

**FY 2027
Preliminary Budget**

***FY 2027 Preliminary
Budget Overview***



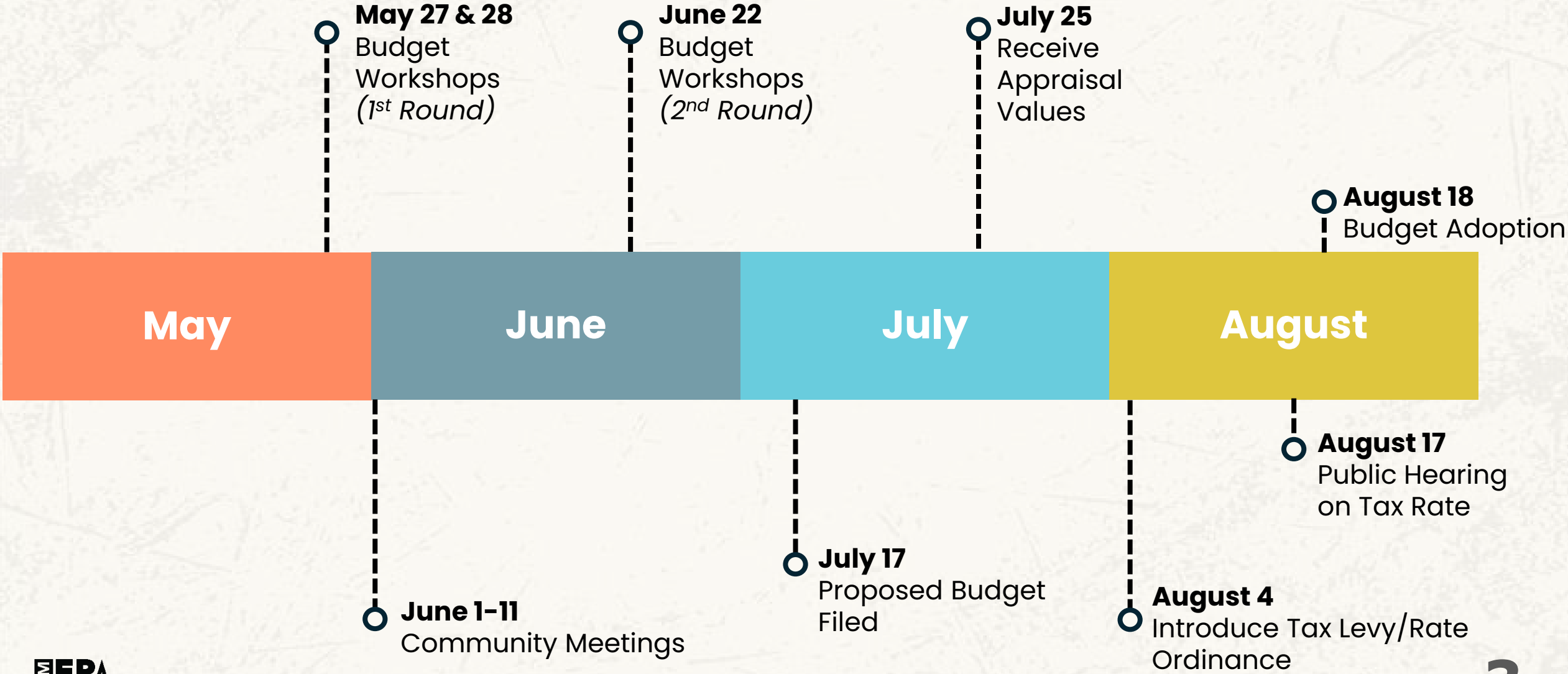
Section 1

Dionne Mack *City Manager*

- Projected Budget Timeline
- Budget Process Improvements
- Budget Development
- Budget Highlights
(Alignment to Strategic Plan)
- Current Workforce Profile
- Key Context
- Key Challenges
- Efficiencies and Adjustments
- Key Considerations



FY 2027 Projected Budget Timeline



FY 2027 Budget Process

Key Improvements

- Implementation of **Program Based Budgeting** for all departments
- Implementation of **two-year outlook**
- **Multiple Budget Workshops** to allow for more Council input (six weeks earlier than prior years)
- Revised form/process for **Council Budget Adjustments**

FY 2027 Budget Development

Fiscally Responsible Approach During Challenging Times

- Commitment to maintaining **high-quality public services**
- Focus on **long-term financial sustainability**
- Competing pressures required difficult decisions and a **disciplined approach** to balancing the budget while protecting core City services

GOOD GOVERNANCE PILLAR:

Leadership that is responsive + reliable

Identify and implement sustainable fiscal opportunities to support community priorities

- ① Alignment with the **adopted Strategic Plan** ensures intentional focus on key community priorities
- ② Implementing **Program Based Budgeting** enhances transparency of all programs and services provided
- ③ Reinforcing **long-term financial sustainability** ensures structural balance, operational efficiency, and responsible financial planning practices

Budget Priorities X Strategic Plan

Community Programs

	ECONOMIC MOBILITY	PUBLIC SAFETY	INFRASTRUCTURE	QUALITY OF LIFE	GOOD GOVERNANCE
Corporate Cross-Cutting Goal Areas	Create new international aviation route	Build: <ul style="list-style-type: none"> Police Department (PD) Central Regional Command PD/Fire Academy PD Headquarters 	Deliver Quick Build traffic safety projects that support <i>Vision Zero</i> initiative	Build: <ul style="list-style-type: none"> Neighborhood Improvement Program projects round 6 All Abilities Playgrounds 	Improve the public records request process to provide timely, accurate, and easy-to-access information
Communication Focus	Expand business support resources	Expand traffic safety outreach and education; Ensure Schools are <i>Safe Routes To School</i> certified	Complete Resler Dr. and Montwood Dr. extensions (connectivity)	Maintain all medians throughout the City; Complete projects identified within first year of facility repair program	Implement a Data Governance Plan to build city capacity for problem-solving and using data to improve residents' lives
Engagement Opportunities	Offer employer-aligned skills training	Reduce Priority 1 Officer Unavailable Time	Enhance the Sun Metro transit rider experience by implementing a complete route restructuring program	Provide equitable access to healthcare services (e.g., HIV, STD, TB testing, and vaccinations); Reduce and prevent the spread of vaccine-preventable diseases	Strengthen resident-facing digital communication, transparency, and service visibility
Financial Sustainability	Assess and improve the processing of building permit applications	Enhance DWI enforcement through a multipronged approach	Complete the Council two-year approved list of streets within Community Progress Bond	Develop and identify current, and future Parks and Recreation needs by prioritizing projects and investments	Reinforce procurement and contract processes to support competition, clarity, compliance, and vendor performance
	Provide tools and services to increase the supply of multi-family housing	Protect community against communicable diseases by facilitating early detection, contact tracing, intervention, & prevention strategies	Begin implementation of Climate Action Plan (solar lighting, 915 Treekeepers - tree plantings)	Provide youth & senior services to increase participation and program diversity in a safe environment	Implement a structured, organization-wide approach to risk management supporting safety and security for our residents and employees



Budget Highlights

PUBLIC SAFETY PILLAR:

Protection and visibility are a baseline responsibility

Recruiting and retaining first responders

- Planned 3 academies with 90 graduates for Police Department
- Planned 2 academies (one graduating in FY2027) with 45 graduates for Fire Department
- 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

Maintains funding for Neighborhood Traffic Management Program, Vision Zero, and lane striping

Budget Highlights

INFRASTRUCTURE PILLAR:

People, places, and daily life that feels connected

Expanding street maintenance and roadway improvements

- Maintains \$29.7 million annual pay-go funding for streets, vehicles, equipment, facilities, and parks

Enhance community pride through cleanliness, maintenance, and beautification of public spaces

- \$920K for vehicles and heavy equipment for Eastside Sports Complex maintenance (*Funding from Public Improvement District*)

ECONOMIC MOBILITY PILLAR:

Opportunity & prosperity that reflects El Paso

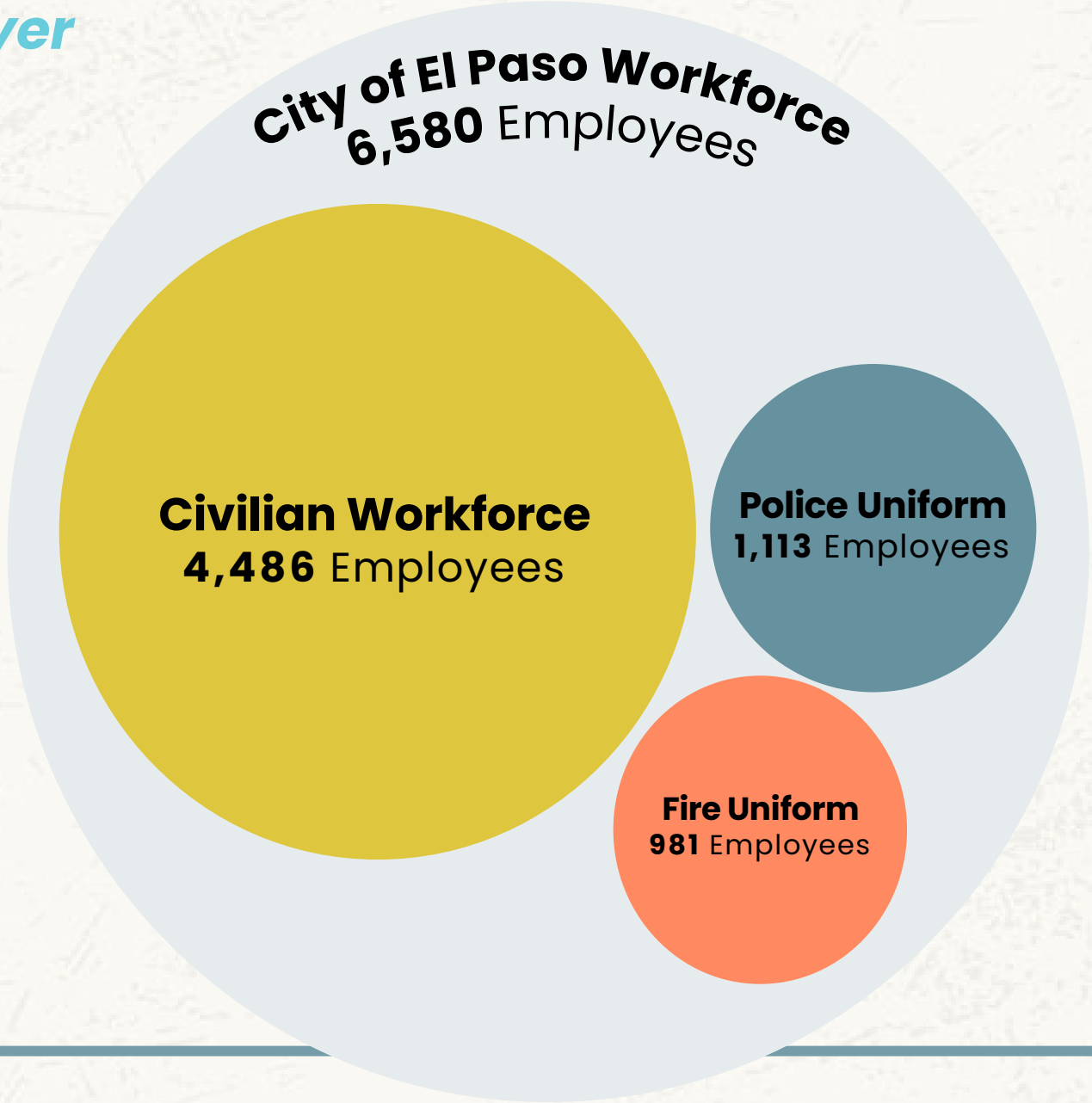
Activating workforce pathways toward livable wages

- Regular adjustments to wages tied to the cost of living and additional certifications

Current Workforce Profile

the City as an Employer

- Tenure has changed post-pandemic, with **nearly half** of our Civilian Workforce having **less than 5 years of service time**
- **FY26 turnover** (September-April) for civilian (11.3%) and uniform (4.9%) employees reflect **lowest rates since pre-pandemic levels**



General Fund Cost Drivers and efficiencies

Police and Fire




	FY 2027 Preliminary
Police \$2.6M increase	\$200.6M FY 2026 Adopted Budget + \$2.3M Uniform base wage and benefits increase according to Collective Bargaining Agreement - \$(3.2M) rightsized longevity, incentive pay and academies + \$1.3M American Rescue Plan Act funded positions moving to GF (City Watch, Crisis Intervention Team and Body Worn Camera programs) + \$0.4M increase for Emergence Health Network contract + <u>\$1.8M Increases to other operating budget</u> \$203.2M FY2027 Preliminary
Fire \$9.3M Increase	\$158.2M FY 2026 Adopted Budget + \$4.8M Uniform base wage and benefits increase according to Collective Bargaining Agreement + \$2.4M Hazmat Unit transferred from Environmental Fee + <u>\$2.1M Increases to operating budget including grant match and health provider services</u> \$167.5M FY2027 Preliminary
Contractual Expenditures	<ul style="list-style-type: none"> \$2.2M (\$1M paid by American Rescue Plan Act – ARPA) for Public Safety P-25 Radio System Agreement

General Fund Cost Drivers and efficiencies

Civilian Workforce + Major Increases

	FY 2027 Preliminary
Wage Increase + Health Care <ul style="list-style-type: none">\$0.50 increase in minimum wage (from \$15.75 to \$16.25), or at least 2.5% effective September 20, 2026	<ul style="list-style-type: none">\$3.2MNo increase to employee healthcare contribution (9th consecutive year)* New Supplemental Insurance: Cancer, Hospital Indemnity, Critical Illness, Accident and Pet insurance (no cost to city)
Contractual Expenditures and Transfers	<ul style="list-style-type: none">\$1.5M for estimated cost of the November election for Districts 1, 5, 6, and 8 and related run-off elections.\$1.5M increase to Animal Services

Key Context

-  **Decreasing revenue** due to unfunded State mandates
-  **Increasing costs** due to investments in public safety, increasing fixed costs and contractual obligations, and debt service for voter-approved capital projects
-  **Cost reduction strategies** implemented by unfunding or deleting 75% of vacant positions

Key Challenges

- **Budget increase driven primarily by:**
 - Loss of taxable value from State action
 - Need to sustain ongoing City operations and obligations
- **Increasing Costs**
 - Public Safety
 - Fixed costs and contractual obligations
 - Debt service for voter-approved bond projects
- **Loss of Revenue**
 - Unfunded State mandates (property tax exemptions)
 - No use of fund balance or one-time revenue
 - Expiring American Rescue Plan Act (ARPA) federal funding

Efficiencies + Adjustments

Cost Reduction Strategies

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

Cost recovery efforts

Key Considerations

Reinforcing long-term financial sustainability

- **Economic Mobility Pillar:** Compensation increases help address livable wages focus
- **Public Safety Pillar:** Multi-year public safety collective bargaining agreements
- **Infrastructure Pillar:** Increasing need/cost without increasing funding allocations:
 - Street maintenance
 - Facility improvements and vehicle replacement
 - Information Technology infrastructure

Section 2

Robert Cortinas
Chief Financial
Officer



FY 2027 Preliminary Budget

	FY 2026	FY 2027	\$
	Adopted	Preliminary	Variance
General Fund	625,691,692	655,320,318	29,628,626
Non-General Fund	756,755,716	750,101,676	(\$6,654,040)
Total	\$1,382,447,408	\$1,405,421,994	\$22,974,586

FY 2027 By Fund Category

Fund Category	FY 2026 Adopted	FY 2027 Preliminary	\$ Variance	Description of Fund
GENERAL FUND	625,691,692	655,320,318	29,628,626	Primary operating fund
SPECIAL REVENUE	171,141,197	157,734,143	(13,407,054)	Restricted to expenditures for specified purposes
INTERNAL SERVICE	99,538,818	104,070,092	4,531,274	Healthcare, Workers Comp. Fleet Fund
CDBG	13,360,121	13,356,623	(3,498)	Federal Community Dev. Block Grant
CAPITAL PROJECTS	24,279,870	25,733,876	1,454,006	HOT Capital, Pay-Go
ENTERPRISE	330,531,171	326,296,073	(4,235,098)	Airport, Env. Svcs, Sun Metro, Bridges, Tax
DEBT SERVICE	117,904,539	122,910,868	5,006,329	Payment of long-term debt principal, interest
ALL FUNDS	\$1,382,447,408	\$1,405,421,994	\$22,974,586	

FY 2027 General Fund Revenue

CATEGORY	FY 2026 ADOPTED	FY 2027 PRELIMINARY	\$ VARIANCE	
PROPERTY TAXES	304,878,594	328,449,568	23,570,974	based on valuation and tax rate
SALES TAXES	146,725,816	157,931,000	11,205,184	4.8% increase over FY 2026 projection
FRANCHISE FEES	61,742,911	61,115,800	(627,111)	Decrease in Time Warner and AT&T
CHARGES FOR SERVICES	35,249,668	35,384,174	134,507	
FINES AND FORFEITURES	6,960,004	7,217,685	257,681	
LICENSES AND PERMITS	12,089,877	11,706,365	(383,512)	Decrease in Res. Bldg. Permits and Hazmat Fees
INTERGOVERNMENTAL	3,926,915	3,812,969	(113,946)	Decrease in Health Interlocals
INTEREST	2,500,000	2,500,000	-	
RENTS AND OTHER	12,647,750	14,084,101	1,436,351	Transfer from Capital Projects
OPERATING TRANSFERS IN	38,970,157	33,118,656	(5,851,501)	One-time revenue: Fund balance and TIRZ
	\$625,691,692	\$655,320,318	\$29,628,627	

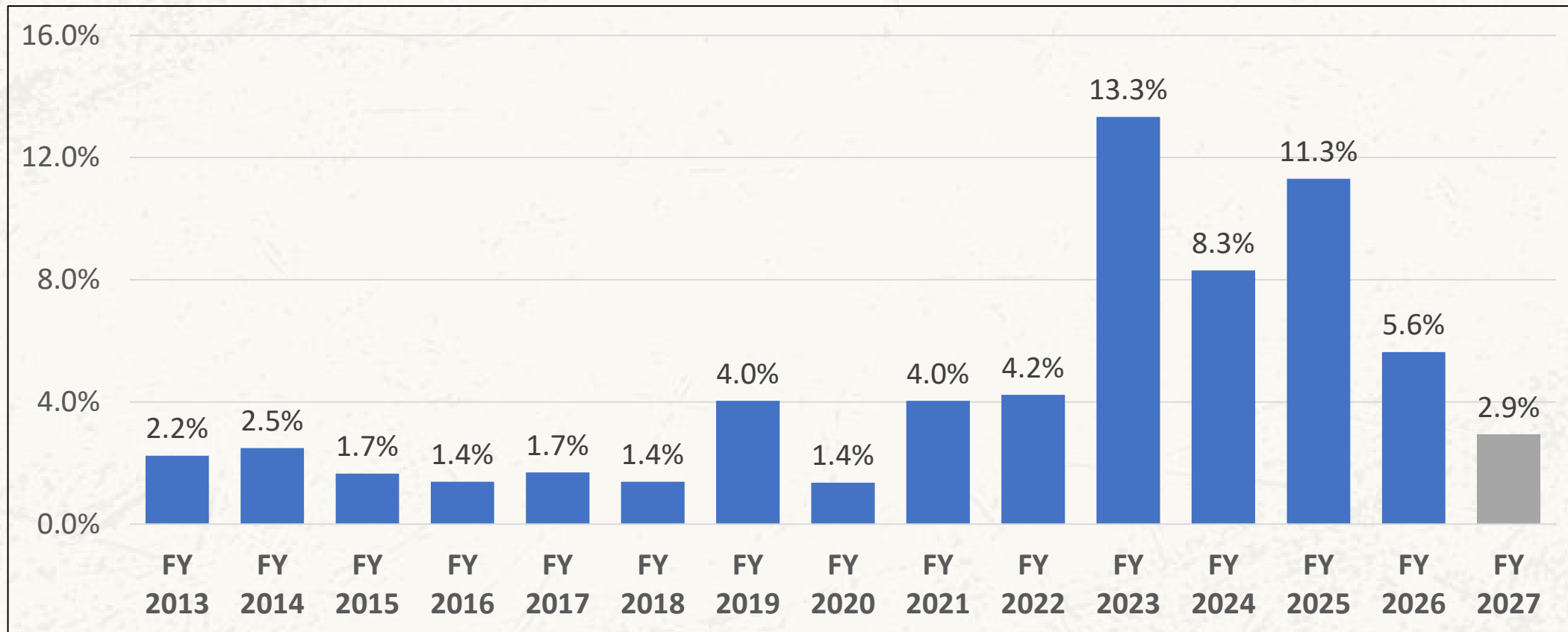
FY 2027 Non-General Fund Revenue

CATEGORY	FY 2026 ADOPTED	FY 2027 PRELIMINARY	\$ VARIANCE	
PROPERTY TAXES	122,380,774	127,268,472	4,887,698	Debt service increase
SALES TAXES	87,666,269	97,122,633	9,456,364	Mass Transit sales tax. motor vehicle rental tax
FRANCHISE FEES	36,031,461	34,322,414	(1,709,047)	Restricted Econ. Dev. Auxiliary Fund
CHARGES FOR SERVICES	121,400,103	129,347,551	7,947,448	Garbage collections, Fleet Fund, CD Home Program
FINES AND FORFEITURES	668,475	732,900	64,425	Municipal Court Security Fund
LICENSES AND PERMITS	2,290,100	2,236,000	(54,100)	\$200K decrease in Animal Services, Increase in Airport
INTERGOVERNMENTAL	63,942,759	53,018,186	(10,924,573)	Sun Metro FTA Subsidy, Police grants, CD Home Program
INTEREST	12,080,200	13,567,000	1,486,800	Airport, Sun Metro, Self Insurance Fund
RENTS AND OTHER	13,004,983	11,392,084	(1,612,899)	Airport reimbursed expenditures
OPERATING TRANSFERS IN	125,076,413	101,309,812	(23,766,601)	Env. Services Env. Fee Fund, TED Fund, TIRZ 9
OTHER SOURCES (USES)	2,549,534	2,506,148	(43,386)	Police Tow Lot
SIF REVENUES	75,024,737	76,975,352	1,950,615	Healthcare contributions
ENTERPRISE REVENUES	94,639,909	100,303,123	5,663,214	Bridges, Airport
TOTAL	\$756,755,716	\$750,101,676	(\$6,654,041)	

FY 2027 Preliminary Property Tax Revenue

- Property Valuation Growth
 - Estimates based on preliminary data (final to be received on July 25, 2026)
 - Taxable Value = Assessed Value minus Exemptions
- Property Tax Rate
 - Operating and Maintenance
 - Debt Service

Taxable Property Valuation FY 2027 Preliminary Estimate



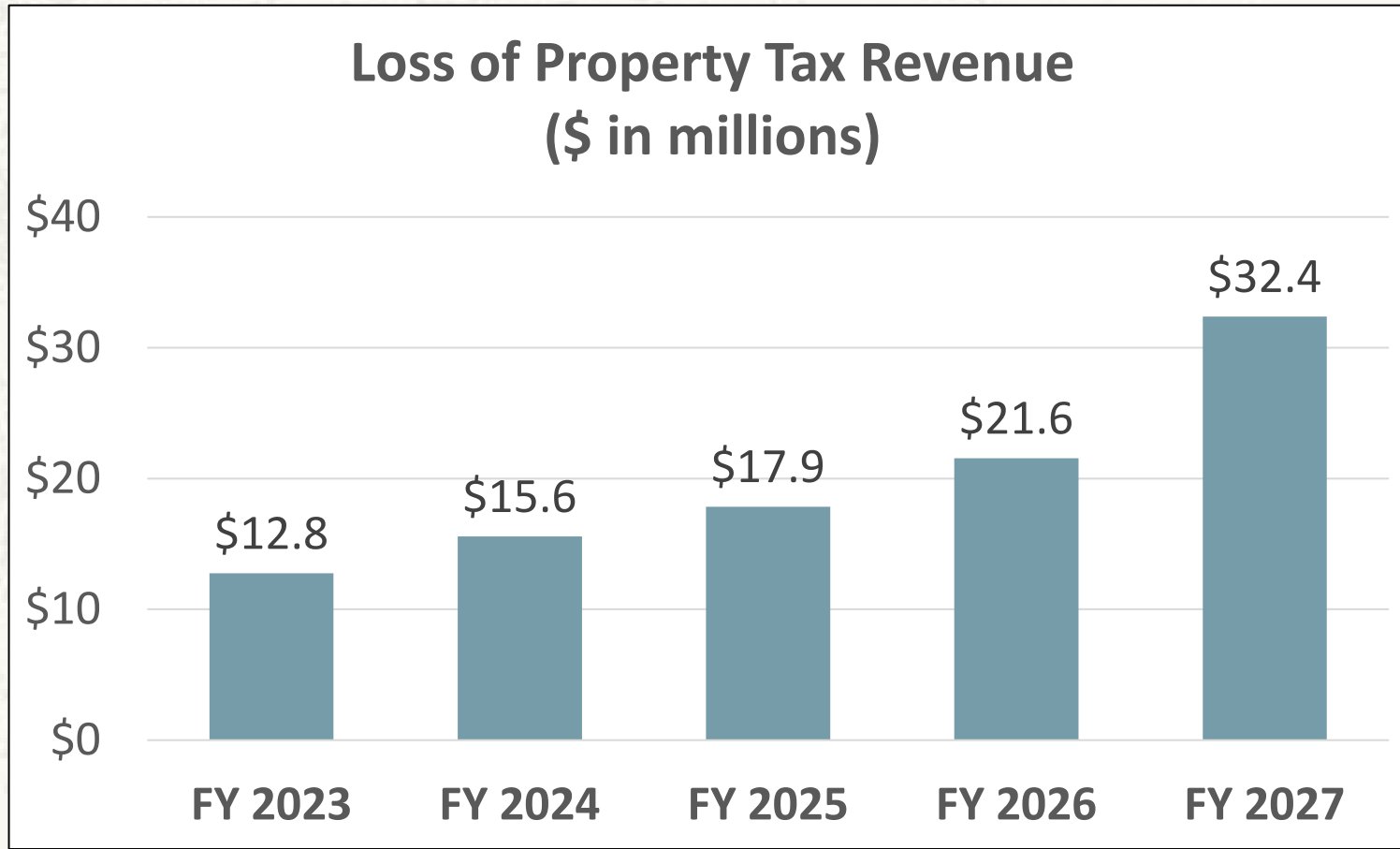
FY 2027 Property Tax Exemptions

\$56.5 Million

Description	# Exemptions	Taxable Value Loss	Tax Revenue Loss
Homestead (City)	139,954	646,744,587	5,064,360
Over 65/Disabled (City)	57,896	2,430,158,790	19,029,457
Disabled Veteran (State)	27,788	3,215,925,449	25,182,434
Business Personal Property (State)	21,555	919,939,497	7,203,623
Total		\$7,212,768,323	\$56,479,874

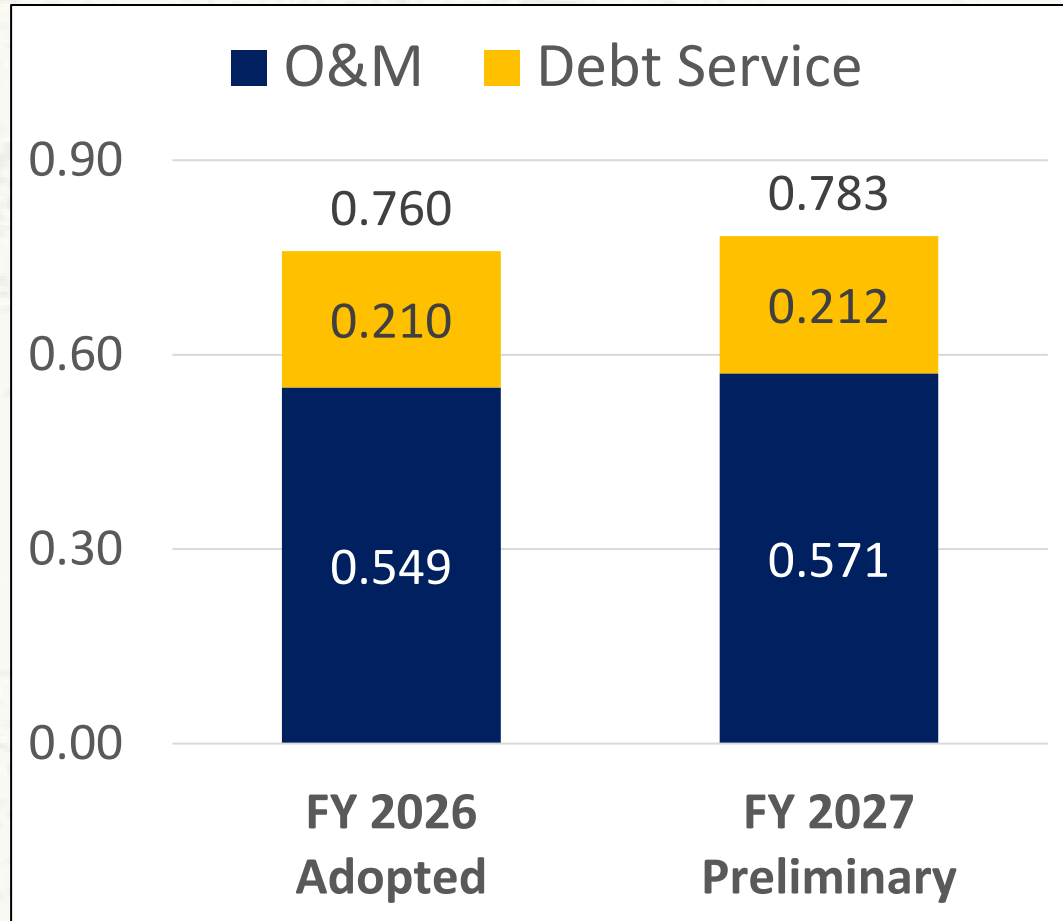
State Property Tax Relief

(Disabled Veteran and Business Personal Property Exemptions)



- \$10.8 million, or 50%, increase in loss of revenue
- Business Personal Property Exemption increase effective for FY 2027

Preliminary Property Tax Rate - Cents per \$100 Valuation



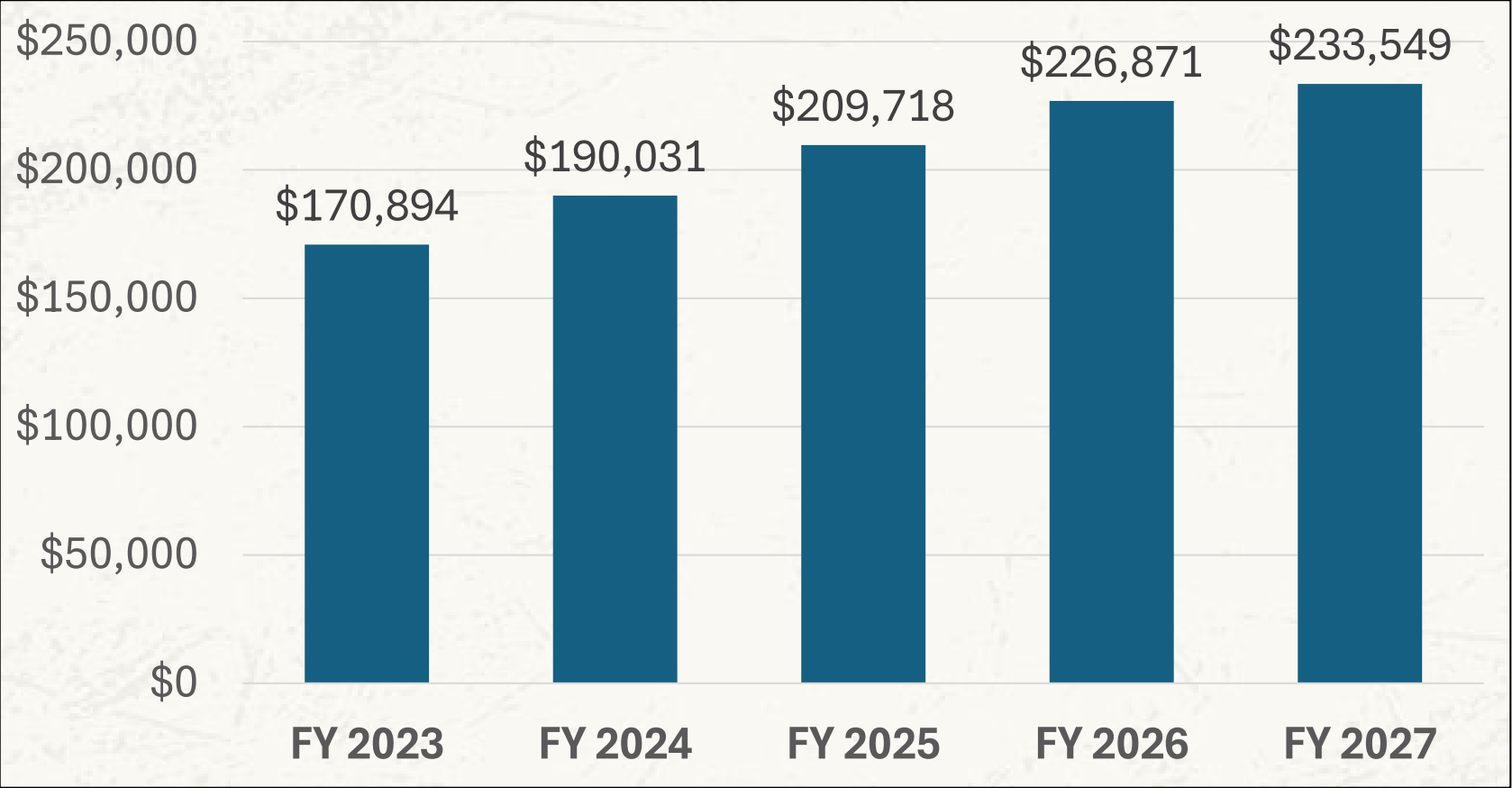
Impact Description	\$ Impact	Tax Rate Impact
Business Personal Property Exemption	\$7.20 million	1.26
Disabled Veterans Exemption	\$3.60 million	.63
Fund Balance	\$3.25 million	.57
One-Time TIRZ	\$2.00 million	.35
Debt Service	\$5.00 million	.88
Total	\$21.05 million	3.69

Preliminary Property Tax Impact Average Single-Family Home

	FY 2026 Avg. Tax Bill	FY 2027 Avg. Tax Bill	\$ Variance
Homestead	\$1,723	\$1,829	\$105.39
Over 65/Disabled	\$1,382	\$1,476	\$94.86
Disabled Veteran	\$915	\$923	\$7.81

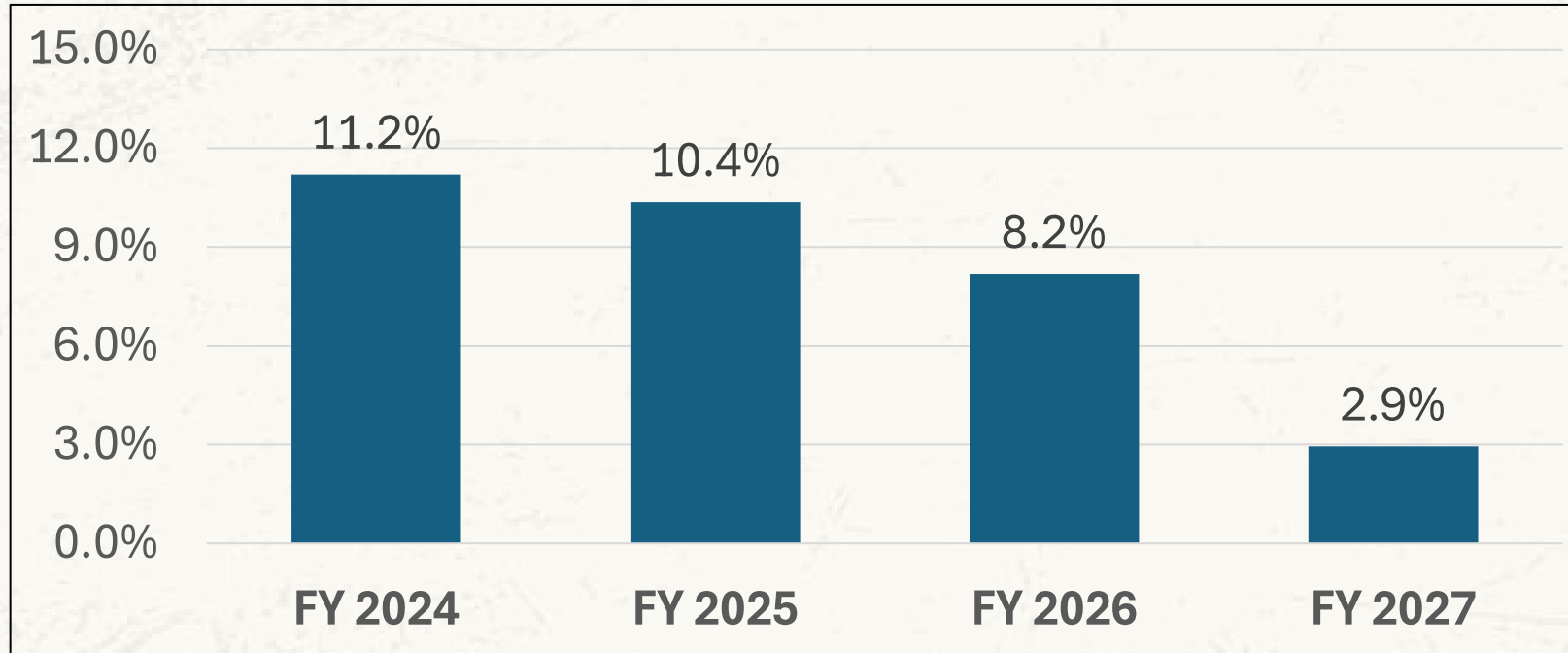
The average disabled veteran exemption increased from \$106K to \$116K

Average Single-Family Home Net Taxable Value



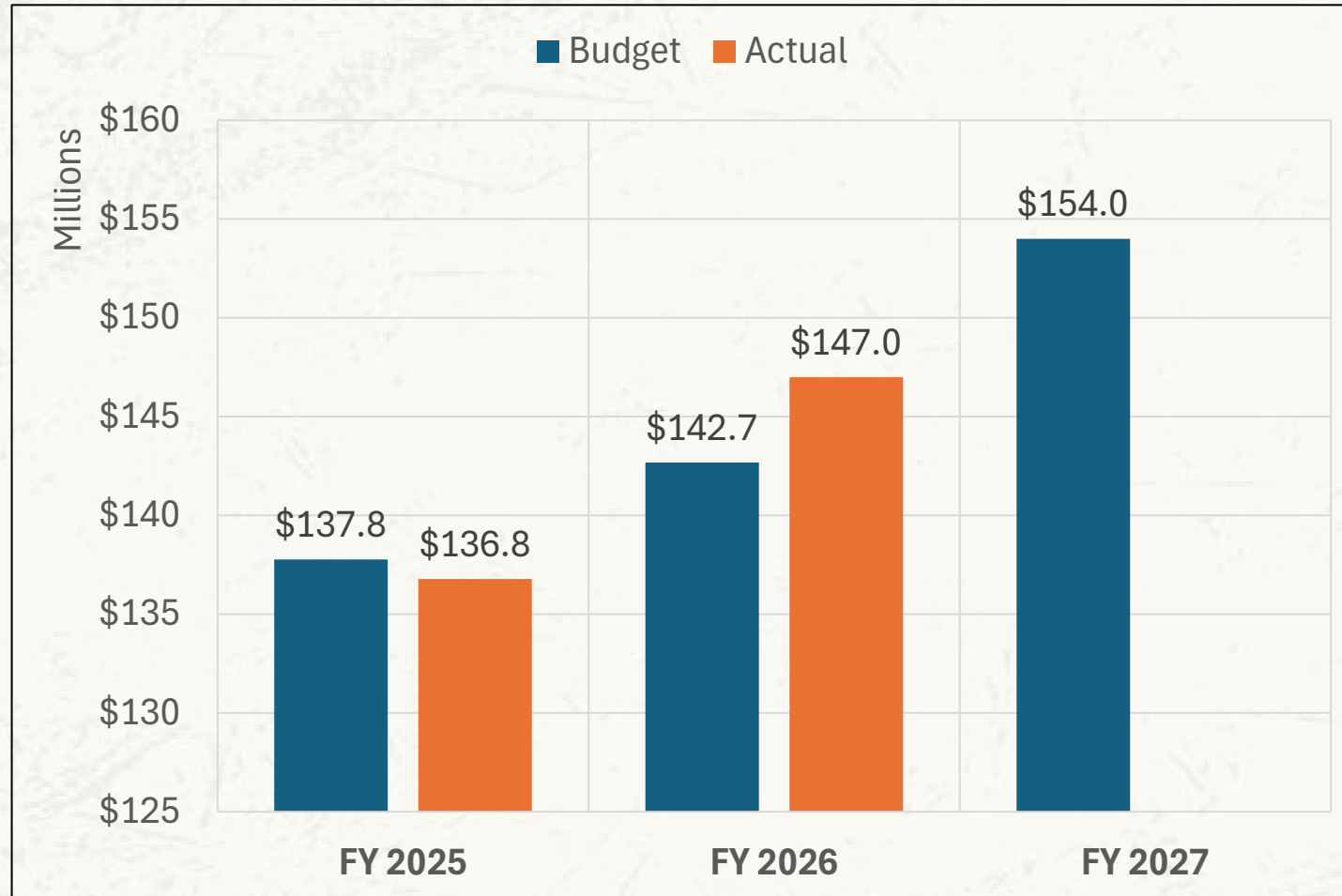
FY 2027 avg. value home is a projection based on the preliminary value received on April 30, 2026

% Change Average Single-Family Home *Net Taxable Value*



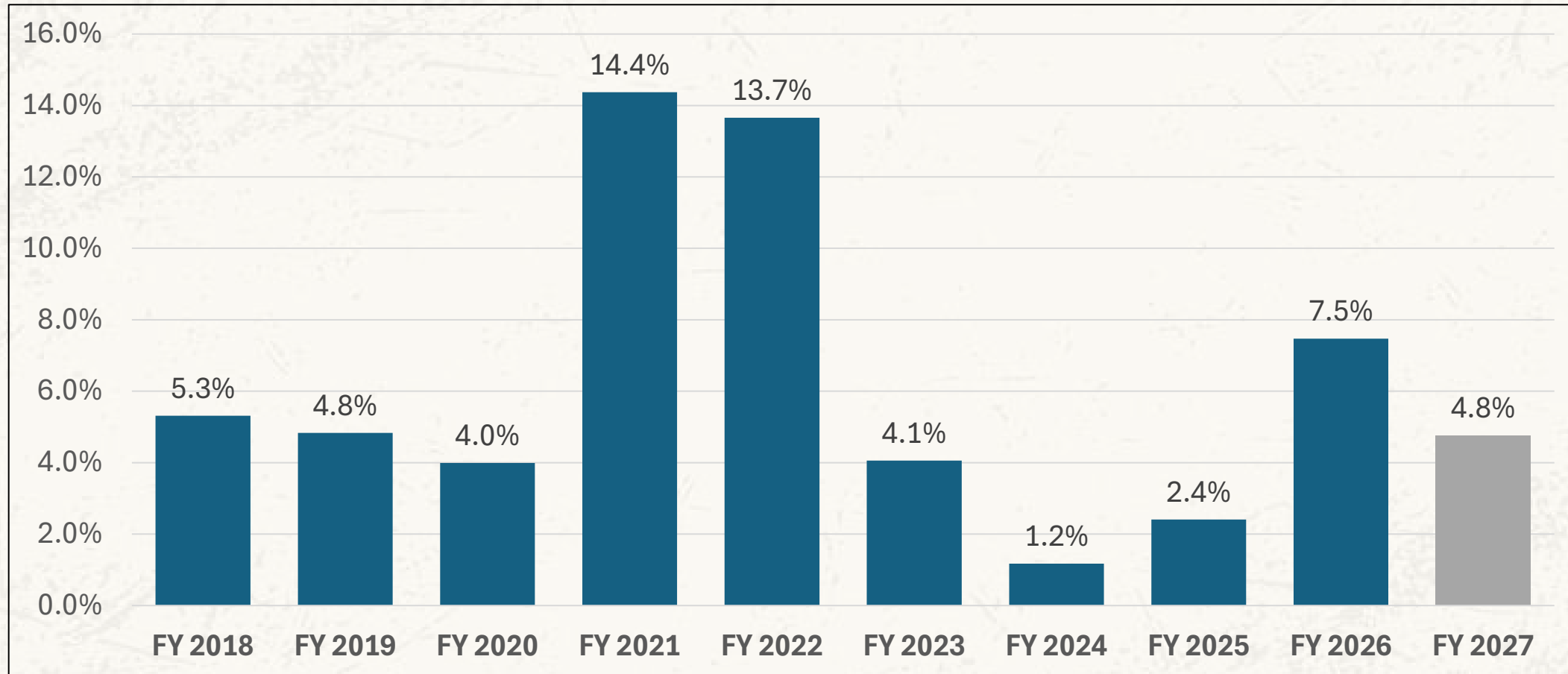
FY 2027 avg. value home is a projection based on the preliminary value received on April 30, 2026

Sales Tax



- FY 2026 year-to-date is up 9% (Sep-Feb) compared to prior year
- FY 2027 estimate is 4.8% increase over current year-end projection

Sales Tax



Cost Recovery and Revenue Opportunities

- Fee study – Parks & Recreation and Planning & Inspections (June 22, 2026 discussion)
- Real Estate leases – reviewing expiring leases and market rate analysis
- Other user fee or revenue opportunities

Fund Balance

- Total Unrestricted Fund Balance projected to end FY 2026 at 19%, or 69 operating days
- FY 2027 includes no budgeted use of fund balance
- Unrestricted Fund Balance decreases annually due to Charter requirement for Restricted (Cash Reserve)
- Operating day cost increases based on budget (approx. \$1.8 million)
- The City's target, and best practice, is 60 operating days
- The City does not have capacity to replenish fund balance if we drop below the target

Debt Management

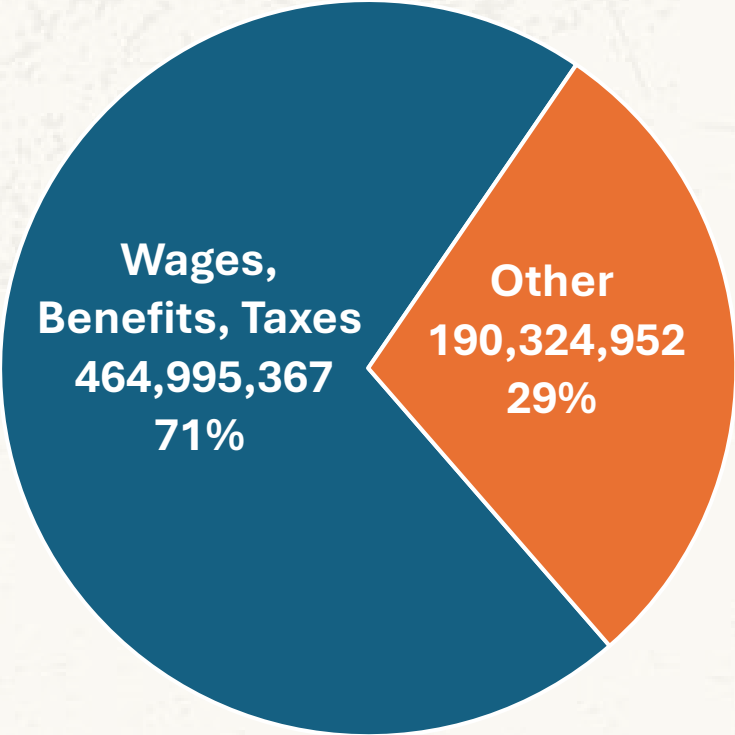
- Last debt issuance was May 2023
- Since then, we have lowered the debt service tax rate by almost 7 cents
- FY 2027 Debt Issuance
 - Bond rating agencies reaffirmed the City's AA+ (Kroll) and AA (S&P) bond rating
 - \$70 million will be issued for Community Progress Bond projects

Section 3

Sasho Andonoski
Budget Director



FY 2027 General Fund \$655.3 Million



Largest investment is our workforce:

- **Fire and Police** uniform salary and staffing increases in accordance with their current collective bargaining agreements
- **Non-Uniform employees** \$0.50 increase in minimum wage (from \$15.75 to \$16.25), or at least 2.5%

Wages, Benefits, Taxes		
Police (Uniform and Non-Uniform)	\$180.7M	39%
Fire (Uniform and Non-Uniform)	\$146.0M	31%
Non-Uniform (Excluding Police and Fire)	\$138.3M	30%

FY 2027 General Fund Expenditures

Expense Category	FY 2026 Adopted	FY 2027 Preliminary	\$ Variance	
PERSONAL SERVICES	\$ 447,671,204	\$ 464,995,367	\$ 17,324,162	Police and Fire Uniform and Citywide Civilian Salary Increases
CONTRACTUAL SERVICES	64,450,373	71,893,163	7,442,789	\$1.5M for Elections, \$2.2M for Public Safety Communications System, \$583K for janitorial, \$365K for Emergence Health Network for the PD Crisis Intervention Team
MATERIALS AND SUPPLIES	30,650,399	32,832,747	2,182,348	\$480K increase to Fire pre-employment, annual physicals and drug screening, \$148K for fuel and lubricants, \$186K for uniforms, \$100k for library books, \$310 for Signs & Markings, and Traffic Engineering program contracts, \$510K for Data processing equipment
OPERATING EXPENDITURES	35,877,803	36,197,640	319,836	\$794K increases to utilities, \$(303)K decrease to phone and internet
NON-OPERATING EXPENDITURES	1,844,122	1,812,884	(31,238)	
INTERGOVERNMENTAL EXPENDITURES	1,575,530	1,966,760	391,230	\$324,678 increase for grant match required for SAFER grant
OTHER USES (Operating Transfers)	43,471,312	45,411,758	1,940,446	\$1.5M increase to Animal Services
CAPITAL OUTLAY	150,948	210,000	59,052	
TOTAL EXPENDITURES	\$ 625,691,692	\$ 655,320,318	\$ 29,628,627	

FY 2027 By Fund Category

Fund Category	FY 2026 Adopted	FY 2027 Preliminary	\$ Variance	Variance Explanations
GENERAL FUND	625,691,692	655,320,318	29,628,626	Salaries, Staffing, Contracts, Utilities
SPECIAL REVENUE	171,141,197	157,734,143	(13,407,054)	Police, Econ. Dev., Health, Destination El Paso
INTERNAL SERVICE	99,538,818	104,070,092	4,531,274	Self Insurance Fund and Internal Service Fund
CDBG	13,360,121	13,356,623	(3,498)	Federal Community Dev. Block Grant
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DEBT SERVICE	117,904,539	122,910,868	5,006,329	Estimated principal and interest for FY2027
ALL FUNDS	\$1,382,447,408	\$1,405,421,994	\$22,974,586	

Next Steps

- May 27-28 – **Budget Workshops**
(City Manager and Departmental presentations)
- June 1-11 – **Community Presentations** in each District
- June 22-23 – **Budget Workshops** (Review Council Adjustments, Community feedback, and Fee Study)
- July 17 – **file Proposed Budget** with City Clerk
- July 30 – **Budget Workshop** (Present Certified Property Values and Ordinance Introducing Tax Rate)
- August 18 – **Adoption of Budget and Tax Rate**

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