



Multi-Year Financial Outlook (2026-2030)

March 17, 2025



Agenda

- Purpose of long-range plan
- Budget balancing – last 2 years
- Key Strategic Objectives
- FY 2026 – 2030 Revenue
- FY 2026 – 2030 Expenditures
- Budget timeline



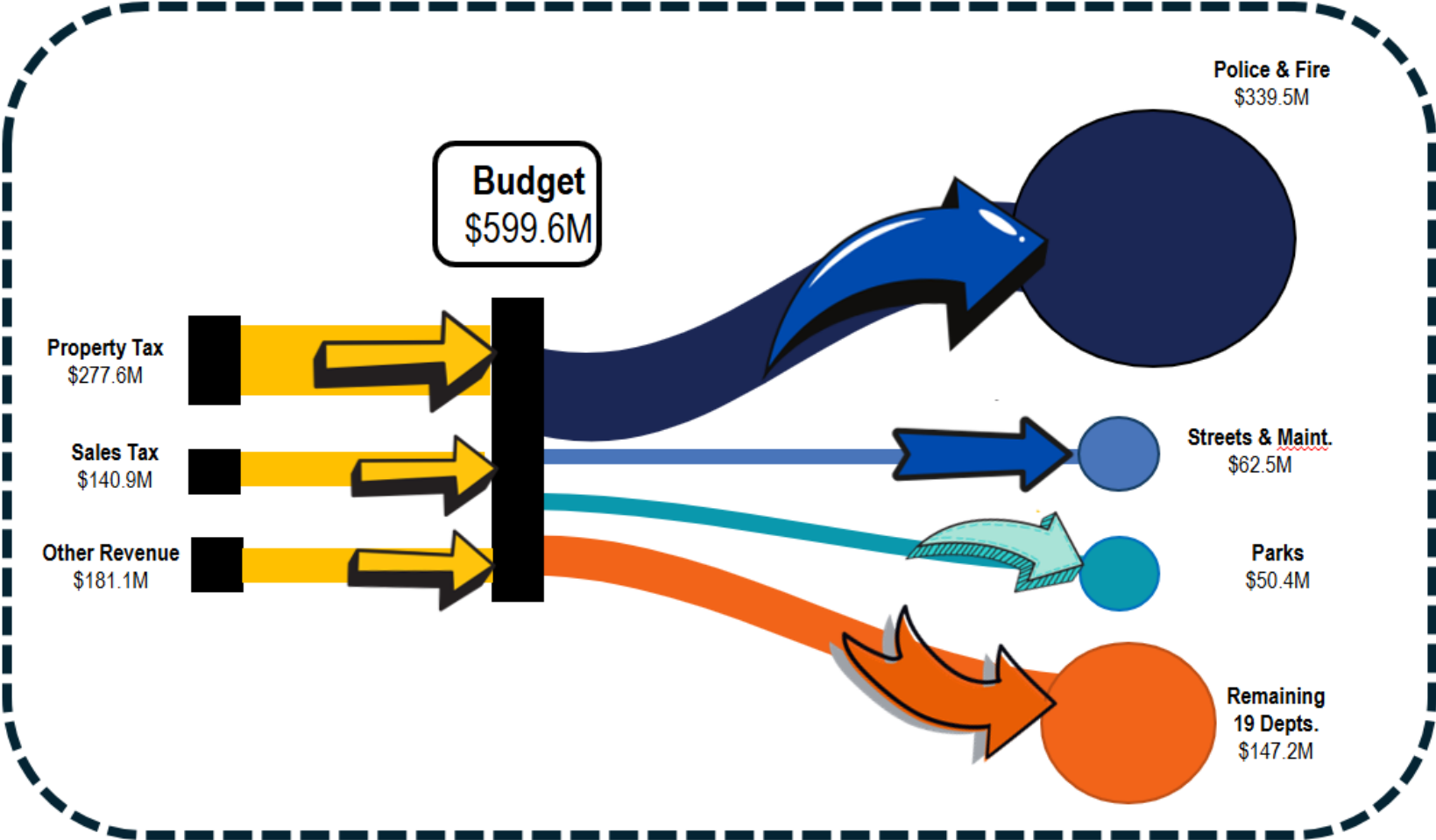
Purpose of Multi-Year Financial Outlook

- Provides the ability to proactively address the issues identified
- Allows Council to focus on long-term objectives, encourages strategic thinking, and promotes overall awareness for fiscal management
- Serve as a planning tool and not a budget - estimates are based on early and preliminary information that will be refined and adjusted
- Highlights strategic challenges of customer expectations with limited resources

Balancing the Budget

- Property taxes are limited by the State (further limited since 2019)
- Sales tax revenue is volatile and local rate is currently at the State maximum
- Fees and charges have limitations and/or restrictions
- The community has expectations about the quantity and quality of services the City provides
- Uncertainty surrounding federal, state, and local economic condition

FY 2025 General Fund Budget



FY 2024 & 2025

No Tax Increase Budgets

- Required inadequate adjustments to meet prior Council direction
 - Fund Balance – one-time revenue
 - Unfunded vacancies – increased from previous year
 - Decreased funding for facilities, vehicles, and equipment
 - No debt issuances
 - ARPA – COVID Federal financial assistance funding key programs

Budget Uncertainty Going Forward

- Federal financial assistance (grants, loans)?
- Economic slowdown (sales tax, bridge revenue, building permits, etc.)?
- Elimination of tax-exempt bonds (impact on remaining voter-approved debt)?
- State legislative impacts on property tax revenue?
- Police and Fire unfunded pension liability?



Multi-Year Financial Outlook



Purpose of Multi-Year Financial Outlook

- Remember – **this is not a budget.** It serves as a planning tool
- Estimates include various assumptions and are based on preliminary information that revised
- Highlights challenges of projected cost drivers with limited revenue growth



Balancing the Budget...

Generate More
Revenue (minimize
impact to taxpayers)



Reduce
Costs (minimize impact
on services)



Budget Priorities

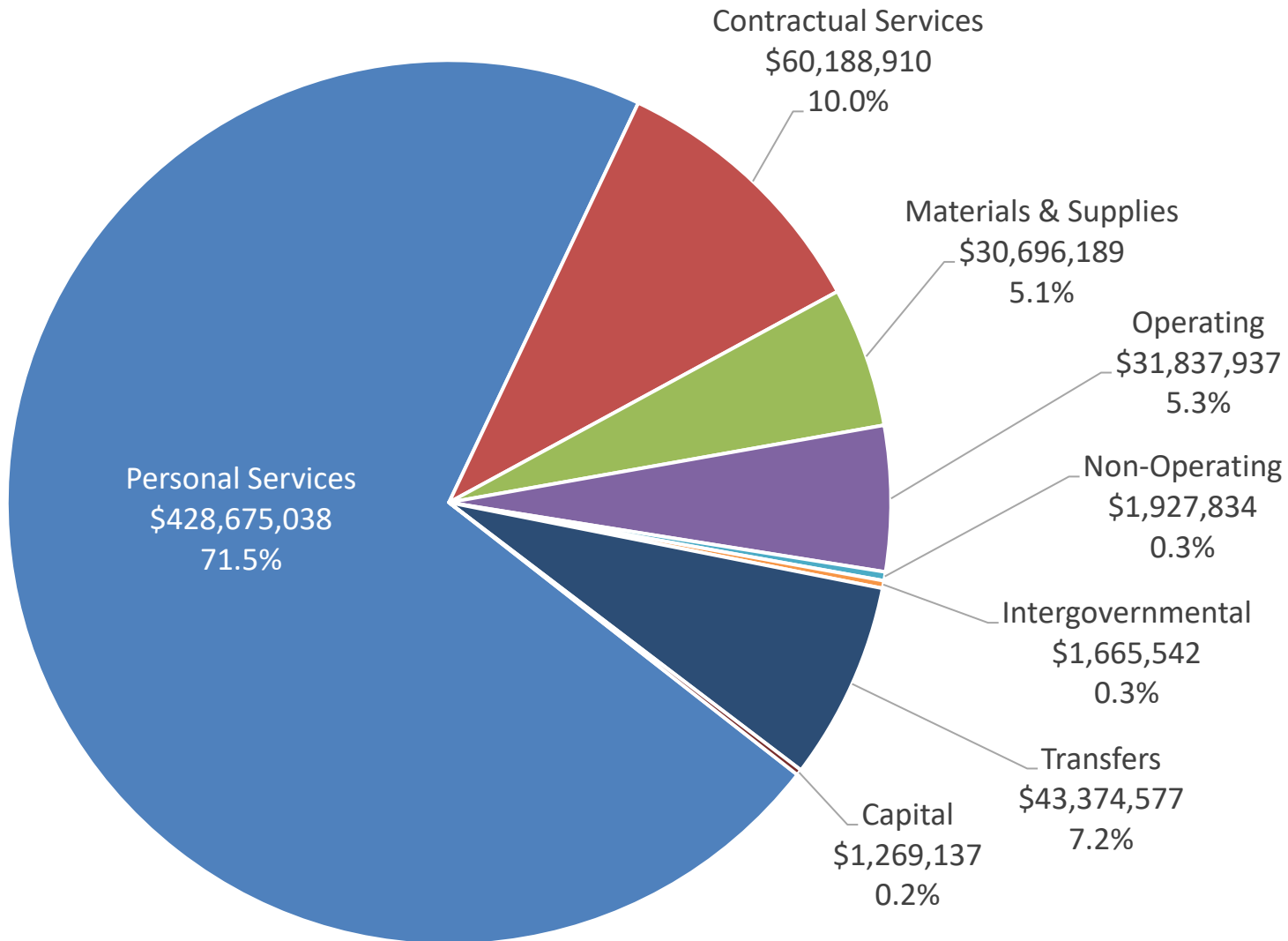
Strategic Objectives

- Workforce – public safety staffing, compensation, benefits, professional development
- Infrastructure – streets, Bond projects, maintenance plans, parks masterplan, comprehensive and affordable housing plan
- Community and Economic Development – Supply El Paso, BOSS, Airport development, Regional Economic Development Strategy
- Community Experience – Program Based Budgeting, Code Enforcement, Animal Shelter, EP 311, Federal impacts on local programs

FY 2026 – FY 2030 Budget Impacts

- Property valuation growth returning to historic avg.
- Sales tax slow down and return to historic avg.
- Expanding Services – public safety and quality of life bond project facilities
- Public Safety staffing and collective bargaining agreements
- Workforce Investments – pay, healthcare, and other benefits
- Inflationary impacts on contracts, materials, supplies, etc.
- Remaining debt issuance for voter-approved projects

General Fund Budget



Largest cost driver is related to employee salaries, benefits, and taxes, which account for 72% of the budget

FY 2026 – FY 2030 MYFO



	FY 2025	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
	Adopted	Projection	MYFO	MYFO	MYFO	MYFO	MYFO
REVENUE							
PROPERTY TAXES	277.6	279.2	295.5	310.6	323.8	337.4	351.8
SALES TAXES	140.9	140.3	147.6	152.9	159.7	165.9	172.3
FRANCHISE FEES	65.9	61.6	60.9	55.2	56.7	55.9	54.9
CHARGES FOR SERVICES	32.9	33.4	33.2	33.0	33.5	33.4	33.4
FINES AND FORFEITURES	8.2	8.2	7.2	6.6	7.0	7.0	7.0
LICENSES AND PERMITS	12.4	12.6	13.1	12.4	13.1	13.1	13.0
INTERGOVERNMENTAL	3.1	3.5	3.2	2.8	2.8	2.8	2.8
INTEREST	2.5	3.8	2.5	2.5	2.5	2.5	2.5
RENTS AND OTHER	15.7	15.6	13.1	13.5	13.9	14.3	14.6
OPERATING TRANSFERS IN	40.5	40.1	36.8	37.8	37.8	37.8	37.8
TOTAL REVENUE	\$599.6	\$598.3	\$613.0	\$627.3	\$650.7	\$670.0	\$690.1
EXPENDITURES							
PERSONAL SERVICES	428.7	427.3	458.0	472.1	487.6	499.5	512.9
CONTRACTUAL SERVICES	60.2	60.0	56.4	56.2	58.9	59.3	61.5
MATERIALS AND SUPPLIES	30.7	29.2	28.7	29.4	30.4	31.3	31.9
OPERATING	31.8	34.1	32.3	32.9	34.0	34.7	35.6
NON-OPERATING	1.9	1.4	1.8	1.8	1.9	1.9	1.9
INTERGOVERNMENTAL	1.7	1.5	1.1	1.2	1.2	1.3	1.3
TRANSFERS OUT	43.4	43.4	43.4	43.4	43.4	43.4	43.4
CAPITAL OUTLAY	1.3	1.4	0.6	0.6	0.7	0.7	0.8
TOTAL EXPENDITURES	\$599.6	\$598.3	\$622.3	\$637.7	\$658.0	\$672.1	\$689.3
NET			(\$9.4)	(\$10.5)	(\$7.3)	(\$2.0)	\$0.8

FY 2026 - 2030 General Fund Forecast

Projected Major Cost Drivers

(\$ in Millions)	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030
Police and Fire Steps/COLA	\$2.8	\$8.5	\$6.9	\$6.6	\$6.5
Police and Fire Academies	\$2.0	-\$1.0	\$1.8	-\$1.4	\$0.0
Civilian Compensation Increases	\$12.3	\$3.2	\$3.4	\$3.6	\$3.8
IT Contracts	\$0.5	\$0.6	\$0.6	\$0.6	\$0.6
Utilities	\$1.9	\$0.5	\$0.9	\$0.7	\$0.8
Total	\$19.4	\$11.8	\$13.7	\$10.1	\$11.7

*3 Police Academies planned for each year – Due to the length of the academies, costs may span between fiscal years





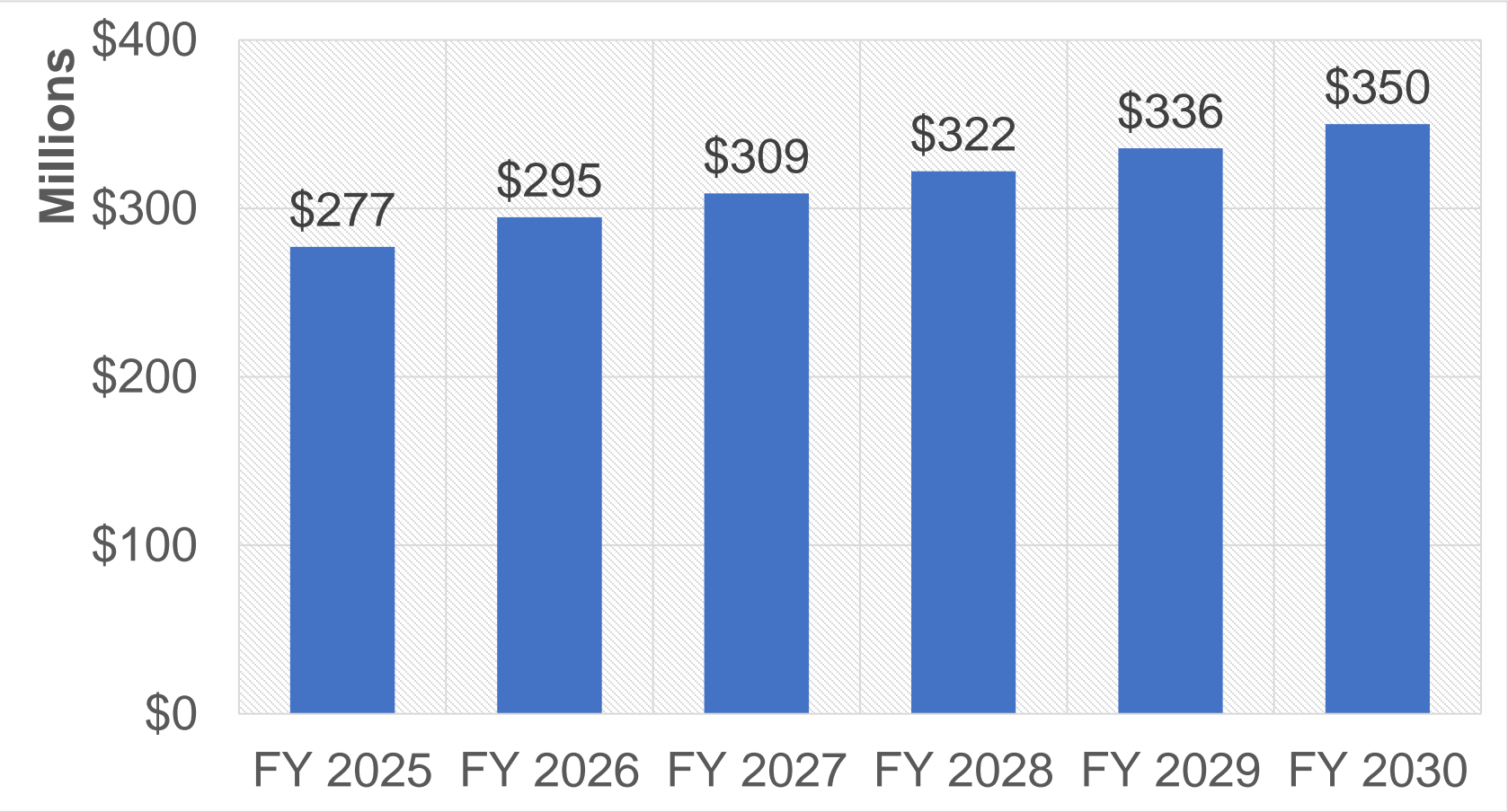
MYFO Revenues



Future Revenue Assumptions

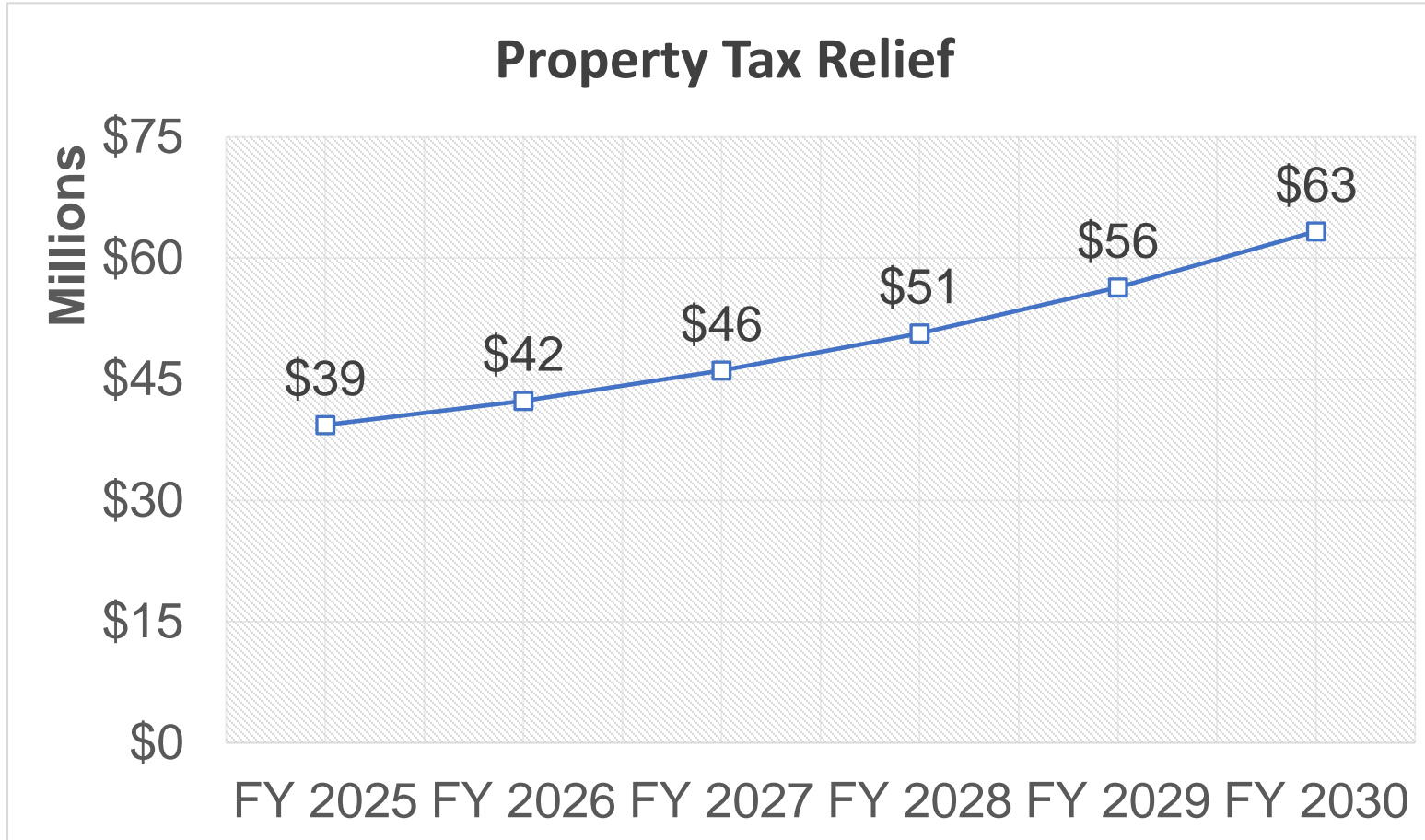
- Property Taxes
 - Projected annual growth of 4.8%
 - O&M Tax Rate stays the same in future years
 - Total valuation loss due to exemptions (over 65, disabled, disabled veterans)
- Sales tax growth
 - Projected annual growth of 4.0%
 - Local, regional, national economic analysis

Property Tax Revenue



Property Tax revenue projected to grow on average 4.8% annually

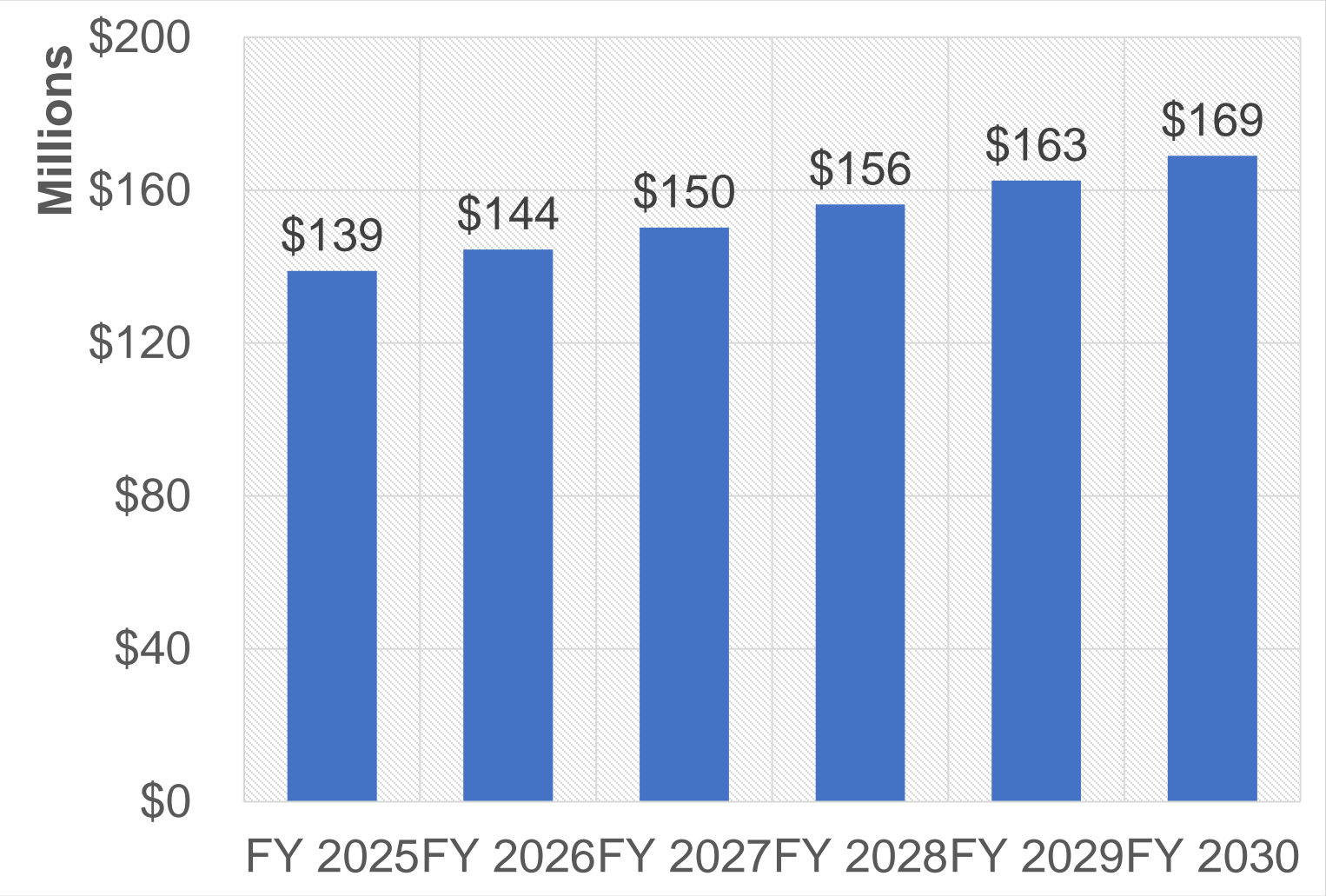
Property Tax Relief (\$ in Millions)



Assumes future # of exemptions for:

Homestead, Over 65, Disabled, and Disabled Veterans/Spouses

City Sales Tax



Sales Tax revenue projected to grow on average 4.0% annually



FY 2025 Actual is projected year-end amount



MYFO Expenditures



Public Safety

- Police and Fire Collective bargaining agreements
- Staffing plans – growth requirements for new facilities
- Public safety bond operating costs
- Maintaining \$9.4 million annual pay-go for vehicles/equipment

Civilian Compensation

- Full-year impact of minimum wage increase from \$13.11 an hour to \$15.75 an hour (20% increase)
- Next stages of compensation strategy
 - Compression adjustments – due to recent min. wage increase
 - Professional Managerial/Executive adjustments
 - Future across-the-boards for all civilians

Infrastructure and Capital

Forecast maintains annual pay-go funding at current budget

	Current Budget	Annual Need
Street Resurfacing	\$10,000,000	\$46,000,000
Facility Improvements	\$4,400,000	\$25,000,000
Vehicles/Heavy Equip.	\$3,600,000	\$8,500,000
Park Amenities	\$1,000,000	\$3,000,000
Grant Match	\$0	\$12,000,000
Infor. Tech. Capital	\$0	\$4,000,000
Total	\$19,000,000	\$98,500,000

Other Increases

- Increase in contractual services and materials/supplies
- Increase in utilities
- Central Appraisal District – appraisal services
- Information Technology contracts

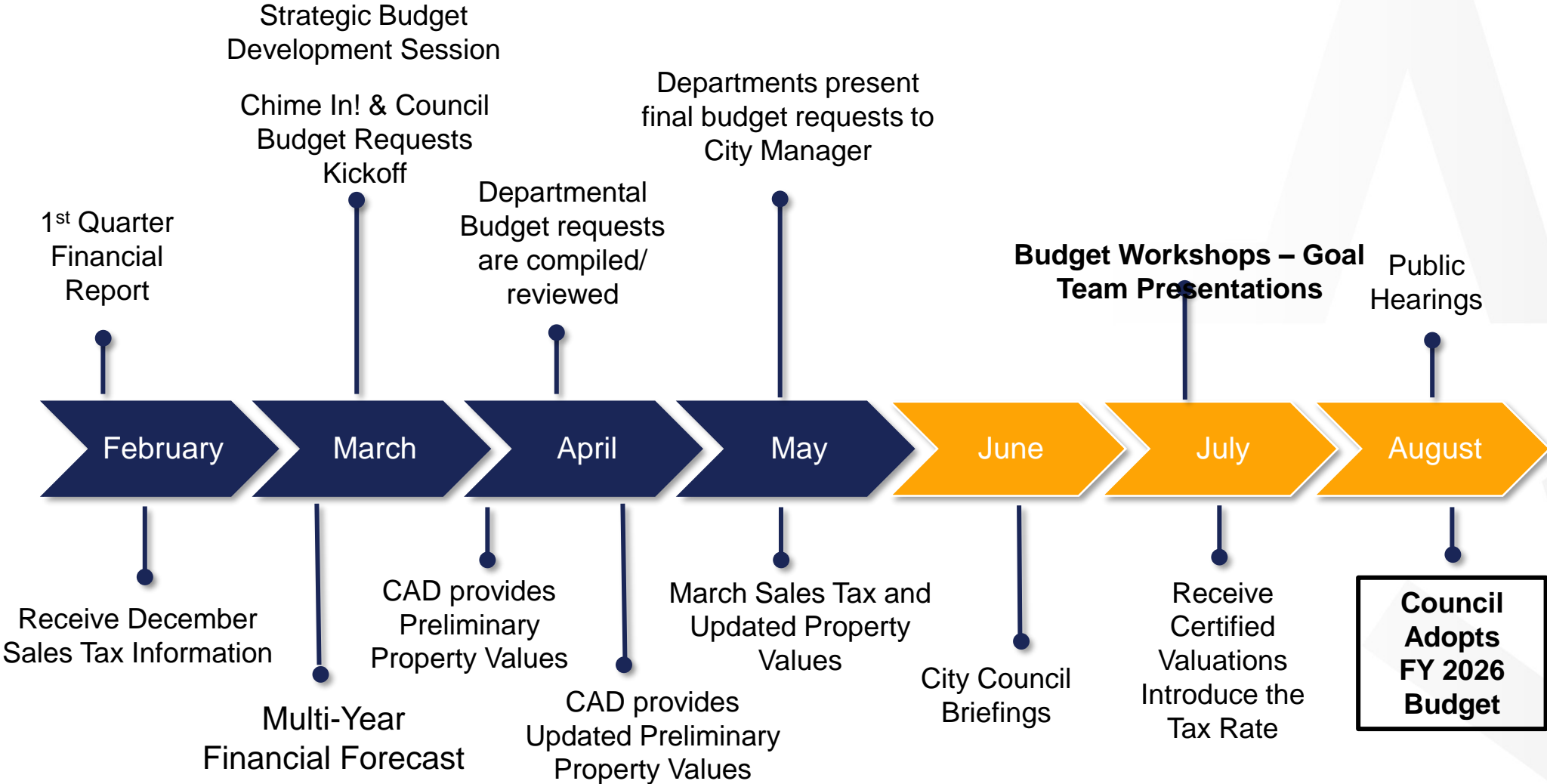
FY 2026 – FY 2030 MYFO



Summary

- Five months remaining until the FY 2026 Budget is adopted
- Budget Office has just started budget development process
- Continue to monitor major revenue projections due to preliminary data
- FY 2026 cost drivers - public safety (staffing and compensation), civilian compensation and benefits, contractual expenses
- Federal and State actions will be monitored for potential impacts
- City Manager focus on improving Council and community engagement throughout the process

FY 2026 Budget Process Timeline



CAD – Central Appraisal District

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,
Accountability, **P**eople