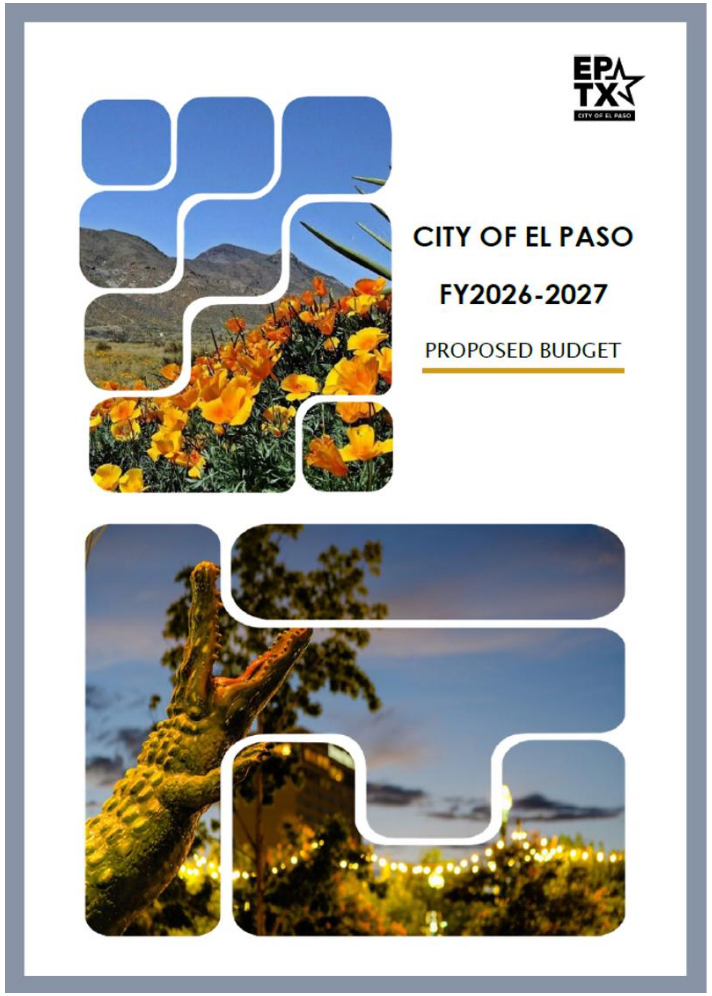
EP TX

CITY OF EL PASO

Presentation, discussion and action on the FY 2027 Proposed Budget

Agenda



1. Recap - FY 2027 Budget Timeline, Development, Highlights
2. Certified Property Values Summary
3. Impact to FY 2027 Proposed Budget
4. Recommended Adjustments to Proposed Budget and Tax Rate
5. Next Steps

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Budget Timeline

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May 27 & 28
Budget Workshops
(1st Round)

June 23
Budget Workshops
(2nd Round)

July 6
FY2027 Schedule C Fee Changes

July 24
Receive Appraisal Values

August 17
Public Hearing on Tax Rate

August 18
Budget Adoption

May | **June** | **July** | **August**

June 1-11
Community Meetings

July 17
Proposed Budget Filed

August 4
Introduce Tax Levy/Rate Ordinance

FY 2027 Budget Development

Fiscally Responsible Approach During Challenging Times

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- Commitment to maintaining high-quality public services
- Focus on long-term financial sustainability
- Budget increase driven primarily by:
  - Loss of property tax revenue from State action
  - Increasing public safety costs
  - Debt service for voter-approved bond projects
  - No use of fund balance (one-time revenue)

FY 2027 Budget Development
Efficiencies and Adjustments

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Cost Reduction Strategies

- Vacancies
  - 75% of vacant positions unfunded or will be deleted
- Use of Non-General Fund Resources
  - Utilized grant funds to cover a portion of Information Technology contract (Public Safety Focus)
- Departmental Budgets
  - Comprehensive reviews of expenditures and operational needs

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Budget Highlights

GOOD GOVERNANCE PILLAR:
Leadership that is responsive + reliable

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Identify and implement sustainable fiscal opportunities to support community priorities

- Alignment with recently **adopted Strategic Plan** ensures intentional focus on key community priorities
- Implementing **Program Based Budgeting** enhances transparency of all programs and services provided
- Reinforcing **long-term financial sustainability** ensures structural balance, operational efficiency, and responsible financial planning practices

Creating clear, accessible communication pathways for community input and engagement

- $1.5M for November elections
- Enhance resident-and business-facing digital communication and transparency by improving access to information, EP311 service request visibility, and updates on city initiatives

Budget Highlights

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ECONOMIC MOBILITY PILLAR:
Opportunity & prosperity that reflects El Paso

Activating workforce pathways toward livable wages

City of El Paso as employer

- $3.2M in regular adjustments to wages tied to the cost of living and additional certifications
  - $0.50 increase in minimum wage (from $15.75 to **$16.25**), or at least 2.5% effective September 20, 2026
- No increase to employee (non-uniform) healthcare contribution (9th consecutive year)

Budget Highlights

PUBLIC SAFETY PILLAR:
Protection and visibility are a baseline responsibility

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Recruiting and retaining first responders

- Wage and benefits increases according to Collective Bargaining Agreements
- $9.4M public safety (Police and Fire) vehicles and equipment replacement
- Planned 3 academies with 90 graduates for Police Department
- Planned 2 academies (one graduating in FY2027) with 45 graduates for Fire Department
- Transferring 18 police department positions and 19 Firefighters from non-general fund to general fund
- $2.5M for Crisis Intervention Team and Public Safety P-25 Radio System agreements

Tax Relief

- Community-Oriented Policing Services (COPS) grant provides $2.25M funding for 18 officers over three years
- SAFER (Staffing for Adequate Fire and Emergency Response) grant provides $2.6M funding over a three-year period

Budget Highlights

INFRASTRUCTURE PILLAR:
People, places, and daily life that feels connected

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Expanding street maintenance and roadway improvements

- $10M for street maintenance
- $4.9M citywide facility maintenance and improvements
- $2.1M for street related heavy equipment vehicle replacement
- $1.5M citywide vehicle replacement

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Budget Highlights

QUALITY OF LIFE PILLAR:
A city that is both livable and enjoyable

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Enhance environments that make daily life livable and enjoyable through welcoming spaces

- $1.5M for Parks & Recreation related amenity replacement and improvements
- $1.5M increase in Animal Services operational costs
- $920K for vehicles and heavy equipment for Eastside Sports Complex maintenance *(Funding from Public Improvement District)*

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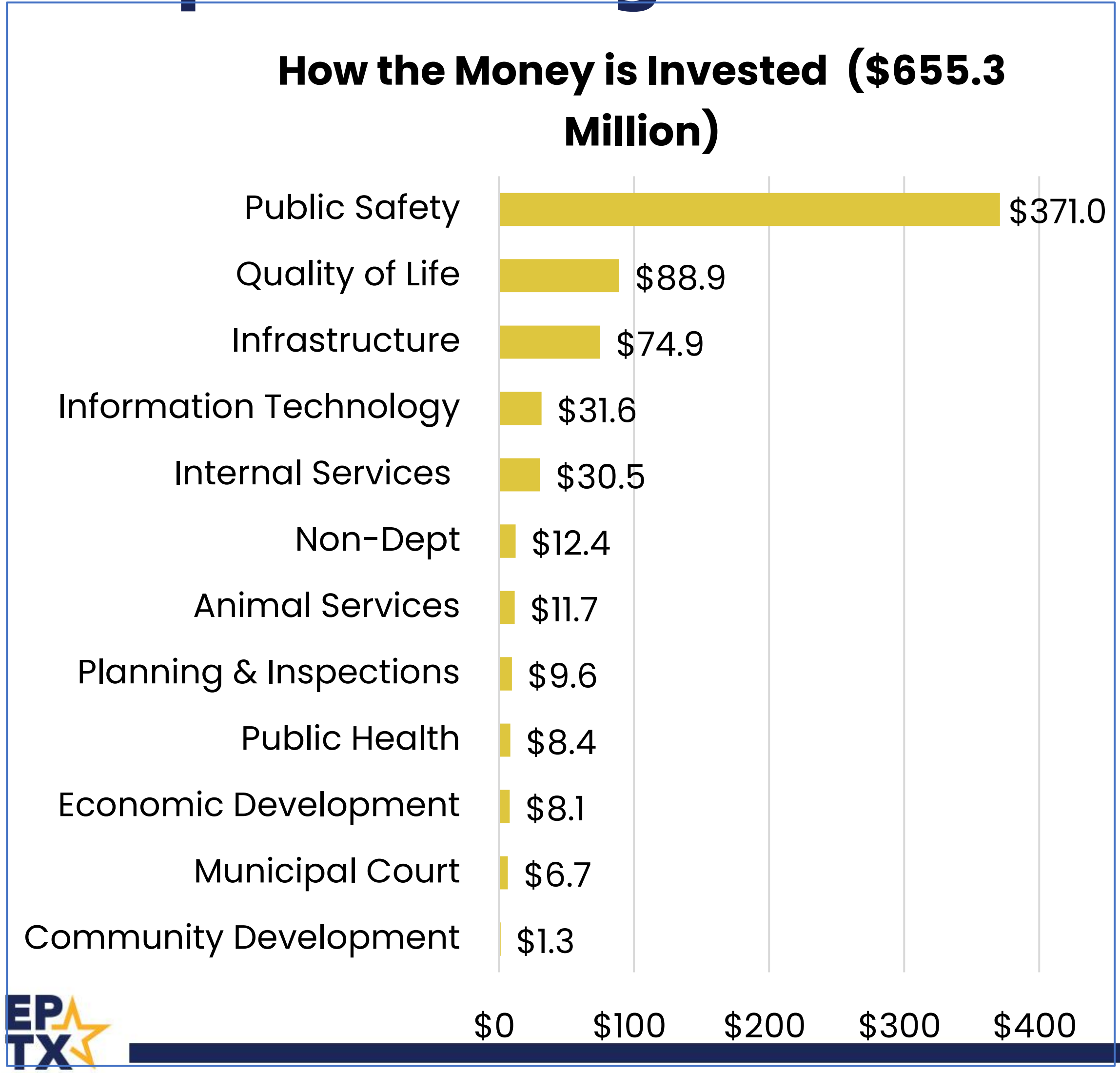
FY 2027 General Fund Proposed Budget



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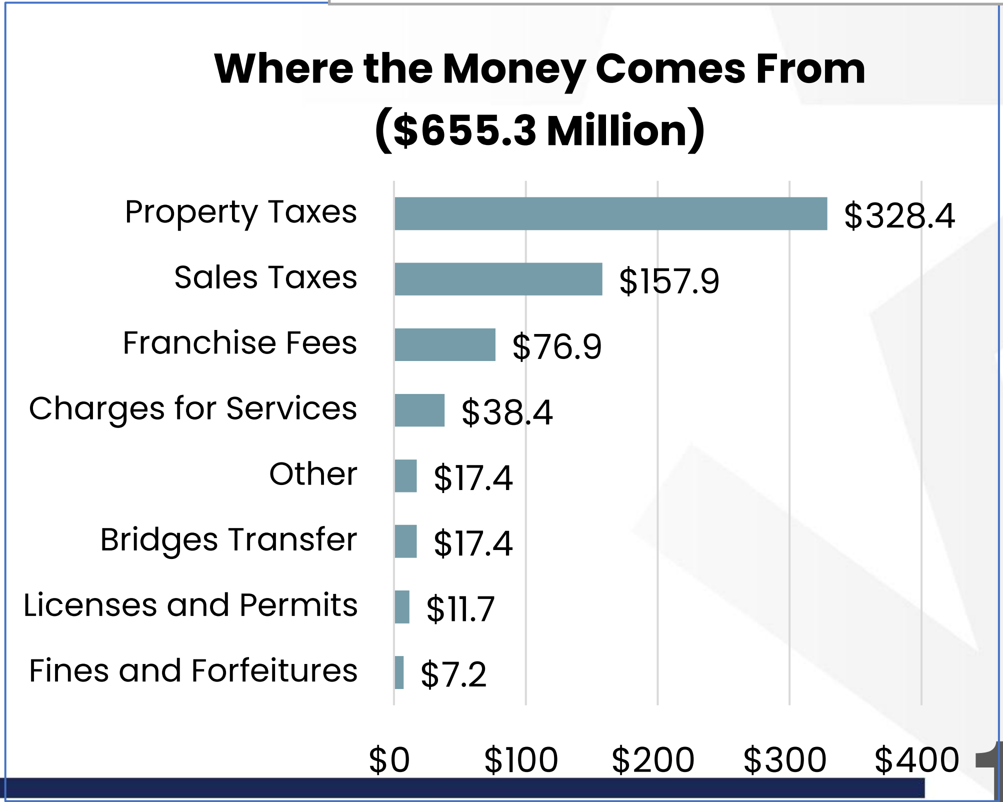

Budget Process Recap

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- May 27/28 – Budget Workshops
- June 1 to 11 – conducted 8 community presentations
- June 23 – Budget Workshop
    - Community Feedback
    - Operational savings review of three categories
    - Reviewed Council Budget Adjustments
    - “Welcome Center” discussion

Homelessness Response

$3.1M Federal Funding

FY 2027 Federal and State Investment in Homelessness:	FY 2027 Yearly Budget
El Paso Human Services Youth Homeless Shelter (Community Development Block Grant (CDBG))	$100,000
El Paso Human Services Youth Homeless Program Rapid Rehousing (Emergency Solutions Grants (ESG))	$125,000
El Paso Human Services (Homeless Housing and Services Program (HHSP))	$100,000
YWCA El Paso Del Norte Region Homeless Supportive Housing Programs (CDBG)	$100,000
YWCA El Paso Del Norte Region Empowering Unhoused Children with STEAM (CDBG)	$100,000
Child Crisis Center Emergency Shelter Services (CDBG)	$100,000
Opportunity Center Men and Women's Resource Center & Emergency Shelter (CDBG)	$100,000
La Posada Shelter (ESG)	$125,000
La Posada (HHSP)	$110,693
Project Vida (HHSP)	$100,000
Reynold's House Emergency Shelter (ESG)	$100,000
Amistad Homeless Prevention (ESG)	$100,000
Amistad (HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) - One-Time Funding Over 3 Years)	$991,875
Emergence Health Network Street Outreach (ESG)	$100,000
United Way (HOME-ARP, One-Time Funding Over 3 Years)	$761,875
Total	**$3,114,443**

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** Does not include ongoing Welcome Center operations.*

Welcome Center Needed Funding

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Operating Period	Estimated Total
September 2026 through February 2027	$380,000

**This funding would maintain the Welcome Center as a 24/7 access point within the El Paso Helps system for six months.*

Certified Property Values Summary

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- Certified values received on July 24, 2026 were 0.73%, or $414,999,429 lower than projected amount included in Proposed Budget
- Overall taxable growth of 2.2% compared to last year
- Average value homestead increased from $230,581 to $232,669, or $2,088 (Proposed Budget estimated $6,678 increase)

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Average Single-Family Home

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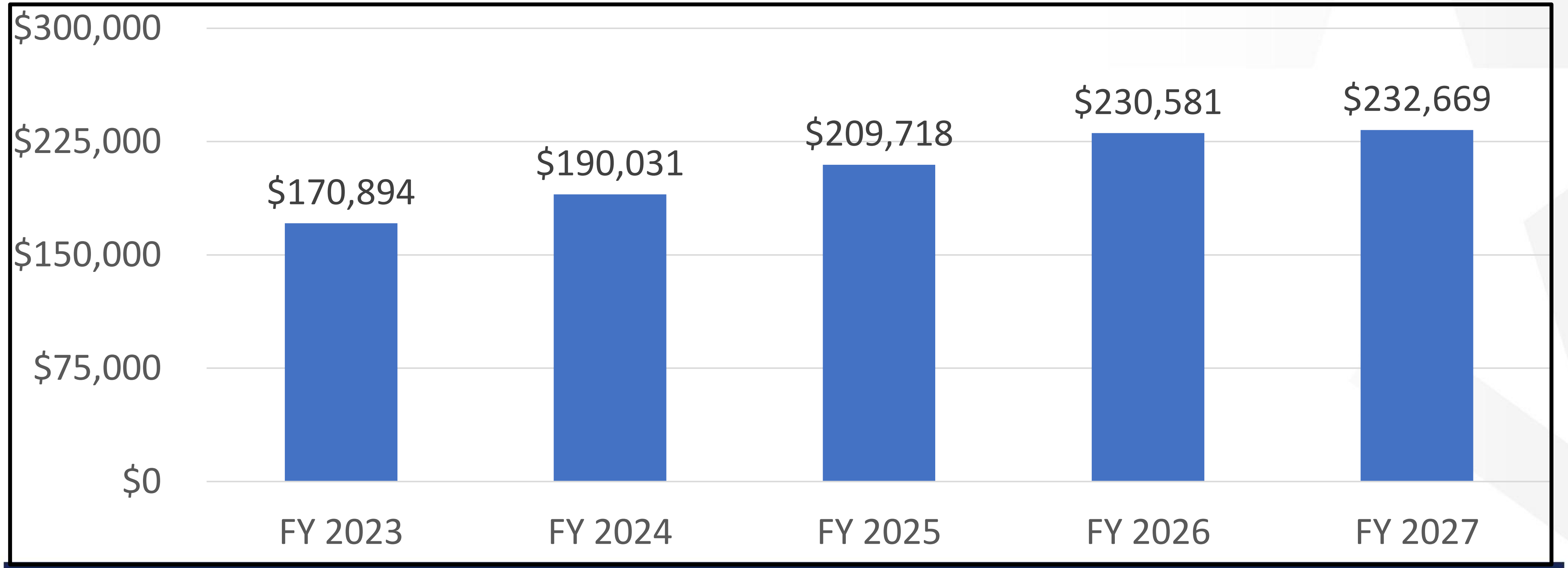

Property Tax Relief - State and Local Tax Exemptions

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	FY 2026	FY 2027	$ Variance
Bus. Personal Property	-	6,779,391	6,779,391
Disabled Veteran	21,555,551	26,661,730	5,106,179
Over 65/Disabled	18,294,441	19,679,475	1,385,034
Homestead	4,957,971	5,237,351	279,380
Total	**$44,807,963**	**$58,357,947**	**$13,549,983**

Proposed Budget Changes Resulting from Certified Values

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	FY 2027 Proposed	FY 2027 Based on Certified Values	$ Change
General Fund	$327,249,568	$321,972,237	($5,277,331)
Debt Service	$122,917,018	$120,849,753	($2,067,265)
TIRZ/TRZ	$4,665,596	$4,625,867	($39,729)
Total	**$454,832,182**	**$447,447,857**	**($7,384,325)**

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Budget Challenges FY 2027 and Beyond

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- Public Safety Collective Bargaining (4-year agreements)
  - Fire Collective Bargaining – current on-going negotiations (agreement expires 8/31/2026)
  - Police Collective Bargaining – contract expires Aug. 31, 2027
- Preservation of fund balance is critical ($7 million used in FY 2025 and recent $8 million legal settlement)
- State legislative - potential future impact on revenue limitations

Recommended Adjustments to Proposed Tax Rate

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- Increase Proposed property tax rate by an additional 2.6 cents per $100 valuation
  - 0.9 cent to offset impact from lower than anticipated certified values
  - 1.7 cents will generate $9.7 million in additional property tax revenue

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Property Tax Rates

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	O & M	Debt	Total
FY 2026 Adopted	0.549469	0.210180	0.759649
FY 2027 Recommended	0.596011	0.213476	0.809487
FY 2026 Adopted/FY 2027 Recommended Variance	0.046542	0.003296	0.049838

* Based on certified values received on July 24, 2026

Voter-Approved Property Tax Rate Impacts

Exemptions and Local Debt

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		Tax Rate Impact	Annual Impact on $232,669 Home
State	Business Personal Property Exemption (New)	1.19 cents	$27.69
State	Disabled Veterans Exemption	0.90 cents	$20.94
Local	Voter - Approved Debt Service (no issuance last 3 years)	0.79 cents	$18.38
	Total Impact	**2.88 cents**	**$67.01**

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Average Homeowner Impact
(Recommended Tax Rate)

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	# Exemptions	Annual Impact	Monthly Impact
Homestead	141,783	$132	$11
Over 65/Disabled	58,918	$110	$9
Avg. Disabled Veteran*	28,492	$5	$0.42

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Recommendation/ Requested Action

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1. Introduce tax rate of .809487 (agenda item #)
2. Allocate the additional $9.7 million as follows:
   - $0.7 million for Streetlight and Park Light Illumination Program
   - $1.0 million for fleet replacement (Animal Services)
   - $8.0 million for Contingency (fund balance, public safety collective bargaining impacts, or other Council priorities)

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Street and Park Lighting Maintenance Program

Allocate $700K

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Return on Investment

- Faster response: 24–48 hrs for safety issues; 90% completed on time
- Improved public safety, park usability, and customer satisfaction
- Reduced contractor dependence by building in-house capability
- Longer asset life through preventive maintenance, lowering future replacement costs

Program Delivery

- Capacity: ~600 unique work orders annually initially; scalable to ~1,300 requests/year.
- Covers repairs, preventive maintenance, sports field lighting; excludes capital projects and new installations.

Fleet replacement (Animal Services)

Allocate $1.0M

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- 66%, 23 out of 35, of Animal Protection Officer Vehicles are over 10 years old
- Adoption/Multi-purpose Bus
    - Over 10 years old and frequently breaks down
    - 30 events declined this summer due to vehicle condition
- Allocation would be used to replace 6 Animal Protection vehicles and the adoption/multi-purpose bus

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Fire Collective Bargaining Current Status

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- Negotiations Meetings Started – 4/17/2026
- Most Recent Meeting – 7/23/2026
- City's most recent proposal was $43M increase over 4-year contract
  - Year 1 – FY 2027 – The increase is $7.7M
  - Years 2 – 4 (FY 2028 – FY 2030) - Average increase of $11.7M each year
- Union has submitted a counterproposal that has being reviewed

FY 2026 Budget Process Next Steps

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- **August 17** – Public Hearing on the Tax Rate
- **August 17** – Public Hearing on the Proposed Budget
- **August 18** – Budget and Tax Rate Adoption

EP TX CITY OF EL PASO

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, Respect, Excellence, Accountability, People

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