

City of Springfield, Oregon

Fiscal Year 2026-27 Budget Message

City Manager Nancy Newton

Mayor, Members of the City Council, and Budget Committee:

I respectfully submit the City of Springfield’s Proposed Budget for Fiscal Year 2026-27. This budget reflects a disciplined approach to managing public resources by aligning funding with the City’s highest service priorities while maintaining a focus on long-term fiscal stability.

The Proposed Budget is developed to ensure expenditures are supported by reliable, ongoing revenues, while positioning the City to respond to both current service demands and future financial challenges.

Budget Overview and Strategic Alignment

The FY 2026-27 Proposed Budget prioritizes the delivery of core municipal services, including public safety, infrastructure maintenance, and regulatory functions. It reflects continued efforts to align staffing, service delivery, and funding sources to support operational effectiveness and financial sustainability.

This budget emphasizes:

- Maintenance of essential public safety services
- Strategic alignment of staffing and funding sources
- Organizational efficiencies and cost containment
- Use of one-time resources only for non-recurring needs

At the same time, the budget reflects the reality that structural financial constraints require ongoing adjustments to service delivery and resource allocation.

Significant Budget Changes

Ongoing Changes

The Proposed Budget includes a series of ongoing adjustments to better align expenditures with available revenues:

- **Fire Services:** Continued implementation of the D-Shift model—adding a fourth shift to improve staffing distribution, reduce overtime, and support firefighter safety—and adjustments

necessary for intergovernmental agreement compliance ensure appropriate staffing across all shifts

- **Public Works:** Programmatic and staffing realignments, including the transfer of the street sweeper program to the Storm Drainage Operations Fund, to better align services with funding sources.
- **Departmental Efficiencies:** Vacancy savings, targeted reductions in materials and services, and internal reallocations contribute to overall cost containment.
- **Library Services:** The budget proposes the elimination of a vacant Library Associate Manager position and a Librarian position, subject to applicable personnel processes and collective bargaining obligations.

The Springfield Public Library remains an essential City service. The current staffing model reflects fiscal constraints, not reduced community need. The City remains committed to maintaining core library services within available resources.

Long-Term Fiscal Stability

Strengthening the City's long-term fiscal position remains a central priority. The City continues to face structural financial challenges, including:

- Limitations on property tax revenue growth
- Increasing demand for municipal services
- Inflationary pressures affecting operations and capital costs
- Significant unfunded obligations not fully reflected in the annual budget

Among the most significant of these are:

- Deferred maintenance of City facilities and infrastructure, which represents a growing liability
- Future financial impacts associated with changes in the governance structure of Eugene Springfield Fire, which may affect cost allocation, service delivery, and long-term obligations

Additionally, cities across Oregon, including Springfield, continue to face unfunded or underfunded mandates from the State. These include requirements related to land use planning, housing production, environmental compliance, and regulatory oversight. While these mandates advance important statewide policy goals, they often require local implementation without additional funding. This places additional pressure on limited General Fund and operational resources and can constrain the City's ability to allocate funding toward locally prioritized services.

In simple terms, the cost of providing services continues to grow faster than the City's primary revenue sources.

This dynamic underscores the need for sustained commitment to structural balance, prudent financial management, and long-term planning.

Maintaining a strong financial position is essential to sustaining services and ensuring long-term stability. It also supports the City's ability to maintain a favorable bond rating, which directly affects borrowing costs.

A strong bond rating allows the City to finance infrastructure at lower interest rates, reducing long-term costs and preserving financial flexibility. This budget supports that objective through structural balance, prudent reserves, and acknowledgment of long-term liabilities.

Economic Conditions and External Challenges

The City's financial outlook is influenced by broader economic conditions at the local, state, and national levels.

Local and Regional Factors

Springfield continues to experience growth and increased demand for services, particularly in public safety and infrastructure systems. Infrastructure maintenance needs continue to exceed currently available funding.

State-Level Factors

State policies and funding decisions continue to shape the City's financial environment. In particular:

- Unfunded or underfunded mandates increase local costs without corresponding revenue
- Changes in regulatory requirements can impact staffing, infrastructure, and compliance costs
- Revenue limitations at the local level reduce flexibility in responding to these requirements

National Economic Conditions

At the national level:

- Inflation increases will increase operating and capital costs
- Interest rate changes affect borrowing and long-term planning
- Economic uncertainty may influence development activity and intergovernmental revenues

These external factors reinforce the need for conservative financial planning and disciplined budgeting.

Looking Forward

The FY 2026-27 Proposed Budget aligns the City's financial structure with its service obligations. At the same time, it highlights the need for ongoing work to address long-term liabilities and structural challenges.

Future efforts will focus on:

- Continued evaluation of organizational and service delivery efficiencies
- Long-term financial planning, including addressing deferred maintenance

- Monitoring fiscal impacts associated with regional service governance structures, including Eugene Springfield Fire
- Managing the impacts of state mandates within constrained local revenue systems

Acknowledgments

I would like to recognize the contributions of Finance Director Nathan Bell, Assistant City Manager Niel Laudati, Deputy Finance Director Jessica Mumme, and Human Resources Director Chaim Hertz for their ongoing work in budget development, monitoring, and organizational alignment. Their expertise and diligence are critical to maintaining the City's financial stability.

This Proposed Budget reflects a responsible and measured approach to managing public resources in a constrained and evolving financial environment. It maintains essential services while recognizing the long-term challenges that must be addressed to ensure the City's continued financial health.

I appreciate the Budget Committee and City Council's careful review of this proposal.

Respectfully submitted,

Nancy Newton
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City of Springfield, Oregon