

# Budget Update

August 26, 2025

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING  
& CAPITAL BUDGET**

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## Agenda

- Current Financial Health
  - Current Economic Conditions
  - Year-to-Date Revenues
  - Year-to- Date Expenditures
  - Other Considerations
- Mid Biennium Budget Modification

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## Current Economic Conditions

- Labor Market – showing signs of weakness in latest data
  - Fewer new jobs being created
  - Fewer participants in the labor force (retirement wave, immigration, etc.)
- Inflation – Showing some tariff-related upward pressure
- Interest Rates – mortgage rates still above 6% which is a drag on the housing market
- Risks to Consider
  - General Uncertainty
    - Independence of the Federal Reserve
    - On-again Off-Again On-Again Tariffs
    - Independence, accuracy and integrity of government collected data
  - Geopolitical conflicts
  - Federal Grants – eliminations, reductions, recovery of previous grants?
  - Unemployment and Inflation – both going up at same time (stagflation)?

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## General Fund 2025 Year-to-Date Revenue Collections

Revenue Collections Jan 2025 thru June 2025			
Revenue Type	Budget Year-to-Date	Actual Year-to-Date	Variance
Business Tax	36,013,673	35,146,527	(867,146)
Property Tax	38,672,582	37,915,537	(757,045)
Sales Tax	35,703,113	34,390,232	(1,312,881)
Utility Tax	31,124,781	30,600,430	(524,352)
Charges for Services	1,420,274	1,501,857	81,583
Fines & Forfeits	466,365	502,012	35,647
Indirect Costs	-	136,364	136,364
Intergovernmental Revenues	8,303,646	8,007,900	(295,746)
Licenses & Permits	17,396,702	19,773,548	2,376,846
Miscellaneous Revenues	2,295,409	3,375,692	1,080,283
Other Taxes	1,321,173	1,311,843	(9,330)
<b>RevenueTotal</b>	<b>172,717,717</b>	<b>172,661,940</b>	<b>(55,777)</b>

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## General Fund 2025 Year-to-Date Expenditures

<b>Expenditures Jan 2025 thru June 2025</b>			
<b>Dept</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
City Attorney's Office	1,564,495	1,494,299	70,196
City Manager's Office	1,576,669	1,220,250	356,420
Community & Economic Development	3,370,145	1,902,701	1,467,445
Finance	3,753,334	3,344,253	409,081
Fire	41,416,666	41,816,278	(399,612)
Information Technology	4,235	(8,747)	12,982
Library	10,202,879	9,090,332	1,112,547
Municipal Court	2,209,126	2,033,474	175,653
Neighborhood & Community Services	8,969,364	5,487,811	3,481,552
Non-Departmental	24,015,506	27,940,051	(3,924,545)
Planning & Development Services	1,347,343	1,115,698	231,644
Police	64,012,120	65,668,266	(1,656,146)
Public Works	912,842	892,173	20,669
<b>Expenditure Total</b>	<b>163,354,697</b>	<b>162,012,318</b>	<b>1,342,380</b>

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## 2025 Year-to-Date General Fund Revenue & Expenditure Summary

- Revenues are below projections
- Expenditures (when adjusted for known issues) are over-budget
- Heading into Mid Mod we need to take into consideration these issues

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## Mid Mod – Already Committed General Fund Spending

<b>Mid Mod - General Fund Impact</b>			
<b>Already Committed</b>	<b>2025</b>	<b>2026</b>	<b>2027</b>
Fire - 2 Engines	1,250,000		
Police Recruiting Incentive	1,000,000	500,000	500,000
Police Incentive - Fleet	-	1,350,000	
Large Claim #1 Paid	5,000,000		
Large Claim #2 Paid	2,000,000		
<b>Subtotal Committed</b>	<b>9,250,000</b>	<b>1,850,000</b>	<b>500,000</b>

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## Mid Biennium Modification Key Dates

<b>Key Mid-Biennium Modification Dates</b>	
<b>Department Budget Staff &amp; OMB Staff Work on Proposals</b>	Mid August – Early September
<b>City Manager Review</b>	Mid September-Early October
<b>Mid Modification - Study Session</b>	Tuesday, October 14
<b>1<sup>st</sup> Reading</b>	Tuesday, October 21
<b>2<sup>nd</sup> Reading/Adoption of Mid-Biennial Modification</b>	Tuesday, October 28

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# 2025 Mid-Biennium Modification

August 7, 2025

