

Budget Updates

September 2024

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

Agenda

- 2024 Year to Date Update
- Gap Update
- Revenue Options

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

2024 Update through July

Revenues Updates

- Positive One-Time Revenues due to Power Gross Earnings Tax Audit (\$1.8M)
- Positive Interest Earnings (\$1.5M) and Business and Occupations Taxes (\$3.3M)

Trends are built into assumptions for 2025-2026 therefore these variances will add one-time resources

Expense Updates

- Cheney Stadium Capital – contribution to help match state funds (\$2M)
- Risk and Benefit Contributions – Liability Risk and Workers Compensation (over \$1.5M)

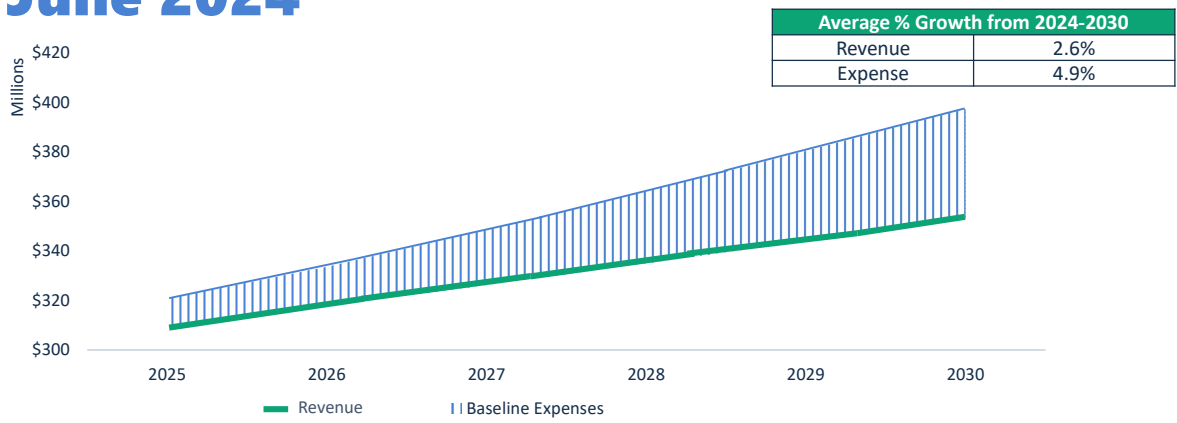
While Personnel Services is seeing a positive variance, Fleet material costs are higher than anticipated and OMB is currently tracking these offsetting expenses

2025-2026 CITY OF TACOMA

BIENNIAL OPERATING & CAPITAL BUDGET

3

General Fund Financial Forecast – June 2024



	2025	2026	2027	2028	2029	2030
Baseline Structural Gap*	-\$10.4M	-\$15.8M	-\$22.2M	-\$29.0M	-\$36.4M	-\$44.6M

*Does not include needs beyond baseline, including extensions of one-time projects such as the Temporary and Emergency shelter sites which need an additional \$9M to continue services through 2026

4

Updated Expense Projections



Healthcare Updates Based on Estimates from Mercer and Police and Fire Pension Costs (-\$3.3M)



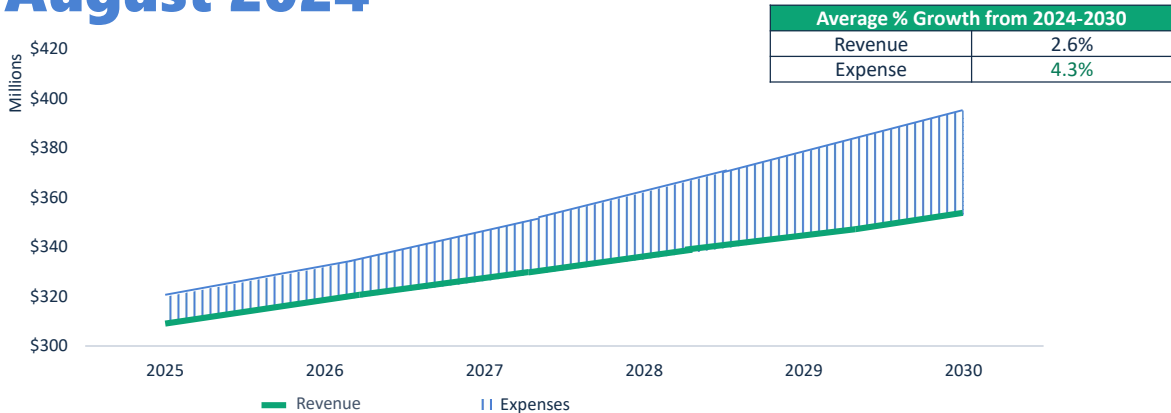
Updated projections for expenses - personnel, internal services, liability costs (+\$1M)

**Updates shown for General Fund in 2025-2026. These updates were made across funds.*

2025-2026 CITY OF TACOMA
BIENNIAL OPERATING & CAPITAL BUDGET

5

General Fund Financial Forecast – August 2024



	2025	2026	2027	2028	2029	2030
Baseline Structural Gap	-\$9.8M	-\$14.1M	-\$20.4M	-\$27.1M	-\$34.3M	-\$42.5M

**Does not include needs beyond baseline, including extensions of one-time projects such as the Temporary and Emergency shelter sites which need an additional \$9M to continue services through 2026*

6

Evaluating the baseline to produce a BALANCED BUDGET

Reduction Targets

- Update costs to reflect service level or demand
- Reduce services levels
- Stop offering a program
- Is a service duplicated or not achieving results in priority areas?

Re-Structure Revenues or Costs

- Evaluate how programs are allocating current revenues or staff time

Identify New Revenues or Update Revenues

Propose Increased Service Levels or New Services

- Focus on Council and Community Priority Areas, Adopted Plans and Policies, and Community Feedback

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

7

Fines, Exemptions, and Audits

- Increase false alarm service fee from \$100 to \$115
- Eliminate the business & occupation tax deduction for international investment management services - going from zero tax on income to 0.4%
- Implement a focused compliance effort to identify short term rentals operating in Tacoma without a business license

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

8

Utility Tax Exemptions

Exemptions in TMC 6A.100.040 – Including uncollected accounts, interest on construction bonds, and reimbursements for damages.

Exemptions Identified by Staff:

Item D - Contribution in aid of construction

Item F - Amounts received from the sale of capital assets

Item G - Interest earned on construction bonds

Clarification on Grant Revenue

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

9

Parking

Needed to ensure that the parking system's revenues can sustain expenses

- Off-Street Monthly Parking Permits & Residential Parking Permits – Public Works is currently working with Republic Parking on a rate survey, adjustments, and communication planning
- On Street Metered Parking – Public Works is working with Parking Technical Advisory Group on recommendations for 2025
- Fees – Public Works is conducting research on fee structures and amounts and implementation approaches

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

10

Event Related Excise Tax

- Excise tax on the sale of food & beverage sold on the property of City-Owned Indoor Venues
- Revenues would support Community Impact activations, CERC Events Event Grant Funding, Non-Profit Cultural Program

2025-2026 CITY OF TACOMA
**BIENNIAL OPERATING
& CAPITAL BUDGET**

11

Revenue Strategy

	Item	Update	Timeline/Next Steps
2025-2026 Proposed Budget	Fines, Exemptions, and Audits	False Alarm Service Fee Increase, Identify Short Term Rentals without licenses, Eliminate exemption for International Business	GPFC in October
	Utility Tax Exemptions	Alternatives to eliminate existing exemptions (may include Construction related revenues)	GPFC in October
	Event Excise Tax	Food and Beverage Service Tax at Dome paid by contractor and would support special events funding	GPFC in October
	Parking Rates and Fees	Updates to Parking Rates and Fees to better cover the system's costs	Varied
Impacts to 2025-2026 Budget	Fire Levy Lid Lift	Funding to support \$30M annually for Fire Department facilities, fleet, maintenance, and staffing to improve response capacity and firefighter safety	Vote in November 2024
	Extension of TBD Sales Tax	Council action to extend Transportation Benefit District Sales Tax	December 2024 (Tentative)
In Progress	Extension of TC Sales Tax	Council action to extend Tacoma Creates Sales Tax	First Quarter 2025
	Streets Initiative 2	Property Tax and Utility Taxes	On Ballot in 2025
	Revenues Related to Legislative Priorities	Property Tax - Continue to prioritize changing the 1% growth limit, revenue options to support base operational needs in the General Fund, revenue authority by State to cities or direct funding of homelessness services	Legislative priority 2025
	Additional Levy Lid Lift	Support Operational Costs in General Fund and facility needs	Council Discussion 2025
	Impact Fees	Staff provided an update in 2024 on the development of Traffic Impact Fees	Development in 2024

12

Next Steps

- GPFC Meeting October 1 on Fee Schedule for 2025-2026 and October 15th on Taxes, Fines, and Exemptions shared today
- Proposed Budget Presented by City Manager on October 1, 2024
- Work Sessions throughout October and November
 - October 8 – Utilities and Infrastructure (Tacoma Public Utilities, Environmental Services, and Public Works)
 - October 15 – Public Safety (Fire and Police)
 - October 22 – Housing, Homelessness, and Economic Development (Planning and Development Services, Neighborhood and Community Services, and Community and Economic Development)
 - October 29 – Tacoma Venues and Events and Internal Services
- City Council Workshop on November 8, 2024
- First and Second Readings on November 19 and December 3, 2024

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

13

Budget Updates

September 2024

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING
& CAPITAL BUDGET**

