

# Committee of the Whole Budget Update

5/6/2025

2025-2026 CITY OF TACOMA

**BIENNIAL OPERATING  
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## Agenda

- 2024 Year End Position
- Reappropriation
- 2025 First Quarter Revenues
- Future Outlook

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## 2024 General Fund Revenues vs Budget

Revenue Category	2024 Budget	2024 Actual	2024 Variance	2024 Variance %
Sales Tax	\$71.8 M	\$69.7 M	-\$2.1 M	-2.9%
Property Tax	\$68.5 M	\$68.9 M	\$0.4 M	0.7%
Business Tax	\$61.0 M	\$63.1 M	\$2.0 M	3.3%
Utility Tax	\$55.0 M	\$57.5 M	\$2.5 M	4.5%
Miscellaneous Revenues	\$17.8 M	\$34.7 M	\$16.9 M	94.8%
Licenses & Permits	\$18.7 M	\$18.2 M	-\$0.6 M	-3.1%
Intergovernmental Revenues	\$13.5 M	\$13.1 M	-\$0.4 M	3.2%
All Other Revenue	\$7.0 M	\$8.1 M	\$1.1 M	15.6%
<b>Grand Total</b>	<b>\$313.3 M</b>	<b>\$333.2 M</b>	<b>\$19.8 M</b>	<b>6.3%</b>

**Misc. Revenues** – \$6.8M is Transfers from ARPA Fund, \$3.4M is Union Station, \$1.95M Foss Site Sale, \$2.7M Interest Revenue

**Utility Tax** – All categories were higher than budgeted by on average by \$415k

**Business Tax** – Service tax to the good by \$4.6M, pulled down by Cable TV Tax (-\$1.7M), and Natural Gas Tax (-\$1.3M)

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## 2021-2024 General Fund Revenues

Revenue Category	2021 Actuals	2021 % Growth	2022 Actuals	2022 % Growth	2023 Actuals	2023 % Growth	2024 Actuals	2024 % Growth
Sales Tax	\$64.6 M	16.0%	\$70.6 M	9.3%	\$69.2 M	-2.1%	\$69.7 M	0.8%
Property Tax	\$64.7 M	3.0%	\$65.7 M	1.6%	\$67.3 M	2.4%	\$68.9 M	2.4%
Business Tax	\$53.9 M	7.0%	\$60.0 M	11.4%	\$63.1 M	5.2%	\$63.1 M	-0.1%
Utility Tax	\$50.0 M	1.0%	\$55.0 M	10.1%	\$55.4 M	0.8%	\$57.5 M	3.6%
Miscellaneous Revenues	\$4.3 M	-44.0%	\$16.7 M	292.6%	\$20.6 M	23.3%	\$34.7 M	68.3%
Licenses & Permits	\$7.2 M	4.0%	\$7.0 M	-3.4%	\$14.0 M	100.8%	\$18.2 M	29.8%
Intergovernmental Revenues	\$13.3 M	-25.0%	\$12.3 M	-7.6%	\$12.0 M	-2.7%	\$13.1 M	9.2%
All Other Revenues	\$5.0 M	-19.8%	\$7.6 M	51.5%	\$8.3 M	9.7%	\$8.1 M	-3.5%
<b>Total</b>	<b>\$262.9 M</b>	<b>2.5%</b>	<b>\$295.0</b>	<b>12.2%</b>	<b>\$310.0</b>	<b>5.1%</b>	<b>\$333.2 M</b>	<b>7.5%</b>

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## 2024 General Fund Expenses vs Budget

Department	2024 Budget	2024 Actual	2024 Variance	2024 Variance %
City Attorney's Office	\$3.0 M	\$2.8 M	\$0.3 M	9%
City Manager's Office	\$3.6 M	\$2.7 M	\$0.9 M	26%
Community & Economic Development	\$5.5 M	\$4.7 M	\$0.8 M	14%
Finance	\$6.6 M	\$6.3 M	\$0.3 M	4%
Fire	\$80.8 M	\$82.7 M	-\$1.8 M	-2%
Information Technology	\$1.0M	\$0.9 M	\$0.1 M	8%
Library	\$20.3 M	\$19.2 M	\$1.0 M	5%
Municipal Court	\$4.0 M	\$3.8 M	\$0.2 M	4%
Neighborhood & Community Services	\$24.3 M	\$19.5 M	\$4.8 M	20%
Non-Departmental	\$68.8 M	\$63.0 M	\$5.9 M	9%
Planning & Development Services	\$3.0M	\$2.2 M	\$0.8 M	25%
Police	\$117.8 M	\$115.9 M	\$1.9 M	2%
Public Works	\$1.7 M	\$1.6 M	\$0.0 M	2%
Tacoma Venue and Events	\$0.3M	\$0.4 M	\$0.0 M	-9%
<b>Grand Total</b>	<b>\$340.7 M</b>	<b>\$325.7 M</b>	<b>\$15 M</b>	<b>4%</b>

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## 2024 Year End Position

- The General Fund is expected to finish 2025-2026 with fully funded reserves.
- The General Fund ended 2024 contributing \$7.5 M to Fund Balance.

**Before this is considered as savings, staff need to do the  
Re-appropriation Process**

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## Re-Appropriation (REA)

### Why?

- Carry-over savings for **obligated costs from prior year** into new biennium
- Adjusting existing commitments
- Adjusting for corrections and new information

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## Re-Appropriation Summary

### **Total Increase in 2025-2026 General Fund Expenditures: \$21 M**

- January Budget Adjustment Clean Up (\$2.8 M)
  - Removal of negative expense placeholder offset by increased B&O and GET Tax Revenue
- Third Party Liability Correction (\$9.2 M)
  - Needed contributions for Police, Public Works, and Fire third party liability
- Delays and Obligations (\$10.1 M)
  - The Rescue Mission Expansion, Shelter Transition & Decommissioning
  - Affordable Housing Development delays, Participatory Budget Expense carryover
  - Housing Accessibility Infrastructure
  - TPL carryover
  - Various PDS contract commitments
  - In-car video delay, TPD equipment replacement
- Corrections (-\$1.1 M)
  - Utility and rent adjustments, position distribution adjustment

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## Re-Appropriation Summary

### Other Funds

- Delays and Obligations
  - REET Transfers and reappropriations (\$27.4 M)
  - Obligations for Fleet Replacements (\$5.4 M)
  - Hope Center and Rialto Project expenditures (\$2.5 M)
  - SAPNow Delays (\$2.3 M)
  - Tacoma Dome Delays and Adjustments (\$2 M)
  - Deferred Repair and Replacement Fund Carryover (\$2.8 M)
  - Planning project delays (\$2.3 M)
- Capital Projects
  - Sound Transit Projects (\$24.5 M)
  - Puyallup Ave Transit/Complete Street Improvements (\$5.6 M)
  - East Roosevelt Ave Improvements (\$2.4 M)
  - E Portland Ave from 64th to 72nd (\$1.1 M)
- Grants
  - Port Security Grant (\$1 M)
  - Surface Water Ecology Grant (\$1.3 M)
  - Department of Commerce Grant (\$0.7 M),
  - HCA Street Medicine Grant (\$0.9 M)

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## 2025 1<sup>st</sup> Quarter

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## 2025 Quarter 1 General Fund

### Major General Fund Revenues vs Budget

Revenue Category	Q1 Budget	Q1 Actual	Q1 Variance	Q1 Variance %
Sales Tax	\$18.5 M	\$17.6 M	-\$0.9 M	-4.8%
Property Tax	\$5.0 M	\$4.1 M	-\$0.8 M	-16.5%
Business Tax	\$17.9 M	\$17.8 M	\$0.0 M	-0.2%
Utility Tax	\$16.1 M	\$15.7 M	-\$0.4 M	-2.5%
Miscellaneous Revenues	\$1.1 M	\$1.7 M	\$0.6 M	60.5%
Licenses & Permits	\$17.3 M	\$19.1 M	\$1.7 M	10.3%
Intergovernmental Revenues	4.1 M	\$3.2 M	-\$0.9 M	21.4%
All Other Revenue	\$1.6 M	\$1.7 M	\$0.1 M	2.2%
<b>Grand Total</b>	<b>\$81.6 M</b>	<b>\$81.0 M</b>	<b>-\$0.6M</b>	<b>-0.7%</b>

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## Future Outlook

### Issues we are monitoring

- Economic headwinds
  - Impact on tariffs on Sales Tax and B&O Tax revenues
- Increasing public liability expenses
- Public Safety overtime trends
- Federal Grant eliminations

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## 2024 Sales Tax Detail

Revenue Category	2023 Actuals	2024 Actuals	2024 % Growth
City Sales Tax	\$62.6 M	\$63.9 M	2.0%
1% Criminal Justice Sales Tax	\$5.2 M	\$5.3 M	3.2%
Natural Gas Use Tax	\$1.4 M	\$0.5 M	-63.4%
<b>Total Sales Tax</b>	<b>\$69.2 M</b>	<b>\$69.7 M</b>	<b>0.8%</b>

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## 2025-2026 Reserves

Fully funds City Council Reserve Policy of 16.7% for the General Fund Reserve, 5% for Emergency Reserve, and 5% for Contingency Reserve



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