

CITY OF SPRINGFIELD, OREGON

City Manager's Office



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It is my pleasure to present the City of Springfield's proposed Fiscal Year 2025 (FY25) budget.

In Oregon, cities are required to adhere to the state's local budget law, a group of statutes that requires local governments to prepare and adopt annual or biennial budgets following a very specific process. Budget laws have been written to accomplish these objectives, including:

- Setting standard procedures for preparing, presenting, and using budgets for most of Oregon's local governments;
- Encouraging citizen involvement in the preparation and deliberations of the budget before it's formally adopted;
- Providing a method for estimating expenditures, resources, and proposed taxes; and
- Offering a way of outlining the programs and services provided by the local government, and the fiscal policies used to carry them out.

Preparing a budget allows a city to look at its needs considering the funds available to meet those needs. In Oregon, all local governments must produce a balanced budget, meaning that the resources and requirements are equal.

The City of Springfield employs a conservative yet realistic approach to budgeting. When creating projections and estimates, the City uses multiple data sources to develop scenarios that are as close to "real time" as possible. We believe this methodology results in a more accurate representation of the City's financial condition.

This budget projects an increase of assessed value of 3.3%, which is in line with historical trends. FY25 is the last year the City will have federal American Rescue Plan Act (ARPA) revenue incorporated in the budget. Since being passed by Congress in 2021, ARPA has provided a stabilizing effect. However, that will no longer be the case beginning in FY2026 and the structural imbalance to the City's General Fund will require difficult choices to find additional revenues or make service level reductions.

Expenditure and Reduction highlights

This budget contains expenditure reductions and revenue enhancements to key program areas. The Capital Engineering program has made targeted progress on stormwater and wastewater projects identified in the current and previously adopted capital improvement programs. However, due to staffing limitations, some projects have been on hold or postponed indefinitely.

The positive news is that our wastewater and stormwater utility funds are in excellent condition. Through careful analysis and planning, we are committed to keeping rate increases moderate while ensuring the maintenance of our existing assets and addressing critical infrastructure needs. The FY25 budget includes five new staff positions to the capital infrastructure engineering group, funded by sewer and stormwater operation funds.

In collaboration with the City of Eugene, the FY25 budget includes a Public Information Officer (PIO) position for Eugene Springfield Fire (ESF). ESF provides fire response to over 95 square miles in Eugene, Springfield and contract districts and has an ambulance service area of 1,735,000 square miles yet does not have a dedicated Public Information Officer. Our region has experienced severe weather emergencies, and this trend is likely to continue due to climate patterns. The 2024 ice storm significantly impacted approximately 20,000 trees in Springfield. There is still a large amount of burnable material (fuel) on the ground that is a fire risk. The PIO will administer a fuels reduction program to assist with this ongoing issue.

The following table provides some highlights of additions and reductions in the budget and their funding source:

Department	Description	FY 25 Addition	FY 2025 Reduction	Fund Source(s)
City Manager's Office	Eliminate ARPA Project Manager position		\$ 96,000	ARPA Funds
Public Works	Capacity Management Operations & Maintenance Program	\$ 540,000		Sewer & Stormwater Operation Funds
Public Works	Add two vehicles to Operations Division fleet	\$ 120,000		Sewer, Stormwater & Street Operation Funds
Fire	Public Information Officer	\$ 125,000		General Fund
Human Resources	Eliminate vacant Management Analyst position		\$ 124,000	General Fund
Police	City Retirement Plan unfunded liability funding		\$ 550,000	General Fund
Police	Tasers	\$ 45,000		Forfeiture Funds
Total		\$ 860,000	\$ 770,000	

In February 2024 the City Council voted to send a general obligation bond to the voters for street preservation and repair. The May 21, 2024, Primary Election includes Measure 20-351, which seeks approval for a \$20 million bond. If approved, this bond will be allocated towards the repair and preservation of a targeted list of collector and arterial roads, totaling nearly four miles.

If voters approve this bond package, the FY25 budget will need to be revised to reflect those changes.

Looking Ahead

It is important to be vigilant regarding the issues and needs that impact the future of the City, such as:

Fiscal Stability: In 2023, the City has retained the Center for Public Service (CPS) at Portland State University to research the fiscal stability of the City and make recommendations to address this issue. The report is anticipated to go to the Mayor and Council prior to their summer recess. This project has been challenging because the City has already done significant fiscal "belt tightening." Elected

leadership will need to have a policy discussion regarding tradeoffs and prioritization of City services and potential additional revenue sources.

Enterprise Risk Management: Nearly four years ago, the City was at risk of losing our insurance coverage for liabilities and I made a commitment to our insurance carrier, City County Insurance Services (CIS), that we would turn things around. With support from the Mayor and Council and enormous dedication from a citywide team, we have made significant improvements. For example, law enforcement liability claims have gone down by 62% since 2021. In February 2024, the City was recognized by CIS with an Excellence in Best Practices Award. I am incredibly proud of our department directors and employees for taking on this challenge and making real change. We will continue our focus so that change is sustained.

Preparation of the budget is a team effort. I would like to give special thanks to Nathan Bell, Niel Laudati, Chaim Hertz, Mary Bridget Smith, and Jessica Mumme for the leadership role they have played in the preparation of this budget. I also want to thank all the Department Directors and administrative staff who helped develop the budget.

I formally submit the Fiscal Year 2025 budget for your consideration.

Nancy Newton
City Manager