



Budget Update

February 2, 2021



Prioritizing our Priorities

- Strategic Plan sets the long-term strategy
- Focus on long-term financial sustainability
- Recap FY 2021 Adopted Budget
- FY 2021 Budget Scenario Without Adjustments
- Major Cost Drivers
 - Focus on Public Safety

Strategic Plan – Guiding Our Direction

Improved Financial & Operational Status

- Improving our financial position - General Fund reserves
- Investing in our workforce
- Addressing deferred investments
- Creating annual pay-go and new revenue for priorities
- Conducting cost savings and efficiency programs
- Engage our community

25 by 2025



1

Activate targeted (re)development (2.0):

- Medical Center of the Americas/Alameda
- Reimagine Cohen/Angora Loop/Northeast Parkway
- Five Points
- Airport Development
- High priority corridor development plans
- Infill growth strategies
- Parking strategies
- Disposition of City-owned properties

2

Expand Downtown revitalization/ redevelopment to include:

- Streetcar corridor vibrancy (2.0)
- Convention center renovation
- Parking management plans
- Uptown

3

Enhance cross-border mobility experience for bridge users (2.0)

- Capital Improvement implementation
- Revamp toll operation schedules and lane management

4

Launch new business friendly practices and services improving speed to market and supporting entrepreneurship/microenterprises

5

Identify and develop plans for areas of reinvestment and local partnership

6

Expand investment in public safety operations (2.0)

- Staffing needs
- Program annual Police and Fire vehicle replacement
- Parking management plans
- Uptown

7

Establish a brand that celebrates and promotes El Paso's unique identity and offerings

8

Complete Quality of Life Bond Projects and develop signature programming (2.0):

- Mexican American Cultural Center
- Children's Museum
- Multi-purpose Center

9

Align and implement key investment strategies (linked to 6.6) sustaining and enhancing park system operations and outdoor offerings

10

Expand workforce development and organizational focus on continuous improvement through targeted training, activating partnerships and growing best practices

11

Become a model for activating interagency and multisector partnerships and demonstrate results and under the *Communities of Excellence* framework

12

Optimize resources by evaluating and aligning service delivery mechanisms

- Shared Services
- Community Preparedness/Continuity of Operations
- Establish a citizen-led bond election

Financial Focus

- Through sound financial management we have been able to:
 - ***Maintain solid financial position***
 - proactive budget adjustments and use of tools/resources
 - ***Protect taxpayers***
 - no increase to tax rate and minimize impact to services
 - ***Recognize employees***
 - additional pay and no increase to healthcare

FY 2021 Budget By Goal – General Fund

Strategic Goal	FY 2020	FY 2021	\$ Variance	% Variance
Goal 1: Economic Development	1,914,207	1,826,045	(88,162)	-4.61%
Goal 2: Public Safety	269,925,210	277,071,145	7,145,935	2.65%
Goal 3: Visual Image	7,725,084	7,343,043	(382,041)	-4.95%
Goal 4: Quality of Life	55,442,603	42,734,506	(12,708,097)	-22.92%
Goal 5: Communication	19,858,231	18,953,219	(905,012)	-4.56%
Goal 6: Sound Governance	44,213,129	44,768,429	555,300	1.26%
Goal 7: Infrastructure	50,794,322	41,792,085	(9,002,237)	-17.72%
Goal 8: Healthy, Sustainable Community	8,072,146	7,496,849	(575,297)	-7.13%
Total Expenses	457,944,931	441,985,321	(15,959,610)	-3.49%

FY 2021 Budget Recap

- COVID-19: Limited data and uncertainty creates challenges
- Protect residents and businesses by maintaining same tax rate
- Focused on the basics (police, fire, health, workforce)
- Unfunded all vacant non-essential positions
- Deferred residential street and public safety capital projects
- Delayed opening of new amenities
- Deferred completion of capital projects (no debt issuance)
- Utilized CARES Act Federal funding

FY 2021 (Sep 2020 – Aug 2021) Budget Adjustments



FY 2021 Preliminary Revenues \$431,285,321

Bridges P3/Cash Differential Reserves

\$5,000,000

Deferred Debt Issuance

\$5,700,000

\$44.6 million in adjustments

FY 2021 Adopted Budget

\$441,985,321

FY 2021 Preliminary Expenses \$475,885,321

Residential Street Projects

(\$6,600,000)

Public Safety Capital

(\$3,000,000)

Public Safety Academies

(\$1,200,000)

CIT (Grant Funded)

(\$1,200,000)

Sport Courts and Complexes

(\$1,900,000)

QoL - New and Existing

(\$8,200,000)

Federal Funding - Health/Safety

(\$800,000)

Unfunded Vacancies/Attrition

(\$11,000,000)

FY 2021 Adopted Budget

\$441,985,321

(\$44,600,000)

Public Safety – Budget Adjustments

Strategic Goal	FY 2020	FY 2021	\$ Variance	% Variance
Goal 2: Public Safety	269,925,210	277,071,145	7,145,935	2.65%

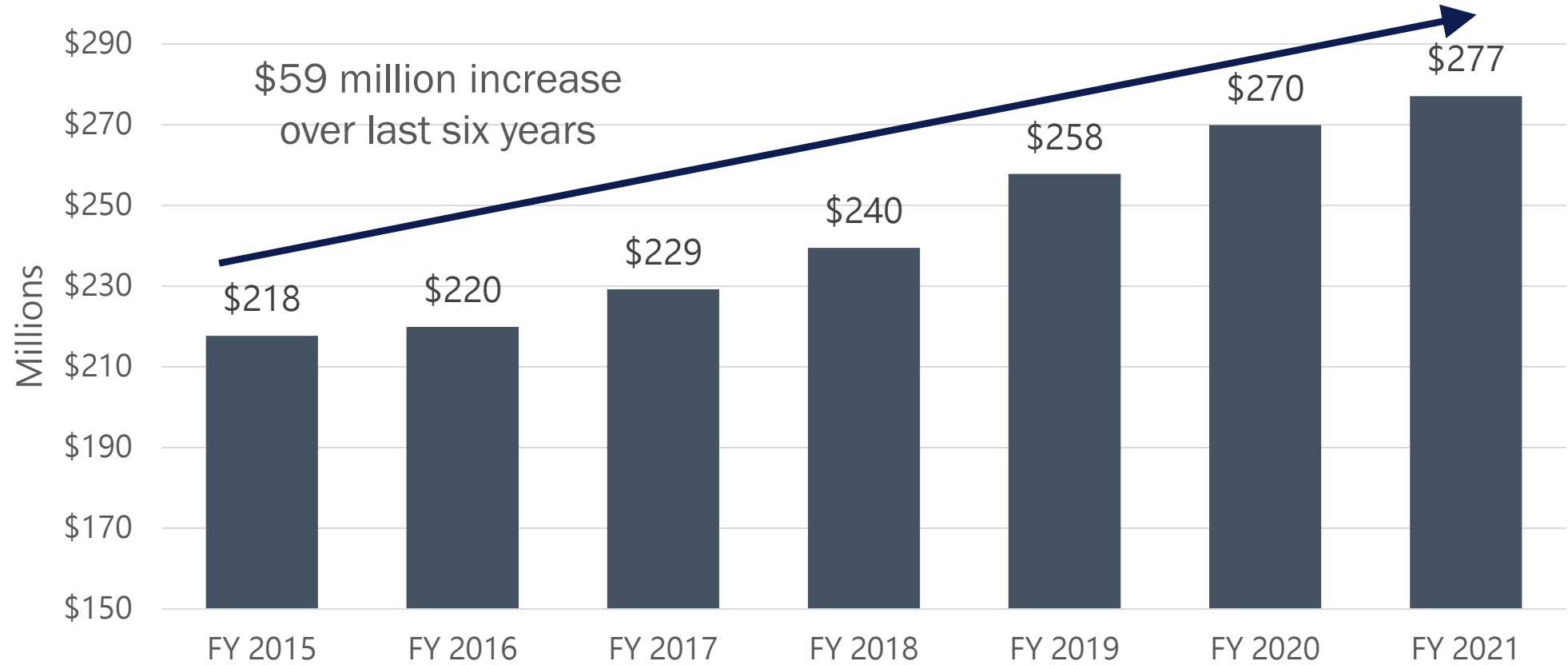
- Deferred one Police Academy
- Postponed one Fire Academy
- Collective bargaining agreements
- Deferred \$1.3 million of dedicated funding for capital equipment replacement for Police and \$2.7 million of dedicated funding for emergency vehicle replacement for Fire
- Deferred Public Safety Bond – O&M costs

Major Cost Driver - Collective Bargaining Agreements

- Police
 - Cost of living increases goes from 1.50% to 1.75% + step increases*
 - Eligible for Shape It Up
 - Increases in incentives
 - Additional discounts in Healthcare and deductibles
 - Supervisor wage scale adjustments
 - Agreement is from 2020 - 2023
- Fire
 - Cost of living increase goes from 2.75% to 3.00% + step increases*
 - Increases in incentives
 - Continued discounted Healthcare
 - Agreement is from 2019 - 2022

**All uniformed employees shall receive a step increase on their anniversary date and shall continue thereafter to receive step increases on each succeeding anniversary date until reaching the top step in their classification*

Public Safety Investment General Fund (\$ in millions)



Police 5 Year Investment

Estimated Annual Cost Increases

	2021	2022	2023	2024	2025	2026
Police Step* + COLA	2,659,747	5,039,970	5,592,065	7,670,419	8,070,095	8,471,775
Academy	(641,004)	623,092	651,872	22,606	22,606	22,606
Budget Impact	\$2,018,743	\$5,663,062	\$6,243,937	\$7,693,025	\$8,092,701	\$8,494,381

**All uniformed employees shall receive a step increase of 3% - 5% based on their rank on their anniversary date and shall continue thereafter to receive step increases on each succeeding anniversary date until reaching the top step in their classification*

Future Budget Impacts

- Crisis Intervention Team
 - FY 2021 \$1,986,583 impact
 - \$1.4M State Grant for EHN
- 911 Communications
 - Deferred request for increased staffing from FY 2021 to FY 2022
 - Need for an additional channel is now

Fire 5 Year Investment Annual Cost Increases

	2021	2022	2023	2024	2025	2026
Fire Step* + COLA	1,592,353	4,139,514	6,168,175	4,656,427	4,536,329	5,842,696
Academy	25,992	953,540	(571,850)	(287,367)	187,420	279,074
Budget Impact	\$1,618,344	\$5,093,054	\$5,596,325	\$4,369,059	\$4,723,749	\$6,121,770

**All uniformed employees shall receive a 5% step increase on their anniversary date and shall continue thereafter to receive step increases on each succeeding anniversary date until reaching the top step in their classification*

Police and Fire Total Estimated Annual Increases*

	2021	2022	2023	2024	2025	2026
Police	\$ 2,018,743	\$ 5,663,062	\$ 6,243,937	\$ 7,693,025	\$ 8,092,701	\$ 8,449,169
Fire	\$ 1,618,344	\$ 5,093,054	\$ 5,596,325	\$ 4,369,059	\$ 4,723,749	\$ 6,121,770
Budget Impact	\$ 3,637,088	\$10,756,116	\$11,840,262	\$12,062,085	\$12,816,450	\$14,570,939

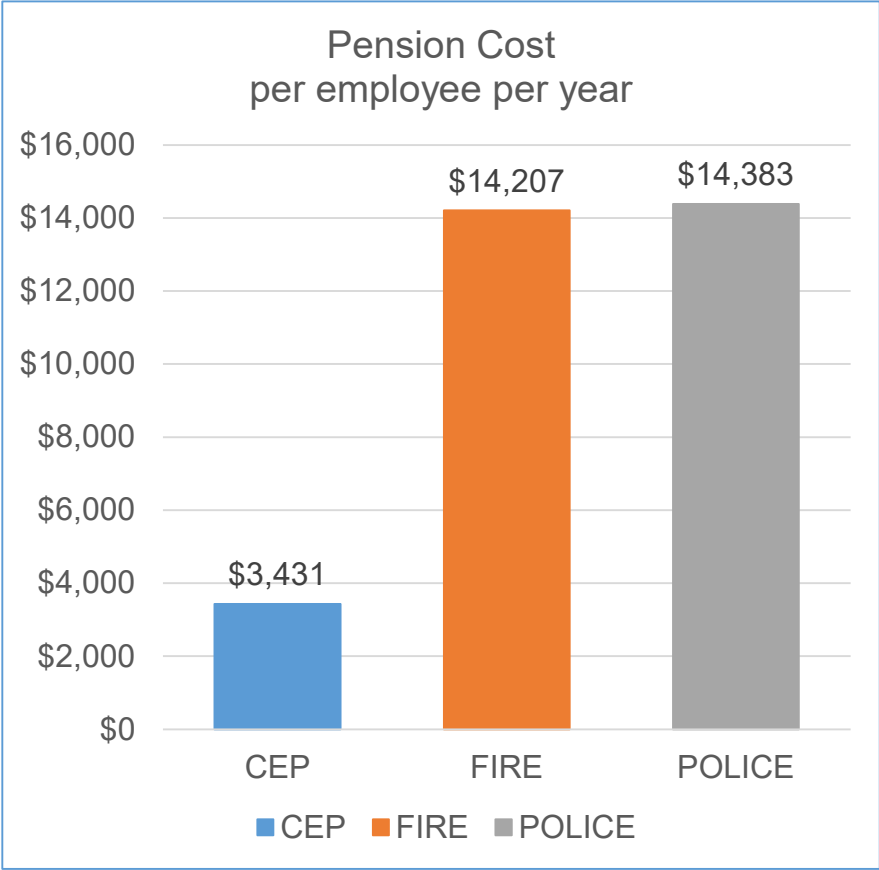
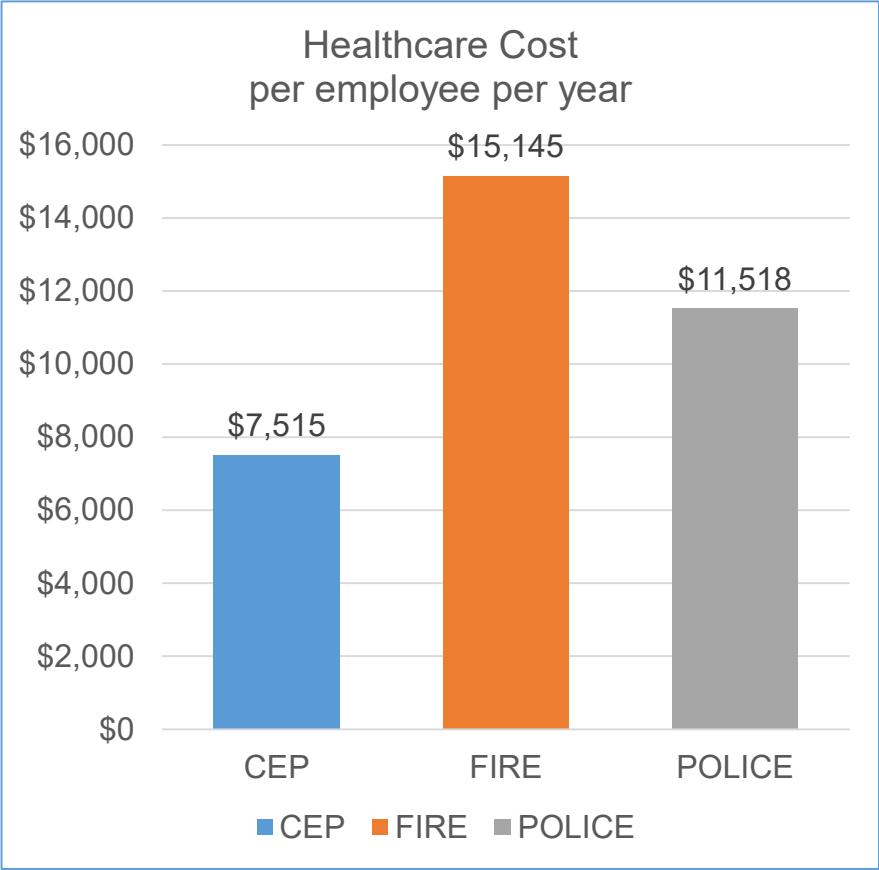
**Includes Step and COLA increases and academies only. These increases do not include operating increases associated with the academies or the Public Safety Bonds.*

Budget Challenges/ Cost Drivers

- COVID Operations
- Compensation increases + Healthcare Costs
- Aging infrastructure and facilities
- Re-opening El Paso – QoI Services
- Deferred Quality of Life projects – operating and maintenance costs

Cost Drivers - Healthcare & Pension

Employer Contribution



Next Steps

On February 16 -

FY 2022 More in Depth Budget Discussions

Five-year Financial Forecast

- Revenue Projections
- Expenditure Projections
 - QoI Services
 - Capital Projects
 - Debt Service



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