



CITY OF EL PASO

# FY 2026 Preliminary Budget Overview



# Agenda

- Budget Process & Improvements
- Budget Focus and Challenges
- Budget Highlights
- Expenditures, Revenue
- Debt Service



# Section 1

## Dionne Mack

### City Manager



# FY 2026 Budget Process

- ✓ • **March** – 5 Year Forecast and Strategic Budget Development session
- ✓ • **April** – Launched Chime-In Budget Survey
- ✓ • **April/May** – Community Budget Workshops
- ✓ • **June** – Individual Council Budget Briefings
  - **July 7 – 8** Budget Presentations
  - **July 31** – Special Council Meeting – Certified Property Values and Introduce Tax Rate
  - **August 12** – Council Meeting - Public Hearing
  - **August 19** – Council Meeting - Budget and Tax Rate Adoption

# Improving the Budget Process

- new** • Council Strategic Budget Development Session (Mar)
- new** • Community Budget Workshops – eight sessions (April – May)
- new** • Departmental Briefings - one-on-one meetings
- new** • Community Budget Engagement – eight sessions (mid/late July)
  - Chime – In Survey
- new** • Program Based Budget pilot project

# Program Based Budgeting

- Focuses on developing budgets at the service level to address community needs
- Aims to give the community a clearer picture of:
  - What services are provided
  - How these services are funded
  - How success is measured through performance metrics
- Departments participating in pilot:
  - Streets and Maintenance
  - Code Enforcement
  - Parks & Recreation
  - Economic Development



# FY 2026 Budget Focus

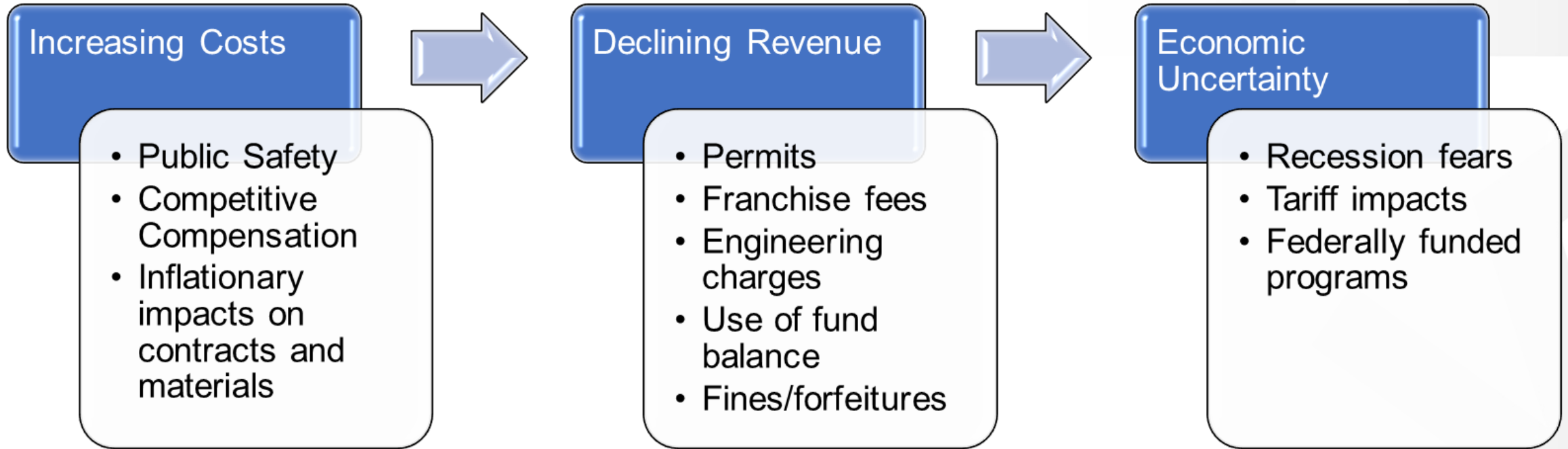
- Maintaining/improving **service delivery** by offering competitive wages and benefits
- Additional **tax relief** for seniors and disabled homesteads
- Focus on developing **structurally balanced** budgets
- Identifying **new revenue** for the General Fund
- Maintaining **infrastructure investment**, including pay-go for streets, facilities, vehicles, and equipment
- Improving **engagement**, transparency and accountability in the process

# Impacts from Prior Years Budgets

- Prior years (FY 2024 and 2025) Council direction to not increase taxes, resulted in:
  - Decreased funding for vehicles and facility improvements (\$3 million)
  - Utilized one-time revenue to balance the budget (\$7.2 million)
  - Increased vacancy savings, impacting ability to fill all positions (\$6.5 million)
  - Non-uniform pay raises were pro-rated (Sep and Mar)

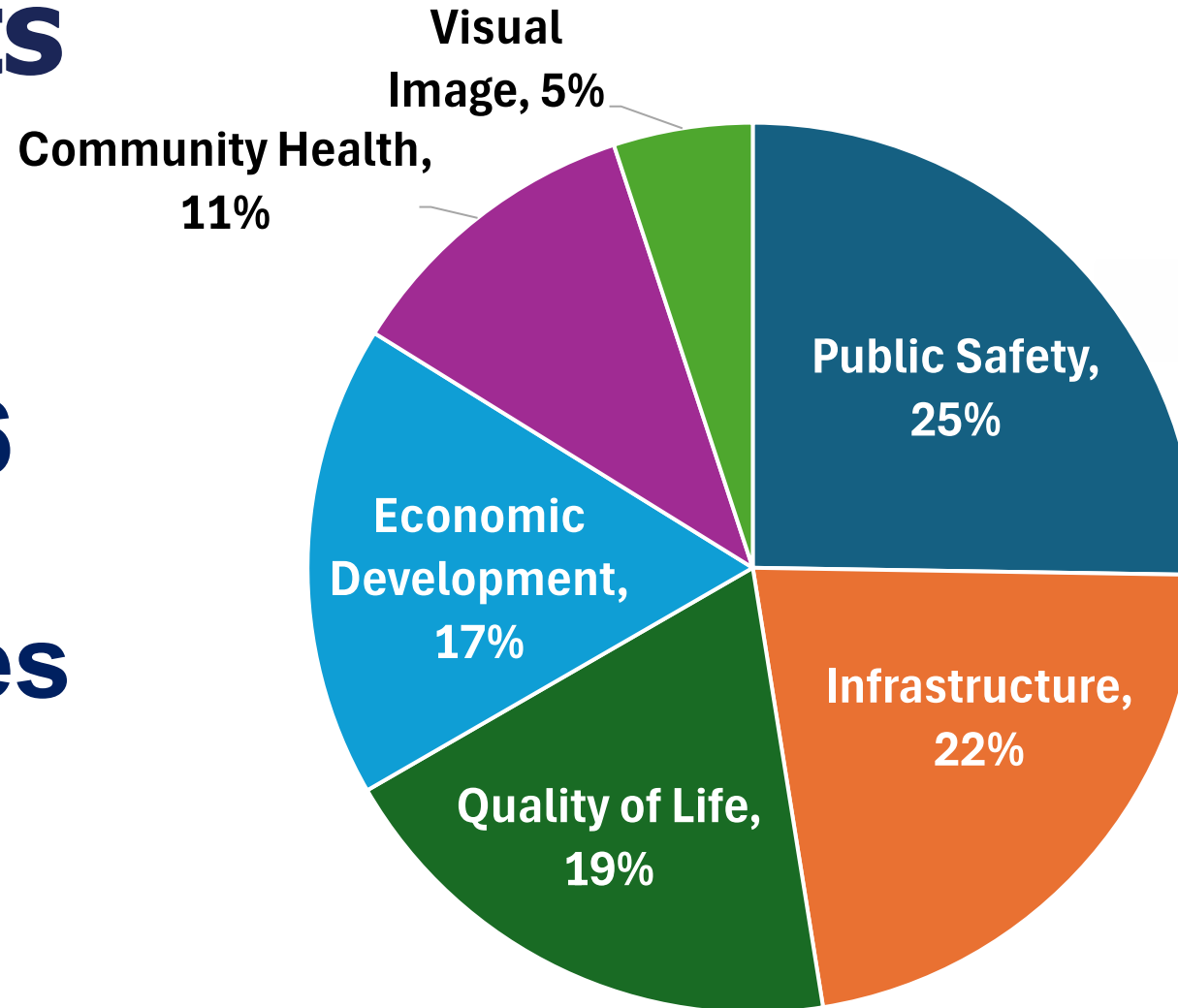


# FY 2026 Budget Challenges



# Chime In Survey Results

## FY 2026 Top Priorities



**8,872  
Responses**

# Chime In Survey Results by District

## District 1

- Infrastructure
- Public Safety
- Economic Development

## District 2

- Public Safety/  
Infrastructure
- Quality of Life
- Economic Development

## District 3

- Public Safety
- Infrastructure
- Quality of Life

## District 4

- Public Safety
- Infrastructure
- Quality of Life

## District 5

- Public Safety
- Infrastructure
- Quality of Life

## District 6

- Public Safety
- Infrastructure
- Quality of Life

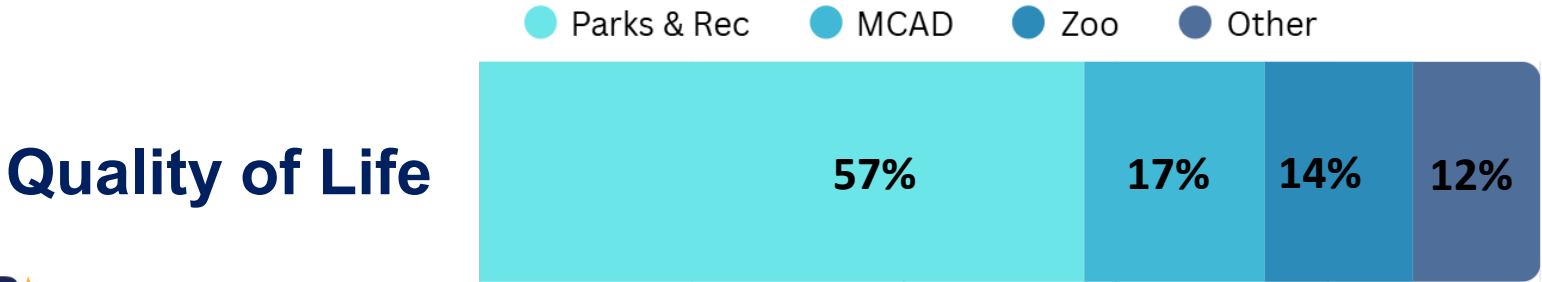
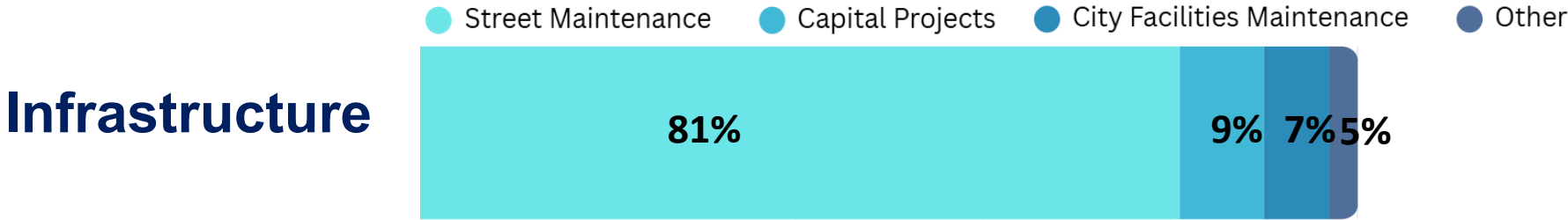
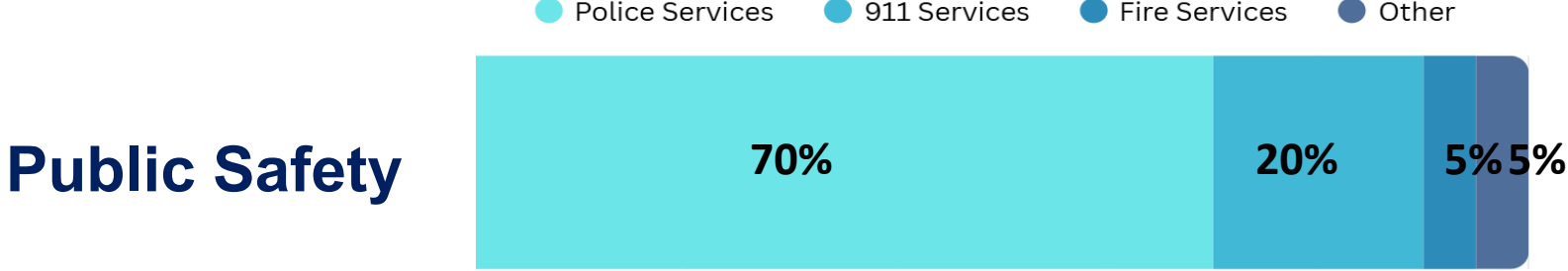
## District 7

- Public Safety
- Infrastructure
- Quality of Life

## District 8

- Public Safety
- Quality of Life
- Infrastructure

# Chime In Survey Results



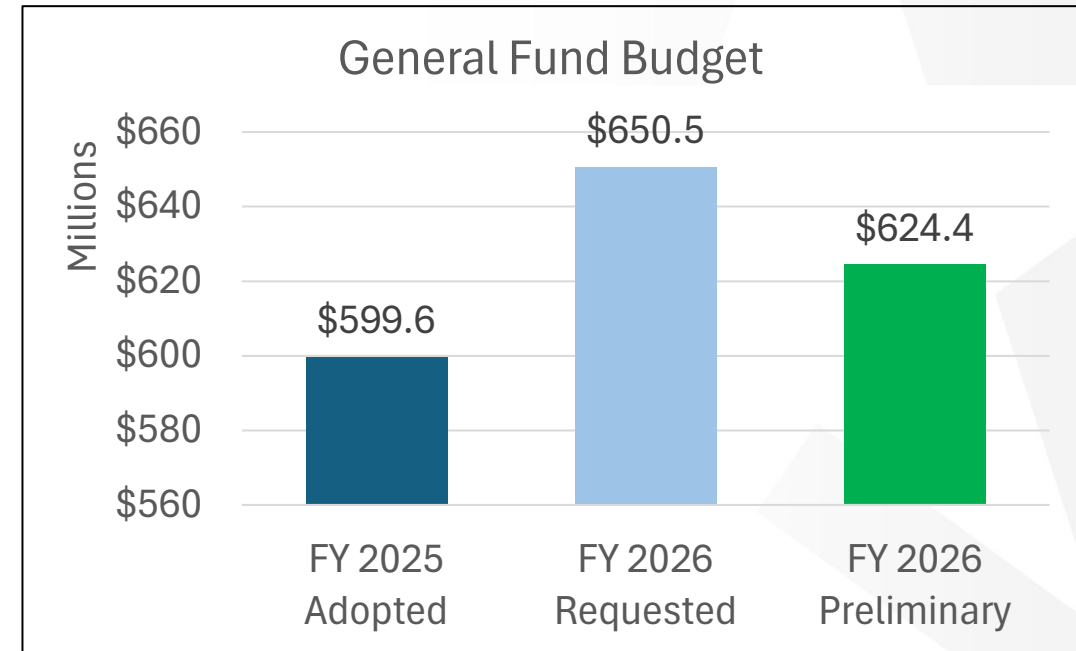


# FY 2026 Preliminary Budget

Fund Group	FY 2025 Adopted	FY 2026 Preliminary	\$ Variance	% Variance
General Fund	599,635,163	624,441,622	24,806,458	4.1%
Non-General Fund	733,412,754	758,819,279	25,406,525	3.5%
<b>Total All Funds</b>	<b>\$1,333,047,917</b>	<b>\$1,383,260,901</b>	<b>\$50,212,984</b>	<b>3.8%</b>

# FY 2026 Requested to Preliminary

- Initial FY 2026 General Fund budget showed a \$51 million increase from the current year
- Staff identified \$26.1 million in efficiencies and reductions to balance the budget
- Remaining \$24.8 million increase for next year is due public safety, compensation, contracts, and utilities

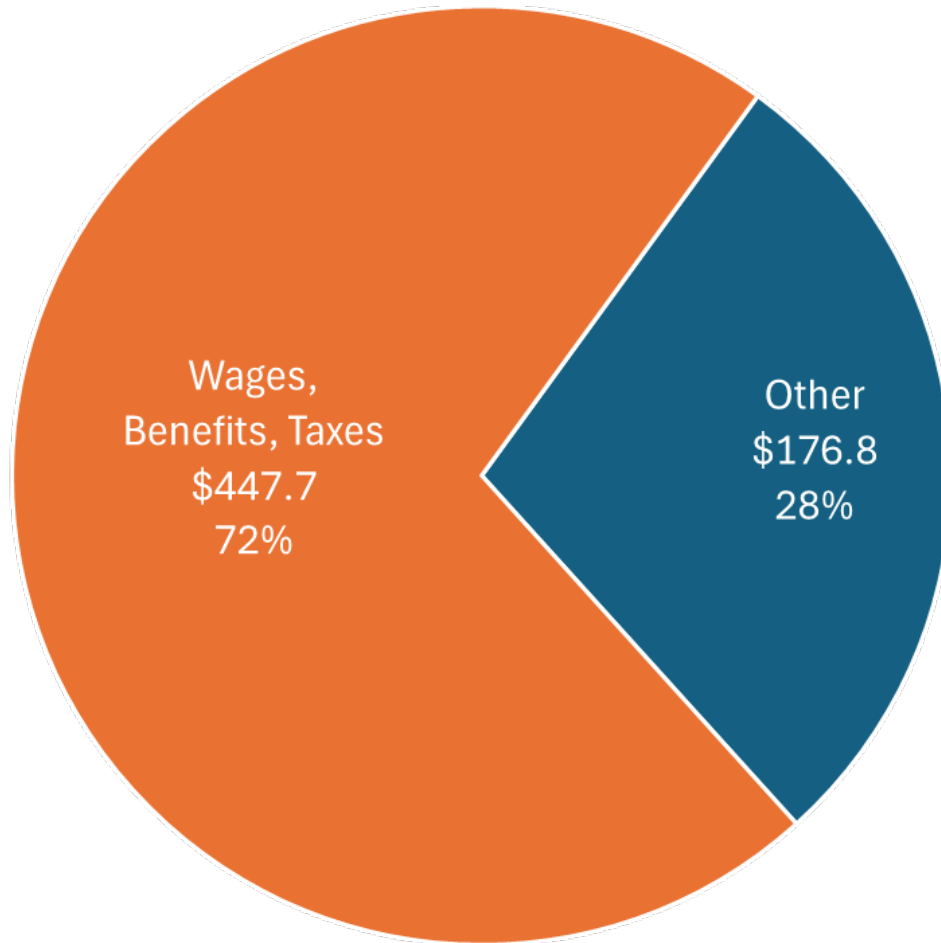


# FY 2026 General Fund Changes by Category

CATEGORY	Budget Change	% of Total Change	
PERSONAL SERVICES	18,996,166	77%	compensation increases and public safety staffing
CONTRACTUAL SERVICES	4,161,464	17%	\$2.8M in IT contracts and \$1.4M in Police and Fire
MATERIALS AND SUPPLIES	54,210	0%	
OPERATING EXPENDITURES	3,289,866	13%	\$3M increase in utilities and \$243K in property insurance
NON-OPERATING EXPENDITURES	(83,712)	0%	
INTERGOVERNMENTAL EXPENDITURES	(90,012)	0%	
OTHER USES	(403,335)	-2%	
CAPITAL OUTLAY	(1,118,189)	-5%	
	<b>\$24,806,458</b>	<b>100%</b>	

# FY 2026 General Fund

## \$624.4 Million



Largest investment is our work force:

- Full-year impacts of FY 2025 pay increases
- Phase 2 compensation adjustments
- Public Safety collective bargaining and staffing increases



# Where Your Property Taxes Go...



SCHOOL  
DISTRICT  
43%



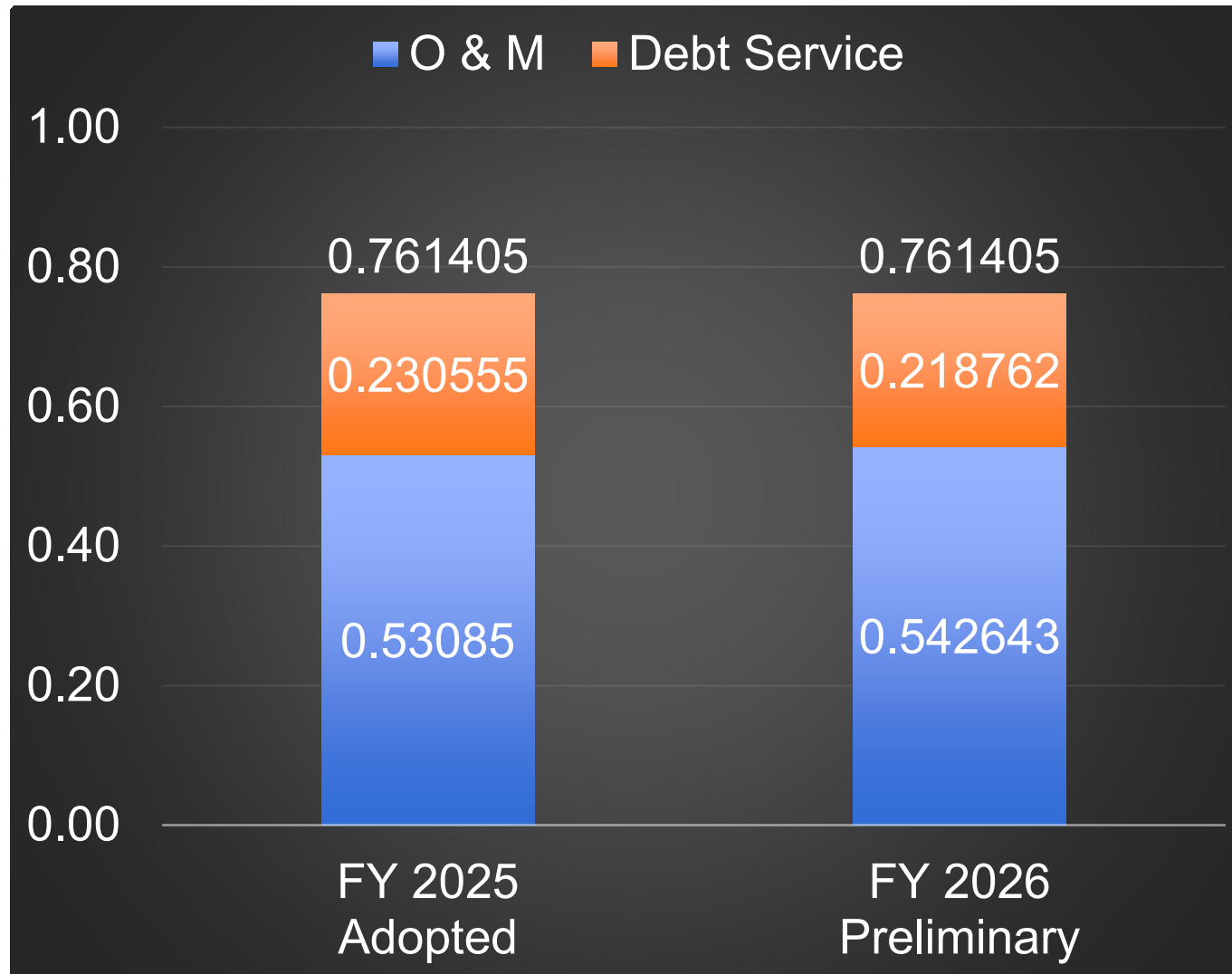
COUNTY/  
UMC  
24%



EPCC  
4%



CITY  
29%



**Recommending  
No Increase  
to Property  
Tax Rate**

# Debt Service Tax Rate

- Strategic actions to further reduce overall debt obligations
- Recently approved actions by Council will save \$9 million
- **Total of \$300 million reduction since 2022**
- **Lowest debt service property tax rate since 2012**

# Property Tax Impact

same

	FY 2025 Certified	FY 2026 Prelim.
Avg. Value Home	\$209,718	\$223,435
<b>Tax Rate</b>	<b>0.761405</b>	<b>0.761405</b>
Avg. Tax Bill	\$1,597	\$1,701
Preliminary Avg. Impact		\$104
Preliminary Avg. Impact/month		\$9

FY 2026 average value home is an estimate and final will not be received until July 25

FY 2026 tax rate is preliminary and will be dependent upon certified values to be received July 25

\$80 of the increase attributed to Police and Fire, due to:

- Pay increases and incentives
- Training academies for police officers (5 academies) and 911 Communications (6 academies)
- Transferring 48 Firefighter positions to the General Fund from expiring grant funding



# Additional Tax Relief – Over 65 and Disabled

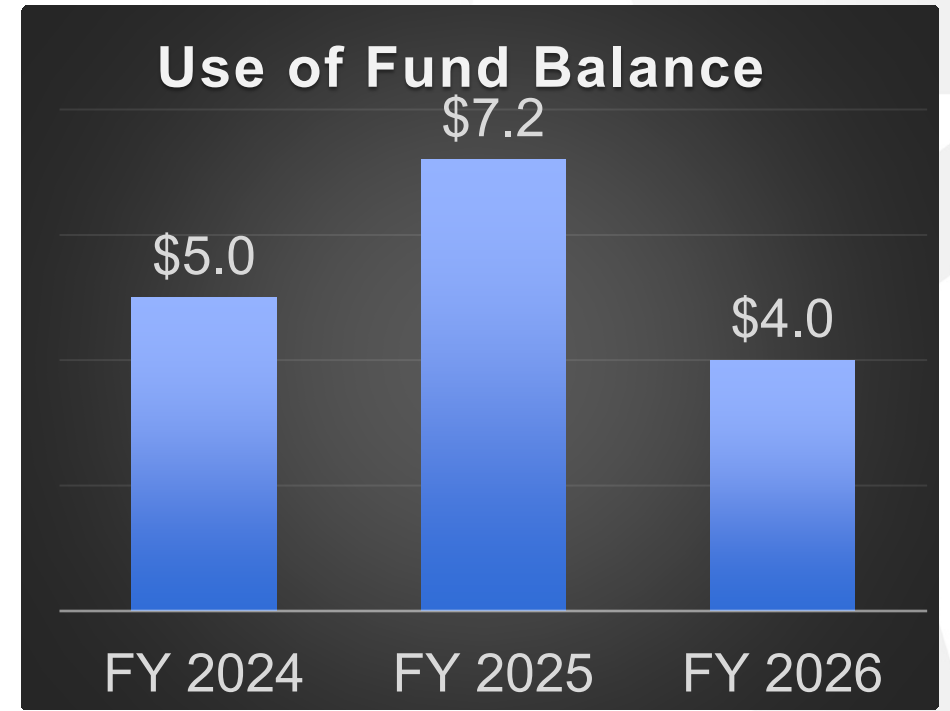
- Recommending an increase to tax exemption for individuals over 65 and disabled
  - From \$42,500 to \$45,000
  - Effective Jan. 1, 2025 (for tax bills to be mailed in Oct. 2025)
- City exemptions (homestead and over 65/disabled) will provide an average total of \$380 of tax relief for 56,610 homes

# New General Fund Revenue

- Council recently approved paying off remaining debt obligations for TIRZ #9
- TIRZ #9 to be dissolved on July 8
- Benefits:
  - Adds approx. \$2.0 million in annual revenue to General Fund
  - Saves \$4.4 million in interest costs
  - Unrestricts \$4.3 million in current fund balance in the zone

# General Fund Balance

- FY 2026 Budget reduces use of fund balance by \$3.2 million
- Future budgets should continue to decrease use to balance the budget



# Budget Highlights

- Planned increase in cadet graduates will get police staffing back to pre-COVID level
- Opening of two new fire stations and one new health clinic
- Additional funding for health services impacted by loss of federal grant
- Maintain \$10 million in pay-go for street resurfacing projects
- Adds an additional \$250K for lane striping and \$500K for park amenity replacements
- Consolidates Code Enforcement functions into a new department

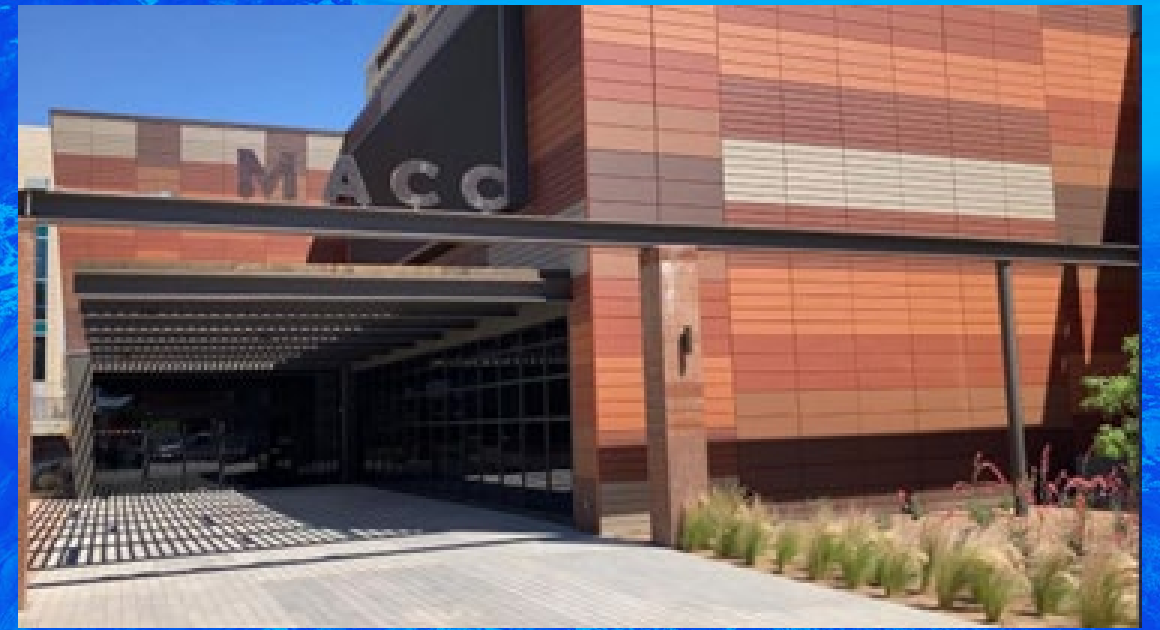


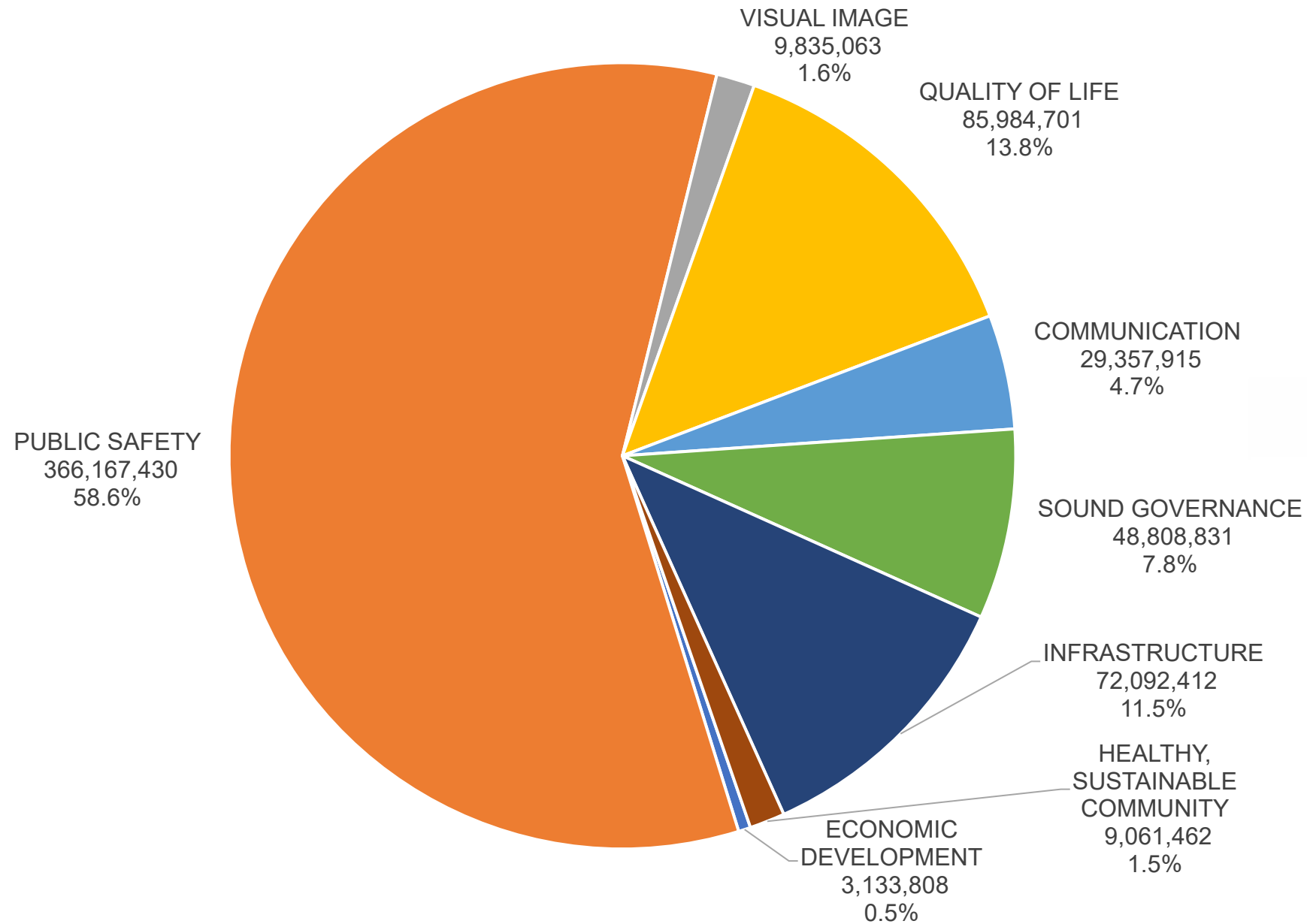
# City Manager Summary

- Significant efficiencies, savings, and adjustments incorporated to balance the budget
- Maintain and Improve Service Delivery
- Economic Uncertainty and Federal/State Legislative Impacts
- Structurally Balanced Budgets – reduce use of fund balance
- Avoid further Deferred Investment

# Section 2

## Robert Cortinas





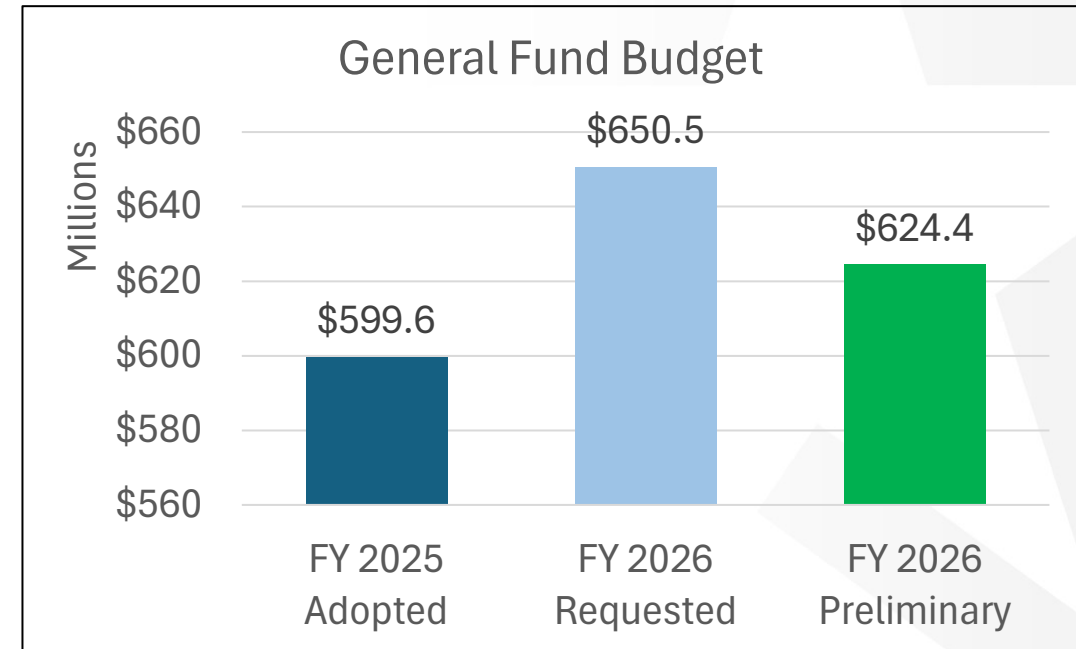
# FY 2026 General Fund Expenditures

# FY 2026 General Fund Expenditures

Expense Category	FY 2025 Adopted	FY 2026 Preliminary	\$ Variance	% Variance
PERSONAL SERVICES	428,675,038	447,671,204	18,996,166	4%
CONTRACTUAL SERVICES	60,188,910	64,350,373	4,161,464	7%
MATERIALS AND SUPPLIES	30,696,189	30,750,399	54,210	0%
OPERATING EXPENDITURES	31,837,937	35,127,803	3,289,866	10%
NON-OPERATING EXPENDITURES	1,927,834	1,844,122	(83,712)	-4%
INTERGOVERNMENTAL EXPENDITURES	1,665,542	1,575,530	(90,012)	-5%
OTHER USES	43,374,577	42,971,242	(403,335)	-1%
CAPITAL OUTLAY	1,269,137	150,948	(1,118,189)	-88%
<b>TOTAL EXPENDITURES</b>	<b>\$599,635,163</b>	<b>\$624,441,622</b>	<b>\$24,806,458</b>	<b>4%</b>

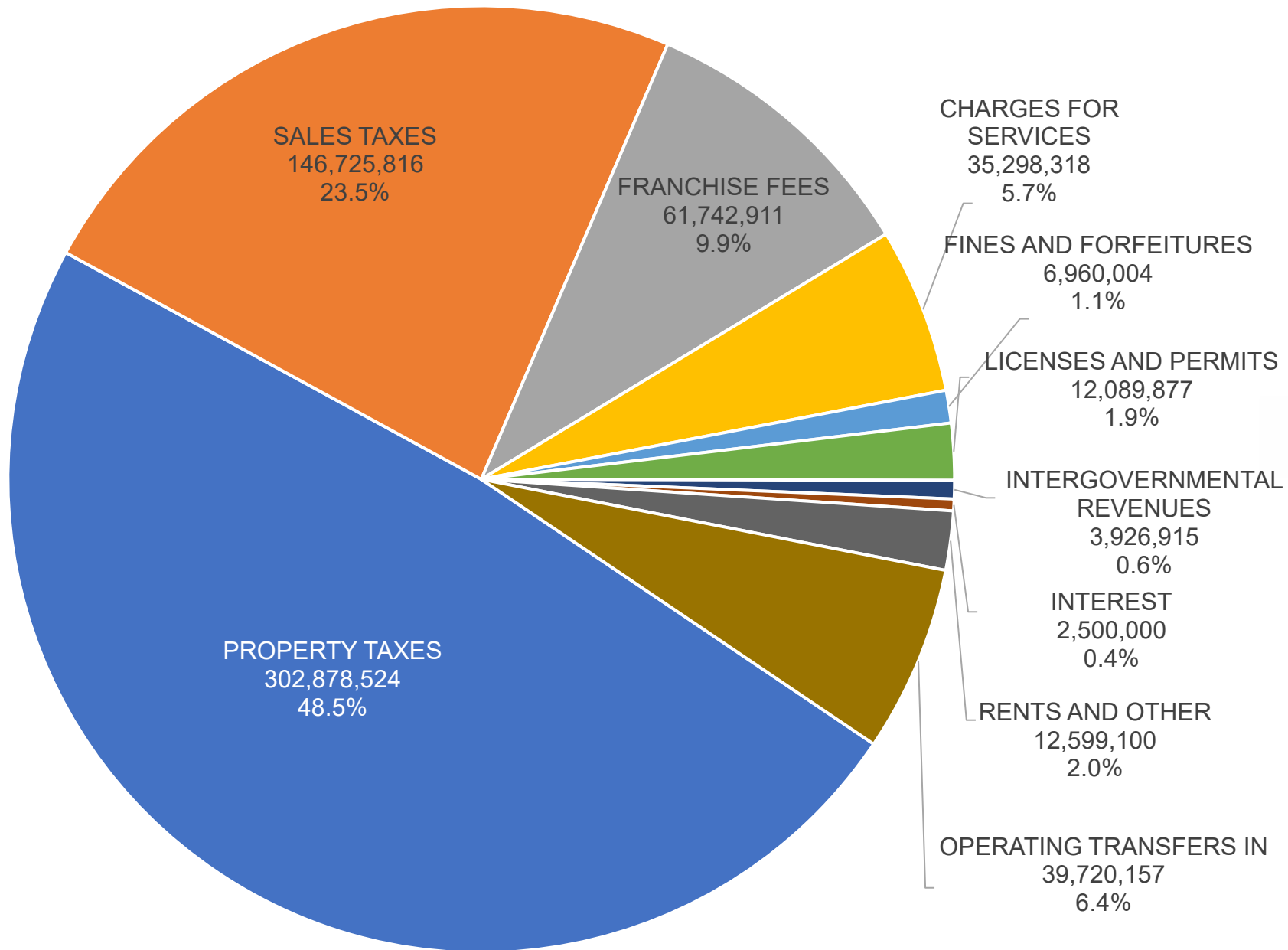
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Description	Amount
TIRZ 9 defeasance (dissolve)	(\$3.8) million
Shift Econ. Dev. Rebates to Auxiliary Fund	(\$3.0) million
Self Insurance Fund (prescription benefits rebates and workers comp. adjustment)	(\$5.0) million
Additional attrition (vacancy savings)	(\$2.0) million
Bridge Revenue (xfer Cash Differential Fund to GF)	(\$3.2) million
Information Technology contracts (reduced from requested)	(\$0.7) million
Capital (not pay-go)	(\$1.4) million
Transfer Code Enforcement from GF to Env. Fee (increase fee by \$1.50)	(\$3.0) million
Utilize investment interest earnings in various funds for pay-go and self insurance fund (healthcare)	(\$3.0) million
Various line-item reductions	(\$1.0) million
<b>Total</b>	<b>(\$26.1) million</b>

## FY 2026 General Fund Budget Adjustments to Balance



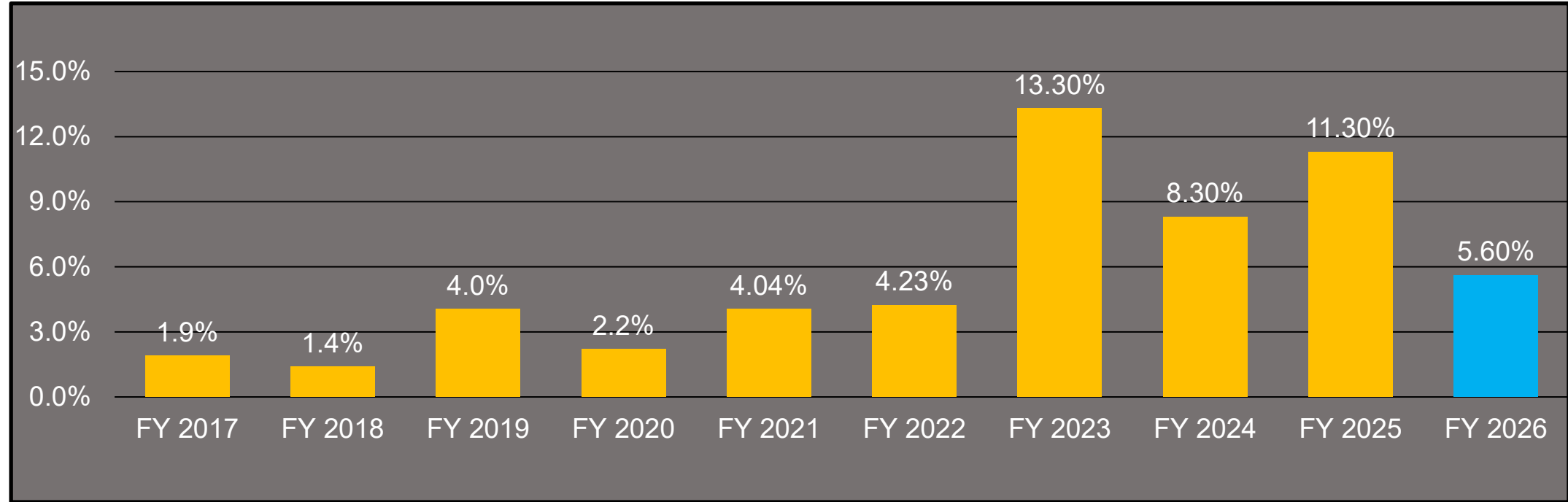
# FY 2026 General Fund Revenue



# FY 2026 General Fund Revenue

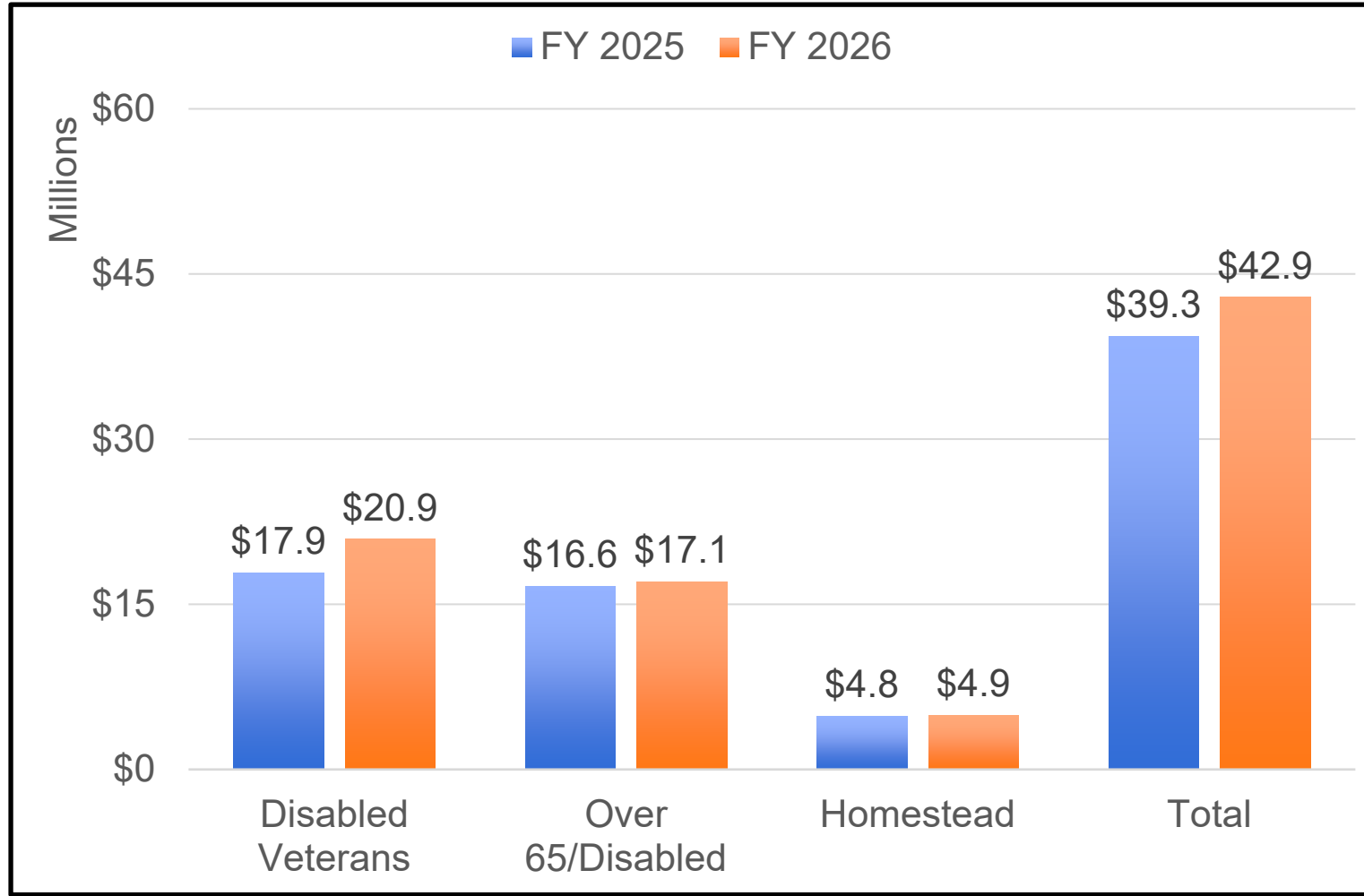
Revenue Category	FY 2025 Adopted	FY 2026 Preliminary	\$ Variance	
PROPERTY TAXES	277,572,261	302,878,524	\$25,306,263	No change in tax rate, 5.6% inc. in prop. values
SALES TAXES	140,926,534	146,725,816	\$5,799,282	Assumes 3.5% increase
FRANCHISE FEES	65,925,257	61,742,911	(\$4,182,346)	Texas Gas decrease, El Paso Electric increase
CHARGES FOR SERVICES	32,879,851	35,298,318	\$2,418,467	Ambulance service increase, Public Health Indirect Cost decrease
FINES AND FORFEITURES	8,201,497	6,960,004	(\$1,241,493)	No amnesty in FY 2026
LICENSES AND PERMITS	12,352,877	12,089,877	(\$263,000)	\$550K inc. in Hazmat, \$859K decrease in Planning & Inspections
INTERGOVERNMENTAL	3,135,548	3,926,915	\$791,367	Public Health Interlocal agreements
INTEREST	2,500,000	2,500,000	-	
RENTS AND OTHER	15,667,051	12,599,100	(\$3,067,951)	CID Revenue, Reimbursed expenditures decrease to align w/ actuals
OPERATING TRANSFERS IN	40,474,287	39,720,157	(\$754,130)	\$3.2M reduction in use of fund balance, inc. of \$2.5M from Bridges
<b>TOTAL REVENUE</b>	<b>\$599,635,163</b>	<b>\$624,441,622</b>	<b>\$24,806,458</b>	

# Taxable Property Valuations



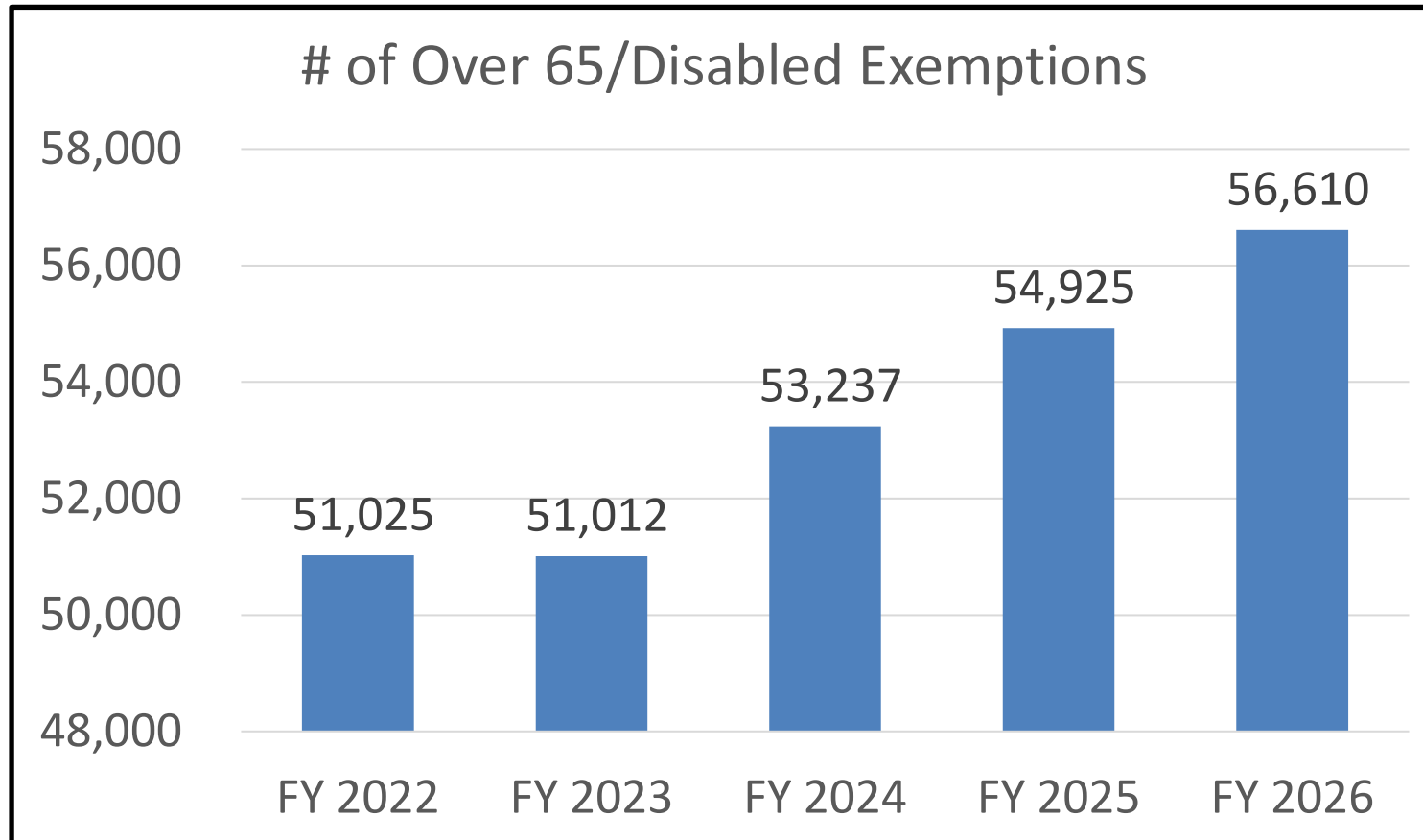
FY 2026 Certified Values will be received on July 25, 2025

# Property Tax Relief



- Total of \$42.9 million in property tax relief
- Increase of \$3.6 million, or 9.6%, from FY 2025

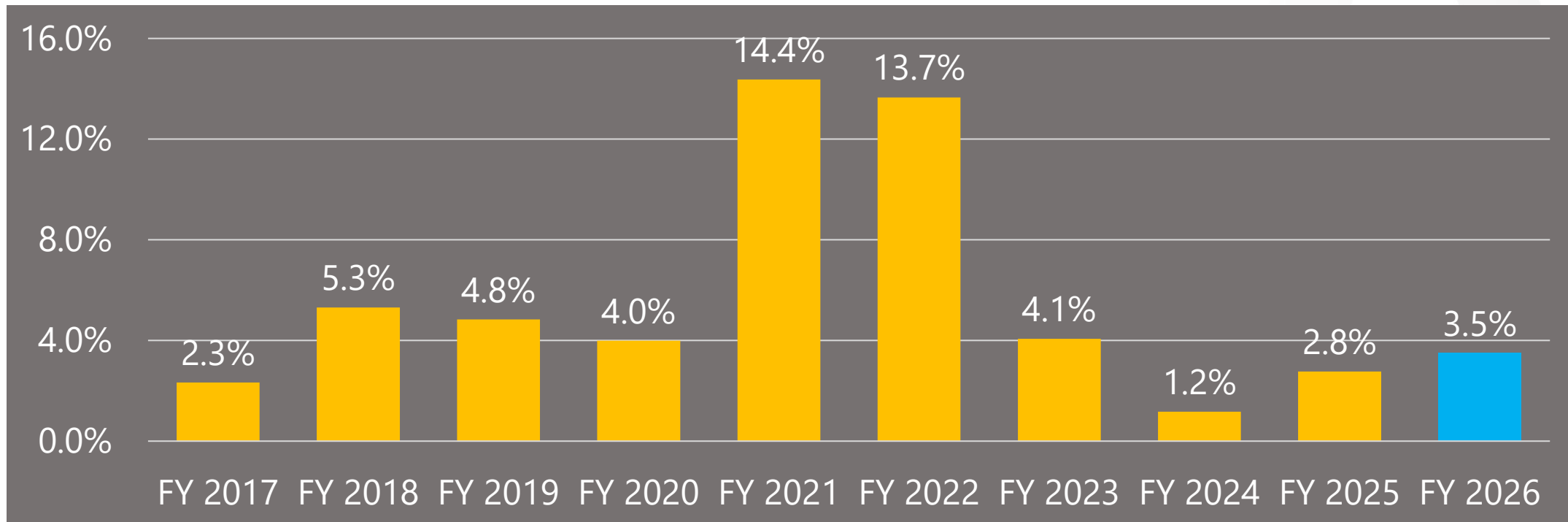
# Over 65 & Disabled Exemptions



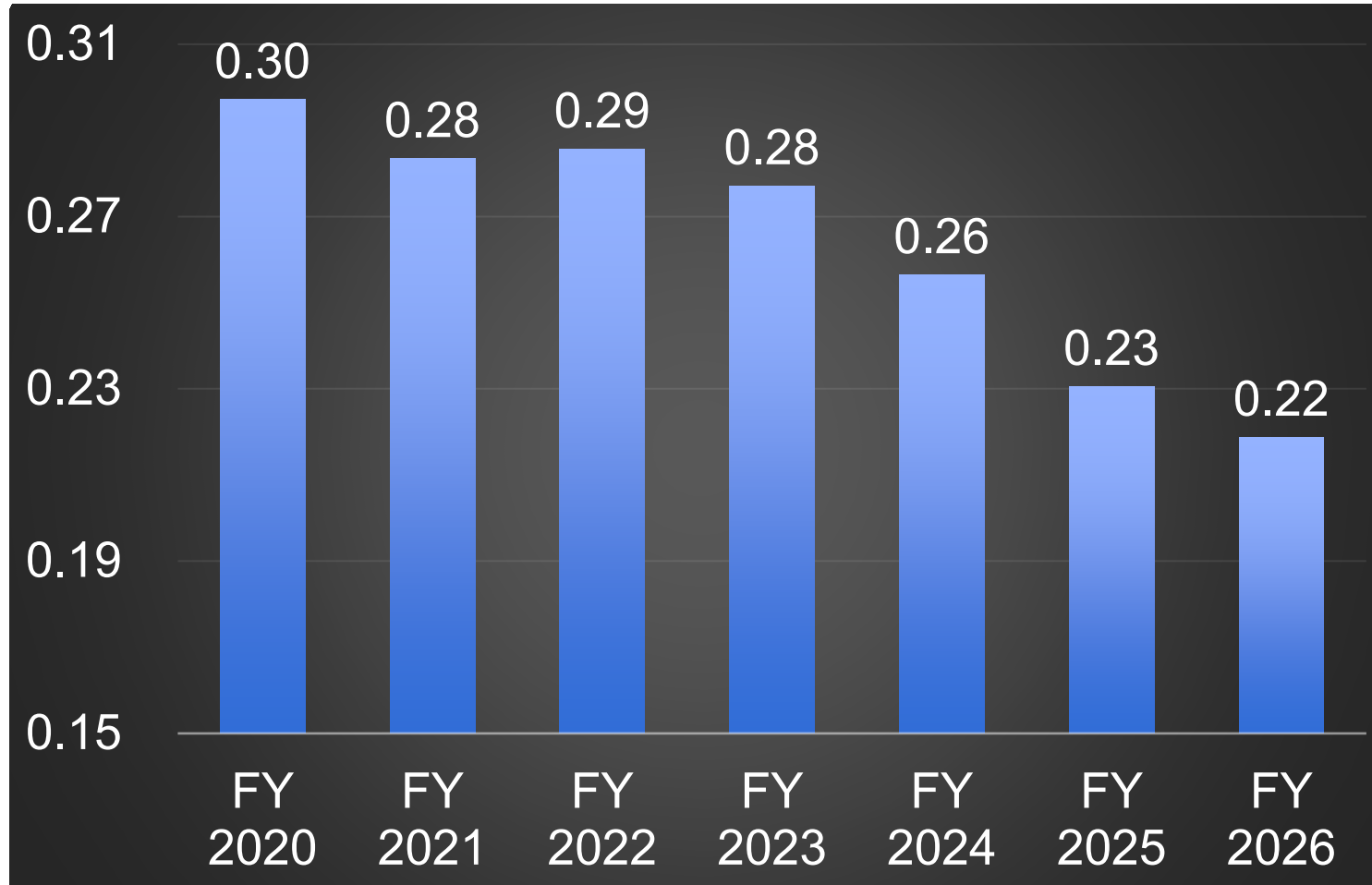
Registration forms can be found on the El Paso Central Appraisal District web site:

<https://epcad.org/Home/Forms>

# City Sales Tax

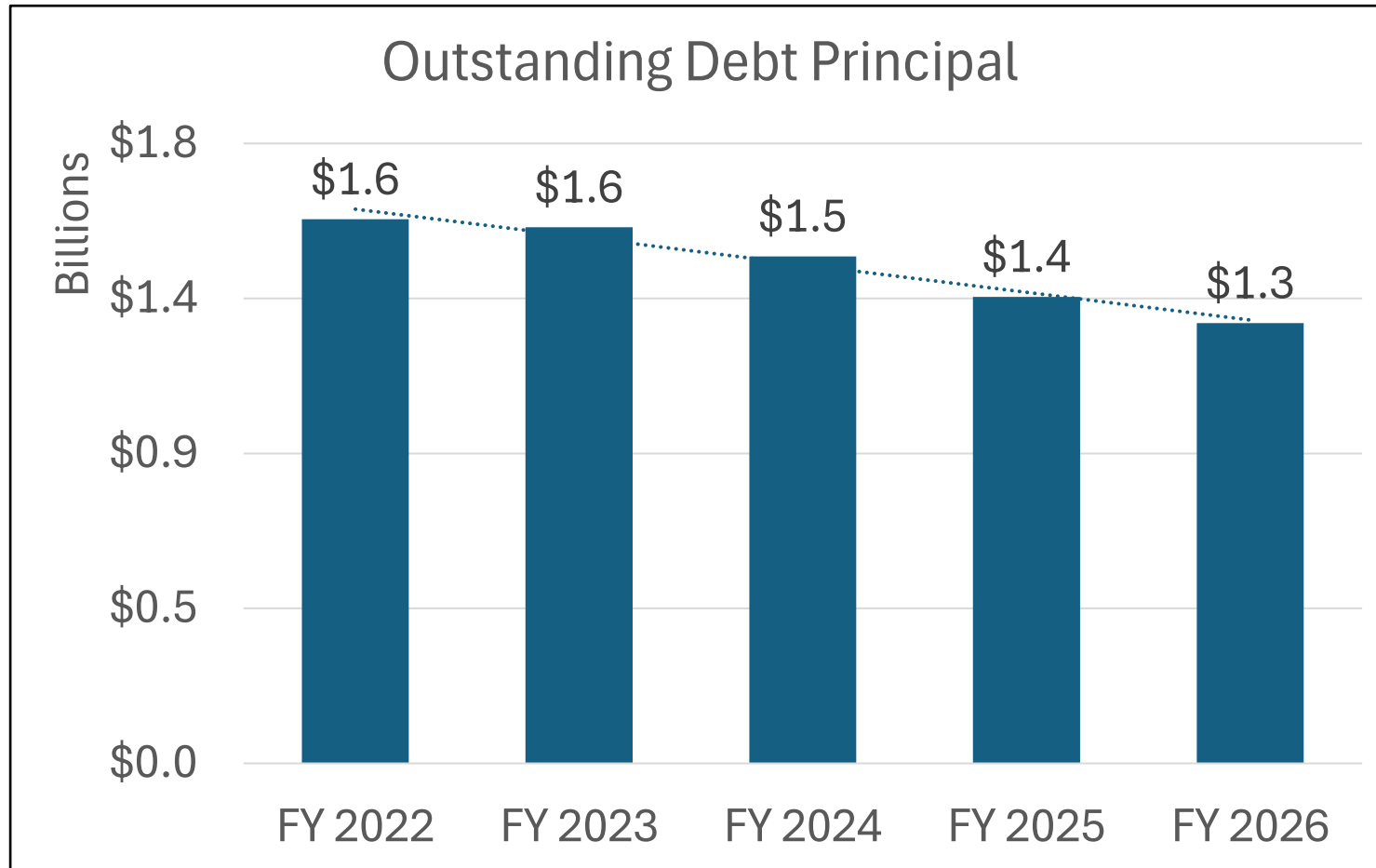


# Debt Service Tax Rate



- Reduced debt rate by 8 cents since 2020
- Lowest debt service tax rate since 2012

# Debt Service



- \$300 million, or 19%, reduction since 2022



# Annual Pay-Go Funding

Category	FY 2023	FY 2024	FY 2025	FY 2026
Police capital	\$3.0	\$4.2	\$4.2	\$4.2
Fire capital	\$4.0	\$5.2	\$5.2	\$5.2
Park amenities	\$1.0	\$1.0	\$1.0	\$1.5
Street resurfacing	\$10.0	\$10.0	\$10.0	\$10.0
Facility improvements	\$1.0	\$6.0	\$4.4	\$4.4
Vehicles/heavy equipment	\$1.0	\$5.0	\$3.6	\$3.6
<b>Total</b>	<b>\$20.0</b>	<b>\$31.4</b>	<b>\$28.4</b>	<b>\$28.9</b>

# FY 2026 All Funds

Fund Category	FY 2025 Adopted	FY 2026 Preliminary	\$ Variance	
GENERAL GOVERNMENT	599,635,163	624,441,622	24,806,458	Salaries, staffing, contracts, utilities
SPECIAL REVENUE	153,626,610	170,272,642	16,646,032	Police, Animal Svcs. Econ. Dev., Health
INTERNAL SERVICE	100,958,044	99,538,818	(1,419,226)	Self Insurance Fund
CDBG	12,881,680	13,360,121	478,441	
CAPITAL PROJECTS	23,852,044	24,295,050	443,006	
ENTERPRISE	321,110,483	330,005,226	8,894,744	Env. Svcs capital projects
DEBT SERVICE	120,983,893	121,347,422	363,529	
	<b>\$1,333,047,917</b>	<b>\$1,383,260,901</b>	<b>\$50,212,984</b>	

# Long-Term Budget Challenges

- Sustainable revenue growth to keep up with cost increases
- State legislative actions continued to chip away at City's authority, plus future lost revenue from 89th session
- Uncertainty surrounding Federal grants
- Addressing deferred investments through a sustainable funding plan (ex. streets, facilities, parks, information technology)

# Summary

- Fiscally responsible budget
- Maintains and/or improves service delivery through competitive wages
- Reduces use of fund balance
- Provides additional tax relief for seniors and disabled
- Maintains critical funding for facilities, vehicles, and streets
- Generates new revenue by paying off debt early and refinancing

## MISSION



Deliver exceptional services to support a high quality of life and place for our community.

## VISION



Develop a vibrant regional economy, safe and beautiful neighborhoods and exceptional recreational, cultural and educational opportunities powered by a high performing government.



## VALUES

Integrity, **R**espect, **E**xcellence,  
**A**ccountability, **P**eople



## MISIÓN



Brindar servicios excepcionales  
para respaldar una vida y un  
lugar de alta calidad para  
nuestra comunidad

## VISIÓN



Desarrollar una economía regional  
vibrante, vecindarios seguros y  
hermosos y oportunidades  
recreativas, culturales y educativas  
excepcionales impulsadas por un  
gobierno de alto desempeño



## VALORES

Integridad, Respeto, Excelencia,  
Responsabilidad, Personas