



**2025-2026 PROPOSED BIENNIAL
OPERATING & CAPITAL BUDGET**

**2025-2026 CITY OF TACOMA
BUDGET IN BRIEF**



BUDGET IN BRIEF

The City's 2025-2026 Proposed Budget describes how the City uses its resources to serve the community and reflects a continued commitment to fiscal responsibility. Public trust is essential to every aspect of the City of Tacoma. It is the City's charge to ensure it is effectively and efficiently managing the resources entrusted to it by the community.

Even with a difficult fiscal environment, building and strengthening public trust remains as essential as the services the City provides to the community. Accomplishing this requires:



Listening to community. City officials and staff effectively demonstrate understanding & concern for the community's broad range of needs.



Being Responsive, Reliable, and Efficient. Commit – and follow through – on services that can be achieved within current operational capacity.



Demonstrating Accountability and Transparency. Communicate openly on the City's actions to address community needs.

The 2025-2026 Budget is the result of careful consideration and thoughtful feedback from the community.

2025-2026 PROPOSED BUDGET

The Proposed Budget advances trust through a \$4.7B investment in key community services:

\$2.5B

Funded by **Rates, Fees, and Charges** for services such as Tacoma Public Utilities - Power, Water, and Rail and Environmental Services - Solid Waste, Stormwater, and Wastewater Services.

\$641M

Funded by the **General Fund** which supports Community Safety (Police, Fire, and Municipal Courts), Access (Libraries and Infrastructure), and Housing and Homelessness.

\$418M

Funded through **Grants and Dedicated Taxes** to support Access (Street Infrastructure and Tacoma Creates), Health (Emergency Medical Services), Housing and Homelessness (Affordable Housing Sales Tax and Sheltering Support).

\$1.1B

Funded through **Internal Charges** which are transfers between City departments for internal services that support intra-City operations. Examples include Retirement, Health Insurance, Information Technology, Human Resources, etc.

These services are provided by over 4,300 staff positions and additional contracts.

PROCESS OVERVIEW

The City's budget process is guided by best practice and State statutory requirements (RCW 35.34).

HOW IS THE BUDGET BUILT?

BASELINE - SERVICE LEVELS & COSTS

Consider...

- What are the City's core services?
- How much do they cost to operate?
- What is the impact of a specific service?
- What is the City's baseline financial position?



PROPOSED CHANGES TO BASELINE

Consider...

- How does the City close gaps to propose a balanced budget?
- What is a service the City should expand or a new service the City should offer?



2025-2026 BUDGET TIMELINE



*Related documents may include the Capital Facilities Plan, Capital Budget Ordinances, community engagement report, etc.

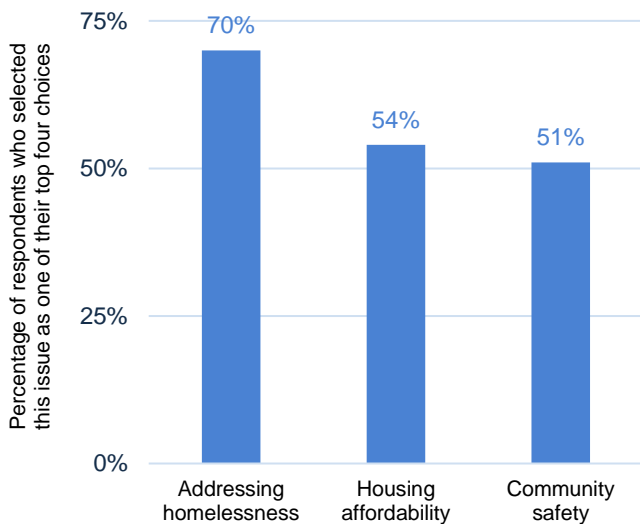
COMMUNITY ENGAGEMENT

Advancing public trust begins with understanding community needs and issues. Throughout 2024, the City conducted two surveys and attended over 20 engagement events to learn more about what community members view as issues facing Tacoma.

Across the two community and business surveys, there were common concerns including community safety and housing accessibility.

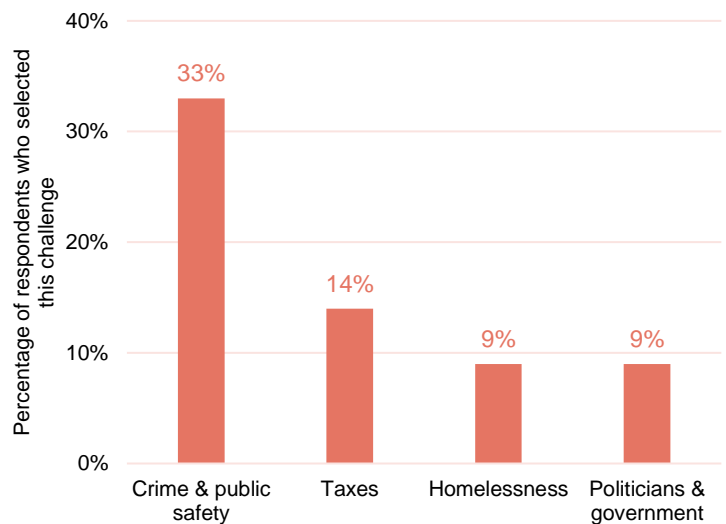
Community Survey

The three issues community survey respondents thought were most important for the City and partners to address included:



Business Survey

The four primary challenges business survey respondents thought impacted their decisions to remain in Tacoma included:

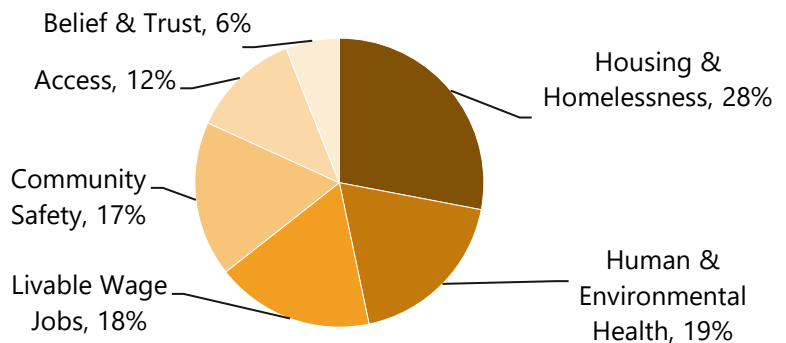


Budget Outreach

The City hosted OneTacoma: Shared Vision, Shared Future community visioning workshops across the city. During these workshops, community members co-imagined Tacoma’s growth over the next 25 years.

In addition, Office of Management and Budgeting staff attended eight OneTacoma workshops, seven Farmer’s Market events, and five larger community events. At these events, staff asked community members to rank their priorities based on allocating six “gems” to the Budget Priority Areas. 929 people participated at these 20 events.

Percentage of “Gems” Allocated to each Priority Area



CHALLENGES IN 2025-2026

Federal American Rescue Plan Funding

Tacoma received \$61M from the American Rescue Plan Act for 2021-24. The City largely used these funds for one-time pandemic-related services. As these funds conclude, the City has less funding available for one-time projects in 2025-2026.

Fiscal Sustainability

Many of the City's financial funds face pressures from increasing costs for wages, contracts, supplies, and other purchases compared to slower growing revenues. The City's General Fund faces a structural gap – revenues are anticipated to grow by 2.6% compared to a projected 4.3% growth in expenses.

Closing the General Fund's gap in the 2025-2026 Proposed Budget means difficult tradeoffs and reductions. The proposed budget begins to address the structural gap through expense reductions, new service delivery models, realigned expenses with dedicated revenue sources, targeted fee increases, eliminations of tax exemptions, and the use of cash above reserves.

Meeting Community Needs through Existing Services

While the Budget Book will highlight funding changes in each department, the City has focused on evaluating and demonstrating that existing services meet key community needs. Examples include improving current service delivery models and reducing funding in one service area to help fund increasing needs in another.



2025-2026 FUNDING SOURCES

HOW IS THE MONEY MANAGED?

The City of Tacoma receives revenues to pay for services from a variety of sources and manages these revenues in alignment with the funding source:

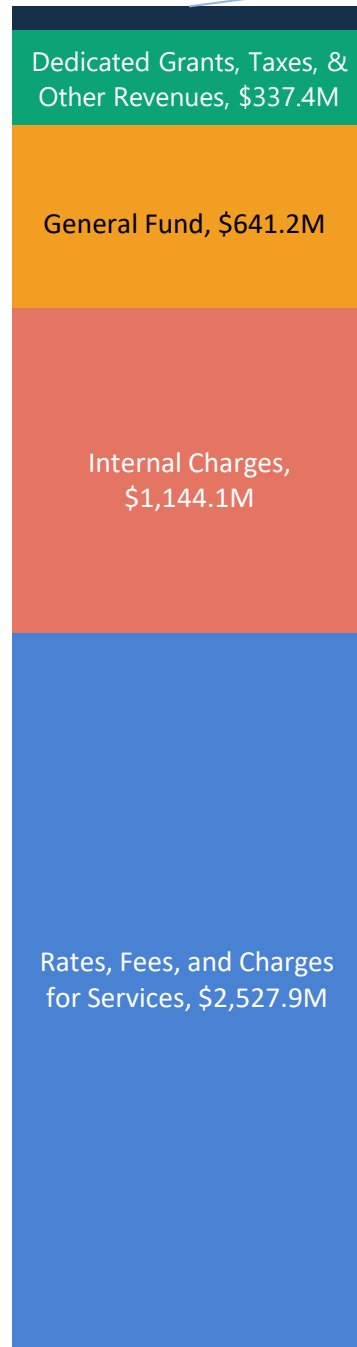
Dedicated Grants, Taxes, and Other Revenues include revenue sources restricted to a specific use, such as Tacoma Streets Initiative, Tacoma Creates, and Grant Funding. Some of these services also rely on the General Fund for their expenses.

General Fund includes sales tax, property tax, business tax, and utilities tax.

Internal Charges include transfers between City departments for internal services that support intra-City operations. Examples include Retirement, Health Insurance, Information Technology, Human Resources, etc.

Rates, Fees, and Charges for Services include Utility Funds such as Tacoma Power, Water, and Rail charges and Enterprise Funds such as rates and fees like parking meters or event ticket sales.

Dedicated Revenues & General Fund Support, \$80.5M



2025-2026 EXPENSES BY PRIORITY AREA

WHERE DOES THE MONEY GO?

The City of Tacoma receives revenues to pay for services in Access, Community Safety, Housing and Homelessness, and other priority areas. To provide those services, the City spends money on personnel, contracts, supplies, equipment, materials, and programs.

Housing and Homelessness, \$94.4M
 Livable Wage Jobs, \$21.3M



Priority Area Investments

The City's priority-based budget represents \$2B of the City's \$4.7B budget. This includes services provided by departments like Environmental Services, Public Works, Police, Fire, Finance, Information Technology, Human Resources, Neighborhood and Community Services, Community and Economic Development, etc.

Non-operating expenses represent funds managed by the City for financial tracking and reporting. This includes Health and Benefit Funds, Tacoma Employee Retirement System, Debt Service Funds, and other Trust Funds.

Tacoma Public Utilities (TPU) is a large service provider within Tacoma. TPU provides Power, Water, and Rail services for City residents and the surrounding community. While there is not a priority-based budget for TPU, these services are essential for access and human and environmental health.

CITYWIDE BUDGET BY PRIORITIES

Priority Based Budgeting communicates City expenses by focus areas. The following pages are separated into the priorities and include major programs and services, changes in the 2025-2026 Proposed Budget, a snapshot of how the service area is funded, and quick service metrics. Equity, Anti-Racism, and Belief and Trust are guiding threads through all the City's work. Passed in 2020, Resolution 40622 formally directs the City Manager to use an equity lens and prioritize anti-racism in the budget. As departments reviewed their programs and budgets to advance the City Council's priorities, they also prioritize the work of their Racial Equity Action Plans in their operational plans and budget changes for 2025-2026.

EQUITY, ANTI-RACISM, BELIEF & TRUST



ACCESS

Ensure access to and proximity of community facilities, services, and infrastructure for residents of diverse backgrounds and identities.



COMMUNITY SAFETY

Provide essential emergency assistance, court services, and safe infrastructure and increase positive perception of safety and overall quality of life.



HOUSING & HOMELESSNESS

Encourage housing development, provide shelter and reduce barriers for people experiencing homelessness, and assist homeowners and tenants with home rehabilitation, utilities, and mortgages.



HUMAN & ENVIRONMENTAL HEALTH

Improve human and environmental health outcomes through supporting clean water and waste systems, healthy ecosystems, and health-related organizations.



LIVEABLE WAGE JOBS

Create a thriving local economy with wages that cover a family's basic needs through business retention and attraction, business loans and technical assistance, equitable City recruitment and retention practices and more.



OPERATIONAL CULTURE & EFFECTIVENESS

Foster an internal organizational culture that leads to employee satisfaction and effective service delivery.



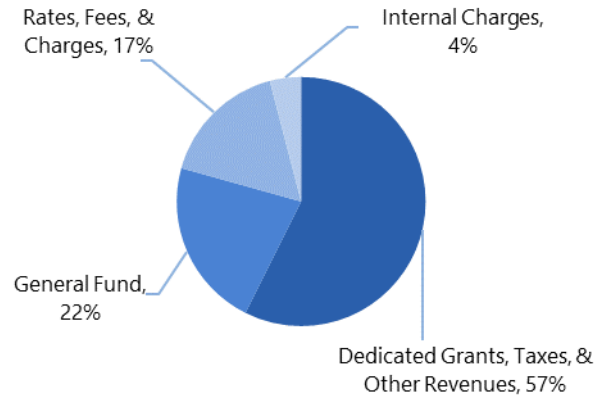
ACCESS

What Access services does the City provide?

MAJOR SERVICES	PROPOSED BUDGET
Street Maintenance	\$33.4M
Transportation and Facility Capital Projects	\$27.2M
Streets Initiative Contracted Services and Capital Programs	\$37.3M
Library Neighborhood Services	\$19.1M
Tacoma Creates Programming	\$10.6M
Capital Sidewalk Program	\$4.7M
Customer Service - 311	\$1.9M

How does the City fund Access services?

Total Investment: \$345.4M

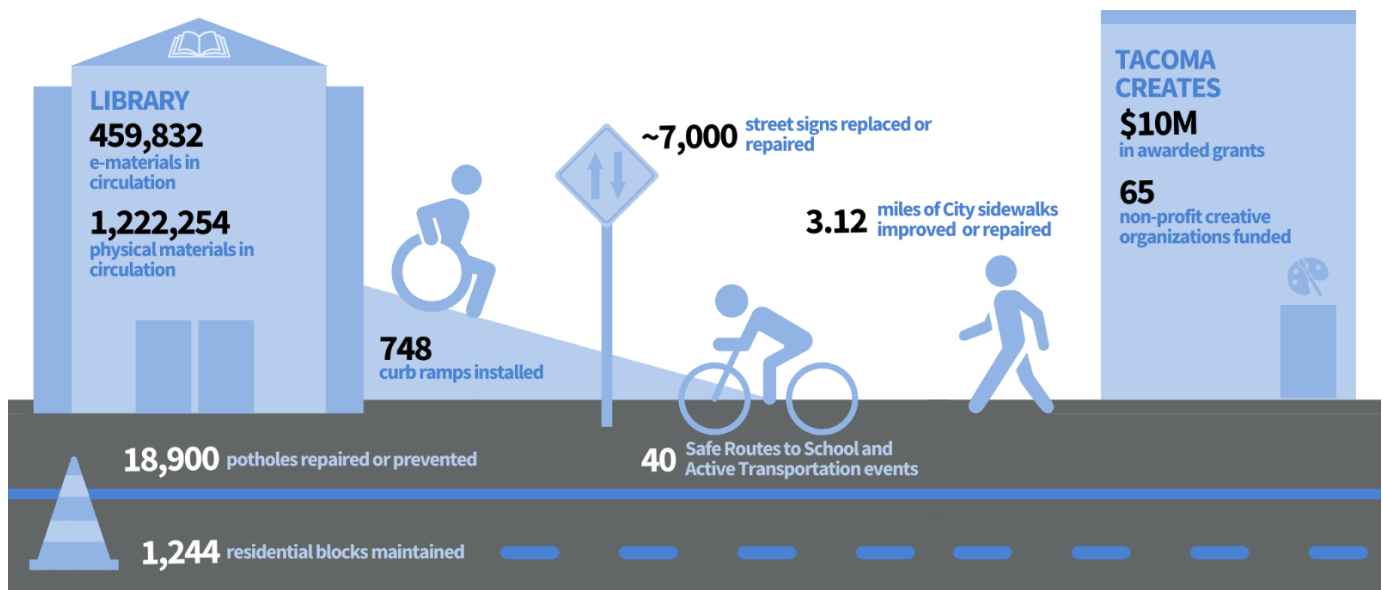


Changes in the 2025-2026 Proposed Budget

- Budget Grant Match Opportunities | \$2M
- Capital Sidewalk Program | \$2.4M
- Establish Communications Team in Planning and Development Services | \$529k
- Fund Active Transportation Infrastructure Improvements | \$0.9M

- Fund Maker Space Librarian | \$250k
- Fund Safe Routes to School Improvements | \$1.3M
- Fund Traffic Signal Improvements | \$0.8M

Access Service Metrics





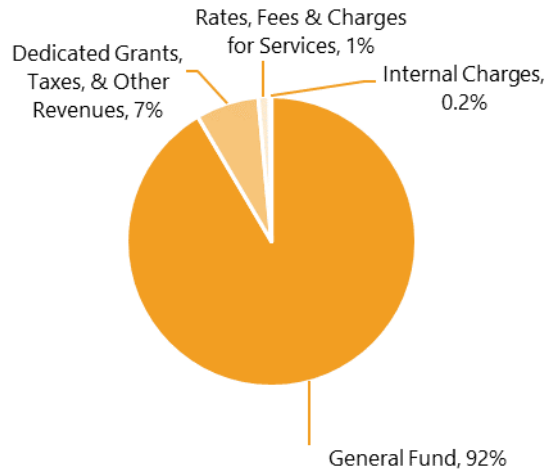
COMMUNITY SAFETY

What Community Safety services does the City provide?

MAJOR SERVICES	PROPOSED BUDGET
Fire Suppression and Readiness	\$135.7M
Patrol Services	\$108.5M
Fire and Police 911 Dispatch and Communications	\$26.9M
Municipal Court Operations	\$10.7M
Violence Reduction and Prevention	\$6.2M
Jail Contracts	\$6.2M
Domestic Violence and Violent Crime Investigations	\$5.7M
Indigent Defense	\$4.8M
Traffic and Parking Infraction Operations	\$2.2M
Fire Investigations	\$1.1M

How does the City fund Community Safety services?

Total Investment: \$442.3M



Changes in the 2025-2026 Proposed Budget

Fund Community Police Advisory Committee Outreach | \$50k

Fund Court Support and Department of Assigned Counsel Positions | \$541k

Fund Graffiti Response and Support Program | \$563k

Fund Overtime to Support Crime Response | \$3M

Maintain Summer Teen Late Nights Funding | \$150k

Community Safety Service Metrics

BUSINESS SECURITY ENHANCEMENT GRANTS

\$250k provided in grants

45 businesses received grants



FIRE DEPARTMENT
51,499 total dispatches



POLICE DEPARTMENT
122,014 total dispatches



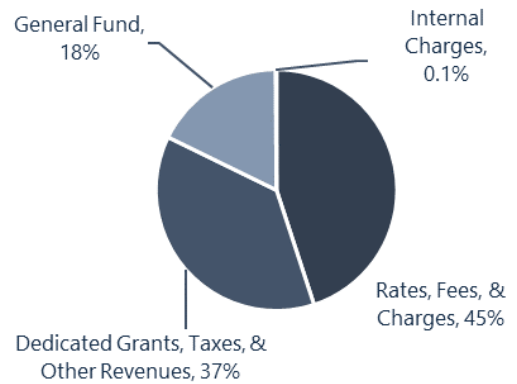
HOUSING & HOMELESSNESS

What Housing & Homelessness services does the City provide?

MAJOR SERVICES	PROPOSED BUDGET
Site, Residential, Building Development, and Permitting	\$22.2M
Affordable Housing Fund Programs	\$19.4M
Emergency Sheltering	\$11.3M
Permit Compliance	\$5.8M
Housing and Homeless Services	\$5.4M
Community Development Block Grant	\$2.5M
Landlord Tenant and Tenant Relocation	\$1.1M

How does the City fund Housing & Homelessness services?

Total Investment: \$93.8M



Changes in the 2025-2026 Proposed Budget

Fund Right-of-Way Encampment Site Reclamation | \$1.1M

Save Funds with Permitting Communication Team | \$50k

Grants for Emergency Micro-Shelters, Site Consolidation, and Shelter Expansion | \$7.9M

Save Funds with Streamlined Code Enforcement: \$0.8M

Housing & Homelessness Service Metrics





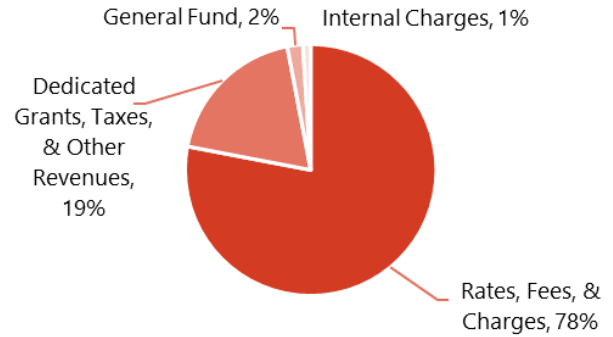
HUMAN & ENVIRONMENTAL HEALTH

What Human & Environmental Health services does the City provide?

MAJOR SERVICES	PROPOSED BUDGET
Medical Response, Patient Care, Transport	\$67.3M
Garbage Disposal and Transport	\$36.2M
Sewer Transmission Systems	\$30.7M
Capital Project Planning & Delivery	\$27.4M
Residential Garbage Collection	\$25.9M
Wastewater Plant Operations	\$24.9M
Tidy-Up Tacoma	\$12.6M
Urban Forestry	\$4.1M

How does the City fund Human & Environmental Health services?

Total Investment: \$514.6M

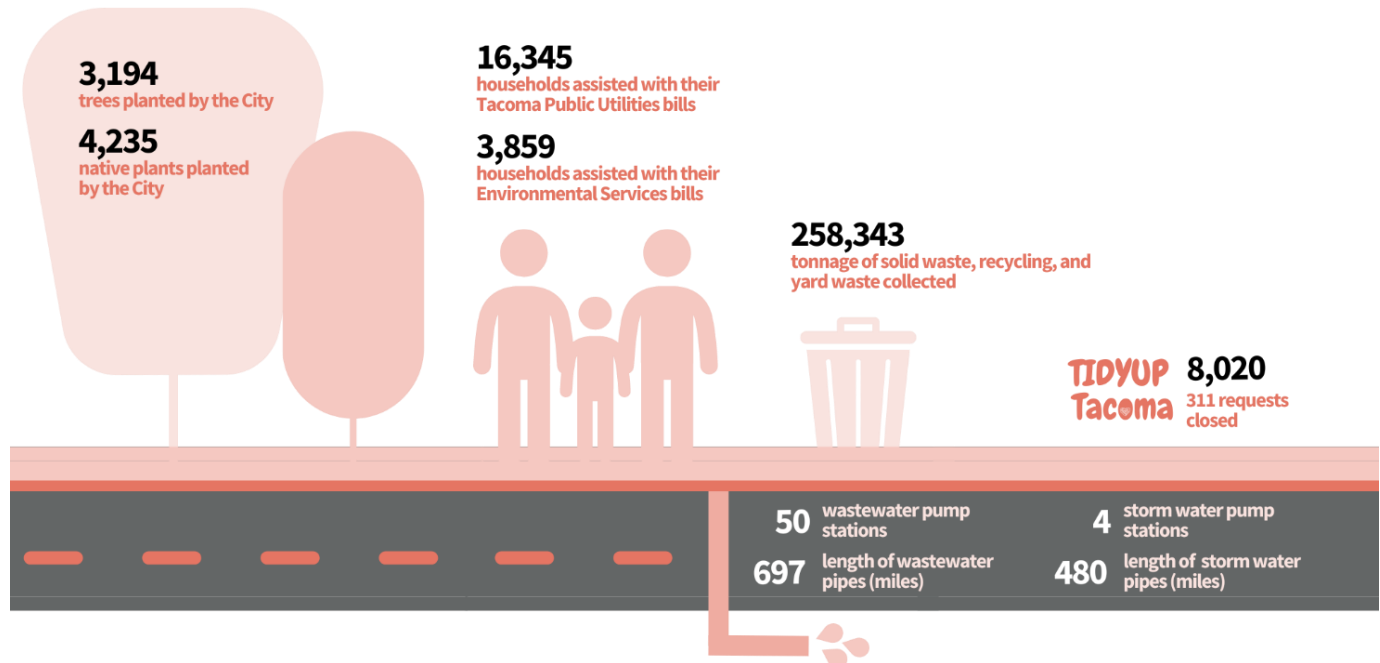


Changes in the 2025-2026 Proposed Budget

- Fund Construction Arborist Position | \$330k
- Fund Deconstruction Program Development | \$84k
- Fund Fire Department CARES Nursing Expansion | \$140k
- Fund New Tree Maintenance Crew | \$1.7M
- Fund Multi-Family Call 2 Haul | \$300k

- Fund Second Tidy-Up Litter Patrol | \$600k
- Fund Solid Waste Staffing | \$1.6M
- Fund Sustainability Small Grants | \$50k
- Fund Wildfire Filter Fans | \$50k

Human & Environmental Health Service Metrics





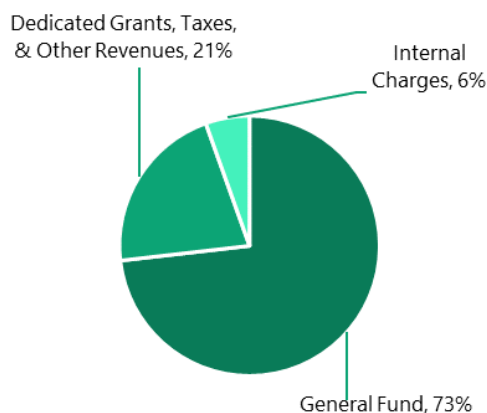
LIVABLE WAGE JOBS

What livable wage jobs services does the City provide?

MAJOR SERVICES	PROPOSED BUDGET
Tax and License Customer Service and Compliance	\$11.9M
Minority Business Development Agency	\$1.1M
Business Attraction, Retention, and Expansion	\$1.1M
Equity in Contracting	\$1M
Tacoma Training and Employment Program	\$1.2M
Local Employment Apprenticeship Program	\$1.1M

How does the City fund livable wage jobs services?

Total Investment: \$21.3M



Changes in the 2025-2026 Proposed Budget

Fund Business & Economic Development Analyst | \$187k
 Fund Position to Support Small Business Development | \$525k
 Fund UWT Engineering Pathways Apprenticeship Program | \$180k

Grant Revenue for Workforce Training Programs | \$212k
 Increased Revenues for Jobs253 Programs | \$314k

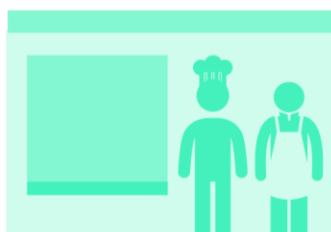
Livable Wage Jobs Service Metrics

BUSINESS SUPPORT

\$1.4M
in technical assistance to small businesses

400
small businesses who received assistance

158
business retention and expansion visits



MINORITY BUSINESS DEVELOPMENT AGENCY

824
women owned businesses, statewide

688
minority owned businesses, statewide



JOBS 253

\$447k
in stipends paid to participants

23
entities provided service work opportunities
(e.g. Asia Pacific Cultural Center, Eastside Community Center, Metro Parks Tacoma)

9
programs to earn industry credentials



TACOMA NONPROFIT ARTS & CULTURAL SECTOR

\$163M
generated in household income and tax revenue

2,065
jobs created



MAJOR UPDATES

RATE & FEE CHANGES

During the budget development process, staff review service rates, fees, and charges to ensure they keep pace with expense growth and capital and operation investment needs. The following residential average rate increases are projected for the 2025-2026 biennium:

UTILITY	INCREASES	2025	2026
Power	Average Monthly Increase %	6.5%	6.5%
	Average Monthly Increase \$	\$6.72	\$7.09
Water*	Average Monthly Increase %	6.3%	6.3%
	Average Monthly Increase \$	\$2.86	\$3.10
Rail	Average Monthly Increase %	Varies	Varies
	Average Monthly Increase \$		
Stormwater	Average Monthly Increase %	7.7%	8.0%
	Average Monthly Increase \$	\$2.49	\$2.70
Wastewater	Average Monthly Increase %	6.7%	6.4%
	Average Monthly Increase \$	\$4.57	\$4.71
Solid Waste	Average Monthly Increase %	5.7%	5.7%
	Average Monthly Increase \$	\$3.16	\$3.35

**Water rates vary outside the City of Tacoma.*

WHY ADJUST RATES?

Utilities set rates to cover costs of essential services. This includes the costs of providing safe, reliable services, maintaining systems, protecting natural resources, regulation compliance, and investing in service improvement. The following are the primary factors impacting the 2025-2026 rate increases:

- **Increased costs from inflation** | increasing insurance, equipment, and supply costs.
- **Supply chain shortages** | delays and difficulty buying equipment result in increased costs and limited resources.
- **Critical infrastructure** | maintain and improve aging infrastructure for safety and reliability.

In addition to the utility rate increases described, the City regularly updates its fee schedule and permit fees.

COST SAVINGS PROJECTS

Rates affect residents. Tacoma Public Utilities and Environmental Services work to keep costs down through pursuing grants, refinancing loans and bonds to lower interest rates, recycling and selling obsolete equipment and property, increasing sales of excess power and water, and implementing efficient operations and processes. Residents can take control of their utility bills through monthly average payments, autopay options, and payment plans. Income-eligible households can also qualify for discounts and credits on their bills.

REVENUE CHANGES

The 2025-2026 Proposed Budget removes Utility Tax Exemptions - which would increase the Utility Taxes paid by City's utilities and private utilities by over \$3M, removes the Business Tax Exemptions for international investment, and increases Police False Alarm Fees. The Proposed Budget also includes a New Excise Tax on Food and Beverages sold at the City's indoor event facilities (e.g., Tacoma Dome and Convention Center) to support community event funding.

FIRE LEVY



The City's 2025-2026 Proposed Budget does not include funding related to the Fire Levy on the November 2024 Ballot. If the Fire Levy passes, it will add \$30M per year in Fire Services funding managed separately from the General Fund.

The Fire Levy ballot measure proposes to raise property taxes by \$0.65/\$1,000 of assessed value. This additional tax is designated to cover specific Tacoma Fire Department (TFD) expenses, both existing and new. This tax would provide dedicated revenue to add facilities, fleet, and equipment allowing TFD to replace and upgrade critical life-saving assets, improve response and firefighter safety by adding new responders, and support existing first responders and staff. The new revenue may fund construction of a new South Tacoma fire station and future equipment replacements, such as the Self-Contained Breathing Apparatus (SCBA) that firefighters use to breathe safely in fires and hazardous materials incidents.



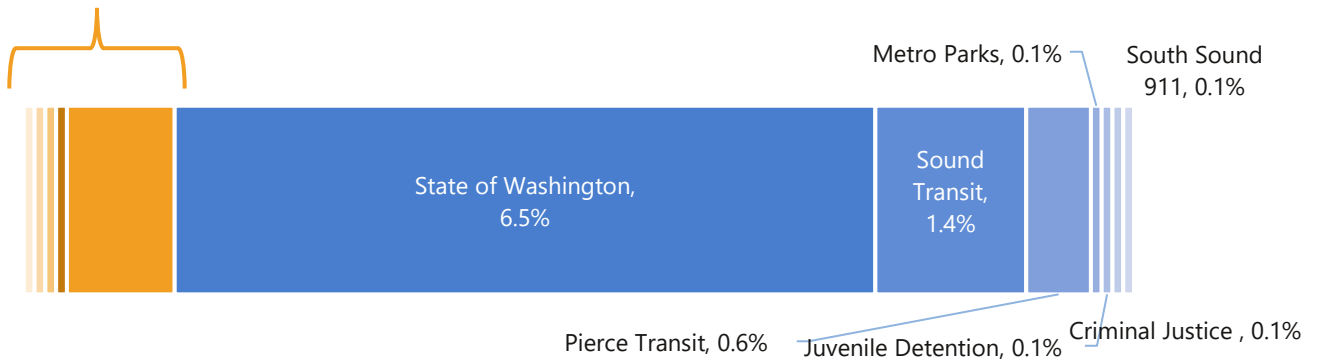
ADDITIONAL INFORMATION

SALES TAX BREAKDOWN

10.3% Rate 2024

Total City of Tacoma Sales Taxes 1.4%

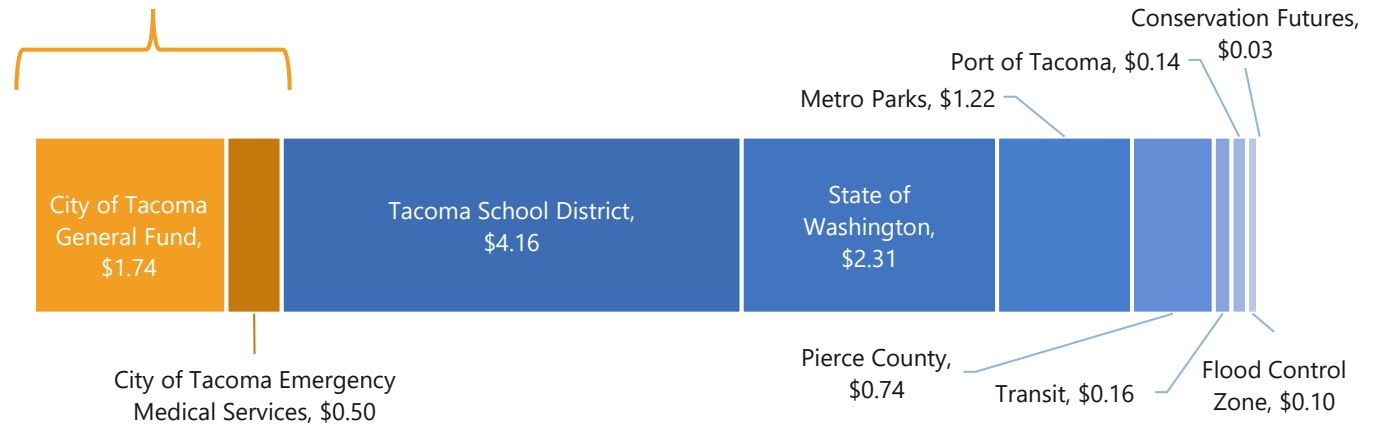
- 1% - General Fund
- 0.1% - Mental Health & Chemical Dependency
- 0.1% - Affordable Housing
- 0.1% - Tacoma Creates
- 0.1% - Transportation Benefit District (Streets Initiative)



PROPERTY TAX BREAKDOWN

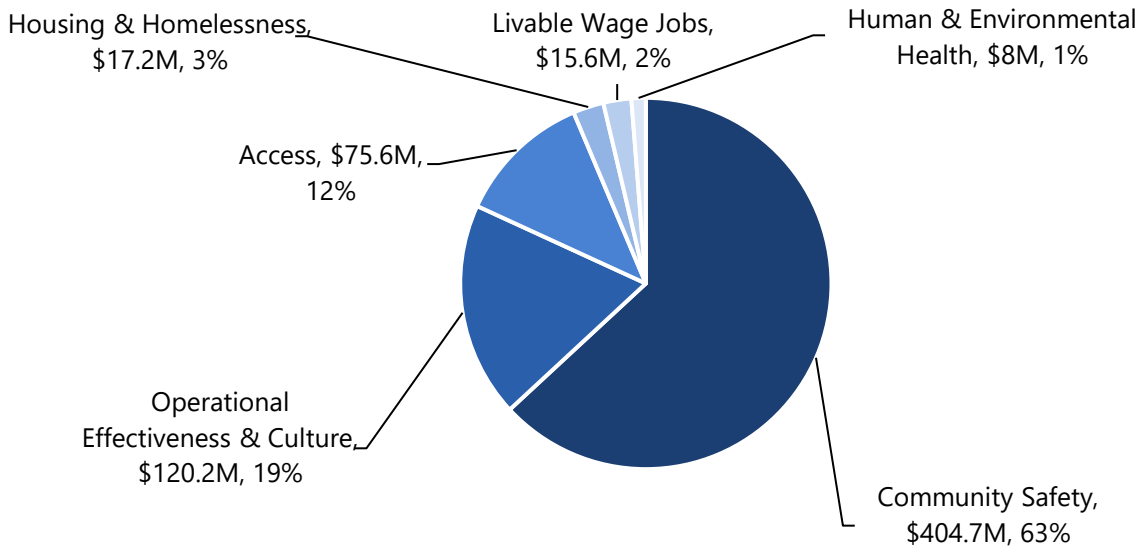
\$11.10 per \$1,000 Assessed Value 2024

Total City of Tacoma Property Taxes \$2.24

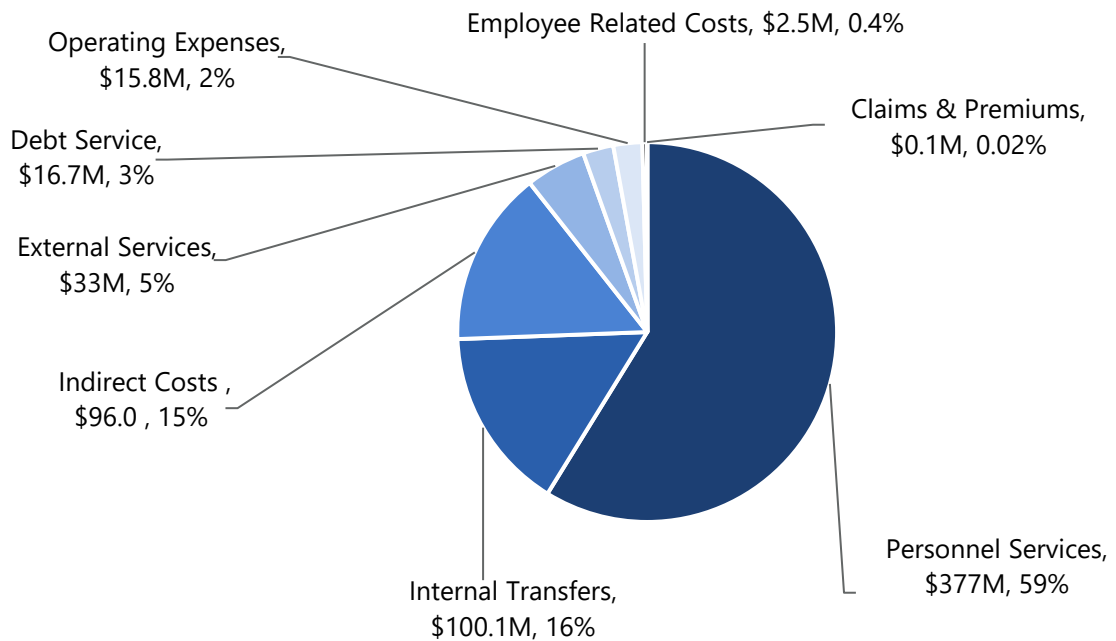


2025-2026 PROPOSED GENERAL FUND (\$641.2M)

Expenses by Priority Area



Expenses by Cost Category



Revenues by Category

