

CITY OF SPRINGFIELD, OREGON

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It is my pleasure to present the City of Springfield's proposed Fiscal Year 2026 (FY26) 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. Oregon budget law creates an additional layer of community input by requiring the budget first be approved by the budget committee. The committee reviews and may revise the proposed budget prior to its review and adoption by the Mayor and Council

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.

In February 2025, the Oregon Office of Economic Analysis (OEA) forecasted a "soft landing" for the state's economy, with anticipated job growth of 0.9% and an unemployment rate hovering around 4.2%. Nevertheless, potential federal policy changes, including proposed tariffs and spending cuts, introduce uncertainties that could affect Oregon's export-driven sectors.

In Lane County, which encompasses Springfield, employment grew by 0.8% from June 2023 to June 2024, with the unemployment rate at 4.2% as of November 2024. These figures suggest a somewhat stable local economy, though continued monitoring is essential given the broader national uncertainties.

This budget projects an increase of assessed value of 3.4%, which is in line with historical trends. However, Oregon's property tax system, governed by Measures 5 and 50, limits the growth of assessed property values to 3% annually, regardless of actual market appreciation. This means that even if property values rise significantly due to economic growth, the corresponding increase in property tax revenue for cities like Springfield is constrained. As a result, the modest increase in property taxes does not match the pace of inflation or the rising costs of public services.

In 2023, the City 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. CPS' subsequent report found that the City is financially well managed and has lean operations; Springfield's property tax rate is comparable to cities of similar size; and there are no easy decisions in addressing the City's general fund structural deficit. Mayor Sean VanGordon created a fiscal stability task force to take the finding of the CPS report further and make recommendations to the City Council on how to create a path forward to a more financially stable future for the City.

The work of the task force took place simultaneously with the budget process and their recommendations will come before the City Council on May 19, 2025. The Council will decide the next steps for the task force recommendations which may be implemented at a future date. Presently, the FY 2026 budget includes the following expenditure cuts and revenue additions. The first table below details ongoing changes, and the following table lists one-time changes.

Ongoing Changes

Department	Description	FY 26 Addition	FY 2026 Reduction	Fund Source(s)
Library	Eliminate Library Tech position (currently vacant)		<\$ 80,000>	General Fund
Public Works	Add Code Compliance Officer	\$ 150,000		Building Code Fund and Stormwater Operation Fund
Public Works	Reallocate General Fund staffing to Building Code Fund, Special Revenue Fund, and SDC Fund		<\$ 200,000>	Sewer, Stormwater & Street Operation Funds
Fire	Eliminate Public Information Officer Position		<\$ 124,000>	General Fund
Fire	Off-Peak Fire Station Staffing Reductions		<\$ 126,000>	General Fund
Police	City Retirement Plan unfunded liability funding		<\$ 580,000>	General Fund
Police	Eliminate two Community Service Officer Positions		<\$ 250,000>	General Fund
Total		\$ 150,000	<\$ 1,360,000>	

One-Time Changes

Department	Description	FY 26 Addition	FY 2026 Reduction	Fund Source(s)
Police	Taser Replacement	\$ 47,000		Special Revenue Fund
Police	Jail Access Control System	\$ 70,000		Special Revenue Fund
N/A	General Fund Support	\$ 750,000		Special Revenue Fund

N/A	General Fund Support	\$ 1,000,000		Insurance Fund
N/A	Street, Transient Lodging Tax, Building Code, Fire Levy, Police Levy, Sewer, MWMC, Ambulance, Drainage & SDC Funds	\$ 1,000,000		Insurance Fund
Total		\$ 2,867,000		

This year’s budget includes \$2.87 million in strategic financial adjustments across various departments and funds. These investments reflect a balanced approach: leveraging special revenue sources, responsibly allocating reserves, and ensuring all fund transfers are compliant with state and federal requirements.

Highlights of FY 2026 Additions:

- **Police Equipment & Facility Security Enhancements**
We are investing \$110,000 from law enforcement forfeiture funds to replace aging Tasers and upgrade jail access control systems—ensuring our officers are equipped with reliable tools and our facilities remain secure.

- **General Fund Support for Critical Services**
A total of \$750,000 in one-time support to the General Fund includes:
 - \$500,000 from Comcast-related revenues
 - \$250,000 in opioid settlement funds

- **Strategic Use of Reserve Funds Across City Operations**
We are returning \$2 million in reserve funds from the Insurance Fund to various operating funds—such as streets, police, fire, sewer, and others—based on each fund’s historical contributions. This approach ensures equitable distribution and compliance with fund-specific spending restrictions, while supporting departments with personnel-driven operations.

As always, we are committed to prudent financial stewardship, maintaining reserves for future needs, and prioritizing investments that keep our city safe, responsive, and resilient.

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 2026 budget for your consideration.

Nancy Newton
City Manager