



Roadmap to Recovery

City Manager's Office
City Council Study Session
May 12, 2026
Item #3



What is the Roadmap to Recovery?

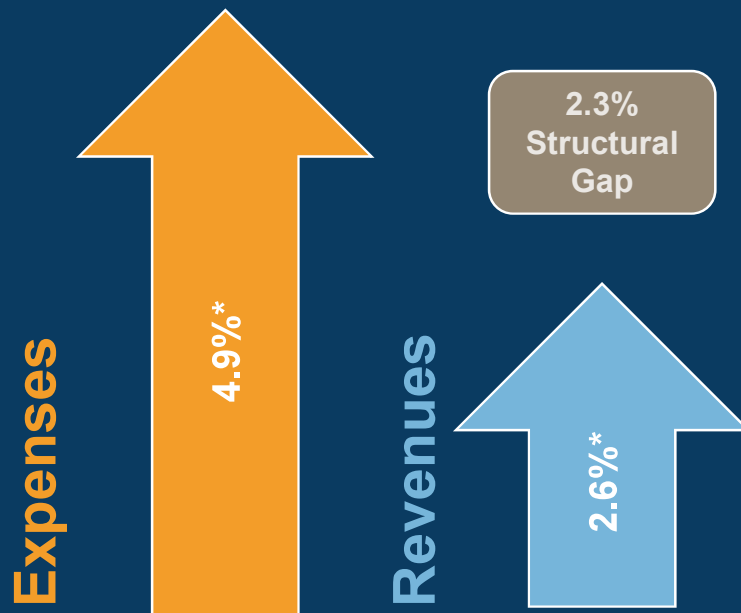
A multi-biennium effort to structurally align revenues and expenses to ensure sustainable delivery of City services.



Why is it important?

1. Delivering reliable services the community can count on.
2. Breaking the cycle of budget cuts.
3. Building trust through transparent, data-informed decisions.
4. Providing real options for the City Council now.
5. Adapting to a rapidly changing future.

Expenses grow twice as fast as revenues

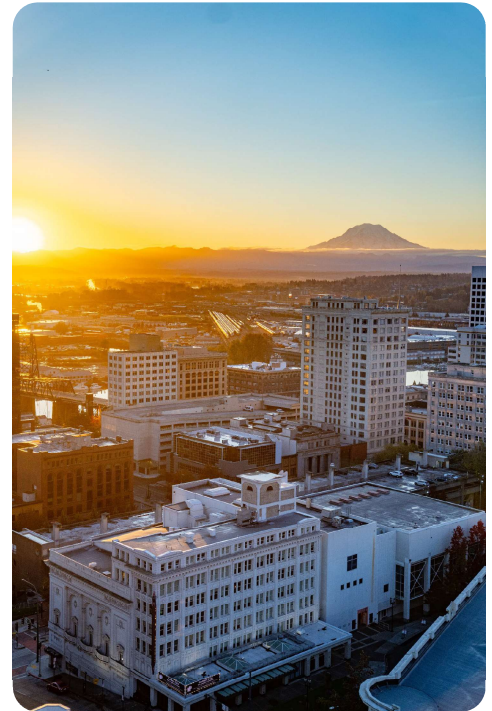


* Projections based on preliminary February 2026 forecast.

What exactly is the problem?

Tacoma's current service model costs more each year than our revenues can sustainably support.

Pressure	What it means
More demand	The community needs more from City government.
Higher costs	Labor, benefits, materials, infrastructure, and service delivery costs keep rising.
Less flexibility	Ongoing commitments leave less room to maintain what we own, adapt to change, or fund new priorities.



Why do expenses grow twice as fast as revenues?

Expense Drivers

- General inflation
- Evolving community expectations
- Aging infrastructure
- Healthcare costs
- Contractual obligations

Revenue Constraints

- 1% limit on property tax growth
- Statutory or programmatic limits on revenues
- Large revenue sources are subject to economic conditions (sales tax, B&O)



How have we managed until now?

- Each biennium, the City works diligently to:
 - Tighten M&O budgets
 - Reduce or reallocate positions
 - Find efficiencies in contracts or service delivery
 - Close lower priority programs / services
 - And generally, find ways to do more with less

Short-term Solutions

- The General Fund budget has been balanced by cash the last 5 biennia
- Deferring maintenance of critical infrastructure and assets

Revenue Strategies

- Redirect Franchise Fees
- Remove Exemptions
- Business License Fees
- Excise Taxes
- Grants (CSOs)

Business Model Changes

- Reorganizations
- Contracting with partners
- Efficiencies of scale with enterprise solutions

Leveraging Dedicated Funding

- Streets Initiative leveraged 1:3
- Optimizing REET Funding



What's going to be different with the Roadmap to Recovery?

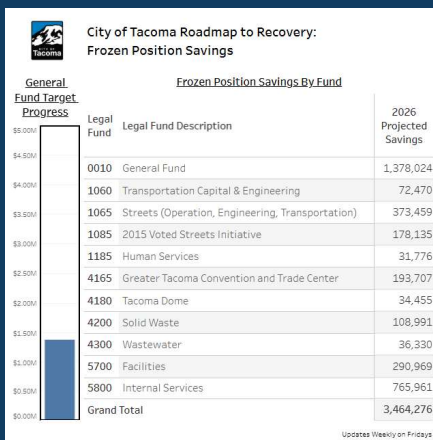
Structured Budget Discipline

Data-Driven Performance and Transparency

Operational Efficiencies and Service Improvement

Long-Term Workforce Strategy

The work has already begun.



Structured Budget Discipline

- Budget reduction targets for 2027-2028
- 2025-2026 Hiring Freeze
- Revenue Strategies

Data-Driven Performance & Transparency

- Hiring Freeze Dashboard
- Roadmap to Recovery Webpage

Operational Efficiencies & Service Improvements

- Concurrent permitting
- BEST Team
- Organizational structure assessment

Long-term Workforce Strategies

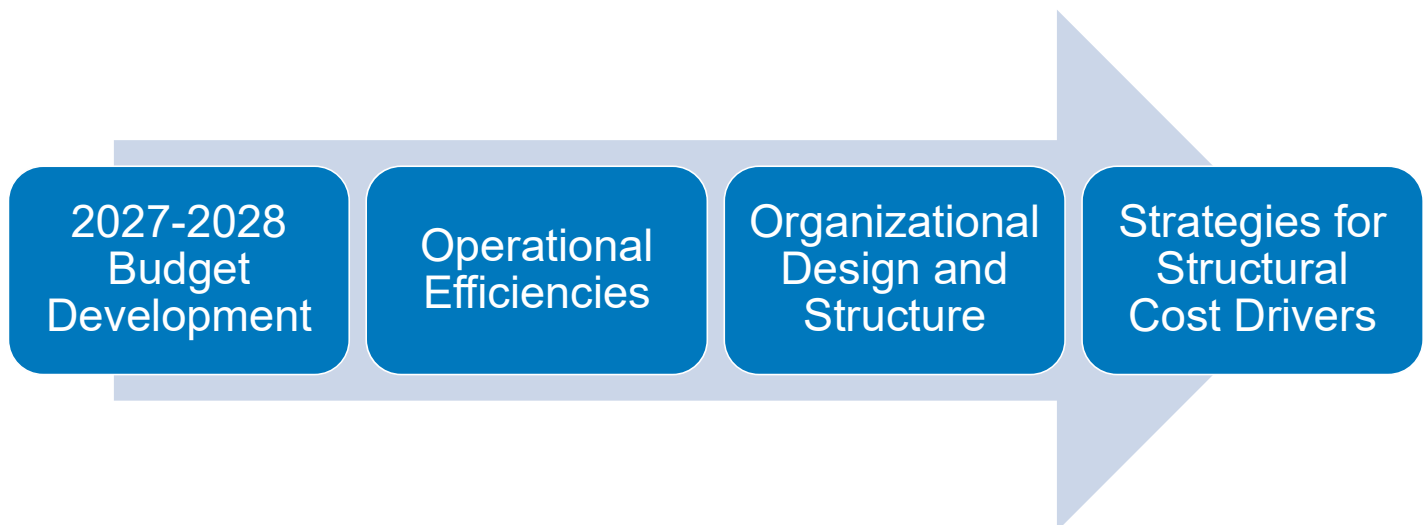
- Public safety overtime & staffing strategies
- Police lateral incentive program



Restructuring for Efficiency

- Merger Public Works and Environmental Services
 - Effective January 1, 2027
 - Reduction of 1 Executive Position
- Elimination of Deputy City Manager position

What's Next





Roadmap to Recovery

<https://tacoma.gov/roadmaprecovery>

(webpage will be live after study session)

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