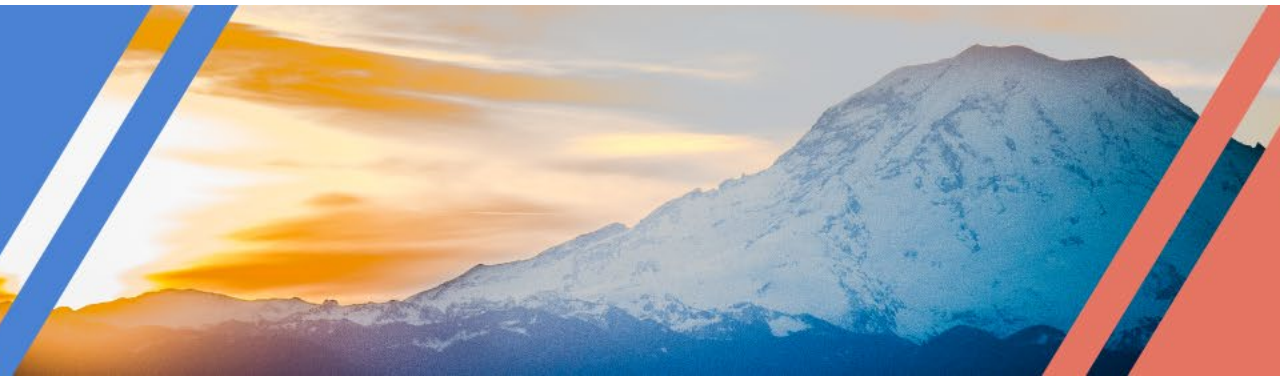


City Council Workshop **Amendments to Proposed Budget** **2025-2026**

November 8, 2024

2025-2026 CITY OF TACOMA

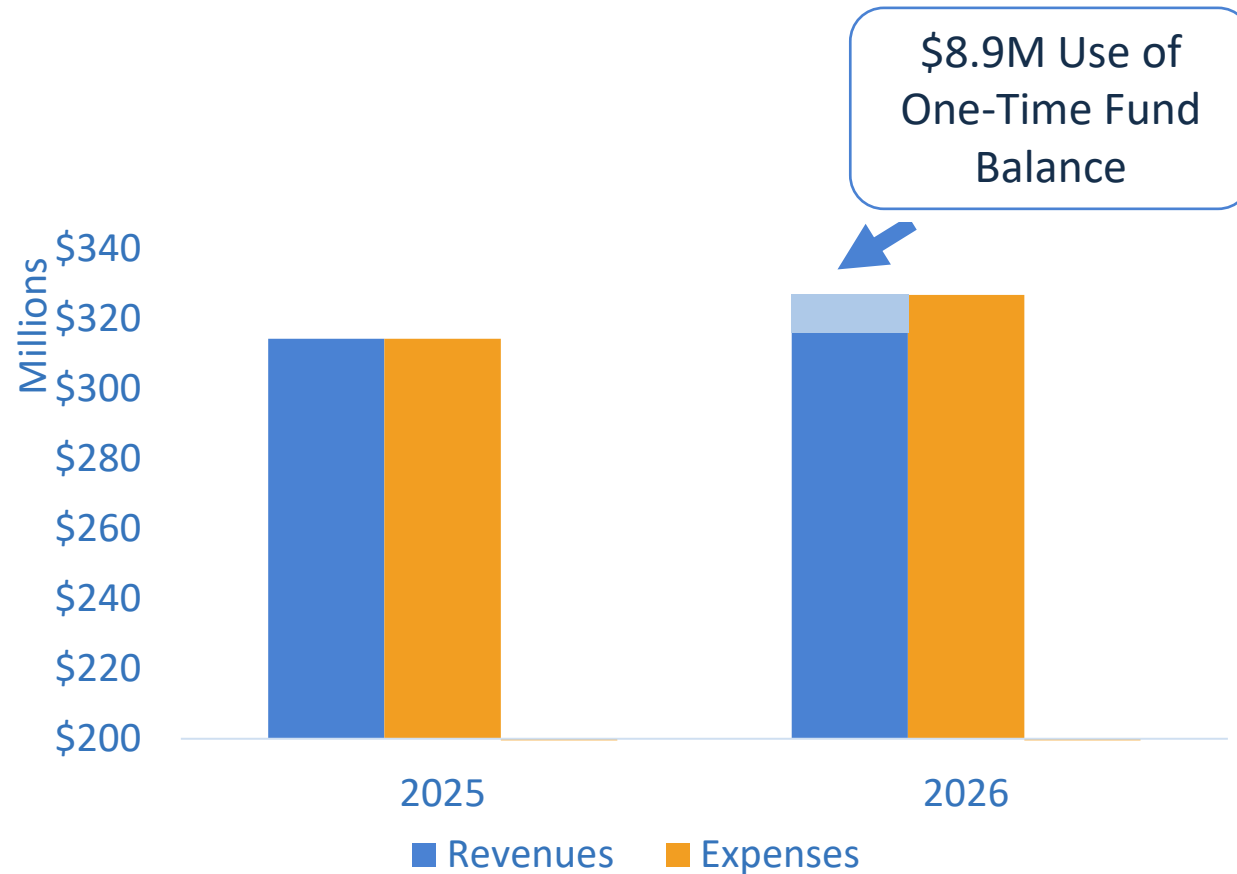
**BIENNIAL OPERATING
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Agenda

- Financial Position Update
- Fire Department Impacts due to Proposition 1 Rejection
- Council Budget Amendments for Consideration
- 2025-2026 Biennial Budget Discussion

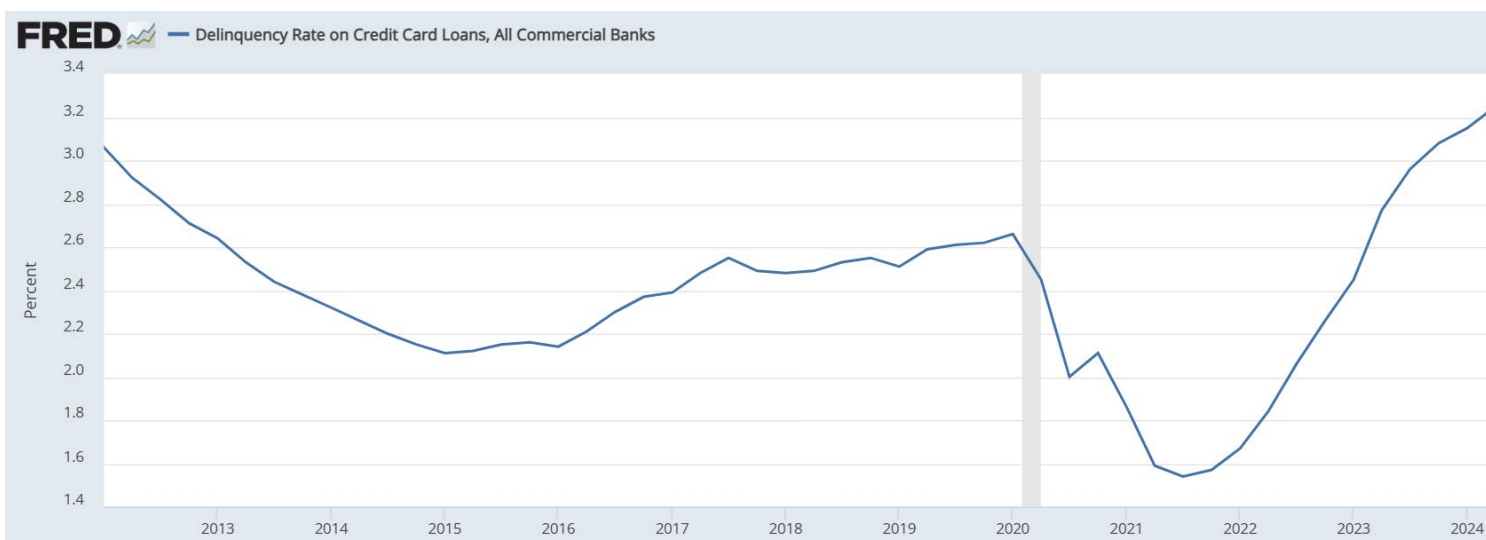
General Fund Structural Gap in 2025-2026



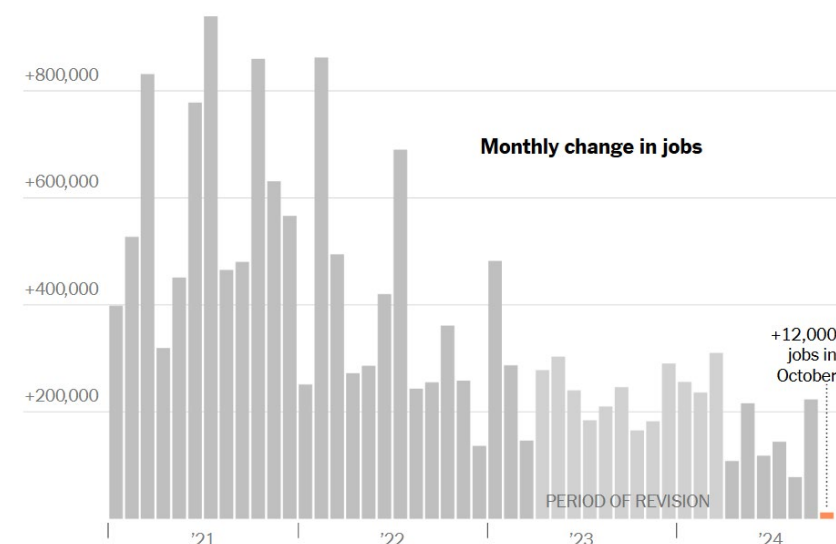
- Proposed Budget is balanced budget with NO LEVY
- Uses \$8.9M in one-time fund balance above reserves
 - 2024 Interest Earnings from American Rescue Plan Act Funds (\$2.2M)
 - 2024 Positive Revenues and Expense Savings (\$2.9M)
 - 2024 One-time Expense Reductions Shown on Prior Slide (\$3.75M)

Economic Conditions and Risk

- Economic Uncertainty
- Risks
 - Legal and Claims Risk
 - Vacancy Projection based on turnover (excludes public safety and library)



U.S. Job Growth



Notes: Preliminary revisions from the Labor Department showed that 818,000 fewer jobs were added over the 12 months that ended in March 2024 than originally reported and shown here. Data is seasonally adjusted. Source: Bureau of Labor Statistics & NYTimes

2025-2026 CITY OF TACOMA
**BIENNIAL OPERATING
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What is happening in US Cities?

Seattle

Proposed 2025-2026 budget includes 159 eliminated positions, use of the payroll tax, and diverting affordable housing funds to close a \$250M gap.

Spokane

- “One-time federal funds were used to pay for ongoing expenses. Projections of revenues from things like sales tax and utility rates”, which Mayor Lisa Brown says increase annually around three percent, “haven't kept up with rocketing expenses”.
- "Expenses that have risen faster than that, more like 5 or 6% a year," she explained. "That doesn't sound like a lot in terms of percentage, but it opens up a gap of millions of dollars and that gap will just continue to grow."

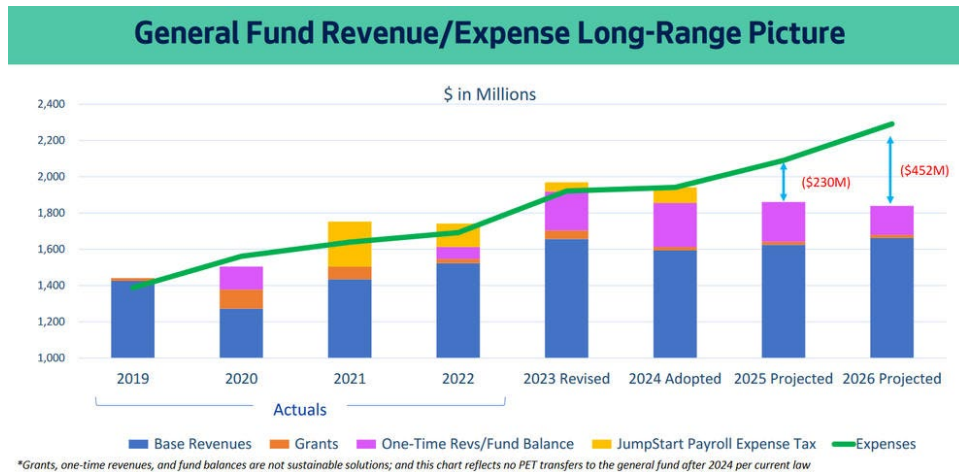
San Francisco

- At the same time, the city’s revenues are projected to grow by just 2% to 3% over the next four years. By contrast, spending is expected to grow by 17% over the same period.

Pittsburg – Deficit Projection and 13% loss in Sales Tax

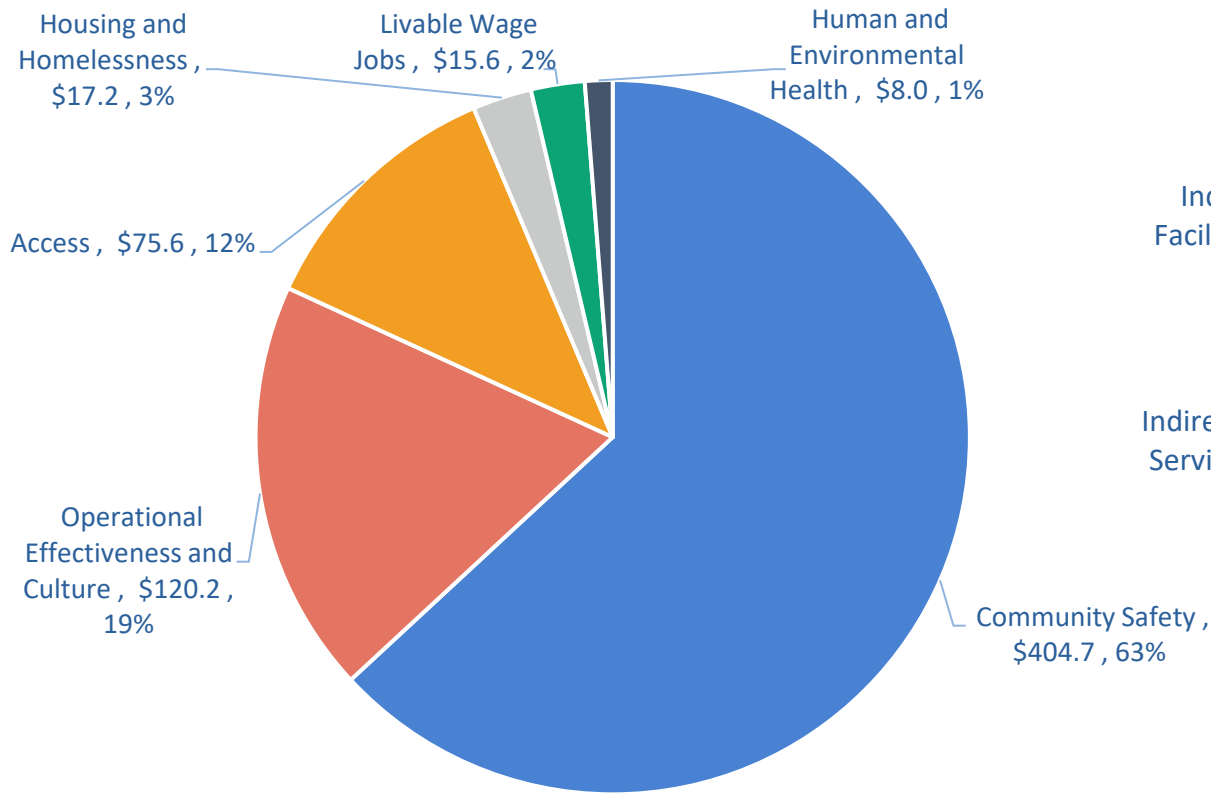
- Staff is projecting an increase of revenue by 3%, however, expenditures are expected to increase by 10% — creating a 7% gap which the council will use a future meeting to reduce spending.

San Diego, Chicago, and Madison

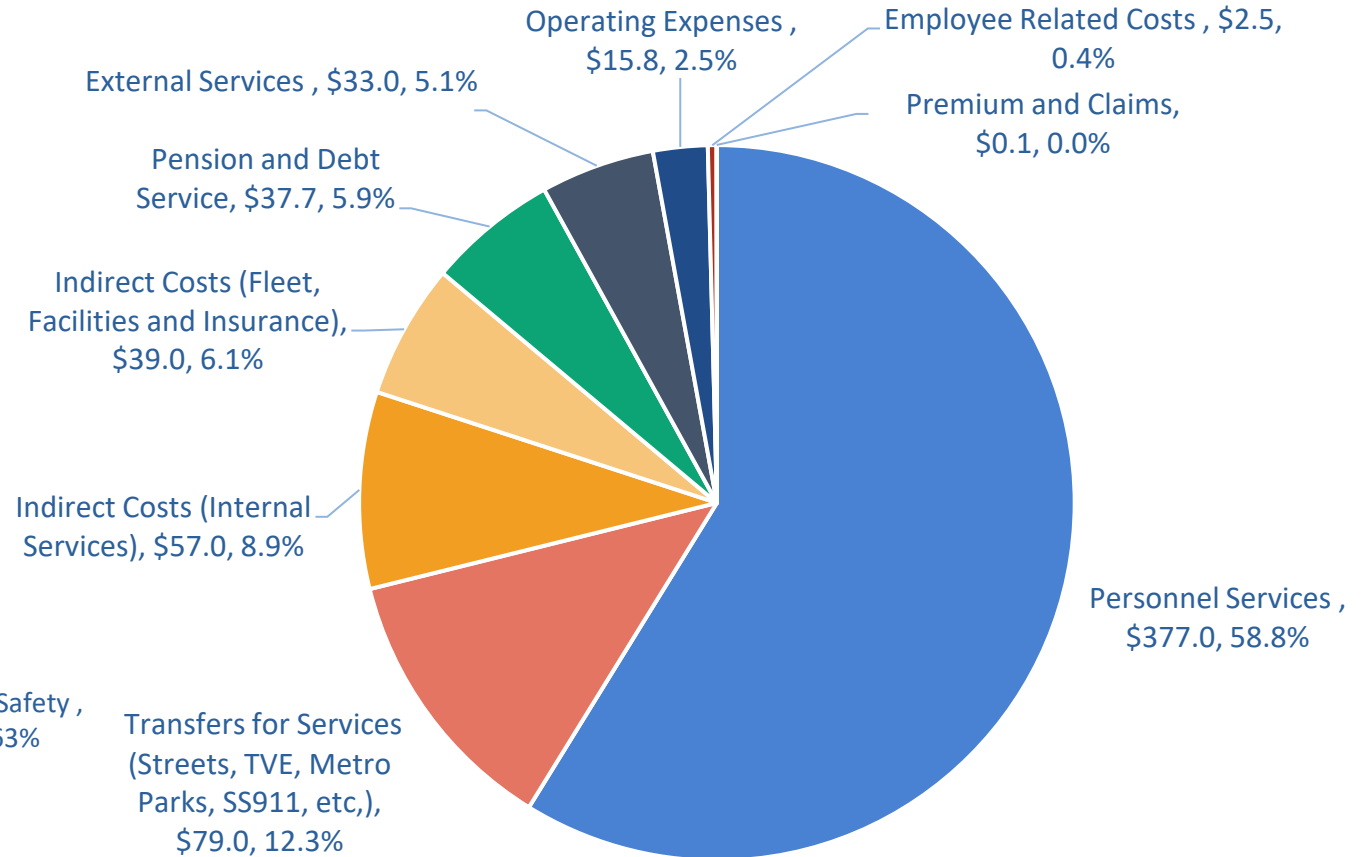


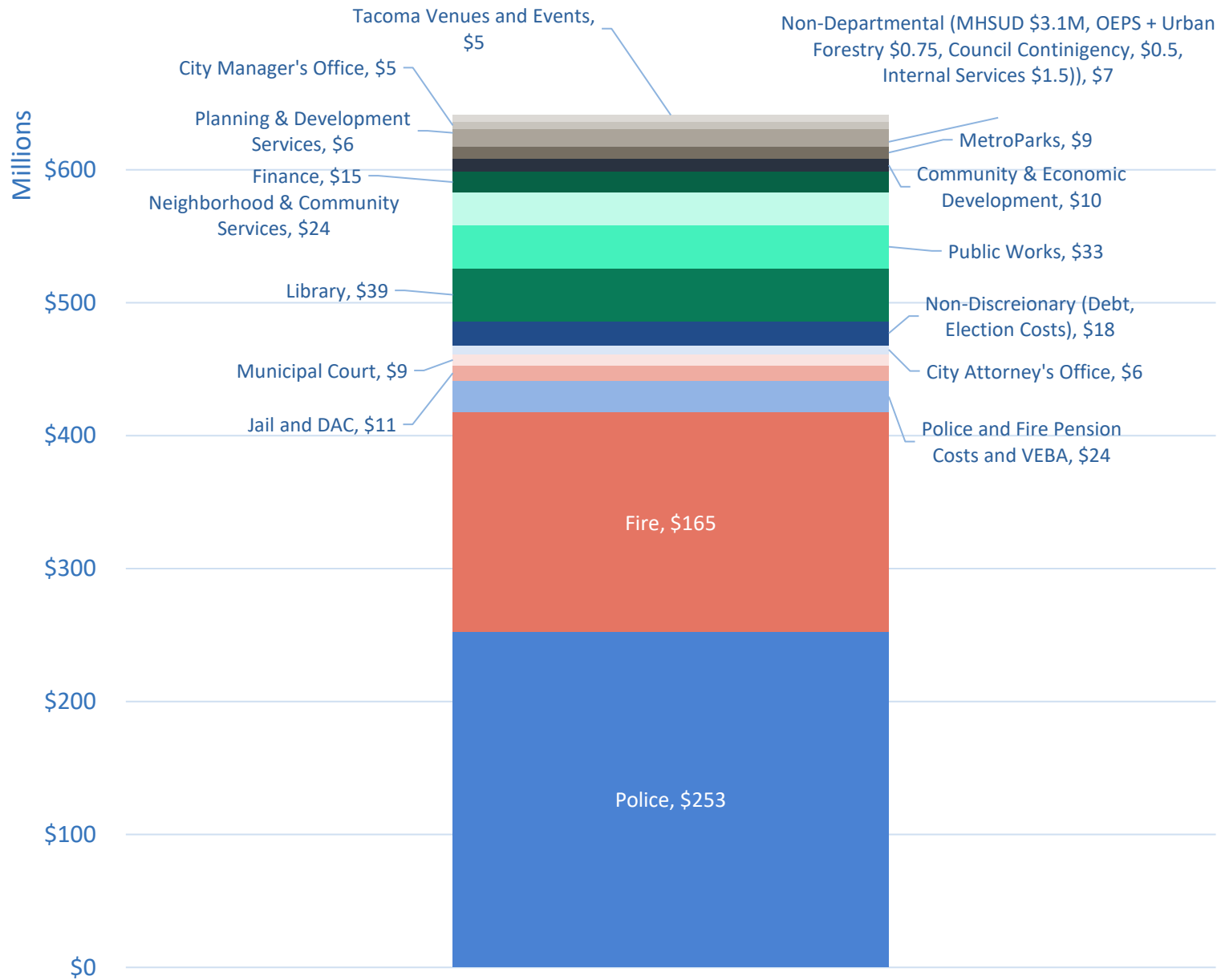
2025-2026 Proposed General Fund Expenses (\$641M)

Expenses by Priority



Expenses by Category





Proposed Budget by Department and Service

(in millions)

Transfers shown in Departments

2025-2026 CITY OF TACOMA

BIENNIAL OPERATING & CAPITAL BUDGET

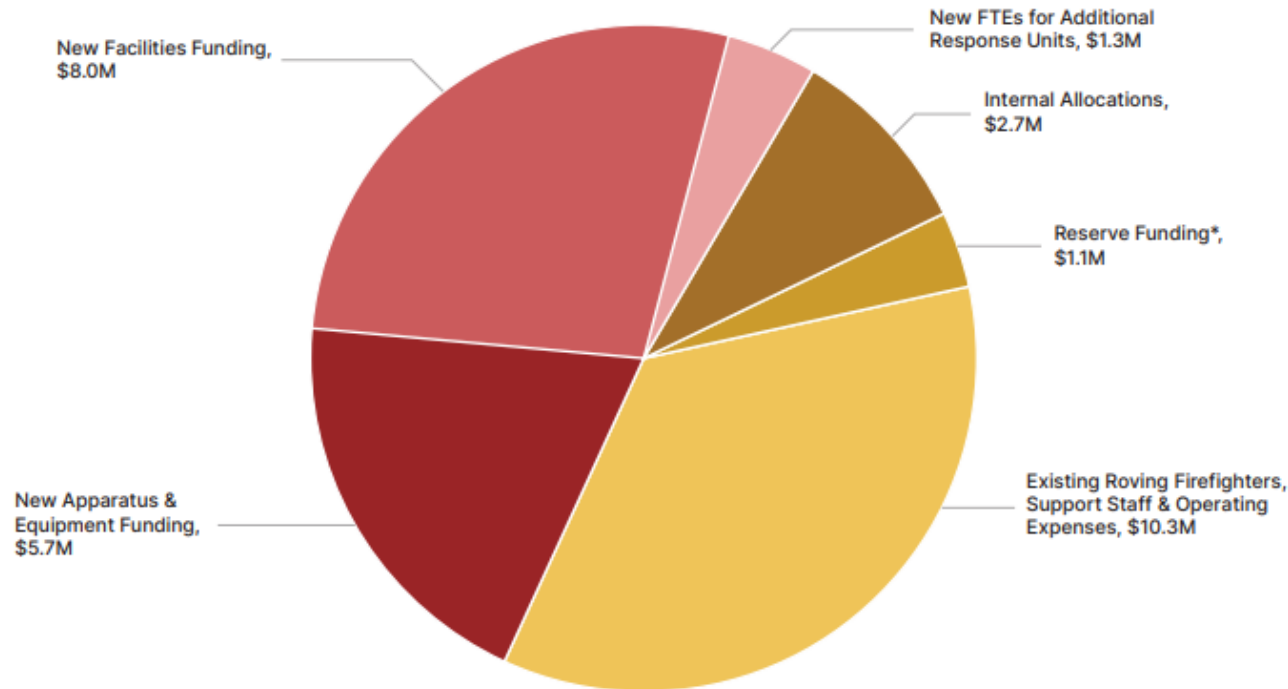
What is not in the budget?

- Police Overtime at Projected Levels (\$3-5M)
- Full Fleet Replacement Costs
 - Police and Public Works Fleet Replacement
- Temporary Shelter Site Extensions (12 months = \$6M)
- Full Repair and Replacement Funding for Facilities
- Facility Improvement for TMB Exterior, Street Operations, Library Facilities and People's Center

Fire Levy

What would have been funded through the Fire levy?

Provide ongoing funding for facilities, vehicles, equipment, additional staffing, and \$10M of existing fire department expenses. (2026 proposed funding distribution)



*Initial funding for fiscal sustainability and compliance with reserve policy

What is in the 2025-2025 Proposed Budget?

- Proposed budget maintains support staff and operating expenses
- Proposed budget does **NOT** include
 - Rovers
 - NEW Apparatus and Equipment Funding
 - NEW Facilities Funding
 - NEW FTEs for Additional Response Units

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