



5-Year Financial Forecast

March 26, 2024



Agenda

- FY 2024 - Budget Recap
- FY 2025
 - Budget Calendar
 - Long-term Strategy
 - Budget Challenges
 - MYFO FY 2025 – FY 2029
 - Revenues
 - Expenditures
 - Debt Service
 - Chime In!
- Council Budget Requests



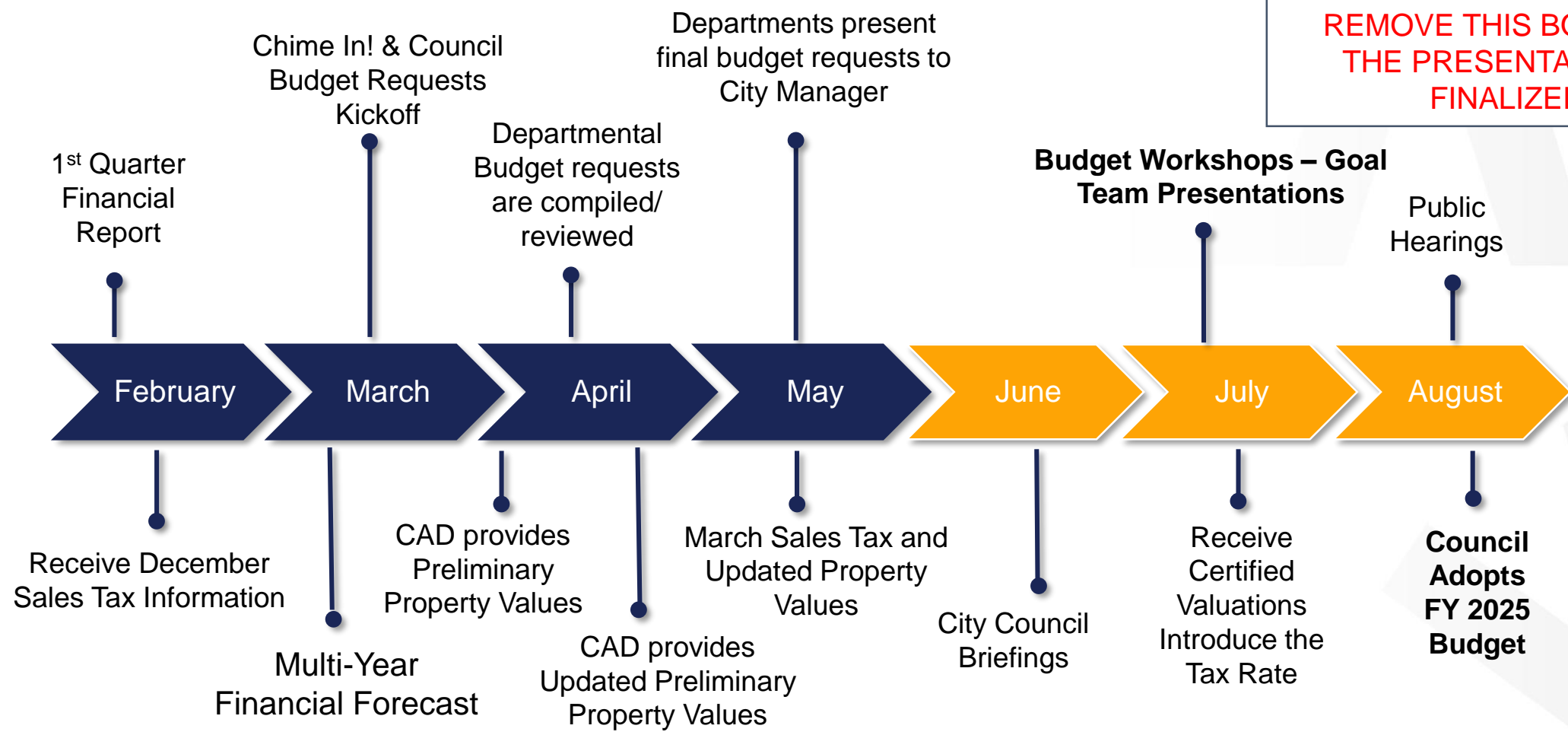
FY 2024 Budget Recap

- **Public Safety** – increase in the number of academies, increase in compensation through CBA's, and \$9.4 million for vehicles and equipment
- **Workforce** – increased min. wage by 8.3% to \$13.11 (\$1.00 per hr. increase for all, no employee healthcare increases, and increased funding for tuition assistance program
- **Facilities/vehicles** - \$9 million increase in annual pay-go (\$5 million for facilities and \$4 million for vehicles/heavy equipment)

FY 2025 Budget Process Timeline

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CAD – Central Appraisal District

Long-term Financial Sustainability

- Continue to strengthen our long-term (multi-year) 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
- Continuous improvement – LSS Projects and Examiner Training

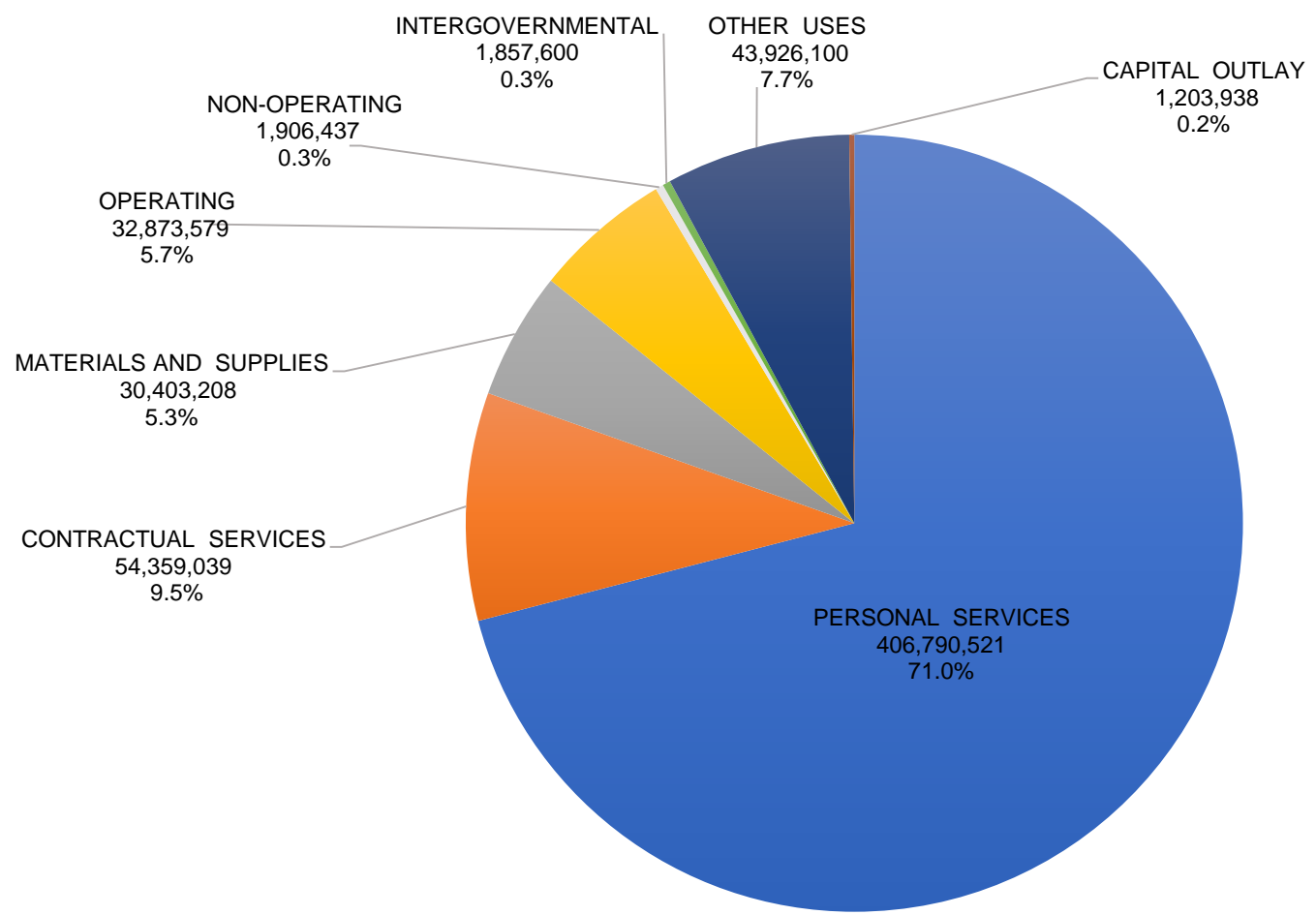
Budget Priorities – Strategic Objectives



- Increase police and fire staffing
- 2012 Quality of Life Bond and 2019 Public Safety Bond operation and maintenance costs
- Streets and traffic safety
- Police and Fire vehicle/equipment replacement
- Workforce Investments
- Capital Project funding (remaining debt to be issued)



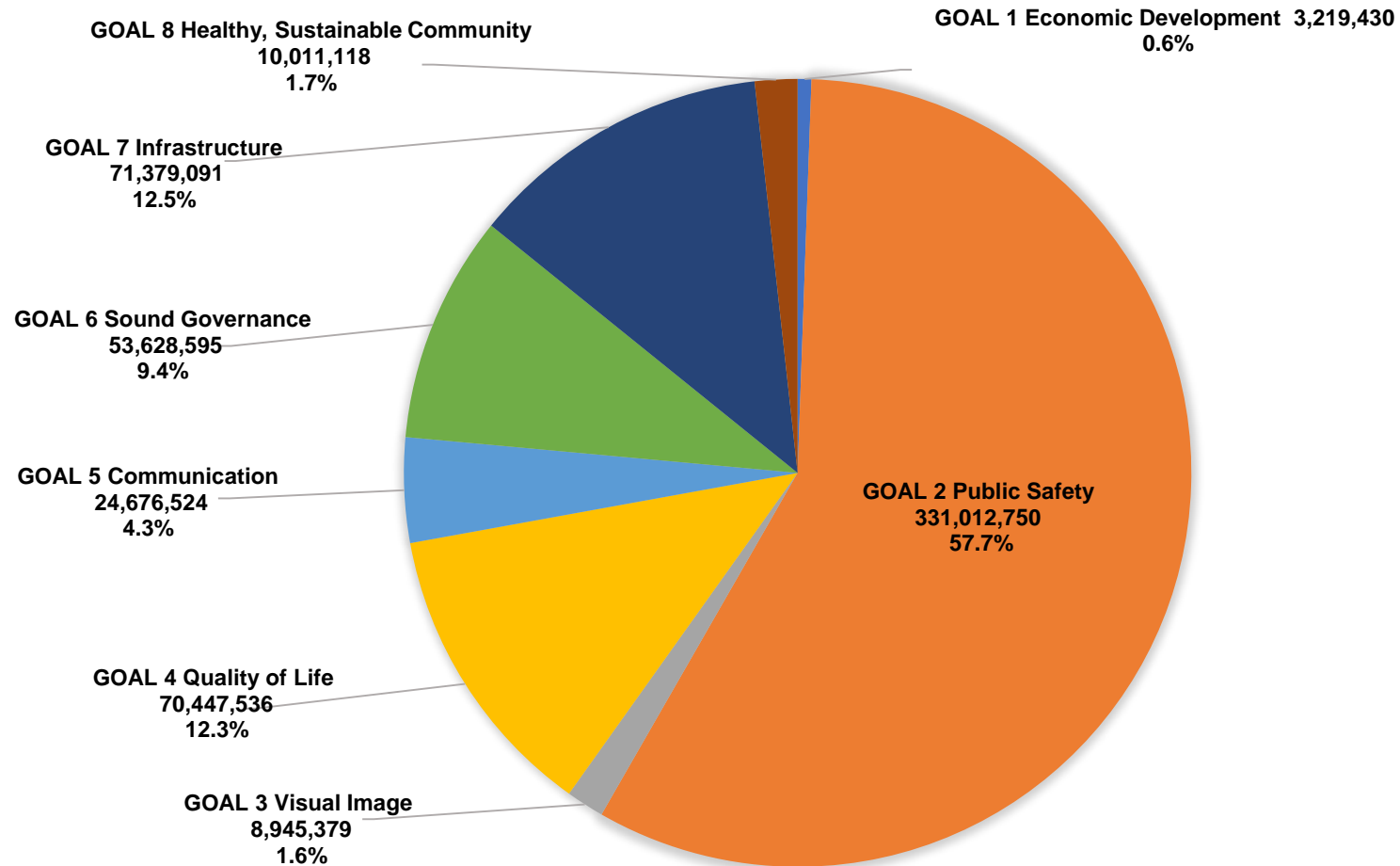
GENERAL FUND EXPENDITURES BY CATEGORY FOR FY 2024



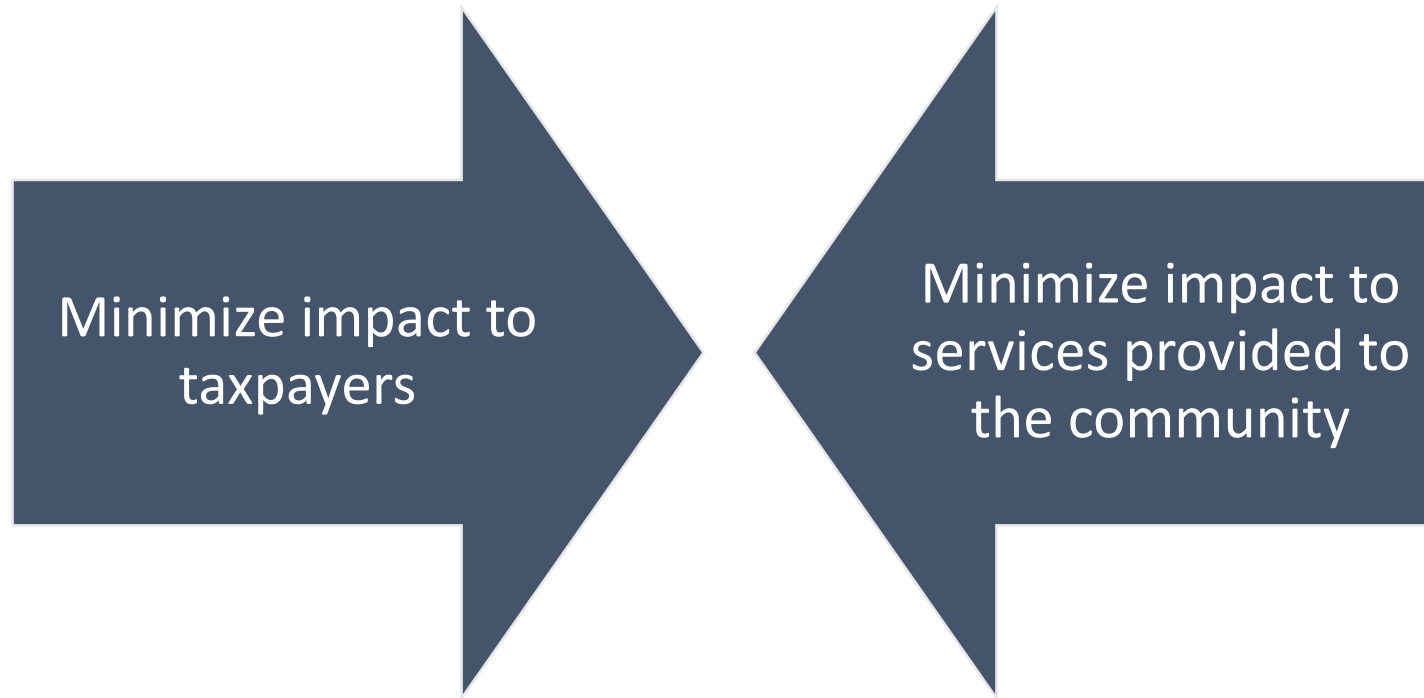
Public Safety represents 70.1% or \$285 million of personal services



GENERAL FUND EXPENDITURES BY CATEGORY FOR FY 2024



Developing City Budget



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.

FY 2025 – FY 2029 Budget Impacts

Property valuation slow down

Sales tax slow down

Expanding Services

Public Safety staffing

Streets

2012 Quality of Life and 2019 Public Safety Bond project operating costs

Workforce Investments – pay, healthcare, and other benefits

Remaining debt issuance for voter-approved projects

Multi-Year Financial Outlook FY 2025 - FY 2029



Office of Management and Budget
City of El Paso

March 2024



Multi-Year Financial Outlook (MYFO) FY 2025 - 2029

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

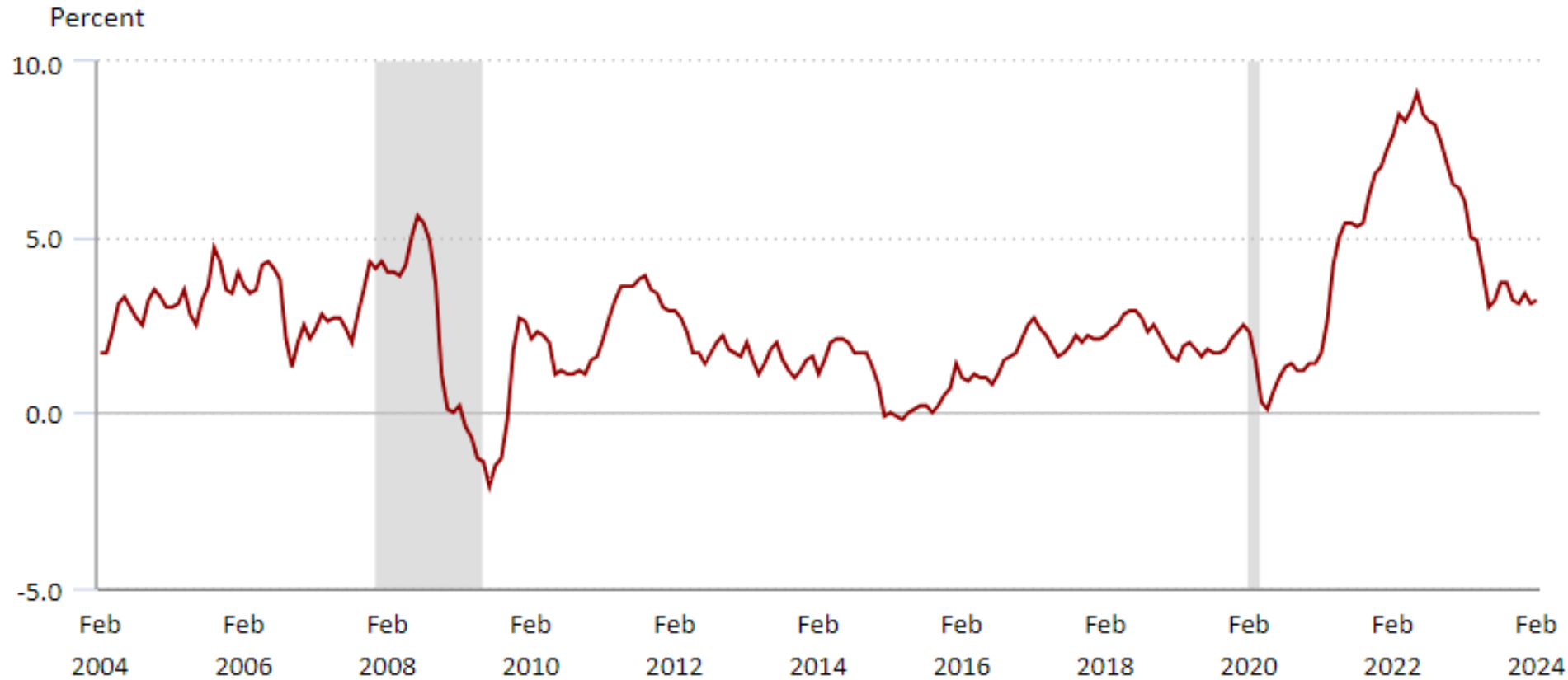


Economic Outlook - 2023

- Gross Domestic Product (GDP) indicates strong and positive growth
- Federal Reserve Bank of Dallas El Paso Metropolitan Business Cycle Index has rebounded since the 3rd quarter of 2023 indicating that El Paso is weathering the North American manufacturing slowdown
- However, the UTEP El Paso Household Economic Stress Index increased in the 3rd Quarter of 2023 indicating a decline in retail sales.
- Unemployment remains low at 4.6%, which may prevent larger scale cutbacks.

Consumer Price Index

12-month percentage change (past 20 year)



Hover over chart to view data.

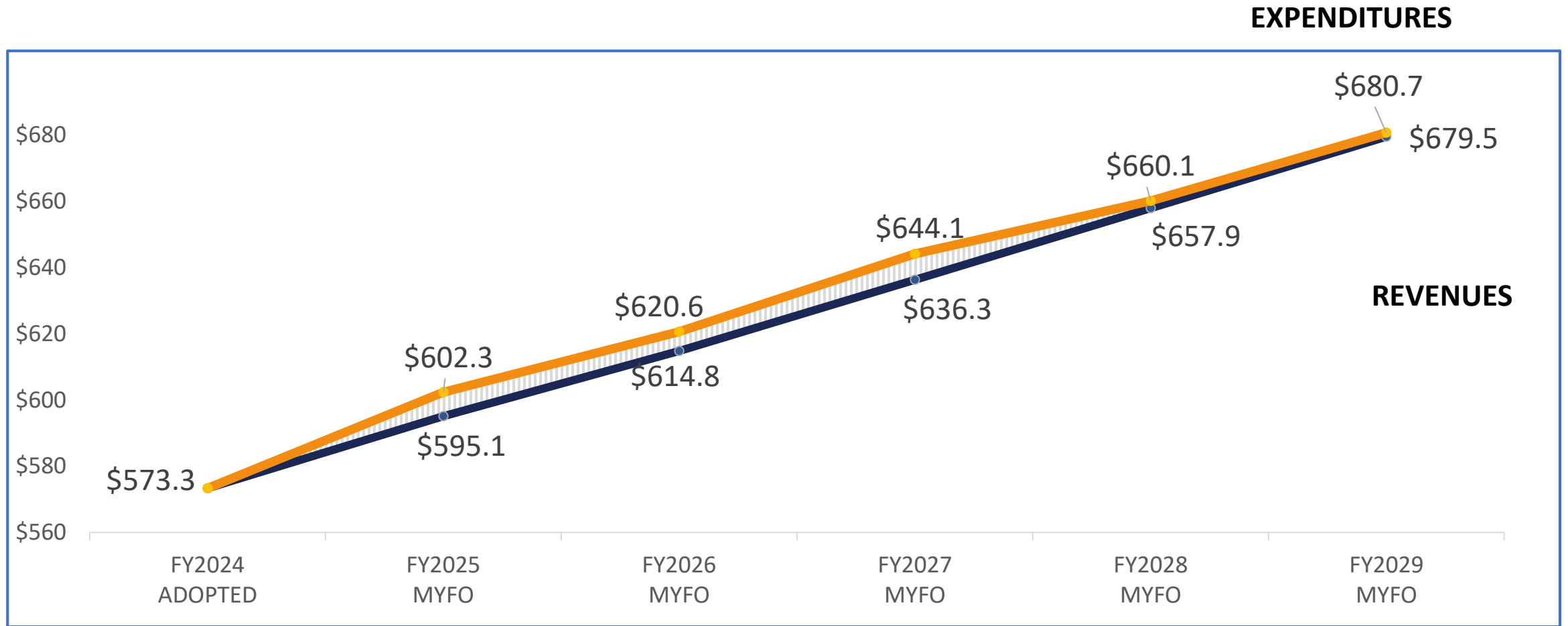
Note: Shaded area represents recession, as determined by the National Bureau of Economic Research.

Source: U.S. Bureau of Labor Statistics.



Multi-Year Financial Outlook

FY 2025 – FY 2029 MYFO



Revenue & Expenditure Forecast



in 000

REVENUES

	FY2024 Adopted	FY2025 MYFO	FY2026 MYFO	FY2027 MYFO	FY2028 MYFO	FY2029 MYFO
Property Taxes	264,719	284,029	297,626	311,431	324,076	337,241
Sales Taxes	137,440	140,876	144,398	148,730	153,935	158,553
Franchise Fees	67,031	64,350	65,637	67,606	69,634	70,331
Charges for Services	34,893	36,464	37,922	39,439	41,016	42,657
Fines and Forfeitures	7,087	7,269	7,356	7,444	7,556	7,783
Licenses and Permits	12,713	13,666	14,575	15,545	16,578	17,681
Intergovernmental Revenues	1,479	1,479	1,479	1,479	1,479	1,479
County Participation	0	0	0	0	0	0
Interest	500	500	300	100	100	200
Rents and Other	3,351	3,368	3,385	3,402	3,419	3,436
Other Sources (Uses)	5,321	5,321	5,321	5,321	5,321	5,321
Operating Transfers In	38,786	37,786	36,786	35,786	34,786	34,786
Total Revenues	573,320	595,108	614,785	636,282	657,901	679,467

EXPENDITURES

Salaries & Wages Uniform	265,040	282,376	293,527	307,631	314,156	324,816
Salaries & Wages Civilian	141,751	147,011	151,556	154,510	157,586	160,598
Contractual Services	36,988	54,359	57,359	55,951	58,209	60,247
Materials and Supplies	30,403	31,315	32,411	33,546	34,720	35,935
Operating Expenditures	32,874	33,860	35,045	36,271	37,541	38,855
Non-Operating Expenditures	1,906	1,964	2,032	2,103	2,177	2,253
Intergovernmental Expenditures	1,858	1,913	1,980	2,050	2,121	2,196
Other Uses	43,926	45,244	46,827	48,466	50,163	51,918
Capital Outlay	1,204	1,240	1,283	1,328	1,375	1,423
Total Expenditures	573,320	602,282	620,613	644,116	660,085	680,650

Net	0	(0)	(7,175)	(5,828)	(7,834)	(2,184)	(1,183)
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Includes the following:

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



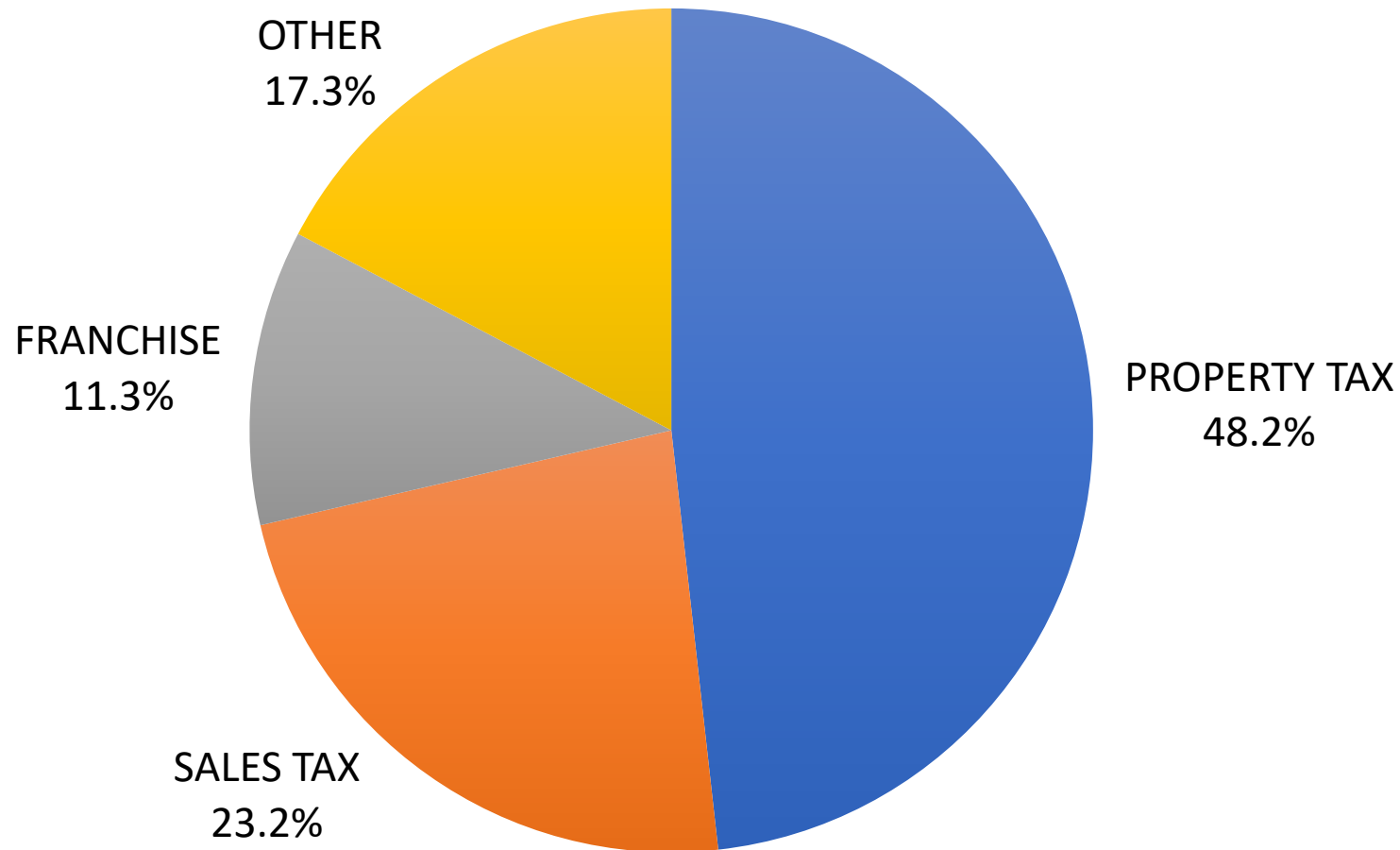
MYFO Revenues



Future Revenue Assumptions

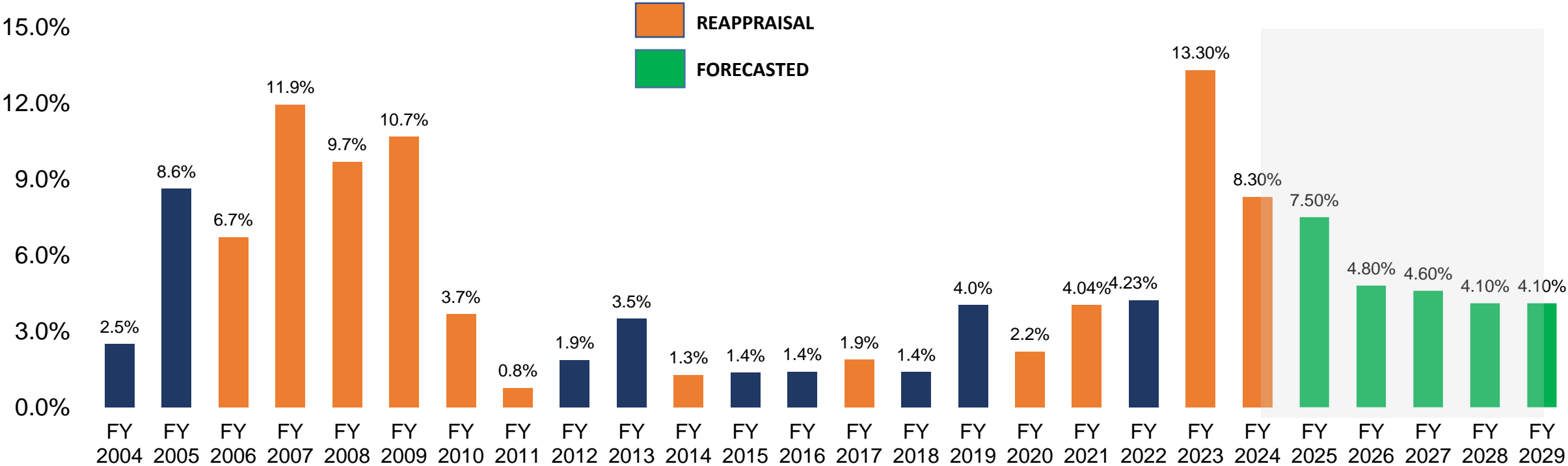
- Property Taxes
 - FY 2025 includes projected decrease in property tax rate due to debt service rate
 - Property valuation growth of 7.5% (residential, commercial)
 - O&M Rate stays the same
 - Total valuation loss due to exemptions (over 65, disabled, disabled veterans)
- Sales tax growth – local, regional, national economic analysis
- International Bridge Crossing – no growth, stagnate or declining revenue

FY2024 General Fund Revenues

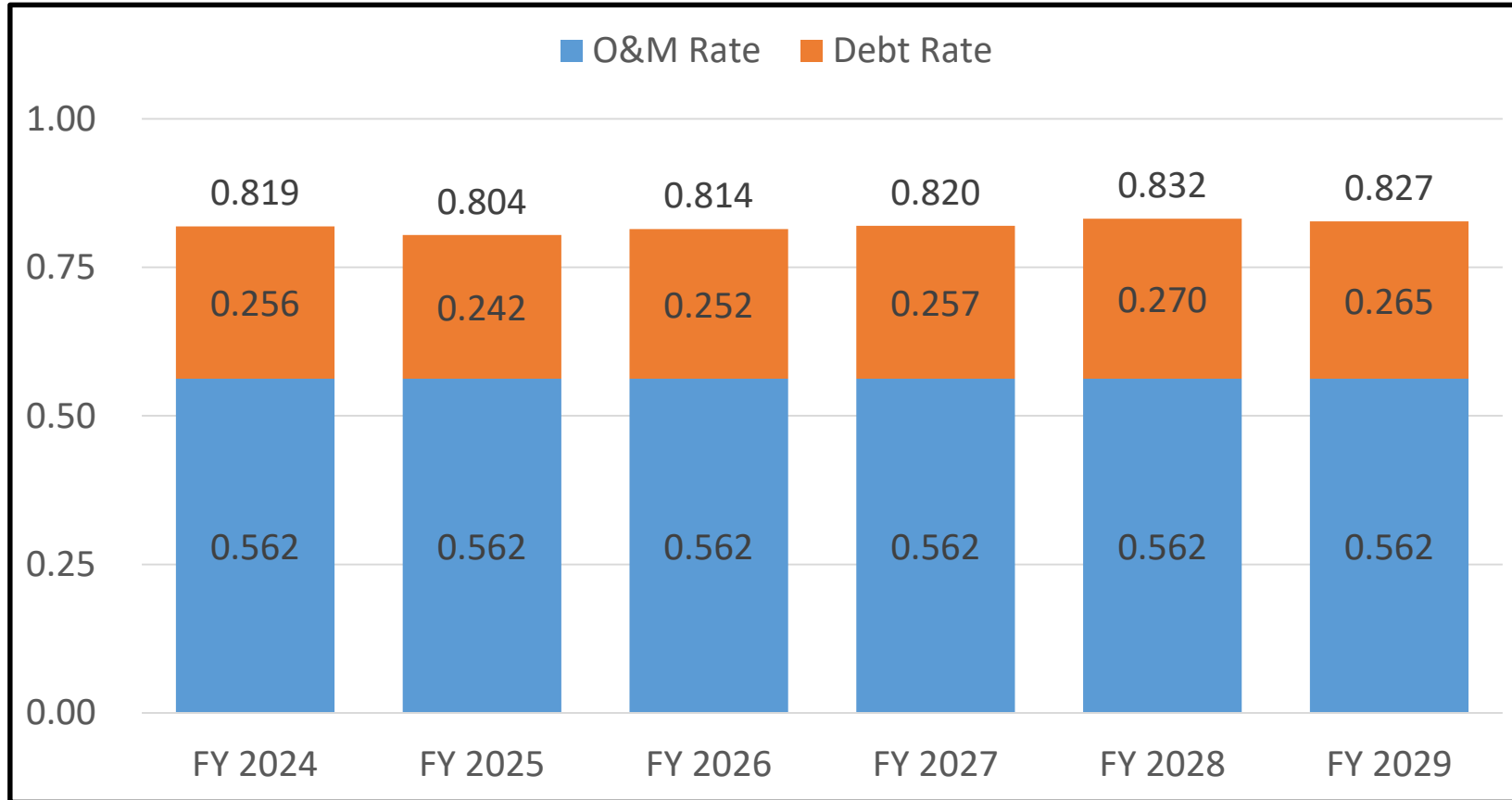




Property Tax Valuations

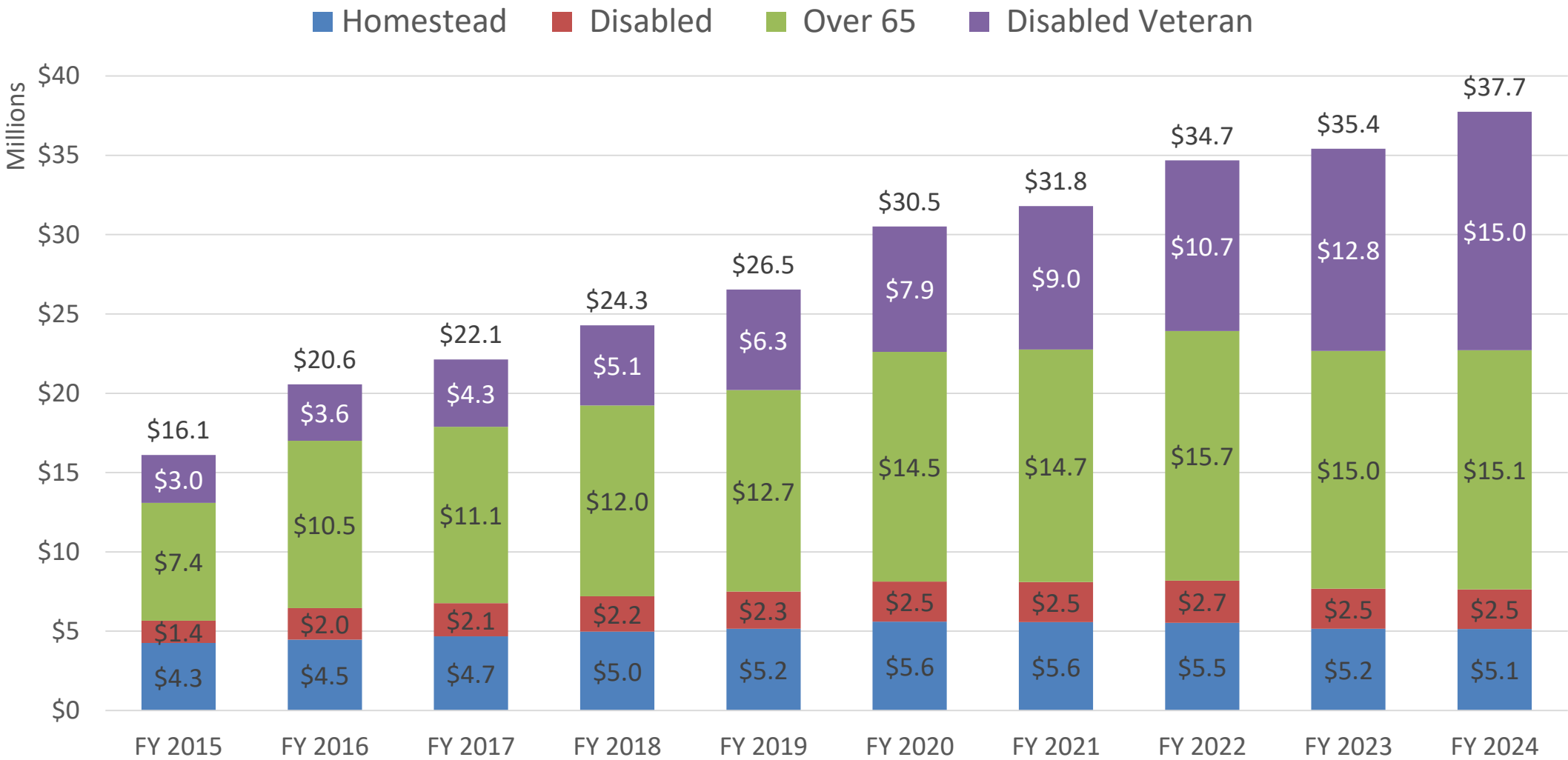


Property Tax Rate (Cents per \$100 Valuation)



FY 2025 – 2029 Property Tax Rates are for modeling (comparison) purposes and **are not** the recommended or proposed rates

City Property Tax Relief (\$ in Millions)



Additional Tax Relief for Over 65/Disabled



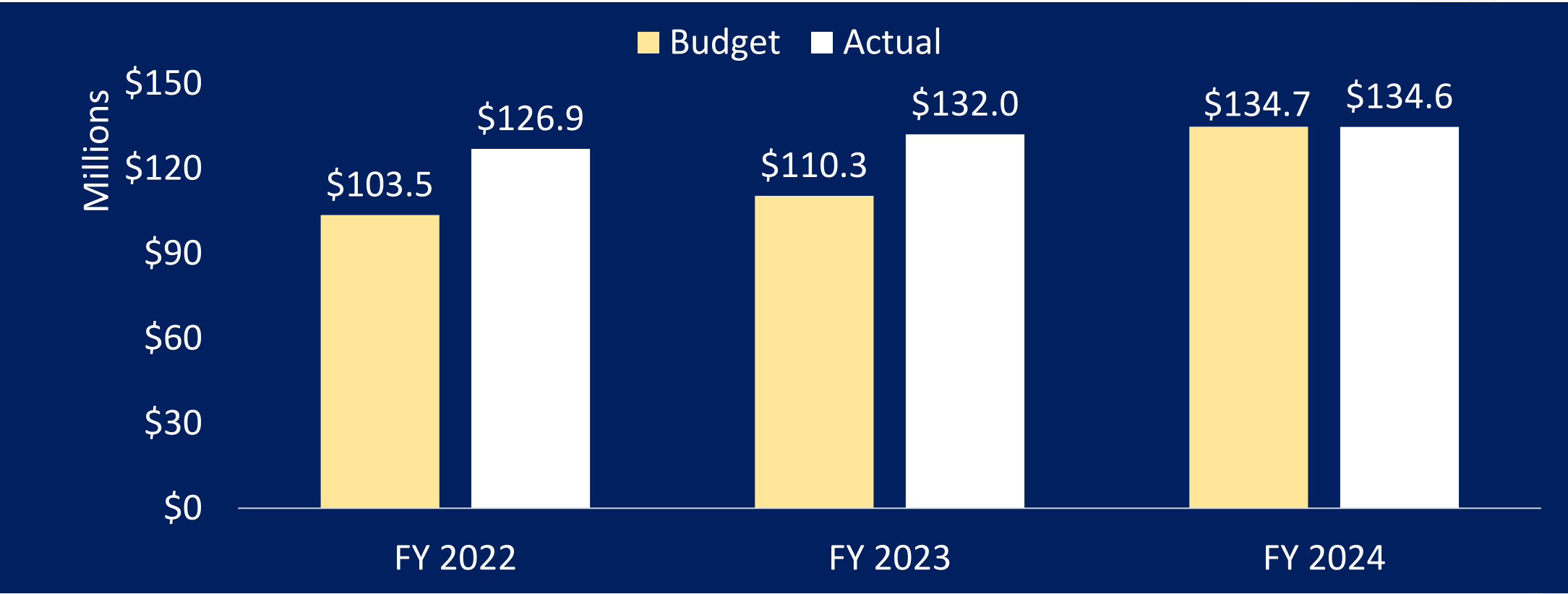
- On June 22, 2021 City Council approved increasing the exemption for the Over 65 and Disabled Homesteads
- Exemption (discount) was increased by \$2,500 (from \$40,000 to \$42,500)
- Evaluating opportunities for additional tax relief for Over 65/Disabled Exemption
- Provided additional tax relief for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



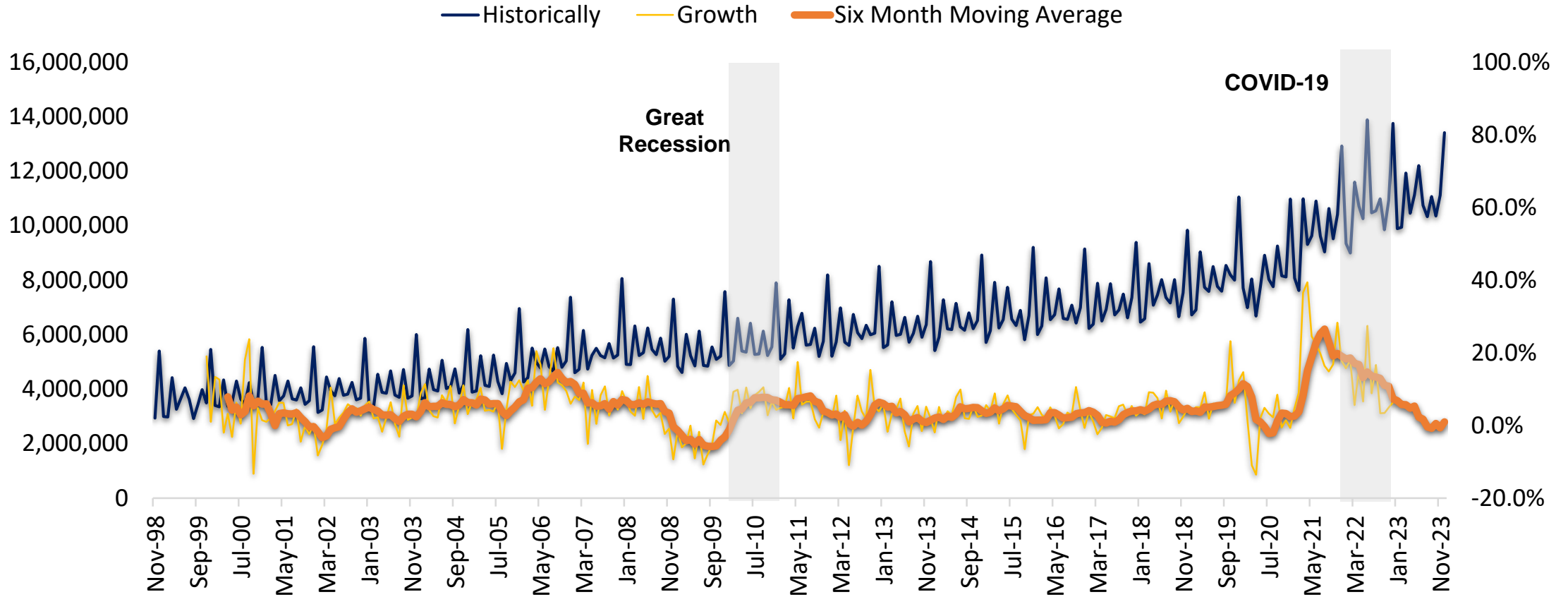
Impacts on Sales Tax Revenue

- Delay in data (two-month delay in receiving the data from the State)
- Low to Moderate Inflation expected for the next couple quarters
- Impact of sustained higher interest rates (3 rate cuts projected for 2024)
- Economic slowdown expected in 2024, but no recession in the forecast
 - Possible slowdown in job growth and spending forecasted by the Federal Reserve
 - Continued national unemployment at 3.9% and El Paso MSA is at 4.5% (January 2024)

City Sales Tax

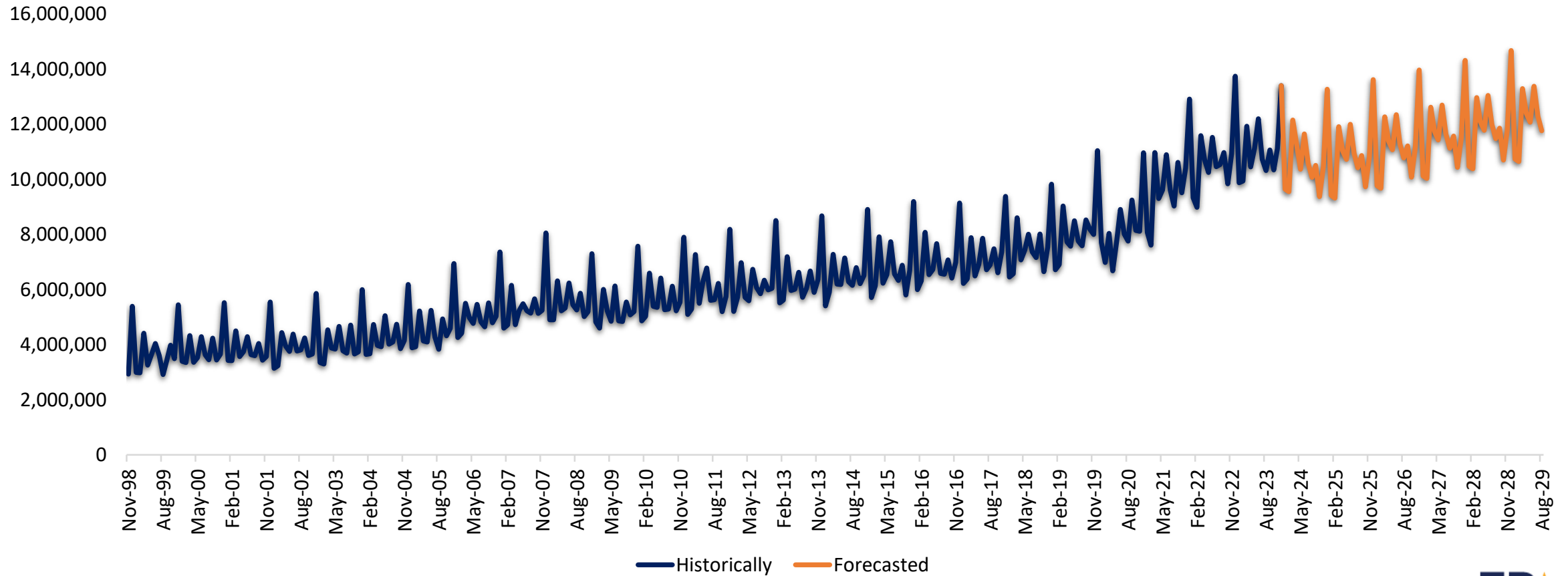


Historical Sales Tax Revenue

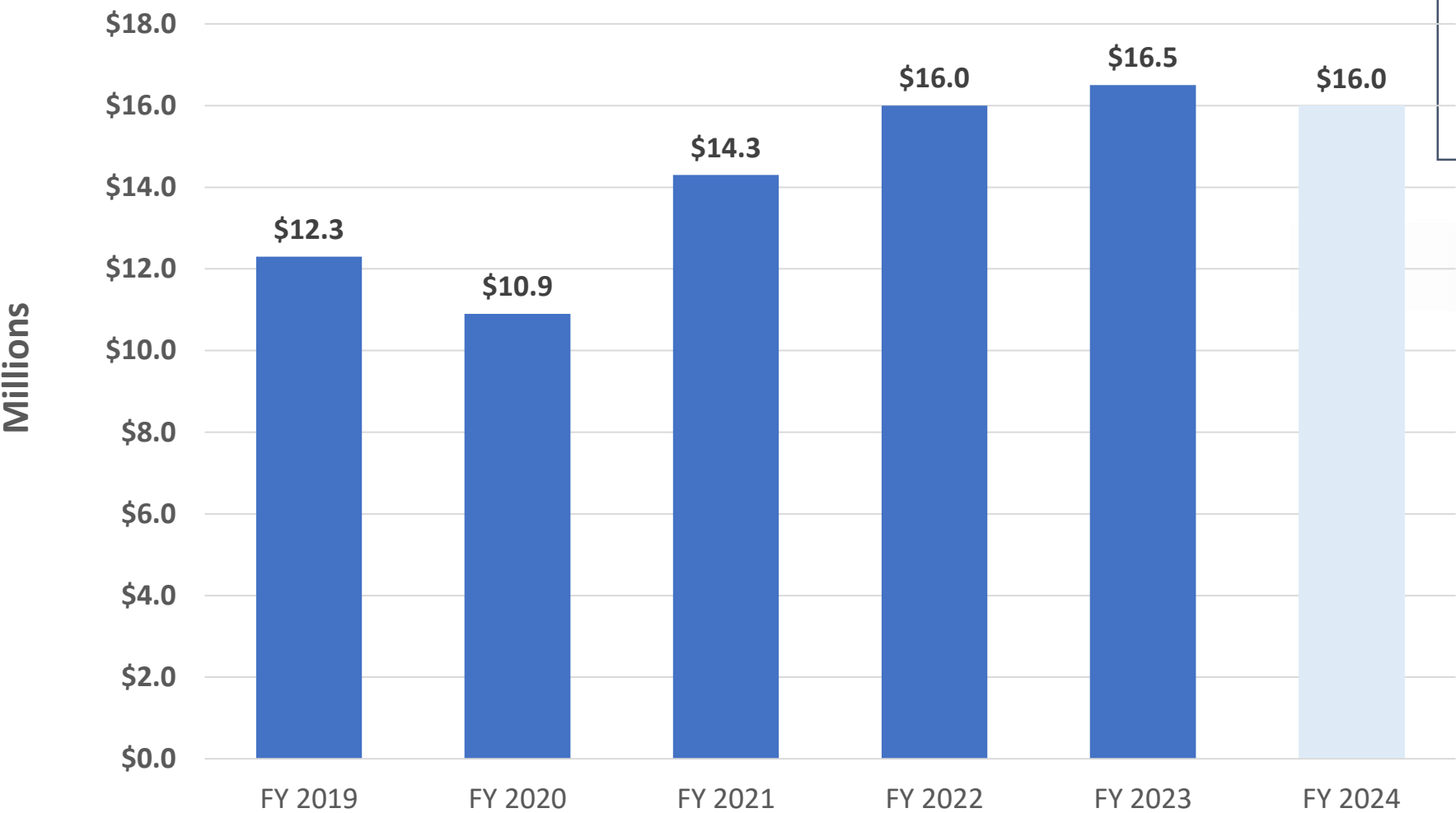


Sales Tax Revenue

(Historical and Forecasted)



Bridge Transfer Revenue



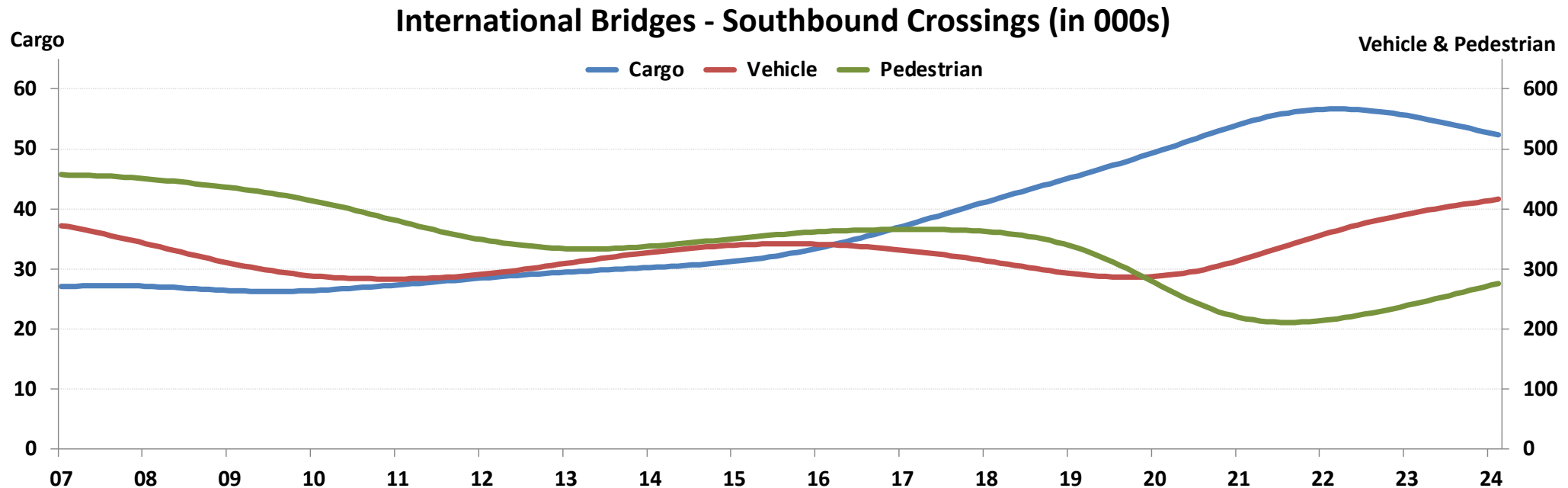
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International Bridges

- Southbound Traffic
 - Pedestrians
 - -5.0% decrease from Sep. to Feb.
 - 18.6% increase in Feb. over last year
 - Vehicles
 - -4.2% decrease from Sep. to Feb.
 - -2.6% decrease in Feb. over last year

- Southbound Traffic
 - Cargo
 - 7.3% increase from Sep. to Feb.
 - -6.2% decrease in Feb. over last year

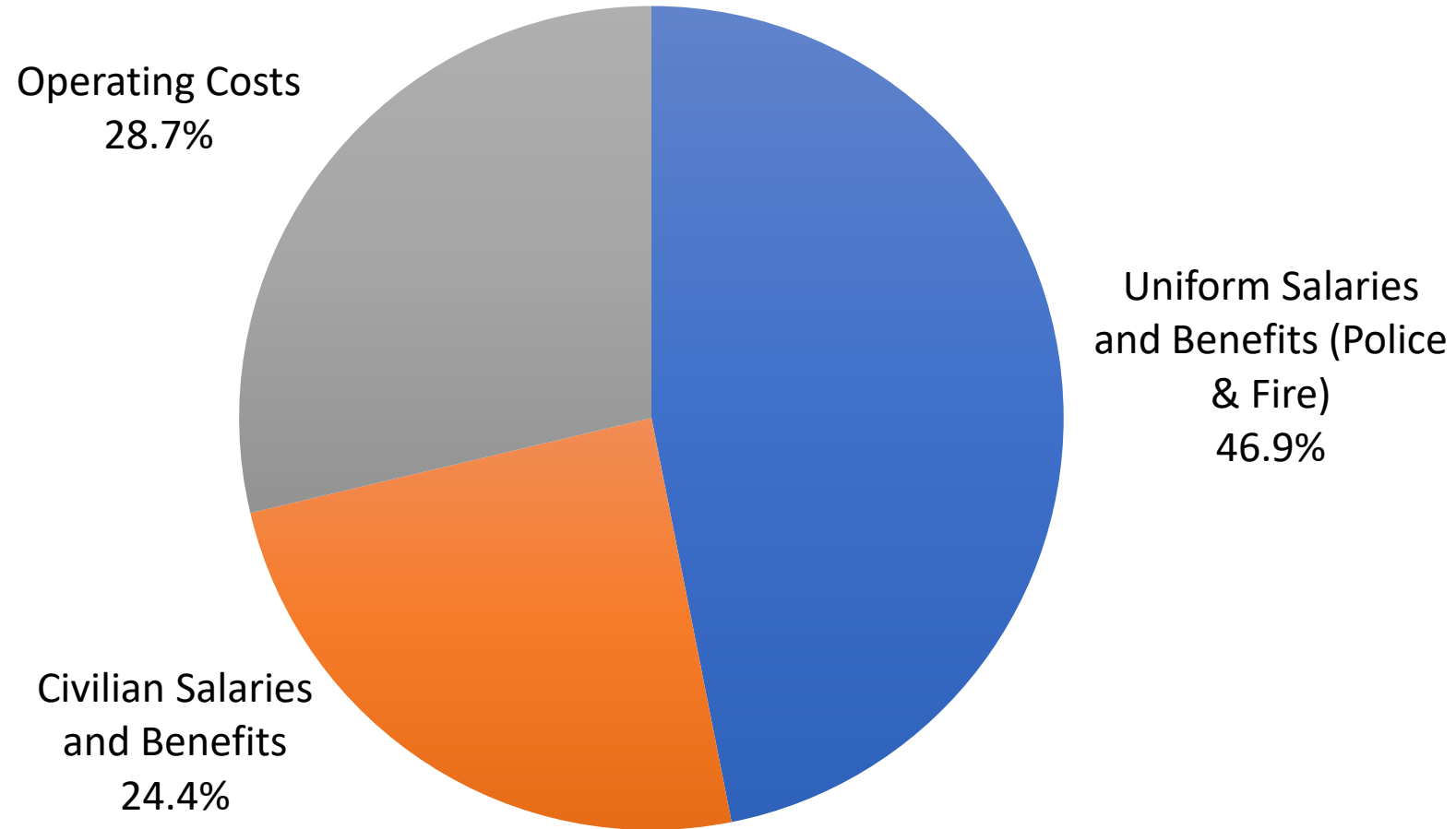




MYFO Expenditures

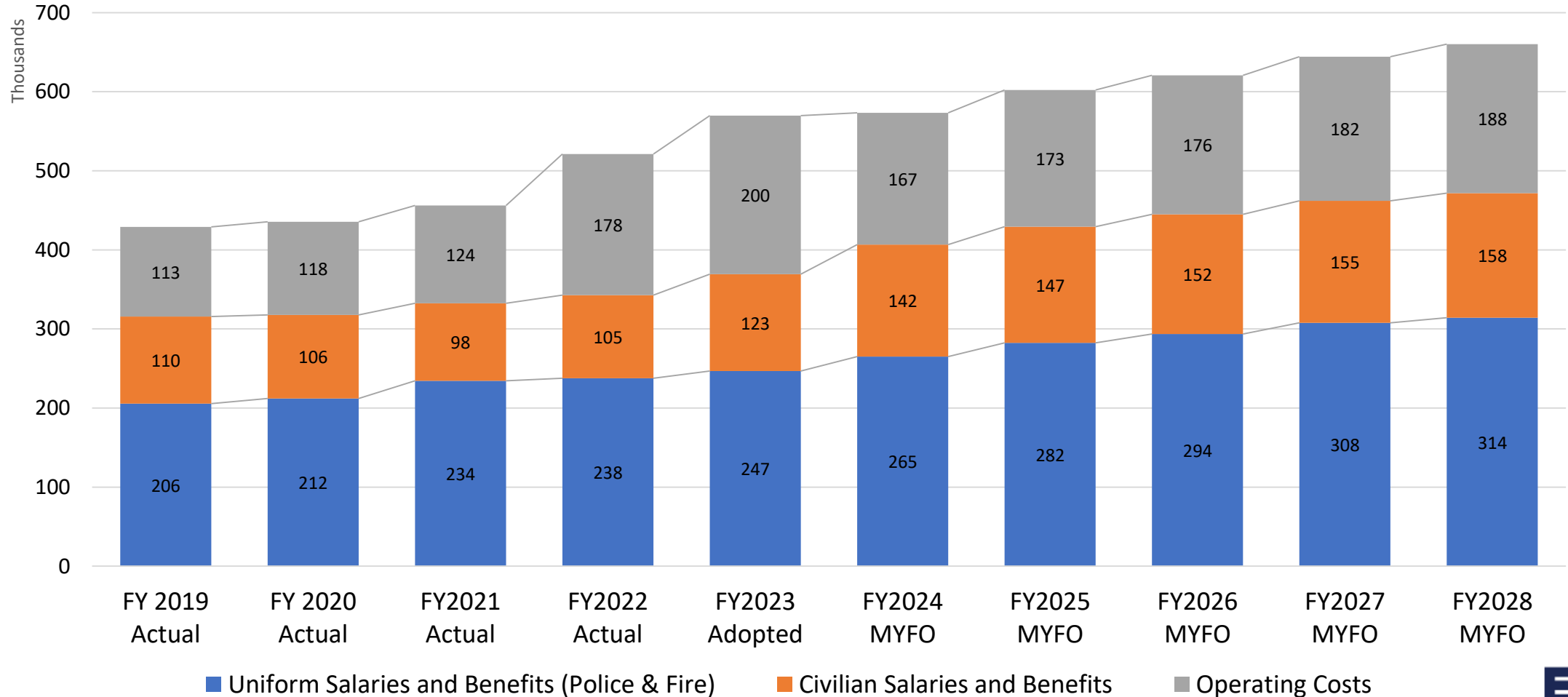
FY 2025 MYFO

General Fund Expenditures



FY 2025 MYFO

General Fund Expenditures





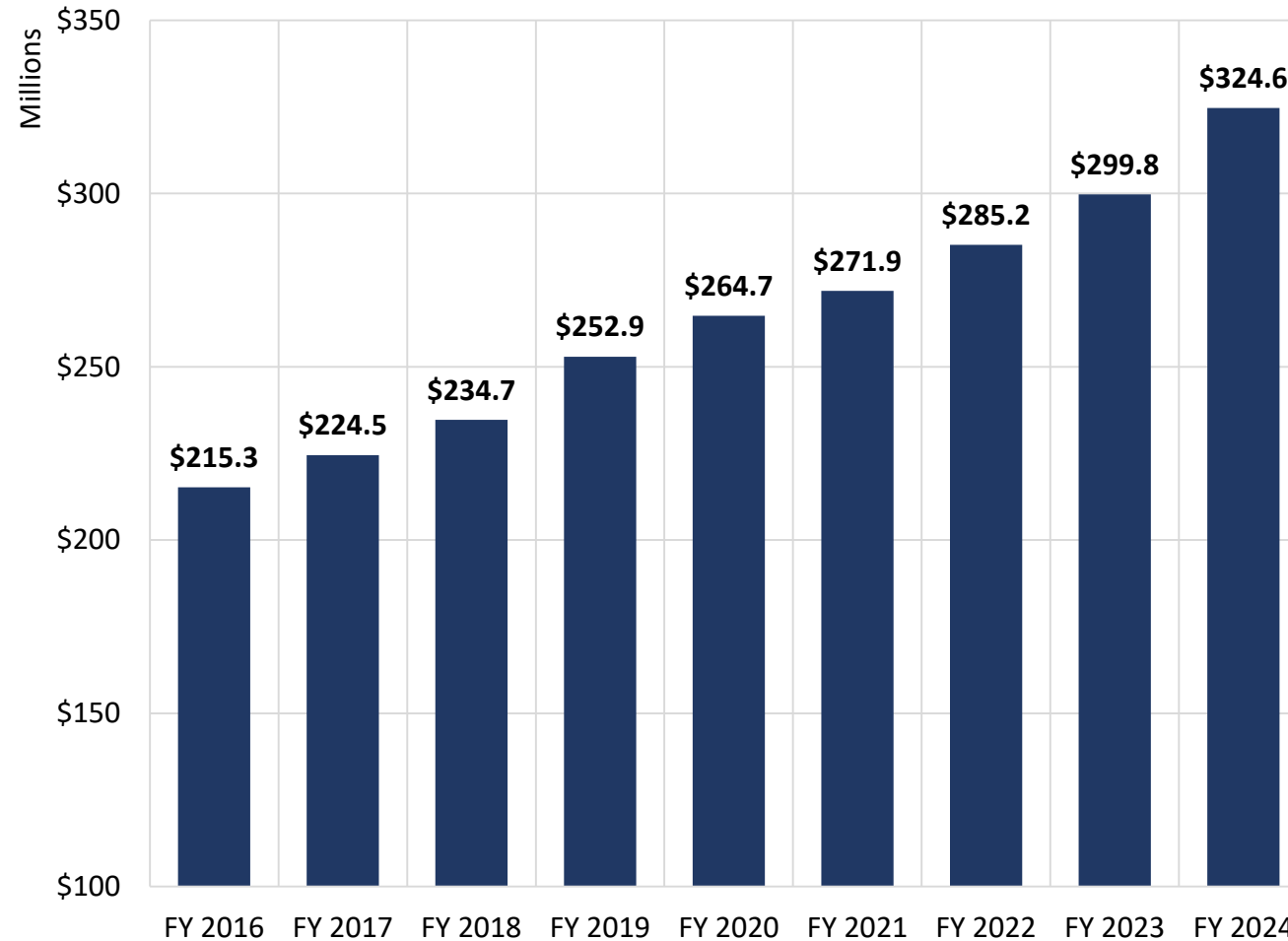
Public Safety



Expanded Investment in Public Safety

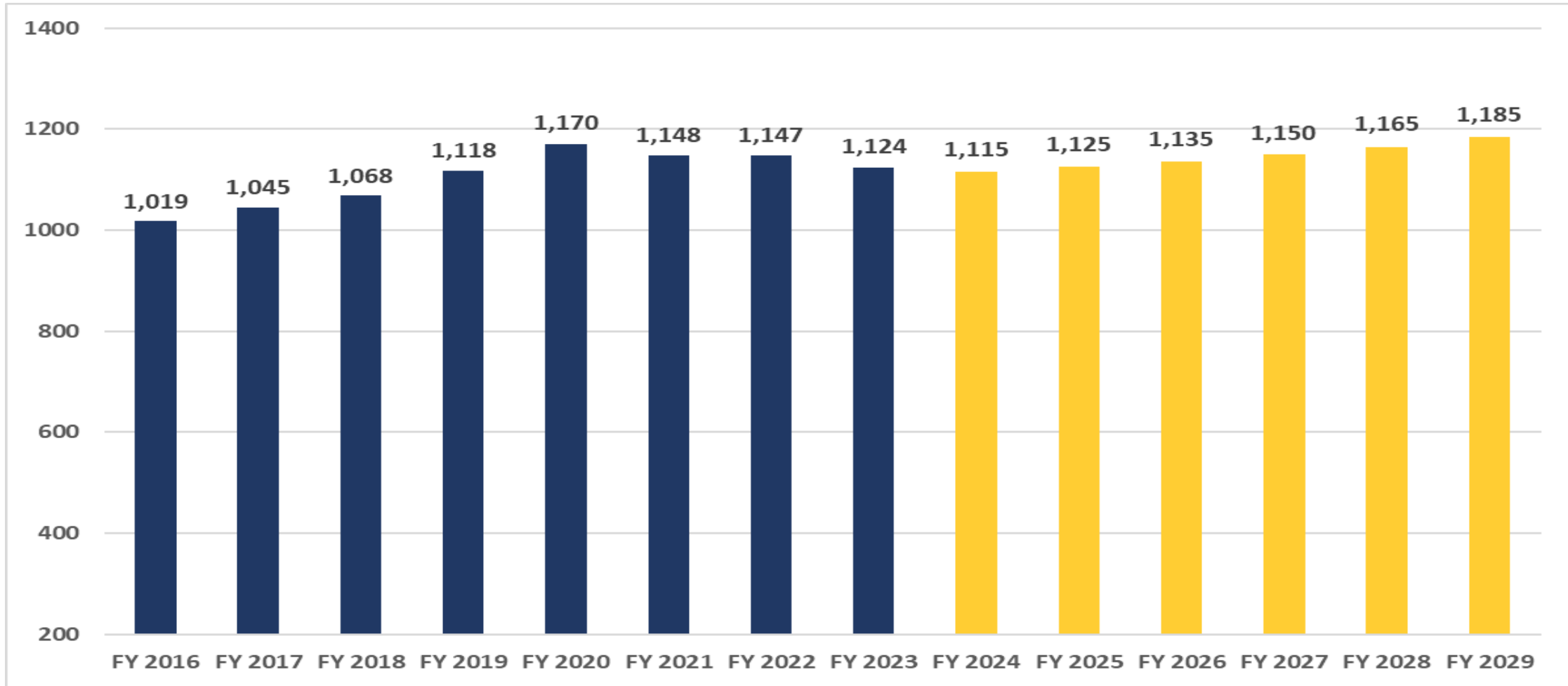


Police and Fire Annual Budgets



Since the summer of 2015 (FY 2016) the Police and Fire budgets have increased by **\$109.3 million, or 50.7%**

Police Staffing Projected FY 2024 – FY 2029





Projected Police Staffing and Attrition

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
FY Start (Filled)	1147	1124	1115	1125	1135	1150	1165	1185	1205	1230
Less Attrition	-70	-65	-65	-65	-60	-60	-55	-55	-50	-50
New Officers / Reinstated	47	56	75	75	75	75	75	75	75	75
Net Growth	-23	-9	10	10	15	15	20	20	25	25
FY Ending (Filled)	1124	1115	1125	1135	1150	1165	1185	1205	1230	1255

FY 2024 -2032 are projected and subject to change



Police Academies

FY	Recruits	Academy	Start Date	Graduation Date
2024	14	132	1/23/2023	11/17/2023
2024	35	133	5/22/2023	3/15/2024
2024	35	134	9/11/2023	7/19/2024
2025	35	135	1/22/2024	12/4/2024
2025	35	136	5/13/2024	3/25/2025
2025	35	137	9/11/2024	7/22/2025



Uniform Retirement Eligibility

- 45 yrs of age
- 20 yrs of service

Current officers eligible for retirement

- FY 2024- 394
- FY 2025- 422





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 September 2024
 - Total increase of \$9.8M (6.6%)
 - COLA increase of 2.5% + step increase
 - Adjustment to entry officer
 - 3 small academies per year – 30 to 35 graduates each
- Fire
 - Total Increase of \$2.2M (4.3%)
 - COLA increase of 3% + step increase
 - 2 academies – 35 to 45 graduates each
 - Fire Station 38 (2025)
 - Impact of ARPA funded uniform positions transferring to GF (Ending December 2024)

Uniform Salaries and Benefits

PENDING UPDATE

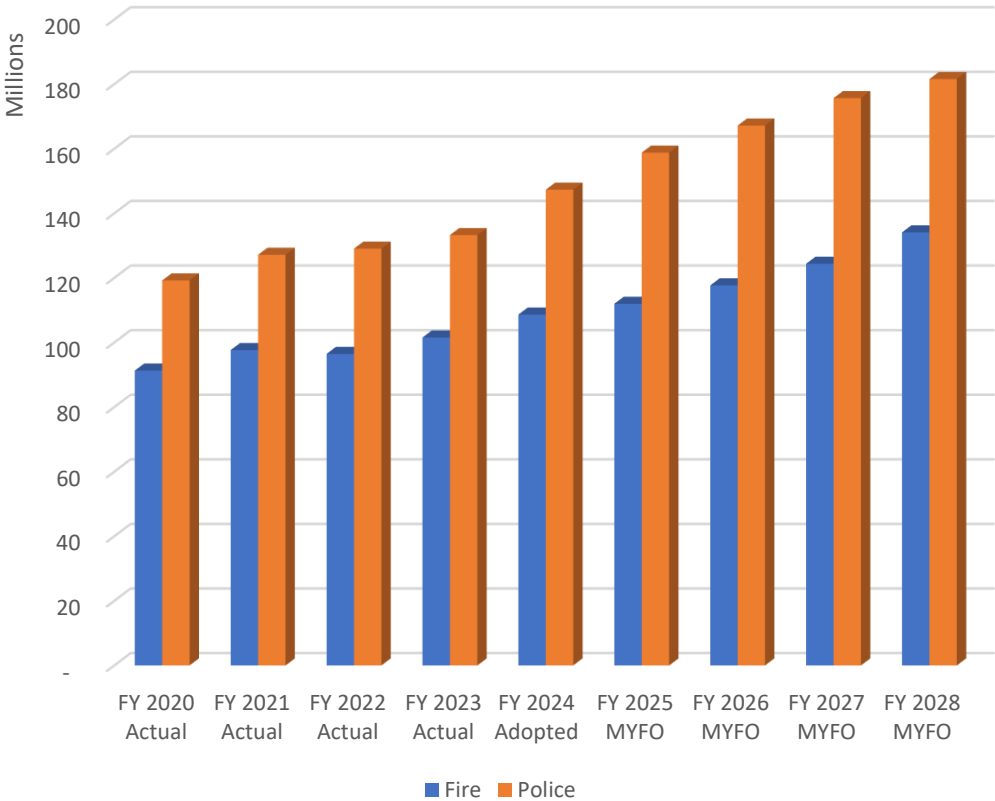


Annual Increase

	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

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

Total Uniform Salaries and Benefits



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 2024 - \$815,000

Average price of Police Car:

2019 - \$65,000 Est. 2024 \$95,000





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 Summer 2019



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 Summer of 2019



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
- 200+ 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



FY 2024 – 988 FTEs					
76 vacancies					
	Projections	FY 2023	FY 2024	FY 2025	FY 2028
	FTEs	945	976	988	1009
Fire Station 36 – 31 FTEs	Fire Station 36	31			
	Fire Station 38		12	19	
SAFER Grant Funds – 21 FTE	Fire Station 40				31
Fire Station 38 – 31FFs	Total	976	988	1,007	1,040
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 103 – September 11, 2023
35 FFTs
Graduation: March 31, 2024
- Class 104 – January 16, 2024
35 FFTs
Expected graduation: July 31, 2024





Civilian Workforce



Compensation Assumptions



- FY 2025 - \$1.00 increase with \$0.50 in September and \$0.50 in March (minimum wage increase to \$14.11)
- FY 2026 - \$1.00 increase with \$0.50 in September and \$0.50 in March (minimum wage increase to \$15.11)
- FY 2027 - \$0.50 increase with \$0.25 in September and \$0.25 in March (minimum wage increased to \$15.61)
- FY 2028 - \$0.50 increase with \$0.25 in September and \$0.25 in March (minimum wage increased to \$16.11)
- FY 2029 - \$0.50 increase with \$0.25 in September and \$0.25 in March (minimum wage increase to \$16.61)

Please note that these assumptions are subject to change and are for illustrative purposes only.

Workforce Compensation and Benefits

Space reserved for the ASL interpreter

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

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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



Healthcare Assumptions

- Projects a 8% increase in healthcare due to new contract in January 2025 and rising costs.
- 5 consecutive years with no healthcare cost increase for civilian employees (City covering the increase)
- 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)
- Continue funding the Shape-it-Up wellness program - \$600 to \$1,800 annually



Employee vs. Employer Contribution

Basic Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	\$ 170	\$ 316	\$ 486
Employee + Spouse	\$ 512	\$ 554	\$ 1,066
Employee+ Child	\$ 369	\$ 518	\$ 888
Employee+ Fam	\$ 745	\$ 714	\$ 1,459

Consumer Driven Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	\$ 38	\$ 316	\$ 354
Employee + Spouse	\$ 208	\$ 554	\$ 762
Employee+ Child	\$ 122	\$ 518	\$ 640
Employee+ Fam	\$ 324	\$ 714	\$ 1,038

Employee vs. Employer Contribution - COEP



Basic Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	35%	65%	100%
Employee + Spouse	48%	52%	100%
Employee+ Child	42%	58%	100%
Employee+ Fam	51%	49%	100%

Consumer Driven Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	11%	89%	100%
Employee + Spouse	27%	73%	100%
Employee+ Child	19%	81%	100%
Employee+ Fam	31%	69%	100%

Employee vs. Employer Contribution - Police



Basic Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	29%	71%	100%
Employee + Spouse	37%	63%	100%
Employee+ Child	33%	67%	100%
Employee+ Fam	31%	69%	100%

Consumer Driven Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	5%	95%	100%
Employee + Spouse	11%	89%	100%
Employee+ Child	7%	93%	100%
Employee+ Fam	9%	91%	100%

Employee vs. Employer Contribution - Fire

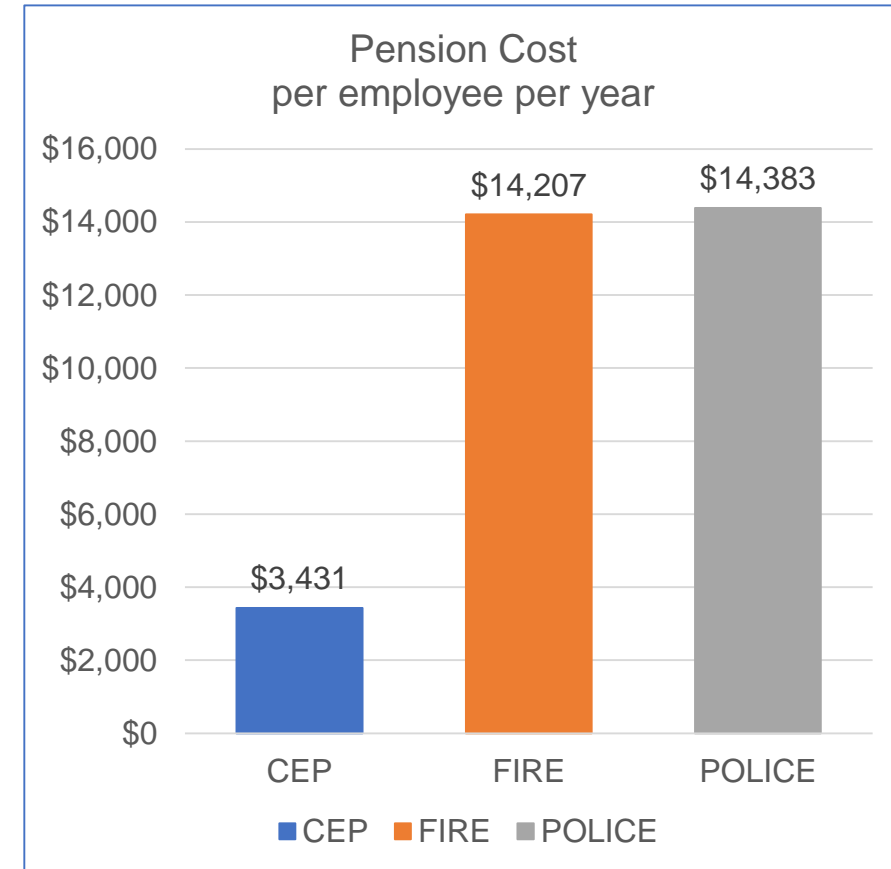
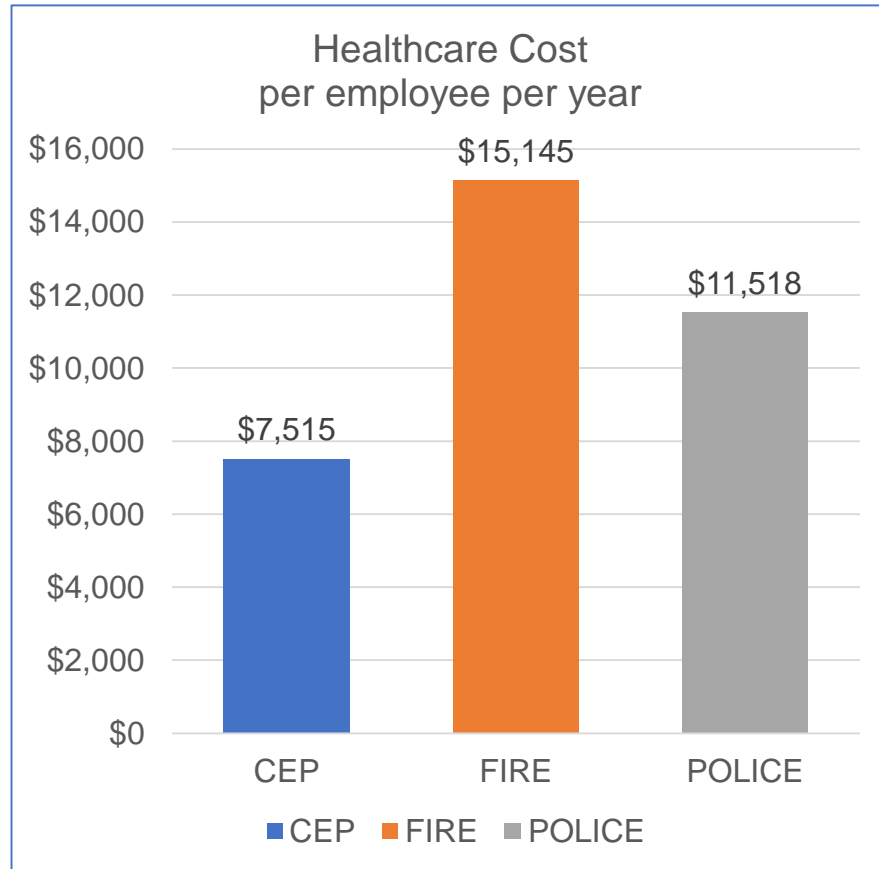


Basic Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	29%	71%	100%
Employee + Spouse	30%	70%	100%
Employee+ Child	24%	76%	100%
Employee+ Fam	34%	66%	100%

Consumer Driven Health Plan Rates			
Category	2024 Emp Biweekly	2024 City Biweekly	2024 Total
Employee Only	4%	96%	100%
Employee + Spouse	10%	90%	100%
Employee+ Child	6%	94%	100%
Employee+ Fam	8%	92%	100%

Cost Drivers - Healthcare & Pension

Employer Contribution



Streets and Facilities

FY 2025 Assumptions

Streets and Facilities



Maintains Pay-go annual funding:

- \$7 million annually for residential street resurfacing projects
- \$3 million annually for collector street resurfacing
- \$6 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

- 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



CITY OF EL PASO

FY 2025 - 2029 Debt Service Model

Agenda

- Existing (Current) Debt Service
- Future Debt Issuances Plan
- Debt Model
- Managing Debt Service / recommendations



Existing Debt Service

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- FY 2025 (Sep 1, 2024 – Aug 31, 2025)
 - 2016 CO's (issued 6/30/2016) **\$2.8 million increase** in principal – only minimal principal paid over first 9 years
 - 2021 CO's (issued 6/03/2021) **\$2.6 million increase** in principal – interest only for first three years to account for potential COVID impact
- FY 2026 (Sep 1, 2025 – Aug 31, 2026)
 - 2016 GO's (issued 6/15/2016) **\$6.9 million** increase in principal – interest only for first 10 years

Future Debt Service

Remaining Voter-Approved Bonds

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	Authorized	Debt Issued	Pending to be Issued	Cash on Hand
2012 Quality of Life	\$473	\$345	\$128	\$71
2019 Public Safety	\$413	\$167	\$246	\$102
2022 Community Progress	\$272	\$46	\$226	\$43
Total	\$1,159	\$558	\$601	\$216

Future Debt Issuances

Debt Model Assumptions

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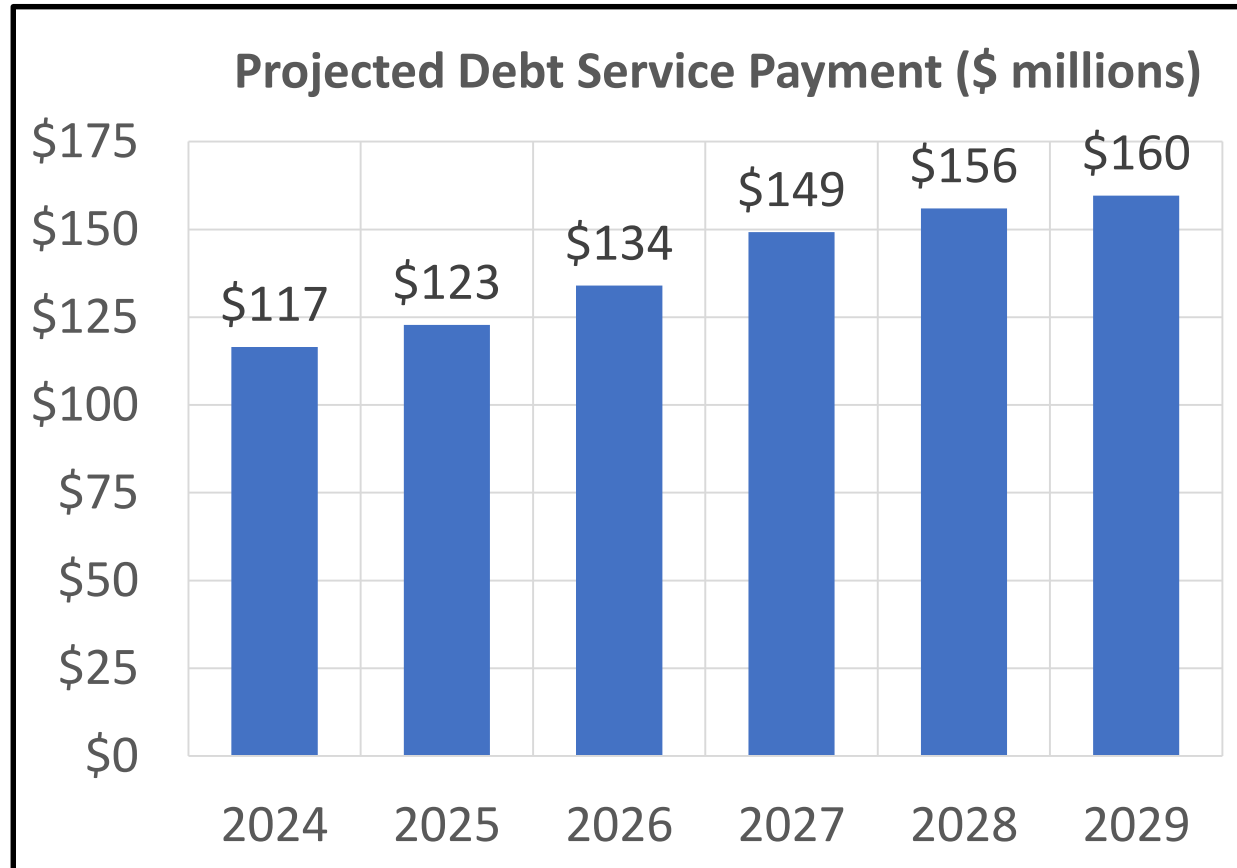
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Year	Issuance Amount (\$ in millions)	Taxable Valuation Growth	Interest Rate
FY 2025	\$0		
FY 2026	\$214.9	4.8%	6.5%
FY 2027	\$187.8	4.6%	6.5%
FY 2028	\$68.5	4.1%	6.5%
FY 2029	\$38.6	4.1%	6.5%
FY 2030	\$44.9	2.0%	6.5%
FY 2031	\$15.4	2.0%	6.5%
FY 2032	\$15.4	2.0%	6.5%
FY 2033	\$15.1	2.0%	6.5%
Total	\$600.7		

Debt Service Model

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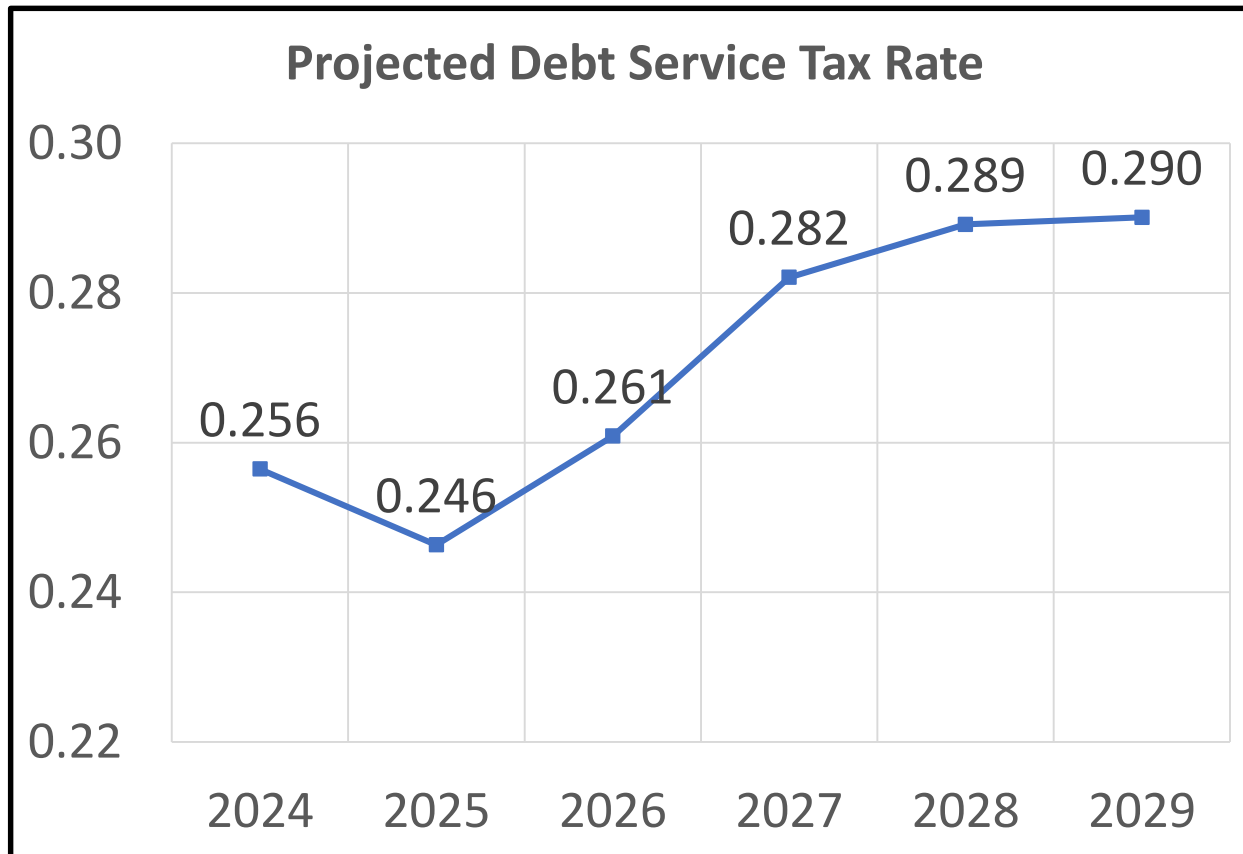


- Significant increase in FY 2026 and 2027 debt service due to:
 - Increases in existing debt, primarily 2016 issuances
 - Projected new issuances for remaining voter-approved bonds

Debt Tax Rate Model

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- Projected debt service tax rate decrease in FY 2025, however:
 - FY 2026 1.5 cent increase
 - FY 2027 2.1 cent increase



CITY OF EL PASO

Recommendations to Reduce Future Debt Impact

Summary

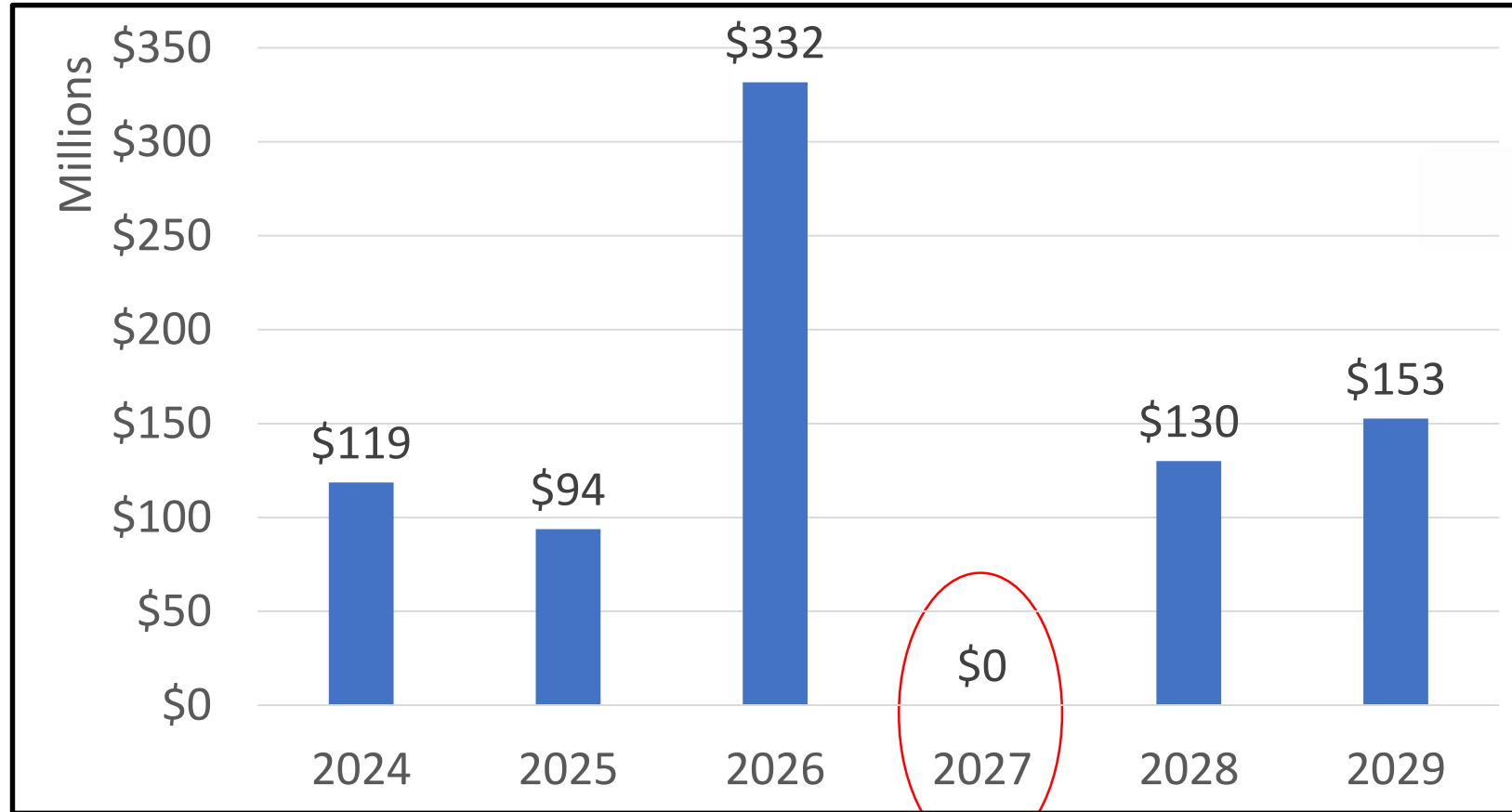
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- Multiple year outlook to minimize future issuance impact
- Refinancing existing debt for savings
- Utilize restricted debt service reserves:
 - To minimize future debt issuance impact
 - To free up currently restricted revenue (creates flexibility)

Callable Debt

Future Refinancing Opportunities



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**Debt Service Funds
For the Year Ended August 31, 2023**

	Budgeted Amount		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 117,092,782	\$ 117,092,782	\$ 117,628,421	\$ 535,639
Penalties and Interest-Delinquent Taxes	—	—	700,294	700,294
Charges for Services	1,003,951	1,003,951	861,390	(142,561)
Investment Earnings	—	—	1,751,744	1,751,744
Total Revenues	118,096,733	118,096,733	120,941,849	2,845,116
EXPENDITURES				
Current:				
Debt Service:				
Principal	55,180,000	55,220,000	55,220,000	—
Interest	68,703,331	68,663,331	63,540,950	5,122,381
Fiscal Fees	34,735	34,735	302,440	(267,705)
Total Expenditures	123,918,066	123,918,066	119,063,390	4,854,676
Excess (Deficiency) of Revenues Over (Under) Expenditures	(5,821,333)	(5,821,333)	1,878,459	7,699,792
OTHER FINANCING SOURCES (USES):				
Transfers In	199,799	199,799	1,450,803	(1,251,004)
Payment to Refunding Bond Escrow Agent	—	—	(12,525,999)	12,525,999
Face Amount of Refunding Bonds Issued	—	—	11,555,000	(11,555,000)
Premium on Issuance of Bonds	—	—	1,247,543	(1,247,543)
Intrafund Transfers	5,621,534	5,621,534	—	5,621,534
Total Other Financing Sources (Uses)	5,821,333	5,821,333	1,727,347	4,093,986
Net Change in Fund Balance	—	—	3,605,806	3,605,806
Fund Balances - Beginning of Year	—	—	11,889,652	—
Fund Balances - End of Year	\$ —	\$ —	\$ 15,495,458	\$ 3,605,806

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- Property taxes levied to pay debt service should only be used to pay debt service on outstanding bonds
- One way to use these funds, upon Council approval, is to establish a legal defeasance and use the excess debt service funds to pay off bonds early
- Debt Management Policy - the minimum debt service fund balance should exceed the debt service portion of the largest taxpayer's tax levy for the ensuing fiscal year.

Recommendations to Reduce Debt Service

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Forthcoming Requested Action (May 2024)	Result/Impact
Current year refunding opportunity	Estimated to save approximately \$5.1 million in NPV, or 5.8%
Cash defeasance of bonds maturing in 2027 for Taxable Series 2014 (use of restricted debt service fund balance)	\$5,841,642.48 to minimize debt service tax rate increase FY 2027 (approx. 1.2 cents on the tax rate)
Pre-payment of the Plaza Theater debt (use of restricted debt service fund balance)	\$3,311,972.18 to pay off remaining debt. Creates approx. \$1.2 million annually of unrestricted revenue

Plaza Theater Bonds

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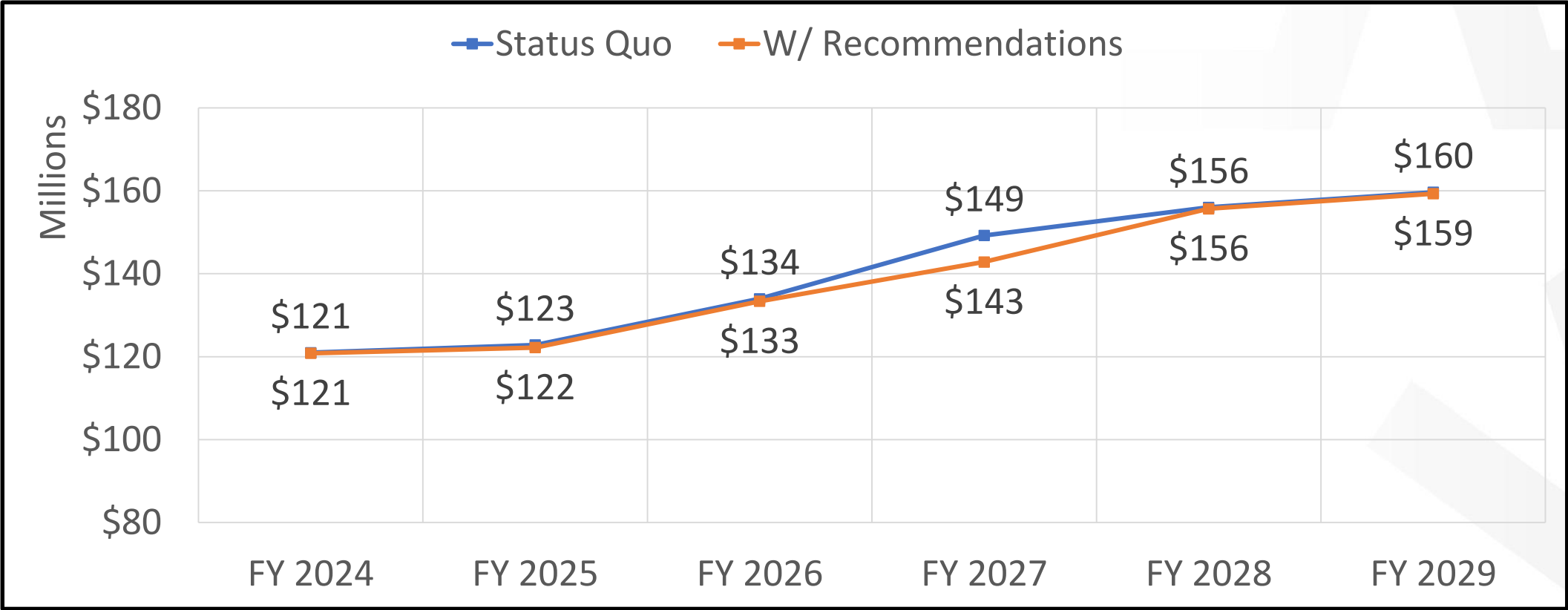
	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Parking Meter	1,077,401	715,583	620,040	828,901	861,391
General Fund	121,895	488,383	757,504	209,700	356,206
Total	\$1,199,296	\$1,203,966	\$1,377,544	\$1,038,601	\$1,217,597

FY 2024 Budget Resolution Item 43. That the annual parking meter revenue in account number 440200 (Parking Meter Revenue) may be allocated on a monthly basis to a restricted account called Plaza Theater Sinking Fund in the Debt Service Fund to satisfy debt requirements for the fiscal year, that the City Manager or his/her designee be authorized to appropriate additional funding from this account for the replacement of parking meters upon approval of the City Manager of a meter replacement program based on availability of funds in this account, and that all funds exceeding the debt service requirement and meter replacement capital requirements for the fiscal year be deposited to the General Fund.

Debt Service Impact Refinancing & Defeasance

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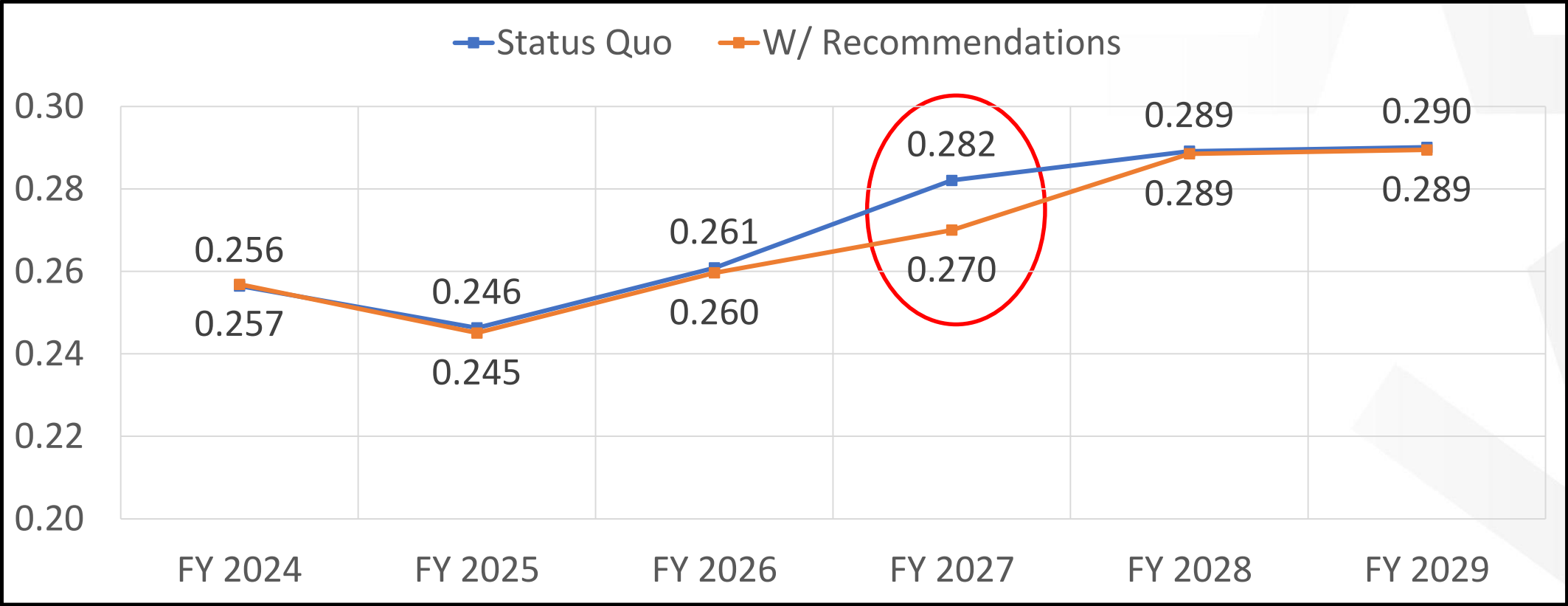
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Debt Tax Rate Impact Refinancing & Defeasance

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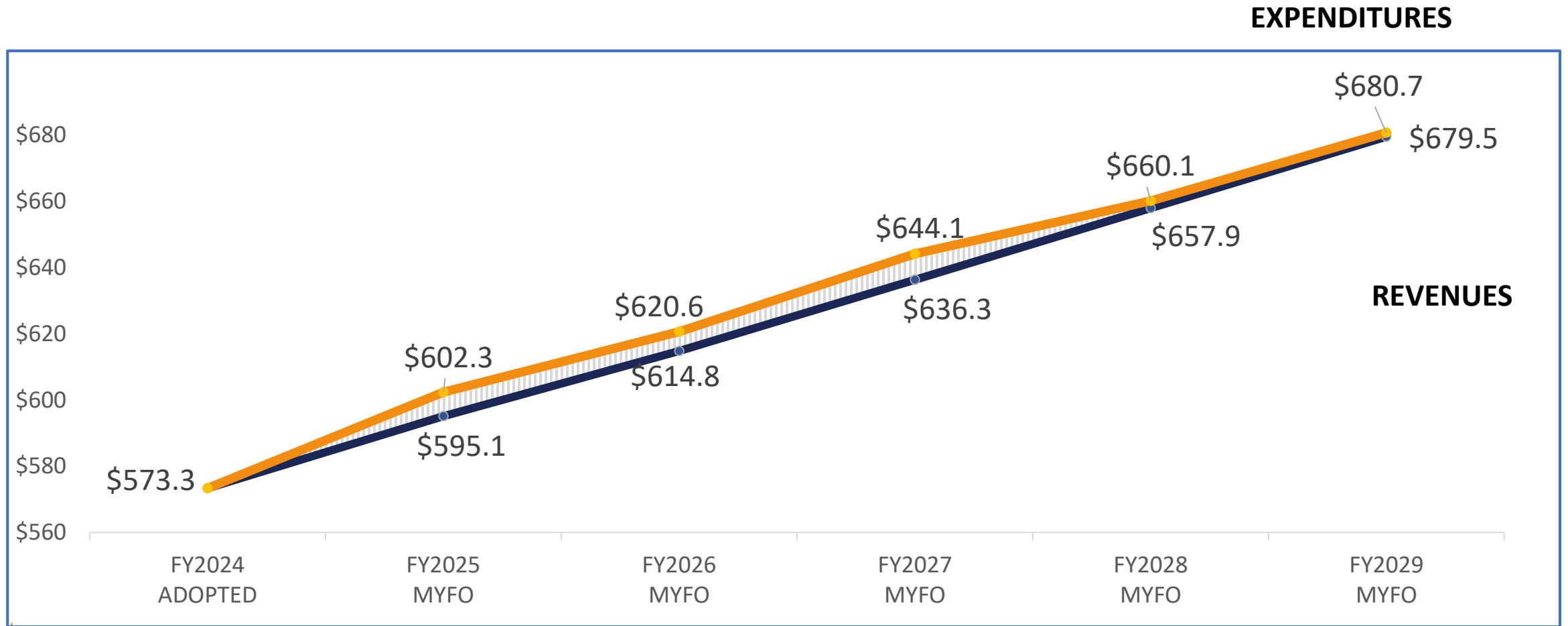
Summary

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- Numbers presented are projections and subject to change, however it is highly likely that the debt service tax rate will increase each year between FY 2026 - 2028
- City staff and our financial advisor are continuously analyzing options to reduce tax burden in the short and mid-term
- Future options will include future refinancing opportunities, utilizing remaining debt service reserves, and adjusting the model based on actual taxable valuations, and interest rates

FY 2025 – FY 2029 MYFO



FY 2025 Look Ahead

- Continue to identify budget balancing strategies, including **new general fund revenue, cost savings, and other financial tools** minimize impact on property tax rate
- Continue to invest in **Public Safety** (Public Safety Bond Operations and maintain, academies, collective bargaining obligations and vehicle replacement)
- Continue to invest in our **Workforce** (compensation increases and healthcare benefits)
- Continue to **Target Investment** in our streets, aging facilities, equipment and vehicles.

FY 2025 Look Ahead

- Civilian pay raises and health care benefits
 - Increasing health care costs
 - Pay increases (Council resolution to achieve \$15 per/hr by 2026)
- Public Safety Bond and Quality of Life new facility operation and maintenance costs including the full year impact:
 - La Nube Children's Museum
 - Mexican American Cultural Center
 - Fire Station 36 and 38

FY 2025 Look Ahead

- Police and Fire Academies and collective bargaining obligations
 - Police 3 - academies
 - Fire 2 - academies
- Other items
 - Citywide election in November 2024
 - Climate Action Plan development efforts
 - Equity Office
 - Municipal ID
 - Department Program Requests
 - Residential Resurfacing

Summary

- Five months remaining until the FY 2025 Budget is adopted
- Continue to monitor major revenue projections due to preliminary data
- FY 2025 focus on public safety (staffing and capital), street maintenance and our workforce
- Capital Project funding (remaining debt to be issued)
- Economic Uncertainty – inflation, labor market, and interest rates

Integrated Budget Process



FY 2025 Budget Process

Key Dates

- March 26 – Chime In! and Council Budget Request Kick-off
- **May 31 - Last day for Chime-In**
- June 10 through 21 - Council one-on-one budget briefings start
- July 8 through 12 - Goal Team budget presentations

FY 2025 Budget Process

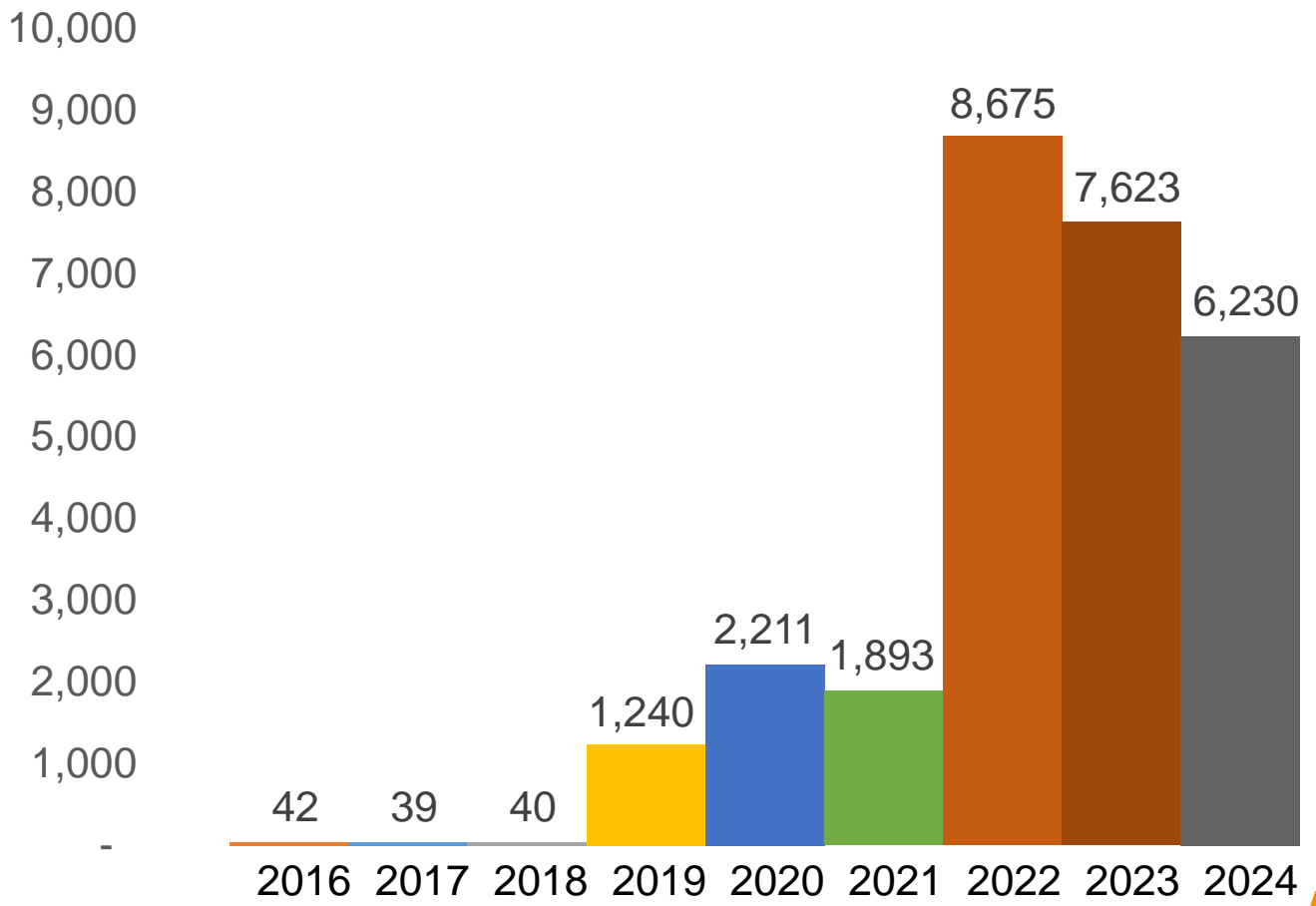
Key Dates

- July 25 - Receive certified property valuations
- July 30 - Special City Council meeting (introduce tax rate)
- August 6 - 1st public hearing on the tax rate
- August 13th - City Council adopts FY 2025 budget and tax rate

Chime In! Survey

- Launch date will be **Tuesday, March 26th**
- Focuses on more detailed questions to participants
- Media, social media, 311 App, Digital Signage, QR Code
- Focus Groups on top priorities

Citizen Participation



City Council Budget Requests

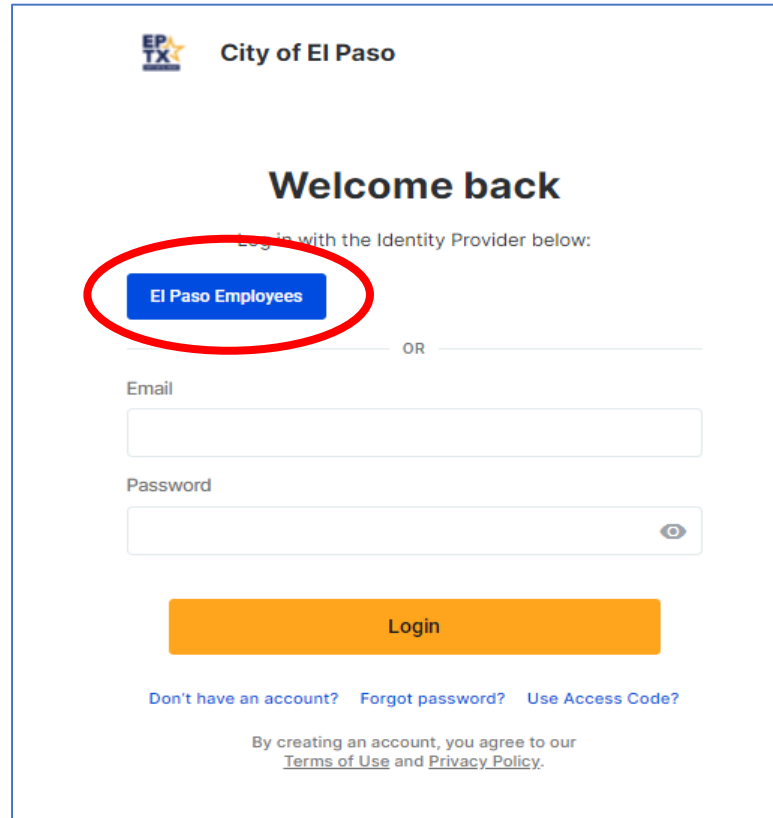


Council Budget Requests

- Requests will be accepted throughout entire process, but encourage you to submit early

CBR Access

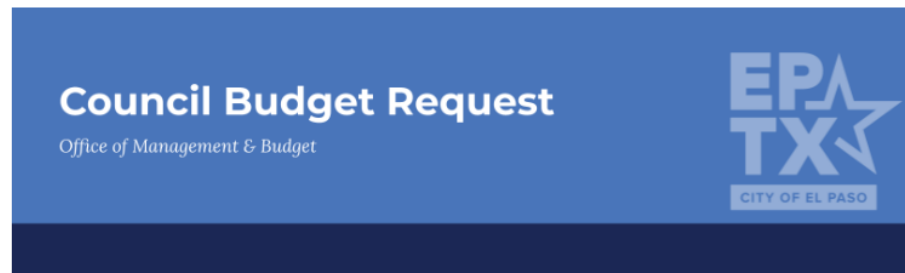
- Link for Council Budget Requests
 - <https://elpasotx.seamlessdocs.com/f/CBRFORM>
- Click on “El Paso Employees” link and follow the instructions



The screenshot shows the City of El Paso login interface. At the top left is the EP TX logo and the text 'City of El Paso'. The main heading is 'Welcome back'. Below it, the text 'Login with the Identity Provider below:' is followed by a blue button labeled 'El Paso Employees', which is circled in red. Below this button is an 'OR' separator. Underneath are input fields for 'Email' and 'Password' (with a toggle icon). An orange 'Login' button is positioned below the password field. At the bottom, there are links for 'Don't have an account?', 'Forgot password?', and 'Use Access Code?'. A footer note states: 'By creating an account, you agree to our [Terms of Use](#) and [Privacy Policy](#).'

CBR Access

- Fill all required fields
- Availability to attach up to 4 files
- E-mail and PDF confirmation upon submittal



Note: Please enter only one budget amendment request per entry

Budget amendment request submitted by *

Department *

Funding *

Request *

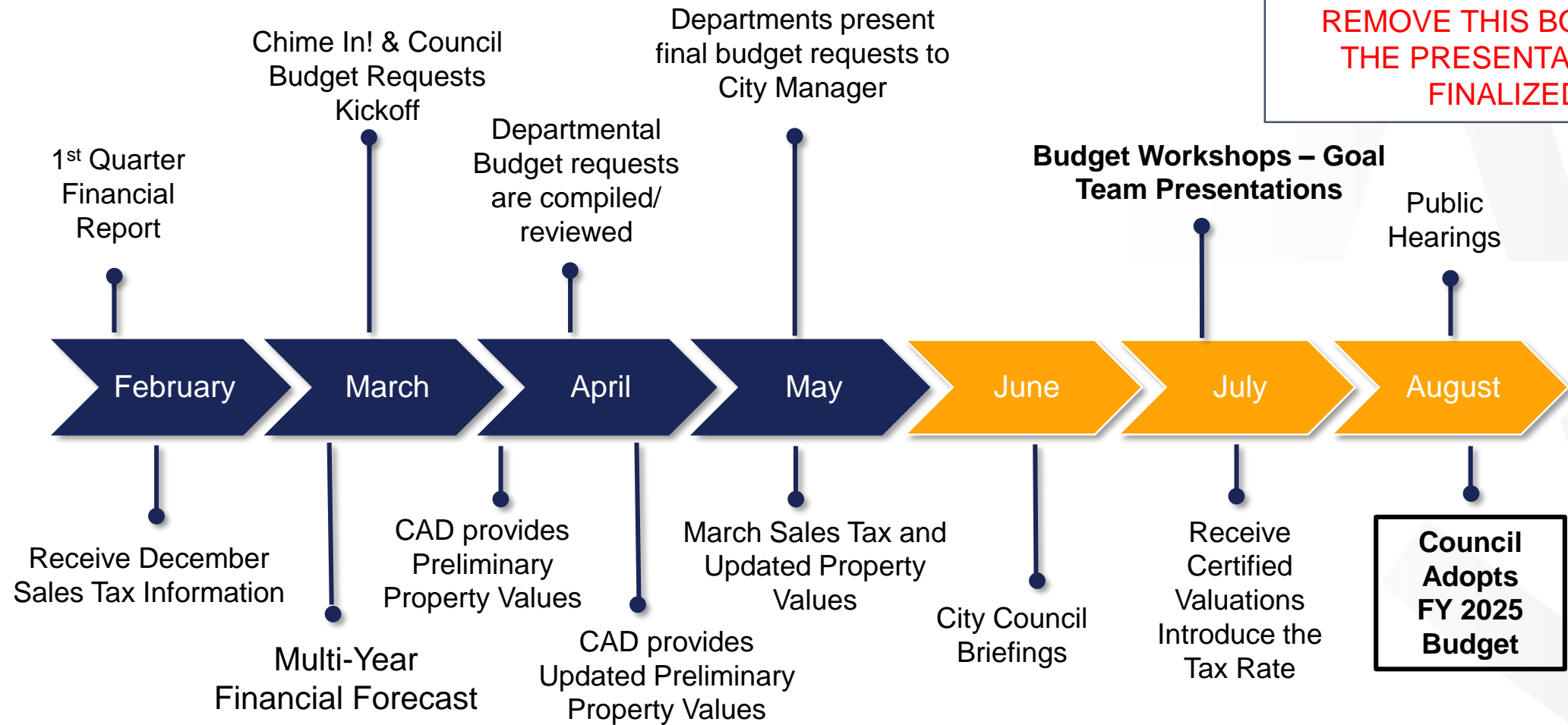
Upload Attachments. Please limit to 4 (250MB limit)

[Click Here to Upload](#)

FY 2025 Budget Process Timeline

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CAD – Central Appraisal District

Budget Calendar

June 3rd - 14th - Mayor and City Council Briefings

July 8th - 12th - Budget Overview and Goal Team Presentations

July 30th - Introduction of the Tax Rate Ordinance

August 6th - Budget Hearing

August 13th or August 20th - Adopt the 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