



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

PREPARED BY:

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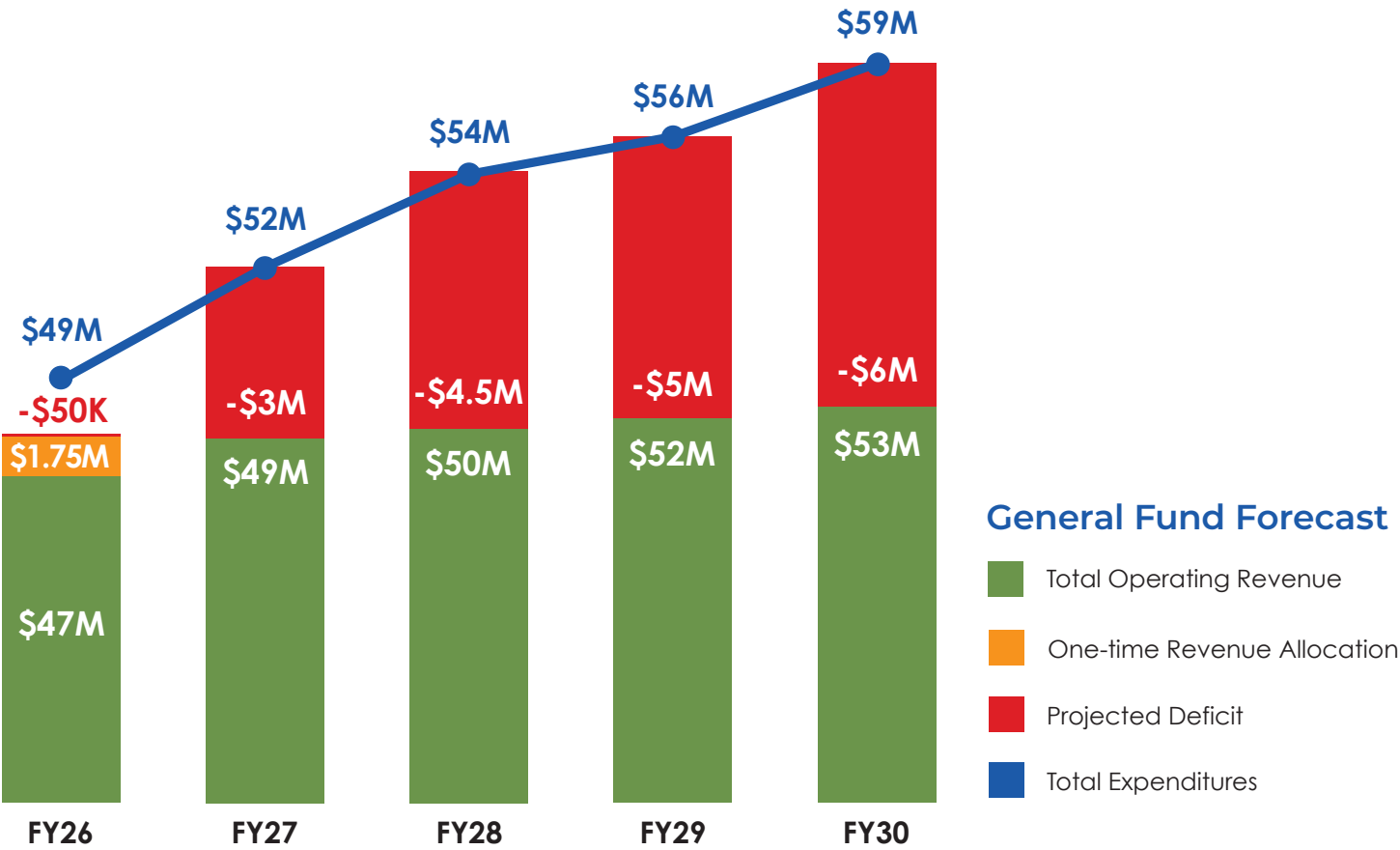
MAY 2025

FULL REPORT AVAILABLE AT  
<https://springfield-or.gov/mayors-fiscal-stability-task-force/>

# 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*

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



# 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.

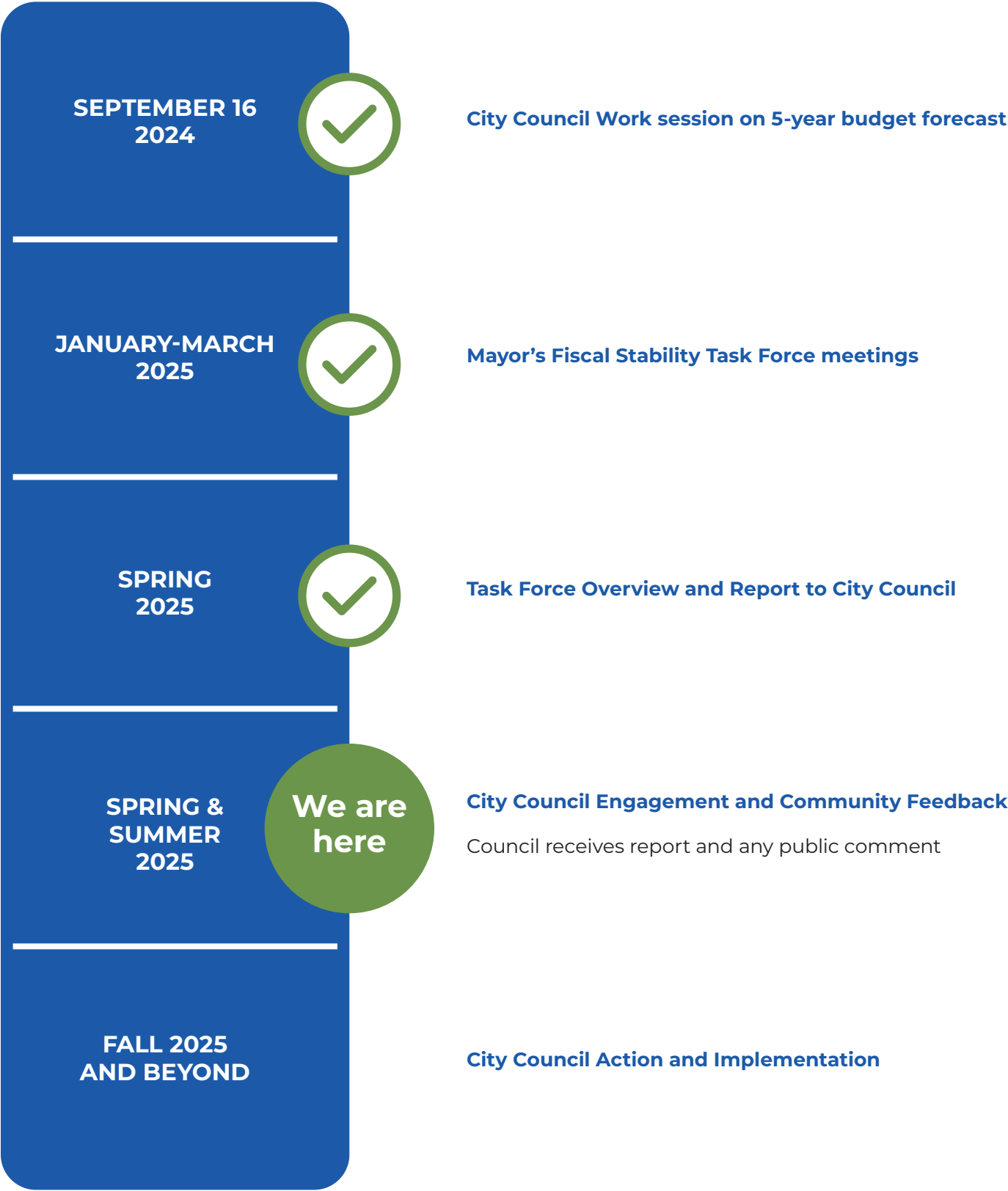
#### Recommendations that will improve health and safety and may or may not have a fiscal impact

- 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.

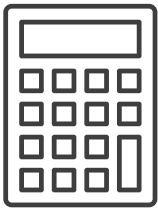
# Mayor’s Fiscal Stability Task Force Timeline



# Proposed Payroll Tax: What It Means for Employers, Employees, and the Community

A recommendation from the Mayor's Fiscal Stability Task Force to stabilize core services while equitably expanding the tax base.

## QUICK FACTS



### What This Means

#### For Employees:

\$50,000 salary = \$50/year  
(Approximately \$1 per week)

#### For Employers:

\$500,000 annual payroll = \$500/year  
\$5M annual payroll = \$5,000/year  
\$10M annual payroll = \$10,000/year

## KEY FEATURES / GUARDRAILS

### Built-In Protections

- Equally shared by employers and employees
- Simple and predictable to administer
- Applies to public, private, and nonprofit employers
- Excludes Social Security and Medicare income
- Spreads responsibility beyond property owners

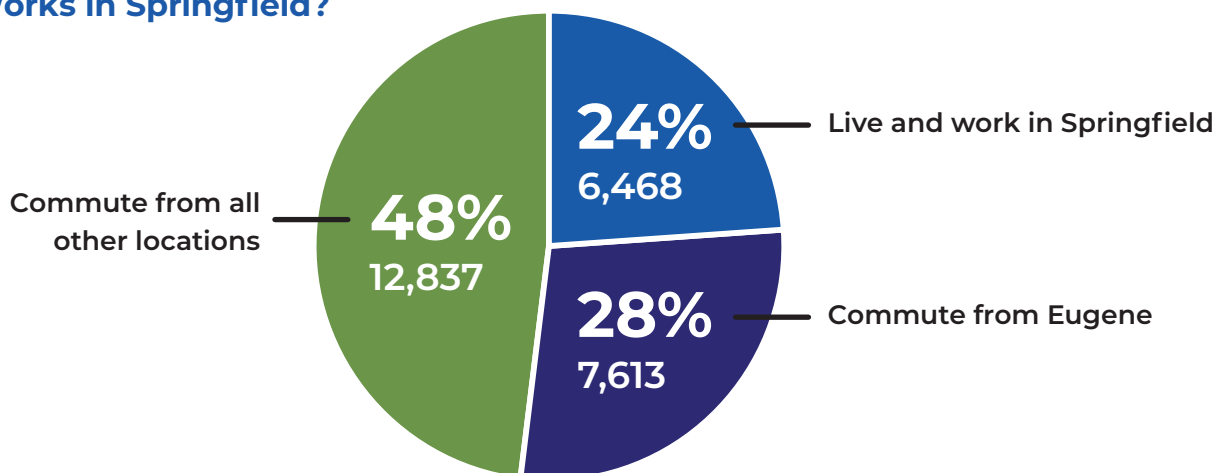
## WHY NOT JUST ANOTHER LEVY?

### Why a Payroll Tax – Not a Property Tax

- Protects seniors (no tax on retirement income)
- Broadens the revenue base to include workers who use city services but live elsewhere
- Captures payroll from tax-exempt employers like governments and nonprofits
- More equitable and sustainable over time

## BY THE NUMBERS

### Who Works in Springfield?



Source: U.S. Census Bureau, LEHD 2022

## 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.

