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# MARION COUNTY FY 2015-16 BUDGET

## ABOUT MARION COUNTY

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### COUNTY PROFILE

Marion County, Oregon is located south of the Portland metropolitan area, and stretches from the Willamette River to the Cascade Mountains.

#### Quick Facts

- Capital: Salem (located primarily within Marion County)
- Land Area: 1,175 square miles
- Established: July 5, 1843
- Population: 326,110 (estimate 2014)\*
- Persons Per Square Mile: 267 (Oregon average: 40)
- Housing units, 2013: 121,628\*
- Mean travel time to work (minutes): 21.8\*
- Cities: 20 incorporated
- Elevation: 154 feet at Salem and 1,595 feet at Detroit Lake
- Average Temperature: January 39.3 F; July 66.3 F
- Annual Precipitation: 40.35 inches
- Principal Industries: Agriculture, education, food processing, government, lumber, manufacturing, and tourism.
- Private nonfarm establishments, 2013: 7,685\*
- Private nonfarm employment, 2013: 95,068\*

\*U.S. Census Bureau 2015 estimates; [quickfacts.census.gov](http://quickfacts.census.gov)

#### Points of Interest

Oregon State Capital, Champoeg State Park, The Oregon Garden, Silver Falls State Park, Detroit Dam and the North Santiam River, Breitenbush Hot Springs, Willamette River, Mt. Angel Abbey, Willamette University, Chemeketa Community College, Marion County Historical Society, Wheatland and Buena Vista Ferries, Mission Mill Museum and historic Bush House, Deepwood Estates House and Gilbert House Children's Museum, are just a few of the attractions Marion County has to offer.

#### History

Marion County, first called Champoick District (later Champoeg), was created in 1843 by the Provisional Government, 16 years before Oregon gained statehood on February 14, 1859. In 1849 the name was changed to Marion County honoring American Revolutionary General Francis Marion. Early settlers to the county were trappers and farmers, with Methodist missionaries arriving in the early 19<sup>th</sup> century. In 1843, with the mapping of the Oregon Trail, larger groups of settlers began to arrive and populate the Willamette Valley.

The City of Salem was designated the county seat in 1849. The territorial capital was moved from Oregon City to Salem in 1852. After an ensuing controversy over the location of the capital was settled, Salem was confirmed as the state capital in 1864.

Marion County's present geographical boundaries, established in 1856, are the Willamette River and Butte Creek on the north, the Cascade Range on the east, the Santiam River and North Fork of the Santiam on the south, and the Willamette River on the west.

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**Marion County Cities**

There are 20 incorporated cities and 37 unincorporated communities in Marion County. As reported by the 2010 Census, the total population of Marion County was 315,335, a 10% increase over 2000.

Incorporated Cities	Population	Unincorporated Communities	
Aumsville	3,584	Breitenbush	Mehama
Aurora	918	Broadacres	Monitor
Detroit	202	Brooks	Niagara
Donald	979	Butteville	North Howell
Gates	471	Central Howell	North Santiam
Gervais	2,464	Clear Lake	Orville
Hubbard	3,173	Concomly	Pratum
Idanha	134	Crestwood	Roberts
Jefferson	3,098	Downs	Rockie Four Corners
Keizer	36,478	Drakes Crossing	Rosedale
Mill City	1,855	Elkhorn	St. Louis
Mt. Angel	3,286	Fargo	Shaw
St. Paul	421	Hazel Green	Sidney
Salem	154,637	Hopmere	Skunkville
Scotts Mills	357	Labish Center	Sunnyside
Silverton	9,222	Little Sweden	Talbot
Stayton	7,644	Lone Pine Corner	Waconda
Sublimity	2,681	Macleay	West Stayton
Turner	1,854	Marion	
Woodburn	24,080		

**FORM OF GOVERNMENT**

Marion County had a county court form of government for the first century of its existence and was presided over by the Marion County Court. In 1961, the Legislative Assembly enabled a county court with no judicial functions to reorganize as a three-member board of county commissioners. With court approval, the Marion County Court was abolished and replaced by the Marion County Board of Commissioners on January 1, 1963. Today, Marion County is one of the 27 general law counties in the state.

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**CHARACTERISTICS OF THE PEOPLE**

The following are selected census data that compare characteristics of the people of Marion County to those of the United States collectively. The characteristics selected show that there are significant variances between the County and the U.S. for some items, for others there is only a small variance. The interpretation of the data will be left to the reader.

ECONOMIC CHARACTERISTICS

	Marion County		U.S.
Population 16 years and over	237,827	75.4%	79.0%
In Civilian Labor Force	150,391	63.2%	64.4%
Employed	135,269	56.9%	57.0%
Unemployed	15,122	6.4%	6.9%
Commute to Work - drove alone	94,875	71.5%	76.6%
<i>Industry - Employment (top 5):</i>			
Educational services, and health care and social assistance	27,195	20.1%	23.2%
Retail Trade	15,610	11.5%	11.7%
Manufacturing	15,008	11.1%	10.4%
Public Administration	12,302	9.1%	5.2%
Construction	11,340	8.4%	6.2%
Class of Worker - Government	25,781	19.1%	15.3%
Persons Below Poverty Level	N/A	16.0%	13.8%
Medium Household Income	\$46,069		\$ 51,914

Source: U.S. Census Bureau, 2010 Census

Note: The U.S. Census Bureau categories of industry are somewhat different from those utilized by the state as reported in a Principal Employers and Employment by Industry table that is presented later in this section.

POPULATION AND HOUSING CHARACTERISTICS

	Marion County		U.S.
Total Population	315,335	100.0%	100.0%
15 years and under	73,974	23.5%	21.2%
16 years through 64 years	200,812	63.6%	65.8%
65 years and older	40,549	12.9%	13.0%
Male Population	157,117	49.8%	49.2%
Female Population	158,218	50.2%	50.8%
Vacant housing units	7,991 / 120,948	6.6%	11.4%
Homeownership Rate		61.0%	66.6%
<i>Residence 1 year ago:</i>			
Same house		81.3%	84.6%
Different house, same county		12.2%	9.4%

Source: U.S. Census Bureau, 2010 Census

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SOCIAL CHARACTERISTICS

	Marion County	U.S.
Family households (families)*	68.2%	66.4%
Average household size	2.45	2.58
<i>Educational Attainment:</i>		
Percent high school graduate or higher	82.2%	85.6%
Percent bachelor's degree or higher	20.9%	28.2%
Civilian Veterans	9.3%	11.7%
Born in the United States	84.8%	85.7%
Institutionalized population	2.1%	1.3%
Language spoken at home - English only	75.7%	79.4%

\* Out of total number of households

Source: U.S. Census Bureau, 2010 Census

ECONOMIC FORECAST

The Budget Officer has addressed local economic conditions and concerns in his transmittal, i.e., budget message, of the fiscal year 2015-16 budget to the Budget Committee. An additional perspective comes from the following excerpt from the Oregon Office of Economic Analysis executive summary of its most recent economic forecast for Oregon. The Office of Economic Analysis recognizes in the larger, more in-depth report, that economic growth is not expected to be at the same pace in the spectrum between larger metropolitan areas and rural areas, with many variables from county-to-county such as prevalent industries. An executive summary of the Office of Economic Analysis May 2015 economic forecast follows.

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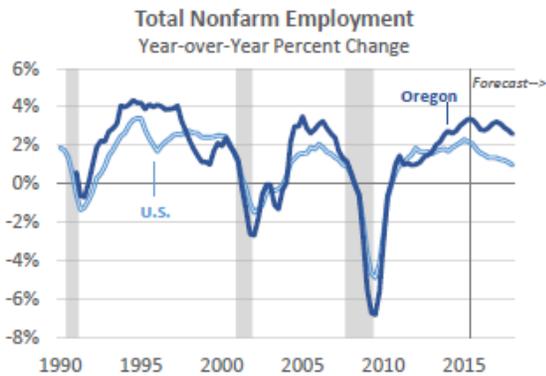
### EXECUTIVE SUMMARY

#### May 2015

The national economy continues to strengthen, however for the first time in a while, not every economic indicator is rosy. In particular the manufacturing sector has clearly softened in recent months. Much of the slowdown can be directly attributed to the oil and gas industry, where substantially lower energy prices have reduced new investment and employment. While such impacts were expected in the near-term, weakness in consumer spending was not. To a large degree, consumers are saving much of their gasoline-related windfall, resulting in slower sales growth than expected.

Given the ongoing strengthening in the labor market, nascent signs of wage growth picking up and the recent weights on the economy being eliminated, this recent slowdown in consumer spending is expected to be mostly a timing issue. Moving forward consumers will not only have the financial wherewithal, but also the belief and confidence to increase their purchases to match the underlying improvement in the economy.

Unlike the nation that is growing at a modest pace, Oregon's economy is experiencing full-throttle growth today. Jobs and income are increasing as fast, if not faster than during the mid-2000s. Given demographic trends, such rates of growth are considered full throttle. As in past expansions, Oregon has regained its traditional growth advantage relative to other states. Much of this advantage can be attributed to the state's industrial structure and strong in-migration flows. More important are the indications that Oregon is seeing a deeper labor market recovery. Wages for the average Oregon worker are increasing quicker than in the typical state, and the labor force is growing.



While growth rates, and the trajectory of the economy have improved considerably, Oregon is not yet fully healed from the Great Recession. The state's labor market is nearly two-thirds of the way back to pre-recession levels and should reach full employment over the course of the upcoming 2015-17 biennium. After which time, net growth rates are likely to slow significantly over the longer horizon as the Baby Boomers fully age into their retirement years.

Growth in Oregon's General Fund revenues has been very rapid this fiscal year, rivalling the gains seen during the technology and housing booms. Gains have been broad-based across Oregon's primary revenue instruments, due both to a healthy job market as well as to solid growth in taxable investments and business income. Even lottery sales, which have been relatively dormant for years, are now expanding at a solid clip.

As expected, the personal income tax filing season turned out to be a big one for revenue collections due to large gains in reported business profits and investment income. Realizations of capital gains nearly doubled on the year. While the big April filing season was expected, the full impact of Oregon's rapid job gains and wage growth was not. As a result of booming labor-related income tax collections, it is now highly likely that a personal income tax kicker payment will be triggered at the end of the biennium.

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The May 2015 outlook assumes that revenues included in the personal income tax kicker base will exceed the kicker threshold by \$182 million at the end of the biennium. Should this outlook hold true, a personal income tax kicker of \$473 million will be generated. Due to actions taken by the 2011 Legislature, this potential kicker payment will take the form of a credit on 2015 tax returns rather than being issued as a check at the end of the year.

Despite the larger expected kicker payment, the May revenue outlook now calls for a significant increase in available resources for the upcoming biennium. Widespread optimism is now being voiced by a diverse chorus of local businesspeople and economic forecasters. This optimism has been translated into increased expectations for job growth and taxable wage gains. The March 2015 forecast was an aggressive one, calling for job gains over the upcoming biennium matching the best two years of the housing boom. Even so, business sentiment in Oregon has become so bullish that a strong majority among our office's advisory group members pushed for significantly more growth to be added over and above what was assumed in the March forecast.



Although the May 2015 forecast provides more wiggle room for budget writers, none of the additional revenue called for in the outlook has come in the door to date. Business sentiment is fickle, and can sour overnight. With such a large amount of downside risk facing the near-term revenue outlook, well-stocked reserve funds are a must. Despite a few bad national indicators, it does not look as though the wheels are about to fall off the economic recovery anytime soon. If Oregon's businesses and households are as confident about the future as they say they are, their combined hiring and spending should go a long way toward ensuring that their bullish expectations come true.

Oregon's population growth has accelerated in recent years and 2014's growth ranked 13<sup>th</sup> fastest in the nation. Based on the current forecast, Oregon's population will reach 4.35 million in the year 2022 with an annual rate of growth of 1.16 percent between 2014 and 2022. Such growth rates are below historical expansions when Oregon's population regularly increased closer to 2 percent, or more.

Oregon's economic condition heavily influences the state's population growth. Its economy determines the ability to retain the existing work force as well as attract job seekers from national and international labor markets.

As the baby-boom generation ages into retirement, the relative share of the Oregon population in their prime working years will continue to shrink. This important demographic group will continue to grow in number, but as a share it will erode, placing downward pressure on economic and revenue growth rates moving forward.

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**COUNTY FINANCIAL POSITION**

The County will continue to manage the fiscal year with an acceptable financial position and a low ratio of outstanding debt to the real market value of taxable property within the county. Major long-term budget concerns include reductions in federal and state funding, rising employee benefit costs, and continued capital project needs. The county prepares a five year capital improvements project document identifying infrastructure items and supporting equipment needing upkeep and replacement.

**County Debt**

Debt Policy

Marion County has no formal debt policy, primarily because the county is not a regular issuer of debt. The most recent bond debt issue was in 2005 and bank loan financing was in 2013. In practice, the county seeks to use internal financing sources or cash when possible. Although a significant amount of statutory debt authority exists for Marion County, budgetary constraints limit the county's ability to provide for expanded debt service.

Legal Debt Limits

State statutes limit the amount of bonded debt a county may issue to a percentage of the real market value of the County's taxable property; the limit is 2 percent for general obligation bonds and 1 percent for limited tax obligations. Based on the County's real market value for fiscal year 2013, the current limitation is \$652 million for general obligation bonds and \$326 million for limited tax obligations. As of June 30, 2013, the County's total outstanding debt represents 0.17 percent of real market value.

Long-Term Debt

At the end of the current fiscal year, the County had total debt outstanding of \$63,390,734, an increase of 14 percent from the previous fiscal year. This amount includes \$1,767,312 in revenue bonds (Oregon Garden), \$11,683,737 in refunding bonds (Courthouse Square), \$39,369,217 in limited tax pension obligations (PERS) and \$10,570,468 in loans & notes payable (capital loan & service districts). The County received an AA-rating from Standard & Poor's for its issuance of refunding bonds in fiscal year 2005. The County currently has no outstanding general obligation bonds.

**Marion County's Outstanding Debt (thousands)**

	Governmental		Business-type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Revenue bonds	\$ 1,767	\$ 2,219	\$ -	\$ -	\$ 1,767	\$ 2,219
Refunding bonds	11,684	12,689	-	-	11,684	12,689
Limited tax pension obligations	39,369	40,119	-	-	39,369	40,119
Loans & notes payable	<u>9,950</u>	<u>-</u>	<u>620</u>	<u>695</u>	<u>10,570</u>	<u>695</u>
Total	<u>\$ 62,770</u>	<u>\$ 55,027</u>	<u>\$ 620</u>	<u>\$ 695</u>	<u>\$ 63,390</u>	<u>\$ 55,722</u>

Debt Payments

Principal and interest payments on Oregon Garden revenue bonds are budgeted in the Lottery Distribution Fund. Principal and interest payments on Courthouse Square revenue bonds are budgeted in the Debt Service Fund. Principal and interest payments on the PERS obligations are budgeted in the Debt Service Fund. Principal and interest payments on loans and notes payable are in the Debt Service Fund.

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COUNTY PRINCIPAL EMPLOYERS AND PROPERTY TAXPAYERS

MARION COUNTY, OREGON

PRINCIPAL EMPLOYERS AND EMPLOYMENT BY INDUSTRY

Current Fiscal Year and Nine Years Ago

Employer	2013			2004		
	Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
State of Oregon	18,000-18,499	1	13.88%	16,000-16,499	1	12.50%
Salem-Keizer School District	4,000-4,499	2	3.23%	4,500-4,999	2	3.65%
Salem Health (Salem Hospital)	3,500-3,999	3	2.85%	3,000-3,499	3	2.50%
Chemeketa Community College	1,500-1,999	4	1.33%	1,500-1,999	4	1.35%
Marion County	1,000-1,499	5	0.95%	1,000-1,499	7	0.96%
US Government	1,000-1,499	6	0.95%	1,000-1,499	6	0.96%
City of Salem	1,000-1,499	7	0.95%	1,500-1,999	5	1.35%
Norpac Foods Inc	1,000-1,499	8	0.95%	500-999	10	0.58%
Walmart	1,000-1,499	9	0.95%			
SAIF Corporation	500-999	10	0.57%	500-999	9	0.58%
T-Mobile				1,000-1,499	8	0.96%
<b>Total for Principal Employers</b>	<b>32,500-37,499</b>		<b>26.61%</b>	<b>30,500-35,499</b>		<b>25.39%</b>
<b>Employment by Industry (1)</b>						
Government	33,384		25.39%	31,601		24.31%
Trade, Transportation & Utilities	22,556		17.15%	22,689		17.46%
Education & Health Services	18,853		14.34%	15,336		11.80%
Leisure & Hospitality	10,910		8.30%	10,823		8.33%
Professional & Business Services	10,396		7.91%	11,402		8.77%
Natural Resources & Mining	9,699		7.38%	9,140		7.03%
Manufacturing	9,529		7.25%	12,122		9.33%
Financial Activities	5,634		4.28%	5,739		4.42%
Construction	5,441		4.14%	6,416		4.94%
Other Services	5,095		3.87%	4,707		3.62%
<b>Total County Employment</b>	<b>131,497</b>		<b>100.00%</b>	<b>129,975</b>		<b>100.00%</b>

Sources:

Oregon Employment Department, individual employers.

Notes:

(1) Information is presented for the prior calendar year.

(2) All numbers include full-time and part-time employees.

(3) Percentage of total county employment is based on the midpoints of the ranges given.

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MARION COUNTY, OREGON

PRINCIPAL PROPERTY TAXPAYERS

Current Fiscal Year and Nine Years Ago

Taxpayer	2013			2004		
	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value	Rank	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
Portland General Electric Co	1	\$ 261,339,270	1.29%	2	\$ 194,378,200	1.35%
Northwest Natural Gas Co	2	126,610,900	0.63%	4	85,935,000	0.60%
Winco Foods LLC	3	83,755,905	0.41%	5	73,019,214	0.51%
Lancaster Development Co	4	62,001,320	0.31%	7	41,884,190	0.29%
Qwest Corporation/CenturyLink	5	55,920,560	0.28%	3	115,949,822	0.80%
Norpac Foods Inc	6	55,122,219	0.27%	6	77,883,848	0.54%
Craig Realty Group Woodburn	7	50,614,890	0.25%	9	28,491,680	0.20%
Donahue Schriber Realty Group	8	50,244,950	0.25%			
Wal-Mart Real Estate Business	9	46,069,540	0.23%			
Metropolitan Life Insurance Co	10	41,589,300	0.21%	10	28,230,920	0.20%
Mitsubishi Silicon America				1	226,814,160	1.57%
Boise Cascade Corp				8	31,653,207	0.22%
Total for principal taxpayers		<u>\$ 833,268,854</u>	<u>4.12%</u>		<u>\$ 904,240,241</u>	<u>6.27%</u>
Total taxable assessed value		<u>\$ 20,218,793,942</u>			<u>\$ 14,429,268,607</u>	

Sources:

Marion County Assessor, Marion County Tax Collector.

Notes:

(1) Information in this schedule satisfies the County's annual disclosure requirements

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