



5-Year Financial Forecast

March 28, 2023





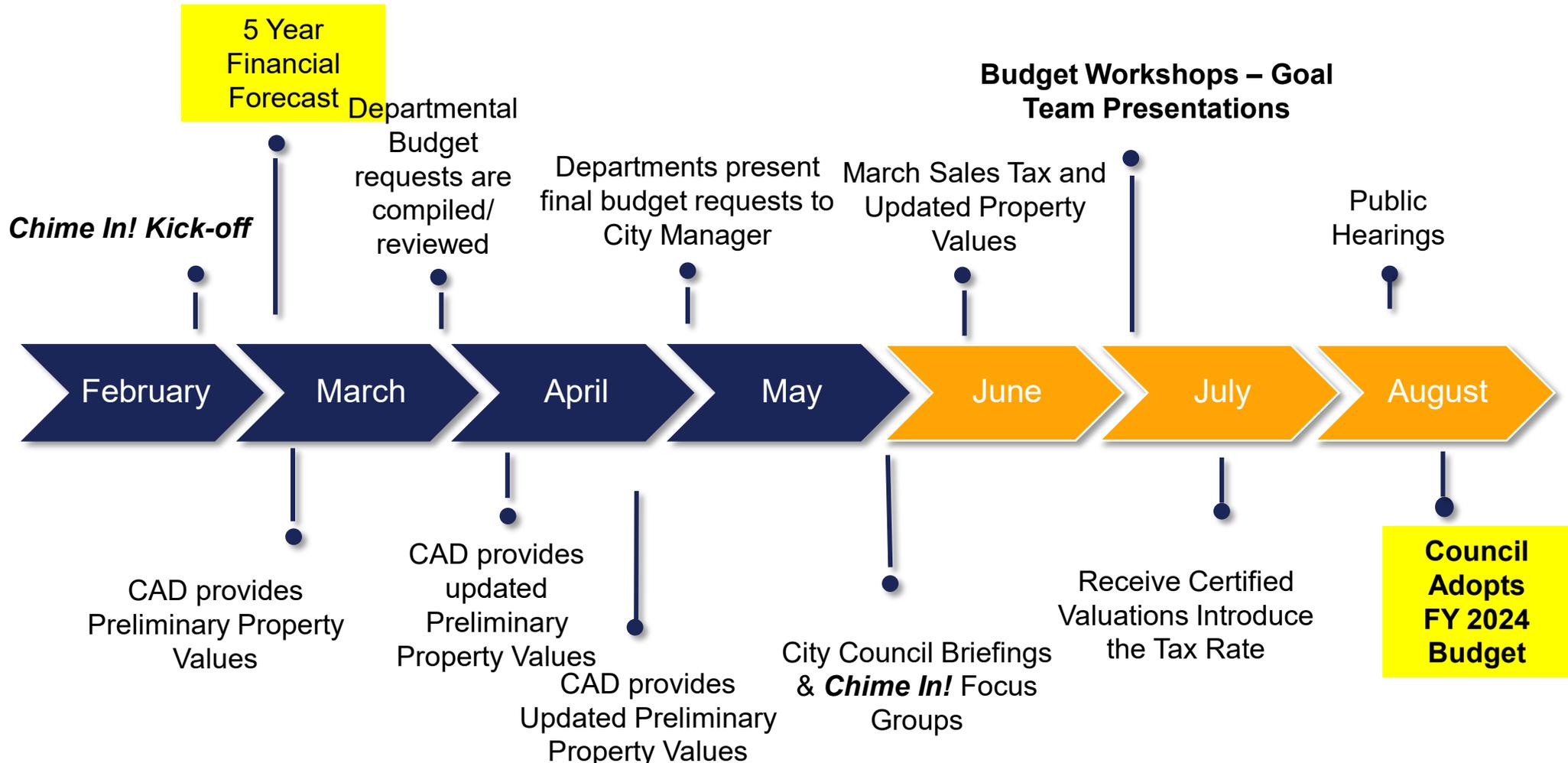
Agenda

- Budget Calendar
- Long-term Strategy
- Budget Challenges
- MYFO FY 2023 – FY 2027
- Expenditures
- Revenues

Integrated Budget Process



FY 2024 Budget Process Timeline



Long-term Financial Sustainability



- Continue to strengthen our long-term financial outlook
- As a **High-Performing Government**, we have implemented systems and processes focused on:
 - Alignment to the Strategic Plan - Financial, Operational, Capital Planning, and Economic Development
 - Implementing best practices (new revenue & cost savings)
 - Being proactive and not reactive
 - Short and long-term sustainability

Financial Transformation

Tools and Actions



- Creation of pay-go funding for priorities (streets, public safety, parks, facilities and economic development)
- Regional economic development strategy – increasing sales tax reducing property taxes
- Evaluate service delivery – eliminate/reduce
- Continuous improvement – LSS Projects and Examiner Training

Financial Transformation

Tools and Actions



Strategically save money while increasing revenue:

- Increased reserves every year since 2015
- Stabilization fund created - March 2020
- Existing debt refinancing - create savings of \$46 million in debt refinancing since 2016
- El Paso Electric franchise agreement - \$750K for General Fund and \$5.3M for Economic Development



STRATEGY



This mural depicts species found in borderlands: the Frog, Ocelot, Northern Spotted Owl, and the Pinacón. It is a symbol of freedom and hope.

Mural created by:
Roger Peet
Jesus Alvarado
Martin Zubia
Ivan Melendez
and the students of the
University of El Paso
Sponsored by:
Diversity, Equity, and Inclusion
the City of El Paso
Cultural Affairs
#endall

FINANCIAL TRANSFORMATION

\$287.5M IN NEW REVENUE

\$267.4M IN SAVINGS & EFFICIENCIES

7 YEARS
OF ZERO
FINDINGS
IN EXTERNAL AUDIT

TRANSIT
SYSTEM
\$27M
TURNAROUND

\$23M
TURNAROUND
AT AIRPORT AT
THE BUTTERFIELD
GOLF COURSE

\$192M
TXDOT REIMBURSEMENT
FUND BALANCE
MORE THAN
DOUBLED

\$69.9 million Total Competitive Awards to the City in 2022



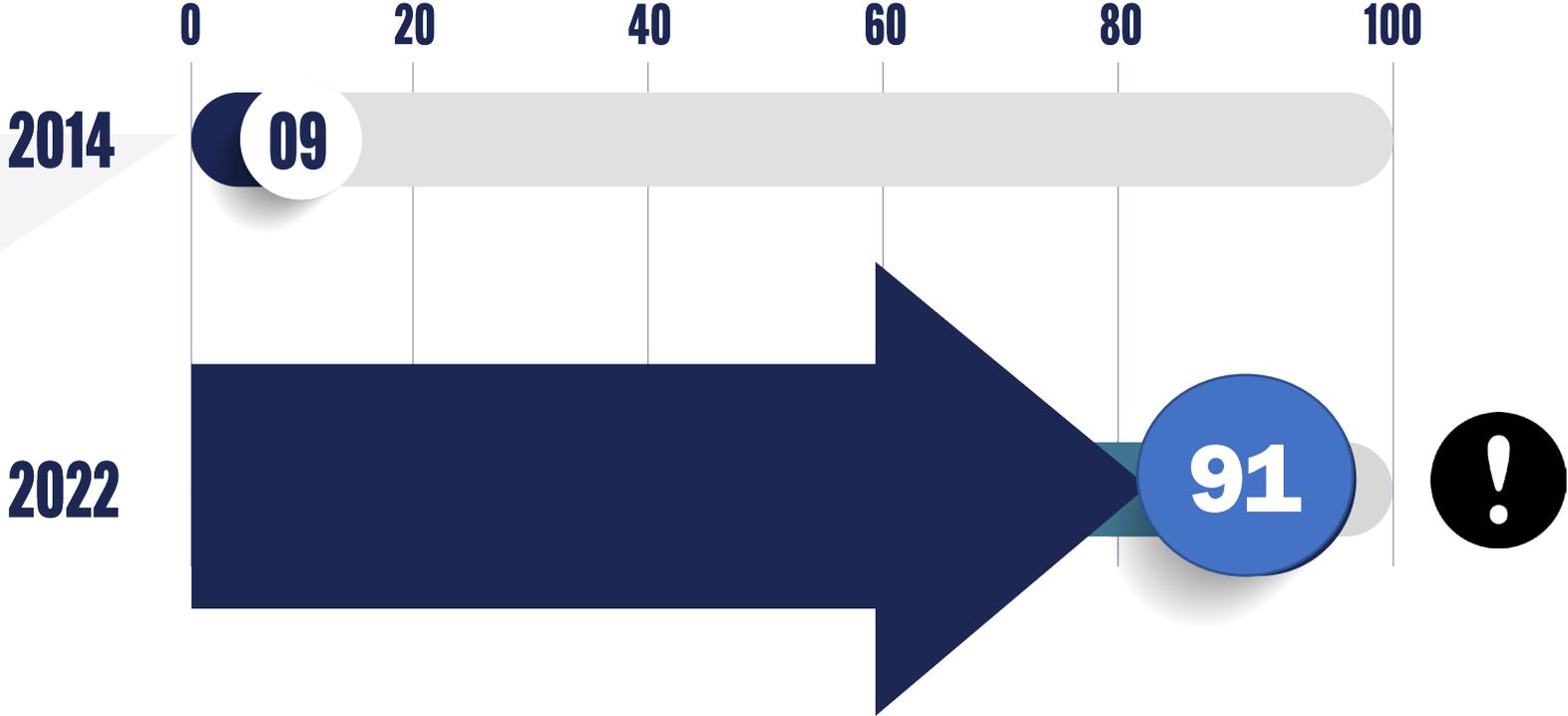
AWARD	Project	Agency
\$25.0M	Advanced Manufacturing Campus Development	U.S. EDA
\$13.0M	EL Paso International Airport Runway 8R + Taxi-way U	U.S. FAA
\$12.0M	Ysleta Port of Entry Paratransit Fleet + Infrastructure	U.S. DOT
\$8.8M	Sun Metro Electric Paratransit Fleet + Infrastructure	U.S. FTA
\$5.0M	El Paso International Airport Terminal Improvements	U.S. FAA
\$4.1M	McRae Shared Use Path	TXDOT
\$1.0M	Paso del Norte Trail Segment Connecting Zoo to MCA	FY22 CPF

INCREASING GENERAL FUND RESERVES

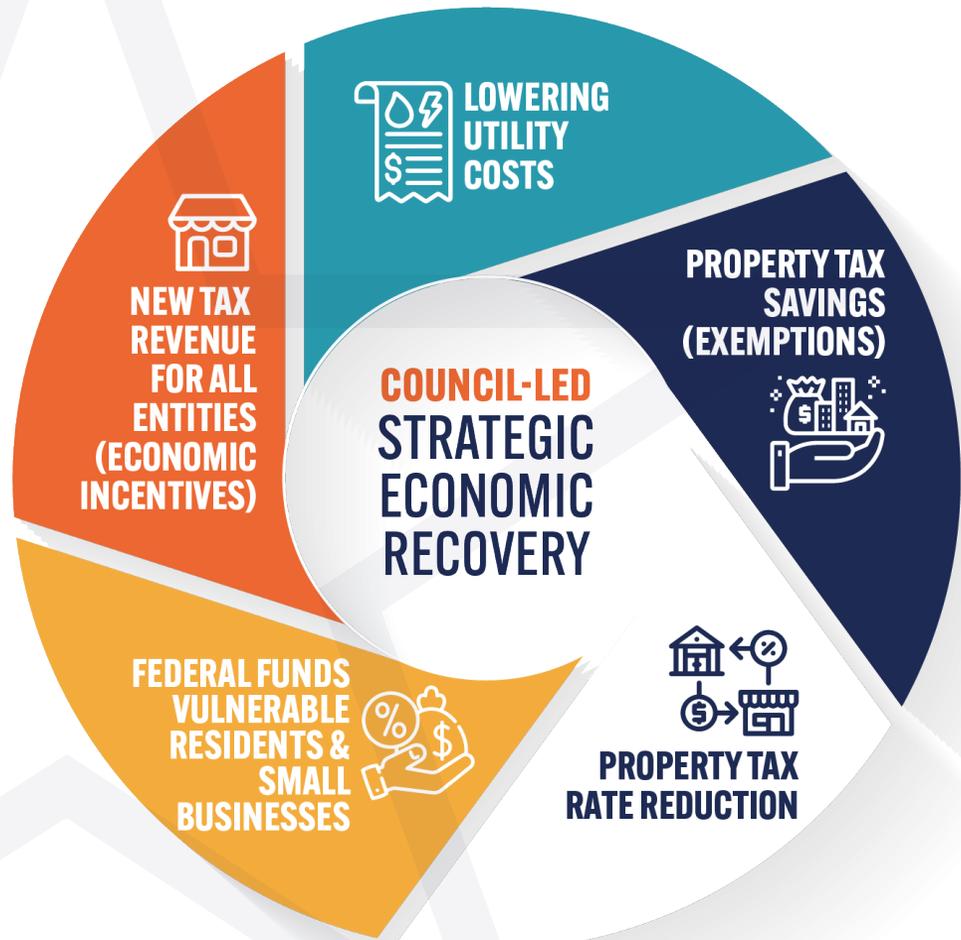
(FUND BALANCE)

NUMBER OF OPERATING DAYS
(EXCLUDING RESTRICTED)

*FY 2022
IS PRELIMINARY
AND UNAUDITED



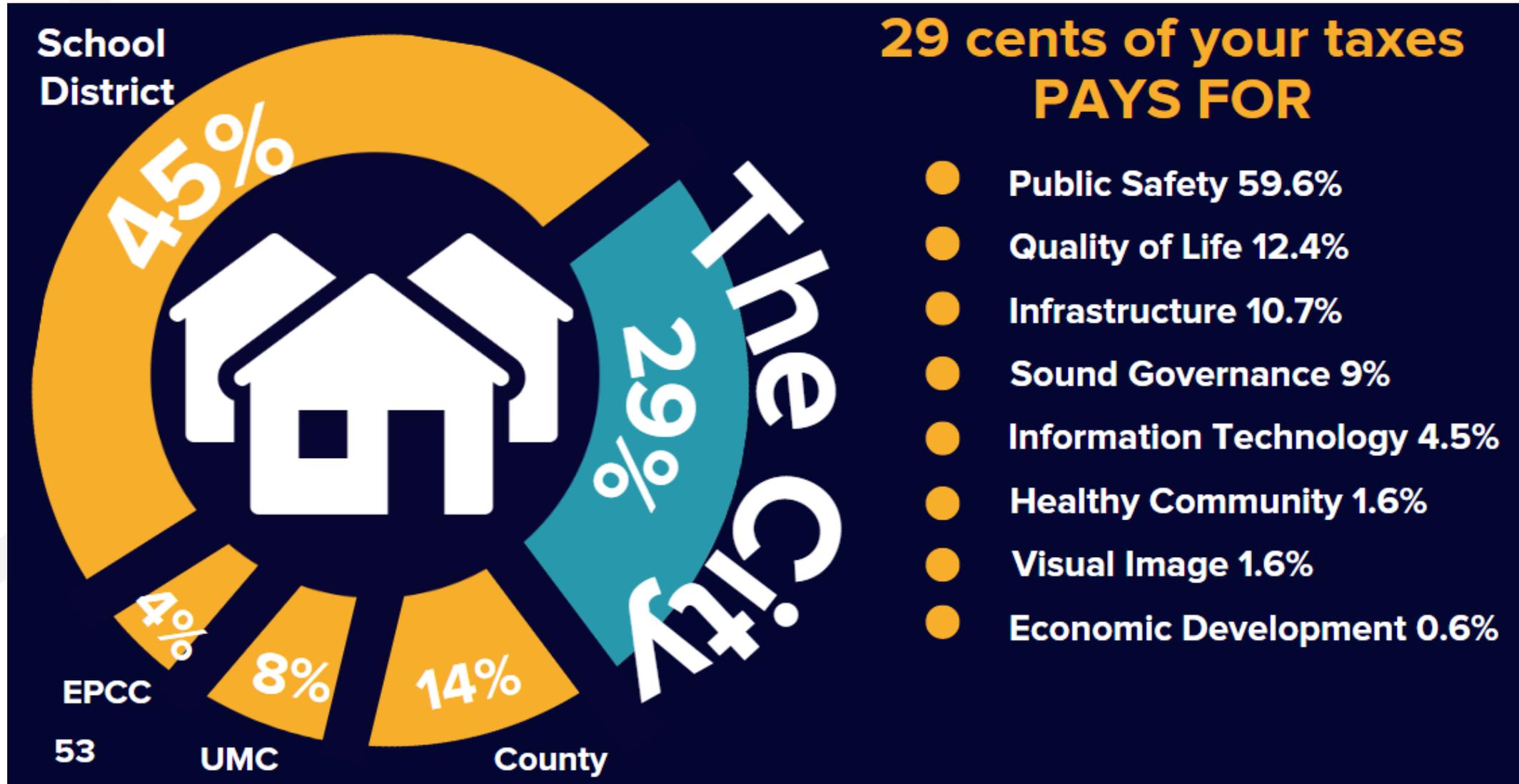
HELPING OUR COMMUNITY



- **No tax rate increase** for the last two years and tax decrease provided last year for 52,000 seniors & disabled
- State constitutional amendment increasing the amount of the **homestead exemption savings** from \$25,000 to \$40,000
- \$196 million in **savings on Texas Gas costs** (Winter Storm URI)
- \$28.3 million **savings on El Paso Electric** rate case settlement (approx. \$117 savings on avg. residential bill)
- \$268 million in **new property tax revenue** for all taxing entities as a result of City Economic Incentive Agreements
- \$37 million for **rental and utility assistance** and \$35.9 million for **small business assistance**

Property Tax Bill

What Your Tax Dollars Go To



Budget Highlights

- 4.5 penny tax rate decrease
- Four Police and Fire Academies to increase staffing
- \$7M for police vehicles, fire trucks, and ambulance replacements
- \$10M for street and traffic improvements



Budget Highlights



- **Children’s Museum, Mexican American Cultural Center, Penguin exhibit, Joey Barraza and Vino regional park**
- **Increases minimum wage by 9%** (to \$12.11) over two phases, with the City paying increases in employee healthcare costs, plus new/improved incentives



Budget Priorities – Strategic Objectives

- Increase police staffing
- 2012 Quality of Life Bond and 2019 Public Safety Bond operation and maintenance costs
- Vision Zero & Traffic safety program
- Street resurfacing projects
- Police and Fire vehicle/equipment replacement
- Workforce Investments
- Capital Project funding (remaining debt to be issued)

Financial and Operational Sustainability

Five-Year Financial Forecast Cost Drivers

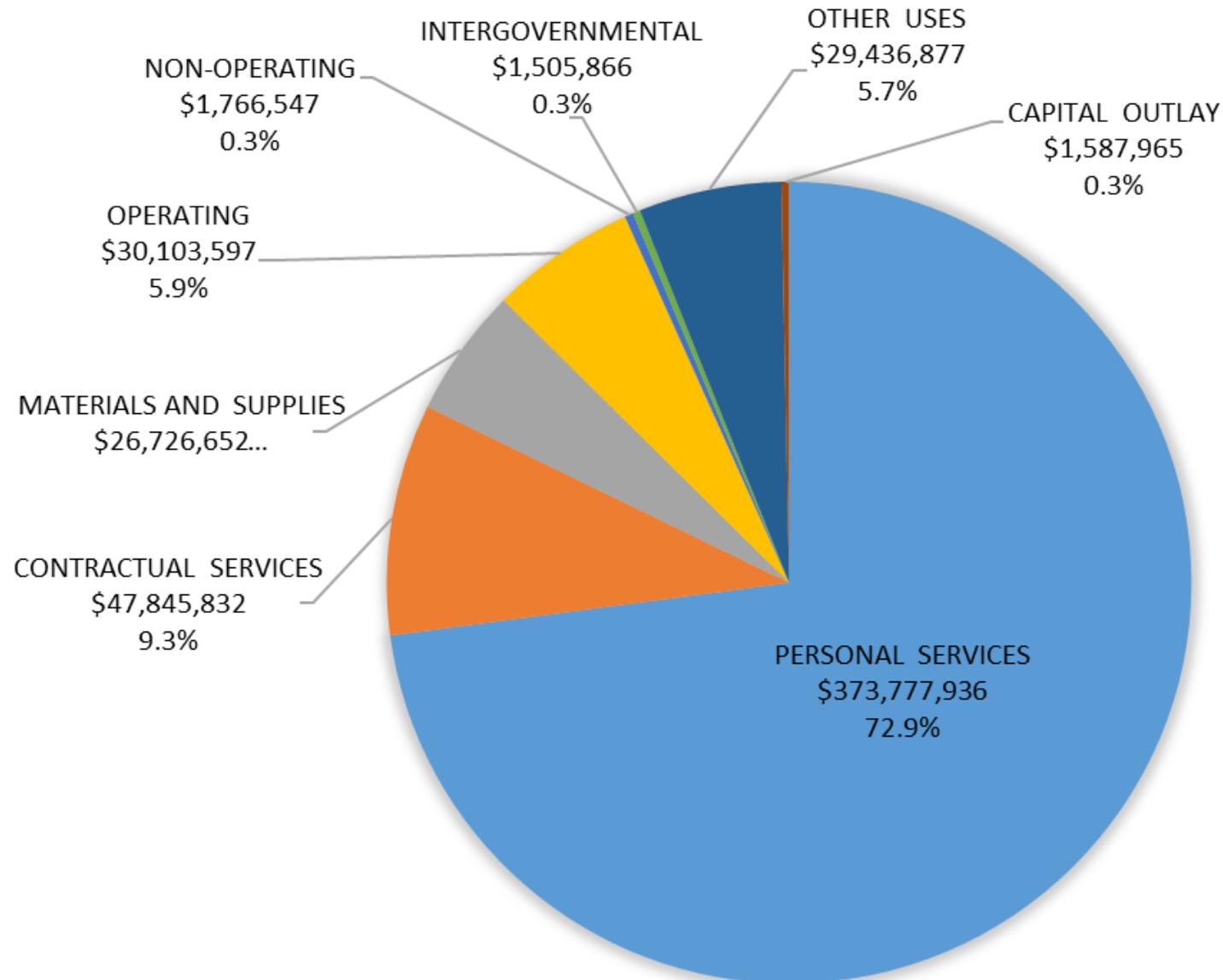


- A key component of the Integrated Budget Process is the Five-Year forecast
- It provides a snapshot of the upcoming budget, as well as a focus on future years revenue and expenditure projections
- The Budget Update presentations will lead to the full Five-Year Forecast presentation in March
- The **two largest cost drivers** in the budget development are related to the **workforce** and **public safety** investments

80%

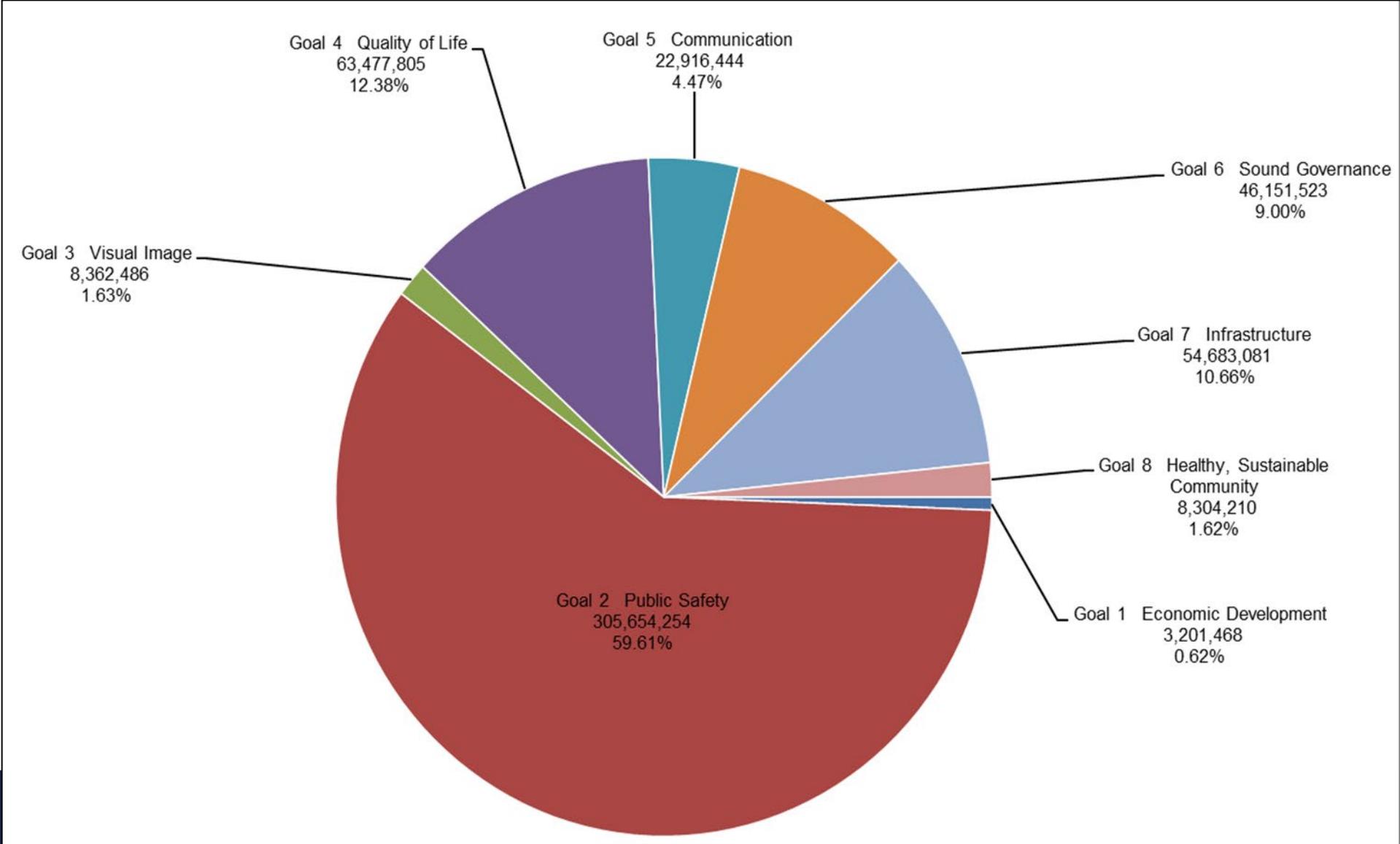
- Back on January 31, 2023 the Budget Update focused on overall workforce investments
- On February 28, 2023 we focused on Public Safety Investment
- On March 7, 2023, we discussed the impact of Quality of Life Capital Projects and Fixed Costs

FY 2022/23 General Fund by Category



Public Safety represents 71.1% or \$265.7 million of personal services

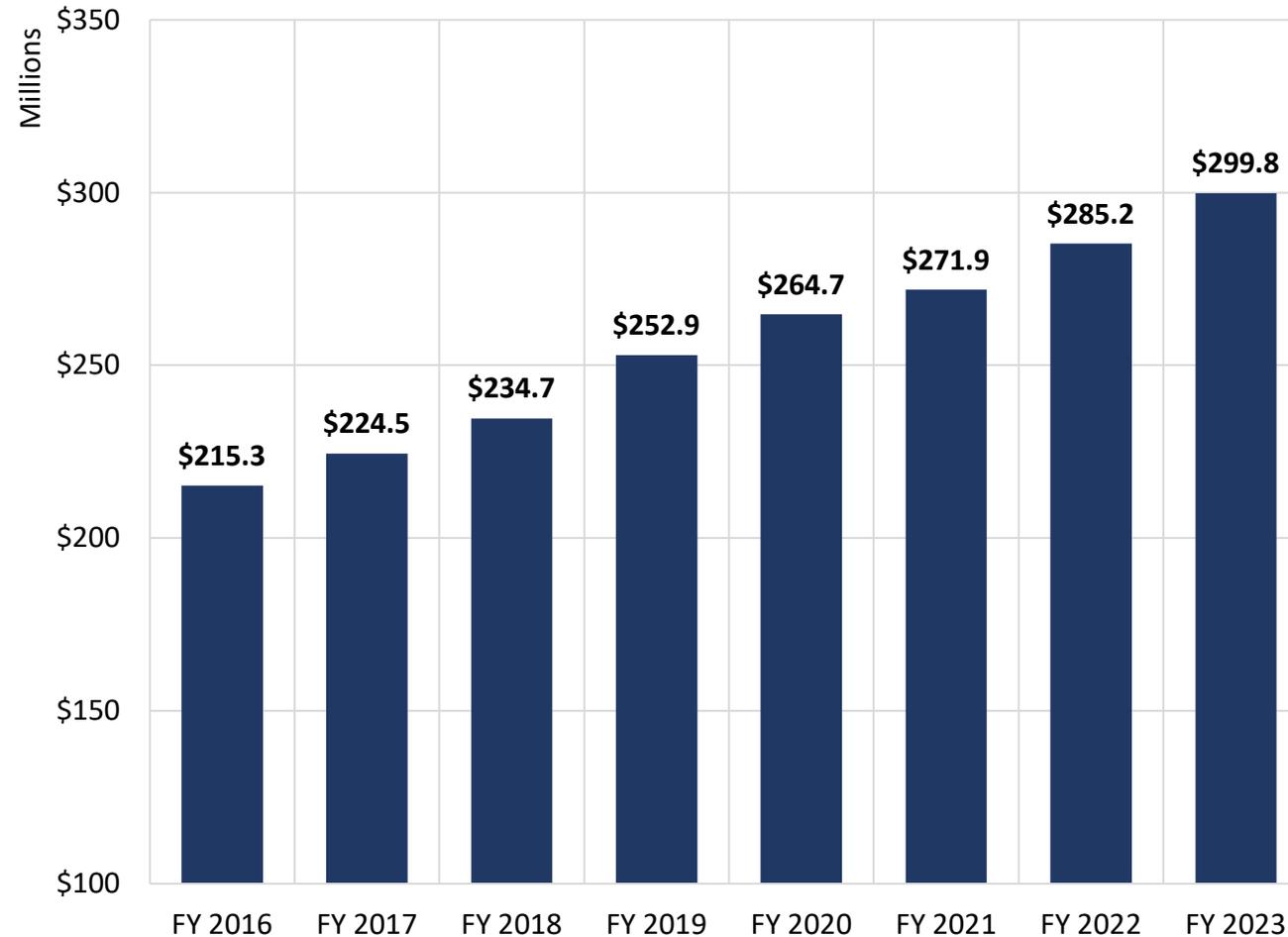
Current Budget Recap



Expanded Investment in Public Safety



Police and Fire Annual Budgets



Since the summer of 2015 (FY 2016) the Police and Fire budgets have increased by **\$84.5 million, or 39.2%**

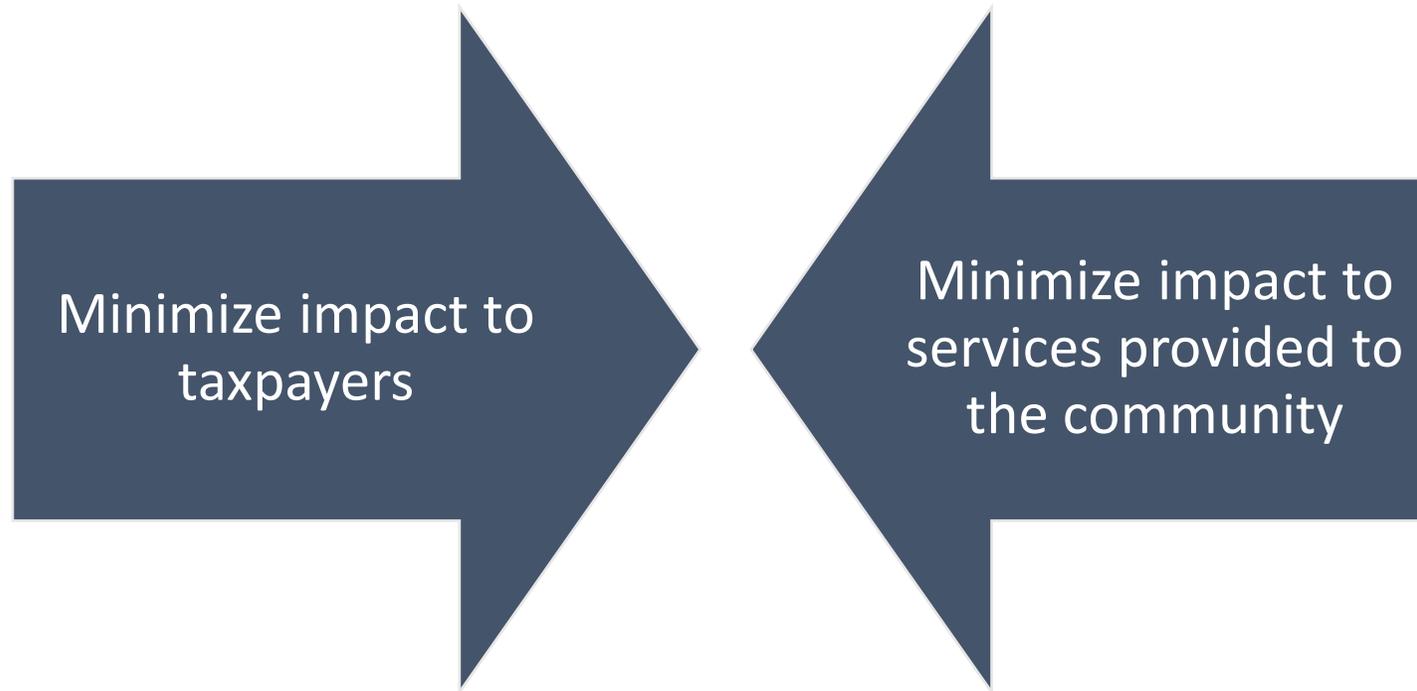
Investing in Priorities and Minimizing Impact on Tax Rate



- Investment between 2015 and 2022 of **\$110 million or 34 cents** on the tax rate:
 - **\$72 million** - Public Safety (increased staffing, new vehicles/equipment, etc.)
 - **\$14 million** - Quality of Life bond operating costs for 169 completed projects
 - **\$38 million** - Street resurfacing set-aside (non-debt) funds
 - Completed over 900 capital improvement projects

The actual tax rate has only increased by 21 cents

Developing City Budget





Budget Challenges

Limited Annual Revenue Growth

- Economic Uncertainty – Sales Tax and property growth not expected to continue long-term
- Minimize the impact on taxpayers
- S.B. 2 – limiting property tax increase on local governments (from 8% to 3.5% - without voter approval)
- Estimated \$3.3 million in FY 2023 Sales Tax Surcharge of 2%
- Median Maintenance on State Roads - City forced to take over after defunding by State
- Senate Bill 1152 – impacted revenue generated from telecommunications franchise
- Red light Camera – elimination funding source for traffic safety



Budget Challenges

- Unfunded departmental needs (supplemental requests)
- Unfunded Council Budget Requests (potential capital projects)
- Decades of neglect - aging Infrastructure, facilities, and equipment
- Economic Uncertainty – inflationary impacts and labor shortage and increasing interest rates.



Budget Drivers

Expanding Services:

- Public Safety
- Streets
- 2012 Quality of Life – O&M (not communicated or planned)
- 2019 Public Safety Bond Projects – O&M (communicated and budgeted)
- Workforce Investments



Future Outlook

- Long-range forecast is intended to:
 - Serve as a planning tool and not a budget
 - Predict what the City will look like (financially) in the future
- The Multi-Year Financial Outlook model is a tool used in the budget development process
- Highlights strategic challenges of customer expectations with limited resources

The numbers being shown today are estimates and will change.

Multi-Year Financial Outlook FY 2024 - FY 2028



Office of Management and Budget
City of El Paso

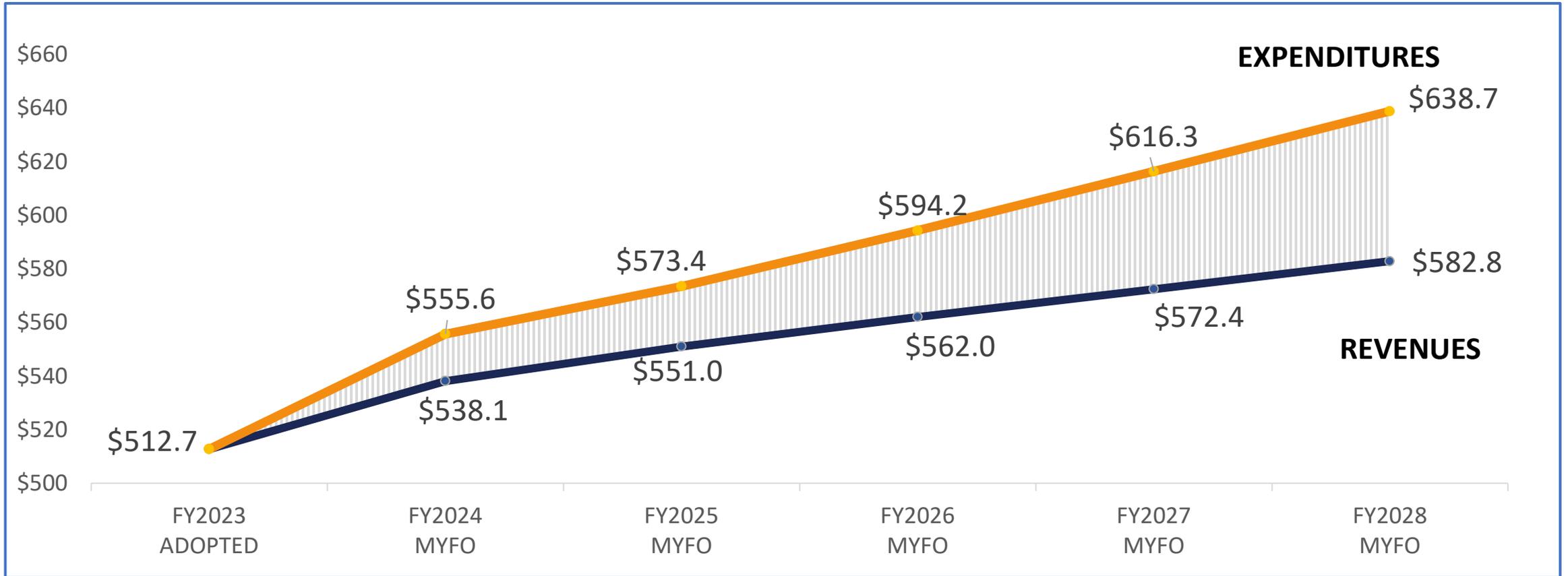
March 2023

Multi-Year Financial Outlook (MYFO) FY 2024 - 2028

- Summary includes:
- Methodology
- Economic Forecast
- Expenditure and Revenue assumptions
- General Fund 5-Year projection



FY 2024 – FY 2028 MYFO





General Fund Expenditures



Revenue & Expenditure Forecast

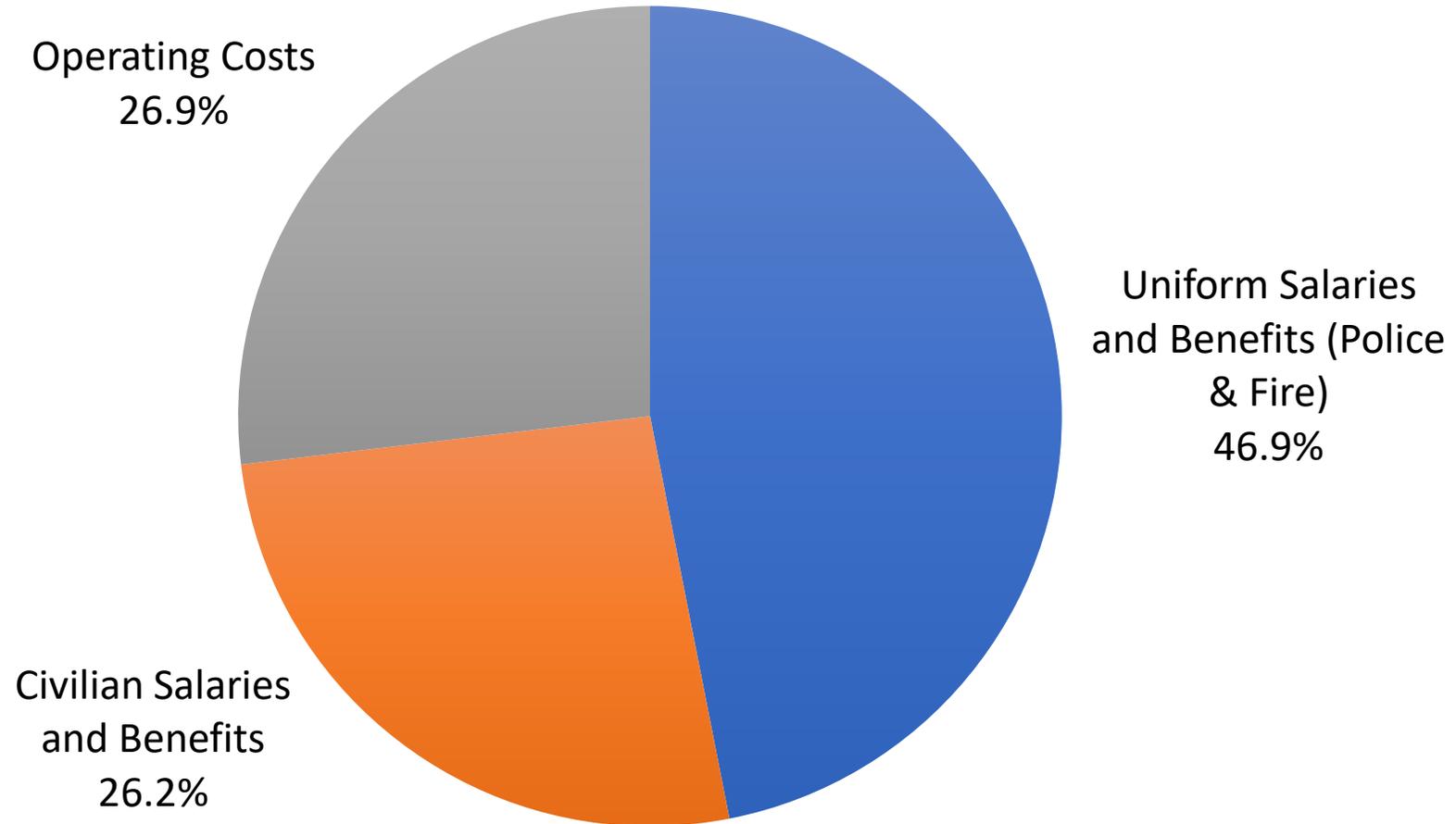


in 000	FY2023 Adopted	FY2024 MYFO	FY2025 MYFO	FY2026 MYFO	FY2027 MYFO	FY2028 MYFO
REVENUES						
Property Taxes	251,280	259,447	264,636	267,547	269,687	271,575
Sales Taxes	112,783	124,630	128,905	133,329	137,908	142,647
Franchise Fees	56,617	60,986	62,741	64,554	66,427	68,362
Charges for Services	30,251	30,704	31,165	31,633	32,107	32,589
Fines and Forfeitures	7,098	7,183	7,269	7,356	7,444	7,556
Licenses and Permits	12,944	12,456	12,825	13,214	13,597	13,985
Intergovernmental Revenues	1,269	1,169	1,169	1,169	1,169	1,169
County Participation	0	0	0	0	0	0
Interest	125	300	300	300	300	300
Rents and Other	2,277	2,278	2,278	2,278	2,278	2,278
Other Sources (Uses)	5,321	5,321	5,321	5,321	5,321	5,321
Operating Transfers In	32,785	33,605	34,445	35,307	36,189	37,094
Total Revenues	512,751	538,079	551,053	562,007	572,427	582,876
EXPENDITURES						
Salaries & Wages Uniform	240,009	260,650	276,609	289,770	303,565	320,239
Salaries & Wages Civilian	133,769	145,602	147,725	151,597	155,594	156,784
Contractual Services	45,925	50,094	49,396	50,918	52,700	54,545
Materials and Supplies	26,727	28,273	28,854	29,632	30,669	31,743
Operating Expenditures	30,104	33,107	34,162	35,358	36,595	37,876
Non-Operating Expenditures	1,767	1,913	1,892	1,959	2,027	2,098
Intergovernmental Expenditures	1,506	1,559	1,613	1,670	1,728	1,788
Other Uses	29,437	29,427	29,417	29,417	29,417	29,417
Capital Outlay	3,509	4,994	3,759	3,890	4,026	4,167
Total Expenditures	512,751	555,619	573,428	594,211	616,323	638,658
Net	(0)	(17,540)	(22,374)	(32,204)	(43,895)	(55,781)

Includes the following:

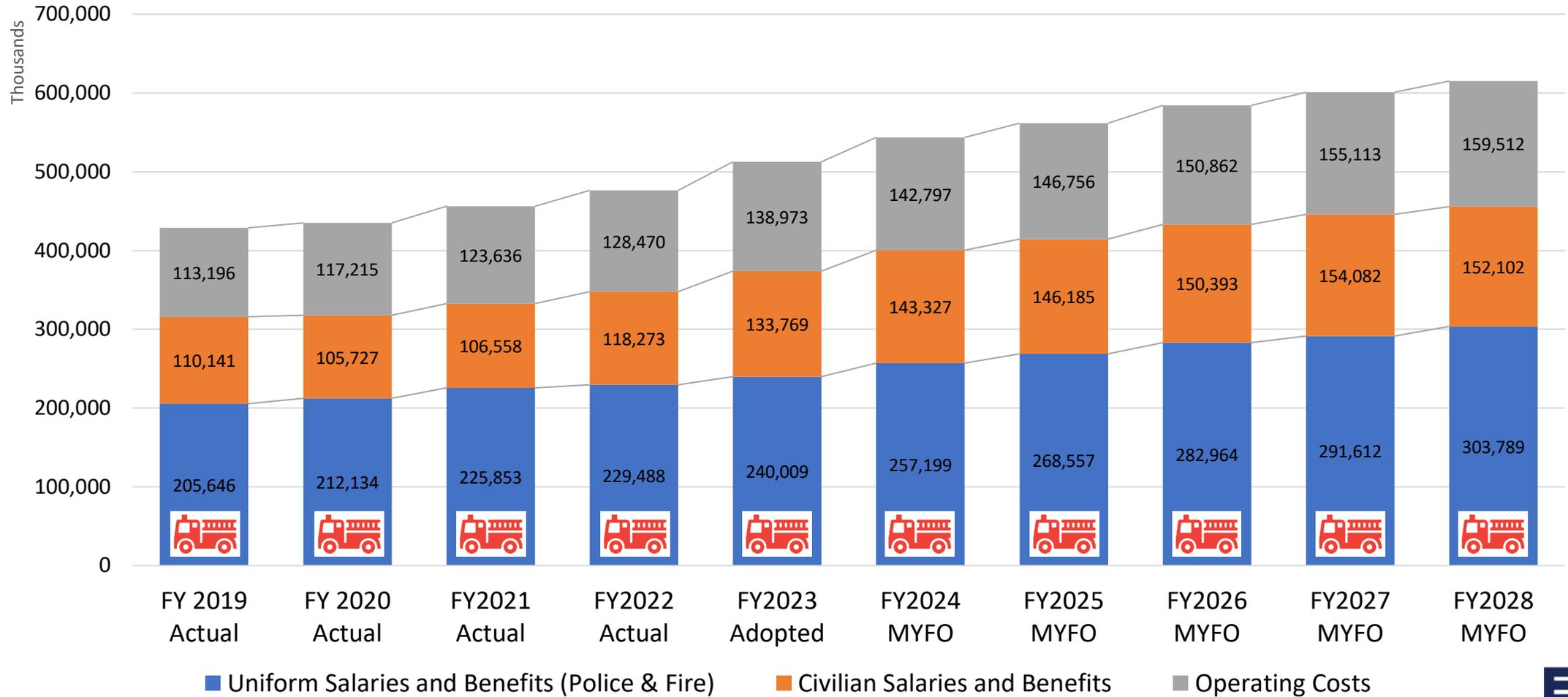
- Impact of new CBA agreements with Police and Fire
- New academies for Police and Fire
- Vehicle Replacement
- 2012 Quality of Life O&M
- 2019 Public Safety Bond Projects

FY 2024 MYFO General Fund Expenditures



FY 2024 MYFO

General Fund Expenditures

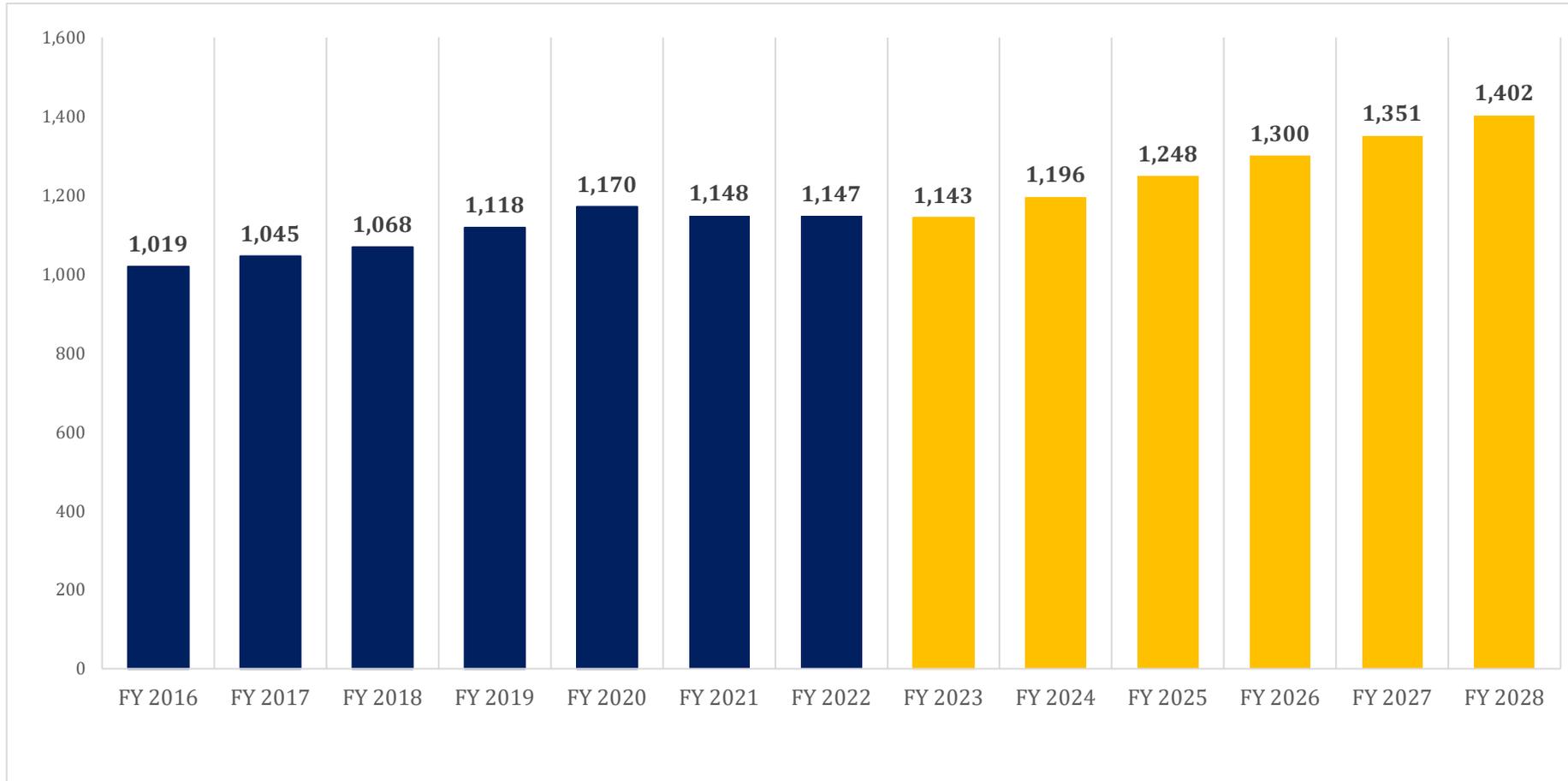




Public Safety



Police Staffing Projected FY 2023 – FY 2028



Public Safety Strategy

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- **Net 30 Initiative**
- **CBA**
- **3 Academies**
- **Drop Forward**
- **Retention**

- **Vehicle Replacement**
- **Body Worn Cameras**
- **City Watch**

- **Public Safety Bonds**
- **Expanding Services**



Projected Police Staffing and Attrition

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
FY Start (Filled)	1170	1148	1147	1143	1196	1248	1300	1351	1402	1452	1502	1551
Less Attrition	-52	-68	-60	-52	-53	-53	-54	-54	-55	-55	-56	-57
New Officers / Reinstated	30	67	56	105	105	105	105	105	105	105	105	105
Net Growth	-22	-1	-4	53	52	52	51	51	50	50	49	48
FY Ending (Filled)	1148	1147	1143	1196	1248	1300	1351	1402	1452	1502	1551	1599

FY 2023 -2032 are projected and subject to change



Police Academies

FY	Recruits	Academy	Start Date	Graduation Date
2023	31	130	7/26/2022	6/6/2023
2023	24	131	9/12/2022	7/24/2023
2024	14	132	1/23/2023	12/4/2023
2024	35	133	5/15/2023	3/25/2024
2024	35	134	9/11/2023	7/22/2024



Uniform Retirement Eligibility

- 45 yrs of age
- 20 yrs of service

Current officers eligible for retirement

- FY 2022- 321
- FY 2023- 366
- FY 2024- 394
- FY 2025- 422

2019 Retirees

Average Age 54.29

Avg Yrs. of Service 25.79

2020 Retirees

Average Age 53.73

Avg Yrs. Of Service 25.70

2021 Retirees

Average Age 56.04

Avg Yrs. of Service 27.11



Future Budget Impacts

- Police and Fire Collective bargaining agreements
- Police staffing plan
- 911 Communications staffing
- Public safety bond operating costs
- Crisis Intervention Team



Uniform Salaries and Benefits

- Police – CBA on March 28, 2023
 - Total increase of \$14M (11%)
 - COLA increase of 2.5% + step increase
 - Adjustment to entry officer
 - 3 small academies per year – 30 to 35 cadets each
- Fire
 - Total Increase of \$7M (7%)
 - COLA increase of 3% + step increase
 - 2 academies – 35 graduates each
 - Fire Station 36 (Summer of 2023) and Fire Station 38 (Early 2025)
 - Impact of ARPA funded uniform positions transferring to GF

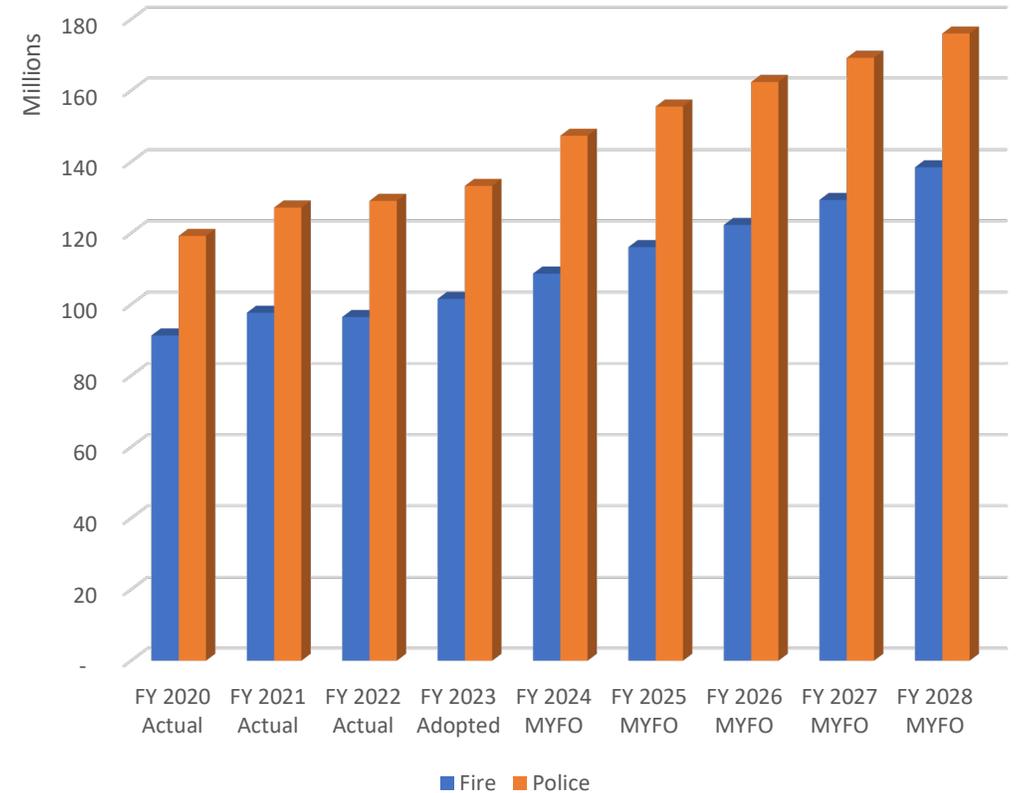


Uniform Salaries and Benefits

Annual Increase

	FY 2024 MYFO	FY 2025 MYFO	FY 2026 MYFO	FY 2027 MYFO	FY 2028 MYFO
Fire	\$ 7,100,437	\$ 7,428,354	\$ 6,211,812	\$ 7,006,856	\$ 9,161,349
Police	\$ 14,060,248	\$ 8,213,605	\$ 6,879,895	\$ 6,769,782	\$ 6,819,032
	\$21,160,685	\$15,641,959	\$13,091,707	\$13,776,638	\$15,980,381

Total Uniform Salaries and Benefits



*Includes the impact of new academies and the Public Safety Bond Projects



Investment in Public Safety

Fleet/Capital Replacement

- Since 2019, an investment of \$18.8 million in fleet or capital replacement funding
- \$7 million funded annually for both Police and Fire
- \$10-12 million needed annually for ongoing capital replacement

Average price of a Fire Truck:

2019 - \$600,000 2023 - \$715,000

Average price of Police Car:

2019 - \$65,000 Est. 2023 \$80,000





Capital Investment & Fleet Replacement

General Fund (Pay-go):

- Automated Fingerprint Identification System
- Radio System Replacement
- Police marked and unmarked cars
- Fire Trucks and Ambulances

Leveraging Grants:

- Body Worn Cameras
- Mobile Command
- City Watch Expansion



Public Safety Bond Projects

Police Department	Fire Department
Eastside Command Center (Municipal Complex)	Station 36
Public Safety Training Academy	Station 38 (Municipal Complex)
Police Headquarters	Special Teams Station (Consolidation)
Central Regional Command	Station 40
Renovate 4 Regional Command Centers	Public Safety Training Facility and Logistics
Fleet Replacement	Fire Headquarters
	Station Renovations
	Vehicle Replacement

PD Public Safety Bond Operating and Maintenance

Originally presented _____



Total	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Uniform Salary and Benefits	286,949	306,570	372,839	348,475	1,209,019	2,285,666	192,942	196,801	200,737	204,751
Civilian Staff	-	-	-	-	300,016	-	-	-	-	-
Academy Costs	188,723	188,723	188,723	188,723	188,723	1,312,899	-	-	-	-
Operating Costs	-	-	104,423	-	829,983	-	-	-	-	-
Radios and Tasers	351,332	361,872	372,728	383,910	395,427	407,290	419,509	432,094	445,057	458,409
IT and Building Maintenance	-	-	-	43,624	-	267,592	-	-	-	-
Total O+M	\$827,004	\$857,164	\$1,038,713	\$964,732	\$2,923,168	\$4,273,447	\$612,451	\$628,895	\$645,794	\$663,160

Original projections provided in 2021 and are subject to change.

Total increase \$13.4 million

FD Public Safety Bond Operating and Maintenance Originally presented _____



Total	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
Uniform Staff		2,675,886	2,861,583	466,674	489,807	342,055	4,243,928	594,149	629,797	667,585
911 Communications	290,117	165,781					351,456			
Civilian Staff	74,253			75,184						
Operating Costs		77,116	212,571				150,464			
Total O&M	\$ 364,370	\$2,918,783	\$3,074,154	\$ 541,858	\$ 489,807	\$ 342,055	\$4,745,848	\$ 594,149	\$ 629,797	\$ 667,585

Original projections provided in 2021 and are subject to change.

Total increase \$14.4 million

New & Enhanced Programs Since 2016



- Animal Cruelty Unit
 - Established 2017
 - 1 Officer, 4 Detectives, 1 Sergeant
- Gang Suppression Unit
 - Established 2017
 - 15 Officers, 2 Sergeants
- Centralized Traffic Units
 - Motors - Est: 2018 1 Lieutenant, 2 Sergeants, 34 Officers
 - High Performance Vehicle –
 - 5 Officers in 2021 &
 - 5 Officers in 2022
 - DWI Task Force – Enhanced: 2018, 17 officers, 3 sergeant &
 - Enhanced: 2021 1 Lieutenant
- Downtown Metro Unit
 - Established 2016
 - 41 Officers, 5 Sergeants, 1 Lieutenant
- Crisis Intervention Team (CIT)
 - Established 2018
 - 14 Officers, 3 Sergeants, 1 Lieutenant
 - 14 EHN Mental Health Specialist

Staffing Needs beyond the Updated Staffing Plan (Net 30 Plan)

- Far East Regional Command
- Body Worn Camera Program
- New Police Academy
- Downtown Regional Command

- 218 additional positions needed





Additional Staffing Needs

- Public Safety Bond
 - Far East Regional Command- (1) Commander, (5) Lieutenant, (15) Sergeant, (8) Detective, (61) Officers
 - New Police Academy- (3) Sergeant, (20) Officers, (13) Detectives
 - Downtown Regional Command- (1) Commander, (4) Lieutenant, (11) Sergeant, (76) Officers
- Body Worn Camera (Digital Recording System)
 - Records, IT and with Police Support Specialist (16)



Public Safety – Fire Department



Fire Department Staffing and Projected Academies



	Projections	FY 2022	FY 2023	FY 2024	FY 2028
FY 2022 – 945 FTEs 45 vacancies	FTEs	945	945	976	1,007
Fire Station 36 – 31 FTEs	Fire Station 36		31		
Fire Station 38 – 31 FTEs	Fire Station 38			31	
SAFER Grant Funds – 21 FTE	Fire Station 40				31
Fire Station 38 – 31FFs	Total	945	976	1,007	1,038
Training Academy – 3 FFs					

Table above only includes academies based on new stations. The 5-year forecast includes academies for projected attrition.

Fire Department Academies

- Class 101 – August 15, 2022
45 FFTs
Graduation: February 23, 2023
- Class 102 – January 17, 2023
35 FFTs
Expected graduation: July 20, 2023





Civilian Workforce



Workforce Compensation and Benefits

6 YEARS
OF PAY INCREASES
AND HEALTH
& FITNESS

**NO HEALTHCARE
INCREASES FOR
ALL CIVILIAN
EMPLOYEES**

**SHAPE IT UP
WELLNESS
PROGRAM**

**INCREASE IN
NUMBER OF
WELLNESS CLINICS
FROM 2 TO 9**

**HEALTH SAVINGS ACCOUNT
WITH EMPLOYER
CONTRIBUTION ANNUALLY
\$500 PER EMPLOYEE
\$1,000 PER FAMILY**

**BLOOD WORK
DISCOUNT
\$25 PER PAYCHECK
PER EMPLOYEE OR
\$50 PER FAMILY**

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interpreter

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Workforce Compensation and Benefits

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Wage Increase (Amount based on Full-time employee) \$2,080	Performance Evaluation (Lump sum up to \$175) \$175	Shape it Up Wellness Incentive (\$600-\$1,800) \$1,800	Health Savings Account (\$500 - \$1,000) \$1,000	Tuition Assistance Program (Up to \$5,000 annually) \$5,000
Service Time Increase (Additional % increase every 5 years) \$760	CDL, Animal Services, Zoo incentive (\$90 per pay period) \$2,340	Sign-On incentive for new employees \$1,000	Employee healthcare savings due to no cost increase (Paid by City) \$294	
Accident-Free driving incentive (jobs requiring CDL) \$350	Perfect Attendance incentive \$100	U-Matter recognition (up to \$250) \$250	Total Available Compensation Increase, Benefits, Incentives \$15,224	



Competitive Wages

Civilian Only

	FY 2022 (Sept. & May)	FY 2023 (Sept. & March)
Hourly (GS)	7.5% ↑	6.4% ↑
Managerial (PM)	3.8% ↑	4.0% ↑
Executive (EX)	2.3% ↑	2.5% ↑

Increase minimum wage by 17% between May 2022 and March 2023 (from \$10.36 to \$12.11)

Providing lump-sum payments of \$175 for successful performance evaluation rating

Increasing service time pay increase percentages (every five years of service) to compensate long-term employees

No healthcare cost increase for employees and Shape-it-Up wellness program – up to \$1,800 annually, Live Active El Paso!



Healthcare

- 4 consecutive years with no healthcare cost increase for civilian employees
- Includes an increase in healthcare costs for employer only due to:
 - Rising costs in prescriptions and dental claims due to supplier-chain and inflationary issues
- Continue funding Health Savings Account - \$500 to \$1,000 annually (for Consumer Driven Healthcare Plan participants)



Streets



FY 2024 Assumptions

Streets



Includes Pay-go funding:

- \$7 million annually for residential street resurfacing projects
- \$3 million annually for collector street resurfacing
- \$1.8 million for Vision Zero – traffic safety program
- \$1 million facility renovations
- \$250K for Neighborhood Traffic Management Program (NTMP)
- ADA on-demand request funding \$500,000



Quality of Life





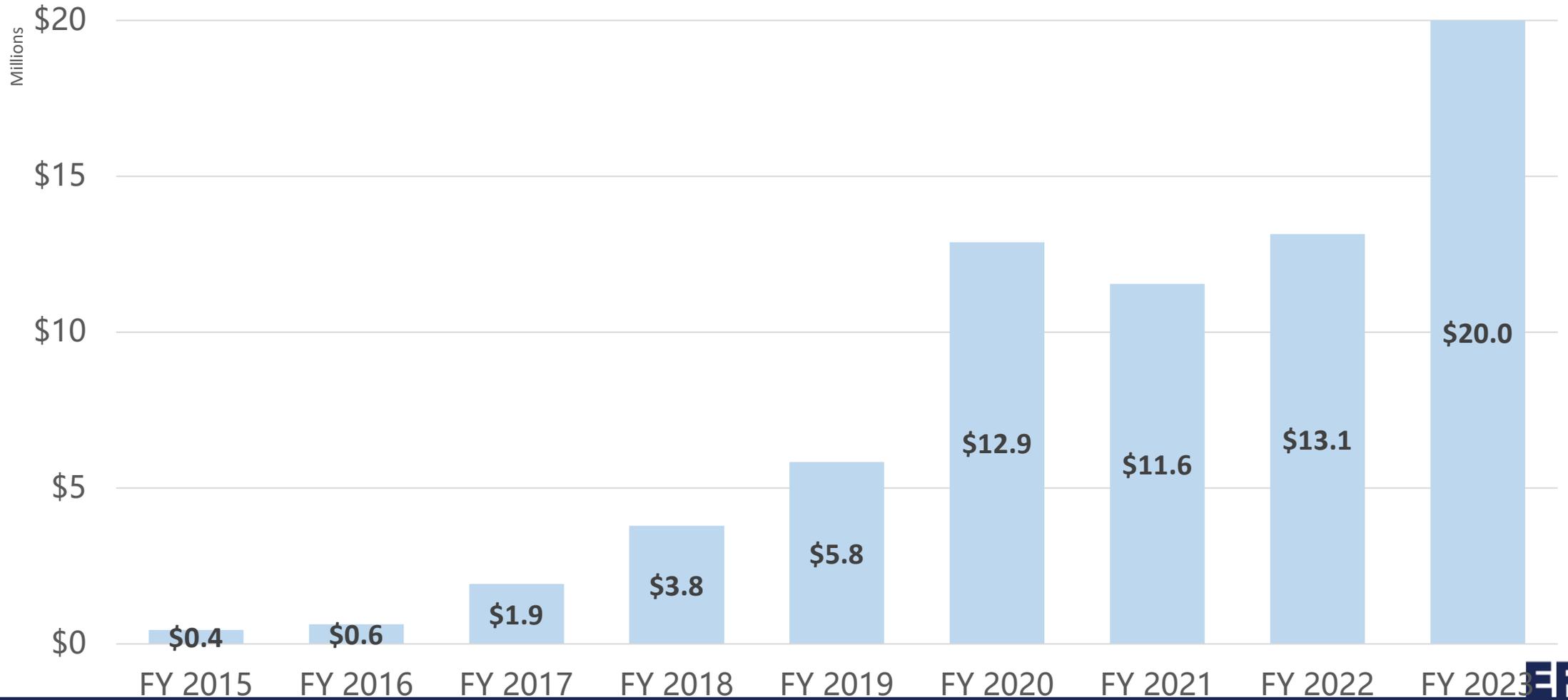
Investments in Quality of Life

Parks and Recreation, Libraries, Zoo & Museums and Cultural Affairs

New Project Operations and Maintenance:

- Increase in staffing
- Increase in contractual services
- Increase in utilities
- New capital equipment and future replacement

Quality of Life – Cumulative O & M



List of Completed Bond Projects



Eastwood Dam – Wrought Iron Gate Improvements (NIP)	Zoo - Africa Red River Hog Exhibit	Zoo - Event Tent (additional shade)	Crestmont Park Improvements
Digital Wall @ History Museum	Ponder Park Improvements(All Abilities	Museum of Archaeology ADA upgrade	Mountain View Park Improvements
Lomaland Park Improvements (NIP)	Zoo - Animal Holding Phase I Improvements	Angora Loop Median Improvements NIP III	Cimarron Unit 1 Metal Shade Canopy
Newman Park Improvements (NIP)	Zoo - Education Animal Holding	Crestmont Canopy over playground	Hawkins Pool Roof Replacement
Chuck Heinrich Park (NIP)	Citywide Play Equipment Installation Group 2	Richard Burges Library Renovation	Todd Ware Park Improvements
Summit Fillmore Park Improvements (NIP)	Coyote Park - Citywide Canopy Installation	Zoo - Giraffe Shade (Support Elements)	N. Carolina Retaining Wall
Radford Park	Museum of Archaeology Gazebo	Judge Marquez Branch Library	District 7 Chapoteo Neighborhood
Coronado Curb Cut Improvements (NIP)	Pavo Real Enhanced Spray Park	Sergio Troncoso (Ysleta) Library	Palm Grove Park Improvements
Madeline Park (NIP)	Ponder ParkOutdoor Sports Field Lighting	Sergio Troncoso (Ysleta) Library Parking Lot	District 2 Lost Kingdom Water Park
Patriot Place Park Improvements (NIP)	Rutherford Curb Cut Improvements NIP III	Trailhead Parking Areas and Amenities -	Madeline Park Improvements
Sunrise Park Restroom Improvements (NIP)	Salvador Rivas Spray Park	Trailhead Parking Areas and Amenities -	Clardy Fox Library Renovations
John Lyons/ Cheryl Ladd Park QOL	Zoo - Event Tent	Trailhead Parking Areas and Amenities -	Sandstone Ranch Metal Shade
Yucca Park Improvements	Sandstone Ranch Estates Park Improvements-	Trailhead Parking Areas and Amenities	Haddox Family Park Improvements
Downtown Pedestrian Pathways	Escondido, Robles & Espada SW Gaps NIP III	Shawver Outdoor Sports Lighting	Eastwood (Album) Metal Shade
Carlos Bombach Park (NIP)	Aztec & Navajo SW Gap NIP III	Sue Young Sports Lighting	Sandstone Ranch Estates Metal
Downtown Benches (NIP)	N. Carolina Speed Indicator Signs NIP III	Adrian Garcia Park	Sun City Lights - District 5
Gallagher Street Sidewalk Improvements (NIP)	Wayne Retention Pond Rock Wall - NIP III	McKelligon Canyon Pavilion Structureal	Travis White Park Improvements
Valle de Las Misiones Street Lights (NIP)	James Grant Area Residential Street Lights NIP	Chihuahuan Desert Exhibit Complex	Newman Park Metal Shade Canopy
Cielo Vista Ramps (NIP II)	Polly Harris Doors	Museum of Art Roof Replacement and	South American Pavilion
Valley View Street Lights (NIP)	Marty Robbins Canopy over Playground	Paseos Del Sol Park Improvements	Sports Field Lighting (Veterans,
Ethel & Edgar Sidewalk Gaps (NIP II)	Vista Del Valle Canopy over playground	Bartlett Park Improvements	Ventanas Destiny Metal Shade
Trowbridge Sidewalk Gap (NIP II)	Clifford Ponding Area Improvements NIP III	Shawver Renovate Sports Fields	Pueblo Viejo Park Improvements
Mission Hills Park Improvements (NIP)	Summit Fillmore Park Improvements NIP III	Thomas Manor Park Improvements-NIP II	Jose Cisneros Library Improvements
Blackie Chesher Lighted Flat Fields (Sports Field Lighting)	Love Road crosswalk and landscaping NIP II	Museum of History Track Lighting	Esperanza Moreno Library
Barron Park	Westside Pool	Jan Sumrall Trailhead Playground	Armijo Branch Library Improvements
Zoo - Africa Wild Dog	Pueblo Viejo Park Picnic Table Canopies - NIP III	Salamanca and Pejamo ADA Ramps	Pueblo Viejo Park Metal Shade
Zoo - Reptile Building	Museum of Art Gallery Upgrade	Balsam Sidewalk Gaps	Salvador Rivas Park Phase III
Ranchland Hills Lights (NIP II)	Edgemere Park NIP III	Eastside Senior Center (Pebble Hills)	Seville Recreation Center
San Jacinto Plaza	Houston Park Improvements NIP III	Blackie Chesher Metal Shade Canopy	Joey Barraza and Vino Memorial Park
Little River Park Improvements (NIP)	Argal Park at Las Palmas (Las Palmas/Pendale	Zoo - Kalahari Improvements	Pavo Real Recreation Center
E.L. Williams Park Improvements-NIP II	Eastside Sports Complex Design/Build Phase 1	Memorial Park Library Branch Expansion	Westside Branch Library
Pueblo Viejo Park Improvements- NIP II	Mountain View Park Lights Improvements NIP III	Rim Area Street Signs	Dick Shinaut Concrete Skate Park
Johnson Basin	H.T. Ponsford Park Improvements- NIP II	Sunset Heights and Old San Francisco	Trailhead Improvements - Chuck
Jorge Montalvo Park Improvements	Zoo - Carousel Site Development	Yucca Metal Shade Canopy	Joey Barraza and Vino Modular Play
Digital Wall (History Museum)Roof Drain Alterations	Borderland Park Improvements NIP III	Irwin J Lambka Metal Shade Canopy	Westside Community Park Soccer
Stiles Park Handball Court	Socorro Rd. Landscaping Improvements NIP III	Nations Tobins Metal Shade Canopy	



Quality of Life

- Increase for Quality of Life services and operating costs for new bond projects including the Penguin Exhibit, the Children's Museum and Mexican American Cultural Center
- Sports complex facility maintenance
- Continuing Automated irrigation pilot project
- Winterfest
- WaterParks



FY 2024 – FY 2028 MYFO





General Fund Revenues

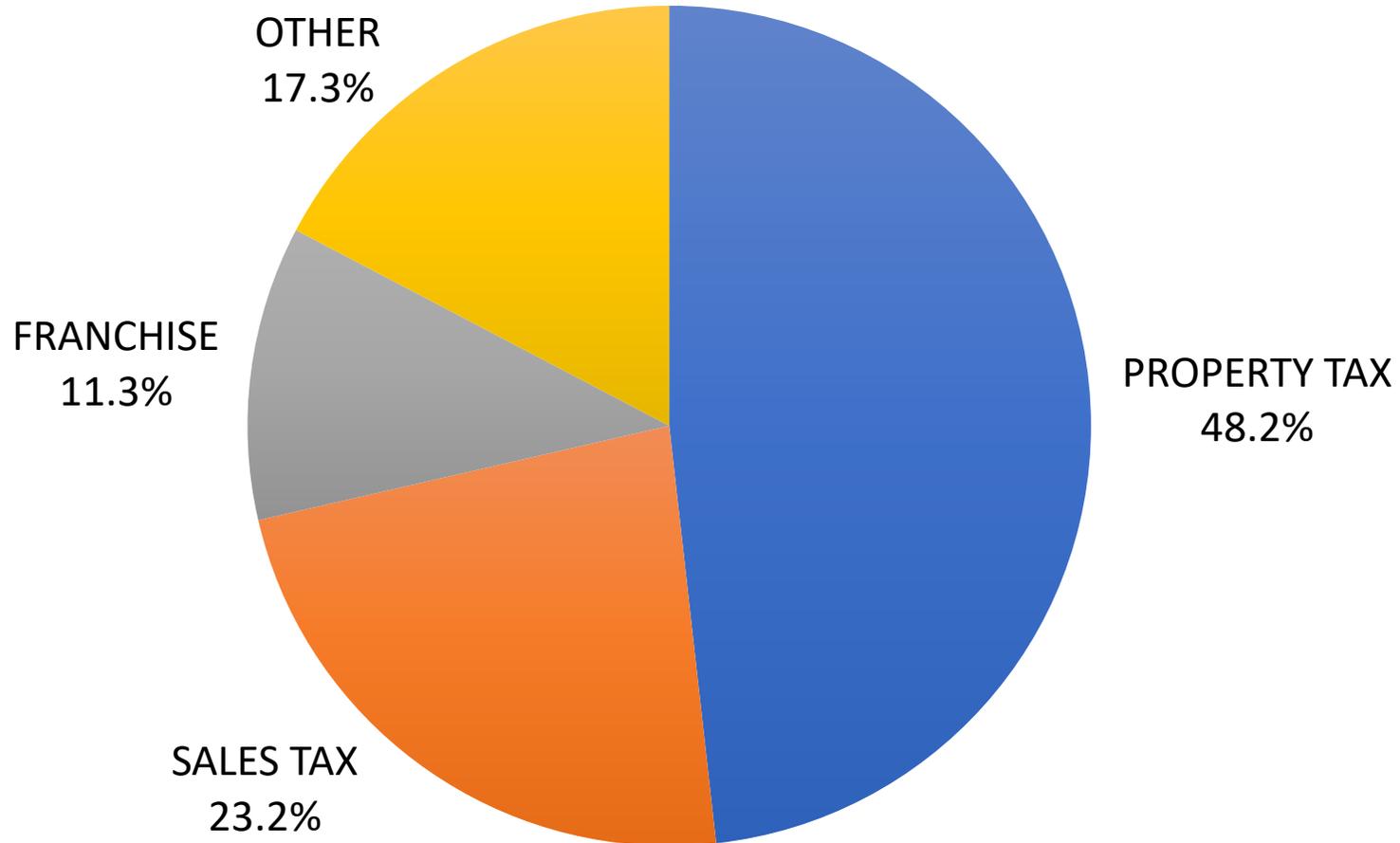




Future Revenue Assumptions

- Property Taxes
 - FY 2024 includes projected decrease in property tax rate
 - All estimates are based on data prior to receiving preliminary certified values
 - Property valuation growth of 9% (residential, commercial)
 - Total valuation loss due to exemptions (over 65, disabled, disabled veterans)
- Sales tax growth – local, regional, national economic analysis
- Franchise fees – based on gross revenue of utilities (rates x usage)

FY2024 General Fund Revenues

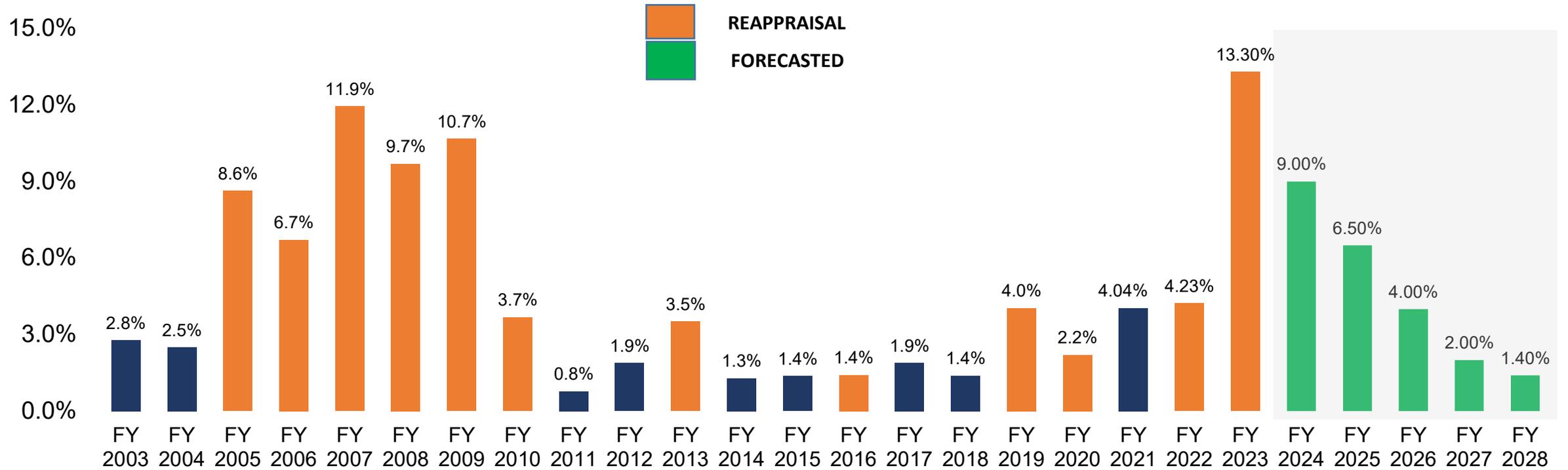


General Fund Revenue

Forecast from September 2023 – August 2028

	FY2024	FY2025	FY2026	FY2027	FY2028
Starting Point	512,626,272	485,748,794	494,139,422	512,345,218	525,208,210
Property Taxes	8,166,615	5,188,941	2,910,996	2,140,376	1,887,812
Sales Taxes	11,846,630	4,274,550	4,424,159	4,579,005	4,739,270
Franchise Fees	4,368,790	1,754,930	1,813,077	1,873,261	1,935,556
Other	1,070,923	1,755,838	1,804,799	1,828,198	1,886,375
Total	538,079,229	498,723,053	505,092,454	522,766,057	535,657,222
Annual Increase	25,452,958	12,974,259	10,953,032	10,420,839	10,449,012

Property Tax Valuations

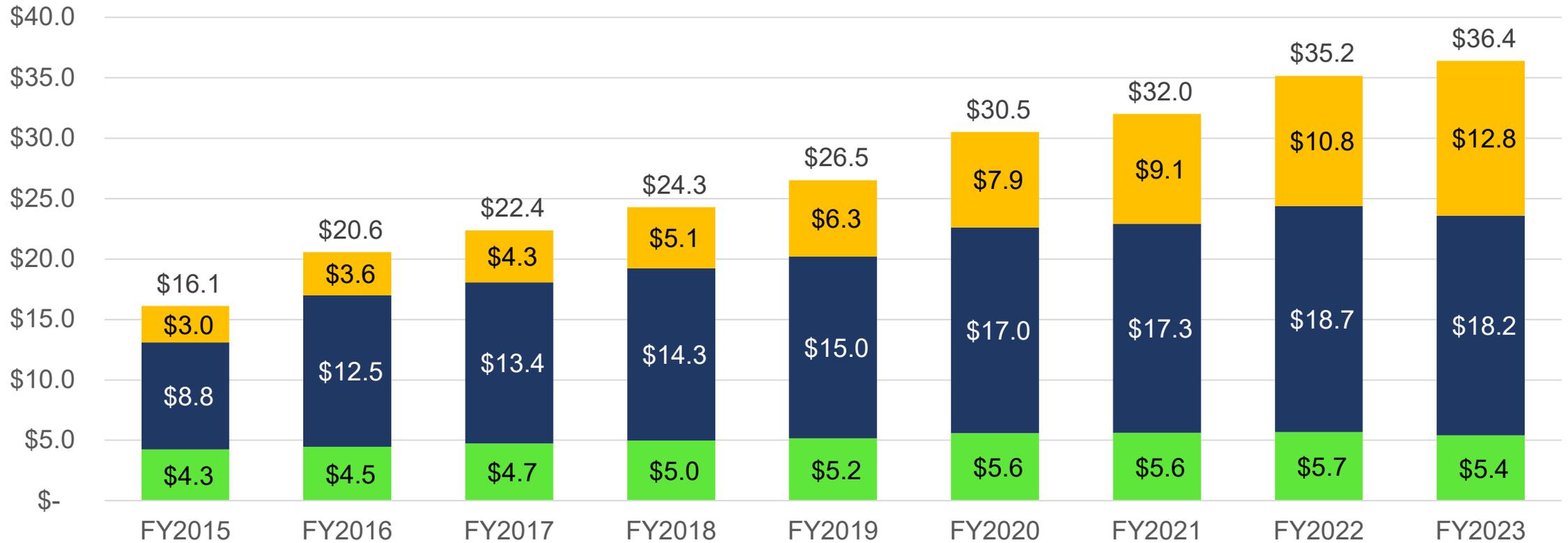


Impact on Certified Values

	FY2023 ADOPTED	FY 2024 FORECASTED	VARIANCE	% Change
CERTIFIED VALUE	43,906,678,023	47,858,279,045	3,951,601,022	9.0%
(minus) VALUATION OF TIRZ	1,135,859,261	1,187,024,933	51,165,672	4.5%
(minus) VALUATION OF EXEMPTIONS	2,732,302,787	2,841,594,898	109,292,111	4.0%
REMAINING VALUATION	40,038,515,975	43,829,659,214	3,791,143,239	9.5%

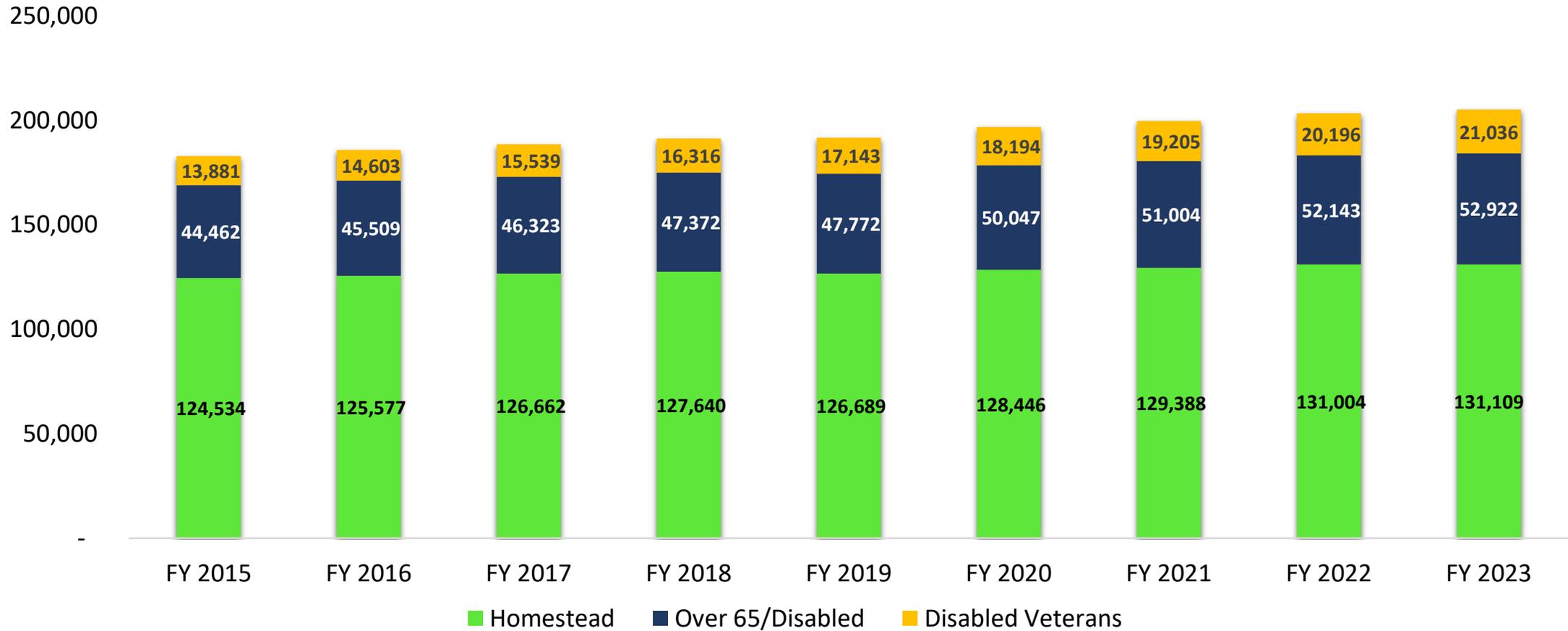
City Property Tax Relief (\$ in Millions)

■ HOMESTEAD ■ OVER 65/DISABLED ■ DISABLED VETS

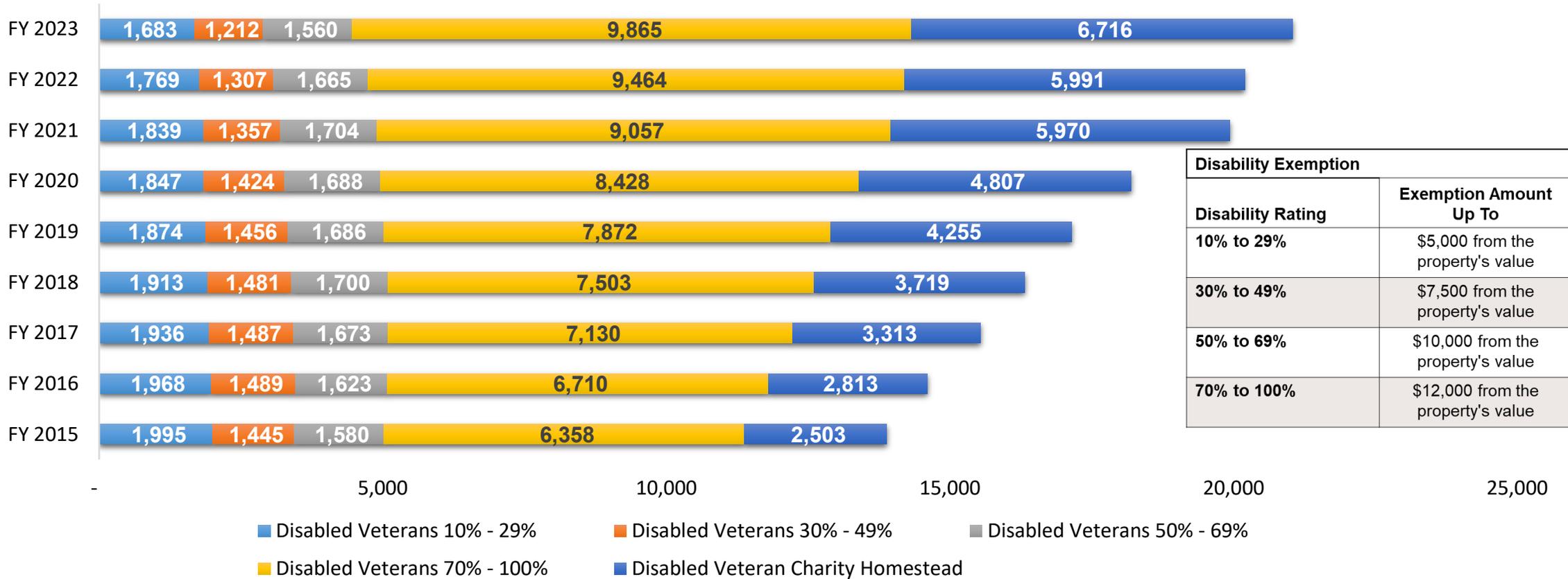




FY 2015 – FY 2023 Exemptions

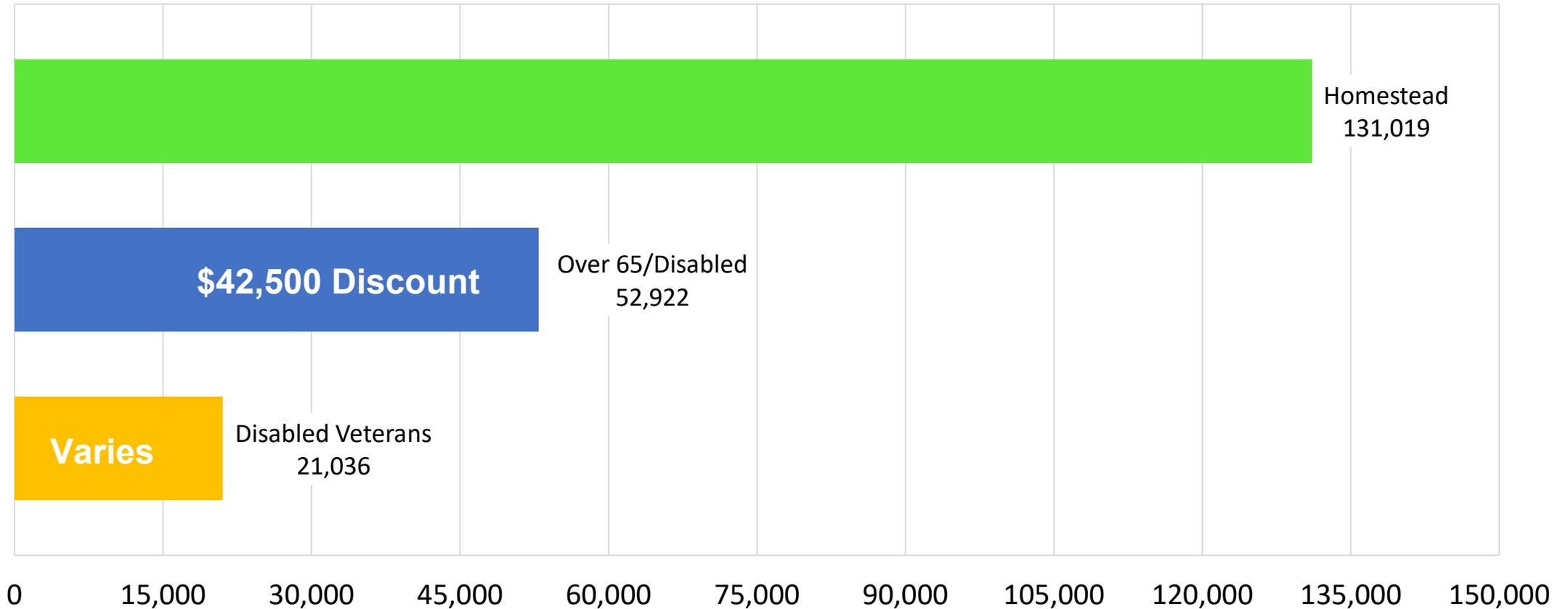


Disabled Veterans Exemptions





FY 2023 Exemptions





Additional Tax Relief for Over 65/Disabled

- On June 22, 2021 City Council approved increasing the exemption for the Over 65 and Disabled Homesteads
- Exemption (discount) was increased by \$2,500 (from \$40,000 to \$42,500)
- Evaluating opportunities for additional tax relief for Over 65/Disabled Exemption
- Provides additional tax relief for over 52,000 homesteads that have either the Over 65 or Disabled exemption
- Potential impact of \$1.18 million in additional tax relief

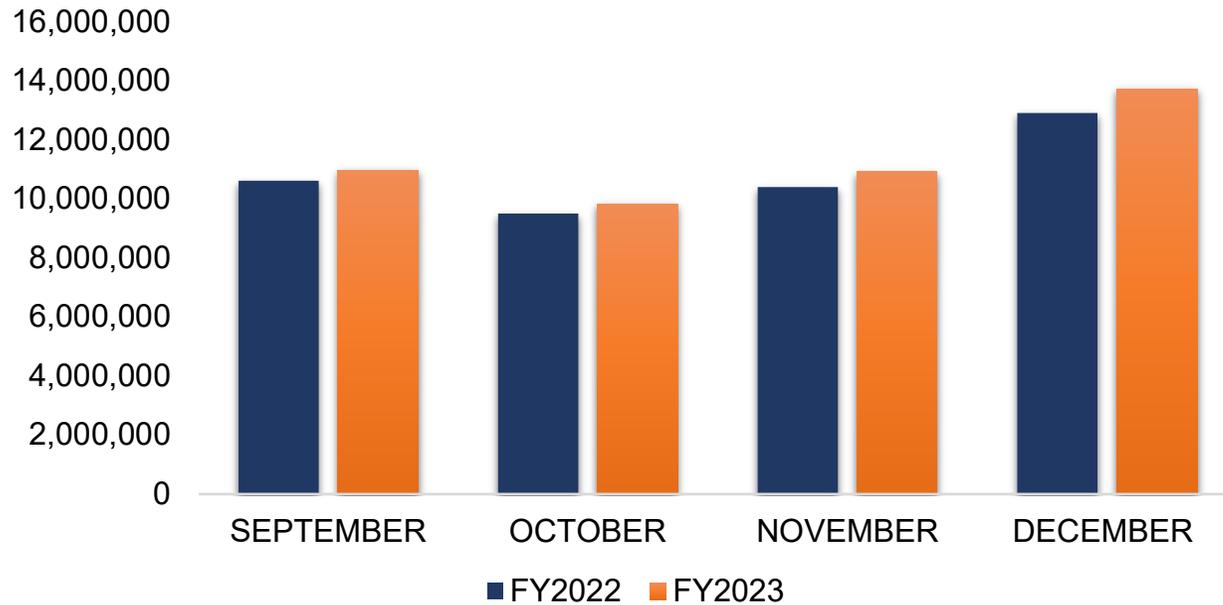


Impacts on Sales Tax Revenue

- Delay in data (two-month delay in receiving the data from the State)
- Relatively strong Inflation expected for the next couple quarters
- Impact of higher interest rates (9 rate hikes by the Federal Reserve since March 2022)
- Uncertainty in bank lending and possibility of a “Minsky Moment”
- Weaker economy expected in 2023, but not a full recession
 - Slower job growth and spending forecasted by the Federal Reserve

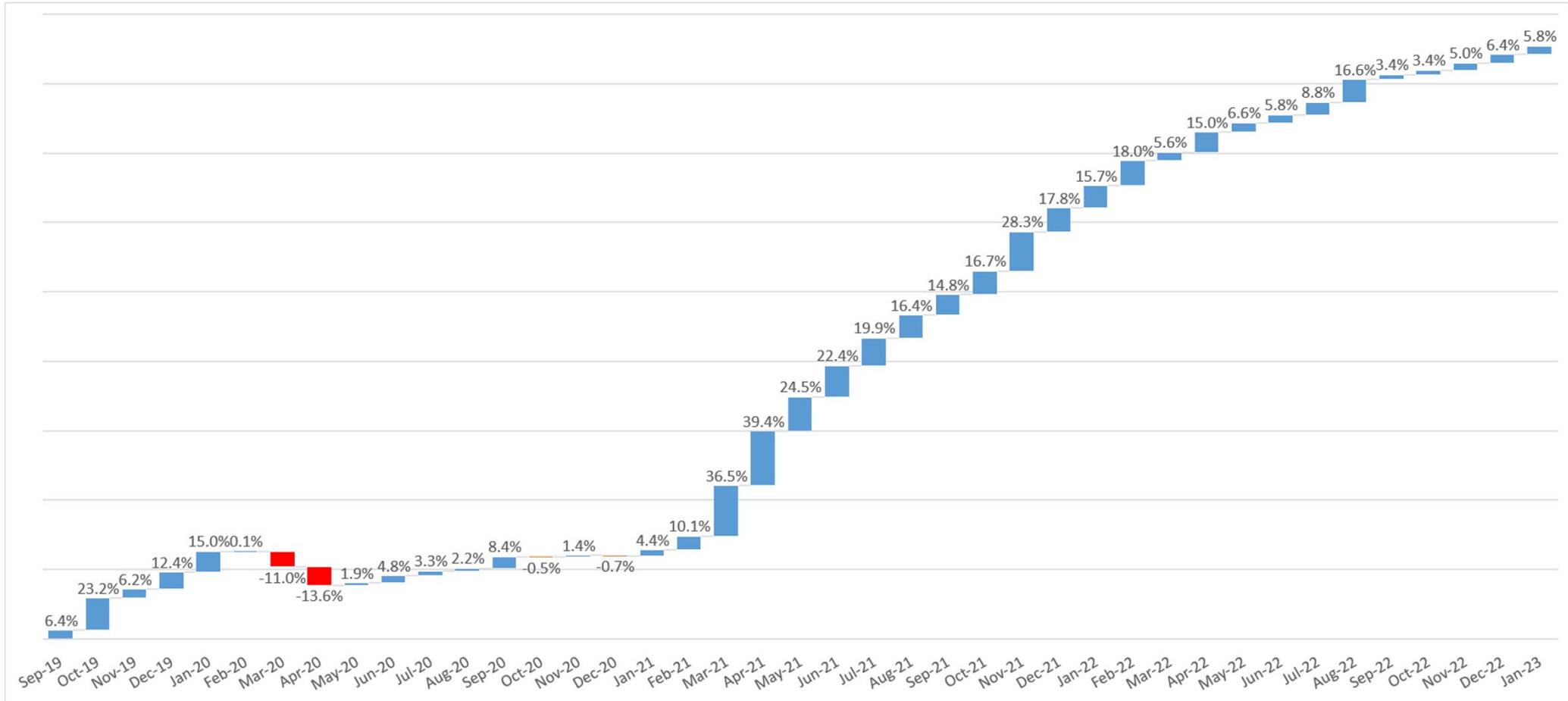


YTD Sales Tax Revenue



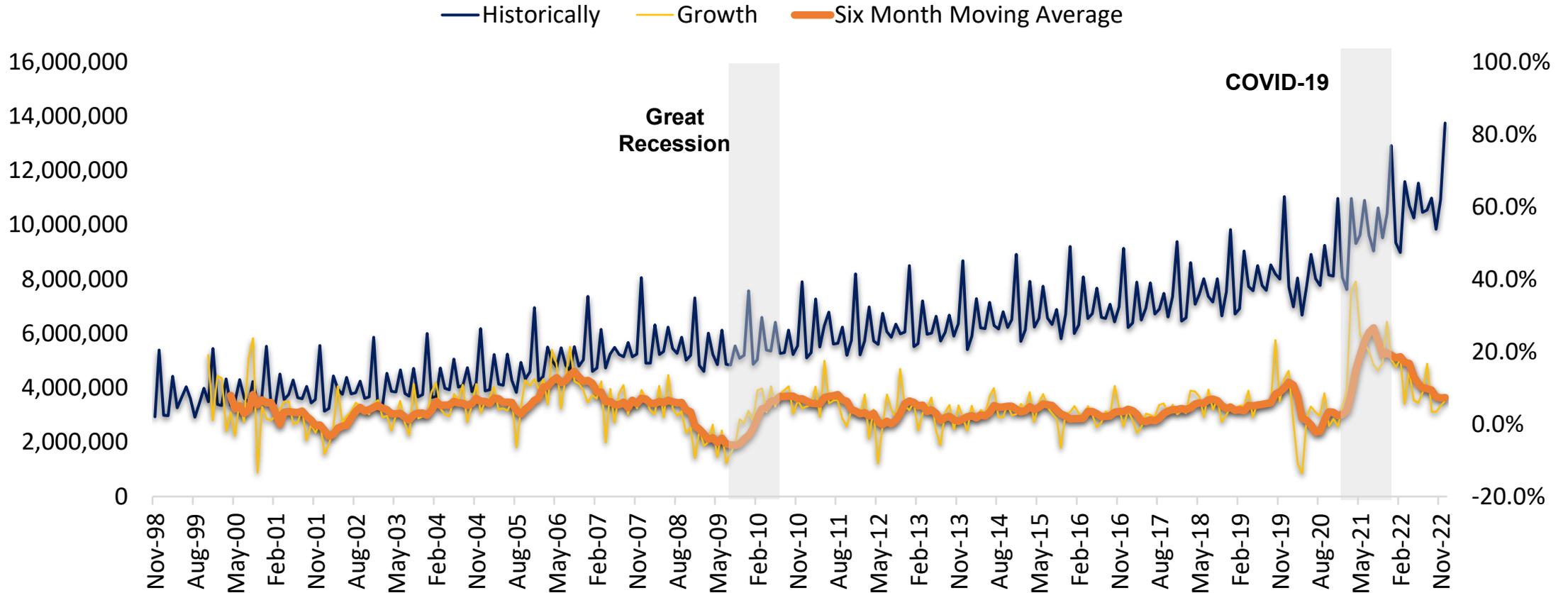
	FY2022	FY2023	VARIANCE
SEPTEMBER	10,620,471	10,978,840	3.4%
OCTOBER	9,516,270	9,841,288	3.4%
NOVEMBER	10,410,936	10,929,250	5.0%
DECEMBER	12,918,763	13,746,468	6.4%
YTD TOTAL	43,466,440	45,495,846	4.7%

Sales Tax Revenue

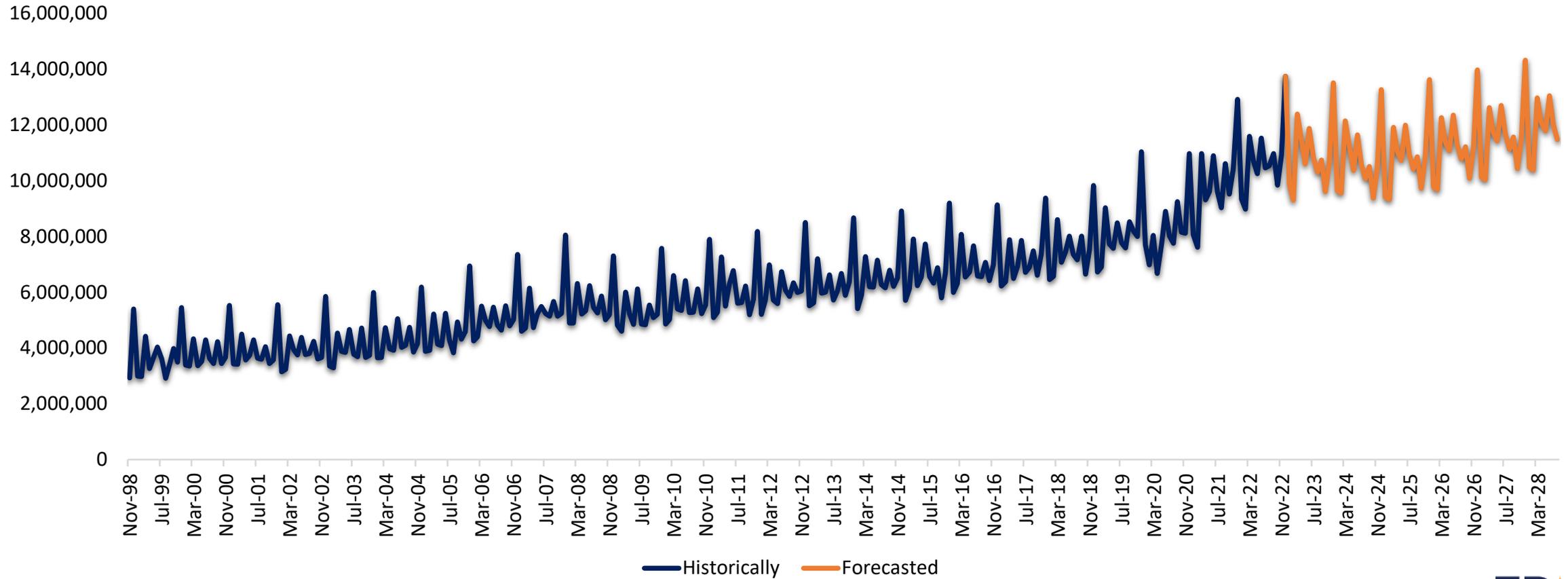




Historical Sales Tax Revenue



Sales Tax Revenue (Historical and Forecasted)



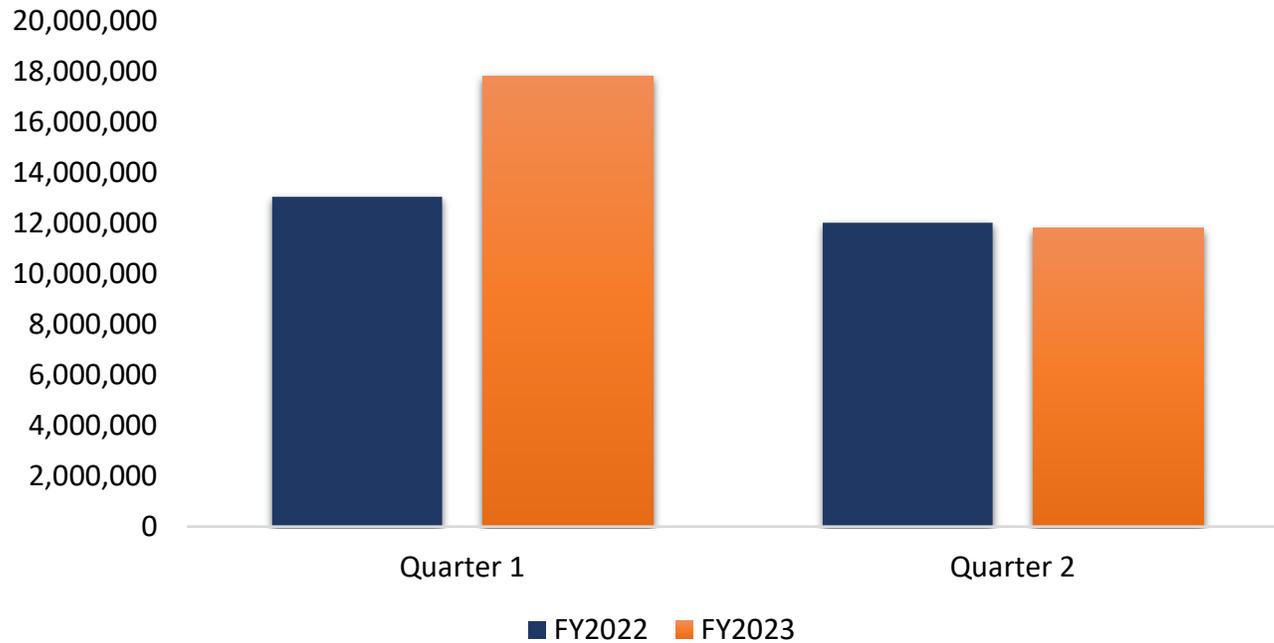


Franchise Revenue

- Franchise fees are imposed for the Right of Way use by utilities
- Assumptions:
 - Stable customer growth
 - Higher electricity rates (1.7% increase in 2022) and water rates (9% increase in 2023) will impact utility revenue growth
 - Normal weather conditions

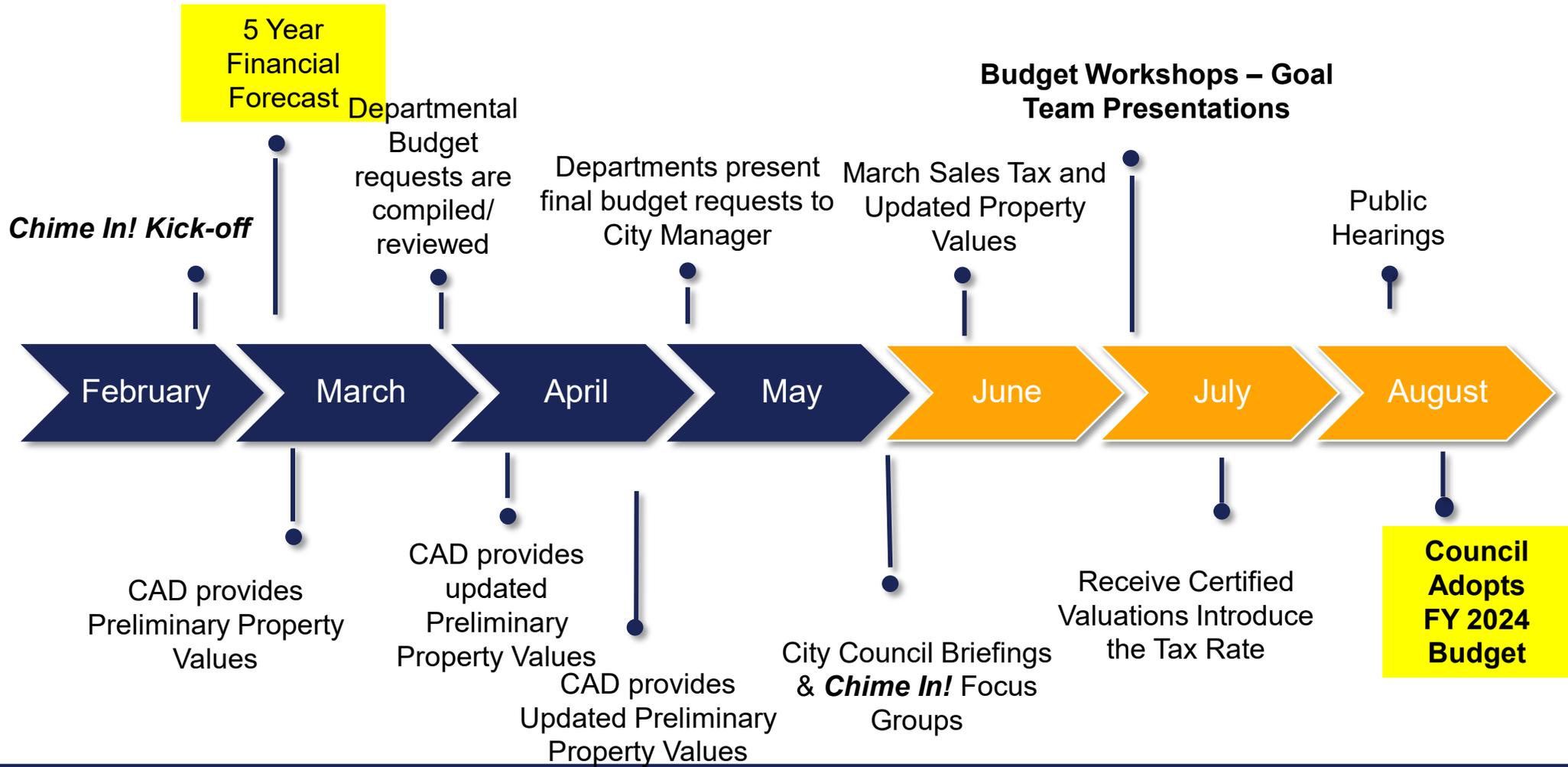


YTD Franchise Fee Revenue



	<u>FY2022</u>	<u>FY2023</u>	<u>VARIANCE</u>
Quarter 1	13,046,546	17,812,414	36.5%
Quarter 2	12,025,793	11,815,423	-1.7%
YTD TOTAL	25,072,338	29,627,838	18.2%

FY 2024 Budget Process Timeline





Summary

- Five months remaining until the FY 2024 Budget is adopted
- Continue to monitor major revenue projections due to preliminary data
- FY 2024 focus on public safety (staffing and capital), street maintenance and workforce
- Capital Project funding (remaining debt to be issued)
- Economic Uncertainty – inflation, labor market, and interest rates



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

Senate Bill 3 and Senate Bill 5

Proposed Bill



Senate Bill 3 – Tax Relief

Passed the Senate on 3/22/2023

- Chapter 11 - Increase the mandatory homestead exemption for school district property taxation from \$40,000 to \$70,000. The bill would also increase the additional mandatory school district homestead exemption for taxpayers who are age 65 and older or disabled from \$10,000 to \$30,000.

Senate Bill 5 – Tax Relief

Passed the Senate on 3/22/2023

- Chapter 11.145 - relating to Income-Producing Tangible Personal Property Having Value of Less Than \$2,500, and exempt from taxation \$25,000 of the appraised value of tangible personal property the person owns that is held or used for the production of income, rather than less than \$2,500 dollars of taxable value.