



Public Hearing on the FY 2023 Proposed Budget

August 16, 2022

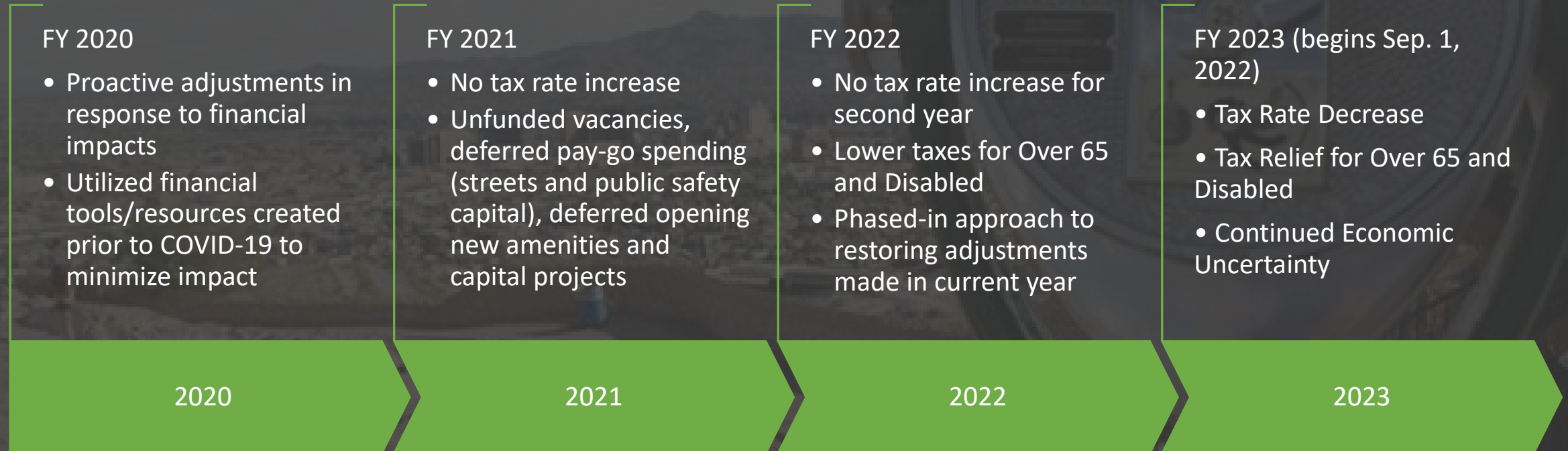
Budget Development Approach

- Provides **financial relief** to taxpayers through strategic economic recovery
- *Continues our commitment* to the community with the **completion of bond projects** (capital and operating costs) and providing exceptional services
- **Invests aggressively** in our *workforce* through compensation, benefits, and incentives
- Adds cost increases in **contractual obligations and fixed costs** due to current *economic environment* (inflation, supply chain issues, etc)

COVID & Economic Uncertainty

- Unknown potential long-term health, financial, operational, and economic impacts
- Revenue impacts – ex. sales tax, bridges, licenses and permits, etc.
- Inflationary pressures are driving costs up – fuel and supply chain disruptions, increasing contract costs (ex. security, janitorial, etc.)
- Tight labor market – hiring challenges and competitiveness
- Global geopolitical instability (Russia, Ukraine, Immigration)

COVID-19 Impact and Response – Year 4



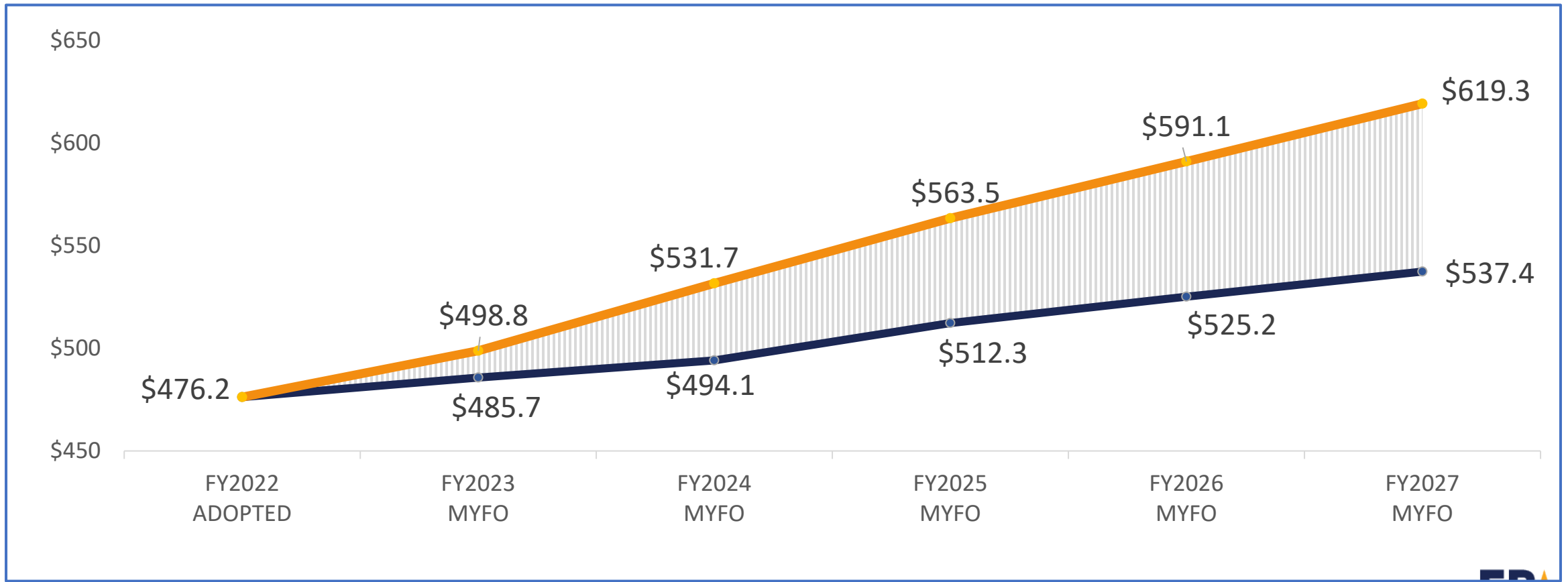
5-Year Forecast

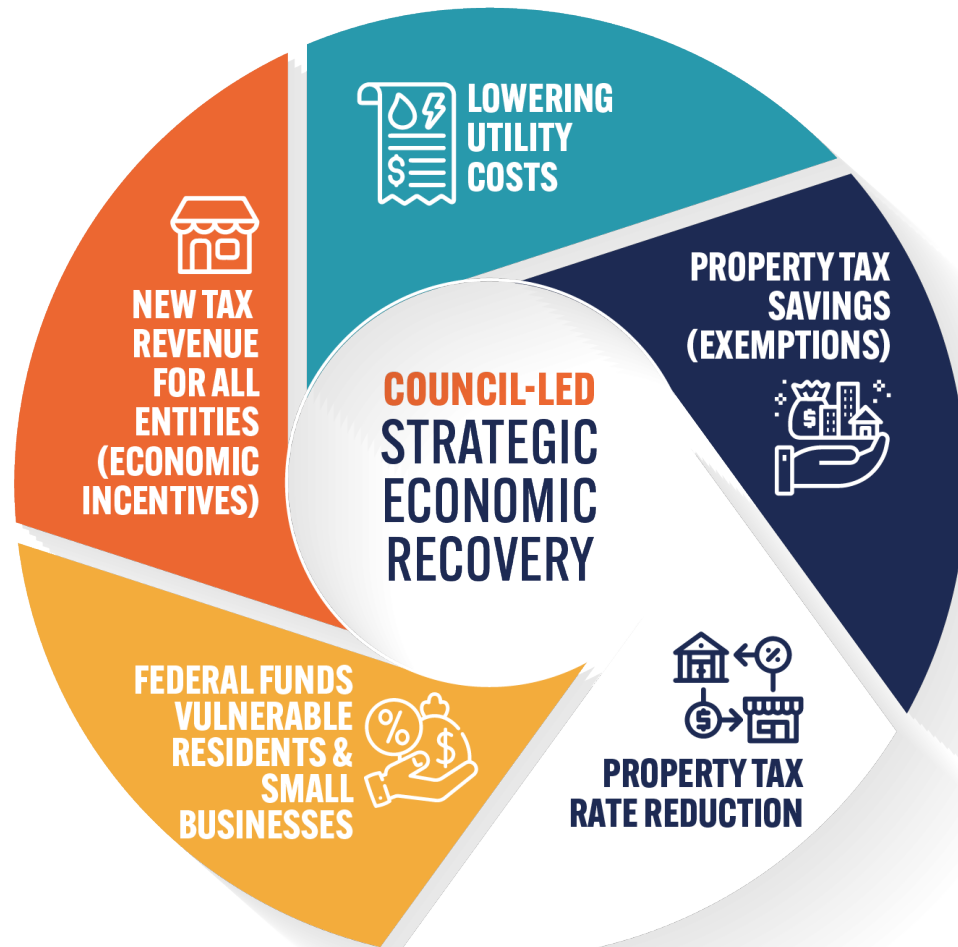
Major Cost Drivers

- Increase police/fire staffing and new collective bargaining agreements
- 2012 Quality of Life Bond and 2019 Public Safety Bond operation and maintenance costs
- Workforce Investments – continuing to be aggressive with compensation
- Inflation increases and supply chain issues impacting contractual obligations and fixed costs

FY2023-FY2027 MYFO

From February 2022





Helping our
Community

Council-led
Strategic Economic
Recovery

Helping our Community

Council-Led Strategic Economic Recovery

- **No tax rate increase** for the last two years and tax decrease provided last year for 52,000 seniors & disabled
- Tax rate **decrease proposed** for upcoming budget
- 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** (ERA), \$29.4 million in Community Development from CARES and ARPA, and \$35.9 million for **small business assistance**

FY 2022/23 Budget Highlights



- Tax rate decrease to minimize the impact on residents as directed by City Council on April 26, 2022, and July 19, 2022
- Increases uniform staffing by 60 new positions (29 police and 31 fire) and funds new police cars and fire equipment
- Continues street resurfacing program, traffic safety program, neighborhood traffic mitigation program, and street striping and light program

FY 2022/23 Budget Highlights

- Includes operating costs for bond projects - Children's Museum, Mexican American Cultural Center, Penguin exhibit, Joey Barraza and Vino regional park
- Increases minimum wage by 6.8% (to \$11.86), City paying increases in employee healthcare costs, and new/improved incentives
- Increases in fixed costs and contracts such as information technology, janitorial, security, November election, appraisal services, and utilities

Competitive Wages for Workforce

Presented June 2022



Increase minimum wage by 6.8%, to \$11.86 an hour effective **May 2023**.

Providing lump-sum payments of \$175 or \$250 based on performance evaluation rating

Increase service-time pay for longevity of employees (every five years of service to compensate long-term employees)

City covering healthcare cost increase for employees and Shape-it-Up wellness program – up to \$1,800 annually, Live Active El Paso!

City will continue to pay for the sign-on incentive (\$1,000, with \$500 after the first 30 days and \$500 at the end of the 6 months)

Competitive Wages for Workforce - Need to More Aggressive



Revised Recommendation

Increase minimum wage by 9% (from \$11.11 to \$12.11) over two phases. ½ in September 2022 and ½ in March 2023

Over two phases, all employees will receive a total pay increase of \$1.00 per hour, with a minimum of 2.5%

	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%	↑

Based on average salary

FY 2022/23 Source of Funds As of August 1, 2022



	GF	NGF						
BUDGET BY GOAL	GENERAL FUND	CDBG	DEBT SERVICE	CAPITAL PROJECTS	SPECIAL REVENUE	ENTERPRISE	INTERNAL SERVICE	ALL FUNDS
Goal 1: Economic Development	3,201,468	-	-	3,000,000	39,614,704	89,941,683	-	135,757,856
Goal 2: Public Safety	305,654,254	-	-	7,000,000	27,059,808	-	-	339,714,062
Goal 3: Visual Image	8,362,486	-	-	-	1,068,226	-	-	9,430,712
Goal 4: Quality of Life	63,477,805	-	-	1,000,000	6,351,350	-	-	70,829,155
Goal 5: Communication	22,916,444	-	-	-	-	-	-	22,916,444
Goal 6: Sound Governance	46,151,523	65,243	123,918,066	89,608	23,136,880	2,324,297	73,142,156	268,827,774
Goal 7: Infrastructure	54,683,081	-	-	2,500,000	16,966,331	93,165,450	17,213,610	184,528,472
Goal 8: Healthy, Sustainable Community	8,304,210	12,301,128	-	-	25,868,368	92,607,897	-	139,081,604
TOTAL CITY	\$ 512,751,272	\$ 12,366,371	\$ 123,918,066	\$ 13,589,608	\$ 140,065,668	\$ 278,039,328	\$ 90,355,766	\$1,171,086,079

Proposed General Fund Revenue

As of August 1, 2022

CATEGORY	FY 2021	FY 2022	FY 2023	FY 2022 / FY 2023	
	ADOPTED	ADOPTED	PROPOSED	VARIANCE	PERCENT
PROPERTY TAXES	226,894,834	235,929,354	251,280,449	15,351,095	7%
SALES TAXES	82,572,139	105,957,017	112,783,370	6,826,353	6%
FRANCHISE FEES	45,465,495	49,750,000	56,616,885	6,866,885	14%
CHARGES FOR SERVICES	31,413,624	28,636,083	30,250,649	1,614,565	6%
FINES AND FORFEITURES	4,950,740	5,653,301	7,097,584	1,444,283	26%
LICENSES AND PERMITS	10,640,778	12,743,122	12,944,114	200,992	2%
INTERGOVERNMENTAL REVENUES	984,329	1,168,809	1,268,809	100,000	9%
INTEREST	100,000	125,000	125,000	-	0%
RENTS AND OTHER	2,793,181	2,236,970	2,277,531	40,561	2%
OTHER SOURCES (USES)	4,998,408	5,336,175	5,321,175	(15,000)	0%
OPERATING TRANSFERS IN	31,171,793	28,695,033	32,785,706	4,090,674	14%
TOTAL REVENUES	441,985,321	476,230,863	512,751,272	36,520,408	8%

- Property taxes – reflects a 13.3% increase in taxable values and reduction of 4.49 cents to the O&M rate
- Sales taxes – assumes 6% increase from the adopted budget. Current year is up 16.2% through first seven months.
- Franchise fees - to align with EPWater and El Paso Electric actuals
- Charges for Services – align with actuals
- Fines and Forfeitures – align with actuals
- Operating transfers in – includes repayment of general fund subsidy to TRZ 2 and increase in international bridge transfer

General Fund Summary by Vision Block

As of August 1, 2022

BUDGET BY VISION BLOCK		FY 2022 ADOPTED	FY 2023 PROPOSED	VARIANCE
VIBRANT REGIONAL ECONOMY	Goal 1: Economic Development	1,961,689	3,201,468	1,239,779
	Goal 3: Visual Image	6,950,879	8,362,486	1,411,606
	VISION BLOCK TOTAL	8,912,569	11,563,954	2,651,386
SAFE AND BEAUTIFUL NEIGHBORHOODS	Goal 2: Public Safety	290,553,847	305,654,254	15,100,407
	Goal 7: Infrastructure	52,567,893	54,683,081	2,115,188
	Goal 8: Healthy, Sustainable Community	7,754,668	8,304,210	549,542
	VISION BLOCK TOTAL	350,876,408	368,641,546	17,765,138
ERCEO	Goal 4: Quality of Life	53,429,275	63,477,805	10,048,530
	VISION BLOCK TOTAL	53,429,275	63,477,805	10,048,530
HIGH PERFORMING GOVERNMENT	Goal 5: Communication	21,442,986	22,916,444	1,473,458
	Goal 6: Sound Governance	41,569,626	46,151,523	4,581,897
	VISION BLOCK TOTAL	63,012,612	69,067,967	6,055,355
TOTAL GENERAL FUND		\$476,230,863	\$512,751,272	\$ 36,520,408

Non-General Fund Summary by Vision Block

As of August 1, 2022

BUDGET BY VISION BLOCK		FY 2022 ADOPTED	FY 2023 PROPOSED	VARIANCE
VIBRANT REGIONAL ECONOMY	Goal 1: Economic Development	121,414,747	132,556,388	11,141,640
	Goal 3: Visual Image	1,019,567	1,068,226	48,659
	VISION BLOCK TOTAL	122,434,314	133,624,614	11,190,299
SAFE AND BEAUTIFUL NEIGHBORHOODS	Goal 2: Public Safety	23,592,474	34,059,808	10,467,334
	Goal 7: Infrastructure	110,947,554	129,845,391	18,897,837
	Goal 8: Healthy, Sustainable Community	125,528,880	130,777,393	5,248,513
	VISION BLOCK TOTAL	260,068,908	294,682,592	34,613,684
ERCEO	Goal 4: Quality of Life	5,885,541	7,351,350	1,465,810
	VISION BLOCK TOTAL	5,885,541	7,351,350	1,465,810
HIGH PERFORMING GOVERNMENT	Goal 5: Communication	-	-	-
	Goal 6: Sound Governance	202,856,202	222,676,251	19,820,049
	VISION BLOCK TOTAL	202,856,202	222,676,251	19,820,049
TOTAL NON GENERAL FUND		\$591,244,965	\$658,334,807	\$ 67,089,842

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