



City Council Agenda

City Manager:

Nancy Newton

City Recorder:

Allyson Pulido
541-726-3700

City Hall
225 Fifth Street
Springfield, Oregon 97477
541-726-3700

Online at www.springfield-or.gov

Mayor

Sean VanGordon

City Council

Michelle Webber, Ward 1

Steve Moe, Ward 2

Kori Rodley, Ward 3

Beth Blackwell, Ward 4

Victoria Doyle, Ward 5

Alan Stout, Ward 6

These meetings will be available via phone, internet using Zoom and in person. Members of the public wishing to attend these meetings electronically can call in or attend virtually by following the directions below. This information can also be found on the City's website.

The meeting location is wheelchair-accessible. For the hearing-impaired, an interpreter can be provided with 48 hours' notice prior to the meeting. For meetings in the Council Meeting Room, a "Personal PA Receiver" for the hearing impaired is available, as well as an Induction Loop for the benefit of hearing aid users.

To arrange for these services, call 541-726-3700.

Meetings will end prior to 10:00 p.m. unless extended by a vote of the Council.

All proceedings before the City Council are recorded.

May 19, 2025
Monday

5:30 p.m. Work Session
Library Meeting Room

or

Virtual Attendance

Registration Required:

Attend from your computer, tablet or smartphone:

Zoom

Meeting ID: 884 4965 5383

https://us06web.zoom.us/webinar/register/WN_OOo8KKvJQl26EGeSTX8Z5Q

To dial in using your phone in Listen Only Mode:

Dial 1 (971) 247-1195

Toll Free 1 (877) 853-5247

Oregon Relay/TTY: 711 or 800-735-1232

(Council work sessions are reserved for discussion between Council, staff and consultants; therefore, Council will not receive public input during work sessions. Opportunities for public input are given during all regular Council meetings)

CALL TO ORDER

ROLL CALL -- Mayor VanGordon ___, Councilors Webber ___, Moe ___, Rodley ___, Blackwell ___, Doyle ___, and Stout ___.

1. Springfield Fiscal Stability Task Force - Final Report Presentation
[Nathan Bell]

(90 mins)

ADJOURNMENT

AGENDA ITEM SUMMARY S P R I N G F I E L D C I T Y C O U N C I L	Meeting Date:	05/19/2025
	Meeting Type:	Work Session
	Staff Contact/Dept:	Nathan Bell/Finance
	Staff Phone No:	
	Estimated Time:	60 Minutes
	Council Goals:	Financially Responsible and Stable Government Services

ITEM TITLE:

Springfield Fiscal Stability Task Force - Final Report Presentation

ACTION REQUESTED:

This is an informational item only. No Council action is requested at this time.

ISSUE STATEMENT:

Between January and March 2025, the Springfield Fiscal Stability Task Force convened for nine weekly meetings. The final report, prepared by EConorthwest, summarizes the Task Force's process, findings, and consensus recommendations to begin to address the City's long-term fiscal challenges.

DISCUSSION/FINANCIAL IMPACT:

In response to long-standing structural budget pressures and the increasing need to plan for long-term fiscal health, the Mayor convened the Fiscal Stability Task Force in late 2024. The Task Force was charged with developing a shared understanding of City services and finances and providing community-informed recommendations for sustainably funding those services.

To support this effort, the City partnered with Funk Levis & Associates and EConorthwest:

â€¢ **Funk Levis & Associates** facilitated and supported the design and delivery of nine meetings.

â€¢ **EConorthwest** provided fiscal analysis, strategic research, and authored the comprehensive final report.

This evening, Anne Marie Levis of Funk Levis & Associates will present an overview of the Task Force process and findings. In addition, four members of the Task Force are present to share reflections on their experience and the recommendations in the report.

The purpose of this session is to present the final report, provide an opportunity for Council to ask questions, and if time permits, begin an initial discussion on the recommendations. A follow-up Council Work Session is scheduled for June 30, 2025, to continue the conversation. No formal action is requested at this time.

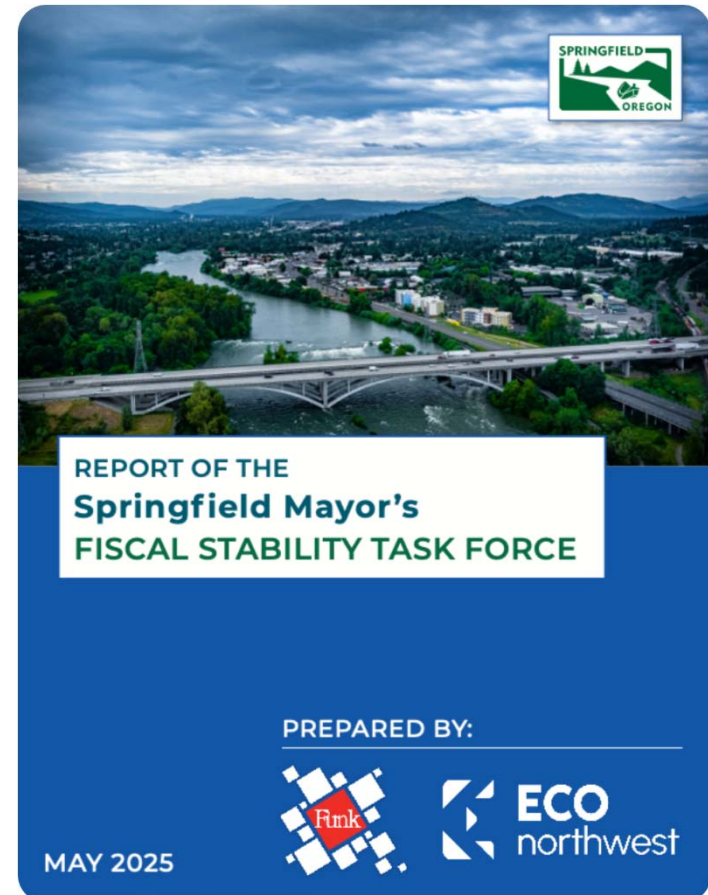
Attachments

1. Fiscal Stability Task Force Presentation
2. Fiscal Stability Task Force Report



Springfield Fiscal Stability Task Force

Springfield City
Council Meeting
May 19, 2025





Committee Charge

Delegation of Authority: Advisory Committee – will make a recommendation to the City Council for consideration, community engagement, and final decision making authority.

Things to be considered:

- Revenue Initiatives
- The City's two current public safety levies
- Legislative and Economic Development Initiatives
- Service Level Changes and Expenditure Reductions
- Considerations on the use of levies for funding City services

Committee Charge

Committee Name: Springfield Fiscal Stability Task Force

Committee Type: Special Committee, Limited Duration

Purpose or Mission Statement: Develop an understanding of City services and finances and provide recommendations to the City Council on options for developing a strategy for sustainable funding for City services.

Membership Composition: Between 7 to 11 community members representing a range of City stakeholder groups.

Delegation of Authority: Advisory Committee – will make a recommendation to the City Council for consideration, community engagement, and final [decision making](#) authority.

Frequency of Meetings: Every Wednesday evening January-March 2025

Deliverables: A report containing recommendations for options for developing a strategy for sustainable funding for City services. Options should include pros and cons, financial impact, and timeframe to implement (1-2 years, 3-5 years, and greater than 5 years).

The report should contain recommendations on the following four areas:

- Revenue
- Cost Cutting
- Economic Development
- Legislative

Things to be considered:

- Revenue Initiatives
- The City's two current public safety levies
- Legislative and Economic Development Initiatives
- Service Level Changes and Expenditure Reductions
- Considerations on the use of levies for funding City services

The final report is expected to be completed and presented to Council in a work session scheduled prior to Council's 2025 Summer recess.

Scope: The committee will include in their consideration all City services and funds that do not have revenue streams that can be adjusted for full cost recovery.

Out of Scope: The Fire & Life Safety governance model will not be a part of this committee's consideration.



Convening Mayor's Fiscal Stability Task Force: Summary

- **Technical Advisory Committee**
- **Recommendations to City Council solving the challenge of fiscal sustainability**
- **Four Areas:**
 - **Cost cutting**
 - **Revenue options**
 - **Economic development**
 - **Legislative proposals**
- **Everything is on the table**



Task Force Process & Approach

- **Meeting process roadmap for 9 weeks**
- **Recommendations focused on fiscal stability**
- **Committee members at the center of this process; not staff**
- **Goal to get consensus**



Springfield Fiscal Stability Task Force Meeting Roadmap

January

JAN
15

MEETING #1

- Committee Orientation
- Finance Overview & Discussion

JAN
22

MEETING #2

- Overview of Finance & City Services
- Actions to Date

JAN
29

MEETING #3

- Benchmarking with Comparable Cities
- Overview Potential Revenue Options

February

FEB
5

MEETING #4

- Overview Economic Development & Legislative Initiatives
- Decision-Making Criteria
- Deep Dive on Service Level/Cost Reduction

FEB
12

MEETING #5

- Deep Dive on Revenue Initiatives

FEB
19

MEETING #6

- Deep Dive on Legislative Initiatives
- Deep Dive on Economic Development Initiatives

FEB
26

MEETING #7

- Recommendations

March

MAR
5

MEETING #8

- Refinement

MAR
12

MEETING #9

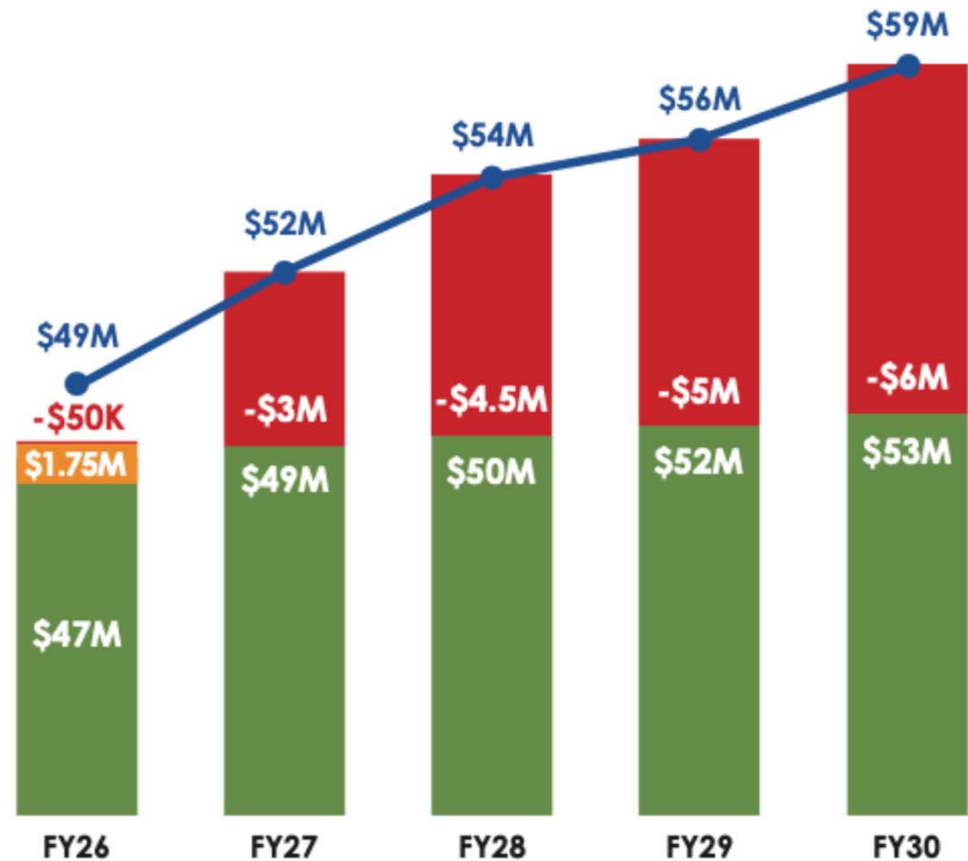
- Report Finalization



Task Force Charge: Identify \$4.5 million to Begin to Address Structural Deficit

General Fund Forecast

- Total Operating Revenue
- One-time Revenue Allocation
- Projected Deficit
- Total Expenditures





Task Force Scope: What Was Not Included

- **Deferred maintenance & long-term investments**
 - **City Hall**
 - **Justice Center**
 - **Street maintenance & infrastructure**
 - **Street signal system**
 - **North gateway planning & infrastructure**
 - **Fire stations**



Seven Criteria for Recommendations

1 | Impact to the General Fund

The City has a general fund structural deficit. Options will be rated on their ability to raise revenue for, create savings in, or relieve pressure on the general fund.

2 | Fiscal Sustainability

The City needs both ongoing and immediate budget solutions. Options will be rated on the ability to solve an ongoing problem and on the timeliness of relief.

3 | Economic Competitiveness

Fiscal sustainability relies on a strong City economy. Options will be rated based on impact to the City as a desirable place to work, own or operate a business, or invest.



Seven Criteria for Recommendations

4 | Impact to the Community

The City provides critical services to residents and visitors. Options will be rated on their impact to community livability and access to services.

5 | Implementation Practicality

The City needs solutions that are operational and sustainable. Options will be rated based on the City's ability to implement efficiently, effectively, and successfully.



Seven Criteria for Recommendations

6

Viability and Feasibility

The City needs workable solutions. Options will be rated based on the likelihood or clarity of support among the community and their reliance on factors outside of the City's control.

7

Community Fairness

The City's budget gap is a shared problem that requires a shared solution. Options will be rated on fairness to ensure that certain populations are not overly burdened or benefiting.





Initial Cost Reduction Ideas

- Consolidate Museum with Lane County
- Decrease ambulance costs
- Discontinue jail
- Library district
- Library reductions
- Outsource administrative departments
- Outsource police dispatch
- Reduce Public Safety overtime
- Reduce Public Works costs
- Reduce wages & benefits; hours of operation
- Review indirect charges
- Revise procurement processes
- Streamline Planning and remove general fund



Initial Revenue Ideas

- Adjust levies
- Business license
- Development of City-owned properties
- Franchise fees
- Gas tax
- Heavy vehicle tax
- Increase fines
- Increase indirect charges
- Increase marijuana tax
- Library levy
- Parking space fee
- Payroll tax
- Planning fees
- Review payment in lieu of taxes
- Sale of surplus property
- Street utility/operations fee
- Tax on short term rentals
- Traffic cameras



Reduce Library Budget by \$500,000

	Impact to the General Fund \$	Fiscal Sustainability ↑	Economic Competitiveness 🏢	Impact to the Community 👥	Implementation Practicality 🔧	Viability and Feasibility ✅	Community Fairness ⚖️	Other Considerations ...
Positive! ↑ Negative!	Higher Rating		Ongoing cost-savings or revenue generation 📈📈📈					- Reducing to five days per week (closed Mondays) would save 500K - Library Visits approximately 500-700 per day; does this bring people into the downtown for other services? - If Saturday was eliminated, the building would not be open for community members - Less hours could mean less programming from library
Medium Rating	\$500,000 – \$1 million 💵💵		Medium or uncertain 🏢🏢	Medium or uncertain 👥👥	Neutral or uncertain 🔧🔧	Neutral or uneven support ✅✅	Medium or uncertain ⚖️⚖️	
Lower Rating								

GREEN means **more positive** rating, not necessarily more **high impact** in each category. For example:

- An option that is **more impactful** to the general fund gets a high score.
- An option that is **lower impact** to the community (e.g., doesn't reduce service levels) gets a high score.

Develop a Shared Payroll Tax with Guardrails to Generate \$2,300,000

	Impact to the General Fund \$	Fiscal Sustainability ↑	Economic Competitiveness 🏢	Impact to the Community 👥	Implementation Practicality 🔧	Viability and Feasibility ✓	Community Fairness ⚖️	Other Considerations ...
Positive! ↑ Negative!	Higher Rating \$1 million + \$ \$ \$	Ongoing cost-savings or revenue generation ↑ ↑ ↑			Easy to implement and sustain 🔧 🔧 🔧			Sustainability: Revenues will fluctuate with employment and are sensitive to economic downturn. However, revenue growth will exceed property tax growth
				Medium or uncertain 👥 👥		Neutral or uneven support ✓ ✓	Medium or uncertain ⚖️ ⚖️	- Eugene has a payroll tax: competitive advantage not to have one in Springfield - If we model on Eugene, may bring in \$7.5 million, not including cost to administer
			High or negative impact to economic competitiveness 🏢					- Could go on ballot to get community buy-in - Could contract with City of Eugene to collect tax

GREEN means **more positive** rating, not necessarily more **high impact** in each category. For example:

- An option that is **more impactful** to the general fund gets a high score.
- An option that is **lower impact** to the community (e.g., doesn't reduce service levels) gets a high score.

Increase Current Levies to Cover Full Costs to Generate \$1,300,000

	Impact to the General Fund \$	Fiscal Sustainability ↗	Economic Competitiveness 🏢	Impact to the Community 👥	Implementation Practicality 🔧	Viability and Feasibility ☑	Community Fairness ⚖	Other Considerations ...
Positive! ↑ Higher Rating	\$1 million + \$ \$ \$	Ongoing cost-savings or revenue generation ↗ ↗ ↗		Low or positive impact to public services 👥 👥 👥	Easy to implement and sustain 🔧 🔧 🔧			• Depends on what we adjust • To fully cover cost could be \$1M • Maximum levy is 5 years
Medium Rating			Medium or uncertain 🏢 🏢			Neutral or uneven support ☑ ☑	Medium or uncertain ⚖ ⚖	• To cover full cost of fire is \$902k. Full cost of Police is \$722k. Impact to typical homeowner is \$51/year for both
Lower Rating ↓ Negative!								

GREEN means **more positive** rating, not necessarily more **high impact** in each category. For example:

- An option that is **more impactful** to the general fund gets a high score.
- An option that is **lower impact** to the community (e.g., doesn't reduce service levels) gets a high score.

Improve Health & Safety: Implement Traffic Cameras and Direct Revenue to Public Safety

	Impact to the General Fund	Fiscal Sustainability	Economic Competitiveness	Impact to the Community	Implementation Practicality	Viability and Feasibility	Community Fairness	Other Considerations
								
Higher Rating		Ongoing cost-savings or revenue generation 	Low or positive impact to businesses 	Low or positive impact to public services 	Easy to implement and sustain 		Improves fairness, or easy to implement in a fair manner 	• Need to bring in someone to implement • Albany, Beaverton, and Medford models • \$50,000 - \$100,000 per camera • Not intended to be a revenue generator but to change behavior • Administrative impacts and cost are relatively unknown (including impacts to courts)
Medium Rating	Net revenue is a little less than \$1M 					Neutral or uneven support 		
Lower Rating								

GREEN means **more positive** rating, not necessarily more **high impact** in each category. For example:

- An option that is **more impactful** to the general fund gets a high score.
- An option that is **lower impact** to the community (e.g., doesn't reduce service levels) gets a high score.

Improve Health & Safety: Work to Decrease Police Overtime

	Impact to the General Fund \$	Fiscal Sustainability ↑	Economic Competitiveness 🏢	Impact to the Community 👥	Implementation Practicality ⚙️	Viability and Feasibility ✅	Community Fairness ⚖️	Other Considerations ...
Higher Rating Positive ↑				Low or positive impact to public services 👥👥👥				Requires substantial upfront investment and unlikely to result in savings. Cost of 1M plus training to add five officers; this will reduce over time due to staffing shortage to \$700K
Medium Rating		Uncertain ↑↑	Medium or uncertain 🏢🚚				Medium or uncertain ⚖️⚖️	- Currently have open positions and cannot hire enough to meet current need - Difficult to hire new police (not going into the field; not a popular career; not qualified)
Lower Rating Negative ↓	<\$500,000 \$				Difficult to implement or sustain ⚙️	Support is unclear or unlikely ✅		New Officers: From the time someone is hired, 9 months in academy plus in the field training time (paid entire time)

GREEN means **more positive** rating, not necessarily more **high impact** in each category. For example:

- An option that is **more impactful** to the general fund gets a high score.
- An option that is **lower impact** to the community (e.g., doesn't reduce service levels) gets a high score.



Recommendations to Address Long-term Structural Challenges

- **Review City-owned properties for sale or development**
- **Examine development of the Gateway Urban Growth Boundary**
- **Develop and implement a business retention and expansion strategy**
- **Pursue tax reform in Oregon**



Additional Economic Development and Legislative Strategies

- **Strategic economic development & recruitment (1 major company)**
- **Leverage local business and industry advocacy to push for legislative priorities**
- **Increase City's allocation of State and County shared revenue**
- **Support police recruitment, training, and certification legislation**
- **Work with League of Oregon Cities to remove restrictions on City revenue-raising capacity**



Other Considerations and Principles included in the Report as Recommendations

- **Address deferred maintenance**
- **Take time to engage with the community**
- **Do not attempt to do too many things at once**



Task Force Membership

- **Josh Aguilar**
OCCU
- **Senator Lee Beyer**
Community Volunteer
- **Alicia Beymer**
PeaceHealth
- **Michael Culver**
International Paper
- **Phil Farrington**
CDC Management Corp.
- **Nigel Francisco**
Mertité Hotel Management
- **Cameron Krauss**
Swanson Group
- **Jeff McGillivray**
UA Local 290
- **Vonnie Mikkelsen**
Springfield Chamber of Commerce
- **Joy Pendowski**
Chambers Construction
- **Paul Selby**
Aventi Group
- **Aimee Yogi**
Community Volunteer



Task Force Member Observations

- **Jeff McGillivray**
UA Local 290
- **Aimee Yogi**
Community Volunteer
- **Vonnie Mikkelsen**
Springfield Chamber of Commerce
- **Michael Culver**
International Paper



Mayor's Fiscal Stability Task Force Timeline





Next Steps: The Springfield Way

- Council work session on next steps
June 30, 2025
- Public engagement plan
- Implementation plan



Council Questions & Discussion





REPORT OF THE **Springfield Mayor's** **FISCAL STABILITY TASK FORCE**

PREPARED BY:



MAY 2025

Acknowledgements

This report was prepared by EConorthwest and Sarah Emmans on behalf of the Springfield Mayor's Fiscal Stability Task Force.

We are grateful for the support and collaboration of City of Springfield staff and consultants from Funk/Levis & Associates, whose expertise and guidance helped inform this work. Special thanks to Mayor Sean VanGordon, City Manager Nancy Newton, Assistant City Manager Niel Laudati, Finance & IT Director Nathan Bell, Budget & Procurement Manager Jessica Mumme, Economic Development Manager Allie Camp, Public Information Officer Elyse Ditzel, and consultants Anne Marie Levis and Karen Gaffney of Funk/Levis.

This project was financially supported by the City of Springfield.

While this work benefited from many perspectives, EConorthwest and Sarah Emmans are solely responsible for the content of this report. EConorthwest contributors included Beth Goodman, Ryan Knapp, Natasha Pettit, and Meg Waldo. Sarah Emmans, an affiliate of EConorthwest, led the report drafting and provided fiscal and policy analysis.

This report draws on input from Task Force discussions, public documents, and data from government agencies and other sources believed to be reliable. EConorthwest has not independently verified all such information and makes no guarantee of its accuracy or completeness. Any nonfactual statements reflect the authors' professional judgment at the time of publication and may evolve as new information becomes available.

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SPRINGFIELD MAYOR'S FISCAL STABILITY TASK FORCE MEMBERS

Josh Aguilar, Oregon Community Credit Union

Senator Lee Beyer, Community Volunteer

Alicia Beymer, PeaceHealth

Michael Culver, International Paper

Phil Farrington, CDC Management Corp.

Nigel Francisco, Mereté Hotel Management

Cameron Krauss, Swanson Group

Jeff McGillivray, UA Local 290

Vonnie Mikkelsen, Springfield Chamber of Commerce

Joy Pendowski, Chambers Construction

Paul Selby, Aventi Group

Aimee Yogi, Community Volunteer

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Executive Summary

KEY FINDINGS

- 1** The City of Springfield's General Fund faces both a **long-term structural imbalance** and a **near-term budget deficit**. The structural gap stems from decades of limited property tax growth due to state ballot measures, while the current shortfall reflects inflationary pressures and broader economic constraints across federal, state and local levels. These challenges are interconnected and largely driven by factors outside of the City's direct control.
- 2** Over the years, the City has taken proactive steps to reduce costs, increase revenues, grow the tax base, and improve operational efficiency. Despite these efforts, further reductions are necessary to balance the Fiscal Year (FY) 2025-26 budget. **Without additional action, the City will soon be unable to sustain current service levels.**
- 3** City **operations are lean** when examined in a group of comparison cities, and the City's **tax base is constrained** relative to the same group.
- 4** The Mayor's Fiscal Stability Task Force (Task Force) has identified a set of **recommendations and principles to move toward near- and long-term fiscal sustainability**, including cost reductions, revenue options, legislative priorities, and economic development strategies.
- 5** While outside the immediate scope of the Task Force's charge, the City faces a **significant long-term fiscal challenge in the form of deferred maintenance** to capital assets. The Task Force recommends that the City prioritize the development of a strategic plan to address deferred maintenance in order to avoid compounding costs and further strain on the General Fund.

Charge

The Fiscal Stability Task Force was charged with identifying options to begin to address the City's projected General Fund operating deficit. The Task Force used a \$4.5 million "target" — close to the projected amount of the General Fund shortfall in FY 2027–28 — to identify cost reduction and revenue options to begin to address the **near-term budget deficit**. The Task Force further identified economic development strategies and legislative priorities aimed at the **long-term structural imbalance**.

Recommendations

The Task Force reviewed a broad and inclusive set of 56 potential solutions across four categories, with nothing off the table, and reached consensus on a set of **nine key recommendations** that begin to address the City's fiscal challenges. The Task Force selected these recommendations based on thoughtful discussions and evaluation using a set of criteria such as general fund impact, long-term fiscal sustainability, economic competitiveness, community impact, implementation practicality, viability & feasibility, and community-fairness.

A NOTE ON THE TASK FORCE'S CHARGE:

The Task Force did not evaluate capital needs or deferred maintenance, nor did it consider the potential for economic shifts or fiscal policy changes beyond currently available data. These factors were outside the scope of the Task Force's formal charge. The recommendations in this report are based on the best available data at the time and are intended to provide the City Council with community-informed strategies for stabilizing core service funding.

Recommendations to achieve \$4.1 million annually within five years

- Reduce the library budget by \$500,000.
- Implement a shared employee and employer payroll tax with guardrails to generate \$2,300,000.
- Increase current levies to cover the costs outlined in the ballot for Police and Fire & Life Safety levies to generate \$1,300,000.

Recommendations that will improve health and safety and may or may not have a fiscal impact

- Implement traffic cameras, with any net revenue directed toward public safety needs.
- Decrease Police overtime.

Recommendations that will help the City to address long-term structural challenges

- Review City-owned properties for sale or development.
- Examine the development of the Gateway employment area.
- Develop and implement a business retention and expansion strategy.
- Support state-level efforts to modernize Oregon's local revenue system, including reforms to Measures 5 and 50.

Other Strategies to Pursue

The Task Force identified several economic and legislative strategies that did not rise to the level of recommendations but are still critical for the City to pursue to achieve long-term growth and fiscal sustainability.

1. Strategic Economic Development & Recruitment (Attract 1 Major Company)
2. Leverage Local Business and Industry Advocacy to Push for Legislative Priorities
3. Increase City's Allocation of State and County Shared Revenue
4. Support Police Recruitment, Training, and Certification Legislation
5. Work with League of Oregon Cities to Remove Restrictions on City Revenue-Raising Capacity
6. Protect General Fund from All Unfunded Mandates

Considerations, Principles, and Values Related to Implementation

The Task Force identified three common threads through nine weeks of discussion and urged the City to consider these principles and values when implementing recommendations or addressing other fiscal strategies.

1. **Address deferred maintenance.** Deferred maintenance of City-owned property represents a rising unfunded liability.
2. **Take time to engage with and educate the community.** The City's fiscal challenges are complex and not well understood, and solutions will require engagement and education.
3. **Do not attempt to do too many things at once.** Changing too many things at once will hinder community education efforts and could lead to unintended consequences.



Background and Problem Statement



Problem Statement

The City of Springfield's General Fund faces both a long-term **structural imbalance** and a **near-term budget deficit**. The structural gap stems from decades of limited property tax growth due to state ballot measures, while the current shortfall reflects inflationary pressures and broader economic constraints across federal, state, and local levels. These challenges are interconnected and largely driven by factors outside of the City's direct control. Over the years, the City has taken proactive steps to reduce costs, increase revenues, grow the tax base, and improve operational efficiency.

CHARGE

The Task Force was asked, How will we fix the structural imbalance in the City's General Fund impacting our ability to pay for current services?¹

The Task Force was charged with providing recommendations to the Mayor and City Council to begin to address both the City's immediate budget shortfall and move toward long-term fiscal stability. Closing the current deficit is urgent, as the City is legally required to adopt a balanced budget each year and is nearing a point where maintaining current service levels may no longer be possible. Addressing structural challenges now is essential to avoiding a future budget crisis down the line.

- The Task Force was asked to consider a wide range of options within four categories:
 - Cost reductions
 - New or increased revenues
 - Economic development strategies
 - Legislative priorities
- The Task Force used a \$4.5 million "target" — close to the projected amount of the General Fund shortfall in FY 2027–28 — to identify cost reduction and revenue options to begin to address the **near-term budget deficit**.
- The Task Force identified economic development and legislative strategies to begin to address the City's **long-term fiscal challenges**, both operational and in deferred maintenance. These options cannot be relied on to close the short-term budget gap as they entail careful planning by the City, coordination with other entities, potential upfront investments, and in some cases action by other entities (such as the State Legislature).

1. Exhibit 1.d., Presentation/Slide Deck Meeting #1. Appendix p. 24.

SPRINGFIELD MAYOR'S FISCAL STABILITY TASK FORCE MEMBERS

Josh Aguilar, *Oregon Community Credit Union*

Senator Lee Beyer, *Community Volunteer*

Alicia Beymer, *PeaceHealth*

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Vonnie Mikkelsen, *Springfield Chamber of Commerce*

Joy Pendowski, *Chambers Construction*

Paul Selby, *Aventi Group*

Aimee Yogi, *Community Volunteer*

Process

In September 2024, City staff briefed City Council on the five-year General Fund forecast and advised that the City's long-term mismatch between revenue and expenditure growth had reached a critical point due to the recent high inflation environment following the COVID-19 pandemic and the expiration of federal relief funds. In response, the Council endorsed the Mayor's decision to convene a Fiscal Stability Task Force to identify solutions to close the budget gap.²

The Task Force consisted of

12 community members representing a diversity of perspectives and backgrounds in the City of Springfield. The Task Force met every Wednesday for nine weeks, beginning January 15th and concluding on March 12th. The Task Force was supported by a team of consultants and City staff. Funk Levis facilitated the Task Force membership and all meetings. ECONorthwest provided analytical and research support. City staff hosted the meetings and contributed administrative assistance, subject matter expertise, background research, and follow-up materials.

The Task Force learned background information about the City of Springfield's current fiscal conditions at Meetings 1 – 4. At Meetings 4 – 7, the Task Force considered a variety of options to address short- and long-term fiscal challenges. At Meeting 8, the Task Force came to consensus around a set of recommendations, and at Meeting 9, these recommendations were refined and finalized.

A NOTE ON THE TASK FORCE'S CHARGE:

The Fiscal Stability Task Force was charged with identifying options to address the City's projected General Fund operating deficit. The Task Force did not evaluate capital needs or deferred maintenance, nor did it conduct long-term forecasting or examine alternate scenarios for economic or fiscal changes beyond current conditions. While members acknowledged the broader economic pressures affecting Springfield residents and businesses, such as inflation, housing affordability, and potential federal, state, or local policy changes, these factors were outside the scope of the Task Force's formal charge. The recommendations in this report are based on the best available data at the time and are intended to provide the City Council with community-informed strategies for stabilizing core service funding.

2. Exhibit 1.d. Presentation/Slide Deck Meeting #1. Timeline. Appendix p. 19.

Springfield's Current Fiscal Conditions



The Task Force began its work by reviewing background and contextual information on the City's current fiscal conditions. This information, presented and discussed in Meetings 1 – 4, is summarized in the following section. It includes an overview of Springfield's budget, the broader trends affecting local government finances, how Springfield's budget compares to other Oregon cities, and the scope, scale, and nature of the City's fiscal challenges. This foundational information was essential to ensure the Task Force could make informed recommendations to the Mayor and City Council.

City of Springfield Budget Background

In FY 2024-25, the City of Springfield's General Fund operating expenditure budget totals \$46.1 million.³ Public safety accounts for the largest share, with nearly \$34.0 million — about three-quarters of the budget — dedicated to Fire and Life Safety, Police, and Municipal Court. Administrative services represent the next largest area at \$6.4 million, followed by the Library at \$2.2 million, and Community Development at \$2.2 million. Combined spending on facilities and vehicle maintenance totals approximately \$1.5 million, or 3 percent of the General Fund. The City maintains a 10 percent overhead rate, meaning that administrative functions such as finance, human resources, and general management account for an estimated 10 percent of total spending.⁴ **Personnel costs make up the majority of the General Fund, totaling \$37.6 million.**⁵

Springfield's General Fund services are supported by a mix of revenues. Taxes (primarily property taxes) are the largest share at \$27.2 million. Additional funding comes from intergovernmental revenues (from other government entities), licenses, permits and fees, and other financial sources. Fire and Life Safety are supplemented with funding from two separate local option levies, which are allocated to special revenue funds outside the General Fund and must be renewed by voters every five years.



3. City of Springfield FY 25 Adopted Budget, Resources and Requirements by Fund, p. 67. <https://springfield-or.gov/wp-content/uploads/2024/08/FY25-Adopted-Budget-Book.pdf>

4. Portland State University Center for Public Service Report "City of Springfield, Oregon Long Term Financial Strategies Study", p.13.

5. City of Springfield FY 25 Adopted Budget, Requirements by Fund & Category, p. 33. <https://springfield-or.gov/wp-content/uploads/2024/08/FY25-Adopted-Budget-Book.pdf>



FIRE LEVY

First approved by voters in 2002, the Fire Levy was established to fund a fifth engine crew based at Station #3. The current rate is \$0.38 per \$1,000 of assessed value, generating approximately \$2 million annually, an amount that does not fully cover the cost of operating a fifth engine crew (an estimated \$2.7 million in FY26). The levy is set to expire in FY 2025-26 and will be up for renewal on the November 2025 ballot.



POLICE LEVY

Initially approved in 2002 and increased in 2006 to support the Springfield Municipal Jail (which opened in 2010), the Police Levy is currently \$1.40 per \$1,000 of assessed value which generates roughly \$7.5 million per year. This funding partially covers Police Department operations and fully funds the jail. The levy will expire in FY 2027-28, with renewal anticipated on the November 2027 ballot.



ADMINISTRATIVE COSTS

Neither levy includes funding for the City's indirect or administrative costs, such as finance, human resources, and general city management, which support all departments. These costs are typically allocated across city funds based on each department's share of full-time equivalent (FTE) staff. Indirect costs for Fire are estimated at \$130,000 and for Police are an estimated \$644,000 in FY26.



See Exhibits 1 & 2 below for the composition of General Fund expenditures and revenues.

Exhibit 1. FY25 General Fund Services and Expenditures (Adopted)

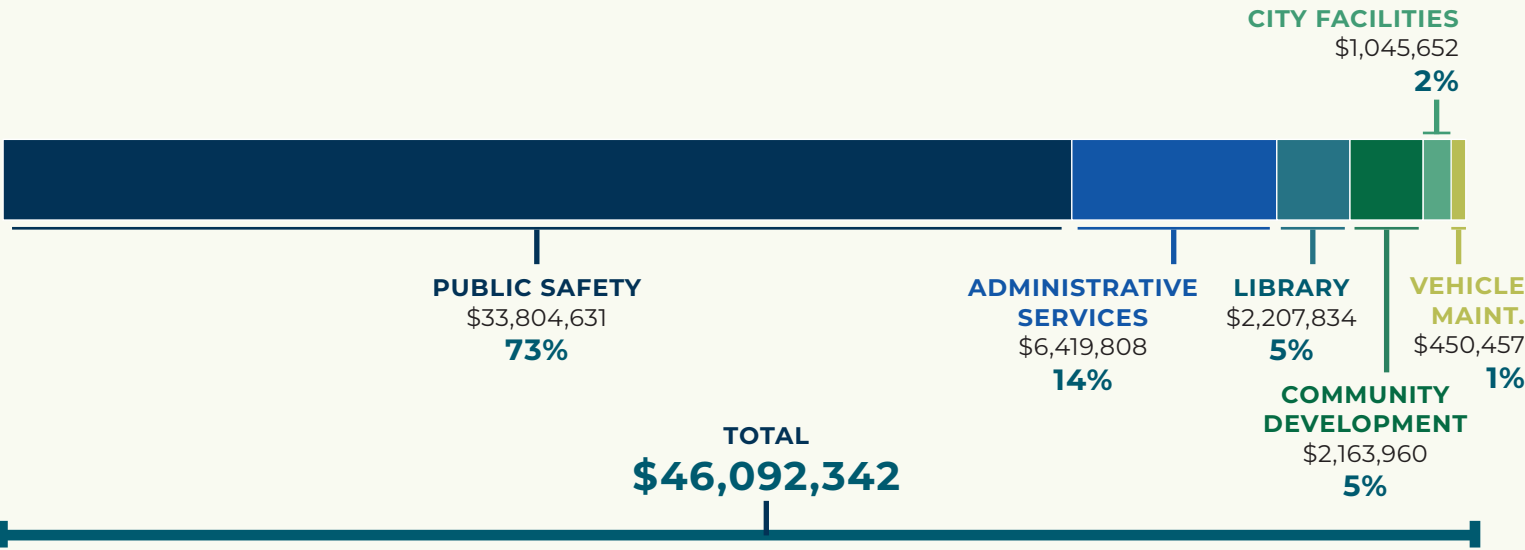
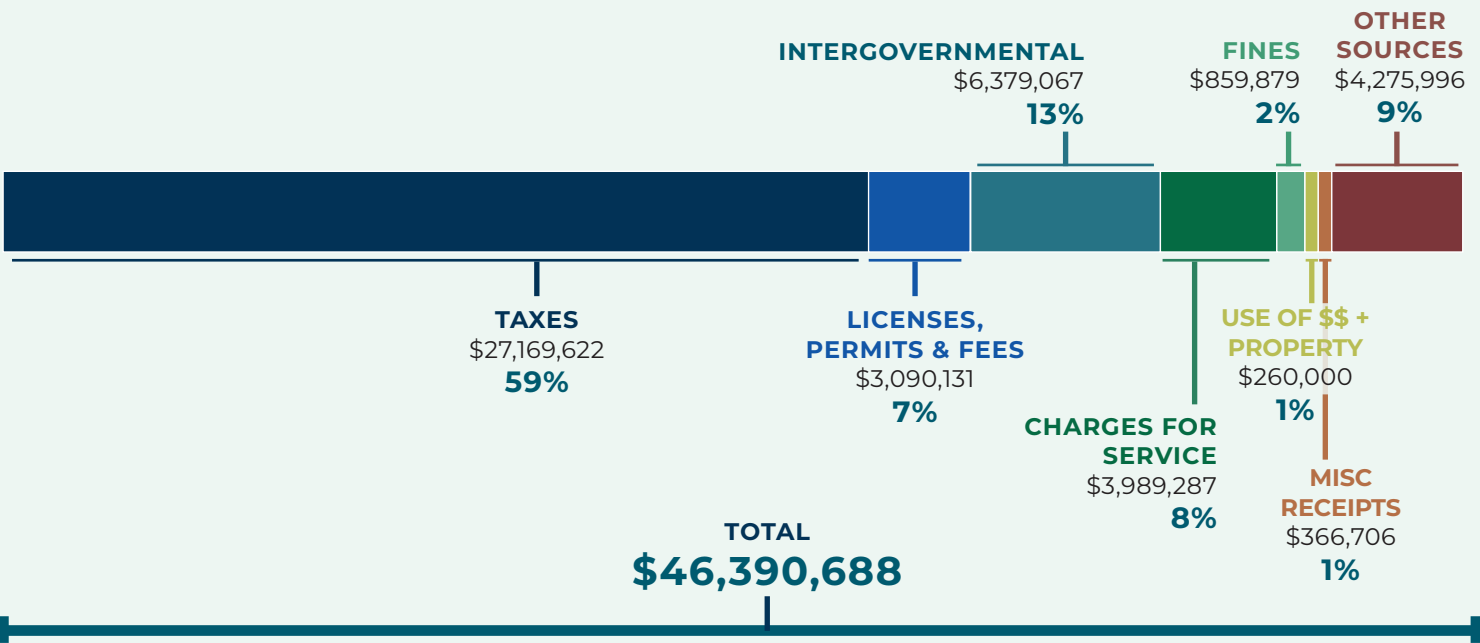


Exhibit 2. FY25 General Fund Revenues (Adopted)





A long-term challenge

The City of Springfield has long faced a growing structural deficit, with expenditure growth outpacing revenue growth. Springfield's budget deficit has been building since the 1990s and is largely due to two factors outside of the City's control that have eroded or limited the City's General Fund revenue base.

DECLINE IN SHARED TIMBER RECEIPTS

For over a hundred years, many counties in Oregon, including Lane County, have relied heavily on shared timber receipts as a significant source of revenue to fund critical services. (Timber receipts were shared by the federal government with counties containing large amounts of property tax-exempt federal forest land.) Beginning in the 1990s, as logging on public lands fell dramatically due to economic and environmental changes, timber receipts declined accordingly. The share of Oregon's gross domestic product due to lumber and wood products fell from 15 percent in the early 1970s to just over 2 percent in 2015.⁶

In 2000, Congress passed legislation to temporarily offset the loss of timber revenues previously shared with counties. For Lane County, this federal "backfill" initially provided more than \$40 million annually for general government and road maintenance in the early 2000s. However, funding steadily declined through FY 2010-11 and fully expired in FY 2015-16.⁷ The resulting shortfall has had a two-fold impact on the City of Springfield: the City has had to take on more responsibility for services that were previously shared with the County, and the County and other special districts have introduced or increased local option levies to maintain service levels. These additional levies place more strain on the limited property tax capacity available to the City and can contribute to voter fatigue around local tax measures.

MEASURES 5 AND 50: HOW PROPERTY TAX LIMITS IMPACT CITY REVENUES

In the 1990s, Oregon voters passed two constitutional amendments that continue to shape local government finances today:

Measure 5 (1990) capped the total amount of property taxes that can be levied on a property at \$10 per \$1,000 of real market value (RMV) for general government services and \$5 per \$1,000 for schools.

Measure 50 (1997) made several key changes:

1. It **locked in permanent property tax rates** for taxing districts based on 1997 levels. These rates cannot be increased.
2. It created **assessed value (AV)**, a new tax base that began as 90 percent of a property's 1995-96 RMV.
3. It limited **AV growth to no more than 3 percent per year**, regardless of how much a property's RMV increases.

6. Exhibit 2.d. Presentation/Slide Deck, Meeting #1. Appendix p 26.

7. Lane County Annual Comprehensive Financial Report, FY17, p. 4. [https://cdns5-hosted.civiclive.com/UserFiles/Servers/Server_3585797/File/Government/County%20Departments/County%20Administration/Operations/Financial%20Services/FiscalYearEndReports/Lane%20County%20FY17%20CAFR%20Final%20-ALL%20Inserts%20\(Reduced%20size\).pdf](https://cdns5-hosted.civiclive.com/UserFiles/Servers/Server_3585797/File/Government/County%20Departments/County%20Administration/Operations/Financial%20Services/FiscalYearEndReports/Lane%20County%20FY17%20CAFR%20Final%20-ALL%20Inserts%20(Reduced%20size).pdf)

These changes significantly limit all cities' ability to raise revenue to keep pace with inflation and service demands. They have also created inequities in tax burdens, in which properties of similar value can pay very different amounts depending on property values in 1990 and also depending on when they were last reassessed.⁸

For Springfield, the City's **permanent tax rate of \$4.7403 per \$1,000 AV**, low property values in the base year (1995-96), and limited AV growth, together put substantial long-term pressure on the General Fund.

Additionally, when property taxes hit the Measure 5 caps, **compression**⁹ occurs, reducing revenue to the City and other local taxing districts even further.

MEASURE 5

- Limited school property taxes to \$5 per \$1,000 of RMV and property taxes for general government to \$10 per \$1,000 of RMV

MEASURE 50

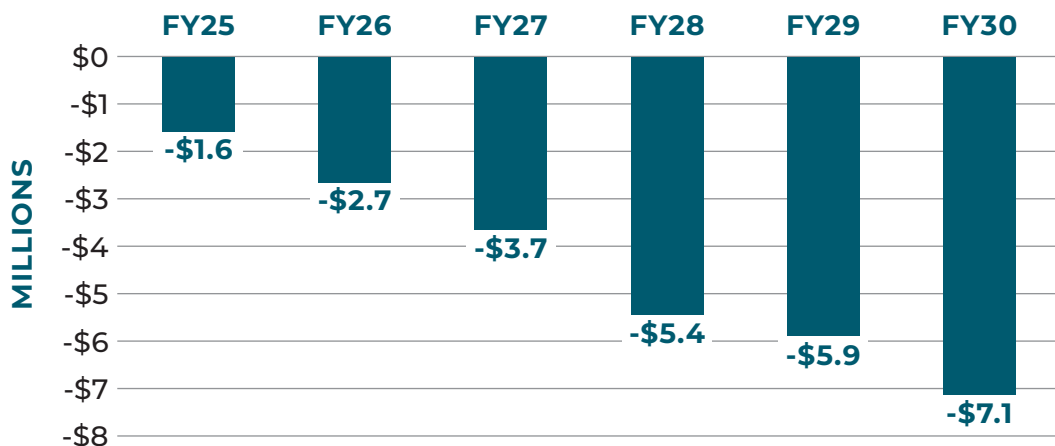
- Established permanent rates, created assessed value, and limited growth in taxable value to 3 percent per year

A near-term crisis

The high inflation of recent years and the fact that the City already runs "lean" has brought the problem to a head.

The structural problems of the 1990s were masked by a period of historically low inflation. During this time, the City could balance its budget through relatively minor adjustments, such as process improvements, staff reductions, and limited duration revenues (such as local option levies). The pandemic introduced a period of high inflation that has not yet subsided.¹⁰ The City continues to feel the impact of recent high inflation through increased labor costs, with employee wages growing by more than 5 percent annually, significantly outpacing the roughly 3 percent annual growth in property tax revenues. While Federal stimulus funds provided temporary relief over the past two budget cycles, the City prudently allocated most of these one-time resources to one-time needs. These funds were fully expended by the end of calendar year 2024. The result to the City is a five-year forecast with a **\$2.7 million General Fund deficit projected in FY 2025-26** and continuing to grow from there.¹¹

Exhibit 3. General Fund Deficit by Fiscal Year (FY25 Revised, FY26–FY30 Forecast), City of Springfield



Note: These deficit numbers are for the City's General Fund, which is the primary operating fund for the City (supplemented by public safety levy funds that pay for police and fire). The City also faces significant liabilities in terms of deferred capital maintenance for facilities and streets, and has deferred long-term investments in infrastructure, planning, and fire stations.¹²

8. FAQ on Measures 5 & 50, Oregon League of Cities. March 2023. https://www.orcities.org/application/files/2216/8685/9599/FAQonMeasures5and_50-updated5-23.pdf

9. Compression occurs when the total property tax on a property exceeds the constitutional limits set by Measure 5 (\$10 per \$1,000 of real market value for general government services). When this happens, local option levies and other taxes are automatically reduced ("compressed") to bring the tax bill under the cap, resulting in lost revenues for cities, counties, and districts.

10. Prices are still 10 percent above prepandemic levels, despite inflation peaking in mid-2022 before declining. "The Road to 2% Inflation: Are We There Yet?" by Fernando M. Martin for the Federal Reserve Bank of St. Louis. February 25, 2025. <https://www.stlouisfed.org/on-the-economy/2025/feb/road-inflation-are-we-there-yet>

11. Deficit is defined as current operating revenues over expenditures. Exhibit 2.d. Presentation/Slide Deck Meeting #2 (General Fund Five Year Forecast). Appendix p. 45.

12. Exhibit 2.d. Presentation/Slide Deck Meeting #2 (What's not included). Appendix p. 46.

City of Springfield comparable city analysis

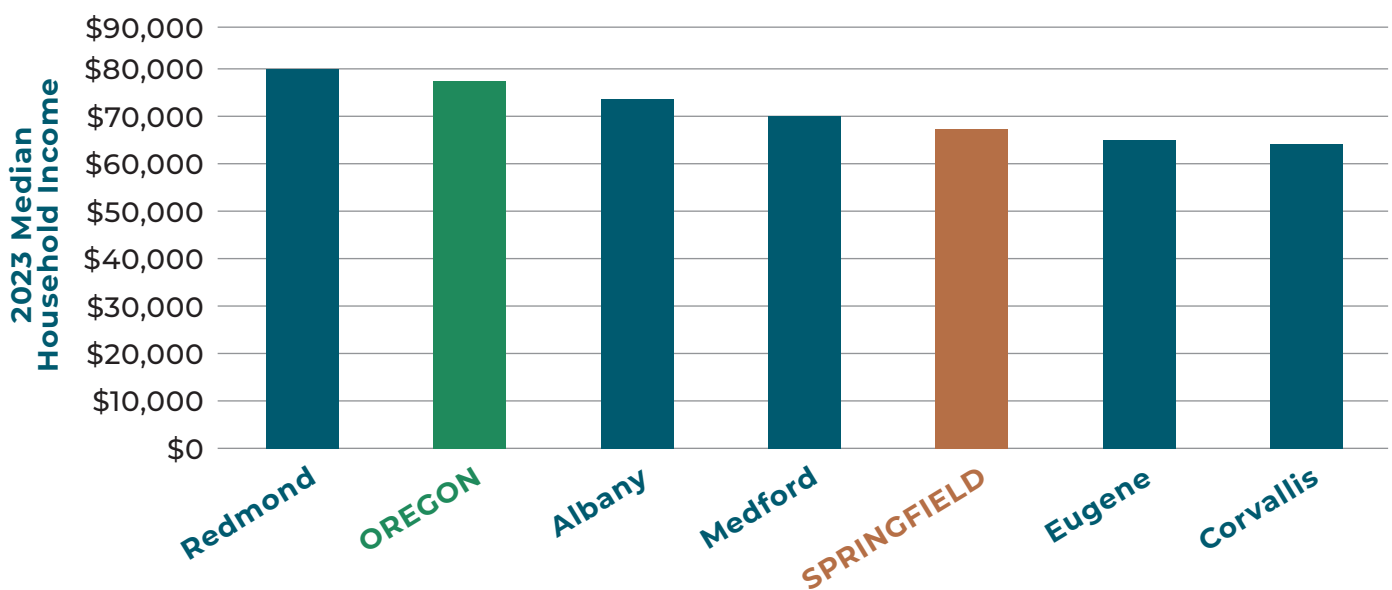
No two cities are exactly the same. Cities differ in their service mix, operating needs, institutional frameworks, county relationships, legacy costs, organizational structures, budget practices, and policy decisions. But while every city is different, many cities in Oregon are struggling with the same challenges as the City of Springfield.

To better understand Springfield's finances and staffing, the Task Force requested comparative data from similar cities. A sample of six cities was selected based on population size and geographic, community, economic, and fiscal characteristics: Albany, Corvallis, Eugene, Medford, Redmond, and Springfield. These cities were examined across a variety of indicators and data points using publicly available data, with the full analysis included in the appendix.¹³ The analysis was used as a high-level overview of Springfield in the context of peers, and was not intended to be a detailed benchmarking analysis nor to make normative or qualitative statements about the "right" level of spending or taxation.

KEY TAKEAWAYS FROM THE ANALYSIS:

- **Springfield is a working town and a family town.** Springfield's employment rate is above the state and second highest among the sample, with a lower share of the population who are of retirement age. Springfield has a higher share of population who are children.
- Springfield and most of the sample cities are **below the state median household income and above the state poverty rate.** Springfield had the third lowest household income in the group, followed by Eugene and Corvallis, both college towns with large student populations which may skew median incomes down.

Exhibit 4. Median Household Income, 2023. American Community Survey Five-Year Estimates.



13. Exhibit 3.g. Presentation/Slide Deck Meeting #3

KEY TAKEAWAYS CONTINUED

- **Housing is less expensive in Springfield** than in the state or the other cities, though not necessarily more affordable because resident incomes are lower. Springfield's 2023 median home value of \$323,800 and median rent of \$1,201 were the lowest among the sample.¹⁴
- Springfield's **\$46 million general fund revenue is the smallest of all the cities** (including three cities with smaller populations) and its total fund spending is the second smallest in the group.
- **The City of Springfield is the only city in the sample group that owns and operates a jail and does not operate a parks department.**¹⁵ Medford and Redmond do not operate libraries. Redmond does not operate a fire department but, like Eugene and Corvallis, has a municipal airport.

Exhibit 5. City FTE by Functional Area

City population	177,155	60,408	88,352	62,996	57,777	37,146
	Eugene	Corvallis	Medford	Springfield	Albany	Redmond
City Manager's Office	31.9	6.0	7.0	8.5	8.0	—
Central Svcs. Admin.	4.5	—	—	—	—	27.0
City Atty's Office	—	—	5.0	3.0	—	—
Finance	30.5	13.0	21.0	10.0	11.0	—
Human Resources	36.1	17.8	7.0	8.0	6.0	—
Information Technology	56.5	16.0	9.0	9.0	10.0	10.0
Human Rights / Neighborhood	5.9	—	—	—	—	—
Police	372.8	124.8	152.0	105.0	98.3	68.0
Fire	205.0	86.0	88.0	98.0	92.0	—
Municipal Court	35.2	4.0	9.0	9.1	4.9	—
Jail	—	—	—	19.0	—	—
Library	101.4	47.6	—	17.3	21.2	—
Parks & Rec	133.4	41.7	33.0	—	25.3	22.0
Public Works	605.2	172.3	183.3	159.1	136.3	100.0
Transit	—	—	—	—	22.0	—
Airport	64.4	Not available	—	—	—	45.0
TOTAL	1,682.7	529.1	514.3	446.0	434.9	272.0

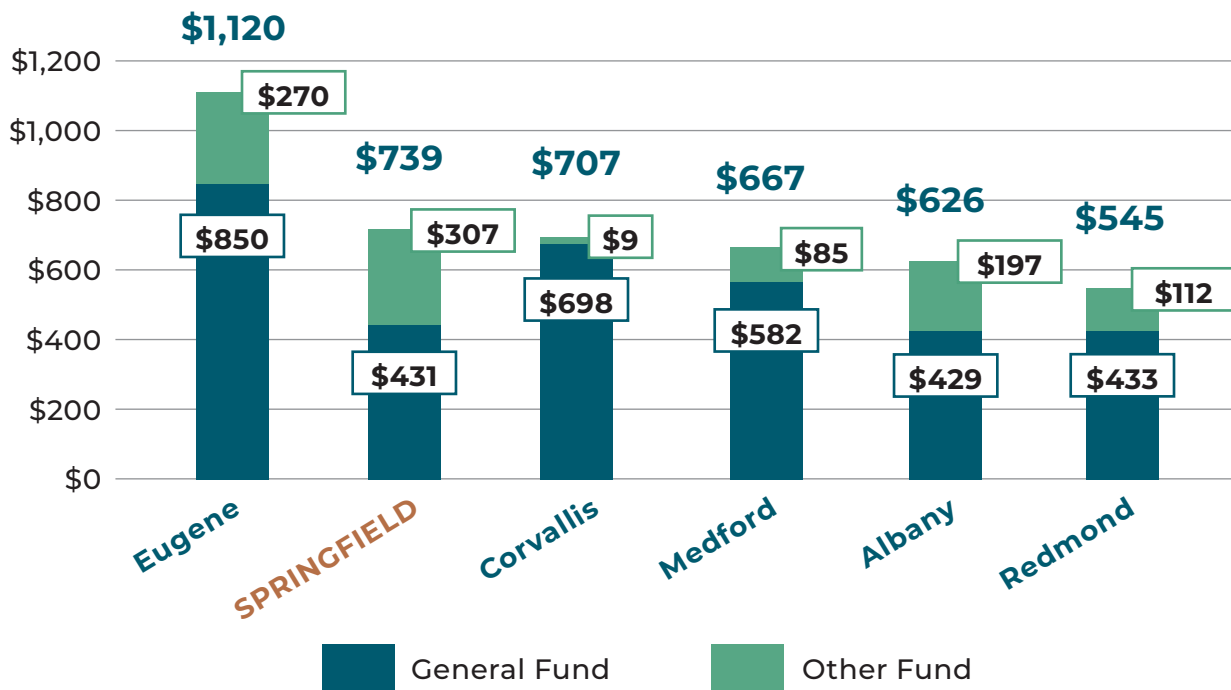
14. American Community Survey data referenced in Exhibit 3.g.

15. In the City of Springfield, parks and recreation services are provided by the Willamalane Parks and Recreation District.

KEY TAKEAWAYS CONTINUED

- Springfield's \$27.6 million total police expenditure budget was third largest among the sample, but includes \$5 million in expenditures to operate the jail. When jail expenditures are removed, Springfield **police spending per capita is lowest in the sample**.
- Springfield's staff of 446 FTE is third lowest among the sample, followed by Albany and Redmond which have fewer residents. On a per capita basis, **Springfield's staffing level is second lowest** among the group. Springfield has 7.1 FTE per 1,000 residents, compared to 9.5 in Eugene, 8.8 in Corvallis, and 7.5 in Albany. (Medford has 5.8 FTE per 1,000 residents.)
- Springfield has the **lowest permanent tax rate (\$4.7403 per \$1,000) of all the cities, but has the highest local option levy rates** (combined \$1.78 per \$1,000 for Police and Fire). Springfield's total non-school property taxes (including city, county, and other districts) are the third highest among the sample, at \$11.45 per \$1,000.
- Springfield collects the second highest **total taxes per capita (\$739), behind Eugene (\$1,120)**. However when looking specifically at general fund taxes per capita, Springfield ranks near the bottom, second lowest among the comparison cities, just ahead of Albany. This is because a significant portion of Springfield's tax revenue comes from local option levies dedicated to public safety. These revenues are deposited into special revenue funds rather than the general fund, reducing the amount reflected in the general fund per capita numbers.

Exhibit 6. Taxes per Capita, FY 2025



- Though the City's combined property tax rate is high relative to other cities in the sample, the **city property tax bill for a "typical" residential dwelling is lower than other cities** in the comparison group (\$1,233 in Springfield compared to \$1,742 in Corvallis and \$1,843 in Eugene).
- Because assessed value in Springfield is lower, the City **collects less revenue than other cities** in the comparison group even with a higher tax rate.

A NOTE ON THE COMPARATIVE ANALYSIS

The Task Force was presented with demographic, economic, and financial information for Springfield and five cities that are similar in size, geography, or service mix. The Task Force used the data in this presentation as context for understanding the service levels and resource constraints of Springfield before making recommendations to address the City's financial challenges.

There are many differences among these cities that make an apples-to-apples comparison impossible. For example, in this analysis, the City of Springfield is the only city in the group that does not operate parks and recreation, a service provided to Springfield residents and businesses by the Willamalane Parks and Recreation District. This anomaly was noted by the Task Force, which requested additional information to understand the costs of this service in the context of the City's financials.¹⁶

The analysis incorporated community and economic data from publicly available sources, and FY 2024-25 public budget data regarding expenditures, revenues, and full-time equivalent (FTE). Cities with 2024 – 2025 biennial budgets were annualized to 2025 using a published or assumed inflation rate. To measure cities' operating expenditures, debt service, capital, and transfers were excluded where possible.

Previous actions to address the structural deficit

Over the years, the City of Springfield has taken multiple steps to close budget gaps and reduce long-term structural pressures. These actions include:

- Reducing full-time equivalent (FTE) staffing levels,
- Entering into an intergovernmental agreement (IGA) with the City of Eugene to functionally merge fire services,
- Implementing insurance and workplace wellness initiatives to help contain costs,
- Pursuing a City operating levy in 2000 (which did not pass),
- Requesting voter approval of Police and Fire levies since 2002, with regular five-year renewals,
- Using one-time federal relief funds for one-time needs, particularly to reduce deferred maintenance,
- Updating an IGA with the Springfield Utility Board (SUB) to increase payments in lieu of taxes (PILOT) for electricity supplied through City rights-of-way.

Despite these efforts, structural challenges remain. **In response to the long-term pressures, the City has held its workforce relatively flat over the past 15 years**, even while the population has grown. General Fund FTE per 1,000 residents reached a high of 4.94 in FY 1996-97 before FTE count fell dramatically following recessions in the early 2000s and the 2009; the General Fund currently funds 3.42 FTE per 1,000 residents in FY 2023-24.¹⁷

16. Exhibit 4.d. Updated Benchmarking Slides from Meeting #3. Appendix pp. 122 – 127.

17. Exhibit 1.d. Presentation/Slide Deck for Meeting #1. (General Fund FTE). Appendix p. 31.

In 2023, in response to concerns over the City's fiscal stability, Springfield retained the Center for Public Service (CPS) at Portland State University (PSU) to develop strategies to address the structural imbalance in the City's General Fund.¹⁸ PSU's report provides additional context for the City's financial conditions and includes some options to improve the City's financial position. The report was provided to the Task Force as background material for their work.¹⁹

After years of “belt-tightening,” the City has reached the point that service reductions will be necessary absent new revenue. The proposed FY 2024-25 budget includes General Fund reductions of \$580,000 in police (\$250,000), fire (\$250,000), and library (\$80,000) services, and a reallocation of \$200,000 within community development to other city funds.²⁰

SPRINGFIELD HAS UNDERTAKEN PREVIOUS ECONOMIC DEVELOPMENT AND LOBBYING EFFORTS TO GROW THE TAX BASE AND IMPROVE FISCAL CONDITIONS.

The City has also taken a number of approaches to grow the tax base, advocate for funding, and address other long-term challenges through legislative and economic development initiatives. A history of economic development, legislative successes, and ongoing initiatives was presented to the Task Force in Meeting 4. Economic development strategies have aimed to grow the City's tax base through the use of urban renewal districts in Glenwood and Downtown, expanding the urban growth boundary to include the Gateway area, and the creation of enterprise zones.²¹ The City has successfully lobbied at the state level for the separation of the urban growth boundaries of Springfield and Eugene (2007), and at the state and federal level for sizable investments in critical transportation and infrastructure projects.²²

SPRINGFIELD IS NOT ALONE.

All cities in Oregon struggle with the restrictions in local revenue-raising capacity that Measures 5 and 50 introduced and with recent inflationary pressures. The Task Force learned about a number of strategies cities across the State of Oregon have implemented or attempted to close operating budget gaps.²³

Exhibit 7. What Other Cities are Doing

Population	57,777	104,089	60,408	177,155	115,233	88,352	177,567	62,996
	Albany	Bend	Corvallis	Eugene	Gresham	Medford	Salem	Springfield
Payroll Tax				X				
City Utility Fee	X	X		Exploring			X	
Public Safety Utility Fee		X	X		X	X		
Transportation Utility Fee		X	X			X		
Public Safety Levy	X				X		Exploring	X
Library & Parks Levy			X	X				
Urban Renewal District	X	X	X	X	X	X	X	X
Construction Tax		X						
Radar & Red Light Program						X		

18. Exhibit 2.b. Questions & Answers from Meeting #1. Appendix p. 37

19. Exhibit 10.a. PSU Long-Term Financial Strategies Report. Appendix p. 325

20. Exhibit 7.f. Presentation/Slide Deck for Meeting #7 (Reminder from Meeting #2). Appendix p. 293.

21. Exhibit 4.g. Presentation/Slide Deck Meeting #4. Appendix p. 143 – 151.

22. Exhibit 4.g. Presentation/Slide Deck Meeting #4 (Legislative Successes). Appendix p. 156-157.

23. Exhibit 3.f. What Other Cities Are Doing Matrix. Appendix p. 80.

Options and Evaluation



At Meeting 3, the Task Force adopted a set of criteria to evaluate options to address the City's fiscal challenges. The criteria included a variety of considerations:

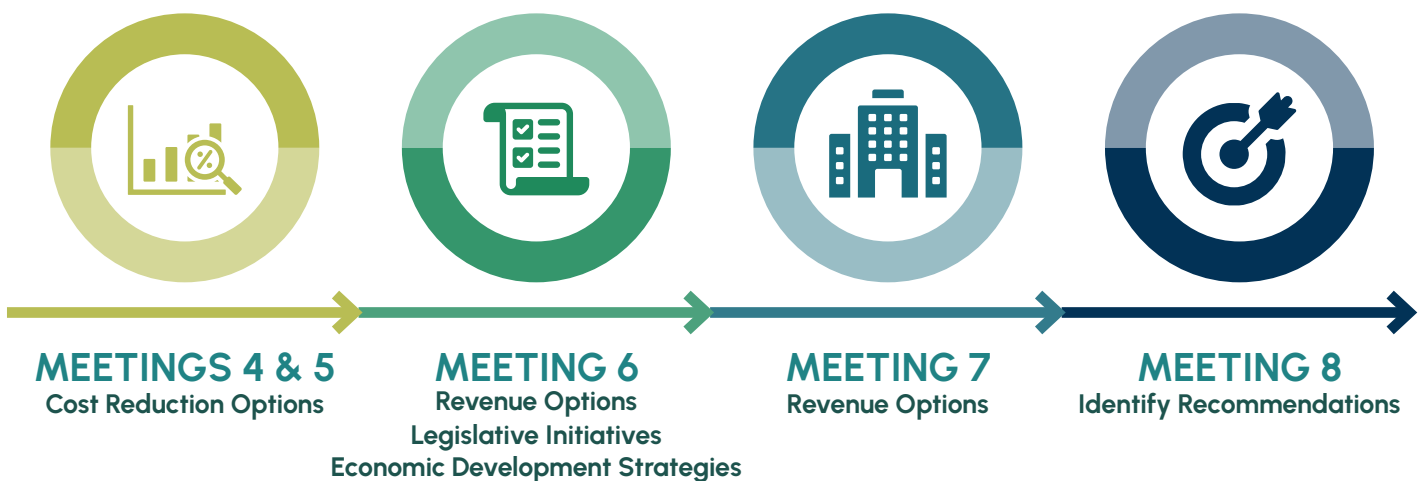


The full scorecard, with a description of each criterion, is included in the Appendix.²⁴

The Task Force was asked to consider or to bring forward for consideration and evaluation any and all options to begin to close the General Fund budget shortfall and address the long-term structural imbalance. These options fell into four categories: cost reductions, revenues, legislative initiatives, and economic development strategies.

Options were identified, evaluated, and discussed during Meetings 4 through 7. At Meeting 8, the Task Force identified preliminary recommendations for the Mayor and City Council to begin to address the General Fund deficit for further refinement, finalization, and consensus at Meeting 9.

The Task Force used an “everything on the table” approach to identifying possible strategies, recognizing that the scale, scope, and tenaciousness of the problem likely would require multi-faceted solutions.



24. Exhibit 4.c. Revised Scorecard and Criteria. Appendix p. 131-132. These criteria are based on those used by the Oregon League of Cities Local Government Revenue Tools Guidebook, which was provided to the Task Force as background information and is available here: https://www.orcities.org/application/files/2917/3653/0898/Oregon_Local_Revenue_Tools_Guidebook.pdf

A full list of all options discussed and considered is below. Scorecards for cost reduction and revenue options appear in the Appendix.²⁵ During the Task Force’s discussions, it became clear that while economic development strategies and legislative initiatives are essential for improving the City’s long-term fiscal outlook, they are unlikely to generate near-term savings or revenues. These options often require significant time, depend on external factors beyond the City’s control (such as the broader economy or action by the State Legislature), and typically involve substantial upfront investments of staff or other resources.

Economic Development Strategies	
• Sell unprogrammed City or SEDA property with development requirement. • Create additional development incentives with Urban Renewal tax increment. • Add a third Urban Renewal District. • Increase maximum indebtedness for one or both current districts. • Implement a development strategy for SEDA-owned property downtown. • Leverage TLT to incentivize development.	• Develop a business retention and expansion strategy. • Offer expanded business retention and expansion incentives. • North Gateway infrastructure studies to support new development. • Leverage regional investments (for example, Coos Bay port project, Millersburg TimberLab facility, University of Oregon science and research investments). • Develop a business attraction strategy.
Legislative Initiatives	
• Support tax policy changes to Measures 5 and 50. • Maintain or increase City’s allocations of State shared revenues. • Support pro-development legislation for initiatives that have a neutral or better impact on the General Fund. • Advocate for state transportation bill funding to be used for operations/maintenance.	• Increase ambulance reimbursement rates at the Federal level. • Leverage League of Oregon Cities for research and legislative support for changes to property tax implementation such as the Assessed Value (AV) property ratio for bringing on new property, or a “reset” of AV at sale. • Oppose unfunded mandates.
Options for Cost Reductions in City Services or Departments	
• Police Dispatch • Code Enforcement • City Library • City Museum • Planning • Police	• Fire & Life Safety • Municipal Jail • Internal Support Services – HR, IT, Finance, Legal, Fleet, & Facilities • Municipal Court • Legislative Program
Options to Raise Revenue ²⁶	
• City Operations Fee • Local Option Levies • Payroll Tax • Personal Income Tax & Corporate Income Tax • Business Gross Receipts Tax • Expand Business License Program • Construction Excise Tax • First Responder Fee • Franchise Fee Increase • Local Option Levies • Heavy Vehicle Tax	• Higher/New Fees for Service • Local Gas Tax & Transportation Utility Fee • Increase Local Marijuana Tax • Payment In Lieu of Tax • Property Tax on Vehicles • Rental Housing Fee • Tax on VRBO, Airbnb and Other Home Rental Sites • Restaurant Tax • Sale of Surplus Property • General Sales Tax • Selective Sales Tax

25. Scorecards for Expenditure Reduction options: Exhibit 5.d. (Appendix p. 173 – 193). Scorecards for Revenue options: Exhibit 6.d. (Appendix p. 209 – 222).

26. Definitions for many of the options here are listed in the Appendix. Exhibit 4.f. Potential Revenue Options. Appendix pp. 133-136.

Recommendations

After discussion and evaluation at Meetings 4 through 8, the Task Force identified a set of nine recommendations to begin to address the City's General Fund budget deficit, improve health and safety in the City, and position the City for long-term growth and reduced long-term liabilities.

Recommendations to achieve \$4.1 million annually within five years

- Reduce the library budget by \$500,000.
- Implement a shared employee and employer payroll tax with guardrails to generate \$2,300,000.
- Increase current levies to cover the costs outlined in the ballot for Police and Fire & Life Safety levies to generate \$1,300,000.

Recommendations that will improve health and safety and may or may not have a fiscal impact

- Implement traffic cameras, with any net revenue directed toward public safety needs.
- Decrease Police overtime.

Recommendations that will help the City to address long-term structural challenges

- Review City-owned properties for sale or development.
- Examine the development of the Gateway employment area.
- Develop and implement a business retention and expansion strategy.
- Support state-level efforts to modernize Oregon's local revenue system, including reforms to Measures 5 and 50.





Recommendations to achieve at least \$4.1 million annually within five years through a combination of revenues or reductions.

I. REDUCE THE LIBRARY BUDGET BY \$500,000.

The Task Force recommends that the City reduce the library budget by \$500,000, which may result in a service or hours reduction. Council may consider a levy to restore funding or to expand services.

BACKGROUND: The City of Springfield's \$2.65 million library budget funds 17.3 FTE and provides access to information and resources for education and entertainment, supporting early literacy, school curriculum, and homework, lifelong learning, technology access, business/job support, cultural opportunities, and a community gathering space.²⁷ The library operates six days a week (40 hours) from its City Hall location.²⁸ Of the total budget, \$2.2 million is funded from the General Fund. The City's proposed FY 2025-26 budget already includes \$80,000 in reductions to the library.

CONSIDERATIONS: City staff analysis shows that reducing library services to five days per week would save **\$500,000 per year**. This change would likely impact staffing levels and hours of operation.²⁹ The Task Force recognized the importance of preserving core public safety and regulatory services, and approached all reduction options with care. The library is one of the largest non-public safety services supported by the General Fund, and a reduction in this area is part of a balanced strategy to addressing the City's budget gap.

Other cities across the state of Oregon have implemented similar cuts to library services.

Some cities have restored or partially restored reductions using a local option levy, including the cities of Corvallis and Salem.³⁰ While the Task Force does not necessarily recommend a local option levy for library services, the City Council may wish to consider seeking voter approval for a library levy to restore funding reductions or to expand services in the future.

II. IMPLEMENT A SHARED PAYROLL TAX TO GENERATE \$2,300,000.

The Task Force recommends that the City implement an employer and employee payroll tax to achieve a net revenue target of \$2.3 million annually. The tax should include guardrails to protect taxpayers.

BACKGROUND: Payroll taxes are levied as a percentage of gross wages minus certain deductions and can be paid by employers and/or employees on total payroll. The City of Eugene implemented employer and employee payroll taxes in 2021 to fund community safety programs and initiatives.³¹ Eugene's employer tax has a rate of 0.21%, with a reduced rate of 0.15% for small employers. The employee tax has a rate of 0.3% for lower wages and 0.44% for higher wages, and exempts wages below minimum wage. The total Community Safety Payroll tax revenue in Eugene was \$20.6 million in FY 2021-22.³²

27. Exhibit 3.e., Questions & Answers from Meeting #2, Appendix p. 75.

28. Exhibit 6.c., Questions & Answers from Meeting #5, Appendix p. 207.

29. Exhibit 5.d., Scorecards for Expenditure Initiatives: Service Level/Cost Reductions (Eliminate, Reduce, or Contract Out), Appendix p. 174.

30. Exhibit 6.f. Presentation/Slide Deck Meeting #7, Appendix p. 258 (Library Options).

31. City of Eugene Community Safety Payroll Tax. <https://www.eugene-or.gov/3946/Payroll-Tax-Funded-Programs>

32. City of Eugene 2023-25 Adopted Biennial Budget p. 323. <https://www.eugene-or.gov/DocumentCenter/View/71342/2023-2025-Adopted-Biennial-Budget-DocumentPDF>



In 2023, there were an estimated 2,580 employers in Springfield and 45,812 jobs. Total gross payroll was about \$1.8 billion.³³

CONSIDERATIONS: The Task Force recommends that the City Council pursue a tax to achieve a net revenue target of **\$2.3 million**, which preliminary modeling presented to the Task Force suggests could be achieved with employee and employer tax rates in the range of 0.1 percent to 0.2 percent based on the City's \$1.8 billion total payroll in 2023.³⁴ However, further analysis should include multiple years of data and estimates of administrative costs.

The Task Force recommends that the tax should be **evenly split between employers and employees** to improve fairness, and that it should be **simple to understand and administer** (without tiered rates or exemptions). Both aspects will help businesses implement the tax and improve public and stakeholder understanding.

Guardrails are critical to ensure that the tax rate or base is **not increased without review and visible action** (such as requiring public approval for tax increases). The Task Force also recommends that the tax be implemented with a **built-in review period** to ensure that the tax is performing in terms of expected revenue and burden.

III. INCREASE CURRENT LEVIES TO COVER THE FULL COSTS OF POLICE AND FIRE & LIFE SAFETY, INCLUDING INDIRECT COSTS: \$1,300,000.

The Task Force recommends that the City increase the fire and police local option levies to cover the true, full cost of providing services.

BACKGROUND: The City of Springfield uses two levies to help pay for Police and Fire services, but these levies do not capture the total cost of services outlined on the ballot. The Police Levy covers a portion of the cost of Police operations and the full cost of the operation of the Springfield Jail, but does not cover indirect costs (City-wide administrative and back office expenses that are typically spread across all funds based on shares of FTE). The Fire Levy does not cover indirect costs nor does it cover the full cost of a fifth engine crew. Together, these costs impact the General Fund by **\$1.3 million**.

CONSIDERATIONS: The Task Force believes that if the public supports the purpose of the existing levies, the public should understand the full cost of those services. The Task Force recommends that the full cost of the outlined services including indirect charges, be reflected in the levies upon renewal. The Fire Levy is expected to appear on the ballot in November 2025, followed by the Police and Jail levy in November 2027.



33. Exhibit 6.f. Presentation/Slide Deck Meeting #6, Appendix p. 264-265.

34. Exhibit 6.f. Presentation/Slide Deck Meeting #6, Appendix p. 265.



Recommendations to improve public safety and health that potentially have a long-term fiscal impact.

IV. IMPLEMENT TRAFFIC CAMERAS.

The Task Force recommends that the City work with a vendor to implement traffic cameras at high-risk intersections. Any net revenue that is generated should be invested in public safety needs.

BACKGROUND: Traffic cameras are used by cities in Oregon to deter speed and red-light violations. Cities contract with vendors to provide these services, which eliminates upfront costs for purchasing equipment, though there are administrative costs and statutory requirements related to public awareness and reporting. Oregon communities that have installed traffic cameras to improve traffic safety include Medford and Beaverton, where traffic cameras may generate estimated annual revenue of **\$850,000** and **\$979,000**, respectively (net of administrative costs).³⁵

CONSIDERATIONS: **Red-light cameras should be used as a public safety and health strategy, not a revenue generator.** In addition to reducing speeding and red-light violations, cameras would penalize drivers who violate traffic laws and potentially free up police officer time for other critical calls. Any net revenue generated by traffic cameras should be dedicated for public safety initiatives, potentially to help reduce public safety overtime. **The Task Force recommends that the City of Springfield work with a vendor to install cameras at high-volume/risk intersections across the City.**

V. DECREASE PUBLIC SAFETY OVERTIME.

The Task Force recommends that the City identify key drivers behind the need for excess overtime and address the preventable elements.

BACKGROUND: The City's overtime budget is \$1.7 million out of the General Fund, including both Police (\$435,000) and Fire (\$1,275,000).³⁶ Actual overtime was much higher than budgeted in FY 2024, especially for Police, which had \$1.1 million in overtime in the General Fund and an additional \$0.6 million in overtime in the Levy Fund.³⁷ There are a number of reasons for Police overtime, including community events, training, revenue-related (reimbursable for external event support), and required overtime (court appearances, report writing, staffing shortages).³⁸ The City estimates that the cost of overtime due to short staffing in Police is \$925,000 per year.³⁹ The City has fewer sworn officers per 1,000 population (1.1 in Springfield compared to 1.45 in Redmond) and has a relatively high vacancy rate in Police compared to other City departments.⁴⁰

CONSIDERATIONS: Public safety is a core function of City government. The Task Force identified the high level of police officer overtime as a critical issue for the City to address. The Task Force recommends the City **identify the key drivers behind excess overtime and address preventable elements** (injuries, burnout, understaffing, etc.). In undertaking this strategy, **the City cannot and should not reduce staffing or service levels**, which the Task Force learned are below those of comparison cities. This strategy will require upfront investment but could yield longer-term savings. The Task Force recommends that the City analyze recruitment and retention data before, during, and after undertaking this strategy to understand positive impacts.

35. Exhibit 6.f. Presentation/Slide Deck Meeting #6, Appendix p. 262.

36. Exhibit 2.d. Presentation/Slide Deck Meeting #2 (FY 2025 General Fund Personnel Budget), Appendix p. 49.

37, 38, 40. Exhibit 3.d., Questions & Answers Meeting #2 (Question #2), Appendix pp. 69-70.

39. Exhibit 6.f. Presentation/Slide Deck Meeting #6, Appendix p. 259.

Recommendations that will help the City to address long-term structural challenges

VI. REVIEW CITY-OWNED PROPERTIES FOR SALE OR DEVELOPMENT.

The Task Force recommends a strategic review of properties to determine which should be sold, developed, or retained.

BACKGROUND: The City of Springfield's property portfolio includes properties across the City in the form of streets, stormwater areas, fire stations, the police station, and City Hall. Other properties acquired or inherited with potential economic gain are primarily concentrated downtown. City-owned properties are property tax-exempt when vacant. The City owns the 117-acre Booth Kelly property, a vacant lot at 204 5th Street across from City Hall (the former site of the Carter Building), multiple surface parking lots on 5th, 7th, and Main Street, and the Springfield Depot building at 101 S. A Street. Booth Kelly currently houses 16 tenants and is considered fully leased. The surface parking lots are part of the City's managed parking program, with some offering free 3-hour visitor parking and others reserved for parking pass holders. The Springfield Depot building is fully leased.

The City's Economic Development Agency (SEDA) also owns several properties throughout Glenwood and downtown Springfield. Like other City-owned properties, SEDA-owned properties are tax-exempt when not occupied. SEDA's Urban Renewal Plan requires the development of a plan for improvements and disposition within ten years of acquisition. The property outcomes must meet the goals of the Urban Renewal Plan.⁴¹

CONSIDERATIONS: The Task Force recommends that the City and SEDA conduct a thorough review of their respective property portfolios. **Properties identified for potential sale could help reduce the City's deferred maintenance backlog.** Proceeds from any sales could be allocated strategically: revenue from the City-owned properties could support capital maintenance needs, while revenue from SEDA-owned properties could be reinvested in growth and development initiatives.

For ongoing leases, both the City and SEDA should ensure that lease rates align with current market value. Additionally, SEDA-owned properties in Downtown and Glenwood should be prioritized for economic development opportunities. These may require upfront public investment but have the potential to **generate long-term returns through increased property tax revenue and private-sector investment.**



41. Exhibit 4.g. Presentation/Slide Deck Meeting #4 (Springfield Property Portfolio). Appendix pp. 146 – 148.



VII. EXAMINE THE DEVELOPMENT OF THE GATEWAY EMPLOYMENT AREA.

The Task Force recommends that the Gateway UGB area be evaluated as part of the City's broader economic development priorities.

BACKGROUND: The Gateway expansion area of the Urban Growth Boundary (UGB), which runs along the McKenzie River and is visible from I-5, contains some of Springfield's most valuable properties and natural assets. Added to the UGB in 2016 as designated employment land, the area holds significant long-term economic potential. However, it will require substantial planning and investment before it can support development. This includes updates to the Transportation System Plan, utility capacity analyses, and coordination with state agencies and other partners for land use and environmental planning and compliance.

CONSIDERATIONS: The Task Force recommends that the City assess the Gateway area's role within its broader economic growth and development strategy. This includes the **time, resources and partnerships required to bring the area closer to development readiness**. Given the considerable effort made to include Gateway in the UGB, the City should determine whether it should be a priority in the City's economic growth strategy and in the context of other areas that need development assistance within the next ten years, including in Downtown and Glenwood.

VIII. DEVELOP AND IMPLEMENT A BUSINESS RETENTION AND EXPANSION STRATEGY.

The Task Force believes that business retention and expansion should be a high priority and a potential revenue growth strategy for the City.

BACKGROUND: Springfield, like other cities in Oregon, has tools available to retain business or incentivize their expansion. Enterprise Zones provide this incentive for industrial and manufacturing businesses. Springfield's Enterprise Zone measures 8 square miles, offering 3-to-5-year property tax exemptions in exchange for financial investment in and employee growth of manufacturing facilities once operational. The new investments made in Enterprise Zone properties are not included on the property tax rolls for as many as 9 to 11 years due to the time construction takes and the number of years applied for in the exemption.⁴²

In addition to incentives, business retention and expansion requires a deliberate strategy to build relationships, understand business needs, and align policies, incentives, and staff capacity with the business sectors the City aims to support. The Enterprise Zone program is targeted toward industrial and manufacturing businesses. Should a different business sector be of interest or benefit to support, an understanding and analysis of the potential outcomes, benefits, available incentives, and funding sources to support the work would be necessary.

CONSIDERATIONS: **A strong business retention and expansion strategy can help grow Springfield's economy, create jobs, and diversify the City's tax base.** Supporting existing businesses is often more efficient than attracting new ones, as they are already invested in the community, familiar with local conditions, and easier to engage. While recruitment efforts are important, helping local businesses thrive contributes directly to a healthy business climate. The Task Force recommends that the City conduct research and analysis to assess the costs

42. Exhibit 4.g. Presentation/Slide Deck Meeting #4 (Enterprise Zones). Appendix pp. 150. Property tax revenue is received for any existing assessed value on the site during the exemption period.



and benefits of a formal business retention and expansion strategy. This assessment should include identifying the staffing and financial resources necessary to implement the strategy and should establish measurable goals to track effectiveness and ensure positive, tangible outcomes.

IX. PURSUE TAX REFORM IN OREGON.

The Task Force recommends that the City work with other communities to advocate for reforms to Measures 5 and 50, the core financial challenges facing Oregon communities.

BACKGROUND: According to the League of Oregon Cities, “Measures 5 and 50 have had an enormous negative impact on the ability of cities and other local governments to meet the basic service needs of their citizens. These constitutional changes significantly reduced city revenues by detaching property taxes from market value, imposing permanent district tax rates, capping property tax growth, and setting arbitrary limits on local taxation. With their local autonomy compromised, cities sink deeper into a financial hole as costs continue to rise, populations grow and community demands for services increase.”⁴³

CONSIDERATIONS: Without reform to key elements of the property tax structure, Springfield will continue to experience structural deficits absent new revenue. **The City should continue to work with other communities to advocate for reforms to Measures 5 and 50, which are the core of financial challenges facing Oregon communities.** The Task Force recommends that the City share and learn from other cities regarding the ongoing impacts of Measures 5 and 50, including impacts to budgets, city services, and tax burdens.⁴⁴

OTHER ECONOMIC AND LEGISLATIVE STRATEGIES

The Task Force identified a number of priorities that did not rise to the level of recommendations but are still important to ensure Springfield’s economic growth and long-term fiscal sustainability. The Task Force urges the City to pursue or continue to pursue the following additional economic development and legislative goals.

1. **Grow the tax base** through strategic economic development and recruitment, potentially with the goal of attracting one major company, for example a bio tech firm.
2. **Leverage local business and industry advocacy groups** to push for legislative priorities.
3. **Increase the City’s allocation** of state and county shared revenue.
4. **Support police recruitment**, training, and certification legislation.
5. Work with the League of Oregon Cities to **remove restrictions** on city revenue-raising capacity.
6. **Protect the City’s General Fund** from all unfunded mandates.

43. Exhibit 1.c. FAQ on Measures 5 & 50 (Oregon League of Cities). Appendix p. 10.

44. Exhibit 4.g. Presentation/Slide Deck Meeting #4 (Legislative Options). Appendix p. 161.

Values and Principles



The recommendations of the Task Force are those that scored high in terms of fiscal impact, community fairness, economic competitiveness, administrative practicality, viability, and fairness. The Task Force reflected on and discussed these aspects for each recommendation above, as well as for many of the options considered but ultimately not advanced as recommendations. Through these discussions, three themes emerged. The Task Force offers these three principles or values for the Mayor and Council to consider in implementing the recommendations.

1. The City must develop a plan to **address the backlog of deferred maintenance** of City assets. Though this expense is not within the scope of the Task Force's consideration, it represents an unfunded liability that will eventually pressure the City's General Fund. Any one-time funds related to the sale of city properties could be used to address these needs. This consideration is critical to ensure that the City does not find itself in a financial crisis again.
2. **Community engagement** will be a critical part of moving forward with the Task Force recommendations. The City's challenges are complex, and in some cases not well-understood. For example, it is not widely known that the fire and police levies do not cover the full cost of services provided by the City. Additionally, some of the recommendations to address the challenges will represent major changes for residents, businesses, or taxpayers. The City's plan to implement these recommendations must be simple and straightforward. New revenues, such as the payroll tax, will require town halls, meetings with major employers, and a public education campaign. The plan should prioritize public outreach and education in the the following areas:
 - a. **The true costs of City services:** Helping the community understand what it actually takes to deliver core services, including staffing and support functions.
 - b. **How levies work:** Why levies must cover the full cost of the fire and public safety services they support, and how they fit into the City's budget.
 - c. **Library levy:** How a potential library levy would function, what services it would fund, and how it would serve as a clear measure of community support for library services.
 - d. **Funding strategies and outcomes:** A clear explanation of how proposed funding tools connect to the services and service levels they are intended to sustain.
 - e. **Payroll tax education:** How a payroll tax would operate, why it is being considered, and the inclusion of safeguards to limit future increases or unintended impacts.
 - f. **Timeline of changes:** Transparent communication about when changes will occur, how they align with the budget process, and when impacts will be felt by the public.

3. The Task Force encourages a **simple, strategic approach** to implementation. While there are many tools available to address the City's budget challenges, introducing too many changes at once risks creating confusion and unintended consequences, such as placing too much burden on certain members of the community, which could lead to resistance. To build and maintain public trust, the Task Force recommends creating a clear, easy-to-understand plan that demonstrates impact and allows time for community feedback. A thoughtful, phased approach will support long-term success and greater buy-in.



A STRONG FOUNDATION

The City of Springfield has demonstrated an ability to thrive in challenging circumstances – continuing to grow through economic headwinds, successfully navigating the COVID-19 pandemic, and delivering high-quality services despite tight fiscal constraints. These efforts reflect a community that is resilient, adaptable, and committed to its future.

As Springfield continues to welcome new businesses and families, the strategies in this report provide a path forward. Addressing the City's financial challenges will require continued collaboration, hard work, and thoughtful decision-making – qualities that define Springfield's residents, businesses, community partners, elected officials, and City staff.

The Task Force believes that Springfield has the strong foundation and shared commitment needed to face its challenges and achieve fiscal sustainability.

Evaluation Criteria

GREEN means **more positive** rating, not necessarily more **high impact** in each category. For example:

- An option that is **more impactful** to the general fund gets a high score.
- An option that is **lower impact** to the community (e.g., doesn't reduce service levels) gets a high score.

Impact to the General Fund	Fiscal Sustainability	Economic Competitiveness	Impact to the Community	Implementation Practicality	Viability and Feasibility	Community Fairness	Other Considerations
Higher Rating	\$1 million + \$ \$ \$ \$	Low or positive impact to businesses \$ \$ \$ \$	Low or positive impact to public services \$ \$ \$ \$	Easy to implement and sustain \$ \$ \$ \$	Broad community support is likely \$ \$ \$ \$	Improves fairness, or easy to implement in a fair manner \$ \$ \$ \$	There will be aspects of each option that may not be captured in the categories at left. This is space for these notes, observations and concerns.
Medium Rating	\$500,000 - \$1 million \$ \$ \$ \$	Medium or uncertain \$ \$ \$ \$	Medium or uncertain \$ \$ \$ \$	Neutral or uncertain \$ \$ \$ \$	Neutral or uneven support \$ \$ \$ \$	Medium or uncertain \$ \$ \$ \$	
Lower Rating	<\$500,000 \$ \$ \$ \$	High or negative impact to businesses \$ \$ \$ \$	High or negative impact to public services \$ \$ \$ \$	Difficult to implement or sustain \$ \$ \$ \$	Support is unclear or unlikely \$ \$ \$ \$	Hurts fairness, or difficult to administer in a fair manner \$ \$ \$ \$	

Attachment 2
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Positive!  Negative!

Criteria Definitions

Impact to the General Fund	The City has a general fund structural deficit. Options will be rated on their ability to raise revenue for, create savings in, or relieve pressure on the general fund.
Fiscal Sustainability	The City needs both ongoing and immediate budget solutions. Options will be rated on the ability to solve an ongoing problem and on the timeliness of relief.
Economic Competitiveness	Fiscal sustainability relies on a strong City economy. Options will be rated based on impact to the City as a desirable place to work, own or operate a business, or invest.
Impact to the Community	The City provides critical services to residents and visitors. Options will be rated on their impact to community livability and access to services.
Implementation Practicality	The City needs solutions that are operational and sustainable. Options will be rated based on the City's ability to implement efficiently, effectively, and successfully.
Viability and Feasibility	The City needs workable solutions. Options will be rated based on the likelihood or clarity of support among the community and their reliance on factors outside of the City's control.
Community Fairness	The City's budget gap is a shared problem that requires a shared solution. Options will be rated on fairness to ensure that certain populations are not overly burdened or benefiting.