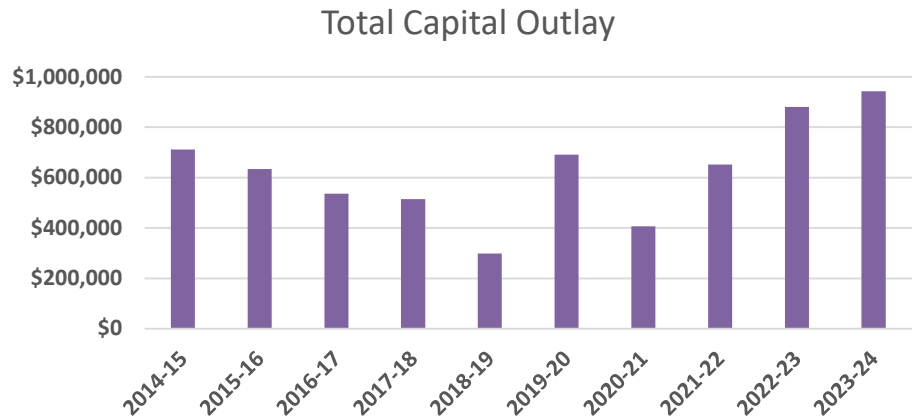
► In comparison to other cities, Keizer residents benefit from the availability of local ground water that requires minimal processing to meet federal and state drinking water regulations.

	<u>Billing Frequency</u>	<u>Effective Date</u>	<u>Connection - Flat Rate</u>	<u>Consumption - Variable Rate</u>	<u>Average Units</u>	<u>Total Per Month</u>
Salem	Monthly	1/1/2024	\$ 12.90	\$ 3.02	6.00	\$ 31.02
Albany	Monthly	1/1/2024	22.66	5.05	6.00	52.96
Corvallis	Monthly	2/1/2024	19.21	2.34	6.00	33.25
Lake Oswego	Monthly	7/1/2024	30.56	3.21	6.00	49.82
McMinnville	Monthly	10/1/2023	14.80	1.73	6.00	25.18
Oregon City	Monthly	1/1/2024	18.62	2.12	6.00	31.35
Tigard	Monthly	7/1/2023	32.95	4.59	6.00	60.49
Tualatin	Monthly	7/1/2023	11.00	3.90	6.00	34.40
West Linn	Monthly	1/1/2024	30.20	3.48	6.00	51.08
Wilsonville	Monthly	5/1/2023	18.13	4.23	6.00	43.51
Woodburn	Monthly	7/1/2023	18.13	2.19	6.00	31.27
Keizer	Bimonthly	1/1/2024	\$ 13.05	\$ 1.68	12.00	\$ 16.61



Water System – Capital Outlay

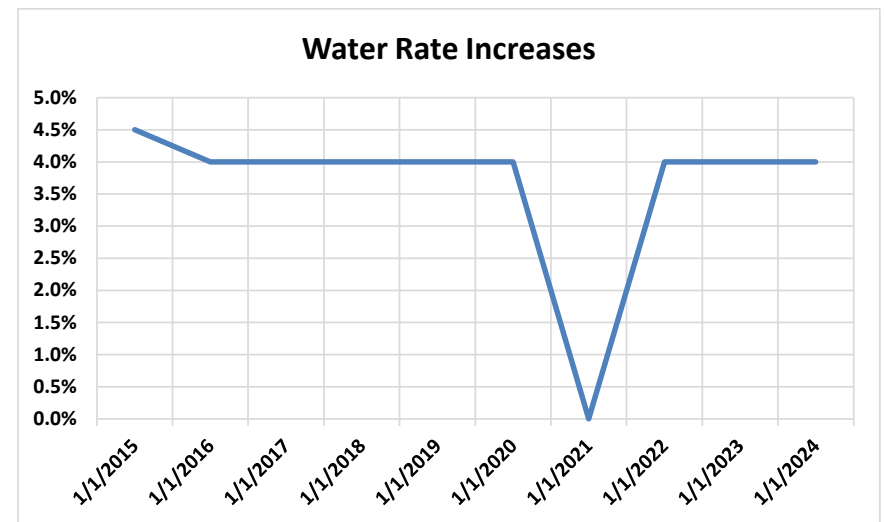
- ▶ The 2012 Water System Master Plan outlines the requirements to ensure that the water system is able to meet the expected demand over the next 20 years.
- ▶ The plan outlines approximately \$9.9 million in capital improvements. The majority of the improvements are to replace the existing steel waterlines throughout the City with ductile iron pipe (\$5.3 million) and adding an additional reservoir and pump station (\$1.8 million).





Water System – Rate Increases

- ▶ In order to support the requirements of the 2012 Water System Master Plan the City utilizes a cost of service model that projects into the future, based on city growth and water consumption trends, the rate increases needed to complete the plan.
- ▶ The cost of service model has projected a 3-4% annual rate increase for the foreseeable future. Since the plan was adopted rate increases have been from 0-4.5%.





Water System – Financial Projection

	PROJECTED	FORECASTED				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
1 RESOURCES:						
2 Beginning Balance:	\$ 1,647,000	\$ 1,328,000	\$ 1,162,000	\$ 1,066,000	\$ 1,014,000	\$ 1,035,000
3 Water Sales	3,678,000	3,825,000	3,978,000	4,137,000	4,302,000	4,474,000
4 Other Revenues	155,000	155,000	157,000	159,000	161,000	163,000
5 TOTAL RESOURCES	\$ 5,480,000	\$ 5,308,000	\$ 5,297,000	\$ 5,362,000	\$ 5,477,000	\$ 5,672,000
6						
7 REQUIREMENTS:						
8 Expenditures:						
9 Personnel Services	\$ 1,433,000	\$ 1,519,000	\$ 1,576,000	\$ 1,655,000	\$ 1,718,000	\$ 1,807,000
10 Materials & Services	1,776,000	1,827,000	1,855,000	1,893,000	1,924,000	1,966,000
11 Capital Outlay	943,000	800,000	800,000	800,000	800,000	800,000
12 Total Expenditures	4,152,000	4,146,000	4,231,000	4,348,000	4,442,000	4,573,000
13 Fund Balance:						
15 Fund Balance	1,328,000	1,162,000	1,066,000	1,014,000	1,035,000	1,099,000
16 TOTAL REQUIREMENTS	\$ 5,480,000	\$ 5,308,000	\$ 5,297,000	\$ 5,362,000	\$ 5,477,000	\$ 5,672,000
Days Cash Supply at End of Year	151	127	113	104	104	106

Conclusion: The update to the Water Services Long-Range plan supports a 4% rate increase for FY24-25 as anticipated when the model was presented to the Long Range Planning Committee last year (March 2023).



Water System – Rate Analysis

Proposed 2024-25 Rate Analysis

	Flate Rate		Variable Rate	
	Current	Proposed	Current	Proposed
Residential 5/8" meter	\$ 13.05	\$ 13.57	\$ 1.68	\$ 1.75
Multi-family 1" meter	\$ 26.52	\$ 27.58	\$ 1.68	\$ 1.75
Commercial 5/8" meter	\$ 13.05	\$ 13.57	\$ 1.63	\$ 1.70

Proposed 2024-25 Rate Increase Impact

	Bi-Monthly Bill		Incremental Cost of Rate Increase		
	Current	Proposed	Monthly	Bi-Monthly	Annual
Residential (12 ccf)	\$ 33.21	\$ 34.57	\$ 0.68	\$ 1.36	\$ 8.17
Multi-family (175 ccf)	\$ 320.52	\$ 333.83	\$ 6.66	\$ 13.31	\$ 79.86
Commercial (51 ccf)	\$ 96.18	\$ 100.27	\$ 2.05	\$ 4.09	\$ 24.55



Stormwater System - Overview

- ▶ The Stormwater Fund is managed by the Public Works Department to meet the Federal Clean Water Act and Safe Drinking Water Act. The City's stormwater regulatory programs are administered by the State of Oregon through the Department of Environmental Quality (DEQ).
- ▶ The City has 3 regulatory programs which allow the City to manage stormwater through discharge to local waterways, overland flow, and injection into the ground. The City maintains compliance of the regulatory programs by implementing the requirements of state approved management plans for the municipal separate storm sewer system (MS4), the underground injection control (UIC) devices, and the Total Maximum Daily Load (TMDL) Implementation Plan.
- ▶ The City is the permittee for the National Pollutant Discharge Elimination System (NPDES) permit #102904, the Water Pollution Control Facilities (WPCF) permit #103068, and is a designated management agency for the Willamette Basin TMDL.



Stormwater System - Overview

- ▶ The Stormwater Division operates and maintains:
 - 75.59 Miles of Pipe,
 - 132 Underground Injection Control Systems (UICs),
 - 1,208 Manholes,
 - 2,327 Catch Basins,
 - 118 Outfalls, and
 - 82,564 Square Feet of Vegetated Stormwater Facilities.

- ▶ The stormwater system can become clogged by trash, debris, sediment and mud, or other stormwater pollutants however the City's maintenance plan of routinely inspecting, repairing, and cleaning the system can reduce local flooding, remove pollution carried by stormwater and protect our local streams and rivers.



Stormwater System – Comparable Rates

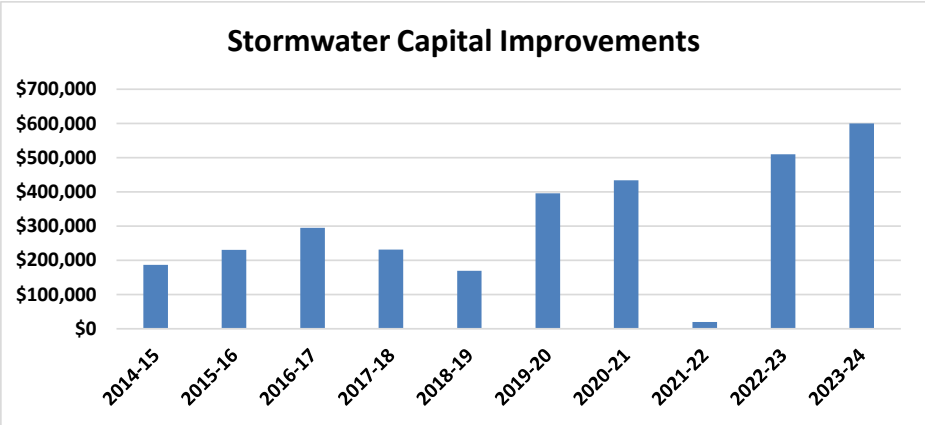
- ▶ The City’s goal is to provide a storm drainage system that is safe, clean and cost-effective.
- ▶ In comparison to other cities, Keizer stormwater charges are lower than other jurisdictions.

	<u>Monthly Billing Rate</u>
Albany	\$ 16.31
Corvallis	10.87
Lake Oswego	21.60
Oregon City	13.68
Salem	20.71
Tigard	10.55
Tualatin	11.47
West Linn	9.08
Wilsonville	11.90
Keizer	\$ 7.66



Stormwater System – Capital Outlay

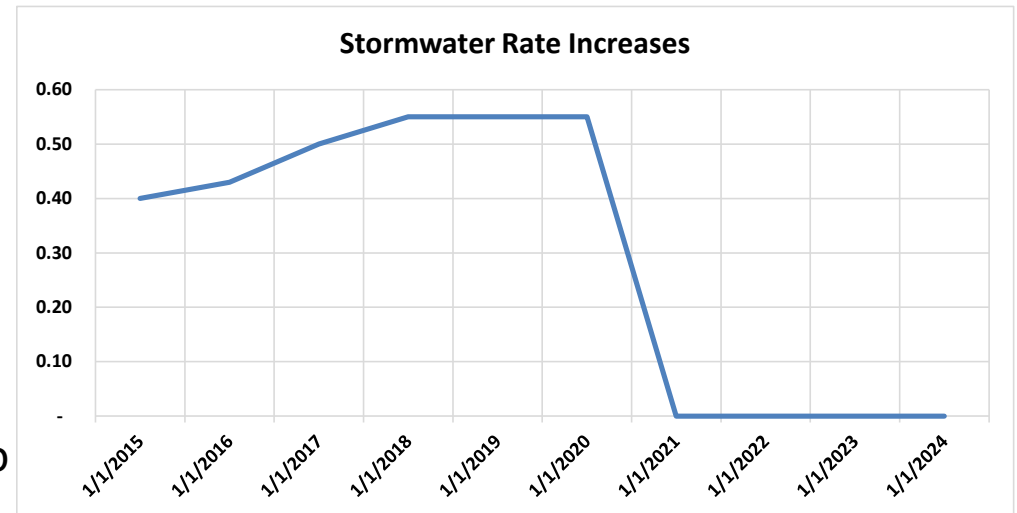
- ▶ The stormwater infrastructure was largely inherited by the City from Marion County.
- ▶ Starting in 2012-13 the City began videotaping the stormwater system, with a goal of visually inspecting approximately 10% of the system every year.
- ▶ Since the start of the visual inspections, the City has spent approximately \$2.8 million in capital improvements to address identified system failures.





Stormwater System – Rate Increases

- ▶ In conjunction with the visual inspection process the City started reviewing and adjusting the stormwater billing rate to ensure adequate resources would be available for any identified reports.
- ▶ Original estimates indicated that an increase of \$0.40 - \$0.60 per month per equivalent service unit would be necessary to support the system improvements.
- ▶ Based on the capital outlay requirements the billing rate has not been adjusted since January 1, 2021.





Stormwater System – Financial Projection

	PROJECTED	FORECASTED				
	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
1 RESOURCES:						
2 Beginning Balance:	\$ 1,632,000	\$ 1,098,000	\$ 810,200	\$ 576,100	\$ 371,700	\$ 158,600
3 Service Fees	2,137,000	2,136,200	2,244,900	2,353,600	2,407,900	2,407,900
4 Other Revenues	30,000	30,000	30,000	30,000	30,000	30,000
5 TOTAL RESOURCES	\$ 3,799,000	\$ 3,264,200	\$ 3,085,100	\$ 2,959,700	\$ 2,809,600	\$ 2,596,500
6						
7 REQUIREMENTS:						
8 Expenditures:						
9 Personnel Services	1,083,000	1,111,000	1,150,000	1,208,000	1,254,000	1,318,000
10 Materials & Services	1,018,000	1,043,000	1,059,000	1,080,000	1,097,000	1,121,000
11 Capital Outlay	600,000	300,000	300,000	300,000	300,000	300,000
12 Total Expenditures	2,701,000	2,454,000	2,509,000	2,588,000	2,651,000	2,739,000
13 Fund Balance:						
14 Unrestricted Fund Balance	1,098,000	810,200	576,100	371,700	158,600	(142,500)
15 TOTAL REQUIREMENTS	\$ 3,799,000	\$ 3,264,200	\$ 3,085,100	\$ 2,959,700	\$ 2,809,600	\$ 2,596,500
Day's Cash Supply at End of Year	188	138	94	58	24	(22)

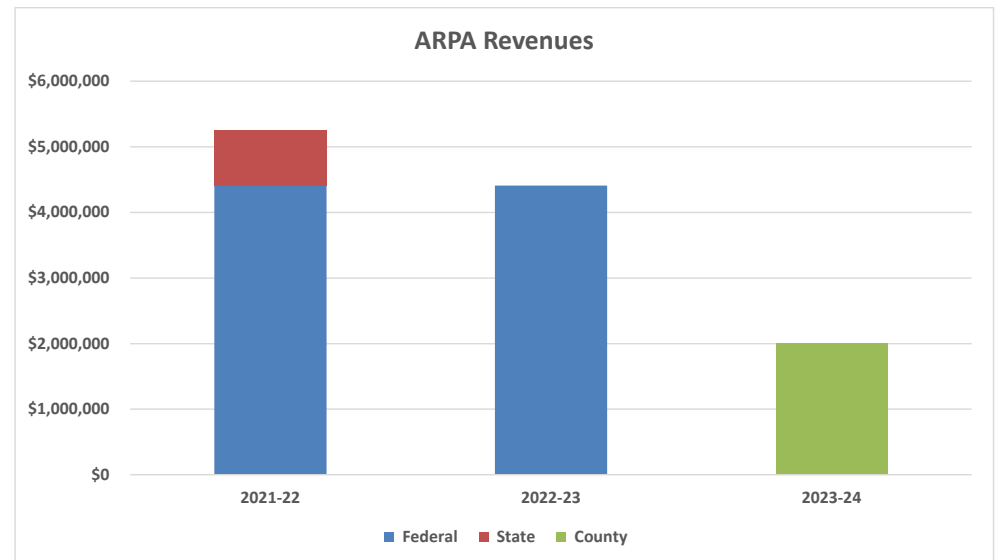
In order to maintain at least a 60-day cash supply to correspond with the bi-monthly stormwater billings the following rate increase per ESU with a January 1st effective date is required:



American Rescue Plan Act Funds - Revenues

- ▶ In The American Rescue Plan Act (ARPA) was signed into law on March 11, 2021.
- ▶ The intent of the law is to provide fast and direct economic assistance to American workers, families, small businesses and industries.
- ▶ The City entered into three agreements to receive ARPA relief funds:

- Federal Government - \$8,820,850
- State of Oregon - \$850,000
- Marion County - \$2,000,000



ARPA funds must be committed for expenditure by December 31, 2024 and be spent by December 31, 2026.



American Rescue Plan Act Funds - Expenditures

► Fiscal Year 2021-22 expenditures (\$440,300) included:

- CASA of Marion County - \$150,000
- Computer equipment, primarily routers, switches and desktop computers - \$140,100
- Police radios, tasers and laser sights - \$71,300
- Meadows Pumphouse engineering work - \$22,000
- 2022 Street Resurfacing engineering - \$48,400
- Additional pollution insurance required by the State ARPA Agreement - \$4,900
- Keizer Klosets - \$2,400
- COVID Policy/Compliance Documentation - \$1,200



American Rescue Plan Act Funds - Expenditures

► Fiscal Year 2022-23 expenditures (\$2,152,600) included:

- 2022 Street Resurfacing project- \$651,600
- Meadows Pumphouse project - \$494,900
- Reitz Well project – \$208,600
- Turf Field project engineering - \$188,100
- One-time accrued leave payout - \$136,700
- Event Center and Police storage building engineering - \$63,800
- Keizer Community Library - \$60,000
- Code Enforcement vehicle - \$59,100
- High Performance Organization Training - \$56,600
- Keizer Heritage Foundation - \$55,000
- Police weapons and sights – \$35,900
- Event Center support staff - \$33,700
- Cherriots K-12 Free Fare - \$30,000
- Strategic Planning - \$21,600
- Cold Wet Eagle - \$15,000
- Keizer Klosets - \$14,700
- Codification/Agenda Management software - \$12,300
- Keizer Community Dinner - \$7,500
- City owned property cleanup - \$7,500



American Rescue Plan Act Funds - Expenditures

► Fiscal Year 2023-24 anticipated expenditures (\$7,123,400) include:

- Turf Field project – \$4,000,000
- Event Center storage - \$800,000
- Meadows Pumphouse project - \$507,000
- Recruitment and backfill of critical positions - \$428,000
- Police evidence storage - \$300,000
- Park Camera Project - \$300,000
- Reitz Well project – \$191,400
- Phone system and email upgrade - \$150,000
- License plate reader cameras - \$100,000
- Police body cameras - \$100,000
- Codification, Agenda Management and HRIS/Payroll software - \$100,000
- Strategic Plan - \$40,000
- Keizer Heritage Foundation - \$32,000
- Police gate replacement - \$20,300
- High Performance Organization Training - \$20,000
- Keizer Community Library - \$15,000
- Keizer Klosets - \$14,700
- Digital media library - \$5,000



American Rescue Plan Act Funds - Expenditures

▶ Fiscal Year 2024-25 – the City has approximately \$1,954,500 in unallocated ARPA Funds.

▶ Potential Projects Include:

- Strategic property acquisitions
- Resolve PERS subject salary reporting issue
- Website update
- Sidewalk installation/repair program
- Predesign work in anticipation of future funding opportunities
- Site prep work in anticipation of economic development
- Recruitment and backfill of critical positions
- Verda Lane sidewalk engineering between Dearborn and Chemawa
- Keizer Little League stormwater master plan



PERS Work after Retirement Policy

- ▶ Pursuant to Oregon Senate Bill 1049 the City Council adopted a policy effective July 6, 2021 that allows employees who attain “normal retirement age” under PERS to retire and request to be rehired in a “limited duration” position.
- ▶ Rehired employees are not subject to the hours worked limitations that if exceeded could impact their retirement benefits.
- ▶ Employers are not required to remit the employee 6% PERS contribution (paid by the City).
- ▶ The employer PERS contribution is used to pay down the City’s overall obligation.



PERS Work after Retirement Policy

► As of January 4, 2024:

- 7 out of 18 eligible employees have elected to retire and rehire under the City’s policy.
- The City has saved **\$99,819** by not remitting the 6% employee PERS contribution paid by the employer.
- The City has paid **\$418,970** towards the overall employer pension obligation saving an estimated \$771,204 over the next 20 years.

	Step 7 Retire/Rehire		Step 1 New Hire		Biennium (Years)	Projected Payroll Combined	Total Projected Contributions (Without Paydown)	Total Projected Contributions (with paydown), 20 Year Amortization Pd.	Projected Savings
Hourly Rate		42.46		32.46	2023 - 2025	\$16,013,133	\$3,799,195	\$3,783,888	\$15,307
Medicare	1.45%	0.62	1.45%	0.47	2025 - 2027	\$17,120,537	\$4,960,688	\$4,897,359	63,329
State Transit Tax	0.10%	0.04	0.10%	0.03	2027 - 2029	\$18,304,527	\$5,258,178	\$5,190,469	67,709
Paid Leave Oregon	0.55%	0.23	0.55%	0.18	2029 - 2031	\$19,570,388	\$5,526,479	\$5,454,088	72,391
Deferred Compensation	6.00%	2.55	6.00%	1.95	2031 - 2033	\$20,923,805	\$5,749,876	\$5,672,479	77,397
PERS Employer Contribution	30.05%	13.52	25.14%	8.16	2033 - 2035	\$22,370,812	\$5,942,808	\$5,860,058	82,750
PERS Employee Pickup	N/A	-	6.00%	1.95	2035 - 2037	\$23,917,889	\$6,244,021	\$6,155,549	88,472
Total Hourly Rate		59.42		45.20	2037 - 2039	\$25,571,952	\$6,726,259	\$6,631,668	94,591
Hours		2,080		2,080	2039 - 2041	\$27,340,409	\$6,896,818	\$6,795,686	101,132
Total Base Compensation		\$ 123,602		\$ 94,010	2041 - 2043	\$29,231,157	\$6,856,690	\$6,748,564	108,126
Total Paid towards PERS Obligation		28,132							
Net Employee Cost		\$ 95,470							
								Total Projected Savings	\$771,204



Opioid Settlement Funds

- ▶ The City is party to multiple national opioid settlement agreements.
- ▶ The City has received the following settlement proceeds:
 - Fiscal Year 2022-23 - \$72,222
 - Fiscal year 2023-24 YTD - \$14,690
- ▶ It is anticipated the City will receive approximately \$50,000 annually over the term of the various agreements (approximately 20 years).
- ▶ The settlement proceeds are restricted and can only be used for opioid remediation efforts. While subject to Council approval, staff is recommending that the settlement proceeds be used to support Police Department staffing and community outreach.



Long Range Planning Task Force

Questions

Budget Committee Meetings

- ▶ Monday, May 13th at 6:00 p.m.
- ▶ Tuesday, May 14th at 6:00 p.m.



A case for paying down Keizer's PERS obligation?

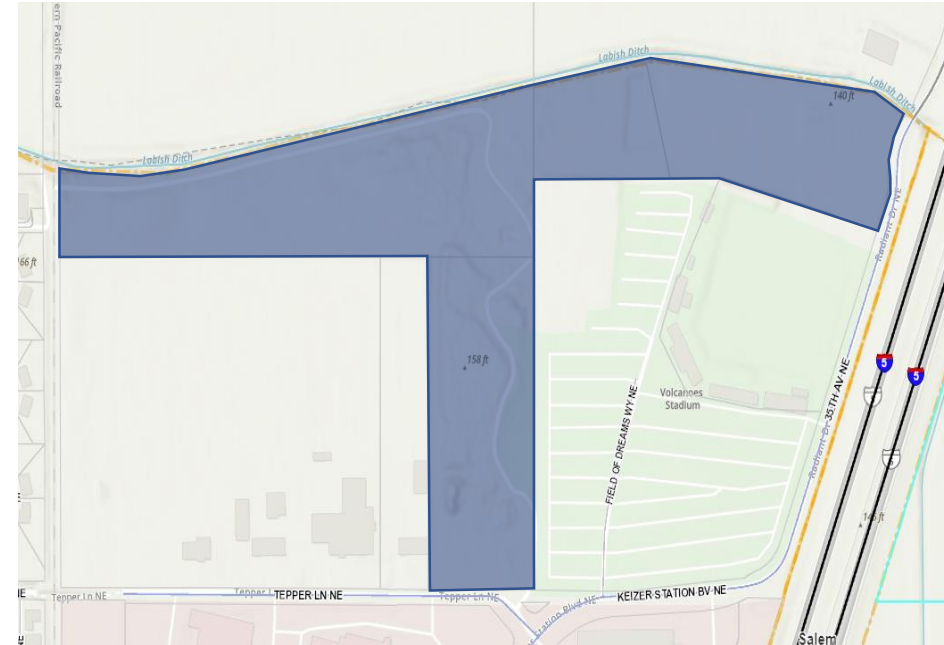
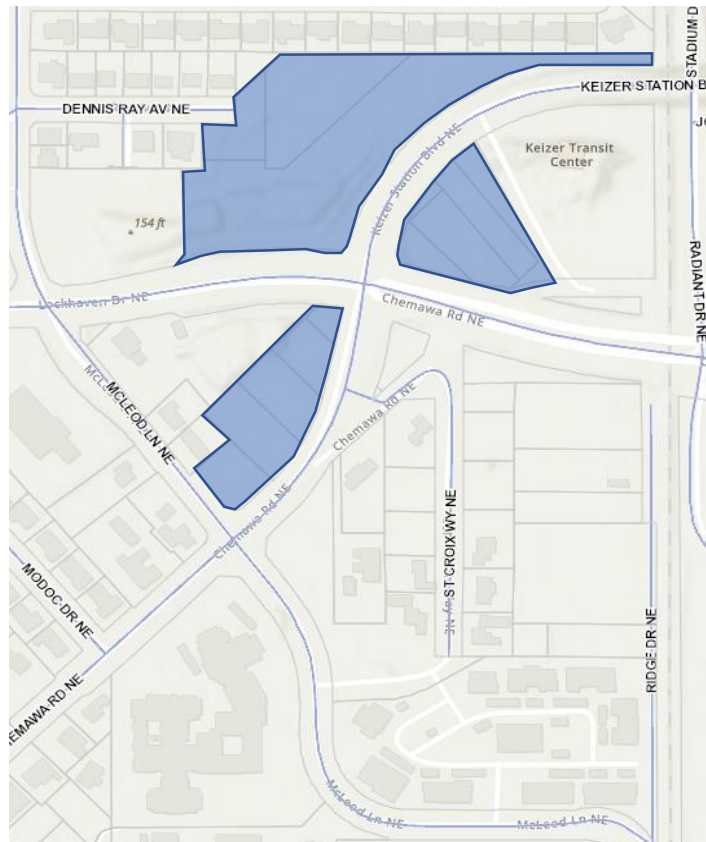
February 26, 2024



Current Strategy



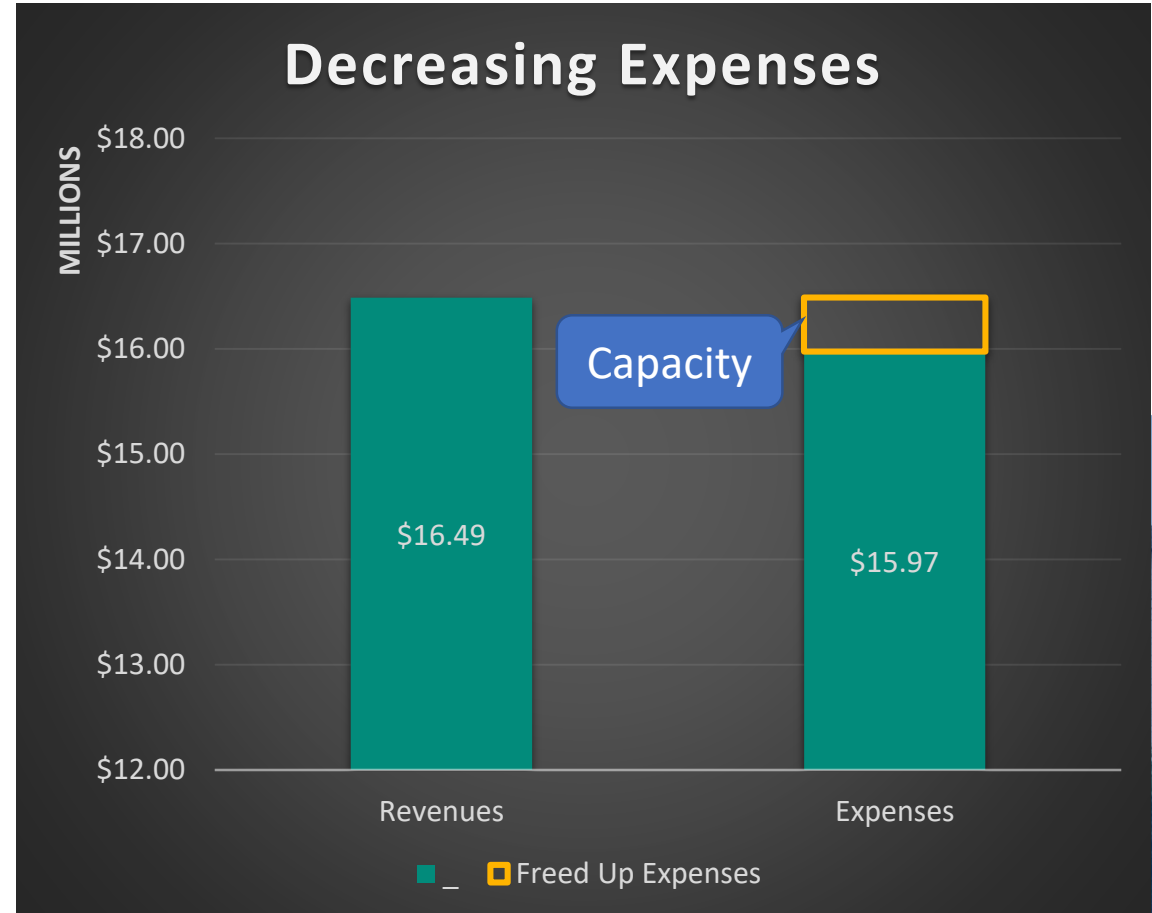
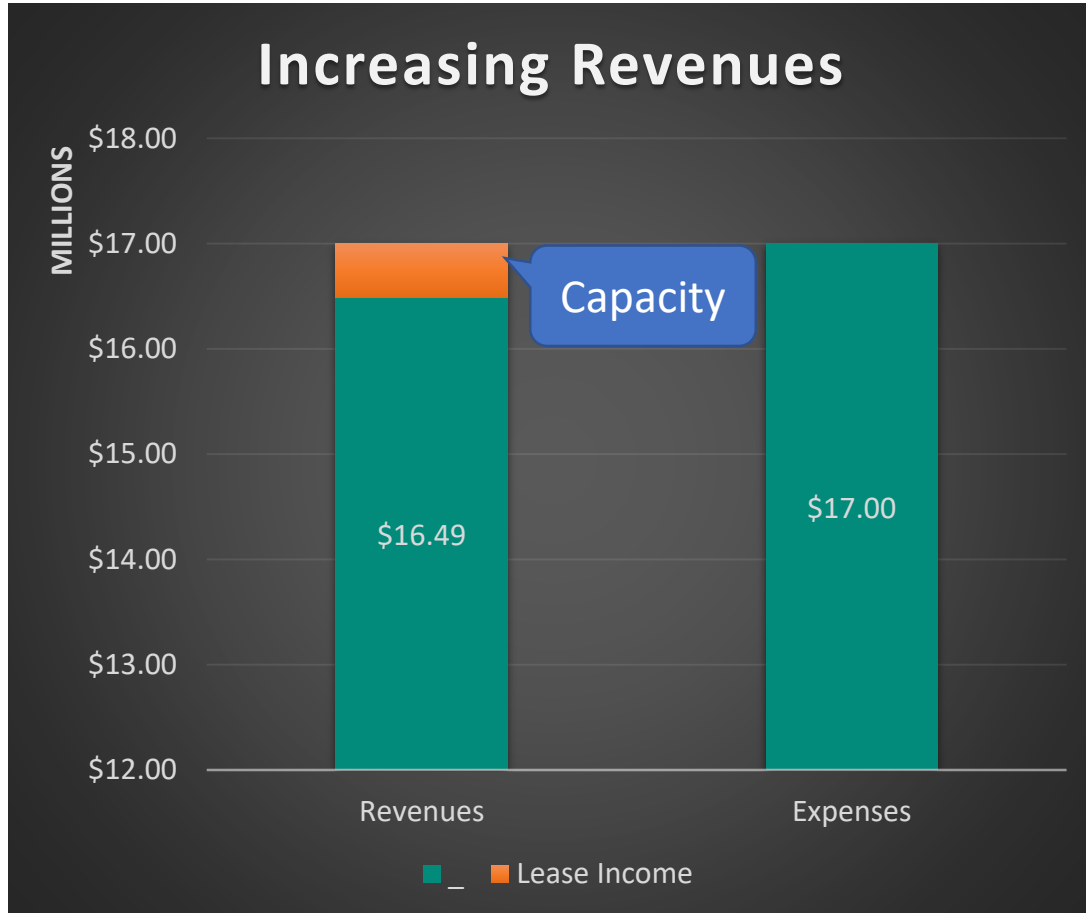
Keizer Station City Owned Properties



Current Strategy: Lease city owned property for development in Keizer Station to increase and diversify revenues.

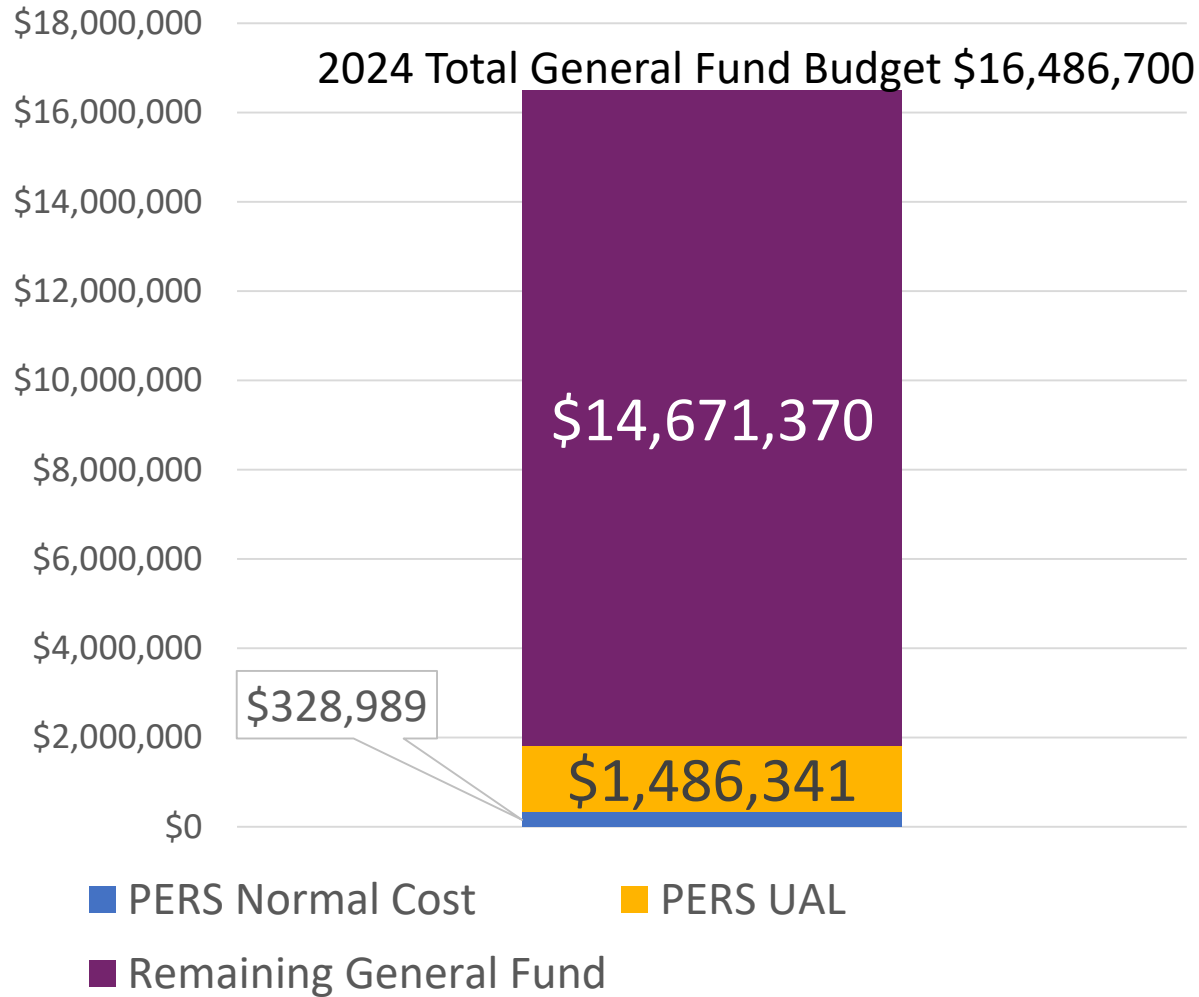


Two Sides to Solving Budget Needs





General Fund Budget



Can we do something to make a perpetual reduction to our expenses?



Our PERS Obligation



Employees were hired under a social contract that if they worked a certain number of years, they were promised a benefit

- Police employees hired on or before August 28, 2003 were hired under a defined benefit promise [Tier 1&2]. Sworn officers have been with PERS since inception (i.e., the benefit is fixed and the employer bears the risk to meet the defined benefit without the responsibility for investments)
- Employees hired after August were hired under a hybrid defined benefit and defined contribution [OPSRP]. (i.e. the risk is shared by the employer and the employee)
- Since Keizer didn't join PERS until 2008, we have mostly OPSRP members however, some staff have been hired that were already Tier 1 and Tier 2

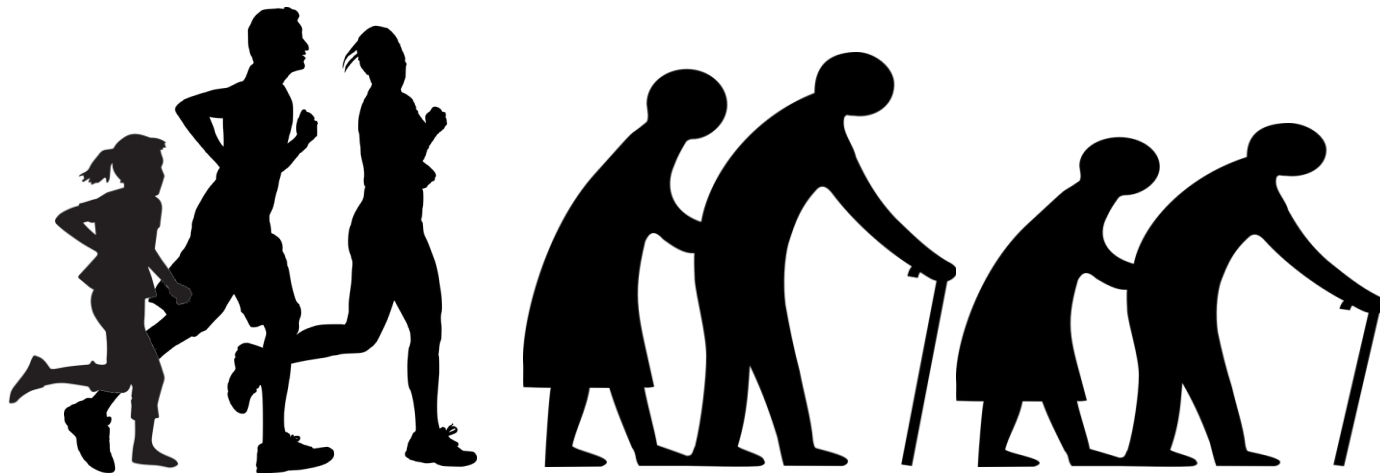


How did we get here?



Demographic Factors:

Actuarial Assumptions (e.g. people living longer, investment returns)



How did we get here?



Economic Factors:

Great recession investment loss, public investments did not recover as fast with a principal preservation strategy. PERS investments continue to underperform.



PERS Advisory Rates



	Tier 1/Tier 2	OPSORP General	OPSRP Police
2017-2019 Contribution Rate	17.72%	7.30%	12.07%
2019-2021 Contribution Rate	20.65%	9.49%	14.12%
2021-2023 Contribution Rate	24.18%	15.04%	19.40%
2023-2025 Contribution Rate	30.05%	20.35%	25.14%
2025-2027 Contribution Rate*	35.70%	25.87%	30.46%

*Mid-term Advisory Rates

Another 16% increase could cost the general fund \$270,000 a year starting in the next biennium



Definitions



- **Normal Cost** – The value of benefits for an employer’s current members for the next year of service.
- **Unfunded Accrued Liability (UAL)** – The difference between your accrued assets and accrued liabilities.
- **Annual Required Contribution (ARC)** – Your UAL amortized over 20 years plus the normal cost



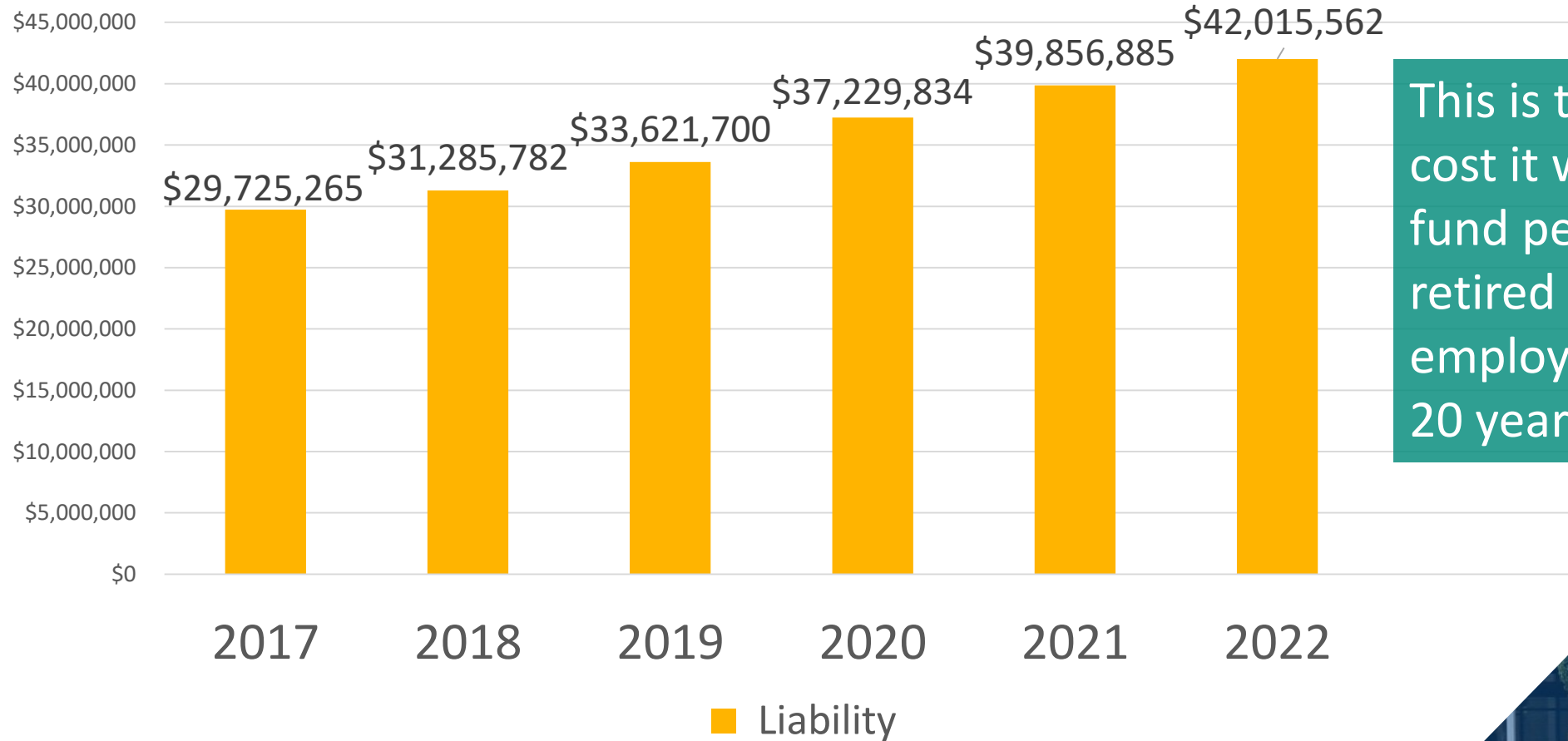
Most Recent Advisory Analysis



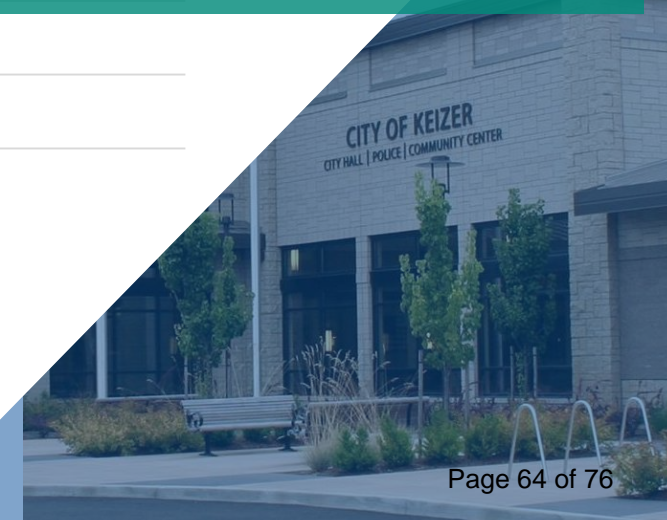
City of Keizer

	Actuarial Valuation as of	
	December 31, 2022	December 31, 2021
Tier One/Tier Two UAL	\$22,652,263	\$18,116,194
Allocated pooled OPSRP UAL	1,950,809	872,821
Side account	0	0
Net unfunded pension actuarial accrued liability	24,603,072	18,989,015
Combined valuation payroll	7,741,131	7,103,077
Net pension UAL as a percentage of payroll	318%	267%
Calculated side account rate relief	0.00%	0.00%
Allocated pooled RHIA UAL	(\$209,468)	(\$220,656)

Keizer PERS Liability

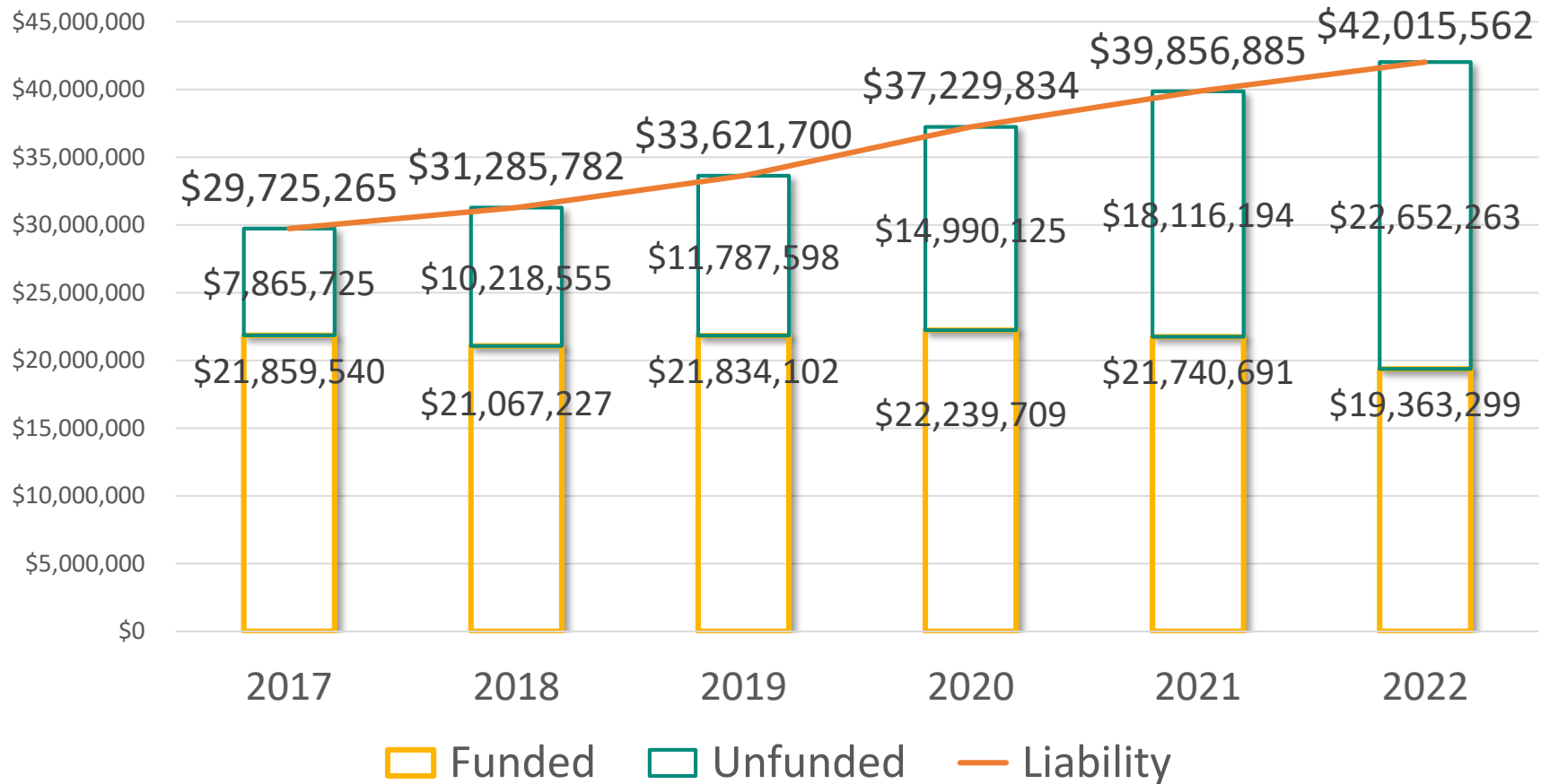


This is the net present cost it will require to fund pensions from retired and current employees over the next 20 years.





Unfunded Liability



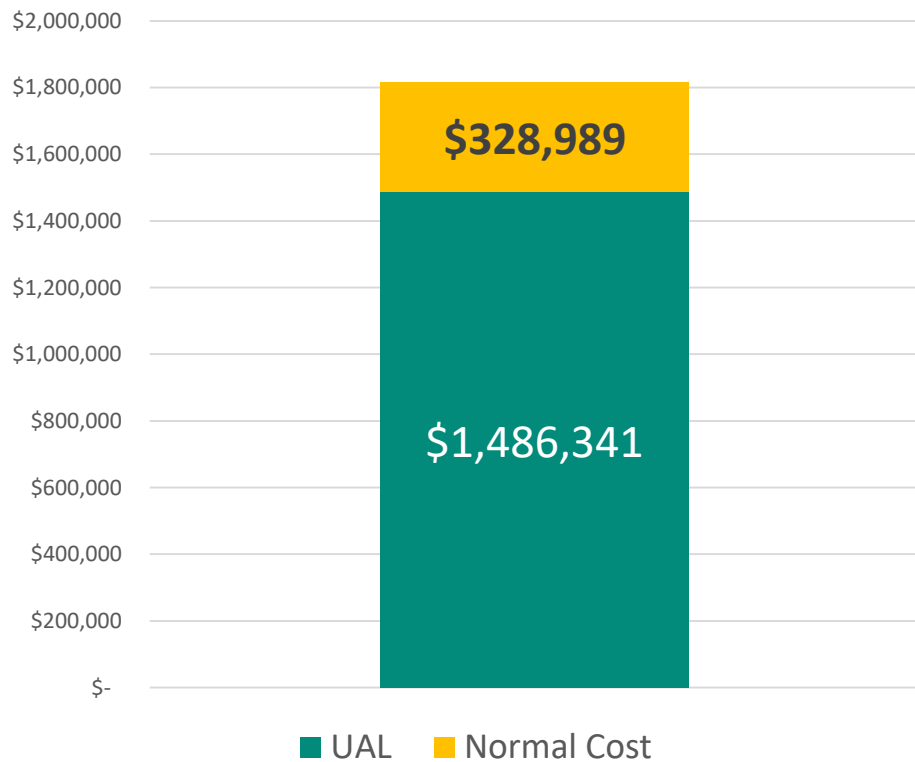
We are currently funded at ~ 46%





What if UAL is Paid Off

Annual Required Contribution



Annual Required Contribution



Eliminating the UAL will provide the city with over \$1.5 million less in PERS retirement expenses to be able to provide more service.



What do we know?

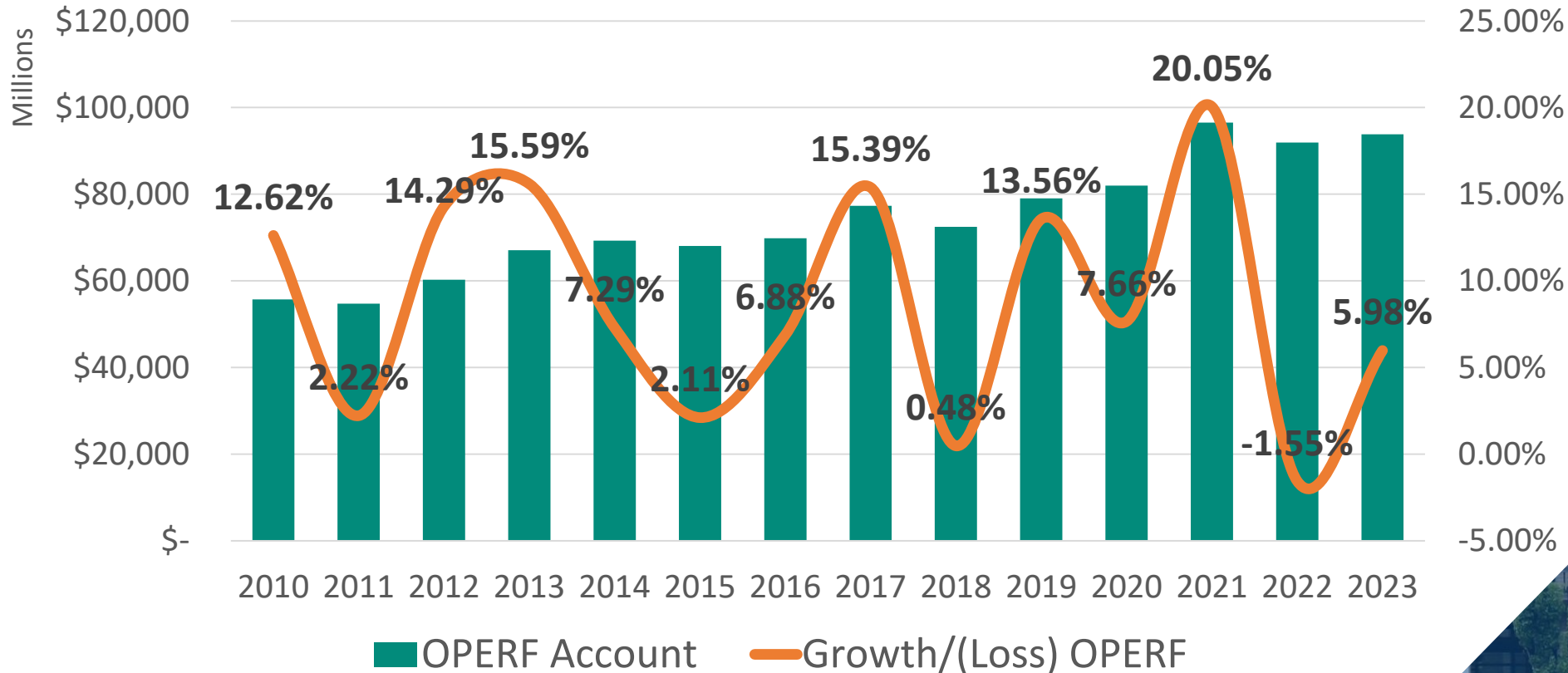


Oregon PERS Investments



Oregon Public Employee Reserve Fund

Annual Rate of Return is 8.76%



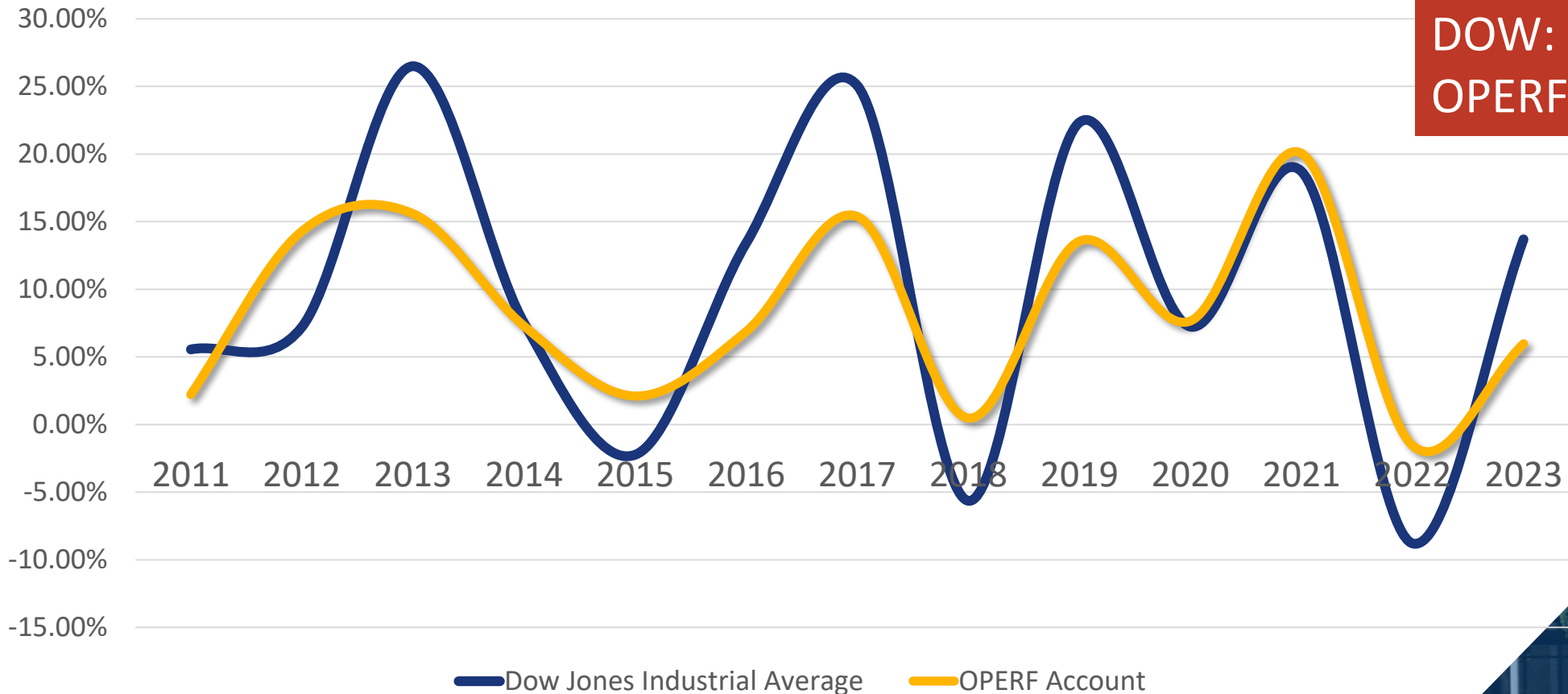
Oregon Public Employee Reserve Fund – (OPERF)



OPERF Compared to the DOW



Returns of OPERF & DOW



Average Return
DOW: 10.76%
OPERF: 8.76%

Compactness is evidence of principal preservation strategy



Independent vs SLGRP



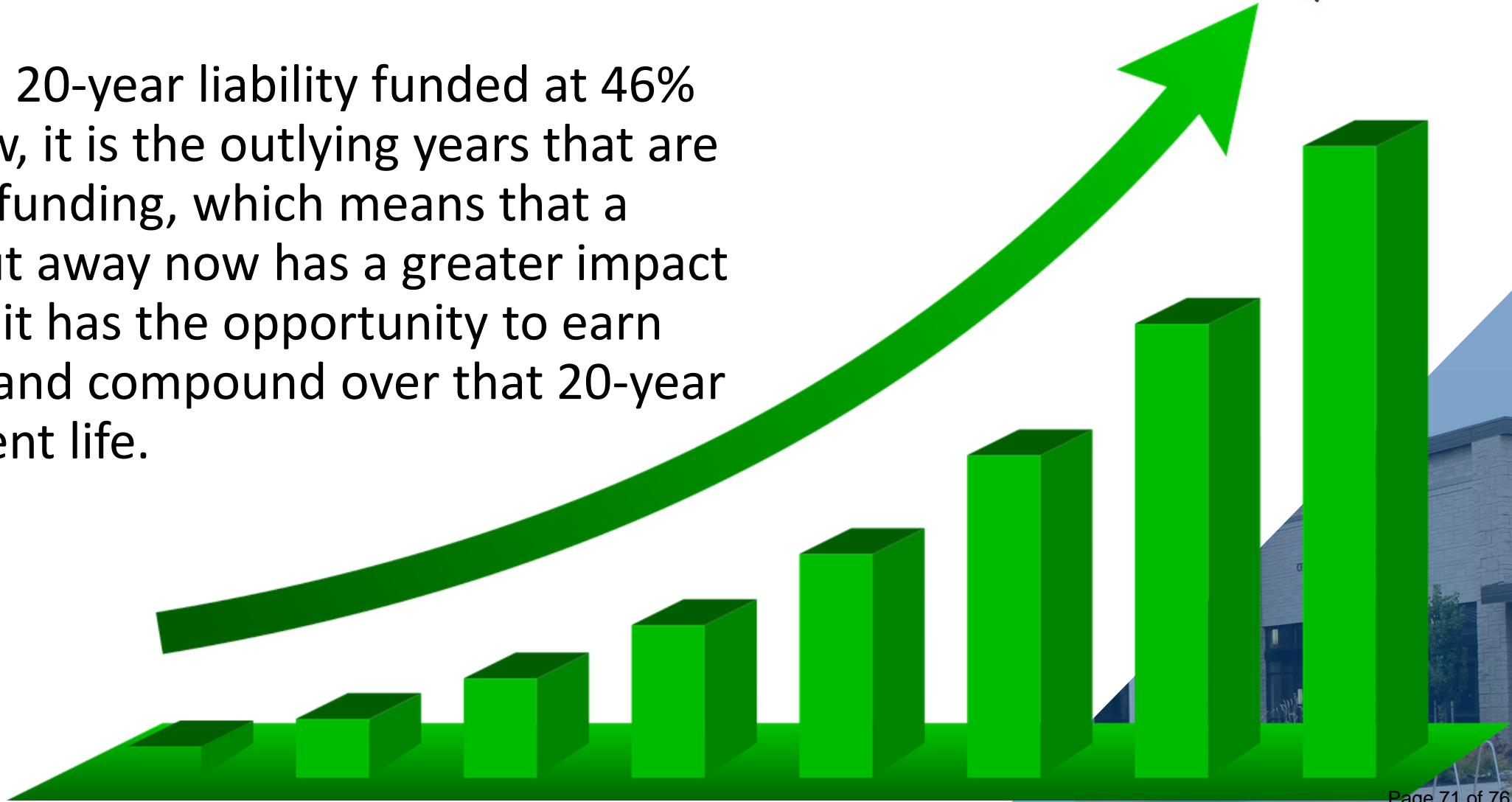
- SLGRP – State & Local Government Rate Pool
- In 2004 Cities and other public employers were allowed to become part of a larger pool to share risk called the SLGRP
- The alternative was to be responsible for your pension obligation independently – Keizer chose to remain independent
 - Independents can pay down their obligation whereas pool employers cannot





Value of Extra Payments Now

With the 20-year liability funded at 46% right now, it is the outlying years that are short of funding, which means that a dollar put away now has a greater impact because it has the opportunity to earn interest and compound over that 20-year investment life.



What if the state investments lose money?



Starting with more money
before a loss

\$100,000

Lose 3%

=\$97,000

Rebounds 3%

=\$99,910

Difference= \$2,910

Starting with less money before
a loss

\$75,000

Lose 3%

=\$72,750

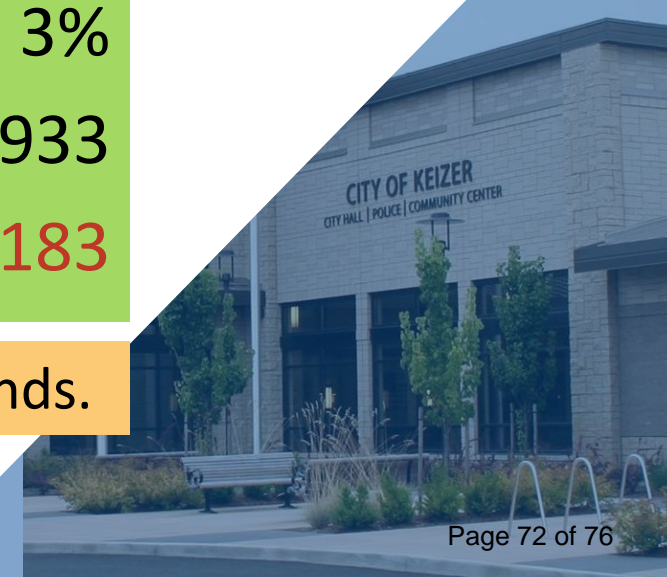
Rebounds 3%

=\$74,933

Difference = \$2,183

Plus you are still
behind \$25,000

You lose more when it goes down, but you gain more when it rebounds.

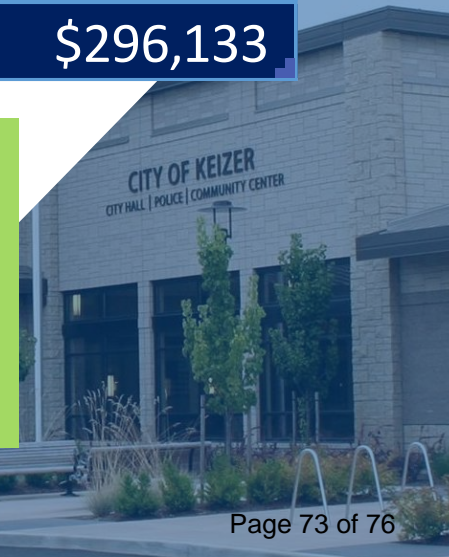


Another Oregon City



Retirement Category	2019-2021 Rates	2021-2023 Advisory Rates (before side account)	2021-2023 Rates after Side Account
Tier 1/Tier 2	35.17%	43.79%	35.65%
OPSRP General Services	24.95%	35.19%	26.32%
OPSRP Police/Fire	29.58%	39.56%	30.68%
Annual Savings from Side Account Contribution			\$296,133

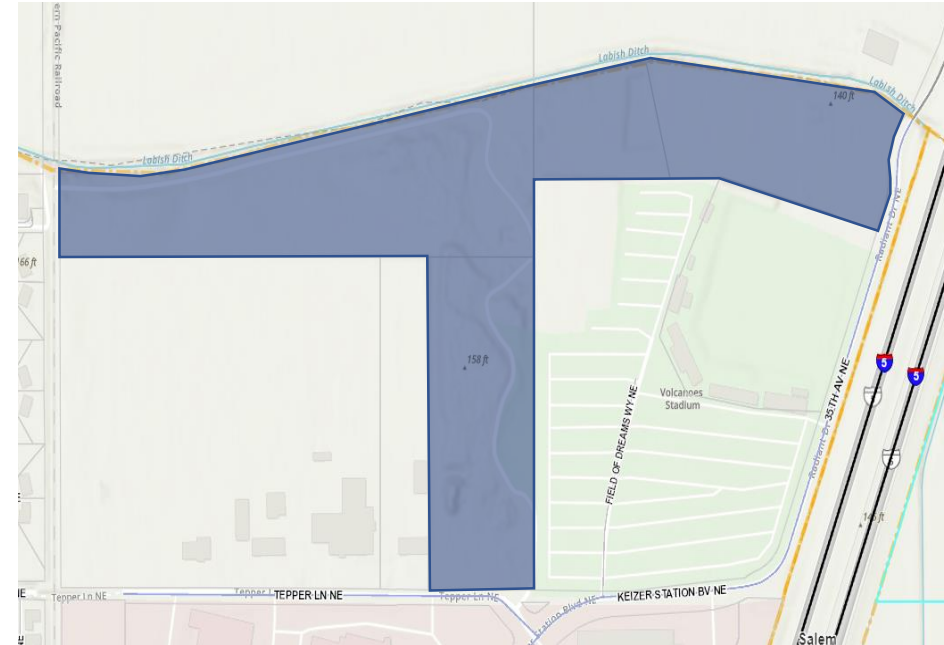
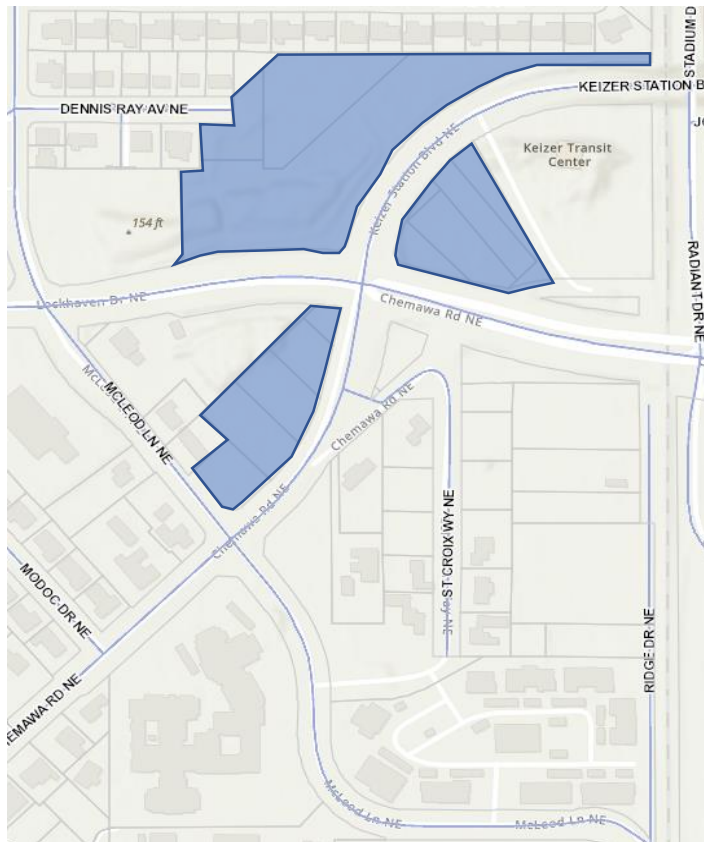
This City would have had to reduce services by **\$296,133** annually for the next two years to cover the additional PERS cost.



Alternative Strategy



Keizer Station City Owned Properties



Alternative Strategy: Get these properties in the hands of developers and use the proceeds to pay down the Unfunded Accrued Liability.



What can be the impact of paying down the UAL?



At the current return rate \$1 put away today can cut your unfunded accrued liability by \$1.84.

\$4 million property proceeds can cut your unfunded accrued liability by \$7.36 million.

Reducing the UAL by \$7,360,000 could cut our annual required contribution by \$286,064.

Another \$40,042 would be realized from taxes.

Additional
Resources
\$326,064



Sustainability



- Additional basic city services are needed, particularly in our police department.
- Putting property in the hands of developers so that the property is taxable and developable.
- The City is not a great developer or property manager.
- The actuarial reports are only done every two years, so the impact may be delayed depending on the timing of the actuarial reports and the sale of properties.

